



LAUSD
UNIFIED

Procurement Update

Facilities & Procurement Committee Meeting

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How the Procurement Services Division (PSD) is Organized

Procurement Mission Statement



The mission of the Procurement Services Division is to provide schools and administrative offices with goods and services they need – when they need them. In doing this, we must ensure procurement laws are followed and the District achieves the most cost-effective prices for goods and services.

PSD Branches*



Contracts Administration and Procurement Services:

- Supports schools by managing the purchase of supplies, equipment, and professional and general services through best practices in the public procurement arena.
- Acquisitions achieved through Requests for Proposals (RFPs) and Invitation for Bid (IFBs).
- Oversees District's Credit Card Programs, Vendor Services Unit and Toshiba Unified Print Program.
- Provides customer service assistance and support to schools for travel and conference attendance.

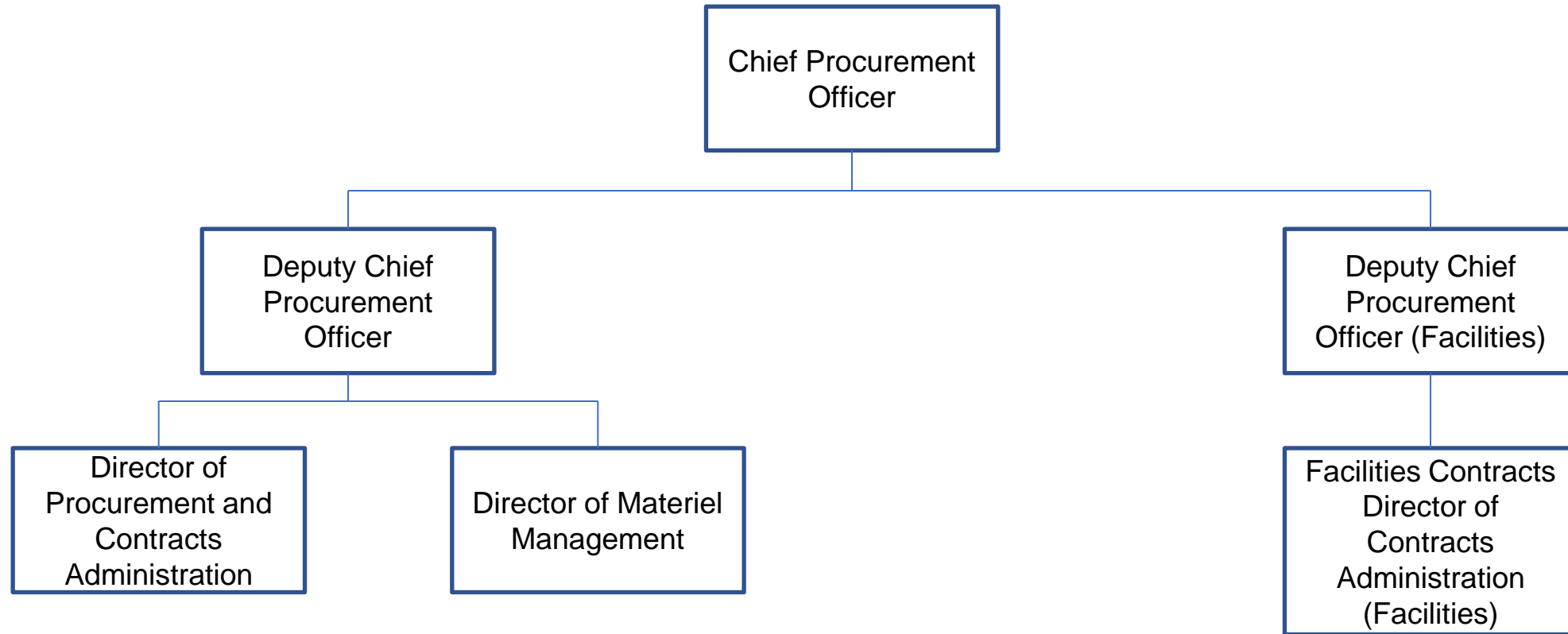
Materiel Management:

- Maintains three primary distribution centers: 1) General Stores (supplies and equipment), 2) Food (frozen, groceries and staples) and 3) Surplus Property and Recycling Annex (used/surplus furniture and equipment).
- Truck Operations provides delivery of product from the distribution centers to schools and offices.
- Oversees Mail Support Services Unit (mail service) and Reprographic Support Services Unit (reprographic activities) for District.

Facilities Contracts:

- Responsible for acquisition of facilities-related services provided by consultants, contractors, and other private firms.
- Facilities Contracts administers the advertising, bidding, and awarding of all formal, competitively bid school construction projects, including the prequalification of contractors and all post-award contract activities.
- Acquisitions achieved through requests for qualifications (RFQs), RFPs and IFBs which are developed, issued, evaluated, and awarded through this branch.

