

**UCDAVIS**

Supply Chain  
Management

# Town Hall with the CPO

Small and Diverse Supplier Expo

February 25, 2021



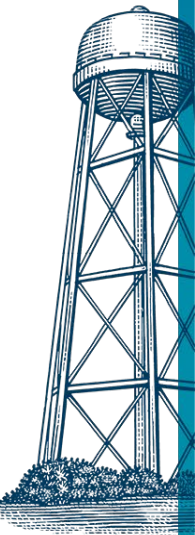
# Introduction

- Tim Maguire is the Assistant Vice Chancellor for Supply Chain Management for the UC Davis campus and serves as its Chief Procurement Officer.
- Tim joined UC Davis in 2016 after 12 years in sourcing and procurement at Genentech/Roche and has been working as a Procurement professional for a long, long time...
- Under his leadership, Supply Chain Management has grown from a unit of 42 employees providing procurement and sourcing, to a full-scale supply chain organization with more than 150 employees encompassing Accounts Payable, Distribution & Logistics, Procurement & Contracting Services, Travel & Entertainment and Repro Graphics.



# Agenda

- The UC as a Government Entity
- Overview of UC Davis' Commitment to Small and Diverse Businesses
  - How are we doing?
- Understanding the UC Policy on Covered Services
- UC's Fair Wage/Fair Work Policy



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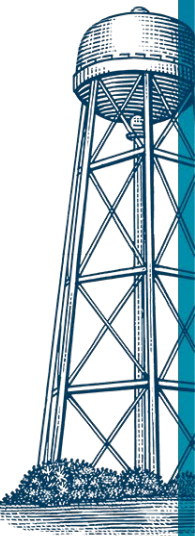
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# The UC as a Government Entity



# The UC as a Government Entity?

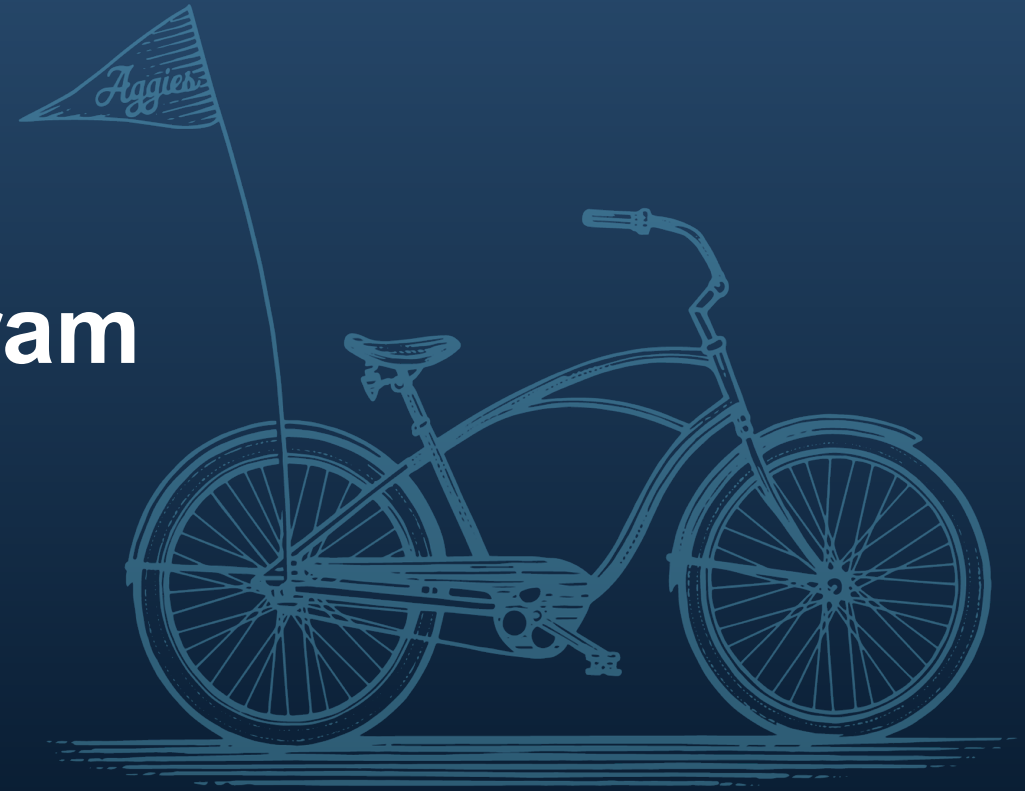
- The University of California is a public university system in the State of California and receives a sizable amount of public funds to conduct its mission.
  - California Public Contract Code, Part 2, Contracting by State Agencies, Chapter 2.1, University of California Competitive Bidding, Article 2, Materials, Goods, and Services (Public Contract Code Section 10507, et seq.)
  - The Bylaws and Policies of The Regents of the University of California
  - Policies issued by the President of the University
  - BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management



