

CPM Sense

THE SB/DVBE OPTION

To increase SB/DVBE
participation

“California has over one million small businesses which employ more than 6.8 million people, this represents 98 percent of all California enterprises and employs more than 50 percent of our workforce” –Governor Arnold Schwarzenegger, March 29, 2006

“California State Agencies and Departments may use a streamlined procurement process known as the **SB/DVBE Option** contracting directly with a California-certified small business (SB) or Disabled Veterans Business Enterprise (DVBE) for goods, services and information technology valued between \$5,001 and \$99,999 after obtaining price quotes from at least two such businesses. For public works projects, the contract value can be up to \$131,000. The SB/DVBE Option can be an outstanding procurement tool for Agencies and Departments to actively pursue and/or exceed the Governor’s 25% small business participation and 3% DVBE participation in the procurement process.

Meet Ryan Khaleghi, our new buyer

Last November, the Contract and Procurement Management office added a new buyer to our team: Ryan Khaleghi. Ryan previously worked at the Scripps Research Institute at UCSD and is fitting in very well here at SDSU.

You can reach Ryan by phone at x40928, or by email at :
rkhalegh@mail.sdsu.edu.

New Office Max rep: Cynthia Dalberg

If you have any questions regarding Office Max ordering, pricing, or product information, please contact our new OM representative, Cynthia Dalberg. She is extremely helpful and is happy to help show you how Office Max can help meet your business needs.

Cell: 808-341-4805

Email:
cynthiadalberg@officemax.com

Contract and Procurement
Management

Awardee of the 2006

Achievement of
Excellence
In Procurement®



SAN DIEGO STATE
UNIVERSITY



Grainger Store Update

The campus has a new Grainger Site Relationship Manager as well: Erick Covarrubias. Erick will be on campus several times every week, and is happy to meet you in person to answer any questions you may have about the Grainger Store or any of their products.

In case you have not heard, San Diego State University has a purchasing agreement in place with Grainger, and there is a Grainger store right here on campus which opened in May of 2005. The 7,000 square foot store is located on the lower level of the Physical Plant building on the north side of campus.

Campus staff and faculty can browse through a variety of Grainger products at the store, and any of the catalog items can be delivered to campus within a day or two. Grainger offers a variety of products ranging from electrical and hardware equipment to cleaning and paint supplies. Purchases can be made with a procurement credit card (PCC) or with a purchase order, and can either be picked up at the store or sent directly to your department via Central Receiving. And with the agreement pricing, campus users receive a discount off of standard Grainger pricing.

For pricing and product information, please contact Erick Covarrubias at 619-250-4671 (cell) or erick.covarrubias@grainger.com or our Account Manager, Jay Werbelow at 619-666-1177 (cell) or jason.werbelow@grainger.com. Once they provide you with a logon name and a password, you will be able to go to the SDSU Grainger site at www.grainger.com/sdsu.



SB/DVBE
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Program Overview

Competition is one of the basic tenets in the State procurement process. The nature of effective competition varies with the goods and services being acquired. Depending upon decisions made during the planning phase, the procurement may be informal or formal, the selected competition method may be a phone call or a written solicitation document, distributed by fax, electronic mail or regular mail, depending on the procurement value. Procurement activities must be conducted in an open and fair environment that promotes competition among prospective suppliers. Government Code section 14838.5 (a) and (b) enables a department to conduct a competitive solicitation valued at \$5,000.01 through \$99,999.99 that targets only certified Small Business or certified DVBEs. GC section 14838.5 eliminates the advertising requirement for transactions awarded to a certified Small Business or a certified DVBE when conducting a SB/DVBE Option solicitation."

DGS, PROCUREMENT
DIVISION

CSU purchases between
\$50K and \$100K qualify
for this program.
Contact us for more
info.

Leases – Capital and Operating SDSU Policy

Policy:

SDSU Departments shall not engage in or execute Capital Leases without the approval of the VP/AVP in Business and Financial Affairs and subsequent authorized Purchase Order from Contract and Procurement Management. Departments may submit requests to Contract and Procurement Management for processing simple Operating Lease agreements without additional approvals from the VP/AVP in Business and Financial Affairs.

Definitions:

1. *Operating Leases* are generally short term rental agreements and do not contain any elements of a Capital Lease.
2. *Capital Leases* are agreements that contain any one of the following elements:
(source: Financial Accounting Standards #13 – FAS13 of FASB)
 - a. Transfer of ownership
 - b. Bargain purchase option
 - c. Term is greater than or equal to 75% of the estimated economic life
 - d. Present value of the lease payments is 90% or more of the fair market value of the leased asset.(Note: Accounting for Capital Leases requires the organization to record a capital asset and a capital liability.)

Therefore, Operating Lease agreements would contain no transfer of ownership, no bargain purchase options, and use up less than 75% of the economic life. For example, if a copier machine had a 5 year useful life, then we would suggest a 3 year lease term or less (3/5=60%).

Procedures:

The Contract & Procurement Management Department will assist SDSU departments to structure lease agreements as Operating Leases. If a lease is identified as a Capital Lease, Contract & Procurement must obtain approval from the VP/AVP in Business and Financial Affairs.

Copier machines – Departments can obtain a proposal from an outside supplier other than SDSU Business Services. However, they must obtain a quote from SDSU Business Services to compare pricing opportunities. SDSU Business Services has a master agreement with a vendor for various copier machines and services. This master agreement has pre-negotiated terms and conditions in accordance with state and campus policy. State Policy requires in most cases award be made to the lowest, responsive, responsible bidder. If award is not made based on lowest cost, then the department must provide a justification to their Department Chair or Director for approval. The request will then be forwarded to Contract & Procurement Management for final approval of the award.

Small Business and DVBE Update

Small Business: **Advertising Edge**, Promotional items, apparel and custom embroidery. Santee. Contact Don Wilson, 619-258-9773. www.advedge.com

Small Business: **Maday / O'Donnell Design Consultants Inc.**, design, furniture, lighting and ergonomics. San Diego. Contact Lauren Zarobinski, 619-220-0777. www.modc.us