CSU PSSOA PROFESSIONAL DEVELOPMENT PROGRAM

CSU 1

Introduction to CSU Procurement

THE SHORT VERSION

Tom Roberts
Who Are We?

- State, Trustees, Campus, Chancellor’s Office?
- CSU officers and employees, departments, schools, the university, and the CSU System are all the Trustees of the CSU which is the State of California acting in a higher education capacity.
Who Are We?

- Auxiliary Organizations
  - Organized through the authority granted
    - Education Code § 89900 et seq.
    - Title 5, Cal. Code Regs. § 42400 et seq.
  - Can we be both?
    - In certain circumstances we can act for (contract for) an Auxiliary
    - Can we do both sides of a transaction?
What Can We Do?

- Our Authority
- In the 1970’s and 1980’s
- Now
  - Education Code 66600 et seq.; 89000 et seq.;
  - Title 5, California Code of Regulations, 40000 et seq.
    - Procurement policy now called ICSUAM
Our Authority

- Types of Delegated Authority
  - Authority for campus transactions
  - Authority to bind the CSU
- Both types are formal
- Only one stems from the Trustees
DELEGATION OF EXPENDITURE AUTHORITY

ADD ☐ DELETE ☐ MODIFY ☐

Designee’s Name (printed):_________________________ DATE:_________

The designee is authorized to submit, either electronically or manually, transactions and documents associated with the following selected expenditure activity:

Additional delegation conditions (if any) are noted by chartfield values in the comments section, and compliance with these conditions will be subject to monitoring by the approving authority below and not by other departments.

<table>
<thead>
<tr>
<th>Chartfield Value**</th>
<th>Field</th>
<th>REQ</th>
<th>DP</th>
<th>ET</th>
<th>BT</th>
<th>PC</th>
<th>Inv</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1081 (EXAMPLE)</td>
<td>DEPT</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>Y</td>
<td>Y</td>
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<tr>
<td>2.</td>
<td>DEPT</td>
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<td>3.</td>
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</tr>
<tr>
<td>4. 1081 (EXAMPLE)</td>
<td>FUND</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>5.</td>
<td>PROJECT</td>
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<td>6.</td>
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</tr>
</tbody>
</table>

If entering electronically, double click to enter more chartfield values. The Field column can be changed to whatever is applicable.

REQ = Requisition; DP = Direct Pay/Invoices/Travel; ET = Expenditure Transfer; BT = Budget Transfer; PC = ProCard; Inv = PO Invoice (not DP)

The undersigned persons confirm that any expenditure activity authorized under this designation will conform to campus and CSU policy and sound fiscal and budgetary practices, including assuming...
**Budget Approvals, etc.**

### CSU DOA Entry

<table>
<thead>
<tr>
<th>SetID</th>
<th>COCSU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Roberts, Tom</td>
</tr>
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</table>

| Effective Date | 01/01/2000 | Status | Active |

<table>
<thead>
<tr>
<th>Chartfield</th>
<th>Value</th>
<th>Authorities</th>
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<tr>
<td>FUND</td>
<td>TF087 CS&amp;P SPEC PROJ FUND</td>
<td>DP ET BT PC</td>
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<tr>
<td>FUND</td>
<td>TF147 CS&amp;P SPEC CONTRACT ACTIVITY</td>
<td>REQ DP ET BT PC</td>
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<tr>
<td>DEPT</td>
<td>CONTRACTS AND PROCUREMENT</td>
<td>REQ DP ET BT PC</td>
</tr>
</tbody>
</table>

**Legend:**
- REQ = Requisition; TVL = Travel Advances/Claims; DP = Direct Pay; ET = Expenditure Transfer; BT = Budget Transfer; PC = Pro Card; OS = Office Supplies; OTH = Other; ALL = Authorized for all listed activities.
THE CALIFORNIA STATE UNIVERSITY
CONTRACT SERVICES AND PROCUREMENT

DELEGATION OF AUTHORITY

By this instrument, I confirm the delegation of authority to Tom Roberts, Director, to enter into, execute and approve the following:

<table>
<thead>
<tr>
<th>Authority to Further Delegate</th>
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</thead>
<tbody>
<tr>
<td>Limitation</td>
</tr>
<tr>
<td>Contracts/Agreements/Purchase Orders</td>
</tr>
<tr>
<td>Leases</td>
</tr>
<tr>
<td>Escrows</td>
</tr>
<tr>
<td>Sole Source</td>
</tr>
<tr>
<td>Grants</td>
</tr>
</tbody>
</table>

The authorities delegated shall be exercised with good judgment and in compliance, as applicable, with the following:

- Policy Guidance Manual with Procedures for Chancellor's Office Principal Investigators
- State University Administrative Manual

All previous delegations of authority inconsistent with the provisions of this delegation are superseded.

