



California Department Of General Services
Procurement Division

Introduction to
STATE GOVERNMENT
CONTRACTING

Welcome



Purpose of Training

- To provide certified small businesses (SBs) and Disabled Veteran Business Enterprises (DVBES) with a better understanding of the state procurement process and tips on how to be successful.



Overview of Training Topics

- Overview of State Contracting
- How the State Buys
- Finding & Receiving Solicitations
- How to Review a Solicitation
- SB Preference
- DVBE Incentive
- Commercially Useful Function
- Contract Readiness
- Tips for Success
- Common Mistakes
- Resources



How The State Buys

- Contracts Exempt from Advertising
 - Fair and Reasonable - Less than \$5,000
 - SB/DVBE Option
 - Emergency purchases
- Request for Information (RFI)
- Invitation for Bid (IFB)
- Request for Proposal (RFP)
- Request for Quotation (RFQ)



Fair And Reasonable – Less Than \$5,000

- Non-IT Goods and IT Goods and Services
- 5 techniques:
 - Price Comparison
 - Catalog/market pricing
 - Prices set by law or regulation
 - Historical comparison
 - Cost/benefit analysis



SB/DVBE Option

- Certified SB *or* DVBE
- Goods, Services, & IT goods and services - \$5,000.01 to \$249,999.99
- Public Works - \$5,000.01 to \$291,000.00
- At least two price quotes (2 SBs or 2 DVBEs)
- Reference:
 - GC Sections 14838.5 (a) and (b)



Emergency Purchases

An emergency purchase as defined by PCC section 1102 is *“a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property or essential public services”*



Request For Information (RFI)

- RFI may also be used to “survey” the marketplace to understand what products or services may be available to project the dollars that may be needed for the procurement.
- RFI can also be referred to as Request for Interest.



Invitation For Bid (IFB)

- The IFB is typically used to obtain simple, common, or routine services that may require personal or mechanical skills.
- It follows a formal bidding process.
- An IFB seeks an answer to the following:
 - “Here is exactly what we need to have done. Here are the qualification requirements, performance specifications, time frames, and requirements that must be met. How much will you charge us?”



Request For Proposal (RFP)

- Primary RFP – is used to obtain complex services in which professional expertise is needed and may vary.
- Secondary RFP – is used to obtain very complex and/or unique services in which professional expertise and methods may vary greatly.
- RFP's are generally awarded based on the weighted criteria identified in the bid package. The RFP award is a “Best Value” award. Not based on low bid or cost alone.



Request For Quotation (RFQ)

- The most common written solicitation format
- Informal competitive solicitations and lists what is needed by item, quantity, and price.
- State agencies may administer RFQ's in the following formats:
 - Written (fax, email or mail)
 - Verbal (telephone quote)



Finding & Receiving Solicitations

- Register with Cal eProcure
 - Creating your profile
- SB/DVBE Certification
- Upcoming solicitations
 - www.caleprocure.ca.gov
- State Contract and Procurement Registration System (SCPRS)
- California State Contracts Register (CSCR)



How To Review A Solicitation

- Statement of Work /Scope of Work (SOW)
 - What is the department requesting:
 - Qualifications
 - Performance specifications
 - Additional requirements
- Addendums
- Understand Question & Answer Process



SB Preference

- Departments granted competitive purchasing authority shall offer a 5 percent preference to California certified SBs.
- Applies for competitive solicitations regardless of the solicitation format (RFQ, IFB, RFP) or dollar value with few exceptions. (GC 14838)
- SB Preference does not apply to SB/DVBE Option

Applying The SB Preference

Bidder A
Not a Certified SB

Bids \$100,000

\$100,000

x .05 (5%)

\$ 5,000

Bidder B
Is a Certified SB

Bids \$102,000

\$102,000

- 5,000

\$ 97,000

Bidder A Bid = \$100,000

Adjusted Bidder B Bid = \$97,000

**Bidder B wins the contract for
the original amount of \$102,000.
It pays to get certified!!!**



DVBE Incentive

- Provides advantage to bidders that propose participation of California certified DVBE.
- The DVBE incentive applies to all competitive solicitations that include the DVBE Program Requirement, regardless of format, delivery method or dollar threshold.
- Incentive percentage must be identified in solicitation and how evaluation will occur.



Additional Contracting Opportunities

- Leveraged Procurement Agreements (LPA)
 - California Multiple Awards Program (CMAS)
 - Master Service Agreements (MSA)
 - Statewide Commodity Contracts
 - State Price Schedules (SPS)
 - Software Licensing Program (SLP)

For more information visit:

<http://www.dgs.ca.gov/pd/Programs/Leveraged.aspx>



Consolidated Annual Report

- The State awarded over \$10 billion for goods, services and construction.
 - \$2.4 billion to SBs
 - \$407 million to DVBEs

<http://www.documents.dgs.ca.gov/pd/smallbus/ReportsPage/FY2014-15/FY2014-15AnnualReport.pdf>



Commercially Useful Function (CUF) Applicability

**All California-certified SBs and DVBEs
(contractors, subcontractors and
suppliers of goods/services)
bidding on / participating in a state contract,
regardless of the procurement approach
or the payment method used,
must perform CUF!**

For Small Business: Government Code 14837(d)(4)(A)

For DVBEs: Military and Veterans Code 999(b)(5)(B)





What is CUF?

