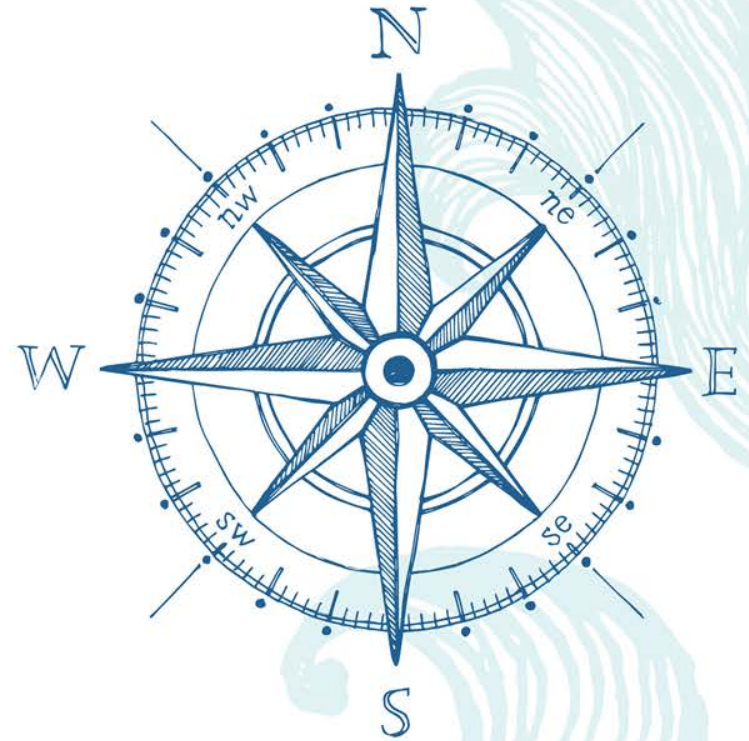
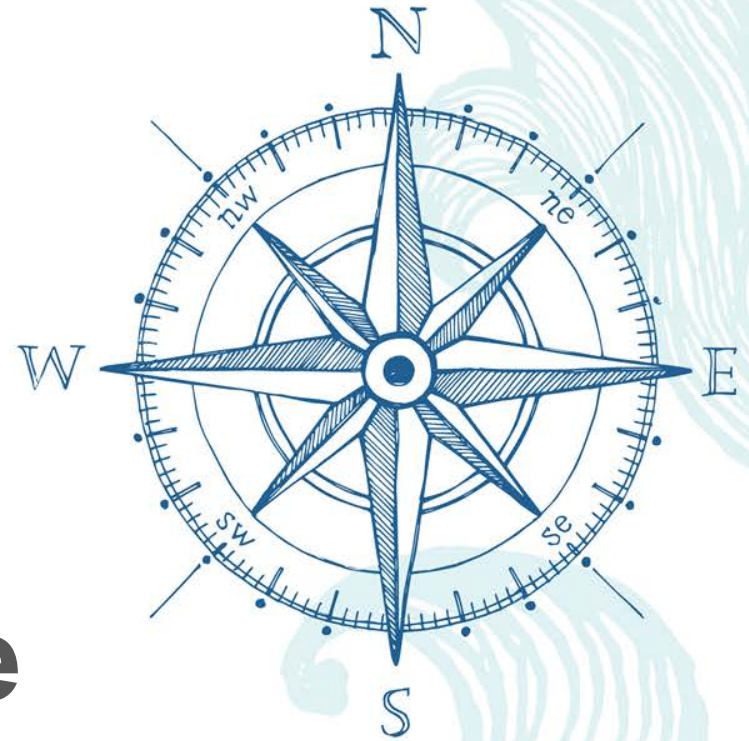


# BUILDING COLLABORATIVE COMMUNITIES

NAVIGATING CHALLENGES, CHARTING INNOVATIONS





# Navigating The Procurement Maze



# Navigating the Procurement Maze

## Presenters

- David Taylor, Director Procurement Operations and Accounts Payable, San Marcos
- Amy Thomas, Director for Safety & Risk Management, Stanislaus
- Jenifer Barnett, Managing Director for Contracts, Procurement and Accounts Payable, Sonoma State



## Navigating the Procurement Maze

After attending this program, participants will be able to:

1. Describe the different procurement methods and identify the appropriate method for a project.
2. Define public works, prevailing wage and DIR requirements.
3. Identify project risks and apply methods for associated mitigation and contingency planning.
4. Understand the elements of a scope of work and how this impacts procurement strategies.