PSD Branches *



What Guides the Procurement Process?



Procurement Laws, Policies & Practices

Generally, only the governing body of a public agency has the power to enter a contract, and employees cannot bind a public agency on their own. (*Santa Monica Unified School District v. Persh* (1970) 5 Cal.App.3d 945.)

The governing board of a school district may, by majority vote, delegate the power to contract “to its district superintendent, or to any person that he or she may designate”; or if there is no superintendent, “to any other officer or employee of the district that the board may designate.” (Education Code §17604.)

The board may limit the delegation “as to time, money or subject matter.”

Procurement Laws, Policies & Practices



Bid Threshold for Competitively Bid Contracts: > \$109,300

Public Contract Code section 20111(a)

- Equipment, materials, supplies
- Services except construction services
- Repairs, including maintenance

When Federal funds are being used for procurement of property or services, then the selection process must comply with State law and Federal regulations. (2 CFR §§200.317 and 200.318(a).)

Bidding Exception – Professional Services

- For “special services or advice in financial, economic, accounting, ... legal, or administrative matters if such persons are specially trained and experienced and competent to perform the special services required,” no bidding is required. (Government Code §53060; *Cobb v. Pasadena City Board of Ed.* (1955) 134 Cal.App.2d 93.)
- For a school district or community college district hiring “professional services or advice, [or] insurance services,” no bidding is required. (Public Contract Code, §20111(d) & 20651(c).)

Procurement Laws, Policies & Practices



Contractor Code of Conduct

Los Angeles Unified School District's Contractor Code of Conduct was adopted to enhance public trust and confidence in the integrity of LAUSD's decision-making process. This Code is premised on three concepts:

1. Ethical and responsible use of scarce public tax dollars is a critical underpinning of effective government
2. Contracting integrity and quality of service are the shared responsibilities of LAUSD and our Contractors
3. Proactive and transparent management of potential ethics concerns improves public confidence

Contractors and their Representatives shall:

- Demonstrate Honesty and Integrity
- Be a Responsible Bidder
- Maintain the Cone of Silence
- Manage Potential Conflicts
- Provide Contracting Excellence
- Promote Ethics Standards
- Seek advice whenever there is a doubt about how to proceed in an ethical manner

Procurement Laws, Policies, & Practices

Key Procurement Terms

Sole Source v. Single Source:

- Sole Source exists when goods or services, because of unique characteristics or other reasons, are available only from a single source: e.g., specialized parts or technology, technology licensing.
- Single Source exists when there is more than one source, but a single source provides a better value and conducting a competitive procurement would provide no benefit to the District, e.g., delivery time.

Bench Contracts:

- Bench contracts are procured in support of programs that will benefit from using multiple vendors, e.g., academic support programs, afterschool enrichment programs, tutoring programs, environmental health and safety, and construction management.

Procurement Laws, Policies, & Practices



Key Procurement Terms

Formal Procurement:

- By law or policy, the procurement is advertised, and all aspects of bids/proposals are overseen by PSD.

Informal Procurement:

- By law or policy, the procurement is overseen by the sponsoring division, does not need to be formally advertised, but needs to follow established District procurement processes.

Low Bid:

- Award is based on price, but minimum qualifications are also required e.g., years in business or license requirements.

Procurement Laws, Policies, & Practices



Key Procurement Terms

Best Value:

- Award is based on multiple factors, including price, qualifications, experience, project approach, small business participation, & Linked Learning.

Basis of Award:

- Basis of award is stated in the IFB or RFP, e.g., lowest price, best value.

Cone of Silence:

- Cone of silence are restrictions to help ensure that a procurement is executed in a fair and ethical manner. Vendors/Contractors should not have an advantage over others in the procurement process. All communication is directed through Procurement and questions are to be received in writing and answers are shared with all potential proposers/bidders. Evaluators are District employees and are required to sign an ethics and conflict of interest statement.

Types of Procurement

Procurement Types

Informal Bid:

- Threshold established annually by California Department of Education for goods, general services and repairs (not construction projects). 2023 threshold is \$109,300. Bids are posted to the District website or at a minimum, obtain three (3) written bids, one from a Small Business Enterprise certified firm.
- Board Policy: Professional Services informal threshold up to \$250,000; obtain three written proposals. Requires qualifications and price evaluation.

Formal Bid:

- Requires advertisement for greater than informal bid threshold or greater than \$15,000 if new construction work (not maintenance and repair).
- Board Policy: Professional Services greater than \$250,000 requires formal RFP developed and overseen by Procurement. Selection panel reviews and scores proposals using qualification and price evaluation criteria.

