

Los Angeles County

PURCHASING POLICY & PROCEDURE MANUAL



**Prepared by
Internal Services Department**



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CHAPTER 1 - INTRODUCTION

This manual has been prepared to provide information and direction to the ISD purchasing staff, various departments in the County to whom the Purchasing Agent has delegated purchasing authority, and vendors desiring to conduct business with the County.

Its purpose is to communicate policies and give guidance to those with delegated purchasing authority or those participating in the purchasing processes. The manual is designed to explain and facilitate understanding of the County purchasing functions, policies, and procedures, and to serve as a tool in personnel training.

The manual will be revised and supplemented to meet new needs and conditions and should be kept current as policies and procedures are developed and issued by the Purchasing Agent. This manual is also available on the County's Intranet and may be accessed, downloaded and printed by use of a computer. You may access this document through the County web page at <http://doingbusiness.Lacounty.gov/policies.htm> .

The policy statements contained in this manual represent the basic intentions and goals of the County. The policies represent basic procurement standards by which the County operates and methods used to carry them out. **Nothing contained herein shall be construed to amend or override any statute, code or ordinance of the County of Los Angeles or the state of California.** Policies and procedures must sometimes be coordinated together in order to gain a better understanding of the subject matter requirements. Please consult the appropriate section of the manual for the specific subject.

Departmental policies that compliment these guidelines and do not conflict with this manual may be established and filed with the manual as a separate section. Departmental policies should be reviewed by the department head and materials managers prior to adoption.

CHAPTER 2 - DEFINITIONS

Whenever the following words appear in this manual or other documents connected with transactions relative to the procurement process, they will be construed to have the following meanings:

“Agreement” are “as needed” purchase contracts for services, supplies, materials, equipment, furnishings and all other personal property.

“Backlog” means customer orders received but not yet shipped. Sometimes referred to as “open Orders”.

“Back Order” means any past-due, unfilled portion of an order. A back order may be for part of the quantity ordered or for an entire order not delivered with the majority of the shipment.

“Bar Code” means a series of alternating bars and spaces printed or stamped on parts, containers, labels, or any other media containing encoded information that can be read by electronic readers.

“Bid” means a quotation received from a vendor in response to a solicitation from the County.

“Bidder” means a supplier/vendor who responds to a solicitation.

“Bill of Lading” means a shipper’s receipt for goods. This is usually a contract between the shipper and the carrier who transports and delivers the goods.

“Bill of Sale” means a written agreement in which the title or interest in a specific item or items is transferred by the seller to the County.

“Board of Supervisors” means the Board of Supervisors, County of Los Angeles, California.
“ISD” means the Internal Services Department, County of Los Angeles.

“Boilerplate” means a term used to describe the standard terms and conditions on a purchase order or agreement.

“Change Order” means a formal notification to the vendor that a previous purchase order or agreement must be changed in some form. This is usually the result of changes in specifications, quantity, or shipment due dates.

“Contract” means any agreement to provide goods to, or perform services for or on behalf of, the County or a nonprofit corporation created by the County.

“Contractor” means a person, partnership, corporation, or other entity who has contracted with the County or a nonprofit corporation created by the County to provide goods to, or perform services for or on behalf of, the County or a nonprofit corporation created by the County. A contractor includes a contractor, subcontractor, vendor, or any of their respective officers, directors, shareholders, partners, managers, employees, or other individuals associated with the contractor, subcontractor, vendor who participated in, or knew of, or had reason to know of the contract.

“Consulting Services” are services provided by a company, organization (university, non-profit group, etc.) or private individual.

“Cooperative Procurement” is a term that refers to the combining of requirements of two or more public procurement entities to leverage the benefits of volume purchases, delivery and supply chain advantages, best practices, and the reduction of administrative time and expenses.

"County" means the County of Los Angeles

“Debarment” means an action taken by the county which results in a contractor or bidder/proposer being prohibited from bidding or proposing on, being awarded and/or performing work on a contract with the County.

“Department” means the departments, commissions, or committees under the jurisdiction of the County of Los Angeles.

“Discount” means an allowance or deduction granted by the vendor to the County that reduces the price of goods received. This is typically associated with the volume of goods purchased by the County or as an incentive to pay an invoice within a specific time.

“Distributor” means a firm that buys products from manufacturers in large quantities and sells to customers in smaller lots.

“eCAPS” means Electronic Countywide Accounting and Purchasing System and is web-based. As a fully integrated enterprise resource (ERP) system, the Procurement module allows for an electronic means to submit requisitions to Central Purchasing for processing, and provides electronic access to County agreements, product information, on-line vendor enrollment, electronic invoicing and payment inquiry, etc.

“Emergency” means a sudden, unexpected occurrence or set of circumstances demanding immediate action in order to maintain essential or critical services and/or to protect public health and safety.

