



August 26, 2019

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, Room 1173  
Sacramento, CA 95814

**Re: AB 707 (Kalra) Contracting for Public Works Contracting for Santa Clara Valley Water District (Valley Water)**

Dear Governor Newsom:

On behalf of The Silicon Valley Organization (The SVO), I am writing in support of AB 707 (Kalra), which will update public works contracting at the Santa Clara Valley Water District (Valley Water). The SVO is the Silicon Valley's premier business advocacy organization, representing more than 1,400 companies that employ nearly 300,000 workers.

Last updated more than 20 years ago, the bill would increase the cost threshold above which a formal bidding process is required, from \$25,000 to \$50,000, and allow Valley Water's board of directors to modestly increase the threshold in order to keep up with inflation. These changes not only enable Valley Water to efficiently contract for minor public works, but also provide more opportunities for small and medium sized businesses to compete for minor public works projects.

Valley Water's cost threshold for formal bid contracting has eroded to the point where very small projects now trigger a formal process intended for larger public works contracting. This mechanism is too costly and time-consuming for small projects, requiring highly-structured offers, bidding, and contract award procedures that are cumbersome for potential bidders. Many small and medium sized businesses lack the administrative staff and expertise to participate in the formal bid process. Therefore, by increasing the cost threshold, more small projects will be contracted using an informal bidding process in which quotes are requested from known and responsible contractors that comply with labor and wage requirements as well as companies best suited to do the work. The higher threshold for the formal bid process will enable Valley Water to diversify its pool of bidders and award more contracts to smaller business enterprises. Better still, small projects will be delivered faster with lower administrative costs while yielding competitive pricing that serves the public interest.

For these reasons and more, we urge you to support AB 707. If you have any questions about The SVO's position on this issue, please contact Eddie Truong, *Director of Government & Community Relations*, at (408) 291-5267.

Sincerely,

Matthew R. Mahood  
President & CEO

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