Procurement Types

Professional Services:

- Contracts established for firms performing services that require a high degree of expertise and training

Request for Proposals (RFP)

Scope of Work developed by sponsor and Procurement:

- What are the outcomes the sponsor hopes to achieve?
- How will the outcomes be measured?
- What qualifications do the proposers need?
- What factors will be evaluated and why are they important?
- Establish weighted factors to evaluate proposals
- Price needs to be established as significant factor

Source Selection Committee evaluates proposals and makes recommendation to award with oversight and guidance from Procurement

Procurement Types

Professional Services:

Request for Qualifications (RFQ) (Gov Code 4525)

- Used for professional services that require qualifications, not price, as the selection criteria. This includes legal services, architectural and engineering design services, geotechnical services; and construction management.
- Establish weighed qualifications needed to obtain high quality firms/consultants:
 - Expertise
 - Experience
 - Qualifications and experience of key personnel
 - Approach to work
- Source selection committee evaluates qualifications and makes recommendation to establish one or more firms qualified to do the work.
- Price is negotiated once firm is recommended as qualified.
- Procurement can compare prices between firms to establish competitive range or the Inspector General will conduct a market survey among similar public agencies to establish competitive price ranges. These survey results are used to negotiate rates.

RFPs v. IFBs

Request for Proposal (RFP)

- Professional Services Contracts
- Contractors evaluated on criteria other than lowest price
- Proposers develop customized proposals
- Allows for further negotiation with contractor and District

Invitation for Bid (IFB)

- Requires sealed bid process
- District has specifications for the product and general service
- Details known of how the work will be completed
- Award automatically goes to the lowest responsible bidder

Procurement Types

Repair and Maintenance

Informal bids (“A & B Letters”)

- Prequalified Construction contractors are selected through the Informal Invitation for Bid (IFB) process per Public Contract Code Section 20111 and LAUSD guidelines to perform Construction, Maintenance and Equipment Repair projects. All aspects of the Solicitation, Bid and Award process are expedited while maintaining transparency in a fair competitive environment.
- An “A” Letter contract is strictly a “time and materials” contract used when it is not possible to determine the extent of work or services to be performed.

Applicable project types:

1. “Maintenance and Equipment Repair” – up to annually adjusted dollar limit (\$109,300)
2. Public Project Construction Services – under \$15,000

Painting and repainting, alteration, improvement, demolition, renovation, erection, construction, reconstruction and repair of any LAUSD-owned, leased or operated facility. (Public Contract Code Section 20111(b).)

Task Order Contracts (PCC 20118.6)

- Pilot program for District for maintenance and repair projects up to \$3 million for rapid repeat execution of maintenance and repair contracts, when A/B letters are not expedient.

Procurement Types

Construction Contracts

Prequalification (PQ) (PCC 20111.5, 20111.6, 20919.4)

- The District attempts to do business with quality contractors by identifying such contractors through a uniform system of rating bidders. The District's prequalification programs are adopted pursuant to Public Contract Code Section 20111.5, 20111.6 and 20919.4. All contractors interested in bidding on formal or informal competitively bid public works projects must pre-qualify before submitting a bid to the District. Contractors interested in performing as a first tier Mechanical, Electrical, or Plumbing (MEP) Subcontractor to Prime Contractor must be pre-qualified prior to being listed in a bid.
- The PQ Unit evaluates a contractor's experience, safety, quality and workmanship, past performance, bonding, insurance, licensing and financial resources to establish a contractor prequalification list.

Formal bid contracts (PCC 20111)

- Consists of projects valued above the annually adjusted limit set by California for maintenance-type projects (\$109,300), or above \$15,000 for painting, alteration, improvement, & demolition projects. License requirements and specifications are stated in the bid documents. Sealed bids required and lowest priced bid is awarded.

Job Order Contracts (PCC 20919)

- Job Order Contracting (JOC) is a contract delivery method used to accomplish a large number of individual projects under a single master contract awarded to the most qualified prequalified bidder. Bidder agrees to a fixed period, fixed unit price, and indefinite quantity contract that provides for the use of job orders for public works or maintenance projects.

Procurement Types

Construction Contracts

Design-Build Contracts (EDC 17250.10-17250.55)

- A 2-step process using an RFQ and RFP process for comprehensive or major school modernizations. A General Contractor (GC) will submit as a Prime partnering with an Architect during the RFQ stage. The top highest scoring 2 – 3 GC companies will proceed to the RFP stage. The RFP stage may include workshops, a final presentation, final proposal and final sealed price bid which are scored by a selection committee. Weighted scoring determines the winning Design-Builder.

Alternative Design-Build (EDC 17250.60-17250.69)

- Allows for price to be determined at a later stage in the process. This is to reduce the price escalation that GC may include in a bid that doesn't start construction for two or more years.