“Inventory” means the amount of goods or items available at any time, or an itemized listing thereof.

“Invoice” means a document showing the characteristics, specifications, quantity, price, terms, nature of delivery, and other particulars of goods sold or of services rendered.

“Just-In-Time (JIT) Delivery” means a pre-determined date when goods are delivered in order to eliminate excess storage of consumables. This generally requires coordinated efforts between ordering and supplier delivery.

“Lump Sum” means the price agreed upon between the vendor and the County for a group of items without a breakdown of individual item prices.

“Mandatory Terms” mean use of shall or must.

“Monopoly (sole source)” is an exclusive control of the supply of any commodity in a given market. If there exists more than one manufacturer/source in a given market, a monopoly does not exist.

“Open Order” means an order that has been placed with a supplier or that has been released for manufacture but has not been completed.

“Original Equipment Manufacturer (OEM)” means a firm that manufactures an end-use item, which is then sold to a final consumer.

“PPE” means Preference Program Enterprises.

“Packing List” means the document supplied by the vendor or shipper that itemizes details of contents of a particular package or shipment. Details typically include the description, part number, and quantity for each item in the shipment.

“Pallet” means a platform (usually of wood or heavy cardboard) on which a number of packages or pieces may be loaded to facilitate handling.

“Partial Order” means quantities shipped to the County are less than those ordered.

“Past Due” means an order that has not been received by the date scheduled or due. “Past Due” also means a notice sent by a supplier, indicating that a previous invoice was submitted to the County and payment has not been received in accordance to the agreed upon payment terms.

“Permissive Terms” means should or may.

“Personal Services” are provided by a private individual who is not associated with a company or organization.

“Piggyback request” is the use of a prior solicitation, competitively bid by ISD Purchasing, for the same goods and/or services currently requested; or, may be a form of intergovernmental cooperative purchasing in which an entity will be extended the same pricing and terms of a contract entered into by another entity. Generally the originating entity will competitively award

a contract that will include language allowing for other entities to utilize the contract, which may be to their advantage in terms of pricing, thereby gaining economies of scale that they would otherwise not receive if they competed on their own.

“Pre-Payment” means payment for goods or services before they are received.

“Progress Payment” means payment made periodically throughout the term of the contract.

“Proposer” means a person or entity that submits a bid, proposal or other response to a contract solicitation conducted by any department or agency whose governing Board is the Los Angeles County Board of Supervisors. Included, also, is any person or entity that can demonstrate that it would have submitted a bid, proposal or other response to such a solicitation, but for a requirement or provision in the solicitation document that created an unfair disadvantage for the proposer.

“Public Record” means any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. “Public records” in the custody of, or maintained by, the Governor’s office means any writing prepared on or after January 6, 1975.

“Public Works” is the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.

“Purchasing Agent,” means the Director of ISD or the Director’s authorized representative(s).

“Quantity Discount (Volume Discount)” means a price discount allowed by the vendor in recognition of the lower per unit cost of service for larger or more frequent orders.

“Quotation or Quote” means a statement of price, terms of sale, and description of goods or services offered by a vendor to the County. This normally given in response to an inquiry, and is often considered an offer to sell.

“Rush Order” means an order that requires shipment in less than the vendor’s normal lead time. Also means an order that must be processed outside of its chronological order of receipt.

“Service” means the performance of labor by an outside firm or contractor for and/or on behalf of County departments. It can be rendered to the County by a firm or individual, with or without the furnishing of materials.

“Shelf Life” means the length of time an item may be held in inventory before it begins to

deteriorate or becomes unusable.

“Solicitation” means a document or process used to communicate County requirements to potential bidders or proposers inclusive of requesting a response in the form of a quote or proposals for goods or services.

“Stock Order” means an order to replenish inventory, or an item that is common and readily available without specific manufacturer lead time.

“Vendor” means the bidder submitting a bid or proposal in response to the County’s solicitation for goods or service. Also, means a firm, supplier, or individual on contract with the County to provide goods or service.

“Warning Labels – Shipping” means specific labels affixed to certain goods being shipped. Labeling is also used for poisons and others.

- Red Label – flammable liquids and gases
- Yellow Label – flammable solids and oxidizing materials
- White Label – acids, caustics, and corrosive liquids
- Green Label – compressed gasses

“Warranty” means an undertaking (to re-work or exchange), either expressed or implied, that a certain fact regarding the subject matter is presently true or will be true. This is different from “guaranty”, meaning that a contract or promise by a person to answer for the performance of another.

“WebVen” means the County’s vendor registration system found on the Doing Business with Us web portal.

“Writing” means any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored.

CHAPTER 3 - ETHICAL CONDUCT & CONFLICT OF INTEREST GUIDELINES

The following guidelines represent the code of conduct and ethical standards for County Purchasing and Materials Management staff including any organizational person(s) involved in procurement decisions or possess the individual ability to influence any solicitation or resultant award process.