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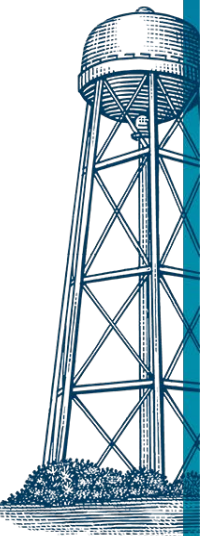
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# Small Business First Program



# What is the UC Small Business First Program?

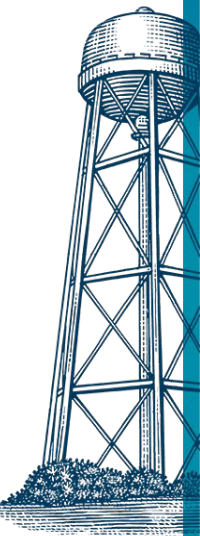
- BFB-BUS-43 Purchases of Goods and Services; Supply Chain Management
  - Part 3: Supplier Diversity and Federal Planning and Reporting:
    - Section C. Small Business First Program (interim Policy)
- The University of California spends billions of dollars each year procuring goods and services. The [UC Sustainable Practices Policy](#) establishes the goal of awarding 25% Economically and Socially Responsible (EaSR) spend annually to small and diverse owned businesses.
- California Public Contract Code Section 10508.5 allows the University to award purchase agreements valued up to \$250,000 to a certified small business without being competitively bid, so long as the UC obtains price quotations from two or more certified small businesses.



# What is the UC Small Business First Program?

- UCOP has committed to providing contracting and procurement opportunities to:
  - Certified Small Businesses (SB)\* – which may include Disadvantaged Enterprises (DBEs), Women-Owned Small Businesses (WOSBs), Historically-Underutilized Business Zones (HUBZones), Veteran-Owned Small Businesses (VOSBs), etc.
  - Microbusinesses (MB)
  - Disabled Veteran Business Enterprises (DVBE)

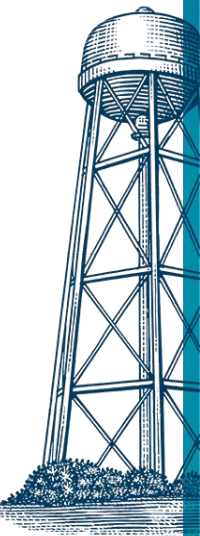
\* Businesses must be certified by the California Department of General Services Office of Small Business and DVBE Services (OSDS) or other accepted certifying agency as listed on the [Small Business First Program page](#).





