

Memorandum

TO: Matt Loesch

FROM: J. Guevara

SUBJECT: See Below

DATE: September 30, 2025

Approved



Date:

09/30/25

INFORMATION

SUBJECT: Updated Major Public Works Contract Threshold and Project Labor Agreement Threshold

Major Public Works Contract Threshold

On May 21, 2025, the Director of Public Works issued the Annual Major Public Works Contract Threshold Adjustment for Inflation and Project Labor Agreement Threshold Adjustment memo setting forth the following thresholds for July 1, 2025, through June 30, 2026:

- Major Public Works Contract threshold: \$730,000
- Micro Contract threshold: \$11,000
- Director's award authority threshold: \$1,200,000

Subsequently, on August 19, 2025, the City Council approved Ordinance No. 31237 to increase the Micro Contract threshold to \$75,000 and to increase the Director's award authority to \$5,000,000. As such, **effective October 9, 2025**, the following thresholds will apply:

- Major Public Works Contract threshold: \$730,000
- Micro Contract threshold: \$75,000
- Director's award authority threshold: \$5,000,000

Pursuant to Section 1217(b) of the City of San Jose City Charter and Section 27.04.100, Section 27.06.080, and Section 27.10.560E of the San Jose Municipal Code, these updated thresholds will be adjusted for inflation in the construction industry again on July 1, 2026.

Project Labor Agreement Threshold

On September 16, 2025, the City Council adopted Resolution No. RES2025-321 authorizing the City Manager or her designee to negotiate and execute an amendment to the Project Labor Agreement between the City of San Jose and the Santa Clara and San Benito Counties Building and Construction Trades Council to change the threshold for applying the PLA to public works projects. **Effective October 9, 2025**, the PLA will be applied to all projects that are procured using the formal competitive bidding methods specified in San Jose Municipal Code Chapter 27.08 (Request for Bids, Best Value Request for Bids, and design-build).

COORDINATION

Preparation of this report has been coordinated with the City Attorney's Office. This change will be communicated to all impacted City departments.

J. Guevara
Deputy Director, Public Works