Program Outline

• Introduction to Procurement
• Procurement Technology
• Strategic Sourcing
• Sustainability in Procurement
• Contracting for Services
• Questions and Discussion
Learning Objectives

✓ Understand importance of proper procurement practices
✓ Gain familiarity with policies and limits
✓ Realize the benefits of using preferred supplier agreements
✓ Recognize the opportunities that exist with sustainable procurement
✓ Acquire tools that assist you in your work
Introduction to Procurement
Team Introductions

• Mike Steele, e-Procurement Manager
• Kathleen Rogers, Strategic Sourcing Manager
• Will Stauble, Business Contracts Manager
• Elida Erickson, Sustainability Director
• Darin Matthews, Director of Procurement
Overview of Procurement & Supply Chain Services

BAS

Financial Affairs

- Procurement & Supply Chain Services
- Accounting Services
- Enterprise Financial Systems
- Student Business Services
University of California (UC)
Procurement System

Office of the President

UC Berkeley
UC Santa Barbara
UC Merced
UC Irvine
UCSF
UC Davis
UC Santa Cruz
UC San Diego
UC Riverside
UCLA

$8B
What does procurement do?

• Acquires goods and services that are needed
• Maintains the authority to bind the organization
• Promotes fairness and competition
• Ensures laws and regulations are followed
  • Federal Acquisition Regulation (FAR)
  • California Public Contracting Code
  • UC policies and Regents standing orders
Why do procurement right?

- Be good stewards of public funds
- Ensure federal funding is maintained
- Save your department money
- Avoid ethical issues like conflict of interest
- An opportunity for partnership
UC Santa Cruz Benefits
(cost savings, cost avoidance, new revenue)

FY 2015
FY 2016
FY 2017

Goal
Actual
Procurement Initiative

UC, Office of the President

- Procurement Leadership Council (PLC)
- **Supply Chain-500**
  - 2017-2022 project timeline
  - Achieve $500 million in annual benefit
  - Better optimize the UC supply chain
  - Look at areas like shipping, receiving, surplus, and warehousing
  - Campuses at San Diego, San Francisco, Davis, Merced and Santa Cruz adopting supply chain models
Procurement Technology

“I guess it’s been a while since you’ve shopped off-line. It’s not necessary to double-click my nose!”
About CruzBuy

- CruzBuy is UCSC’s e-procurement system
- Selected by campus-wide team through RFP
- To support 2005 consolidation (campus service centers to central procurement)
- Rolled out in 2006 (first UC campus to implement)
- 8 of 10 UC schools have adopted Jaggaer
How long does it take?

Procurement Requisition Turn Time - FY17

- Reqs Not Requiring Procurement Approval (69%)
- Procurement Turn Time 0 Days (21%)
- Procurement Turn Time 1 Day (2%)
- Procurement Turn Time 2 Days (1%)
- Procurement Turn Time 3 Days (2%)
- Procurement Turn Time >3 Days (5%)

Total: 23719
YES!

GOT A P.O. THROUGH PROCUREMENT!
Electronic Invoicing in CruzBuy

- First supplier (OfficeMax) went live December 2010
- E-Invoices automate invoice processing
- Improves efficiency and supplier payment cycle
- Supplier growth
  - F7 2011 6
  - FY 2017 40
eInvoices

eInvoice Suppliers and Count

VWR, OfficeMax, CDW-G, Digi-Key, Palace, SHI, McMaster-Carr, Dell, Fisher, Praxair, Santa Cruz Biotechnology

Bioline USA, Complete Book and Media Supply, Spectrum, B&H Photo/Video

New England Biolabs, Graybar, Rainin, Manpower, Apple

Randstad, PBI/Steelcase, USA Scientific, Cardinal, HD Supply, Expandability, Life Technologies, Office Depot Documents, Santa Cruz

Grainger, McKesson, Airgas, GovConnection, Bio-Rad, National Gift Card, CED

Eppendorf, Qiagen, Sigma

Integrated DNA Technologies, Office Depot
## Early Payment eInvoices - Counts and Savings By Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Early Payment Amount</th>
<th># of Invoices With EPD</th>
<th># of Invoices With EPD</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 11</td>
<td>$8,981</td>
<td>2,937</td>
<td></td>
</tr>
<tr>
<td>FY 12</td>
<td>$23,251</td>
<td>7,284</td>
<td></td>
</tr>
<tr>
<td>FY 13</td>
<td>$23,779</td>
<td>7,449</td>
<td></td>
</tr>
<tr>
<td>FY 14</td>
<td>$25,768</td>
<td>7,917</td>
<td></td>
</tr>
<tr>
<td>FY 15</td>
<td>$26,069</td>
<td>8,654</td>
<td></td>
</tr>
<tr>
<td>FY 16</td>
<td>$27,926</td>
<td>9,242</td>
<td></td>
</tr>
<tr>
<td>FY 17</td>
<td>$28,807</td>
<td>7,761</td>
<td></td>
</tr>
</tbody>
</table>
Other Procurement Systems

