



THE CALIFORNIA STATE UNIVERSITY  
CONTRACT SERVICES AND PROCUREMENT

# BULLETIN

03-05

March 3, 2003

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**SUBJECT: Policy Manual for Contracting & Procurement**

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CSU's Policy Manual for Contracting & Procurement has been revised to incorporate routine changes to better fit the CSU's procurement authority as well as requirements resulting from the Delegation of Authority Audit and new legislations. The changed sections are attached herein.

The revised manual can be found at: <http://www.calstate.edu/Csp/crl/policy/Policy.shtml>

The policy changes are summarized as follows:

- Additional exceptions to competitive bidding requirement
- Insurance requirements – EO829, Delegation of Authority Audit
- Buy Recycle requirements
- Small Business/DVBE policies - Governor's EO D-43-01, AB941, stat.2001 c666, and 737 stat.2001 c183
- Conflict of interest - SB1467, Stat. 2002, c.1122
- Advance payment
- Clarify requirement to keep file of delegations – Delegation of Authority Audit

This Bulletin and all Contract Services & Procurement Bulletins can be found at:

[http://www.calstate.edu/Csp/csu\\_bulletin.shtml](http://www.calstate.edu/Csp/csu_bulletin.shtml)

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SECTION: 102 DELEGATION TO THE CAMPUS PRESIDENTS (Rev. 03/03/03)

Campus presidents have received delegated authority from the Chancellor to purchase, sell, lease, or license personal property in accordance with Trustee policy and law. Responsibility for the preparation of campus internal policies and procedures consistent with the provision of this manual remains with the campus presidents. *Should campus presidents choose to further delegate their purchasing authority, campuses must maintain documentation of such delegation.*

The delegated authority is subject to the condition that certain of these transactions be submitted to the Office of the Chancellor for review and approval. These transactions are:

1. Any transaction which exceeds \$250,000 and is awarded without the taking of competitive bids (sole source). This condition does not apply to sole brand acquisitions which are acquired under competitive procedures nor to contracts pursuant to planned purchasing ~~program~~ *activities such as CSU master agreements* previously reviewed and approved by the Office of the Chancellor;
2. Transactions which contain systemwide or multi-campus obligations, liabilities or encumbrances (requests for delegation shall be considered);
3. Transactions which contain provisions for the tax-exempt financing of equipment or services;
4. Contracts to obtain legal services to be performed by outside (non-CSU) counsel;:-
- 5. Lease agreements for real property where the commitments of the Trustees, or property leased, is to be used to support the issuance of bonds, certificates of participation or notes, or where there is a transfer of interest by installment sale or other form of security;*
- 6. Lease agreements for real property with a term of twenty or more years or with options that result in a potential term of twenty or more years;*
- 7. Lease agreements for real property with any annual lease payment equal to or greater than \$1,000,000;*
- 8. Lease agreements for real property that permit the development of real property of the CSU pursuant to policies of the Trustees on public/private or public/public development.*

Transactions or requests related to the preceding conditions must be submitted with all related documentation and an explanation of the

transaction to the Office of the Chancellor to coordinate program & legal reviews.

**Change :**

<b>Revision</b>	<b>Description</b>
03/03/03	Update and clarify original policy  Clarify requirement for documentation of purchasing authority in response to CSU audit report 01-12.

SECTION 200 –~~GENERAL PROCUREMENT~~ REQUIREMENTS ~~RELATING TO ALL~~  
~~TRANSACTIONS~~—(Rev. 03/03/03)

~~The contents of the following sections apply to each the following policy sections:~~

~~? Section 300 et. seq.~~

~~? Section 400 et. seq.~~

~~? Section 500 et. seq.~~

~~? Section 600 et. seq.~~

**Change :**

<b>Revision</b>	<b>Description</b>
12/11/00	Clarification of requirements. Exclude section 700 from this section.
03/03/03	Revise title Remove applicability language. Applicability will be noted within individual sections.

SECTION: 204. SOURCING OPTIONS AND ALTERNATIVES (Rev. 03/03/03)

It is the policy of the CSU to seek to achieve discounts and reduce administrative costs through the use of consortium volume purchasing programs and multiple sourcing opportunities. To this end, ~~the development and use of multi-campus agreements, systemwide purchases, and campus-executed supply agreements are encouraged.~~

~~A. — the CSU Targets Of Procurement Program~~

~~The CSU is~~ committed to maximizing purchasing leverage through collaborative, joint, and planned purchasing activities. The Targets of Procurement program, under the direction of administrative vice presidents, and administered by the self-governing council of CSU Procurement Officers, ~~is~~ dedicated to the effective management of volume purchasing and contracting in the CSU.

A. CSU Master *Enabling* Agreements

~~These agreements resulting from the Target of Procurement program may be established as instruments of a pooled purchase or consortium procurement to~~ support the consolidated needs of two or more campuses that have common requirements for specified goods and services, to avoid redundant bid solicitations and contracts, to maximize volume discounts, and to reduce administrative costs. They may include Master Software/Site License Agreements, Master Service Agreements or Master Pricing Schedules. A directory for all CSU Master Agreements, ~~CSU site licenses, pricing for software and subscription data bases~~ is maintained at: <http://www.calstate.edu/csp>.

Persons interested in pursuing volume purchasing, either on a multiple campus or systemwide basis, should contact either the Director of Contract Services and Procurement or their local campus procurement office.