# Learning Objectives

- Public Works vs Maintenance
- Prevailing Wage, Department of Industrial Relations (DIR), Contracting Out
- SBE and DVBE Commitments
- Procurement Methods
- Elements of the Scope of Work
- How to Mitigate Project Risks
- How can I get the things I need done....now....the clock is ticking!



# Public Works Project vs. Maintenance Tasks Defined

## Public Works Projects:

The erection, construction, alteration, painting, repair, or improvement of any state structure, building, road, or other state improvement of any kind.



## Maintenance Tasks:

Routine, recurring and usual work for the preservation, protection and keeping of any publicly owned or publicly operated facility (plant, building, structure, ground facility, utility system or any real property) for its intended purposes in a safe and continually usable condition for which it has been designed, improved, constructed, altered or repaired.



# Prevailing Wage



- The prevailing wage rate is the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within the locality and in the nearest labor market area (if a majority of such workers are paid at a single rate). If there is no single rate paid to a majority, then the single or modal rate being paid to the greater number of workers is prevailing.
- California's prevailing wage laws ensure that the ability to get a public works contract is not based on paying lower wage rates than a competitor. All bidders are required to use the same wage rates when bidding on a public works project. California law requires that not less than the general prevailing rate of per diem wages be paid to all workers employed on a public works project.



# Prevailing Wage: Public Works Projects & Maintenance Tasks

- Public works contracts must be awarded to the lowest responsible bidder, and shall be based primarily on plans and specifications for typical work. Payment of prevailing rate wages is required on all public works projects in excess of \$1,000
  - Labor Code section 1771, refer to SUAM section 9824.
- Maintenance Tasks also requires Prevailing Wage per the CSU General Provisions for Maintenance Tasks
  - In accordance with Labor Code Section 1720, Service Provider must pay employees the current prevailing rate wages for work on this service.





# Department of Industrial Relations (DIR)

- Awarding Body Responsibilities
  - Register public works projects with DIR. [Project registration](#) must be completed within five days of awarding the contract.
  - Obtain [prevailing wage rates](#) from DIR.
  - Notify potential contractors that they must register with DIR and that the project is subject to enforcement by DIR.
  - Require proof of public works contractor registration before accepting a bid or awarding a contract. To find actively registered contractors, use: [Public Works Contractor Registration Search](#).
  - Post or require contractors to post jobsite notices on public works requirements.
  - Ensure that public works contractors pay [prevailing wages](#) and are in compliance with [public works laws](#).
  - [Report any suspected public works violations](#) to the Labor Commissioner.



# Contracting Out

## Meet and Confer Process

- Notification of the Teamsters -Unit 6 Skilled Crafts Union must be performed per the current language in the collective bargaining agreement for Unit 6, whenever the project represents work normally performed by Unit 6.
- Notification to CSUEU-Unit 5 Operations Support Services Long-term contracting out shall mean contracting out work which is more than 180 days. CSU shall notice the Union no later than 120 days prior to commencement of long-term contracting out.



# Disabled Veteran Business Enterprise (DVBE)

- DVBE Participation Program was established to acknowledge disabled veterans for their service and to further DVBE participation in state contracting, promote competition and encourage greater economic opportunity. The state established a DVBE contracting participation goal of at least three percent (3%). The goal applies to the total contract dollars expended each year by all campuses.
- Participation and Incentive



# Small and Micro Business Enterprise (SBE)

- 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 and DVBE Services (OSDS), 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.
- 25% goal



# Procurement Methods

- Job Order Contract (JOC)
  - The California State University has authority under Section 10710 of the Public Contract Code to award annual contracts that do not exceed \$3,000,000 for repair, renovation, modifications and other repetitive work, which is to be done by unit prices.
- What to Consider
  - Can the JOC provide service or should bids/proposals be solicited? Consider the total cost of both options.
  - Remember this is a tool in the tool kit not a solution to every situation.