Dennis Hordyk, Assistant Vice Chancellor, Financial Services

Accepted:

Tom Roberts, Director, CS&P

dated 1-18-06
<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Further Delegated</th>
<th>Authorize to Sign - Dollar Limit</th>
<th>Delegated by</th>
</tr>
</thead>
</table>
| George Ashkar   | Assistant Vice Chancellor, Financial Services | Yes               | Contracts/Agreements/PO – Unlimited  
Grants – Unlimited  
Leases – Unlimited  
Escrows – Unlimited  
Sole Source – $250,000  
Professional services – $250,000  
Routine cash management staging of funds (preformatted transactions) – $1,000,000 | Ben Quillian |
|                 |                                            | No                | Non routine preformatted transactions–$1,000,000  
Non preformatted transactions - $1,000,000  
Food and beverages | Ben Quillian |
| Tom Roberts     | Director, Contract Services and Procurement | Yes               | Contracts/Agreements/PO – Unlimited  
Grants – Unlimited  
Leases – Unlimited  
Escrows – Unlimited  
Sole Source – $100,000 | Dennis Hordyk |
|                 |                                            | No                | Interim Pooled Money Investment Account Loans  
Sale of General Obligation Bonds  
Sale of State Public Works Board Lease Revenue Bonds | Charles Reed |
Purchasing Policy

- Goods and Services
  - Includes Information Technology
- Policy Manual for Contracting and Procurement

CALIFORNIA STATE UNIVERSITY
POLICY MANUAL FOR CONTRACTING & PROCUREMENT

Current Policy Manual
The Current Policy Manual is now found in the Integrated CSU Administrative Manual (ICSUAM) Section 5000.

Previous Policy Manual Versions
- Policy Manual (updated 04/28/08).doc
- Policy Manual (updated 10/05/07).doc

www.calstate.edu/csp
Integrated CSU Administrative Manual

Policy by Section

Section 1000 General

Section 3000 General Accounting

Section 5000 Contracts and Procurement

Section 8000 Information Security

Section 9000 Capital Construction and Facilities Management

Section 11000 Sponsored Programs Administration

Section 12000 Agency Trust and Custodial Funds

Section 13000 Auxiliary Organizations Administration

Section 15000 University Advancement

http://www.calstate.edu/icsuam/sections/index.shtml
Procuring Goods and Services

How do we buy?

- Buy direct, no bidding, pCard
- Bid under certain circumstances
  - (Informal / Formal) quotes or bids
Procuring Goods and Services

- Personal Property (goods) - ICSUAM 5300
  - Up to 270,000 *(higher than last year)*
    - Quotes from at least two DVBE’s or Small Businesses
    - No advertising in CSCR
  - $50,000 or less
    - No bidding or advertising required in CSCR
  - $50,000 to $100,000
    - Verbal or written quotes or informal bids
    - Advertising required in CSCR
Procuring Goods and Services

- **Personal Property (goods) cont.**
  - Greater than $100,000
    - Formal written bids
    - Advertising required in CSCR

- **Services**
  - Up to 270,000
    - Quotes from at least two DVBE’s or Small Businesses
    - No advertising in CSCR
Procuring Goods and Services

- **Services cont.**
  - $50,000 or less
    - No bidding or advertising required in CSCR
  - $50,000 or more
    - Formal written bids
    - Advertising required in CSCR
Procuring Goods and Services

- **Information Technology ICSUAM 5400**
  - Up to 270,000
    - Quotes from at least two DVBE’s or Small Businesses
    - No advertising in CSCR
  - Less than $50,000
    - CSCR advertising is required on services greater than $5,000
Procuring Goods and Services

- Information Technology cont.
  - Less than $50,000 cont.
  - Award based on fair and reasonable standards
    - Catalogue Market Price (verifiable)
    - Price Comparison (documented quotes 18 months)
    - Historical Pricing (similar transaction 18 months)
    - Controlled Pricing (law or regulation)
    - Informal Solicitation
Procuring Goods and Services

- **Information Technology cont.**
  - $50,000 - $500,000
    - CSCR Advertising required when
      - must include both IT goods and services portions when the portion attributable to IT goods is in excess of $100,000
      - may be limited to advertising the IT service portion of the solicitation when the IT goods portion is $100,000 or less
    - Informal bidding OK
Procuring Goods and Services