These guidelines were derived from review of the Government Code, County Codes and policies, as well as the related National Institute of Government Purchasing (NIGP) standards, guidelines and the NIGP Code of Ethics.

3.1 Your Responsibility to the County

It is the obligation and the responsibility of every procurement decision-maker to represent the County in a professional and ethical manner. Any procurement related matter shall be handled in a professional manner with the interest of the County taking precedent. As a procurement decision maker, you must:

- Follow the lawful instructions, policies, procedures and laws of the County, your manager, supervisor or any person in a higher level position of authority within your organization.
- Understand the authority granted to you, and exercise appropriate and discretionary use of that authority on behalf of the County in an ethical manner.
- Avoid activities which would compromise or give the perception of compromising the best interest of the County.
- Reduce the potential for any charges of preferential treatment by actively promoting the concept of competition.
- Obtain the maximum benefit for funds spent as Agent for the County.
- Remain free of any and all interests and activities, which are or could be detrimental or in conflict with the best interests of the County.
- Refrain from engaging in any procurement activity in which you have a personal or indirect financial interest in accordance with Government Code Sections 87100, 87103.
- Avoid acquiring interest or incurring obligations that could conflict with the interests of the County.
- Avoid any private or professional activity that would create a conflict between your personal interest and the interests of the County in accordance with Section 1090 of the Government Code
- Avoid engaging in personal business with any company that is a supplier to the County.
- Avoid lending money to or borrowing money from any supplier.
- Avoiding any actions which may give an impression of impropriety.
- Limiting the number of business meetings with suppliers outside the office to only when it is absolutely necessary. When such meetings do occur, the meeting location should

be carefully chosen so as not to be perceived as inappropriate by other persons in the business community or your peers.

3.2 Gratuities

In the case of any gift, care should be taken to evaluate the intent and perception of acceptance to ensure that it is legal, that it will not influence your buying decisions, and that it will not be perceived by your peers and others as unethical. Consistent with Conflict of Interest policies, procurement decision-makers should:

- Never solicit or accept money, loans, credits or prejudicial discounts, gifts, entertainment, favors or services from your present or potential suppliers which might influence or appear to influence purchasing decisions.
- Never solicit gratuities in any form for yourself or the County.
- Decline any gift offered and cite departmental or County policy prohibiting the acceptance of such items. If a gift is delivered or otherwise left behind and the supplier is not present, it should be returned to the supplier as soon as possible with an explanation. Note: Promotional items of nominal value offered by suppliers for public relations purposes (e.g., coffee cups, pens, etc.) are acceptable when such items would not be perceived by the offeror, receiver or others as posing an ethical breach.

3.3 Business Meals

There are times when during the course of business it may be appropriate to conduct business during meals. In such instances, the meal should be for a specific business purpose. These situations may include:

- A vendor demonstration or presentation where coffee or other non-alcoholic drinks, and rolls, doughnuts, bagels or other snacks are provided to all participants.
- A vendor demonstration or presentation where lunch is provided on the premises to all participants.
- Lunches and/or dinners, which are associated with a County sanctioned business or government-related organization meeting, where suppliers would be present. This would represent an acceptable professional practice provided that the procurement decision-maker keeps free of obligation.

In all cases, the procurement decision-maker must use extreme caution and good judgment in dining with suppliers or potential suppliers to avoid any perception of favoritism or impropriety. In a restaurant, informal, or social situation with a supplier the procurement decision-maker should pay for his/her own meal.

3.4 Relationship with Supplier(s)

Procurement-decision makers have to maintain a balance between establishing a productive business relationship and partnership with existing suppliers, and at the same time, avoiding the perception of favoritism or impropriety. To this end, they must be able to:

- Maintain and practice, to the highest degree possible, business ethics, professional courtesy, and competence in all interactions and activities with suppliers or potential suppliers.
- Purchase without prejudice, striving to obtain the maximum value for each dollar of expenditure
- Adhere to and protect the supplier's business and legal rights to confidentiality for trade secrets, and other proprietary information.
- Refrain from publicly endorsing products.

In the County's effort to avoid conflict of interest or actual or perceived bias, compliance with the various applicable California Government Code and County Code that address the issue of Conflict of Interest for County Employees regarding outside employment and post government employment and contracting with the County are to be complied with as noted below:

3.5 Outside Employment

A County employee may not engage in paid outside employment which is inconsistent with or incompatible to his/her duties as a county employee so as to avoid any conflict with Government Code Article 4.7, Section 1126, which addresses incompatible activities that local agency officers or employees of the County may not engage in; and, County Code Title 5. Personnel, Section 5.44 et. seq. that provides for rules governing conflict of interest, authority of the Conflict of Interest Code Review Panel (the "Panel") and other administrative details relative to this subject.