# Procurement Methods

## Request for Bids (RFB) / Proposals (RFP)

- Contracts for which are estimated to cost \$5,000 or under need not be bid (Public Contract Code section 10705). For these contracts, whenever there is reason to believe a response from a single source is not a fair and reasonable price, the Trustees shall obtain at least two written bids from responsible contractors.
- For contracts for which the estimated cost exceeds \$5,000, but does not exceed the value of a minor capital outlay project pursuant to Public Contract Code section 10108, “the Trustees shall solicit bids in writing and shall award the work to the lowest responsible bidder or reject all bids” (Public Contract Code section 10705).



# Procurement Methods

- Mandatory Requirements
  - contractor must have appropriate license (Public Contract Code section 3300)
  - subcontractor listing (Public Contract Code section 4100 *et seq.*)
  - DVBE, unless its application is excused by the awarding authority (Public Contract Code section 10115 *et seq.*)
  - payment bond requirement (Public Contract Code section 7103)
  - advertisement in California State Contracts Register (Government Code section 14825 *et seq.*) cannot be ignored, but an exemption to do so may be filed for a project.
  - small business advantage (Government Code section 14835 *et seq.*)



# Elements of the Scope of Work

- Project Description
- Project objectives
- Schedule
- Tasks
- Deliverables
- Payment of the project
- Expected outcomes
- Certain terms, conditions and requirements





# Bid/Proposal Evaluation

- How to Evaluate Bids/Proposals
  - Traditional bid (RFB) awards are based on the lowest costs that meets bid specifications from a responsible bidder scenario.
  - Traditional proposal (RFP) evaluations consider multiple criteria in addition to costs.
    - Evaluation criteria should be very well defined with factors relevant to the selection of a contractor most qualified to deliver the scope of work.
  - Common evaluation criteria categories:
    - Approach to SOW (work plan/schedule)
    - Contractor Experience / References
    - Costs
    - Sustainability
    - DVBE/SBE



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# Identify and Mitigate Risk

- What is the risk?
- How do we reduce the risk?
- Tools of risk transfer
  - Analysis
  - Indemnity (hold harmless) agreement
  - Insurance requirements
  - Verification of coverage
  - Report claims properly