*Master Enabling Agreements are listed at CSU CS&P website:*  
<http://www.calstate.edu/CSP/Store/store.shtml>

B. Blanket Purchase Orders (BPOs)

These are primary source agreements which are designed to supply goods or services on an ongoing basis for a designated period of time. The agreement generally establishes prices, terms, conditions, and the period covered. Quantities or minimum sales are not required. Shipment terms, if any, are specified by the campus.

### C. Pricing Schedules

~~These Pricing Schedules are agreements of fixed prices/rates provided by vendors and are negotiated for the purpose of acquiring goods and services at to take advantage of~~ vendor's best pricing based on aggregate volume purchased *and to reduce administrative costs.*

Price schedules may be used to establish market pricing or a reasonable price when the procurement is not subject to competition but are not to be used in lieu of satisfying competition requirements of a formal solicitation or formal bidding process. *In addition, Pricing Schedules may be established to assist in the meeting of legislatively mandated procurement goals for programs such as Buy Recycle Products and DVBE.*

*Pricing Schedules are listed at CSU CS&P website:  
<http://www.calstate.edu/CSP/Store/store.shtml>*

### D. Use of the General Services Administration of the United States (GSA) Pricing Schedules

A Multiple Award Schedule (MAS) is an agreement established between the General Services Administration (GSA) of the United States and multiple vendors for the purpose of acquiring goods and/or services under specific prices, terms and conditions. ~~Since an MAS is issued under a competitive process, the CSU may award a contract for goods and/or services to a vendor having an MAS without further competitive bidding, but GSA agreements may be used if the GSA vendor is willing to extend the same GSA prices to the CSU and the prices in the agreement have satisfied CSU's competitive bidding process and the terms of the agreement include the terms required by California law.~~

~~only if the vendor is willing to extend the same GSA prices, terms, and conditions to the CSU while agreeing to any additional terms and conditions that may be imposed by the CSU.~~

### E. California Multiple Award Schedule (CMAS)

Reference: Government Code 14846

A California Multiple Award Schedule (CMAS) is an agreement established between the *California* Department of General Services (DGS) and multiple vendors who agree to the State of California terms and conditions, ~~is available to the~~ *and may be used by the CSU if the prices in the agreement have satisfied CSU's competitive bidding process and the terms of the agreement include the terms required by California law.*

~~under specified conditions imposed by the DGS, and may be used without obtaining further competition.~~

Prior to placing orders under the California Multiple Award Schedule program, the CSU shall whenever practicable, first consider offers from small businesses and Disabled Veteran Business Enterprise suppliers that have established CMAS contracts.

F. Use of Cooperative and/or Joint Purchasing Agreements Administered by Non-CSU Agencies

Participation in purchasing cooperatives and agreements administered by public or private organizations external to the State or the CSU is permitted for acquiring goods and services, if all of the following are met:

- (a) The requirements for competition have *ves* been met in accordance with ~~the Public Contract Codes applicable to the CSU~~ *California law* and CSU policies?.
- (b) The solicitation identified the CSU as a potential participant.
- (c) The terms and conditions of the agreement under which the goods and/or services are acquired comply with CSU policies.
- (d) There is a compelling business reason to participate.

In addition, the relationship between the lead agency responsible for executing and maintaining the contract and the participating members must be fair and equitable and provide the CSU with sufficient coverage in terms of risk and liability.

204 Change History:

Revision	Description
12/11/00	Clarification of requirements
3/12/02	AB 1719 – Update references and clarify Pricing Schedule requirements
3/3/03	Clarification of requirements

206.01 Sole Brand Procurement (Rev. 3/3/03)

A sole brand procurement is prohibited except in the following instances:

1. The sole brand product is unique and essential to the CSU's requirements, thereby precluding consideration of a product manufactured by another company, or
2. The sole brand product is required to match other similar product already in place and the use of an alternate product would cause the CSU to incur substantial additional costs.
3. The sole brand product is required for the immediate preservation of the public health, welfare, or safety, or the protection of CSU property and programs.

The determination as to whether a procurement has been adequately justified in writing for a sole brand award shall be made by the designated campus authority.

**Change :**

<b>Revision</b>	<b>Description</b>
03/03/03	Fix format only

SECTION: 206.03 Exceptions to Competitive Bidding (Rev. 03/03/03)

The following transactions are not required to be competitively bid and do not require a sole source approval:

1. Emergency contract which is necessary for the immediate preservation of the public health, welfare, or safety, or the protection of CSU property and programs;
2. Contracts for the work or services of a state, local or federal agency, the University of California, a California community college, a foundation or auxiliary organization incorporated to support the university~~ies and colleges~~, or a Joint Powers Agency;
3. Contracts for which only per diem and travel expenses are paid and there is no payment for services rendered;
4. Contracts for the express purposes of obtaining non-CSU legal counsel or of obtaining expert witnesses for litigation (either of these must be submitted to the Office of General Counsel for approval);
5. Contracts with business entities operating handicap workshops as specified in Policy Section 219;
6. Equipment maintenance contracts where there is only one authorized or qualified source required by the equipment manufacturer for the preservation of equipment warranty;
- 7. Proprietary software maintenance, annual license renewals, and/or upgrade contracts;*
- 8. Utilities contracts where there is no competition because they are solely authorized to provide service to the geographical area;*
- 9. Public entertainment contracts for campus-sponsored fairs, expositions, exhibitions, plays and concerts;*
- 10. Contracts for conference or meeting facilities, including room accommodations for conference attendees;*
- 117.* Educational materials and information access resources related to campus library services as specified in Policy Section 303.04;
- 812.* Personal property acquisitions as specified in Policy Section 301A, Bid Thresholds for Personal Property;
- 139.* Procurement of Services as specified in Policy Section 401A, Bid Thresholds for Services;

*1410.* Orders based on previously established CSU Master Enabling Agreements;

*1511.* Contracts in accordance with General Services Administration Pricing Schedules and California Department of General Services Multiple Award Schedules;

*1612.* Contract amendments for time extensions, with no additional dollars being added;

*1713.* Contract amendments to exercise options that were part of the original contract or that were part of a previously approved amendment to the contract.

