



THE CALIFORNIA STATE UNIVERSITY  
CONTRACT SERVICES AND PROCUREMENT

# BULLETIN

01-11

July 6, 2001

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**SUBJECT: Policy Manual for Contracting & Procurement - Revision 2.1**

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CSU's Policy Manual for Contracting & Procurement has been revised and is immediately effective.

The complete revised manual can be found at:

<http://www.calstate.edu/Csp/crl/policy/Policy.shtml> .

The policy changes are summarized as follows:

- Incorporation of SB 1049. This bill increased the upper limit of the dollar threshold for the awarding of a contract to a Certified small business, as long as price quotes have been obtained from two or more small business, from \$50k to \$100k.
- Increased the dollar threshold required for formal solicitation of ITR goods and services to \$250,000.
- Minor revisions, clarifications and updates
- Reformatting of Section 500's of the manual to be consistent with standard format.

**DISTRIBUTION:**

Procurement and Support Services Officers (w/ attachment)  
Information Resource Program Managers  
Chief Administrators / Business Officers  
Vice Presidents, Academic Affairs

**401. BID THRESHOLDS FOR SERVICES (Rev. 7/6/01)**

Reference: Government Code Section 14838.5

A. Acquisitions Less than \$50,000

Competition is not required for services on transactions of an amount less than \$50,000 unless the campus determines that competition is necessary to develop sources, validate prices, or for other sound business reasons.

B. Acquisitions greater than \$50,000 and less than \$100,000 from Certified Small Business.

Acquisitions that are estimated to be greater than \$50,000 and less than \$100,000 maybe awarded to a Certified Small Business, as long as price quotations have been obtained from two or more small businesses.

C. Acquisitions of \$50,000 or more

Except in cases when it has been determined that only one source which will properly meet the needs of the CSU all written contracts for the acquisition of service in the amount of \$50,000 or more or as provided for in 401B above, all contracts for services in the amount of \$50,000 or more shall be formally bid and awarded to the lowest responsible bidder(s) meeting the IFB specifications or the bidder(s) whose proposal is given the highest score by the evaluation committee.

All transactions made under the CSU procurement authority shall be designed to encourage active competition among contractors wishing to become providers of services furnished to the CSU. Efforts shall be made to meet the goals established for small businesses and disabled veteran business enterprises as set forth in section 215, DVBE Participation Goals and 216, Small Businesses.

**Change:**

<b>Section</b>	<b>Previous Rev.</b>	<b>Description</b>
401	3/19/01	SB 1049 increased Bid threshold for small business from \$50K to \$100k.

## 412.10 Consulting Agreements (Rev. 7/6/01)

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**

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.

**Change:**

<b>Section</b>	<b>Previous Rev.</b>	<b>Description</b>
412.10		Delete non-applicable reference and paragraph

**SECTION 500 - INFORMATION TECHNOLOGY RESOURCES (ITR)  
PROCUREMENT POLICY (Rev. 7/6/01)**

Reference: Public Contract Code, Section [12100](#) et seq.; Executive Order **667**; Education Code [89036](#), Gov. Code Section 11702(e)

In addition to the special requirements contained in this Section 500, requirements in Section 200 also apply to the procurement of information technology resources.

Information Technology is defined to include, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, telecommunications which include voice, video, and data communications, requisite system controls, simulation, electronic commerce, and all related interactions between people and machines.

Public Contract Code Sections [10295](#) and [12120](#) provide that the CSU has an independent procurement authority separate from the State Departments of General Services and Finance.

Public Contract Code Section [12100.5](#) requires the Trustees to develop and maintain policies that further the legislative policies for ITR procurement as expressed in sections [12100](#) et seq. of the Public Contract Code.

The campus is responsible for assuring that all applicable state procurement laws and regulations are followed, in addition to the policies contained herein.

Each campus shall employ sound and appropriate business practices to guide and control the planning, acquisition, development, operation, maintenance, and evaluation of all ITR-related applications.

It is the policy of the CSU that campuses be given the choice of vendors that best meet individual or unique campus hardware, service, and application requirements. Long-term contracts with annual cancellation and funding-out clauses are encouraged, as they help protect the CSU's investment as well as provide multi-year renewal options that encourage vendors to develop higher levels of service and support (Ref. P.C.C. [12101.5\(a\)](#)).

<b>Section</b>	<b>Previous Rev.</b>	<b>Description of Current Revision</b>
500	1/29/99	Update and clarify section

**501. BID TRESHOLDS FOR ITR GOODS AND SERVICES (Rev. 7/6/01)**

A. Acquisitions less than \$5,000 from Certified Small Business

Acquisitions that are estimated to be less than \$5,000 maybe awarded to a Certified Small Business without competition. However, whenever there is reason to believe a price quote from a single source is not a fair and reasonable the campus shall obtain at least two price quotations from responsible suppliers

B. Acquisitions greater than \$5,000 and less than \$100,000 from Certified Small Business

Acquisitions that are estimated to be greater than \$5,000 and less than \$100,000 maybe awarded to a Certified Small Business, as long as price quotations have been obtained from two or more small businesses.