# Identify and Mitigate Risk

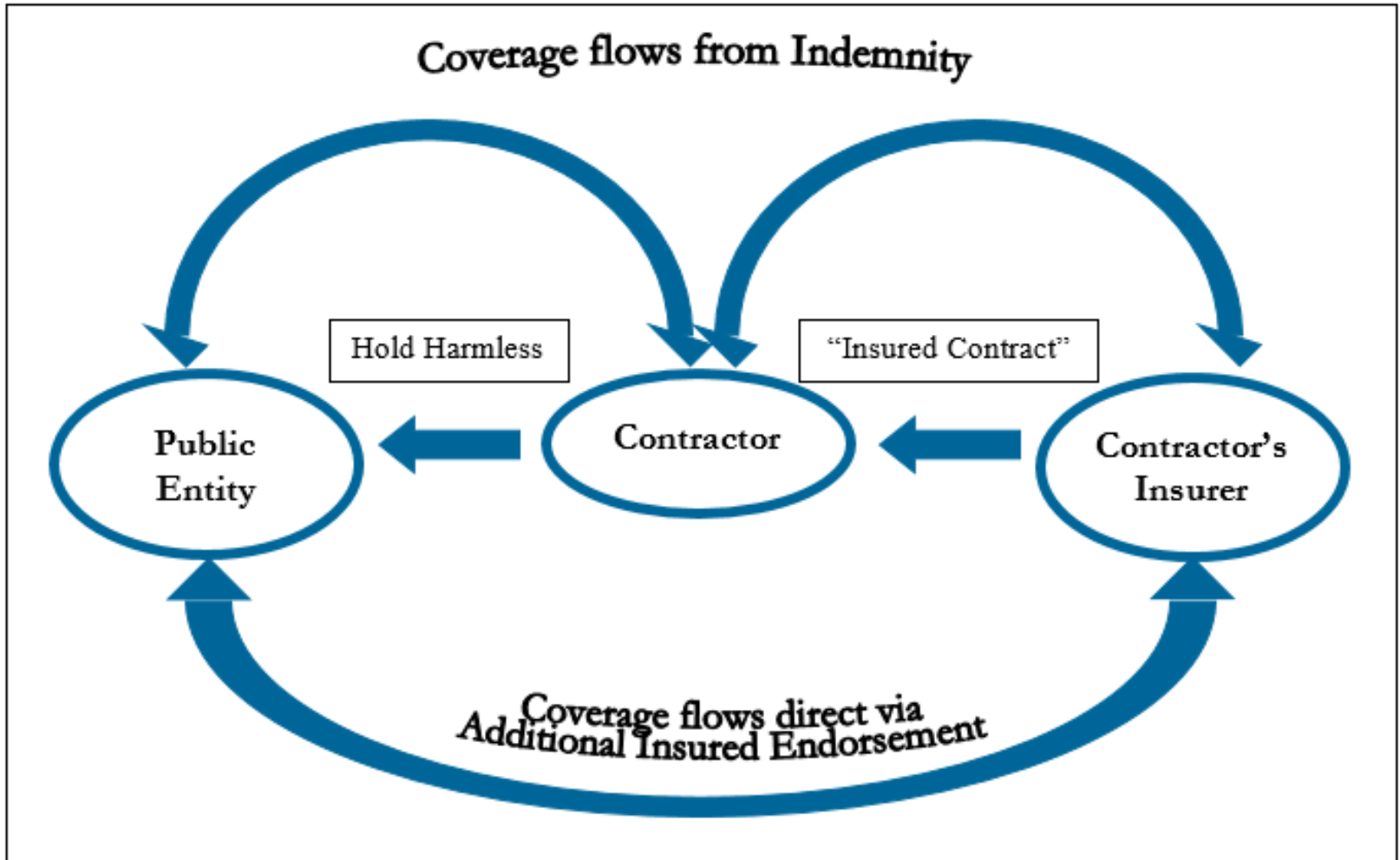
- CSU develops/maintains provisions/requirements which mitigate risks. These are basic yet crucial:
  - The contract general conditions are an integral part of the contract and they are incorporated by attachment into project/service agreement.
  - They set forth the rights, responsibilities, and relationships of the owner and contractor.



# Insurance & Indemnification

- Insurance provisions prescribe the minimum insurance requirements necessary to control, mitigate and/or transfer risks.
- Indemnification is a promise that one party will make good on any loss, damage, or liability incurred by another.







INTEGRATED INSURANCE & FINANCIAL SERVICES

Certificate of Liability Insurance (Annotated Form)

**2** This notice confirms the provisions of the California Insurance Code, §334. Other states have similar provisions. It states that the policy, not the certificate governs coverage.