*1814.* Contract amendments that are within the scope of or incidental to the original contract scope of work.

*1915. Approved* Sole Brand procurements where there is only one source for that product.

206.03 Change History:

Revision	Description
3/12/02	Section 202 has been revised and moved to this section. Previous section 202 was revised to include all procurement transactions for which neither competition nor sole source approval is not required.
03/03/03	Clarify maintenance contract exception to competitive bidding. Add additional transactions that do not require competition.

210.02 Personal Use of Property or Facilities (Rev. 03/03/03)

Reference: Government Code 8314

No CSU employee ~~shall derive personal benefit from the~~ *may* use ~~of~~ State or CSU property or facilities *for non-state purposes*, unless such use has been authorized in writing by a person having custodial responsibility for such property or facilities. This authorization must include a statement which assures that such personal use is of benefit to the CSU.

Change History:

Revision	Description
03/03/03	Compliance with SB1467 (2002)

SECTION: 210.04 Conflict Of Interest (Rev. 03/03/03)

Reference: Education Code 89006 *and 89909*. Government Code ~~8100 et seq., 820191090, 87100, 87103 and 89503~~. *Public Contracts Code 10365.5, 10410, 10411 and 10420. 2 CCR 18700 et seq, 5CCR 43810*

*A. It is unlawful for any person to utilize any information, not a matter of public record, that is received by that person by reason of his or her employment by, or contractual relationship with, the Trustees, the California State University, or an auxiliary organization of the California State University, for personal pecuniary gain, not contemplated by the terms of the employment or contract, regardless of whether the person is or is not so employed or under contract at the time the gain is realized.*

*B. No CSU employee shall contract on his or her own individual behalf as an independent contractor with any state agency to provide services or goods. Violation may void the contract.*

*C. Consulting agreements must be in compliance with conflict of interest requirements as specified in Policy Section 412.10, Consulting Agreements.*

*D. For two years following separation, CSU employees separated from employment may not enter into a contract in which the employee was engaged in negotiations prior to separation. CSU employees may not contract with CSU for one year following separation if the contract involves the same policy area where the employee previously served except as an expert witness or as an attorney working on the same matter when employed. Violation may void the contract.*

*E. No state employee may make or participate in the making of any decision in which the employee has a personal financial interest*

*F. Employees designated in the CSU Conflict of Interest Code must disqualify themselves from making or participating in a decision which would have a material effect on a personal financial interest.*

*G. Employees designated in the CSU Conflict of Interest Code may not accept any gift of more than \$250 in any calendar year from any source which is disclosable in the CSU Conflict of Interest Code.*

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
210.04	3/12/02	Update reference
	03/03/03	Compliance with SB 1467 (2002)

210.05 Commercial Endorsements Of Products Or Services (Rev. 03/03/03)

Reference: Education Code 89005.5 (a) (2), (3); Trustees' Resolution 63-16, July 1963 page 602

Officers and employees of the CSU, ~~within~~ their official capacities, are prohibited from ~~commercially~~ endorsing ~~through the use of advertisements,~~ any commercial product or service.

Change History:

Section	Revision	Description
210.05	03/12/02	Update reference
	03/03/03	Clarification of requirements.

SECTION: 210.09 ADVANCE PAYMENTS (Rev. 03/03/03)

Reference: Public Contract Code 10312; CCR Title 2, Sec. 679; Government Code 11257.

Payment in arrears is the prescribed method of remitting payments for State acquisitions. The CSU must *have* received appropriate return and/or in-kind value in order for consideration to be paid. Advance payments by the State are permitted, ~~however~~, whenever specifically authorized in law ~~and-or~~ determined to be in the best interest of the University.

210.09 Change History:

Section	Revision	Description
210.09	3/12/02	Update reference Clarify requirement
	03/0303	Revise requirement

SECTION:215. DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)  
PARTICIPATION GOALS (Rev. 03/03/03)

*Reference: Public Contract Code Section 10115 et seq.; CCR Title 5 Section 43870 et seq., Military and Veterans Code, Sections 999.2, 999.7, 999.11 and 999.12, Government Code Section 14838.5*

**Definition**

*A disabled veteran-owned small business is:*

- at least 51 percent owned by one or more disabled veterans*
- ~~Managed by~~ and daily business operations are controlled by one or more disabled veterans.*

*Disabled Veteran means a person has served in the United States Air ~~f~~Force, Army, Navy, Marine Corps, or Coast Guard in time of war, or national emergency declared by the President of the United States of America, and who has been discharged or released under honorable conditions. The person is currently declared by the United States Veterans Administration to be 10 percent or more disabled as a result of service in the armed forces.*

**Goal**

A DVBE goal has been established which provides the overall percentage of the dollar amounts expended each year by a campus for contract awards, including purchase orders, to be 3 percent of total expenditures.