- GEP Spend Analytics
- GEP Sourcing Director
- Insurance Tracking Services
- Benefit Bank
What’s Next – AP Director
What’s Next? Unified Instance for all UC Campuses

- eProcurement in one integrated instance
- Streamlined content management effort
- eCOE administration of normalized application and functionality
- Campus management of local features and content
- Central data repository
- Standardized training
Future Copier Paper Request

- Printer measures paper usage
- Sends wireless request to eprocurement system
- ePro system looks at historical paper purchases for unit
  - System searches catalogs
  - Paper sourced
  - Requisition created, PO generated
Future Copier Paper Request

- PO sent to supplier’s ERP system
- Order electronically sent to warehouse
- Robots pull stock/package/load in transport
Future Copier Paper Request

- Driverless transport delivers item to location
- Robot passenger delivers paper
- Robot transmits message to supplier – product delivered
- Supplier’s ERP transmits invoice to our ERP
- Prices/quantities match, invoice paid via ACH
Procurement Services Training and Customer Service

• Managed helpdesk-email and calls
• Introduced TeamViewer (November 2014)
• Created comprehensive user guide
• Revamped training presentation and materials
• Monthly CB trainings increased to three/month (SVC/Kerr Hall)
• Open labs after Kerr Hall trainings
Tips

✓ Visit our Procurement web site
✓ Follow the CruzBuy user guide
✓ Watch for future newsletters
✓ Contact us for CruzBuy questions
Strategic Sourcing
What is Strategic Sourcing?

• An approach to procurement that formalizes the way information is gathered
• Used so that an organization can leverage its purchasing power to find the best possible values in the marketplace
• Is proactive rather than reactive
UCSC Strategic Sourcing

- A unit within Procurement & Supply Chain Services
- Handles purchases over $100,000 (UC competitive bid threshold)
- Works collaboratively with your department on sourcing events (RFP)
- Contracts for good and services of all types that support the mission of UCSC
- Collaborates with UCOP SS on sourcing projects that bring value to our campus
Advantages

- Ensures contract requirements (specifications, work scopes) are clear to potential bidders
- Leverages competition available in the marketplace
- Promotes fair competition among suppliers
- Focuses on best value and cost savings for requesting unit
- Increases collaboration and communication with your department
- Makes sure applicable policies are covered
Systemwide Agreements

- Many systemwide agreements are in place for our use
- RFP process has already been done (quicker to use)
- Pricing is generally lower, as it has leveraged spend across the UC
- Promotes standardization with other campuses
Why Use Preferred Suppliers?

- Suppliers are established that have been vetted and approved
- Have agreed to standard UC contract terms
- Are already familiar with UC policies
- Understand the needs of our campus environments
- Have a proven track record of performance
Available Resources

- UCSC Local Agreements
- UCOP Systemwide Agreements
- Agreements through national cooperative programs
  - E&I, US Communities, NASPO
- Strategic Sourcing Staff
Tips

✓ UC system agreements can save you time and money
✓ An RFP process can result in many benefits
✓ Involve us early if you have a purchase over $100,000
Slug Trivia
Slug Trivia

How far can a banana slug travel in one hour?

A. 6 feet
B. 32 feet
C. 60 feet
D. 120 feet
Slug Trivia

How long can a banana slug live?

A. 3 years
B. 5 years
C. 7 years
D. 10 years
In 1980, UC Santa Cruz joined Division III in 5 college sports? The official mascot was listed as:

A. Predators
B. Mountain Lions
C. Sea Lions
D. Might Mollusks
Slug Trivia

In what year did the UCSC students vote to make the Banana Slug our official mascot?

A. 1978
B. 1986
C. 1991
D. 2003
What organization has named the Banana Slug as the **best mascot** in the country?

A. ESPN
B. Reader’s Digest
C. Sports Illustrated
D. All of the above
Procurement in Systemwide and Campus Sustainability Goals

1. Goals & Targets
2. Why Sustainable Procurement?
3. Opportunities for action
The Sustainable Practices Policy establishes goals in nine areas of sustainable practices: green building, clean energy, transportation, climate protection, sustainable operations, waste reduction and recycling, environmentally preferable purchasing, sustainable foodservice and sustainable water systems.