A SB/DVBE certified firm...

❑ Performs CUF when is doing all of the following:

- ✓ Executing a distinct element of the work of the contract.
- ✓ Performing, managing, or supervising the work.
- ✓ Performing work that is normal for the firm's business services and functions.
- ✓ Negotiating price, determining quality and quantity, ordering, installing, and making payment.
- ✓ Not subcontracting a portion of the work greater than expected by industry practices.

❑ Does NOT perform CUF if:

- ✓ An extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of SB/DVBE participation.
- ✓ Not being used to perform the work as stipulated in the bid.
- ✓ No longer used to provide good/services listed in initial bid response.

CUF-Related Penalties and Sanctions

Military and Veteran Code 999.9

MVC 999.9(a) Violations, including CUF-related

MVC 999.9(b) Penalties and sanctions:

- **Misdemeanor: jail and/or \$1,000 fine**
- **Civil penalties:**
 - 1st violation: \$10,000 - \$30,000**
 - 2nd violation +: \$30,000 - \$50,000/each**
- **Costs and attorney's fees**

MVC 999.9(c) DGS authority to:

- **Suspend from doing business with the state 3-10 years**
- **Revoke SB and/or DVBE certification for :**
 - 1st violation : 5 years**
 - 2nd violation: 10 years**
- **Refer to Attorney General for civil penalties if sufficient grounds**



Are you contract ready?

- Does the project fit your core business strategy?
- Are you ideally positioned to respond?
- Do you understand your client's goals, issues and biases?
- Do you have the financial capacity?
- Can you deliver on the contract?
- Do you meet the client's requirements?



Tips For Success – Pre Bid

- Keep your business information up-to-date to ensure you receive important information.
- Don't miss out on a business opportunity by letting your SB/DVBE certification lapse..
- Ask questions early on, do not wait until the last minute.
- Forecast your operating costs before solicitation is submitted.
- Make sure you read and understand the performance expectations and requirements set forth in the solicitation.
- Make sure you have funding available to purchase



Tips For Success – Pre Bid

- Make sure you have funding available to purchase goods and be prepared to wait 45 days for payment.
- Understand what Commercially Useful Function (CUF) means and how it applies to your solicitation.



Tips For Success – Post Bid

- Be sure you have the correct DGS SB/DVBE certification-this could result in a disqualification of award.
- Make sure you are properly licensed and insured.
- Read the entire bid; note mandatory requirements, specifications, delivery requirements, locations, etc.
- Determine whether the bid must be received by a specific date and time.



Tips For Success- Post Bid

- Respond to every item, in the order requested.
- Stay within page limits. Avoid clichés, repetition.
- Stay clear and consistent, with all answers and responses.
- If the bid includes a response checklist, use it.



Tips For Success –Post Bid

- Be Responsive
 - If faxing bids, send your response early to avoid missing the bid closing date and time.
- All required documents are included in each solicitation
 - make sure you complete and return them.
- Read the instructions carefully
- Determine whether the bid must be received by a specific date and time or postmark date.



Tips For Success- Post Bid

- Be Responsible
 - demonstrate how you will fulfill the solicitation's requirements and specifications
 - show how your proposal gives the State the best value regarding product pricing, product quality and timely product delivery.
- Be sure to include SB/DVBE certification stamp or information on your invoice, this helps expedite the processing.
- Understand language used in the solicitation
 - For example: "lump sum" means that they will not get paid until the project or phase is complete.



Tips For Success – Post Bid

- If your business secures a State contract
 - you are legally bound to deliver as promised.
 - many contracts do not pay until the job is completed;
 - be sure you can meet all aspects of the contract including the financial impact on your business.
 - Make sure that your performance has a positive impact on future opportunities.
 - Communication is key to success, have a clear understanding of your responsibilities.



Common Mistakes

- Bidders overprice their offers
 - Common when utilizing the SB/DVBE Option. This can result in a formal solicitation.
- Lack contracting requirements (i.e. insurance, bonding).
- Bidders assume each solicitation is the same, even if it is for something you have bid on in the past.
 - Read the “REQUIREMENTS” carefully.
- Forgetting and/or omitting required signatures.
- Submit a bid price based on conditions or requirements identified in the bid document.

Common Mistakes (cont.)

- Forgetting to respond to information requests.
- Forcing private sector business practices to fit the government contract environment.
- Failure to ask contract administrator questions about the solicitation.
- Lack of understanding about the performance expectations for the term of the agreement.
- Failure to follow instructions.

Resources

- [Cal Eprocure](#)
- [Communication/Outreach Section](#)
- [Business Development](#)
- [Small Business Administration \(SBA\)](#)
- [Small Business Development Center \(SBDC\)](#)
- [Procurement Technical Assistance Centers \(PTAC\)](#)
- [Service Corporation of Retired Executive \(SCORE\)](#)

Questions

We wish you success!

If you have any questions please email us at:

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California Department Of General Services
Procurement Division

Thank you for
participating