**Requirements**

*Disabled Veteran (DVBE) Advocate: The CSU has established, within the Department of Contracts and Procurement, a DVBE Advocate, consistent with the provisions of 14846 of the Government Code to do all of the following:*

- Assist certified ~~dvbe~~DVBE firms to participate in the agency's contracting process.*
- Assist contract officers in seeking ~~dvbe~~DVBE firms to participate in the agency's contract and procurement activities.*
- Disseminate information to the agency's contract and procurement.*
- Serve as an advocate for the ~~dvbe~~DVBE firms that are utilized as the agency's contractors or subcontractors.*
- Report to the Office of Small Business Certification and Resources regarding any violation of this article.*
- Coordinate with the state DVBE advocate at the Department of Veterans Affairs in an effort to meet the statewide 3 percent goal provided for in ~~S~~section 999.2 of the Military and Veterans Code.*

*Campuses shall appoint a DVBE campus coordinator to support the CSU DVBE Advocate in these tasks.*

***Special Consideration:***

*A state agency may award a contract for the acquisition of goods, services or information technology that has an estimated value of greater than five thousand dollars (\$5,000), but less than one hundred thousand dollars (\$100,000) to a certified small business or disabled veteran business enterprise, as long as the agency obtains price quotations from two or more certified small business or disabled veteran business enterprises as referenced in Government Code Section 14838.5*

*Bidders for EDP-related contract awards and for purchase order awards may opt to submit a "Utilization Plan" in lieu of meeting the 3 percent participation requirement. Utilization Plans are described in Section 10115.15 of the Public Contract Code.*

***Reporting***

An annual activity report shall be prepared and submitted by each campus to the *Chancellor's Office, Department of Contract Services and Procurement. The CS&P shall consolidate activity for the CSU system*, and then transmit *reports* to the Governor's Office. ~~Bidders for EDP-related contract awards and for purchase order awards may opt to submit a "Utilization Plan" in lieu of meeting the 3 percent participation requirement. Utilization Plans are described in Section 10115.15 of the Public Contract Code.~~

*Annual Report*

*The Small Business & DVBE annual report (July 1-June 30) is due to the Office of the Chancellor no later than **September 1<sup>st</sup>**.*

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
215	10/1/97	New
	03/03/03	Revised per Governor's EO D-43-01, AB941,stat.2001 c666, and 737 stat.2001 c183

SECTION: 216. SMALL *AND MICRO* BUSINESSES (Revised 03/03/03)  
Reference: Government Code Section 14835 et seq.; Title 2, Section 1896 et seq.

Definition ~~Requirements~~ of a Small Business:

- An independently owned and operated business
- Not dominant in its field of operation
- The principal office is located in California
- The officers are domiciled in California
- Together with affiliates is either:
  - A service, construction or non-manufacturing business with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
  - A manufacturer with 100 or fewer employees.

*Definition of Micro Business*

*Micro-business is a small business that, together with affiliates, has average annual gross receipts of two million five hundred thousand dollars (\$2,500,000) or less over the previous three years, or is a manufacturer. Micro-businesses shall be extended the same preferences and incentives applicable to certified small businesses*

*For the purposes of this policy statement, small and micro businesses shall be collectively referred to as “small businesses.”*

*Small Business Goal*

The CSU supports the spirit of the Legislature's declaration as set forth in the Small Business Procurement and Contracts Act (G.C. 14835 et seq.) *and supports those goals established by the Office of Small Business Certification and Resources (OSBCR), for the extent of participation of small businesses, including micro-businesses, in the provision of goods, information technology, and services to the state, and in the construction of state facilities.*

~~The State is required to aid, counsel, assist, and protect, to the maximum extent possible, the interests of small business concerns in order to preserve free competitive enterprise and ensure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the State be placed with such enterprises.~~

To provide small businesses an opportunity to request preference, *the* Small Business Preference Form or an equivalent advisory statement shall be included in all bid solicitations for the procurement of goods and for service agreements. Evidence of certification by *OSBCR* (usually via copy of the *OSBCR* approval letter) is required from bidder in order for a bid preference to be granted.

## *Requirements*

CSU has established a Small Business Advocate within the Chancellor's Office, Contract Services & Procurement department. The Small Business Advocate is the single point of contact for small businesses and shall:

- Make information regarding pending solicitation available to, and consider offers from, California small business suppliers capable of meeting the CSU's business needs, and who have registered with the state for this purpose.
- Ensure prompt payment to small businesses.

*Each campus shall appoint a small business coordinator to facilitate the Small Business Advocate and perform the following duties:*

- *Make information regarding pending solicitations available to, and consider offers from, certified California small business suppliers capable of meeting the CSU's business needs, and who have registered with the state for this purpose.*
- *Ensure prompt payment to small businesses.*
- *Consider small businesses under the California Multiple Award Schedule (CMAS) prior to placing an order.*
- *Identify and implement innovative acquisition processes to further small business participation.*
- *Give special consideration to small businesses and micro--businesses by reducing experience requirements and level inventory normally required.*

*The awarding department may, on contracts with an estimated cost which exceeds \$300,000.00, give special assistance to small businesses and micro--businesses in the preparation and submission of financial ability and experience in performing public works.*

## *Special Conditions*

*The State is required to aid, counsel, assist, and protect, to the maximum extent possible, the interests of small business concerns in order to preserve free competitive enterprise and ensure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the State be placed with such enterprises.*

To provide small businesses an opportunity to request preference, *the Small Business Preference Form or an equivalent advisory statement shall be included in all bid solicitations for the procurement of goods and for service agreements. Evidence of certification by OSBCR (usually via copy of the OSBCR approval letter) is required from bidder in order for a bid preference to be granted. All certified small businesses may elect to apply a 5% percent bidder's preference that shall not exceed \$50,000.00 in accordance with G.C. 14835 et seq.*