**UC Sustainable Practices Policy** [PDF]

*Current Version, Issued June 2015*

Establishes goals in 9 primary areas of sustainable practices.

**Highlights of UC policy commitments**

Since students demanded action in 2002, UC's has evolved into one of the most comprehensive and far-reaching institutional sustainability commitments in the nation.
UC-Wide Sustainability Targets

- Zero Waste by 2020
- Carbon Neutrality by 2025
- 20% sustainable food products by 2020
- 20% water use reduction by 2020*
- 36% water use reduction by 2025
Environmentally Preferable Purchasing

1. Sustainable Economy
2. Sustainability and the Supply Chain
3. Energy & Water
4. Paper
5. Electronics Equipment
Campus Sustainability Plan 2017-22

- Procurement
- Zero Waste & Resource Recovery
- Food Systems
# Progress on UCSC Procurement Goals 2013-2017

<table>
<thead>
<tr>
<th>Achieved!</th>
<th>Significant Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify competitive pricing for 100% post-consumer waste printing and copy paper to provide incentive for campus-wide use</td>
<td>Increase products flagged as EPP in Cruzbuy</td>
</tr>
<tr>
<td>Include Environmentally Preferable Products (EPP) training within Cruzbuy training and Help Desk performance objectives</td>
<td>Create and implement a life-cycle cost analysis tool for campus buyers</td>
</tr>
<tr>
<td>Use UC Learning Center training platform to share EPP product information</td>
<td>Incorporate metrics that capture suppliers’ progress toward more sustainable business practices and operations</td>
</tr>
<tr>
<td>Develop and utilize tool for benchmarking suppliers’ sustainability profile</td>
<td></td>
</tr>
</tbody>
</table>

**Achieved!**

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- Include Environmentally Preferable Products (EPP) training within Cruzbuy training and Help Desk performance objectives
- Use UC Learning Center training platform to share EPP product information
- Develop and utilize tool for benchmarking suppliers’ sustainability profile

**Significant Progress**

- Increase products flagged as EPP in Cruzbuy
- Create and implement a life-cycle cost analysis tool for campus buyers
- Incorporate metrics that capture suppliers’ progress toward more sustainable business practices and operations
GOAL 1:
Increase both Environmentally Preferred Product purchases and Real Food purchases by 5% until 2022.

STRATEGY 1.1:
Engage suppliers to develop strategies that promote sustainable and equitable procurement practices within the supply chain, and measure those suppliers to agreed standards.

ACTION 1.1.A:
Identify 10 additional commodities and/or suppliers annually to track and increase sustainable and equitable practices.

Collaborator(s): Procurement Services

STRATEGY 1.2:
Identify current food purchases that can be replaced with Real Food purchases.

ACTION 1.2.A:
Implement the Real Food Challenge qualifying products as previously identified by Real Food Challenge Interns and UC Santa Cruz Dining.

Collaborator(s): Dining, Food Systems Working Group, Center for Agricolecology & Sustainable Food Systems

Funding Source: Real Food Challenge intern hosted by Food Systems Working Group & Dining
UCSC Sustainable Procurement Goals

**STRATEGY 1.3:**
Make it easier for CruzBuy users to purchase Environmentally Preferred Products (EPP).

**ACTION 1.3.A:**
Explore functionality and possibilities for increased visibility and use of EPP favorites list.

**Collaborator(s):** Procurement Services

**STRATEGY 1.4:**
Standardize effective sustainable and equitable procurement education and training, particularly for incoming students and new staff and faculty.

**ACTION 1.4.A:**
Contribute educational materials regarding sustainable and equitable procurement to New Employee Orientation and the new student experience and Welcome Week.

**Collaborator(s):** Procurement Services, Provost’s Sustainability Internship Program, Staff Human Resources
FRANCE × 2.5

UNITED STATES OF AMERICA × 4.1

UNITED ARAB EMIRATES × 5.4
The anatomy of America's garbage

Waste by weight in 2012

- Food: 34.7 million tons
- Plastic: 28.9 million tons
- Paper: 24.4 million tons
- Metal: 14.8 million tons
- Wood: 13.4 million tons
- Glass: 8.4 million tons
- Rubber: 6.2 million tons

Data: Environmental Protection Agency

Made with Chartbuilder
Green Office Program

Helping employees implement sustainable practices at work.
Sustainability Certificate Program

- Sustainability, Justice & Happiness
- Sustainability in the UC
- Sustainable Cities & Social Equity
- Climate Change & Climate Justice
- Fostering Sustainable Behavior
- Sustainability Leadership
- Intersections: Diversity & Environment
- Greening Campus Events
- Sustainable Procurement Strategies
- Greening Offices
Why Sustainable Procurement?