3.6 Revolving Door Provisions

Unless excepted by Code, or otherwise waived by the Board of Supervisors in accordance with County Code Chapter 2.180 Contracting with Current or Former County Employees, any current employees or any former employees within 12 months of leaving County service, shall not Contract with the County; nor shall the County accept any bid or proposal from the current or former employee.

3.7 Post Government Employment

Those County elected officials, the CEO, and any County official or employee who is required to file a Form 700 are prohibited from negotiating future employment with someone who has a matter pending before his/her department, unless the negotiations are with another government entity. Additional restrictions are found in County Code Chapter 2.175. These restrictions do

not apply to employment with another governmental entity or activities on another governmental entity's behalf.

3.8 Purchases from County Employees

Purchases shall not be made from a County or district employee or spouse unless authorization is obtained in each specific instance from the Board of Supervisors in accordance with California Government Code and Los Angeles County Code, Chapter 2.81.970.

Generally, purchases from County employees are made under the following conditions:

- When the item is unique and not available from other sources; and,
- The department and the Purchasing Agent determine that the pricing is reasonable and fair; and,
- Approval is obtained from the Board of Supervisors by the department.

Once all is in order, the department may request the Purchasing Agent to issue a purchase order for payment purposes.

3.9 Summary

Based on the nature of the positions associated with procurement decision-making, which would include Purchasing, Materials Management and other County personnel who would be in a position to influence a solicitation and award selection process, it is imperative that these individuals exercise higher standard of ethical conduct in the procurement process to avoid any perception of impropriety.

Any perception of improper or unethical behavior in the procurement process directly and negatively impacts the image and credibility of the employee, the respective Division, Department and the County.

Suspected or observed violations of this policy must be promptly reported to the respective employee's manager or higher level authority in the organization.

CHAPTER 4 - AUTHORITY

The County of Los Angeles is an entity comprised of 38 separate departments that provide a wide range of services and/or facilities to the citizens and employees of the County. The County conducts business with large firms, as well as small firms and individual entrepreneurs.

The authority for acquiring commodities and services in the County is found in various sections of the California State Codes and the Los Angeles County Code. The Director of the Internal

Services Department (ISD) is the Purchasing Agent for the County and his authority is addressed in County Code, Section 2.81. Employed by the Board of Supervisors, the Purchasing Agent and such assistants, as are necessary for him to properly fulfill his duties, are authorized by Government Code Section 25500. As such, ISD is responsible for the acquisitions of goods and services, with some exceptions, for all County departments.

In addition, individual departments have authority delegated to them by the Purchasing Agent; or, are otherwise authorized by the Board of Supervisors to establish non-agreement purchases for commodities and services on their own without involving ISD. The County of Los Angeles Board of Supervisors must award service contracts over \$100,000.

The ISD Purchasing Division assists County departments with the purchase of goods and services beyond their delegated authority. The Division's responsibilities include, but are not limited to:

- Managing vendor relations, including solicitation lists
- Facilitating the procurement process necessary to obtain goods and services with total purchase value over the department's delegated authority
- Evaluating bids and developing selection reports
- Awarding, renewing and extending purchase orders and agreements
- Negotiating discounted shipping rates and determining cost-effective shipping methods
- Benchmarking prices for specific items on request
- Providing training support for County Departmental staff in the Purchasing and Procurement process

Acquisitions of personal property are made pursuant to the following Codes:

- California Government Code 25500, et seq.;
- County Code, Title 2, Chapter 2.81; and
- Section 24 of the County Charter

4.1 Government Code

Pursuant to California Government Code 25500, et seq., the Board of Supervisors may employ a purchasing agent and such assistants as are necessary for him properly to fulfill his duties. Such duties and authority are designated as outlined in the following Government Codes:

25501. The purchasing agent may:

- (a) Purchase for the county and its offices all materials, supplies, furnishings, equipment, livestock, and other personal property.

(b) Rent for the county and its offices furnishings, equipment, and livestock.

(c) Contract for services pursuant to this article and contract for public works projects pursuant to Article 3.5 (commencing with Section 20120) of Chapter 1 of Part 3 of Division 2 of the Public Contract Code.

The purchasing agent shall make purchases, rentals and contracts only upon proper written requisition.

25501.5 The board of supervisors may authorize the destruction or disposition of any written requisition received by the purchasing agent which is more than three years old. Such requisitions need not be photographed, reproduced, or microfilmed prior to destruction and no copy thereof need be retained.

25502. Whenever the board of supervisors employs a purchasing agent it shall not be necessary for it to advertise for bids for furnishing county supplies as required in Section 25480, with the exception of advertising.

25502.5 (a) In counties having a population of 200,000 or more, the board of supervisors may authorize the purchasing agent to engage independent contractors to perform services for the county or county officers, with or without the furnishing of material, when the aggregate cost does not exceed one hundred thousand dollars (\$100,000).