*Reporting*

In order to comply with the requirements of the Small Business Procurement and Contract Act, ~~each campus~~ *the CSU* -must report to the *OSBCR* annually on the number and amount of contracts and purchase orders awarded to small businesses. ~~This Report is to be sent by campuses directly to OSMB, with a copy to the Chancellor's Office Contract Services & Procurement Department by August 1 of each year.~~

*Annual Report*

*Campus shall submit to the Office of the Chancellor an annual Small Business & DVBE report. The report for the period July 1-June 30 is due no later than September 1<sup>st</sup>.*

*Change Summary*

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
216	1/29/99	Add definition of small business, prompt payment requirement and solicitation notification requirement
	03/03/03	Revised per Governor's EO D-37-01, AB1084 (2001), AB2405 (1998), SB 1049 (2000), AB941 (2001), AB737 stats.2001 c183

## SECTION: 230. INSURANCE REQUIREMENTS (Rev. 03/03/03)

Reference: Executive Orders *743-829 and 849*

In addition to the general requirements contained in this policy section, specific requirements stated in contract categories are also applicable.

In developing requirements for all acquisitions, the campus must determine what insurance and hold harmless requirements, if any, are needed based on an evaluation and identification of the associated risk.

### A. Risk Identification and Evaluation

Questions that should be considered in determining what risks and subsequent losses could arise from the activities contemplated under the contract should include, among others, the following:

1. What activities will take place?
2. Who could be harmed?
3. What property could be damaged and how severely?
4. What is the maximum likely loss for each activity?
5. Is there a possible pollution exposure?
6. Are crowds or bystanders/passersby likely to be involved?
7. Will inherently dangerous activities be involved?
8. How likely is it that the University will be a defendant in the event of a loss?

After consideration of these factors, the campus may amend the standard insurance and hold harmless requirements, specified in this policy and in the applicable contract category of this policy manual, to the needs of the acquisition.

### B. Hold Harmless Provisions

Many alternative hold harmless provisions are possible, with each alternative having a different purpose and potential risk transfer variant. In addition to minimum standards for insurance requirements, this policy manual establishes the approved hold harmless provisions based on the risk assessment of the contract category. Modification to hold harmless language in contract negotiation is a crucial part of the risk transfer process and should only be undertaken with appropriate review and counsel.

In some instances, a no "hold harmless" clause approach may be appropriate for low liability activity and for activities critical to CSU.

C. Additional Insured Endorsements

In the event insurance requirements are included in the terms and conditions of a contract or agreement, the contractor, consultant, or vendor, must be required to show evidence of adequate insurance coverage by furnishing to the California State University a certificate or certificates of insurance that include additional insured endorsements.

All certificates of insurance issued to the University require the following:

- Provide for thirty (30) days advance written notice to the University of any modification, change, or cancellation of any of the insurance coverage.
- Provide for Acceptability of Insurers rating, AM Best - AVII or equivalent *unless otherwise agreed to by the University.*
- Name the State of California, the Trustees of the California State University, the campus and the officers, employees, volunteers and agent of each of them as additional insureds, except for professional liability and workers' compensation insurance.

In the event a contracting entity is self-insured, the following statement signed by an authorized corporate officer of the contracting entity will be acceptable if the company has the necessary financial resources to guarantee payment when the law imposes such liability and subject to approval by the campus risk manager or other authorized campus representative:

"As an alternative to providing the general liability insurance required by this subsection [subsection #], the Contractor may cause to be provided other kinds of insurance or methods or plans of protection such as, but not limited to, self insurance pools, primary or excess risk retention groups if and to the extent such other kinds of insurance or methods or plans of protection shall afford reasonable protection to the Board of Trustees and their officers, agents and employees."

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
230	3/19/01	Added in response to EO 743
	03/03/03	Revise per EO 829 and 849

SECTION: 230.01 Insurance Requirements for the Purchase of Goods (Rev. 03/03/03)

*Reference E.O. 829*

It is recognized that a purchase order for the routine procurement of goods may not explicitly state insurance requirements. However, campuses should review each acquisition to identify any potential risks that may require the imposition of insurance requirements. Factors as set forth in section 230 of the policy manual should be considered.

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
230.01	3/19/01	Insurance requirements for goods
	03/03/03	Add reference to EO 829

SECTION: 230.02 Insurance Requirements for Hazardous *Substance and Waste Removal Services Materials* (Rev. 03/03/03)

This policy section applies to the procurement of hazardous materials as well as for service contracts for the removal of hazardous materials.

In the absence of a risk identification and evaluation, the following insurance limits and hold harmless provisions are required:

- General Liability: comprehensive or commercial form minimum limits coverage in the minimum amount of \$5,000,000 combined single limit bodily injury and property damage each occurrence and \$10,000,000 aggregate, including premises/operations, personal injury, broad form property damage, products/completed operations, contractual liability, independent contractors and \$500,000 fire legal liability. A Waiver of Subrogation is required.
- Environmental Impairment (pollution) Liability: coverage in the minimum amount of \$5,000,000 combined single limit bodily injury and property damage each occurrence and \$10,000,000 aggregate, including clean-up costs.
- Commercial Automobile Liability: coverage is required in the minimum amount of \$1,000,000 combined single limit bodily injury and property damage, including owned, non-owned and hired automobiles; should also include Uninsured/Underinsured Motorists coverage in the minimum amount of \$1,000,000.
- Pollution and/or Asbestos Pollution Liability and/or Errors and Omissions.
- Workers' Compensation: as required under California law.
- Hold Harmless Provision: reference CSU General Provisions for Service Agreements as maintained in the Contract Resource Library.

