Strategic Sourcing and Contract's Department

Procurement Manual

San Diego Unified
SCHOOL DISTRICT
# Table of Contents

## Introduction
- Purpose 2
- Purchasing Authority 3

## Procurement Laws
- Ethics 4-6
- Consulting Dilemma
- Authority to Enter into Contracts
- Communication with Bidders

## Evaluation, Curing, Suspending and Debarment
- The Contract 7
- Contract Administration 8
- Compliance 9
- Suspension 10
- Suspension Pending Debarment

## Selecting a Procurement Method
- Scope and Specifications 11
- Sole Source/Sole Brand 12
- Procurement Workflow Chart 13

## Getting a Contract in Place, Soliciting, and Bidding
- Contract Workflow Chart 15
- Thresholds 16
- Emergency Purchases 17
- P-Cards 18
- ITD 19
- ITB Planner 20
- ITB FAQ 21
- RFP 22
- RFP Planner 23
- RFP FAQ 24
- Bid Protest 25
Introduction

As stewards of taxpayer dollars, each department within San Diego Unified School District (District) is responsible to conduct procurements in a deliberate, fair, and ethical manner.

The goals of the Strategic Sourcing & Contracts (SS&C) Department are:

• To procure goods and services at the lowest cost for the best value in accordance with Public Contract Code and California Education Code.
• Eliminating risk in transaction.
• Safeguarding fair and competitive solicitations for contractors, bidders, and proposers who provide the goods and services to the students, staff, and administration.
The Purpose of this Manual

This living manual has been developed to give you, the user, information needed to make the best decisions when carrying out procurement activities. It provides a resource of purchasing and contracting standards and best practices. These processes and practices are aligned with California Education Code, Public Contract Code, Government Code, and the administrative regulations set forth by our executive leadership.

This manual provides guidance on procurement for goods, services and consultants, construction, and minor public works projects.

Purchasing Authority

The District’s purchasing agent’s authority to enter into by board of education resolution designating authority to the Director, Purchasing and Contracts (Director).

The Director oversees the transactions for procuring and/or contracting goods and services.

The Director has the responsibility of promulgating rules, policies, and processes which govern the district’s procurement and contracting processes. This responsibility is to ensure that the District is compliant with all the applicable state and federal laws regarding procurement activities.
Procurement Laws

The San Diego Unified School District must follow a variety of laws that govern procurement activities to safeguard tax payer's money and to ensure that competition is fair and competitive.

It is important that District employees follow the procedures provided by the Strategic Sourcing and Contracts Department and refrain from illicit activities.

- Bid splitting (breaking up one large procurement into many smaller ones)
- Price fixing
- Committing District funds without a proper procurement process
- Discussing open solicitations with suppliers and contractors in an effort to obtain certain responses
Ethics in Procurement and Conflicts of Interest

The competitive nature of public procurement and the expenditure of public funds require strong ethical standards at all levels of purchasing activities.

It is a hard balance to enforce: fostering mutually beneficial relationships while not creating an appearance of conflict. The District has a Conflict of Interest Code that requires all employees participating in a competitive solicitation to adhere to.

Here are some examples:

- Employees may not participate in soliciting for contract knowing that a member of their extended family has a financial interest in the contract.
- Employees should not accept gifts, favors or items of value from suppliers or potential suppliers and contractors.
- Employees may not disclose confidential information that could sway or influence a supplier/contractor’s bid/proposal response or change the outcome of an award.
- The award of a contract to a supplier/contractor should not represent an employee’s self interest.
- If an incident occurs where information is provided to a supplier that could potentially affect the outcome of a procurement process, staff must provide a statement to their supervisor to ensure proper precautions are taken to safeguard the procurement process.
Evaluation, Curing, Suspension and Debarment - How the District Safeguards it’s Contracts.

The Contract

The District’s Office of General Counsel is responsible for reviewing and approving all contract documents for form and legality. They are partners with both their client departments and SS&C. Their involvement is critical to the success of procurement process and they should be the first to review a specification or scope of work once a department deems it acceptable. Since the bid/proposal document is the backbone of the contract, legals’ input is invaluable.