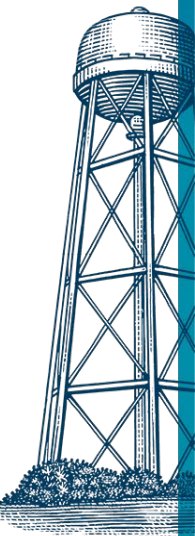
# Program Details

- Wherever practicable, UC contracts and procurements between \$10,000-\$250,000 must be awarded to a SB/MB or DVBE
- Informal solicitation process for Small Business First requires:
  - One quote for purchases below \$100,000
  - Two quotes for procurements between \$100,000 and \$250,000
- Waiver process for when Small Business First program is not feasible, or when contracting with businesses other than a certified SB/MB/DVBE is justified.
- There are several exempt categories. A few examples:
  - Federal government, research sub-awards, local government, higher education institutions, concessions, revenue/reimbursement contracts, medical and patient care and construction



# Learn More

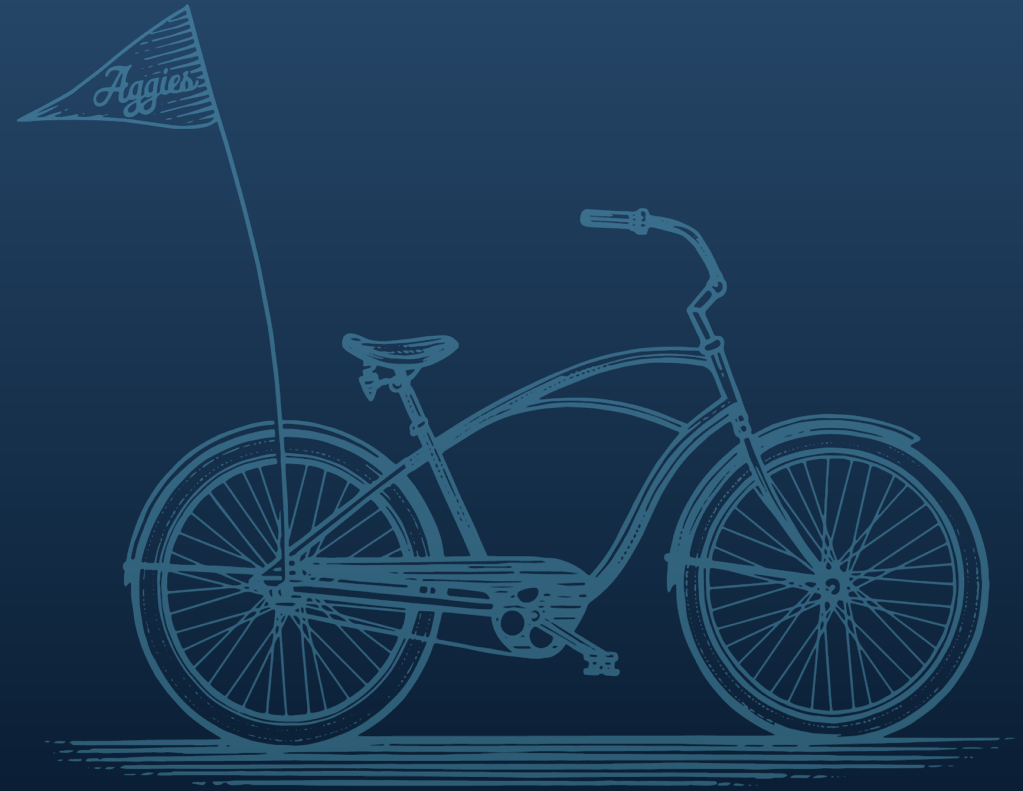
- Visit the UC Small Business First [webpage](https://www.ucop.edu/procurement-services/for-suppliers/small-business-first-supplier/small-business-first-supplier.html) or <https://www.ucop.edu/procurement-services/for-suppliers/small-business-first-supplier/small-business-first-supplier.html> .
- Contact Steven Kobayashi, Associate Director of Procurement and Contracting Services, at [stkobayashi@ucdavis.edu](mailto:stkobayashi@ucdavis.edu)



