

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

August 2, 1993

To: Board of Directors (Executive Committee--Action)  
(Special Committee on Legislation--Action)

From: General Manager

Subject: AB 1497, California Job Creation Act of 1993

### Report

At present California is experiencing record high levels of unemployment. Job losses in the defense industry and in other sectors have caused the state's economy to suffer. Metropolitan's \$6 billion Capital Improvement Program has the potential to produce new jobs in Southern California.

At the state level, legislators have proposed several bills aimed at stimulating the economy. One such bill was introduced by Assemblyman Steve Peace (Chula Vista) on March 4, 1993. Known as the California Job Creation Act of 1993, AB 1497 would amend the Government Code and the Public Contract Code to provide various preferences in the awarding of state contracts.

Specifically, AB 1497 would require a state agency to, for purposes of comparison of bids, award a California bidder a five percent contract reduction on a state public works project or a state public agency purchase of \$100,000 or more. Where there are multiple bidders, and the California bidder with the contract bid reduction has not submitted the lowest bid, the contract could be awarded to the California bidder, but at the lowest qualified bid before the five percent reduction.

AB 1497 would also require that at least half of all persons employed on a state agency's public works project be California residents.

As written, the bill does not apply to Metropolitan, but only to state agencies. In order for Metropolitan to be included, the bill would have to be amended. However, in amending the bill, it should be noted that this action could make Metropolitan subject to existing preference laws for state agencies, unless Metropolitan is specifically limited to the preference items noted above.

Under existing laws, various other preferences apply to state agencies in the awarding of contracts over \$100,000, including a five percent preference if 50 percent of the labor for the contract is performed in a distressed area, and additional preference for hiring persons with high risk of unemployment.

State agencies must also give small businesses a five percent preference in contracts for construction, the procurement of goods, or the delivery of services. In addition, contracts of state agencies require participation goals of not less than 15 percent for minority business enterprises and of not less than five percent for women-owned business enterprises. Specified professional services are excluded from the bill.

#### Board committee assignments

This letter is referred for action to:

The Special Committee on Legislation because of its jurisdiction to review and make recommendations based upon presentations of the General Manager regarding proposals for state legislation and amendments thereto, pursuant to Administrative Code Section 2581, subdivision (a); and

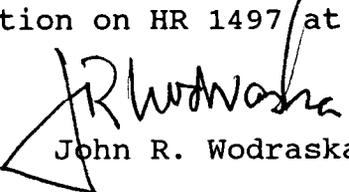
The Executive Committee because of its jurisdiction to study, advise and make recommendations with regard to legislation affecting the district; pursuant to Administrative Code Section 2417, subdivision (a).

#### Recommendation

#### **SPECIAL COMMITTEE ON LEGISLATION AND EXECUTIVE COMMITTEE FOR ACTION.**

Option 1: Support AB 1497 and seek amendments to the bill that would make it apply to Metropolitan, but only if the district is excluded from other preferences of existing law.

Option 2: Pursue no action on HR 1497 at this time.

  
John R. Wodraska