CERTIFICATE OF LIABILITY INSURANCE				DATE (MM/DD/YYYY)																																																																																																																																		
<p>ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS IS NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES. A STATEMENT OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p>certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. IF SUBROGATION IS WAIVED, subject to the terms of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the extent of such endorsements.</p>																																																																																																																																						
<p><b>PRODUCER</b></p> <p>This block identifies the Agent or Broker. <b>1</b></p>		<p><b>CONTACT NAME:</b> _____ FAX (AG. Nm): _____</p> <p><b>PHONE:</b> _____ (AG. No. Ext): _____</p> <p><b>EMAIL ADDRESS:</b> _____</p>																																																																																																																																				
<p><b>INSURED</b></p> <p>The insured is your entity's contractor or lessee. <b>4</b></p>		<p><b>INSURER(S) AFFORDING COVERAGE</b></p> <p><b>INSURER A:</b> <b>3</b></p> <p><b>INSURER B:</b> _____</p> <p><b>INSURER C:</b> _____</p> <p><b>INSURER D:</b> _____</p> <p><b>INSURER E:</b> _____</p> <p><b>INSURER F:</b> _____</p> <p>The insurer will be identified here. The insurer letter appears again near the left margin at "3" to show which insurer provides which coverage.</p>																																																																																																																																				
<p><b>COVERAGES</b>      <b>CERTIFICATE NUMBER:</b> _____</p> <p>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED HEREIN AND THAT THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.</p> <table border="1"> <thead> <tr> <th>TYPE OF INSURANCE</th> <th>INSURANCE NUMBER</th> <th>POLICY EXPIRATION DATE (MM/DD/YYYY)</th> <th>POLICY EFFECTIVE DATE (MM/DD/YYYY)</th> <th>LIMITS</th> </tr> </thead> <tbody> <tr> <td><b>GENERAL LIABILITY</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>COMMERCIAL GENERAL LIABILITY</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>CLAIMS-MADE</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>OCCLUR</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>CERT. AGGREGATE LIMIT APPLICABLE:</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>POLICY</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>PERIOD</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>LOC</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td><b>AUTOMOBILE LIABILITY</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>ANY AUTO</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>ALLOWED AUTOS</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>HERED-AUTOS</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>BI-SCHEDULED AUTOS</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>NON-SCHEDULED AUTOS</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td><b>UMBRELLA LMB</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>EXCESS LMB</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>OCCLUR</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>CLAIMS-MADE</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>PERIOD</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>LOC</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td><b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>ANY WORKERS COMPENSATION/EMPLOYERS' LIABILITY EXCLUDED?</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>Yes/No (in %)</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>TYPE OF WORKERS COMPENSATION/EMPLOYERS' LIABILITY</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> <tr> <td>DESCRIPTION OF OPERATIONS/INDUSTRY</td> <td></td> <td></td> <td></td> <td>\$</td> </tr> </tbody> </table> <p><b>3</b> This notice again states that the policy supersedes the certificate form.</p> <p><b>5</b> This notice again states that the policy supersedes the certificate form.</p> <p><b>6</b> These sections show the type of coverage provided through the agent or broker identified in "1" above. If the insured uses more than one broker, this certificate will not identify all existing.</p> <p><b>7</b> These two columns show inception and expiration dates for policies identified. Pay special attention that coverage does not expire before or during your project or lease.</p> <p><b>8</b> This column identifies limits per occurrence and aggregate for each type of coverage afforded. Pay special attention to low aggregate limits for public works-type contractors. Losses on other jobs may reduce your coverage.</p>					TYPE OF INSURANCE	INSURANCE NUMBER	POLICY EXPIRATION DATE (MM/DD/YYYY)	POLICY EFFECTIVE DATE (MM/DD/YYYY)	LIMITS	<b>GENERAL LIABILITY</b>					COMMERCIAL GENERAL LIABILITY				\$	CLAIMS-MADE				\$	OCCLUR				\$	CERT. AGGREGATE LIMIT APPLICABLE:				\$	POLICY				\$	PERIOD				\$	LOC				\$	<b>AUTOMOBILE LIABILITY</b>					ANY AUTO				\$	ALLOWED AUTOS				\$	HERED-AUTOS				\$	BI-SCHEDULED AUTOS				\$	NON-SCHEDULED AUTOS				\$	<b>UMBRELLA LMB</b>					EXCESS LMB				\$	OCCLUR				\$	CLAIMS-MADE				\$	PERIOD				\$	LOC				\$	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>					ANY WORKERS COMPENSATION/EMPLOYERS' LIABILITY EXCLUDED?				\$	Yes/No (in %)				\$	TYPE OF WORKERS COMPENSATION/EMPLOYERS' LIABILITY				\$	DESCRIPTION OF OPERATIONS/INDUSTRY				\$
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<p><b>12</b> The authorized representative of the insurer should be an employee, unless the agent or broker is specifically authorized to sign on behalf of the company.</p>		<p><b>AUTHORIZED REPRESENTATIVE</b></p> <p><b>12</b></p>																																																																																																																																				



# Certificates of Insurance

- Endorsements: Additional insured status is an endorsement placed on a pre-existing liability insurance policy. It extends the reach of the endorsed policy to others who do not have the policy, but who may benefit from coverage such as the Trustees and the State of California.





[1] POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY  
CG 20 26 07 04

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED - DESIGNATED  
PERSON OR ORGANIZATION**

[2] This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

[3] Name Of Additional Insured Person(s) Or Organization(s)

The State of California, the Trustees of the California State University, the California State University Stanislaus, and their auxiliaries, officers, employees, volunteers, representatives and agents.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II - Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- A. In the performance of your ongoing operations; or
- B. In connection with your premises owned by, or rented to you.