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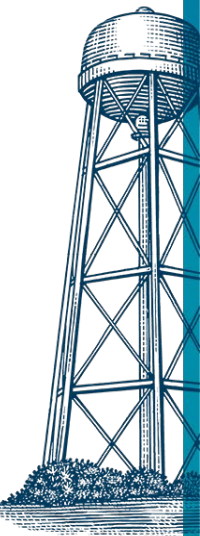
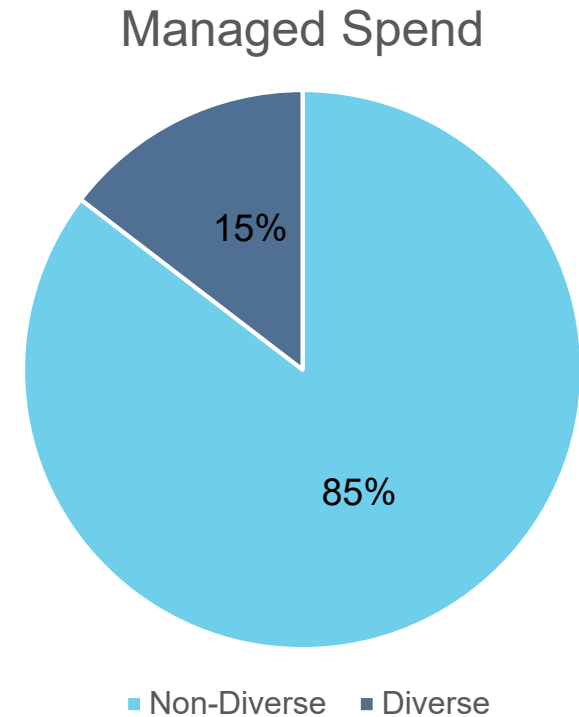
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# Diverse Spend How are we doing?



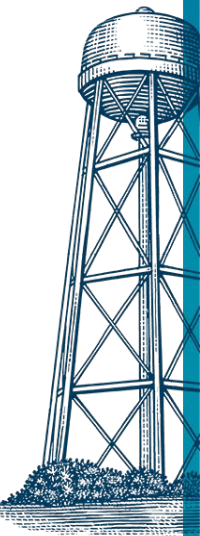
# UC Davis Diverse Managed Spend FY 19-20

- Total campus spend: \$719,530,256
- Campus managed spend: \$354,746,788
- Diversity spend: \$51,739,198
- Diversity percent: **15%**



# UC Davis is committed to achieving 25% of our managed spend with Certified Small Businesses and Veteran Owned Businesses

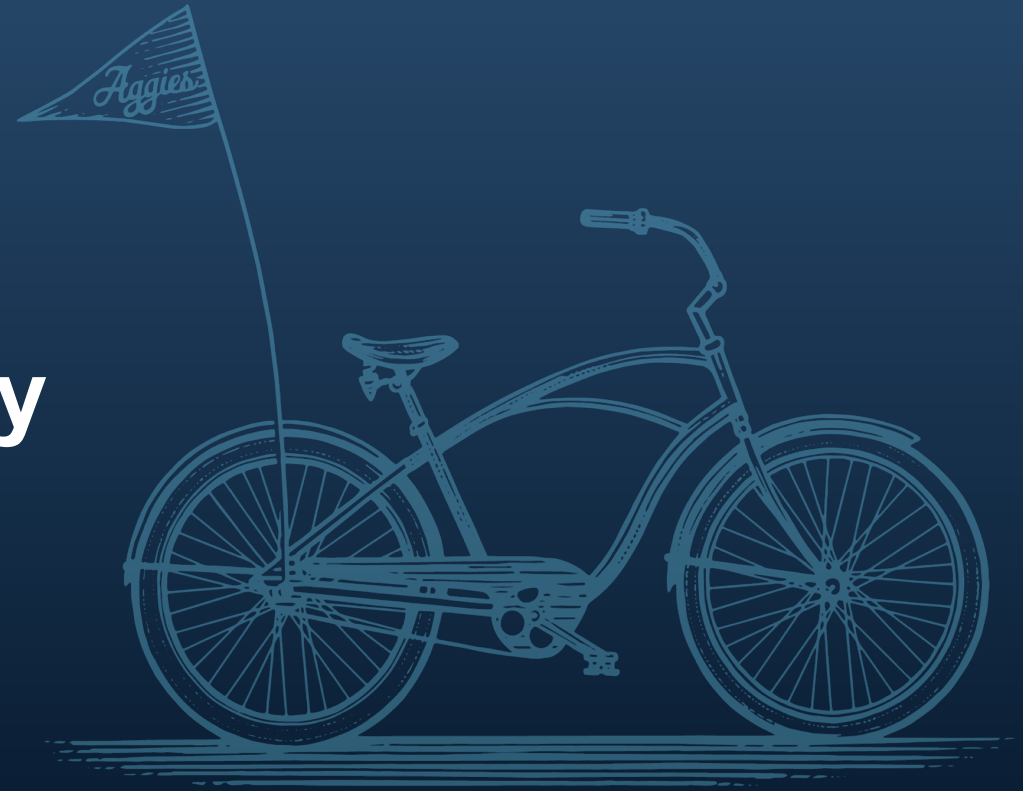
- Identify and register Certified Small Businesses and Veteran Owned Businesses to engage with and promote their use across the campus.
- Award Purchase Orders and Purchase Agreements in accordance with the UC Small Business Program as outlined in UC Policy Bus-43.
- Include Certified Small Businesses and Veteran Owned Businesses in UC Davis RFPs and Public Solicitations.
- Work with Office of the President Strategic Sourcing to utilize Certified Small Business and Veteran Owned Business awarded agreements.