The final resulting contract must be signed, and is considered fully executed when signed by the supplier, the Director, Purchasing and Contracts, and the Director of Board Services.

Contracts Terms, Duration and Options

What is a formal solicitation?

A formal solicitation is one that is advertised as a call to all bidders, is open for at least ten (10) calendar days, has sealed bid/responses that are evaluated based on price or value and results in a contract. A formal solicitation, as defined by the California Public Contract Code, has an estimated value of more than $99,100 adjusted annually for inflation, for goods and services that are not related to public works, construction, or architecture and engineering.

An informal solicitation has a value less than $99,100 for goods or services, does not need to be advertised and can be as simple as gathering several quotes.
Each solicitation - be it formal or informal - is backed by the District's General Contract Terms and Conditions. The Terms and Conditions cover obligations for the suppliers as well as the District. It also points the supplier to pertinent sections for the contract which cover insurance, payment and termination for cause and convenience. The General Contract Terms and Conditions also obligates the supplier to comply with all the applicable laws specific to the district and education code.

Contract terms may be negotiable to a certain extent. These negotiations should always be handled by a representative from SS&C with support from the Office of General Counsel.

Service contracts, per the public contract code, cannot be for a duration longer than five (5) years without seeking approval (via ordinance) from legal services. Contracts can be formulated to have optional renewal periods on an annual basis or to run consecutively for multiple years. The decision is for the customer department to determine what makes the most business sense for them and their needs. Although an existing option for renewal may exist in the contract, the District has no obligation to exercise the option. Contract performance monitoring should be an ongoing activity for the departments and unsatisfactory performance should be reported to SS&C.

If the department has the need to terminate a contract before its termination date, SS&C can prepare a termination notice.

**Contract Amounts and Required Approvals**

The Director is able to execute an agreement paid with ASB funds prior to Board of Education award. Nevertheless, the signed agreement must go to the Board of Education as a ratification.

All new agreements, regardless of the dollar amount, must go before the Board for Education for approval or ratification. It is the responsibility of the customer (district department/site) to prepare and route the appropriate approval document requesting an approval or ratification of an agreement.

SS&C will take the lead on anything considered to be a district-wide agreement on behalf of customers. Additionally, customers can count on SS&C to be present at Board of Education meetings in support of these items.

There is a method to obtain pre-approval for the planned solicitation and resulting contract for departments. The pre-approval process should be considered by departments who have high dollar agreements as a core component of their operations (i.e. professional speakers, training, maintenance, large equipment purchases, etc.)
Contract Administration and Compliance

A successful contract is contingent on a few things:
- A willing partnership by all participating parties;
- A clear understanding of everyone’s roles and goals;
- A party monitoring and reporting on performance; and
- A clear path for remediating issues - if needed.

Contract administration monitoring is done from a district-wide perspective and is the responsibility of SS&C. SS&C’s goal is to make contract administration easy for our client departments. SS&C has training on a regular basis to explain the components of contract administration. A team has been established in SS&C dedicated to contracting which monitors contract activities on behalf of the district.

SS&C has developed resources for contract administration, including contract monitoring worksheets. You can request training by reaching out the assigned contract specialist.

Regular evaluation of a contracted partner is critical to the life-long success of the contract. Evaluations are an opportunity to capture performance deficiencies as well as tracking how well a supplier is performing. In the event that issues are tracked and need to be corrected, the information memorialized in the evaluations make corrective discussions with the vendor easier and more accurate.

Having hard facts also takes the emotion out of the conversation so that the focus can be on correcting performance and getting both parties back on solid terms.

Most times, vendors are anxious to correct issues and willing to do their part to make things right. Resistance to correcting performance can be met and that is where the District has options per its contract’s general terms and conditions.

Working with the contract specialist, SS&C will draft a cure letter to vendors who have difficulty addressing performance or other contract issues (insurance, for example). The cure letter will point out all areas of concern and provide a deadline to the vendor by which their issues should be addressed and cured - otherwise the District may opt to terminate the contract and/or may pursue other actions against them.
Suspension

Suspension of a contracted vendor means that they are not able to perform under their contract terms with the District until further notice. Suspension of services, for example, would mean that the department would then rely on an alternative provider until the suspended supplier could resume services. In those events, SS&C will work with client departments to ensure that there is planned coverage.

