PP-04-00 PROCUREMENT OVERVIEW AND POLICY

I. OVERVIEW

This section addresses the acquisition of goods and services from external sources by the Los Angeles Community College District (LACCD).

“Procurement” is the act of acquiring goods or services for the direct benefit or use of the organization. Within LACCD, “procurement” refers to both purchasing and contracting transactions. In this section, the terms “procurement”, “contract”, and “purchase” may be used interchangeably to refer generally to procurement transactions.

The general procurement function at LACCD is performed at each college, regional location, and the District Office. Facilities construction related procurement is handled through college plant facilities offices, and by the Facilities Planning and Development Department at the District Office. Facilities procurement information may be found in the Facilities Procedures section of the manual. Travel related purchases are covered by the policies found in the Human Resources Guide or Personnel Commission Rules.

II. OBJECTIVES

The LACCD procurement process should adhere to the following objectives:

1. Comply with laws, regulations, rules and policies governing procurement by community college districts in California and conform to Board rules and administrative regulations within LACCD;

2. Encourage competition among suppliers in order to obtain best pricing and terms, superior product quality, and good customer service;

3. Prevent favoritism, fraud, waste, abuse and corruption in soliciting suppliers, awarding contracts and expending public funds;

4. Provide all suppliers an equal opportunity to participate and earn the District’s business;

5. Be efficient in the time and resources expended to execute a transaction; and

6. Result in the timely delivery of the correct products and services to the customer.
III. POLICY

It is the policy of LACCD to procure necessary supplies, materials, equipment and services in a timely and efficient manner for a reasonable price, via transactions that are advantageous to the District in accordance with procedures set forth by the Board of Trustees, the California Public Contract Code, the California Education Code and other applicable laws of the State of California.

1. Except as noted below, LACCD shall not be bound to any contract unless and until that contract is authorized or ratified by the Board of Trustees. For those employees with delegated contracting authority for specified procurement transactions, LACCD shall be bound to the contracts without prior authorization from the Board of Trustees. However, these contracts still require ratification by the Board within 60 days of the contract execution.

2. Contracts with LACCD shall be limited to three years for purchase of materials or supplies and five years for equipment or services, unless otherwise defined by statute.

3. LACCD shall not contract out for any personal services that are generally found within the expertise of District’s classified service, except for those reasons specified within Education Code Section 88003.1.

4. LACCD shall formally bid contracts for supplies, materials, equipment and services in accordance with the bidding threshold established by the State of California and is adjusted on an annual basis. For transactions not required to be formally bid, LACCD will apply other competitive procurement processes when practicable.

5. The Chancellor has delegated signatory authority for certain contracts to employees identified in Administrative Regulation B-19. Any employee who signs a contract in violation of his/her authority may be disciplined. Education Code section 81655 provides that any employee shall be personally liable to the LACCD for any and all monies of the LACCD paid out as a result of that employee’s malfeasance. LACCD costs incurred as a result of employee malfeasance may be charged to the location which created the liability, as determined by the Chancellor or his/her designee.

6. When advantageous to do so and legally permissible, the LACCD may facilitate volume purchasing and institute district-wide supplier contracts. In addition, it may take advantage of procurement methods permitted by the State to facilitate purchasing and reduce the cost of supplies, materials, equipment and services.

IV. DEFINITIONS

Whenever the following terms appear in these policies and procedures, the definitions will have the corresponding meanings.
“Bid” A firm offer from a supplier to sell the District goods or services at a specific price for a procurement estimated to cost more than the Large Purchase threshold in which award will be made to the supplier offering the lowest price, all other factors being equal. Bids must be solicited through an Invitation for Bids (“IFB”) and submitted sealed in writing, to the District by mail or personal delivery; faxed or emailed submittals are not acceptable. If the procurement is estimated to cost less than the Large Purchase threshold, offers may be solicited as Quotes rather than as Bids.

“Bid Threshold” The dollar amount above which California state law, as specified in Public Contract Code section 20651, requires a procurement transaction to be acquired through formal sealed bidding. The amount started at $50,000 and is increased effective January 1 of each year by the Board of Governors of the California Community Colleges based on an inflation index. As of January 1, 2008, the Bid Threshold was $72,400.

“Board” The Board of Trustees of the Los Angeles Community College District.

“Board Approval” An action taken by the Board of Trustees to authorize a purchase order or contract for services BEFORE the award, commencement or issuance of a contract or purchase order. This action is taken by the board in the public session of a board meeting.

“Board Ratification” An action taken by the Board of Trustees to authorize a purchase order or contract for services AFTER the award, commencement or issuance of a contract or purchase order. This action is taken by the board in the public session of a board meeting. Purchase orders and contracts requiring board ratification must be ratified within 60 calendar days of purchase order issuance or contract commencement.

“College” Any of the nine colleges within the Los Angeles Community College District and, when referring to a Location, the District Office. A College includes all of its satellite campuses.

“College President” or “President” The President of any of the nine Colleges within the Los Angeles Community College District and, at the District Office, the Deputy Chancellor.