In addition to above coverage noted under Contractor's auto liability, hazardous material transporter services must also have an MCS-90 endorsement and Sudden & Accidental Pollution Insurance endorsement. The Sudden & Accidental Pollution Insurance must have minimum limits of \$2,000,000 per occurrence, \$2,000,000 total. A higher limit on the MCS-90 endorsement required by law must be matched by the Sudden & Accidental Pollution Insurance.

*Exceptions: Any deviations from the standards as described above, a risk identification and evaluation process (see Policy Section 230 ) must be completed and documented in the contract package.*

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
230.02	3/19/01	Insurance requirements for goods
	03/03/03	Revise per EO 829 – revise section title add procedure for exceptions

SECTION: 230.03 Insurance Requirements for Service Contracts (Rev. 03/03/03)  
*Reference: E.O. 829*

Evidence of proper insurance coverage is required for any campus or auxiliary organization contract involving any activities that put the State, the CSU, or the campus at risk. Such contracts include those for custodial services, landscaping, refuse collection, elevator maintenance, pest control and fumigation, excavation or demolition work, and any other contracts where the services are being performed on campus by independent contractors. Specific questions relating to insurance coverages shall be directed to the appropriate risk manager.

Short term licenses issued by a campus or an auxiliary for special on-campus events shall also require such evidence of coverage, whenever they pose a significant level of risk. These include, but are not limited to, athletic events, automobile or motorcycle races, rodeos, thrill shows and fireworks displays.

The limits shown below will generally be required for service providers involved in low risk activities and specifically do not apply to services for hazardous materials removal. Higher limits will be required for service providers performing potentially high-risk activities. Campus risk managers should be consulted for the minimum requirements.

Minimum limits

- General Liability: comprehensive or commercial form minimum limits each Occurrence \$1,000,000, General Aggregate \$2,000,000.
- Employer Liability: \$1,000,000.
- Business Automobile Liability: minimum limits for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of not less than \$1,000,000 per occurrence.
- Workers' Compensation: as required under California State Law.
- Errors and Omission insurance is required for professional service consultants and professional service design architects/engineers.
- Hold Harmless Provision: reference CSU General Provisions for Service Agreements as maintained in the Contract Resource Library.

~~-Bonding requirements is also required for services such as movers, security guards, custodial etc.~~

Contracts requiring insurance coverage shall contain the following provisions:

1. Contractor shall furnish to the University prior to the commencement of work an underwriter's endorsement with a certificate of insurance stating that there is ~~liability~~ insurance presently in effect for the contractor *that, as a minimum, meets the requirement contained herein.*~~with a combined single limit of not less than \$1,000,000 per occurrence, and \$2,000,000 aggregate; and that vehicle insurance (where applicable) is in effect with a minimum coverage of \$1,000,000 per occurrence.~~

2. The certificate of insurance shall provide:

(a) That the insurer will not cancel the insured's coverage without thirty (30) days prior notice to the University;

(b) That the State of California, the Trustees of the California State University, the University, and the employees, officers, and agents of each of them, are included as additional insureds, but only insofar as the operations under this contract are concerned;

(c) That the State, the Trustees, and the University, and the employees, officers, and agents of each of them will not be responsible for any premiums or assessments on the policy.

3. Contractor agrees that the bodily injury liability insurance herein provided shall be in effect at all times during the term of this contract. In the event said insurance coverage expires at any time or times during the term of this contract, contractor agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided herein for not less than the remainder of the term of the contract, or for a period of not less than one (1) year. New certificates of insurance are subject to the approval of the University, and the contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event contractor fails to keep in effect at all

times insurance coverage as herein provided, the University may, in addition to any other remedies it may have, terminate this contract upon the occurrence of such event.

*Exceptions: The limits shown above will generally be required for service providers involved in low risk activities. Higher limits will be required for service providers performing potentially high-risk activities. Campus risk managers should be consulted for the minimum requirements.*

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
230.03	3/19/01	Insurance requirements for services
	03/03/03	Revised per EO 829 – Added procedure for exceptions

SECTION: 230.04 Insurance Requirements for Campus Facilities and Property Lease  
(Rev.03/03/03)

*Reference: EO 829*

In addition to the requirements in Policy Manual section 230, the following requirements are also applicable.

- General Liability: comprehensive or commercial form minimum limits each occurrence \$1,000,000, General Aggregate \$2,000,000 (*when available*).
- Employer Liability: \$1,000,000.
- Business Automobile Liability: minimum limits for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of not less than \$1,000,000 per occurrence.
- Workers' Compensation: as required under California law.
- Hold Harmless Provision: Lessee shall hold harmless, indemnify, and defend the State of California, the Trustees of the California State University, the [campus] and the officers, employees, volunteers and agents of each of them from and against any and all liability, loss, damage, expense, costs of every nature, and causes of actions arising out of or in connection with the use by the Lessee of said property.

Long-term leases of real property require case-by-case analysis to determine insurance requirements and will vary depending on the nature of the agreement. Insurance requirements should be commensurate with the activities associated with the lease that may cause damage to person or property.

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
230.04	3/19/01	Insurance requirements for leases
	03/03/03	Revised per EO829 and EO849

SECTION: 230.05 Insurance Requirements for Auxiliary Operation Agreement (Rev. 03/03/03)

*Reference: E.O. 829 and 849*

In addition to the requirements in Policy Manual section 230, the following requirements are also applicable.