Best Value Construction Contracts (PCC 20119)

- Allows qualifications-based selection for construction contracts. Includes a sealed price bid that is divided by the qualifications score to determine winning proposal.

Close Look: Best Value Contracts



Close Look: Best Value

Best Value Contracts refers to procurements that use multiple factors for evaluation and award.

Best Value is used in a variety of procurement models, including:

- Professional services
- Construction procurements such as Best Value Construction (PCC 20119)
- Design Build Construction Contracts (EDC 17250)
- Energy savings procurements, Food services procurements, and specific Technology procurements.

The benefit of best value procurements is significant. It allows the District to focus on the qualifications of a vendor/contractor and ensure that prices are competitive.

Close look: Best Value

BENEFITS of BEST VALUE CONSTRUCTION CONTRACTS

The benefits of best value include the ability to:

- Use best value selection criteria that are otherwise unavailable through traditional low bid contracting.
- Solicit qualified contractors that typically do not engage in low bid acquisitions.
- Use qualifications and experience to obtain a highly qualified contractor with a good track record and unique qualifications and experiences that fit specific requirements.

Contractors are solicited via a request for qualifications and sealed bid (“RFQ/RFB”).

Bids are evaluated based on weighted criteria. Below is an example of best value construction scoring:

- | | |
|--------------------------------------|--------------|
| • Relevant Experience | (200 points) |
| • Demonstrated Management Competency | (500 points) |
| • Past Performance | (150 points) |
| • Use of SBE | (50 points) |
| • Local worker Goals | (40 points) |
| • We Build | (10 points) |
| • Financial Condition | (20 points) |
| • Safety Record | (10 points) |
| • Labor Compliance | (20 points) |

Construction best value prices are compared in several ways including comparing estimates, evaluating change order costs for low bid, best value and design-build projects.

Close look: Best Value

BENEFITS of BEST VALUE PROFESSIONAL SERVICE CONTRACTS

Use best value selection criteria that are otherwise unavailable through traditional low bid contracting.

Use qualifications and experience to obtain a highly qualified contractor with a good track record and unique qualifications and experiences that fit specific requirements.

Price proposals can be negotiated to ensure the best value.

How do we ensure that best value procurements are of value to the District compared to low bid procurements?

- Comparisons of pricing between proposing vendors
- Pricing is negotiated
- Comparison pricing of other public agencies for same services

Procurement Updates/Enhancements

Procurement Updates

Goods, General, and Professional Services, Low Value Purchases

- Centralize solicitation process e.g., informal RFPs
- Centralize LVPOs valued up to \$25K
- Convert purchase order transactions under \$5K to P-Card, increase monthly limit to \$20K or \$40K based on cards per site

General Stores Distribution Center

- “Buy District First” enforced mandate
- Warehouse catalog saves 25–30% over non-contract purchases. Market prices are evaluated frequently to ensure competitive pricing for schools and offices

Procurement Updates

Procurement Process	Current State	Future State
P-Card	<p>1 card: \$3,000 per transaction / \$20,000 monthly limit 2 cards: \$1,500 per transaction / \$10,000 monthly limit per card</p> <p>Professional Services transactions permitted.</p>	<p>1 card: \$5,000 per transaction/ \$40,000 monthly limit 2 cards: \$5,000 per transaction/ \$20,000 monthly limit per card</p> <p>Professional Services transactions no longer allowed.</p>
LVPOs (Goods & Services up to \$25,000)	Schools/offices create a shopping cart with a vendor selected and a purchase order is generated and issued to the vendor or contractor automatically.	For transactions over \$5,000, schools/offices will create a shopping cart with vendor quotes attached. Procurement staff will review it, compete further as needed, and generate the purchase order after consulting with the school/office.
Informal Request for Proposals (IRFP)	Schools/offices obtain and evaluate written proposals from three (3) vendors and submit them with other required documents to Procurement staff by creating a shopping cart in SAP.	Schools/offices create a shopping cart with RFPA and SOW attached. Procurement staff will oversee the IRFP process with school/office input.

Procurement Enhancements

Concur Travel

A user-friendly system for booking flights, hotels, and car rentals that improves visibility for tracking travel requests and expenses for schools and offices. Anticipated roll-out: September 2023.

Concur anticipated benefits include booking and paying for travel more efficiently. Automated processing of expenses and reimbursement.

Ariba Procurement

Utilized for purchases other than travel. It offers an intuitive, consumer-like shopping interface that allows ordering against electronic catalogs at discounted prices. Anticipated roll-out in January 2024 for central offices, followed by a gradual roll-out to the regions.

Ariba's anticipated benefits are ease of purchasing for schools and offices. Vendors/Contractors will submit bids and proposals electronically, saving them time and money. Procurement will have an automated system that will improve efficiencies in all areas of procurement.

Questions and Discussion