- Information Technology cont.
  - $50,000 - $500,000 cont.
    - Evaluation of bids
      - If based on Best Value – must include evaluation for ATI as a component
      - If invitation for bid (IFB) lowest priced responsive bid that also meets or exceeds the acceptable level of ATI compliance
  - Greater than $500,000
    - Formal solicitation applies
    - Feasibility study may be required – EO 862
Bid Process

Adding Value

- Develop an accurate statement of work and requirements document
- Identify all associated services (e.g., training, installation, ongoing maintenance, etc.)
- Scope of services – required, optional and future phases
- Clear Provider Qualifications
- Basis for evaluation and award of contract
Bid Process

Adding Value - What form of solicitation?

- RFI/Q Requests for Information / Qualifications
  - Characteristics
  - Keep it short and simple
  - No financial information (costs)
  - Broadcast to large base of vendors
Bid Process

- Purpose of an RFI/Q
  - Identify market availability of solutions
  - Determine most viable vendor base
  - Enhances competition by early notification
Bid Process

- **RFP Request for Proposals**
  - Characteristics
  - Provides complete and accurate detail
  - Specifies requirements for response
  - Small to moderate number of participating vendors
Bid Process

- Purpose of RFP
  - Determines whether vendors can satisfy requirements
  - Select vendors to perform desired service
  - Creates a basis and starting point for contract
  - negotiations
Bid Process

Consider Time Frame

- Write/ Prepare RFP: 1-4 months
- Vendor response: 1-2 months
- Evaluation/Selection: 1 month
- Contract negotiations: 1-4 months
- Total: 4-11 months

Use a Flow Chart?
CENIC RFP Flow

Pre RFP Meeting → Issue RFP → Pre-Proposal Vendor Discussions → Proposal Submitted

Acceptable Minimum Quals:
- No → Vendor Out
- Yes → Proposals Evaluated

Proposals Evaluated → Confidential Vendor Discussions

Confidential Vendor Discussions → Issue RFP Amendment

Issue RFP Amendment:
- Yes → Final Proposal Submitted
- No → Vendor Selection(s)

Vendor Selection(s):
- No → Vendor(s) Held In Reserve
- Yes → Negotiate With Final Vendor(s)

Final Proposal Submitted → Contract(s)
Bid Process

Where do you add value?

- Discuss needs and requirements
- Provide samples
- Review Scheduling and scope
- Talk through process
- Resulting contract (type, term, funding, fixed, cost plus, payment needs)
Bid Process

Procurement Roles and Responsibility

- Procurement Process Integrity, ethical conduct and compliance with law and policy.
- Be vigilant about RFP requirements
- RFP Content, Format and Quality control - Schedule and release of RFP (must include internal review and quality control)
- Assistance in statement of work and scope (e.g., mandatory, desirable, SLA’s, options)
Bid Process

Procurement Roles and Responsibility

- Receipt, maintenance, tracking and archive of all associated Public Records, vendor mailing list, vendor participation list, all vendor correspondence, all addendums, all solicitation announcements, evaluation papers, final evaluation report
  - Automated or Manual / Lists
Bid Process

Procurement Roles and Responsibility

- Vendor “Mailing list” - confirmation with customer on contacts/content
- Proposal Conference - scheduling, agenda, memorandum, attendees
  - Online, Teleconference
    - Mandatory Attendees?
- Vendor Communications (all formal and preferably informal, customer may need to support technical/or program questions)
Bid Process

Procurement Roles and Responsibility

- Evaluation team management, training, instructions and oversight (see Tools handout)
- Final evaluation results, recommendation and report
- Obtaining all required approvals for Award
- Posting of Intent
- Protest administration and procedures (rebuttals as required)
Bid Process

You have decided on an RFP

- What resources do I have?
- Who’s done one before
  - csubuyer.calstate.edu
  - psso.calstate.edu
- Models
Bid Process

- Design
  - Start at the end!
    - Where does your customer need to be when you are done? Always keep it in mind!
  - Get the specifications / requirements from customer
    - Start with high level specifications / requirements if you can
Bid Process

- Design
  - Evaluation Criteria
    - Keep it as simple as practical
    - Weightings
  - Steps
    - Use a flow chart (a picture)
    - Talk about timing, process, costs
      - Get consensus
Bid Process

- Write
  - Specifications / Qualifications
    - Counsel your customer
      - Be mindful of evaluation
      - Do not use passive requirements (should / can)
      - Use assertive language (must, shall, demonstrate)
    - Tie to evaluation
  - Be careful – don’t be more detailed than appropriate
Bid Process