**B.** With respect to the insurance afforded to these additional insureds, the following is added to **Section III - Limits Of Insurance:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less.

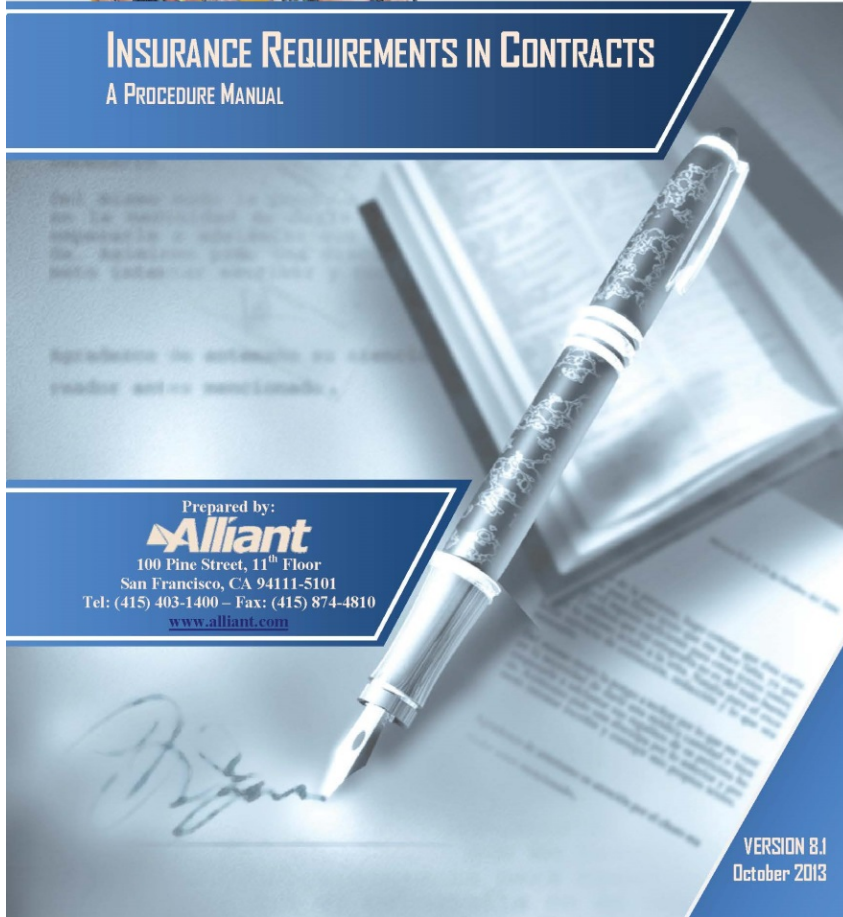
This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.



# Sources of Knowledge



**INSURANCE REQUIREMENTS IN CONTRACTS**  
A PROCEDURE MANUAL



Prepared by:  
**Alliant**  
100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111-5101  
Tel: (415) 403-1400 – Fax: (415) 874-4810  
[www.alliant.com](http://www.alliant.com)

VERSION 8.1  
October 2013

See [CSURMA.org](http://CSURMA.org) for the latest version

**2018 CSU FACILITIES MANAGEMENT CONFERENCE**  
OCTOBER 28-31, 2018 | MONTEREY, CALIFORNIA



- <http://www.calstate.edu/cpdc/suam/SUAM9700-9843.pdf>
- <http://www.calstate.edu/cpdc/suam/AppendixADefinitions.pdf>
- <http://www.calstate.edu/cpdc/CM/CGC.shtml>



# How can I get the things I need done....now (non-bid)

- Utilize Existing Suppliers
  - Already have 204 on file
  - Have met insurance requirements before
  - Use to doing business with the CSU
- New Suppliers
  - Plan ahead
  - Get 204 information in early
  - Be proactive, share our insurance requirements



## Navigating the Procurement Maze

After attending this program, participants will be able to:

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3. Identify project risks and apply methods for associated mitigation and contingency planning.
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# Questions



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