(b) The board of supervisors may establish rules and regulations to effectuate the purposes of this section.

25502.6 It is unlawful for the purchasing agent in any county having a population of 900,000 or more to split or separate into smaller work orders or projects any public work project for the purpose of evading the provisions of this chapter or of any other law requiring public work to be done by contract after competitive bidding. Every purchasing agent who violates the provisions of this section is guilty of a misdemeanor.

25502.7 Notwithstanding the provisions of Sections 25502.3 and 25502.5, the board of supervisors may, whenever it has proclaimed a local emergency pursuant to Section 8630, direct the purchasing agent to engage independent contractors to perform services related to the local emergency for the county and officers thereof, with or without the furnishing of materials, within the amounts the board of supervisors may establish.

The board of supervisors may establish rules and regulations to effectuate the purposes of this section. Those rules and regulations shall include provisions for informal bidding

procedures to the extent that such procedures are feasible under emergency circumstances.

25503. When purchasing personal property for which it is not necessary to advertise for bids, the board may authorize the county purchasing agent by ordinance to solicit and accept advantageous trade-in allowances for county personal property which has scrap value of less than ten thousand dollars (\$10,000) and which has been previously determined by the purchasing agent to be not further required for public use.

25504. The county purchasing agent may by direct sale or otherwise sell, lease, or dispose of any personal property belonging to the county not required for public use, subject to such regulations as may be provided by the board of supervisors. He shall pay the proceeds into the county treasury for the use of the county. Where the property is exchanged or traded in he shall secure its value in behalf of the county.

25504.5 The county purchasing agent, with the approval of the board of supervisors, and after publishing notice of his or her intended action pursuant to Section 6061, may, by direct sale or otherwise, sell to a purchaser any personal property owned by or to be owned by the county, provided the purchaser agrees to lease the equipment back to the county for use by the county following the sale. The approval by the board of supervisors of the sale and leaseback shall be given only if the board of supervisors finds, by resolution, that the sale and leaseback is the most economical means for providing such personal property to the county.

25505. Where specifically authorized by law the purchasing agent may sell, lease, or dispose of the personal property of any special district, and pay the proceeds into the treasury of the district, or, if an exchange or trade-in is made, return the proceeds to the special district.

25506. Notices of sales shall be posted for not less than five business days preceding the day of sale in the courthouse of the county and in the office of the purchasing agent.

25507. In the disposition of any personal property pursuant to this article and upon approval by the board, the purchasing agent may purchase advertising space and may advertise the proposed sale or other disposition of the personal property in such newspapers, magazines, and other periodicals as in his judgment will best publicize the proposed sale or other disposition to those persons most likely to bid for or purchase the personal property.

Within the limits of the order of the board approving the advertising, the purchasing agent shall decide upon the amount, nature, make-up, and content of the advertising.

25508. The board of supervisors may by ordinance establish rules and regulations requiring the purchasing agent to obtain quotations by the use of formal or informal bids, in connection with the purchase of materials, supplies, furnishings, equipment, livestock and other personal property which such purchasing agent is authorized to purchase for the county and its offices. The purchasing agent shall comply with such rules and regulations.

25508.8 (a) The board of supervisors of any county may, by resolution, authorize the purchasing agent to procure construction materials pursuant to Section 25508 for the construction of facilities to be utilized by a regional opportunity program.

(b) A county shall be exempt from requirements of the Public Contract Code with respect to the construction of a facility if the majority of labor utilized for the construction of the facility pursuant to subdivision (a) is provided by the regional opportunity program or volunteer labor, the facility is to be constructed for use by the regional opportunity program, and the land on which the facility is to be constructed is currently used by a county jail.

25509. In any county which employs a purchasing agent the board of supervisors may by ordinance create and maintain a purchasing agent's stores account for the purchase and maintenance of a stock of general supplies and materials for the county. The board shall determine the amount of said account and shall fix the same in the ordinance creating the account; said ordinance shall also prescribe the method of administration of the account and the manner of accounting therefor. The board may also by ordinance authorize the purchasing agent to establish a checking account in a bank for the payment of miscellaneous and emergency purchases of services and supplies by purchase order check not to exceed an amount fixed by such ordinance. The procedures for the issuance of such purchase order checks and the administration, including replenishment of such account, shall be established by resolution of the board. Any loss not caused by negligence of any officer or employee of the county, incurred by reason of the issuance of any check on such checking account, shall be charged against the general fund of the county. The authority of this section shall be in addition to and not a limitation upon any revolving fund of the purchasing agent otherwise provided for by law.