- Write
  - Evaluation
    - Keep it simple – you will need quantify and defend it
    - Tie it directly to qualification and specification sections
    - Weightings (eval criteria)
Bid Process

- Write
  - Instructions and rules
    - Be concise and complete *(see Solicitation Prov. model)*
      - Be complete and appropriate
  - Attending documents
    - Tables, etc.
      - Make sure they are referenced
    - Contract model
      - Terms – look at ‘em
Bid Process

- Write
  - Before you release
    - Make sure someone reads it “cold”
    - Get your known vendors in place
      - Known firms, SB/DVBE’s
      - Communication plan
  - Pre-Bid Meeting?
    - Schedule it before you release
    - Mandatory?
    - Teaming w/ SB/DVBE’s
Bid Process

- Release
  - Confidentiality Agreements
  - Document everything that happens
    - Q&A, Addendums
    - Who has your RFP document?
      - Who might respond
      - Is there anyone out there?
    - Start writing your evaluation report as soon as you release
Bid Process

- Control
  - Control the process
  - Control and manage expectations
  - Control your evaluation team
  - Control the communication channel
  - Control your vendors
  - Mandatory bidder conference?

(Continue writing the evaluation report)

Watch out
Bid Process

- Receive
  - Facilitate your vendors
  - Document each response
  - Be consistent
  - Be firm
  - Control the responses
Evaluation

- Evaluate
  - More Evaluators?
    - Confidentiality Statements
    - Vendor response distribution
  - Simple Tools for Evaluators (sample)
    - Control your evaluators
    - How to deal with weightings
    - GET COMMENTS!

(Continue writing the evaluation report)
Evaluation

To Evaluation Team
• Instructions
• Adjective / Numerical Ratings
• Evaluation Tool

What does your evaluation team get?

Evaluation Tool

<table>
<thead>
<tr>
<th>Scope</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Vendor shall do all these things</td>
<td></td>
</tr>
<tr>
<td>4.2 Vendor shall deliver this thing</td>
<td></td>
</tr>
<tr>
<td>Section Total</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Quals</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Vendor shall be able to …</td>
<td></td>
</tr>
<tr>
<td>5.2 Vendor shall have done …</td>
<td></td>
</tr>
<tr>
<td>Section Total</td>
<td></td>
</tr>
</tbody>
</table>

Response
• Scope
• Quals
• Cost
EVALUATION / RATING
DEFINITIONS
RFP 2515
Spend Analysis

Adjective and Numeric Ratings
to Evaluation Criteria

<table>
<thead>
<tr>
<th>Numeric Rating Scale</th>
<th>Adjective</th>
<th>Definitions</th>
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<tbody>
<tr>
<td>0</td>
<td>Non-responsive</td>
<td>Non-responsive to requirements.</td>
</tr>
<tr>
<td>1</td>
<td>Unacceptable</td>
<td>Response exhibits a extensive lack of functionality and/or compliance with requirements, or response not evaluable or sufficient data furnished.</td>
</tr>
<tr>
<td>2</td>
<td>Poor</td>
<td>Response exhibits a low level of functionality and lacks compliance with the requirements. Would require extensive modification.</td>
</tr>
<tr>
<td>3</td>
<td>Acceptable</td>
<td>Response exhibits an acceptable level of functionality and compliance with requirements. Demonstrates understanding of CSLU requirements. May require significant modification or improvement.</td>
</tr>
<tr>
<td>4</td>
<td>Very Good</td>
<td>Response exhibits a high level of functionality and compliance with requirements. Demonstrates creativity and strong understanding of CSLU requirements. More than acceptable, generally would not require modification.</td>
</tr>
<tr>
<td>5</td>
<td>Superior</td>
<td>Response exhibits a very high level of functionality and compliance with requirements. Demonstrates extraordinary creativity and complete understanding of CSLU requirements. Highly acceptable, rarely little to be desired.</td>
</tr>
</tbody>
</table>
RFP Purpose

1.1 The CSU is seeking a CSU multi-campus analysis, comparison and benchmarking of its expenditures for goods and services (spend). The CSU spend, once collected, would be evaluated and compared against public and proprietary data bases of similar expenditures from other universities and university systems nationwide. The results of such a comparison would be to provide information to the CSU for purposes of system-wide or collaborative contracting and strategic sourcing.