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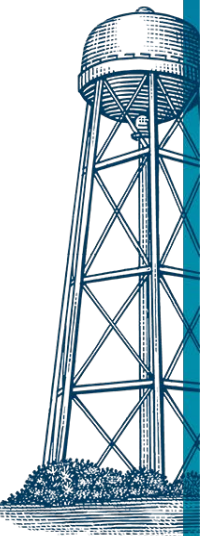
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# Understanding the UC Policy on Covered Services



# UCOP General Prohibition on Contracting Out

- The University of California is committed to bringing in-house “Covered Services” to the fullest extent possible.
  - November 2019, the UC Board of Regents approved [Regents Policy 5402](#): Generally Prohibiting Contracting for Services.
  - January 31, 2020 UC and American Federation of State, County and Municipal Employees (AFSCME) ratified their Collective Bargaining Agreement, including Article 5 “Contracting Out”, which incorporates and strengthens the commitments of Policy 5402.
  - Covered services are work customarily performed by bargaining unit employees ([SX or EX units](#)) at the university.
  - Insourcing deadline is January 31, 2021.





A man with grey hair, wearing sunglasses and a light green long-sleeved shirt, is working on a green bush. He is wearing black gloves and is focused on his task. The background is filled with lush green foliage and trees, suggesting an outdoor setting. A purple semi-transparent box is overlaid on the left side of the image, containing the title and a list of goals.

# Goals of the Policy

- To bring services in-house, whenever possible.
- To ensure that workers receive wages and benefits equivalent to what the university provides to its employees, in the rare instances when contracting out is necessary.
- To provide contractors who have performed services to the university on a long-term and continuous basis the opportunity to become university employees.



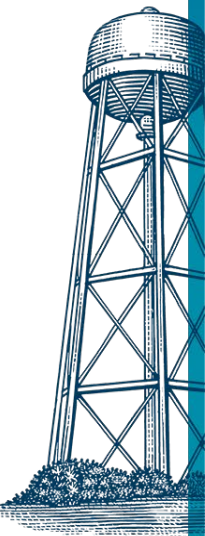
# What is Covered Service?