4.2 County Code and the Internal Services Department

The authority of the Internal Services Department is pursuant to County Code, Section 2.81 et seq. Duties and authority are designated as follows:

4.2.1 Director - Duties as Successor

From and after the operative date of the ordinance codified in this chapter, the director shall be the successor to the director, facilities management; director, data processing; director, communications; purchasing agent; or other county official as regards any functions, duties or responsibilities, whether imposed by contract or otherwise, which prior to the operative date of the ordinance codified in this chapter were the functions, duties or responsibilities of the director of facilities management (with the exception of the duties of the county engineer), director of data processing, purchasing agent, director of communications, director of building services, director of mechanical, or other county official which by this chapter are now or hereafter delegated by the board of supervisors to be the duties of the director. (Ord. 95-0052 § 33, 1995: Ord. 89-0026 § 1 (part), 1989.)

4.2.2 Division of Responsibilities for Internal County Services

Internal county services are those services, which support county departments in their delivery of services to the public. Internal services include, but are not limited to, facilities operations, maintenance and repair; design, operation and maintenance of communications and data processing facilities, systems and equipment; fleet management and maintenance; business machine maintenance; security services; purchasing, storage and distribution of personal property, equipment and supplies; printing services; energy management; and parking management. Internal county services are divided into three categories as designated by the chief administrative officer: centralized, decentralized and delegated. Responsibility for these services is as follows:

- A. Centralized Internal Services. The director is responsible for managing and providing centralized internal services to county departments, to the extent permitted by budgeted funds or paid for by recipients or requestors of the services.
- B. Decentralized Internal Services. Each county department head is responsible for arranging for the provision of decentralized internal services to support his or her department's operations in compliance with countywide standards established by the chief administrative officer, approved by the board of supervisors, and monitored by the auditor-controller. Unless otherwise directed by the chief administrative officer, each county department head may purchase decentralized internal services from the department; or may purchase these services from outside contractors, provided the department's bid for such services has been solicited and considered, subject to provisions of law, the approval of the chief administrative officer, and compliance

with contracting policies adopted by the board of supervisors; or may, with the approval of the chief administrative officer and the director, provide these services with in-house staff or purchase them from another county department. Any change of service provider from the department to another provider, including in-house staff, shall be done in conjunction with policies established by the chief administrative officer. In competing to be selected as the provider of decentralized internal services, the department shall function as an entrepreneurial organization with the mission of marketing, selling and delivering high-quality, competitively priced services to county departments and other customers and shall, to the maximum extent permitted by law, operate with flexibility analogous to private sector providers of similar services. All services rendered shall be paid for by the recipient or requestor of the service.

- C. Delegated Internal Services. The director is responsible for providing these services but may delegate their day-to-day operation to requesting county department heads according to policies established by the chief administrative officer and procedures established by, and subject to the approval and supervision of, the director. Such delegation may be rescinded by the director upon approval of the chief administrative officer. (Ord. 95-0052 § 34, 1995; Ord. 89-0026, Section 1 (part), 1989.)

4.3 Department Authority

The Purchasing Agent has the authority to delegate certain types and dollar values of procurements to individual County departments when it is determined to be more efficient, cost effective and in the best interest of the County. This delegation requires the respective department to comply with established Purchasing policies and procedures, and to meet other standards established for training and accountability as prescribed by the Purchasing Agent, as well as internal certification and control standards established by the Auditor-Controller. The level of authority delegated by the Purchasing Agent varies depending on whether the goods or services are considered to be "Agreement" or "Non-Agreement" purchases.

Acquisitions of personal property are made pursuant to:

- California Government Code 25501, et seq.;
- County Code, Title 2, Chapter 2.81; and
- Section 24 of the County Charter.

4.3.1 Agreement Purchases

The Purchasing Agent establishes agreements with a wide variety of vendors for commonly purchased supplies and equipment. County departments are delegated the authority to make purchases against these agreements since prices, terms and purchase conditions have already been established by the Purchasing Agent.

In most cases*, departments are not limited as to the amount they may purchase against an agreement (i.e., since the prices have already been established). However, in all cases, departments must ensure that any purchases made are within their budgetary authority.

**Exceptions:*

- a) Photocopier Agreements. Departments can purchase photocopy equipment up to \$250,000 per order through an agreement vendor, without the involvement of the Purchasing Agent. Any aggregate total of photocopy equipment that exceeds \$250,000 must be processed, via electronic requisition, through ISD Purchasing Division for solicitation among the agreement vendors.
- b) Computers, Software and Peripherals Agreements. Departments can purchase up to \$100,000 per order through an agreement vendor, without the involvement of the Purchasing Agent. Any aggregate total of computer, software or peripheral equipment that exceeds \$100,000 must be processed, via electronic requisition, through the ISD Purchasing Division for solicitation among the agreement vendors.
- c) Furniture. Departments can purchase up to \$100,000 per order through an agreement vendor, without the involvement of the Purchasing Agent. Any aggregate total of furniture that exceeds \$100,000 must be processed, via electronic requisition, through the ISD Purchasing Division for solicitation among the agreement vendors.
- d) Capital Equipment (Fixed Assets). All Capital Equipment purchases must be submitted, via electronic requisition, to the ISD Purchasing Division for processing in accordance with the agreement.
- e) Badges. All badge requests (except for the Sheriff's Department) must be processed by the Purchasing Agent, regardless of dollar amount.