- General Liability: comprehensive or commercial form minimum limits each occurrence \$1,000,000, General Aggregate \$2,000,000.
- Employer Liability: \$1,000,000.
- Business Automobile Liability: minimum limits for Owned, Scheduled, Non-Owned, or Hired Automobiles with a combined single limit of not less than \$1,000,000 per occurrence.
- Workers' Compensation: as required under California law.
- Hold Harmless Provision: ~~Lessee shall hold harmless, indemnify, and defend the State of California, the Trustees of the California State University, the [campus] and the officers, employees, volunteers and agents of each of them from and against any and all liability, loss, damage, expense, costs of every nature, and causes of actions arising out of or in connection with the use by the Lessee of said property.~~ *Auxiliary agrees to indemnify, defend, and save harmless the State of California, the Trustees of the California State University, the [campus name] and the officers, employees, volunteers and agents of each of them (all of which are hereinafter referred to as "State") from any and all loss, damage, or liability that may be suffered or incurred by State, cause by arising out of, or in any way connected with the operations of Auxiliary.*

*Long-term leases of real property require case-by-case analysis to determine insurance requirements and will vary depending on the nature of the agreement. Insurance requirements should be commensurate with the activities associated with the lease that may cause damage to person or property.*

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
230.05	3/19/01	Insurance requirements for leases
	03/03/03	Revised per EO829 and 849

SECTION: 230.06 Insurance Requirements for Placement Agreements (New 03/03/03)  
Reference EO:829

These agreements typically provide for students to be placed with other agencies or institutions for course-required work experience. Student placement agreements must be in writing and shall specify minimum insurance requirements applicable to the contracting parties and appropriate hold harmless provisions based upon the need of the contracting parties. The following hold harmless provision may be used as a minimum:

- Hold Harmless Provision: *[insert public entity]* shall be responsible for damages caused by the negligence of its officers, employees and agents. Trustees shall be responsible for the damages caused by the negligence of its officers, employees and agents. The intent of this paragraph is to impose responsibility on each party for the negligence of its officers, employees and agents.

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
230.06	new 03/03/03	Insurance requirements for Placement Agreements per EO 829.

231. ETHNICITY RACE AND GENDER IN CONTRACTS (New 03/03/03)  
Reference: public Contract Code Section 10116 et. seq.

The CSU shall report to the Governor and Legislature on the level of participation of business enterprises, by race, ethnicity, and gender of owner, in contracts as identified.

#### Requirements

Campuses shall collect the voluntary information prescribed on the “Voluntary Statistical Data” form on all procurement transactions specified in the Reporting Section below. The data collected shall be compiled on a fiscal year basis and reported to the Office of the Chancellor. The Voluntary Statistical Data form can be found in the Contract Resources Library.

#### Special Conditions

Awarding departments are prohibited from using the data compiled under this section to discriminate or provide a preference in the awarding of any contracts. Contractors are prohibited from using the information compiled under this section to discriminate or provide a preference in the solicitation or acceptance of bids for subcontracting, or for materials or equipment, on the basis of race, color, sex, ethnic origin, or ancestry.

#### Reporting

In order to comply with the requirements of the code, the report shall contain the levels of participation of business enterprises, by race, ethnicity, and gender of owner, for the following categories of contracts:

- Construction.
- Purchases of materials, supplies, or equipment.
- Professional services.
- All contracts for a dollar amount of less than twenty-five thousand dollars (\$25,000).

The Ethnicity/Race/Gender Business Ownership report form can be found in the Contract Resources Library.

Campus shall submit to the Office of the Chancellor an annual Ethnicity/Race/Gender Business Ownership report. The report for the period July 1-June 30 is due no later than September 1<sup>st</sup>.

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
231	New - 3/19/01	AB1084 Stats.2001, c.882

SECTION: 235 CSU BUY RECYCLED PRODUCTS CAMPAIGN (Rev. 03/03/03)

Reference: Public Contract Code Sections 10233, 10308.5, 10354, and 12150-12226

Campuses shall establish purchasing practices that assure, to the maximum extent economically feasible, the purchase of materials, goods, and supplies that are recycled or have recycled material within their content. Fitness and quality being equal, purchase preference shall be given to recycled products whenever such products are available and the cost of such products is no greater than that of their non-recycled counterparts.

The detailed requirements for the CSU Buy Recycle Campaign are contained in the CSU Buy Recycle Handbook. The Buy Recycle Handbook, Buy Recycle certification forms, Buy Recycle report forms and a list of qualified vendors can be found at CSU's Buy Recycle website:

<http://www.calstate.edu/Csp/recycle/recycle.shtml>

Campus Responsibilities:

1. Purchase Recycled Content Products (RCP) instead of non-Recycled Content Products (RCP) if fitness and quality are equal and the RCP is available at no more than the total cost of the non-RCP. However, campus procurement officers shall allow a price preference for recycled paper and tire derived products.
2. Require all contractors to certify the recycled content of all RCP purchased.

For all products, contractors shall be required to certify in writing the minimum percentage, if not the exact percentage, of post-consumer and secondary material in the materials, goods, (or supplies) provided or used. This certification shall be furnished under penalty of perjury.

3. Attain the RCP procurement mandates.

Campus procurement offices shall strive to meet or exceed the legislative goals and timetables prescribed by the California legislature for the acquisition of recycled products.

4. Submit Buy Recycle procurement reports annually.

Buy Recycle Reports are due to the Office of the Chancellor no later than August 15 of each year.

5. Establish purchasing practices that ensure the purchase of materials, goods, and supplies that may be recycled or reused when discarded.

