

AMENDED IN ASSEMBLY MAY 23, 2014
AMENDED IN ASSEMBLY MARCH 18, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1568

Introduced by Assembly Member Grove

January 30, 2014

An act to amend Section 14838.5 of the Government Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 1568, as amended, Grove. Public contracts: direct quotes.

Existing law authorizes a state agency, notwithstanding certain advertising, bidding, and protest provisions, to award a contract for goods, services, or information technology with a value between \$5,000 and \$250,000 to a certified small business, including a microbusiness, or to a disabled veteran business enterprise, if that agency obtains price quotations from 2 or more certified small businesses or disabled veteran business enterprises, as specified.

This bill ~~would, as provided,~~ *would instead* require a state agency to ~~contact at least one additional~~ *solicit at least 3 price quotations from, and obtain at least 2 price quotations from, 2 or more* certified small business or disabled veteran business enterprise, ~~if that agency does not otherwise obtain more than the 2 required price quotations as provided.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares the following:

2 (a) On February 18, 2014, the California State Auditor released
3 a report finding that in the 2012–13 fiscal year, 83 percent of
4 contract award amounts awarded to disabled veteran business
5 enterprises (DVBEs) went to only 30 DVBE firms. This represents
6 just 2 percent of the state’s DVBEs.

7 (b) According to the California State Auditor, one DVBE firm
8 entered into 922 contracts with six different awarding departments,
9 while 81 percent of DVBEs did not receive a single contract.

10 (c) In this report, the California State Auditor makes the
11 following recommendation to the Legislature: “For the DVBE
12 program to benefit a broad base of disabled veteran-owned
13 businesses financially, the Legislature should enact legislation
14 aimed at increasing the number of DVBEs that contract with the
15 State.” It is the intent of the Legislature to help implement this
16 recommendation by encouraging agencies exercising the small
17 business option to “cold call” small businesses and DVBEs that
18 have not previously contracted with that agency.

19 (d) Expanding the number of bids solicited from small
20 businesses and DVBEs will increase competition and provide
21 greater opportunities for participation in the program.

22 SEC. 2. Section 14838.5 of the Government Code is amended
23 to read:

24 14838.5. (a) (1) Notwithstanding the advertising, bidding,
25 and protest provisions of Chapter 6 (commencing with Section
26 14825) of this part and Chapter 2 (commencing with Section
27 10290) and Chapter 3 (commencing with Section 12100) of Part
28 2 of Division 2 of the Public Contract Code, a state agency may
29 award a contract for the acquisition of goods, services, or
30 information technology that has an estimated value of greater than
31 five thousand dollars (\$5,000), but less than two hundred fifty
32 thousand dollars (\$250,000), to a certified small business, including
33 a microbusiness, or to a disabled veteran business enterprise, as
34 long as the agency *solicits at least three price quotations from,*
35 *and obtains at least two price quotations from,* two or more
36 certified small businesses, including microbusinesses, or ~~from~~
37 *from,* two or more disabled veteran business enterprises.

1 ~~(2) If the agency does not otherwise obtain more than two price~~
2 ~~quotations from either certified small businesses, including~~
3 ~~microbusinesses, or disabled veteran business enterprises, the~~
4 ~~agency shall contact at least one additional certified small business,~~
5 ~~including a microbusiness, or at least one additional disabled~~
6 ~~veteran business enterprise, and provide a reasonable opportunity~~
7 ~~for the additionally contacted business or businesses to submit a~~
8 ~~price quotation. If the additionally contacted business or businesses~~
9 ~~decline to submit a price quotation, the agency may proceed with~~
10 ~~the two quotations it has obtained.~~

11 ~~(A) The agency may contact a business of a type described in~~
12 ~~this paragraph at any time and nothing in this paragraph shall be~~
13 ~~construed to delay the award of a contract by requiring that the~~
14 ~~agency first obtain the two price quotations required in paragraph~~
15 ~~(1) before initiating an additional contact with a business of a type~~
16 ~~described in this paragraph.~~

17 ~~(B) It is the intent of this subdivision to encourage an agency~~

18 ~~(2) An agency, when exercising the authority provided in~~
19 ~~paragraph (1), is encouraged to award a contract to a business~~
20 ~~that has solicit quotations from businesses that have not previously~~
21 ~~contracted with the agency within the prior 12 months.~~

22 ~~(b) In carrying out subdivision (a), a state agency shall consider~~
23 ~~a responsive offer timely received from a responsible certified~~
24 ~~small business, including a microbusiness, or from a disabled~~
25 ~~veteran business enterprise.~~

26 ~~(c) If the estimated cost to the state is less than five thousand~~
27 ~~dollars (\$5,000) for the acquisition of goods, services, or~~
28 ~~information technology, or a greater amount as administratively~~
29 ~~established by the director, a state agency shall obtain at least two~~
30 ~~price quotations from responsible suppliers whenever there is~~
31 ~~reason to believe a response from a single source is not a fair and~~
32 ~~reasonable price.~~