• Increase efficiency and reduce waste
• Save money
• Reduce environmental impacts
• Professional development, lifelong-learning
• Build relationships, participate in meaningful efforts; engage with students, staff, faculty and community
Consider...

...one procurement related activity that you participate in at work.

- What is one thing you could do to reduce waste or conserve resources related to that action?

- Try to identify one action for each of the three issues we’ve discussed (paper, plastic, food waste).
Sustainability in Procurement

GREEN IS A TREND, SUSTAINABILITY IS A MINDSET

BY LLOYD LEE
What is Sustainability?

Meeting the needs of current generations without compromising the ability of future generations to meet their own needs
Green Procurement

- **Every purchase** has hidden human health, environmental, and social implications
- Making purchasing decisions based on economic, social and environmental factors
- Applying social and environmental criteria to products and services that are purchased
- Source from suppliers making a positive difference to society
Sustainable Procurement

• Remember, the most sustainable purchase you can make is to **not buy anything**

• Consider reuse before bringing something new into the supply chain

• Visit our surplus store (H Barn)
Green Procurement

• Out of $78 billion in purchasing power within the US and Canada, nearly 70% of organizations increased their green purchasing spend last year.

• Within North America, over 90% of organizations believe they will increase their green purchasing in next 2 years.

• Leading organizations are tracking metrics related to sustainable procurement (54%).
UCSC Green Purchasing Efforts

• Energy efficient office equipment (copiers, scanners, computers)

• Healthy office furniture

• Sustainable lumber products

• Sustainability is part of everything we do in Procurement Services
Purchaser Pledge to Prefer Safer Furniture

• Only UC campus to sign the Safer Furniture Pledge
• Commitment to not buy furniture that contains harmful chemicals
• Established by the Center for Environmental Health
UCSC Green Purchasing Efforts

Total Recycled Content and Spend by Fiscal Year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Total Recycled Content</th>
<th>Total Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>31.13%</td>
<td>$103,831</td>
</tr>
<tr>
<td>FY15</td>
<td>34.68%</td>
<td>$51,836</td>
</tr>
<tr>
<td>FY16</td>
<td>69.95%</td>
<td>$93,579</td>
</tr>
<tr>
<td>FY17</td>
<td>65.74%</td>
<td>$78,458</td>
</tr>
</tbody>
</table>
UCSC Green Purchasing Efforts

- Earth friendly cleaning products

<table>
<thead>
<tr>
<th>Month</th>
<th>Total Consumables Spend</th>
<th>Sustainable Spend</th>
<th>% Sustainable</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN</td>
<td>$36,595</td>
<td>$31,802</td>
<td>87%</td>
</tr>
<tr>
<td>FEB</td>
<td>$42,757</td>
<td>$37,351</td>
<td>87%</td>
</tr>
<tr>
<td>MAR</td>
<td>$40,485</td>
<td>$35,941</td>
<td>89%</td>
</tr>
<tr>
<td>APR</td>
<td>$39,732</td>
<td>$33,123</td>
<td>83%</td>
</tr>
<tr>
<td>MAY</td>
<td>$69,679</td>
<td>$54,790</td>
<td>79%</td>
</tr>
<tr>
<td>JUN</td>
<td>$51,471</td>
<td>$24,470</td>
<td>48%</td>
</tr>
<tr>
<td>JUL</td>
<td>$21,717</td>
<td>$14,521</td>
<td>67%</td>
</tr>
<tr>
<td>AUG</td>
<td>$33,546</td>
<td>$30,137</td>
<td>90%</td>
</tr>
<tr>
<td>SEP</td>
<td>$26,333</td>
<td>$21,759</td>
<td>83%</td>
</tr>
<tr>
<td>OCT</td>
<td>$49,442</td>
<td>$41,457</td>
<td>84%</td>
</tr>
<tr>
<td>NOV</td>
<td>$31,507</td>
<td>$29,686</td>
<td>94%</td>
</tr>
<tr>
<td>DEC</td>
<td>$27,875</td>
<td>$23,005</td>
<td>83%</td>
</tr>
</tbody>
</table>

$471,138 | $378,042 | 80%
Green Washing

When a company or organization spends more time and money claiming to be “green” through advertising and marketing than actually implementing business practices that minimize environmental impact.