- *“The University will utilize its employees to perform Covered Services to the greatest extent possible before resorting to the use of contractors to provide such services” (Article 5).*
- Work customarily performed by bargaining unit employees (SX or EX units) at the university.
- Includes, but is not limited to:
  - cleaning, custodial, janitorial, or housekeeping services
  - food services
  - laundry services
  - groundskeeping
  - building maintenance (excluding skilled crafts)
  - transportation and parking services
  - security services



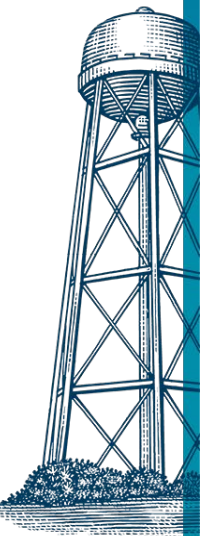
# Justifying Contracting out: Limited Carve-Outs

- There are **very** limited circumstances in which the university can contract out covered services. This is called a carve out.
- **Wage and benefit parity** is required in any contract for covered services and must be acknowledged/signed by the supplier. Therefore, reduced cost is not an acceptable justification.
- Parity is defined as the cost equivalent of the following:
  - Annual and hourly salary at Step 1 of the salary range for the entry level of the comparable UC classification (or if not entry, the most junior classification).
  - UC benefits for health, dental, vision, life insurance, disability insurance, and retirement that a UC employee performing the same duties would receive (applied as a percentage of salary).
- Carve out requires a justification form signed by Department Vice Chancellor / Dean and ultimately, by either the Chief Procurement Officer or the Vice Chancellor of FOA.
- Contracting out for services over \$100,000 also requires union notification.



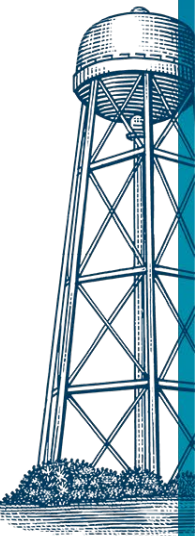
# Where Does that Leave Businesses Providing Services?

- There is still a need for businesses that provide services that can't be met in-house.
- Please register your certified small or diverse business with UC Davis so when the need for these services arise, our buyers can locate your business' information.



# Learn More

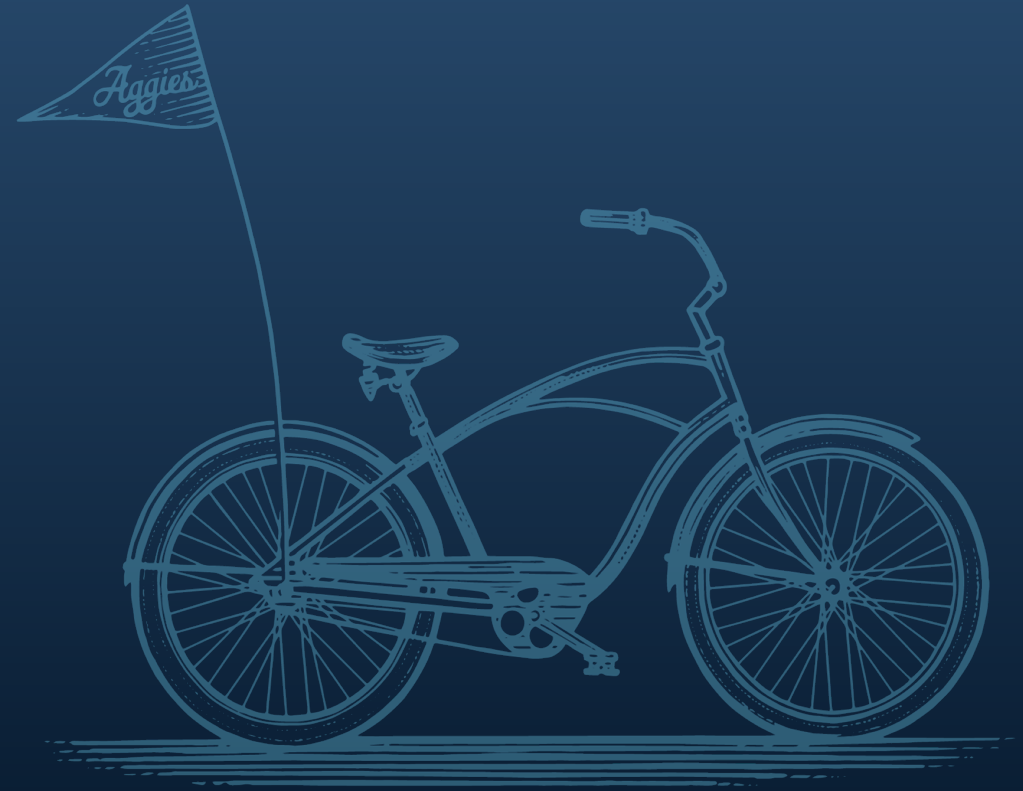
- Visit the Insourcing Covered Services [webpage](#).
- Contact [coveredservices@ucdavis.edu](mailto:coveredservices@ucdavis.edu).