Suspension Pending Debarment

Strategic Sourcing and Contracts staff are dedicated to ensuring that the District gets the best value in order for its departments to accomplish their critical missions. SS&C staff are also there to assist in all aspects of the procurement cycle.

Debarment is the most severe penalty that can be given to a contracting firm, or individual, doing business with a government agency. Debarment is exclusion from opportunities to secure contracts funded by tax payer funds. Debarment, whether it is imposed for a few years or permanently, is damaging and its after effects are often permanent.

Possible grounds for debarment include:
- Bid rigging; embezzlement; theft; falsification of records; collusion; or
- Any offense indicating a lack of business integrity or business honesty; or
- Commission of a criminal offense arising out of obtaining a public or private contract; or
- District has issued the bidder/contractor four or more unsatisfactory performance evaluations in any four year period; or
- Failure to pay prevailing; or
- Violation of a local, state or federal law or regulation applicable to a contract; or
- A willful breach of a material term of a contract
Getting Started with Selecting a Procurement Method
What do you need?

The very first step in any procurement process is deciding what is needed, either goods or services or maybe both.

Answering the Big 5
Who? What? Where? Why? How much or how often?

It seems elementary, but these basic questions need to be answered so the scope can start being developed. Sometimes departments need help or guidance on research.

The SS&C staff are always able to assist with benchmarking or even looking at past and present agreements, actual Invitations to Bid (ITB) or Request for Proposals (RFP) utilized by other agencies in California to determine the best fit for the scope being requested.

Determining the scope of the request is key because it becomes the baseline and foundation for the resulting agreement that the district will sign with the successful company or contractor. A good scope leaves little to interpretation and protects the interest of the District.
Procurement Workflow Chart

1. I need something
2. Dispatch to Purchase Order
3. Finalize Quote
   - Check for Potential Conflicts
     - Labor Unions
     - Human Resources
     - Risk Management
     - Budget
     - SS&C
     - Other
4. Evaluate Quotes
5. Request Quote
   - SS&C Facilitates the Procurement
   - Ensure the quote is within $9,999 to $10,000
   - Evaluate quotes if the cost is $99,100 or above

DONE
Tackling the Scope and Specifications

In order for an accurate cost estimate from a supplier or contractor to come back, specifications and/or scopes of services need to be comprehensive.

Information that is provided to prospective bidders and proposers should be:
- Technically accurate but not too proprietary as to limit responses;
- Be specific as to size, color and characteristic but not include specific vendor or manufacturer identification numbers (part numbers, vendor stock numbers, etc.); and
- Developed by district staff and not prospective bidders and/or proposers.

Typical components of a well-developed scope or specifications are:
- Product lists with a description of each component being requested;
- Quantity of either item or hours of service needed, this can include frequency;
- Timelines and specific dates or days of needed delivery or service; and
- Specific delivery needs, if any.

Proprietary Specifications and Determining if a Sole Source or Sole Brand is Appropriate when proper documentation is attached to contract intake form.

Some of these reasons can include:

1. Continuation of work on a project;
2. Existing systems in place and compatibility issues;
3. Exclusive supplier and distributor relationships;
4. Large investment in a legacy system; and
5. Operational impact due to system or product transition.

Requests for Sole Sources submitted to SS&C with invalid justifications include the following. These justifications will not be approved:

1. Poor Planning - “we did not have time to go out to bid”
2. Preference - “we like the current provider and don’t want to switch”; or
3. Past Practices - “SS&C approved this five years ago, why can’t they approve it now?”

When procuring goods and sometimes services, there are legitimate reasons as to why the district can only do business with a sole manufacturer or sole provider.

Sole Sources allow the District to bypass the formal solicitation process, but should always be backed by formal agreement. A formal agreement is a contract entered into by the District and the provider of the commodity being secured by the Sole Source. The pricing agreement binds the District’s terms and conditions and incorporated an agreed upon pricing structure for the life of the agreements for service.