Greenwashing Video

Source: www.greenwashingindex.com
Green Washing Awareness

How do I know your company's environmentally friendly?

The wording, the typeface, the pictures of nature in the brochure.
Third Party Certifications

- U.S. Green Building Council (LEED)
- Energy Star
- EcoLogo
- Forest Stewardship Council (FSC)
- epeat
- Processed Chlorine Free (PCF)
Equity and Inclusiveness

• Ensuring equity in procurement is a key element of sustainability
• Promoting a fair and open opportunities to earn UCSC business
• Remove barriers for small businesses
• Perform outreach and education to small businesses
• Strive to have the diversity of our spend reflect the diversity of our community
Supplier Diversity

- Minority Owned
- Small Business
- Disadvantaged Business
- Woman Owned
- Veteran Owned
- LGBT Owned
Use of Disadvantaged Businesses

Total Dollars Spent With Businesses Identified as Disadvantaged, Women-Owned, Veteran-Owned for FY 16

- Disadvantage: $5,145,098
- Women: $5,531,805
- Veteran: $397,113
Tips

✓ Every purchase can impact our environment
✓ Sustainable products are worth the investment
✓ Buying local is a win-win for our community
Contracting for Services
Types of Services

- Often services are purchased in conjunction with goods
- Requisitions involving services go into a separate folder in CruzBuy
Business Contracts Review

- Supplier is proposing terms and conditions considered non-standard
- Supplier does not agree to UC standard terms and conditions
- Certain requirements are triggered based on the type of work
  - Data Security *(what data is contractor accessing?)*
  - Web Content Accessibility *(incorporate into every activity, ensure access for all)*
  - HIPPA *(safeguard medical information)*
  - PCI Compliance *(credit card data secured)*
  - Conflict of Interest *(employees, near relatives)*
Service Contracts and Policy Considerations

- Companies owned by UC employee or near relative
- Former UC employees as contractors
- Work performed by students or former students
- Services covered by UC bargaining units (custodial, building maintenance, etc.)
- Dollar thresholds that require a competitive process (BUS 43)
- Services performed on campus (PW, FW/FW)
Fair Wage – Fair Work

• UC is first public university in US to establish minimum wage of $15 per hour for contractor employees

• Fair Wage-Fair Work program requires suppliers to pay no less than the following minimum wage to employees working on UC premises
  ✓ $13 per hour as of Oct. 1, 2015
  ✓ $14 per hour as of Oct. 1, 2016
  ✓ $15 an hour as of Oct. 1, 2017

• Ensures fair working conditions

• Over $100,000 annually requires audit of contractor payroll
Prevailing Wage Requirements

• Services involving public works
• Construction, alteration, installation, repair or maintenance
• Includes installation of office and dorm furniture
• Over $1,000 in contract value
• Contractor registered with DIR
<table>
<thead>
<tr>
<th>Independent Contractor</th>
<th>Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Receives general direction</td>
<td>✓ Receives supervision</td>
</tr>
<tr>
<td>✓ Has own equipment</td>
<td>✓ Uses agency equipment</td>
</tr>
<tr>
<td>✓ Works for other clients</td>
<td>✓ Only works for agency</td>
</tr>
<tr>
<td>✓ Does not work set hours</td>
<td>✓ Has set work hours</td>
</tr>
<tr>
<td>✓ Paid by deliverable</td>
<td>✓ Paid by hour, month</td>
</tr>
<tr>
<td>✓ Has own email account</td>
<td>✓ Has agency email</td>
</tr>
<tr>
<td>✓ Risk of profit or loss</td>
<td>✓ No risk of profit or loss</td>
</tr>
</tbody>
</table>
Mitigating Contract Risk

• What is the nature of the work?
• Will it be performed on campus and around students?
• Will building systems be accessed?
• What kind of data will contractor have access to?
• How can we maintain an acceptable level of risk?
  • Insurance, bonding, data security terms, contract terms, etc.
Contract Resources

- Business Contracts Guide
- Procurement Services Website
- Independent Contractor Checklist
- UC Office of the President, Standard T/C, Policies, Training
- Guides for Prevailing Wages, Fair Wage/Fair Work
Tips

✓ Use UC terms whenever possible
✓ Don’t hesitate to “push back” with suppliers
✓ Independent contractors have certain characteristics
✓ Contact us to discuss contract options
Wrap Up

• Questions or comments?
• Thank you!
Procurement Services
Call us anytime!
https://financial.ucsc.edu/Pages/Procurement_Dept.aspx

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