“College Procurement Specialist (CPS)” One of three (3) regional procurement professionals in the District who: (a) is responsible for serving three
colleges; (b) resides at one of his/her three assigned Colleges, and (c) reviews, approves/releases Medium-Purchase transactions initiated by the Colleges. The CPS reports directly to the Vice Presidents of Administrative Services at his/her three Colleges and coordinates with the Contracts and Purchasing Manager at the District Office.

“Contracts and Purchasing” The Contracts and Purchasing Section within the Business Services Division housed at the District Office.

“District” The Los Angeles Community College District, including any or all of its colleges and locations.

“ERP or Procurement System” – Represents the Enterprise Resource Planning System known as “SAP” for which the on-line procurement database exists with other modules such as financial and cost accounting, payroll, benefits and personnel hiring. The procurement module of the system is used to process purchase orders and contracts, provide electronic approval of these documents and house procurement reports.

“Goods” Supplies, materials, equipment or other Personal Property procured by the District for its business use.

“Invitation for Bids (‘IFB’)” Also referred to as “Formal Advertising,” the solicitation used to request sealed Bids in accordance with Public Contract Code section 20650 et seq. and Education Code section 81641 et seq.

“Large Purchase” A procurement transaction at or above the formal bid dollar amount ($72,400 as of January 1, 2008) at which sealed bids must be solicited as prescribed in Public Contract Code section 20651. Also, Professional Services valued above the Large Purchase threshold that are procured through a Request for Proposals process.

“License” A contract authorizing a non-exclusive use, but not ownership, of property. A Permit for Use and a Civic Center Permit are licenses authorizing other parties’ use of District Real Property.
“Location” Any of the nine Colleges and the District Office, for a total of 10 Locations within the District. A satellite campus is deemed to be a part of its associated College.

“Medium Purchase” A Procurement transaction above the Small Purchase maximum dollar amount ($5,000) and below the Large Purchase dollar amount threshold ($72,400 as of January 1, 2008). A Medium Purchase requires the receipt of not fewer than three (3) responsive written quotes or proposals.

“Micro-Purchase” A Procurement transaction at or below the dollar amount ($2,500 as of December 31, 2006) at which informal competitive quotes must be solicited. No quotes are required for micro-purchases but it is considered best business practice to solicit quotes when practical to do so.

“Personal Property” Any property that is not Real Property; any Goods.

“Personal Service” Routine labor for which no special training, education or certification or license is required, such as maintenance, which is not a professional service. Personal Services reasonably projected to cost more than the Large Purchase threshold must be procured through the issuance of an Invitation for Bids.

“Procurement” A purchase order, contract, lease, license, authorization of payment, authorization to pay library materials, purchasing card transaction, or other method used within the District to acquire Goods or Services for the benefit of the District. Also, the act of purchasing or contracting for goods or services.

“Professional Service” Also referred to as “Special Service,” labor which is described in Government Code section 53060. Professional Services are deemed to be exempt from the requirement in Public Contract Code section 20651 for sealed bidding. However, if the estimated value equals or exceeds the Large Purchase threshold, a Request for Proposals process is customarily used to procure the service.

“Proposal” A firm offer from a supplier to sell the District Goods or Services at a specific price for a procurement in which award will be made based on price and other factors considered together. Proposals are to be solicited only for
Professional Services and electronic data-processing equipment and other Goods and Services as referenced in “Request for Proposals” below.

“Quote” A firm offer from a supplier to sell the District Goods or Services at a specific price for a procurement costing less than the Large Purchase Bid threshold in which award will be made to the supplier offering the lowest price, all other factors being equal. Unless otherwise specified, a Quote may consist of a catalog price or an emailed, faxed, mailed or hand-delivered written offer. Copies of, or other evidence of solicited or received, Quotes must be retained by the initiator. If the procurement is estimated to cost more than the Large Purchase threshold, offers must be solicited as sealed Bids rather than as Quotes.

“Real Property” Land, buildings, and their structural components; also infrastructure improvements, such as roads and sewers.

“Request for Proposals “(“RFP”) The solicitation used to solicit Proposals for Professional Services as described in Government Code section 53060 and electronic data-processing equipment and other Goods and Services as described in Education Code section 81645.

“Services” Labor, as distinguished from Goods, purchased by the District for its business use. See also “Personal Services” and “Professional Services.”

“Small Purchase” A procurement transaction (defined for this definition as a single line-item on a purchase order or contract, rather than the entire amount of the purchase order or contract) above the Micro-Purchase maximum dollar amount ($2,500 as of December 31, 2006) and below the Medium Purchase dollar amount threshold ($5,000). A Small Purchase requires the solicitation of not fewer than three (3) Quotes or Proposals and receipt of at least one.

“Vice President of Administrative Services” The Vice President of Administrative Services or Vice President of Administration at a College. At the District Office the responsibilities identified to a Vice President of Administration at a college location may be the responsibility of the Director of Business Services. The Vice President of Administrative Services typically oversees the procurement function at the colleges.
V. LEGAL AUTHORITY AND CITATIONS

California Education Code
   Section 81644
   Section 81655
   Section 88003.1

California Public Contract Code
   Section 20650, et seq

Government Code
   Section 53060

LACCD Board Rules
   Chapter VII, Article I, Contracting

LACCD Administrative Regulation B-19