Sole Sources must be approved by SS&C’s Director, Purchasing and Contracts, General Counsel, or designee. Sole Source requests must justify to the SS&C Director why competitive procurement is not needed and why the good or service being procured is the only suitable one of its kind.

Customer departments should always request a formal letter prepared on the supplier’s or contractor's letterhead with substantiating information from the supplier or contractor that they are partnering with that states that they are, in fact, the sole source for that good or service.
How do I get a contract in place?

When determining need and cost, the determination must be made as to how to move forward with the procurement. Once you have a solid sense of what you need, and how much funding is available, you should submit a Smartsheet Contract Intake or contact the designated contract specialist/buyer to ask your questions.
I need something
Board of Education approves contract
Contracting Officer signs approved Agreement

Request Scope of Work from Contractor
Complete a Contract Intake Form

What do I need it to do?

Finalize Scope of Work
Check for Potential Conflicts
- Labor Unions
- Human Resources
- Risk Management
- Budget
- SS&C
- Other

SS&C Facilitates the contract execution

How much do I think it'll cost?
> $99,100
< = $99,100

A ITB/RFP may be required. Call SS&C
The following chart gives an overview of commonly used procurement methods, when to utilize each one, and pros and cons of each method.

<table>
<thead>
<tr>
<th>Method</th>
<th>Threshold</th>
<th>Entails</th>
<th>Pros/Cons</th>
<th>Lead Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Request for Quote (RFQ)</td>
<td>For any informal procurement</td>
<td>Detailed specifications or scope of work</td>
<td>Allows competition quickly/ Can only be used for informal solicitations</td>
<td>Quickest as it does not have any formal advertising requirements.</td>
</tr>
<tr>
<td>Request for Statement of Qualifications (RFSQ)</td>
<td>For any procurement regardless of amount</td>
<td>Setting criteria which make prospective bidders qualified to provide certain services to respond to a formal solicitation.</td>
<td>Narrows the pool of contractors to those that should be qualified</td>
<td>Is a precursory step to an RFP or ITB.</td>
</tr>
<tr>
<td>Request for Information (RFI)</td>
<td>For any procurement regardless of amount</td>
<td>Describing a need of the District but leaves it to the proposer to respond with information or possible solutions</td>
<td>It allows the District time and possible solutions without committing it to take any action/ Is not a standalone process, usually leads to an RFP</td>
<td>Will vary depending on how long is given to prospective proposers to respond</td>
</tr>
<tr>
<td>Invitation to Bid (ITB)</td>
<td>For any formal procurement over $99,100 or $15,000 for public works</td>
<td>Detailed specifications or scope of work</td>
<td>Does not allow for determination if best value. Award is made to the lowest responsive and responsible bidder.</td>
<td>Must be open for bidding at least 10 working days</td>
</tr>
<tr>
<td>Request for Proposal (RFP)</td>
<td>For any formal procurement over $99,100</td>
<td>Detailed specifications or scope of work. Determination of scoring criteria. Establishment of an evaluation team.</td>
<td>Best value is determined by an evaluation committee, based on evaluation criteria included in the RFP.</td>
<td>Varies, but is usually the lengthiest method</td>
</tr>
</tbody>
</table>
Fullfilling Needs: Threshold Approach

*Please note that these procurement methods are specific to goods, services and consultants not related to a public work, capital improvement project or architectural or engineering consultant.

Purchases $99,100 or less

For departmental needs under this threshold, the department can move forward with a procurement of goods and/or services in the following ways:

1. On Contract Services: Departments should search the available contracts in www.BoardDocs.com to see if there is an active contract already in place. The department will then submit a Smartsheet Contract Intake form requesting to utilize this contract.

2. Goods and Services Price Quotes: The Public Contract Code does not explicitly state that an informal solicitation is required for this threshold. However, it is best practice to “comparison shop” a price with at least two vendors. The result of this is a spot-buy requisition in the system. The SS&C department requires two quotes for purchases above $10,000.

