

**From:** [Benny, <Katrina@DGS>](mailto:Benny_<Katrina@DGS>)  
**To:** ["Betts, Bruce@DGS" <Bruce.Betts@dgs.ca.gov>](mailto:Betts_Bruce@DGS)  
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**Date:** 4/6/2016 2:45:11 PM  
**Subject:** RE: Consideration Value of Code Publications

Bruce,

In reading 7.45, 4.03 and 4.04 of the SCM, even though the contract is a zero dollar amount between the state and the publishers it is certain that the dollar amount the publishers receive is higher than the threshold specified in the SCM that would require a DGS/OLS review. In addition, it has already been determined that these contracts will be going to OLS for review. So I am submitting the following information in answer to your question. Once we have reports from the publisher we will have a better idea for the next set of contracts.

The respective publishers (International Code Council, NFPA, and IAPMO) do not charge the State of California for their publication services, nor does the State receive royalties from the sales. The actual cash value of the contract(s) to the State of California is nil and the perceived value is indeterminate, but estimated value could be in excess of \$150,000.

#### 7.45 CONTRACTS WITH NO DOLLAR AMOUNT

In agreements in which only in kind services are used and in which the performance is other than monetary, the consideration must be valued on a monetary basis for the purpose of determining whether DGS/OLS approval is required.

#### 4.03 CONTRACTS REQUIRING DGS/OLS APPROVAL

(Rev 1/14)

DGS/OLS has statutory authority under several sources to approve contracts. PCC §§ 10295, 10297, 10335 and GC § 11256 are the primary legal authority for DGS/OLS' review and approval of contracts. GC § 14615 is the legal authority for the supervision of the State's financial and business policies, and GC § 14616 is the legal authority for some exemptions from DGS/OLS approval of contracts.

As a general rule, DGS/OLS approval is required on all services contracts over \$50,000; or at \$150,000 and above if an agency has applied for and received this higher exemption level (see SCM 1, section 4.05). The approval requirement applies to all non-IT services contracts, including but not limited to consulting services and interagency agreements, subject to express exemptions identified in section 4.04 below.

#### Katrina Benny

Manager, CBSC  
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From: Betts, Bruce@DGS  
Sent: Wednesday, April 06, 2016 8:47 AM  
To: de la Motte, Leann@DGS  
Cc: Frost, Laura@DGS; Biedermann, Cynthia@DGS; Benny, Katrina@DGS  
Subject: Consideration Value of Code Publications

Good morning Leann,

SCM Vol 1 7.45 requires that we establish a monetary value of the consideration that agreements provide to the contractors. We will need to estimate, perhaps with the contractors' assistance, the value of consideration each agreement will provide. I have attached information from each vendor's web site indicating the pricing for the 2013 code books. If the 2013 contracts required reporting of sales, we could use this information to estimate the consideration value of the 2016 publications. If not, CBSC will need to estimate the future annual sales. We will need this information early next week prior to the agreements going to OLS. Thank you!

[Bruce Betts](#)

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