4.3.2 Non-Agreement Purchases

"Non-Agreement" purchases reflect instances where the County does not have an existing agreement with a vendor or a group of vendors for a specific service or commodity. In these cases, a vendor is selected on a purchase-by-purchase basis.

Purchasing materials or services from non-agreement vendors that are otherwise available via a County agreement is only authorized when the items or services can be obtained at a lower price than the agreement pricing or when otherwise deemed to be in the best interest of the County. In all instances, purchases shall be in accordance with the department's delegated purchasing authority and must be in compliance with the applicable bidding requirements.

Subject to compliance with County purchasing and internal control standards, the Purchasing Agent has established three levels of delegated authority for County departments, to make non-agreement purchases of equipment, supplies and services.

4.3.3 Level One - \$5,000

County departments with Level One authority may purchase non-agreement goods or services up to \$5,000 without the direct involvement of the Purchasing Agent. These departments are responsible for ensuring their procurement practices (e.g., price quotes, etc.) comply with County purchasing requirements.

4.3.4 Level Two - \$15,000

On August 31, 1998, the Purchasing Agent established a Board approved, Increased Delegated Purchasing Authority program in conjunction with recommendations made by the California State Auditor. This program increases the delegated authority for approved departments from \$5,000 to \$15,000 for non-agreement purchases. Departments must request to participate in the program, and must certify adherence to, and strict compliance with, County purchasing policies and procedural requirements. In addition to certification, the Purchasing Agent verifies compliance with Internal Control Plans with the Auditor-Controller, before approving a department to participate in the program.

4.3.4.1 Exception

Sole source purchases over \$5,000, which are reported to the Board of Supervisor by the Purchasing Agent on a monthly basis, are not delegated to departments regardless of their delegated authority.

4.3.5 Simplified Acquisitions Process (SAP) - \$5,001 up to 24,999

On October 1, 2016, the Purchasing Agent established a Simplified Acquisition Process (SAP), which applies to departmental purchases from \$5,001 up to \$24,999. It applies only to spot purchases made from a certified Local Small Business Enterprise, a certified Disabled Veteran Business Enterprise or a certified Social Enterprise, herein referred to as "Preference Program Entity" or PPE.

Subject to the exclusions and restrictions stated herein, County departments are authorized to acquire goods or services from \$5,001 up to \$24,999 directly from a PPE by using a two-bid process. See Section 14.2 Simplified Acquisition Process (SAP) for additional information.

4.3.6 Conducting Solicitations Beyond Delegated Purchasing Authority

County departments are not authorized to conduct bids for the acquisition of equipment, services or supplies beyond their delegated purchasing authority, or for those purchases that are explicitly

prohibited (i.e. See Section 6.5.4 Sole source Purchases). Departments may solicit a written estimate from vendors for information and/or budgeting purposes, and attach the quote(s) to a properly completed requisition to be submitted to the ISD Purchasing Division as reference for the Purchasing and Contracts Analyst who will conduct the solicitation.

4.3.7 Prohibited Purchases

County funds, including Departmental Incidental Expense funds, may not be used for any of the following purposes:

- Any good or service that is otherwise illegal or unlawful to purchase, possess or contract for*;
- Any good or service where the purchase is solely for an individual's personal use, benefit or enjoyment, and the purchase is not in furtherance of a legitimate County objective;
- Goods or services that are unallowable per regulations of the authority providing the funding (e.g., federal funds subject to OMB Circular A-122 could not be used for unallowable or prohibited items identified in the Circular, even if otherwise allowable under this policy).
- Alcoholic Beverages; with the exception of in those instances where the beverages are included in the registration fee for a conference, training session or similar event; or for authorized County law enforcement or investigative personnel during the conduct of an official investigation*;
- Illegal Drugs or Drug Paraphernalia*;
- Any gambling device, including but not limited to equipment specified in California Penal Code Section 330 et. Seq. and United States Code Title 15, Section 1171*;
- Any gambling wager, or to purchase entry to or participation in any lottery, raffle or other game of chance*;
- Adult Entertainment material or services*.

*Authorized County law enforcement and investigative personnel are exempt from these prohibitions IF the purchases are necessary in furtherance of an official investigation.

4.3.8 Training

Authority to approve training for County employees was delegated to department heads on the recommendation of the CEO and adopted by the Board of Supervisors on February 3, 1987. Departments must procure training services using bidding guidelines established by the Purchasing Agent. See Chapter 14-SOLICITATIONS, Section 14.1.3 Training, for bidding and other guidelines.