Purchases Valued Between $10,000 and $99,100

1. On Contract: Similar to smaller dollar needs, the first thing that a department should check is whether there is an available contract in www.BoardDocs.com to see if there is an active contract. The department then needs to submit a Smartsheet Contract Intake form requesting to utilize the identified contract.

2. Goods and Services Price Quotes: Based on established thresholds, SS&C requires an informal quote attached to the Requisition in PeopleSoft Financials.

Some Considerations for Obtaining Quotes:

1. When getting cost estimates for services - Get the right rate. Many common services that you need are subject to the Living Wage or the state’s Prevailing Wage. It is critical that this is discussed with the vendor at the time you are requesting estimated hourly rates. There are costly consequences for our vendors for not paying appropriate wages.

2. Quotes are not good indefinitely - If it’s been more than 30 days since you have obtained your quote make a call to your vendor and check the validity of the pricing. Most vendors will honor a price at 60 days but for commodities like technology or oil based products, call and make sure that your pricing is valid before you submit your requisition.

3. A quote is not a contract - Obtaining a quote from a vendor does not commit the District or obligate the district in any way.
Emergency Purchases

For our purposes, an emergency is an event of condition that has an operational effect on a department that requires the securing of goods or services that could not be planned for by operational staff.

Operational departments are sometimes faced with emergency situations that require immediate actions. These could range from being a material need to also requiring a service component. Transactions of this kind are addressed to the Strategic Sourcing and Contracts Director and operational departments can rest assured that procurement activities within these categories can be handled after the event and still be aligned with process and policy. The term for these types of events is called a “confirming purchase order”

A confirmed purchase order provides the vendor a method to invoice (bill) the District for goods delivered or services rendered.

In the event of an emergency procurement, the department should do the following:

- Contact the SS&C Director on the next regular business day with the following information in memo form:
  - Date of emergency event
  - Action taken by vendor to assist district in handling emergency event
  - Acknowledge of the unusual procurement method/arrangement and site acknowledgement
  - Total cost of goods and/or services

- Provide a copy of that memo, signed by the department’s appointing authority and also make sure that it is attached to any resulting requisitions being created to handle payment of the vendor.

District Credit Cards (P-Cards)

The District’s P-Card program is administered through the Accounts Payable Office. Any questions on the District’s program should be directed to the P-Card Program Administrator in the Accounts Payable Office.
Purchases Requiring a Formal Solicitation Process

The District requires a competitive solicitation process for all goods or services (not related to a public work, capital improvement or architectural/engineering consulting) in excess of $99,100. The only method to bypass this requirement is with a bonafide sole source or single source procurement. The District's process solicits sealed bids using an Invitation to Bid (ITB) or a Request for Proposal (RFP).

The Strategic Sourcing and Contracts (SS&C) Department can provide a basic timeline to assist departments in figuring out how much time they need to start working on scope and/or specification development.

Steps within this process are:

1. ITB/RFP document is prepared collaboratively between client department and SS&C.
2. SS&C will advertise the ITB/RFP and ensure that the ITB/RFP is noticed in the newspaper of record.
3. Sealed bids are received by SSC and reviewed for responsiveness.
4. SS&C evaluates all bids and proposals and reviews with the legal office for compliance and requirement review.
5. SS&C will provide a memo with findings to the district's contract representative.
6. Recommendation for award is made to the Board of Education.
7. Contract is awarded and fully executed.

The ITB/RFP document becomes the backbone of the agreement with the awarded vendor and the District. Therefore, all pertinent and relevant information should be captured in this document by the time it is advertised and published to prospective bidders/proposers.

An ITB is not evaluated and scored, but rather is awarded based on the lowest responsible and responsive bid. An RFP is awarded and scored to the most qualified proposer who can provide the services at the overall best value to the District.
Conclusion

Each and every procurement is unique based on your department’s needs and circumstances, although we try to leverage district needs through shared procurements. When your procurement requirements present unique circumstances, this manual is your guide to provide the best options for clear pathways to successfully navigate the process.

SSC’s goal is to continuously improve our model to incorporate the best practices in procurement and contract management. Let this manual be the foundation to spark those conversations that will lead you to your successful procurements.
Visit us at www.sandi.net through the employee portal