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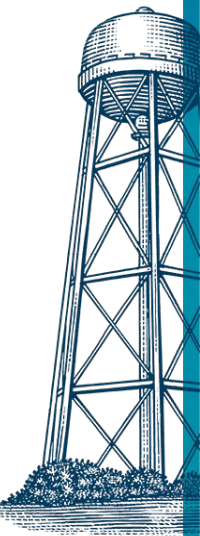
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# Fair Wage/Fair Work



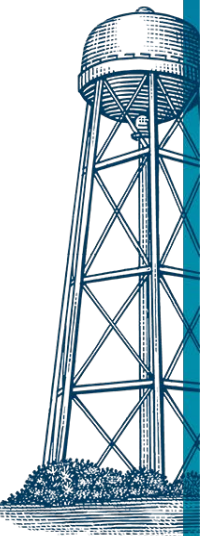
# The UC Fair Wage/Fair Work Policy

- In 2015, UC announced a policy that all service contractors, and their subcontractors, doing business with UC must pay their workers a wage that meets or exceeds UC's minimum wage.
- This requirement is being implemented as existing contracts are renewed and as new contracts are established.
- As of October 1, 2017, the UC minimum wage for contract workers is \$15 per hour.



# Annual Supplier Verification

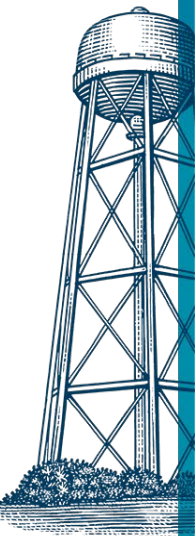
- Suppliers must certify, via a licensed public accounting firm or internal audit, that employees and independent contractors were paid an hourly rate greater than or equal to the required rate for any agreement or aggregate agreement over 100k.
  - Sub-Contractors of the Prime Contractor must adhere to the same standard and it is incumbent upon the Prime to satisfy the independent audit for the entire Contract.
- Suppliers have 90 days to respond. No response results in agreement termination.





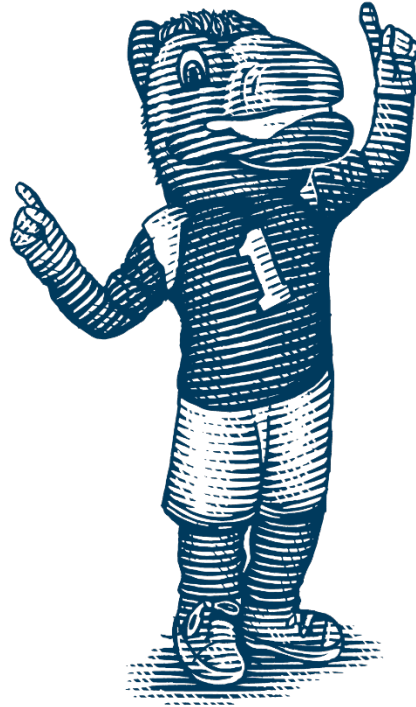
# Learn More

- Visit the UC Fair Wage/Fair Work [website](#).





# Questions?



Thank you!