**Change Summary :**

<b>Section</b>	<b>Rev.</b>	<b>Description of change</b>
235	03/03/03	Complete revision of Buy Recycle policy General requirements of conforming to the Buy Recycle program did not change. These requirements are now expressed in the CSU Buy Recycle Handbook.  This policy replaced Policy 303.01

SECTION: 303.01 Recycled Product Acquisitions, Report, and Plan (Deleted 03/03/03)

*This section deleted and moved to Policy Section 235.*

**General**

~~Reference: Public Contract Code Sections 12150-12226.~~

~~Campuses shall establish purchasing practices that assure, to the maximum extent economically feasible, the purchase of materials, goods, and supplies that are recycled or have recycled material within their content. Fitness and quality being equal, purchase preference shall be given to recycled products whenever such products are available and the cost of such products is no greater than that of their non-recycled counterparts. Materials, goods, supplies, or products containing the following recycled resources shall be subject to this requirement:~~

- ~~(a) Printing & writing paper~~
- ~~(b) Paper products~~
- ~~(c) Compost and co-compost products,~~
- ~~(d) Glass,~~
- ~~(e) Oil,~~
- ~~(f) Plastic,~~
- ~~(g) Solvents,~~
- ~~(h) Paint~~
- ~~(i) Tires~~
- ~~(j) Tire derived Products~~
- ~~(k) Steel.~~

~~(P.C.C. 12205).~~

~~Contractors shall be required to certify in writing the minimum percentage, if not the exact percentage, of post-consumer and secondary material in the materials, goods, (or supplies) provided or used. This certification shall be furnished under penalty of perjury. (P.C.C. 12205, 10233, 10308.5, 10354).~~

~~Campus procurement officers shall, if feasible, establish purchasing practices that ensure the purchase of materials, goods, and supplies that may be recycled or reused when discarded. (P.C.C. 12205).~~

~~Campus procurement officers shall allow a price preference for recycled paper~~

~~Campus procurement offices shall strive to meet or exceed the legislative goals and timetables prescribed by the California legislature for the acquisition of recycled products . (P.C.C. 12205).~~

~~Recycled Paper Product Acquisitions~~

~~Reference: Public Contract Code Sections 10855-10860 and 12160-12164.5.~~

~~For the acquisition of recycled paper products, campuses shall abide by the same laws and policies established for all other recycled product acquisitions in addition to the specific requirements for paper as stated under P.C.C. 10855.~~

~~State Agency Buy Recycled Campaign (SABRC) Procurement Report and Plan~~

~~Reference: Public Contract Code 12225, 12164.5(c), 12165.~~

~~A Campus SABRC Procurement Report is required annually to be submitted to the California Integrated Waste Management Board (CIWMB). This report to CIWMB reflects the preceding fiscal year's recycling acquisition activity data for the campus. It is due September 1 of each year from each CSU campus.~~

~~A projected one fiscal year SABRC Procurement Plan shall be submitted directly to the California Integrated Waste Management Board (CIWMB) by each State agency and CSU campus by September 1, annually. A copy of each Plan must also be transmitted to the Chancellor's Office Contract Services and Procurement Department, in a timely fashion. The legislature has established recycled product procurement goals for both state agencies in general and the CSU in particular within Sections 12205 and 10860 of the Public Contract Code. The SABRC Procurement Plan shall be completed with these goals in mind.~~

### Change Summary :

<b>Rev.</b>	<b>Description of change</b>
7/20/99	Update Requirements
03/03/03	Delete and Move to Section 235

#### 412.10 Consulting Agreements (Rev. 03/03/03)

Reference: Education Code Section 89036.

A "consulting services contract" is defined as an agreement with an independent contractor to have work performed that is advisory in nature, provides a recommended course of action or personal expertise, and results in an end product that is basically a transmittal of information, either written or verbal.

A "consulting services contract" does not include:

1. Contracts with the federal government;
2. Contracts with local agencies (as defined in Section 2211 of the Revenue and Taxation Code) to subvene federal funds for which no matching State funds are required;
3. Contracts for the development, maintenance, administration, or use of licensing or proficiency testing examinations (such as academic accreditations, program reviews, and other external evaluations);
4. Contracts for public works architectural or engineering services.

Consulting agreements are subject to the same policies and procedures as service agreements in general. Additional special processing requirements to be performed whenever a campus contracts with an independent contractor serving as a consultant include:

#### Conflict of Interest

Reference: Government Code 81000 et seq., 82019; *PCC Section 10365.5*

Should a consultant provide services for preparation or development of recommendations for the actions which are required, suggested or otherwise deemed appropriate, and which include the provision, acquisition or delivery of products or service; then the consultant must provide full disclosure of any financial interest including but not limited to service agreements, OEM, and/or remarketing agreement that may foreseeably allow the Contractor to materially benefit from the adoption of such recommendations.

~~The CSU reserves the right to prohibit participation by the Contractor in bidding to or providing services, goods or supplies or any other related action which is required, suggested or otherwise deemed appropriate in the end product of an Agreement. No person, firm, or subsidiary thereof who has been awarded a consulting services contract may submit a bid for, nor be awarded a contract for, the provision of services, procurement of goods or supplies, or any other related~~

*action which is required, suggested, or otherwise deemed appropriate in the end product of the consulting services contract.*

**Change :**

<b>Section</b>	<b>Rev.</b>	<b>Description</b>
412.10	7/6/01	Delete non-applicable reference and paragraph
	03/03/03	Revised in accordance with SB1467 Bowen (2002)