Evaluation Weightings

RFO 6.2.1 Initial Evaluation Pass / Fail Chancellor's Office
All proposals will be evaluated to determine if the proposer has met the administrative requirements of the RFP and has previously performed the work described in Section 4. Proposals that do not demonstrate the proposers experience in this service area of Spend Analysis or have not followed the rules of the RFP will be eliminated from further consideration.

RFP 6.2.2 Qualifications and Experience Weighted 40% Evaluation Team
This section will consider the Proposers demonstrated experience required in Section 5 relative to the services being 1) requested in Section 4 and 2) being proposed. This section shall also consider the proposed team that will service the CSU their ability to meet the requirements of project for the anticipated duration. The Bidder's qualifications shall be evaluated to determine that it possesses the necessary qualifications and experience. The Bidder's references in providing the Services anticipated herein will also be considered in the evaluation of this section.

RFP 6.2.3 Scope of Work Weighted 40% Evaluation Team
This section will consider and evaluate Bidder's demonstrated understanding of project requirements and the detailed conceptual approach and methodology used to respond to the Section 4 of this RFP. Also considered will be the depth and specificity of the Bidder's overall understanding of the project goals and the compatibility of the spend analysis methodology with the CSU operations and ability to respond. The CSU may award additional evaluation scoring (up to 10% in this Scope of Work evaluation) to bidders that provide additional services specifically relevant to Spend Analysis or spend management information or services. The additional scoring may be for services the CSU may utilize during the course of the scope of work being performed or after the project is complete.

RFP 6.2.4 Cost Weighted 20% Chancellor's Office (Initial)
Evaluation

- Evaluation Report – Finish it now!
  - Be appropriately complete
  - Who reviews it?
  - Who gets it?
- Approval / Award
- What about all that paper floating around
  - Instruct your team
But Wait!
That’s not all there is...
Another Type of Bid Process

- Customize the Process
  - One size does not fit all
  - How far can I go?
    - Interpret the policy
  - Be appropriate
Multi-Step Procurement

- Huh?
  - Read the policy manual
    - OK… open it up on-line

- Steps
  - Request for Information Stage
  - Data gathering, site visits, vendor demos, alternative analysis, feasibility study
  - Preliminary Qualifying/ Conceptual Proposals (no costs)
  - Selection of Qualified Vendors
Multi-Step Procurement

- Steps
  - Discovery Phase/Confidential Discussions
  - Submission of Revised Technical Proposals
  - Request for Best and Final
  - Final Negotiations
### Another Point System

- **Quality Points**
  - UC’s process to get to best value

<table>
<thead>
<tr>
<th>RFP Section</th>
<th>Points Possible</th>
<th>Vendor A</th>
<th>Vendor B</th>
<th>Vendor C</th>
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<tbody>
<tr>
<td>Services</td>
<td>25</td>
<td>19</td>
<td>18</td>
<td>23</td>
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<tr>
<td>Qualifications</td>
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<td>18</td>
<td>16</td>
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<tr>
<td>Delivery Methodology</td>
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<td>7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>44</td>
<td>41</td>
<td>46</td>
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<tr>
<td>Cost</td>
<td>$12,000</td>
<td>$13,500</td>
<td>$16,000</td>
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<tr>
<td>Cost per quality point</td>
<td>$273</td>
<td>$329</td>
<td>$348</td>
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</tbody>
</table>

($12,000 / 44 = $273)
The Contract (some comments)

- Contract Development/Negotiation
  - Deal length
  - Scope and statement of work (incorporation of RFP?)
  - Deliverables and project schedule
  - Processes and procedures
  - Pricing, performance and services levels (SLA’s)
The Contract (some comments)

- **Contract Development/Negotiation**
  - Go slow
  - Don’t leave open issues on table
  - Understand providers position
  - Relationships always count
The Contract (some comments)

- Service Level Agreements

  “A commitment to provide a service level, defined and clearly stated in terms understandable to those not party to the agreement, in writing which details the customer expectations, measurement of the service calculation of the metrics, process for correction and reporting and remedies in the event of failure”  [Ditka Reiner, Reiner Associates 01/22/04]
The Contract (some comments)

- Service Level Agreements
  - Enforce key contractual provisions
  - Defines most critical attributes to business needs
  - Assures services are working properly
  - Clear, objective, measurable goals
  - Clear statement of how measurements take place
  - Identifies actions/corrections if service falls below required levels
  - Identifies penalties if service levels are not met
The Contract (some comments)

- Termination Services
  - “In connection with the expiration or any termination of the Agreement, and regardless of the reason for any termination, Contractor shall provide (CSU or successor?) ...(data, services?)…”
  - Mandatory in custodial contracts
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Tom Roberts

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