C. Acquisitions of \$250,000 or less

Except in cases when it has been determined that only one source or that only one brand or trade name of an article is the only one which will properly meet the needs of the CSU or as provided for in sections 501A & B above, acquisition of ITR goods and services may be the result of an informal bid process. These processes may be in the form of written or verbal quotes from vendors.

D. Acquisitions greater than \$250,000

Except in cases when it has been determined that only one source or that only one brand or trade name of an article is the only one that will properly meet the needs of the CSU, ITR requirements estimated to result in contracts greater than \$250,000 shall be awarded as the result of a formal solicitation process.

**Change:**

<b>Section</b>	<b>Previous Rev.</b>	<b>Description of Current Revision</b>
501		Previous version of this section has been moved to section 500  The new topic of this section is consistent with policy format in sections 300 and 400.

## 502. FORMAL SOLICITATION FOR ITR GOODS AND SERVICES (Rev. 7/6/01)

Other requirements notwithstanding, formal procurement for ITR goods and services shall comply with the following

- A. Public notice of the intent to formally acquire ITR goods and services from the open market shall be posted in a location easily accessible to any bidder who may wish to participate and advertised in the California State Contracts Register (CSCR). Complete copies of the bid or proposal solicitation document must also be maintained in the campus procurement office and made available to any interested provider upon request. The solicitation notice may also include an announcement in an appropriate newspaper or trade journal, including a brief description of the work to be performed, the closing date and time for bids or proposals to be received, and the location where complete copies of the solicitation document may be obtained.
- B. To promote fair and open competition each formal solicitation for ITR goods and services must attempt to secure competitive bids or proposals. The requirement for fair and open competition shall have been met or is not required in the following instances:
- (1) In cases of emergency where a contract is necessary for the immediate preservation of the public health, welfare, or safety, or protection of state property.
  - (2) When the campus awarding the contract has advertised the contract in the California State Contracts Register and has solicited all known potential contractors.
  - (3) The contract is with another state agency, a local governmental entity, or an auxiliary organization of the CSU. These contracts, however, may not be used to circumvent the competitive bidding requirements of this article.
  - (4) The contract meets the conditions prescribed in Policy Section 206, Limits on Competitive Bidding.

### Change:

Section	Previous Rev.	Description of Current Revision
502	1/29/99	Delete Section 502 rev. 1/29/99 –language not required.  Add New Section 502 to incorporate requirements for formal solicitation.

### 503. ITR PROCUREMENT PRINCIPLES

Delete Section

Change:

<b>Section</b>	<b>Previous Rev.</b>	<b>Description</b>
503		Applicable clauses in this section have been move to section 500.  PCC Section 12113.5 was repealed

## 504. SCOPE

Delete this section

Change:

Section	Previous Rev.	Description
504		Definition of ITR included in Section 500.  Choice of contractual instrument to be used is a procedural issue and is within the authority of the campus.

**505. COMPETITIVE SOLICITATION (Rev. 7/6/01)**

Reference: Public Contract Code [12100](#) et. seq.

It is the policy of the CSU that all transactions made under the CSU procurement authority be designed to encourage active competition among those who wish to become the suppliers of goods and services required by the campuses of the CSU. There is no single competitive procurement methodology universally suited to all categories of ITR acquisition. The CSU also recognizes that the same competitive processes used for obtaining non-ITR goods and services such as the Invitation for Bid, and the Request for Proposal, are effective for ITR acquisitions. There are, however, other techniques that may be tailored to support the unique characteristics of an ITR acquisition.

Contract awards for all large-scale systems integration projects shall be based on the proposal that provides the most value-effective solution to CSU's requirements. However, hardware purchased independent of a large-scale system integration project may be made on the basis of lowest cost meeting all other specifications. When an acquisition is based upon cost alone, an award shall be made to the lowest responsible bidder meeting the specifications. [Ref. 12102(b,c)]

**Change:**

<b>Section</b>	<b>Previous Rev.</b>	<b>Description</b>
505		Clarification of section and delete incorrect reference.

**507.02 DGS – Division of Telecommunications (Rev. 7/6/01)**

Reference: Public Contract Code [12120](#).

The CSU shall grant to the Department of General Services, Division of Telecommunications an opportunity to bid whenever the CSU solicits bids for telecommunications goods and services.

**Change:**

<b>Section</b>	<b>Previous Rev.</b>	<b>Description</b>
507.02		Clarification of section