4.3.9 Payment Authority

Departments are responsible for processing payment to vendors. Low dollar requirements and training materials may be processed using petty cash or requisitions. Excluded from these guidelines are, travel expenses and per diem.

Suppliers, contractors and vendors are entitled to receive payment for goods and services provided to the County for the Purchase Order price amount. Under no circumstances will suppliers, contractors or vendors who supply goods or services to the County of Los Angeles be entitled to or paid for more than the contract or purchase order amounts.

Under no circumstances may a supplier, contractor or other vendor be paid more than amount of the Purchase Order established by the Purchasing Agent; and in no event shall the Department supplement or otherwise order additional services once the amount of the Purchase Order has been exhausted.

Notwithstanding any other provisions of the solicitation, purchase order and/or agreement terms and conditions, at no time may any vendor receive payment(s) in excess of a department's Delegated Purchasing authority in the aggregate total for the same or similar service under any one Purchase Order.

CHAPTER 5 - COUNTY PROCUREMENT CARDS

The County's two credit card programs are authorized for use by its employees within established guidelines. The "Cal-Card" credit card may be used as a payment method when making small-dollar-value purchases to fulfill immediate operating requirements. The "Voyager" card may be used as a payment method for retail fuel purchases.

5.1 State "Cal-Card" Credit Cards

The purpose of the State "Cal-Card" credit card (procurement card) program is to provide an additional alternative within the existing procurement system to help support and/or expedite small-dollar-value operating requirements. The procurement card may be used as an alternative to small-dollar purchase orders and/or in lieu of petty cash purchases.

5.1.1 Allowable Purchases

A County department may further restrict allowable purchases based on its individual operational requirements, but as general menu of authorized uses, cardholders may purchase:

- Small-dollar agreement or non-agreement items required to complete jobs in-progress
- Small-dollar emergency items

- Small-dollar items where a credit card is the only accepted payment method
- Materials to complete after-hours work, when normal procurement procedures would not satisfy immediate needs
- Training or seminar registration and travel/hotel reservations (in conjunction with an approved departmental training/travel request)
- Subscriptions or organizational membership dues

In all cases, purchases must comply with the County's purchasing policy and procedures, including vendor selection guidelines.

5.1.2 Prohibited Purchases

Individual County departments may further restrict use of its procurement cards, but at a minimum, procurement cards may not be used for the following purchases/purposes:

- Personal (non-county related) purchases of any kind
- Cash advances
- Capital Equipment items
- Computers, computer equipment (hardware or software), tablets, apps, etc.
- Communications equipment including cellular phones, radios, pagers, etc.
- Clothing*
- Furniture
- Personal or consulting services Food*, meals* or entertainment Alcohol or tobacco products
- Purchase of new or replacement materials not intended for work in-progress
- Pre-ordering material, supplies or equipment for non-emergency purposes in order to bypass the normal procurement process
- Stocking or re-stocking materials or supplies
- To make or pay for back-orders
- To make purchases for or on behalf of any other person
- Splitting purchases to exceed the established single-transaction-dollar-threshold amounts

*Unless authorized by the Los Angeles County Code (i.e., Section 5.40.097) or the ordering department is charged with the care of patients, inmates or wards and the expenditures incurred would be for their direct benefit.

5.1.3 Procurement Card Dollar Thresholds and Limitations

Individual County departments must establish dollar thresholds and purchase limitations according to their respective operational requirements. However, any such limit cannot exceed the maximum standards below without the written approval of the Purchasing Agent.

Maximum Transaction Limitation – The maximum amount for any one transaction is \$1,000; and total transactions must not exceed \$1,000 in any one day.

Maximum Monthly Amount – The maximum monthly amount for any one card/cardholder is \$5,000.

A department's written request for a higher dollar threshold can be sent to the attention of the Internal Services Department's Purchasing Division Manager, and must contain the proposed limit(s), and a detailed justification for the request.

5.1.4 Procurement Card Administration

Individual County departments are responsible to establish their own policy and procedures governing the administration and the use of the cards, including what types of items can and cannot be purchased, monthly and transaction purchase limits, proposed users, approval authority/requirements, and any other restrictions that its management requires. The policies and procedures must adhere to the requirements of the County purchasing policy covered herein, as well as those stated in the County Fiscal Manual, Section 4.4.4, Use of Credit Cards to Procure Services, and Section 4.4.5, General Internal Controls Over Credit Cards.

5.1.5 General Guidelines

The following are general guidelines and requirements that would be addressed in each department's procurement card policies and procedures.

5.1.5.1 Program Manager

Each department participating in the procurement card program will assign a manager to oversee the program. The program manager will be responsible to monitor and ensure compliance with program policies, maintain a central and current listing of program participants and maintain records of authorized requests and cancellations.

5.1.5.2 Cardholder's Manager Responsibilities

Each departmental line manager who has subordinate staff to whom cards are issued will be responsible to oversee all aspects of the program within his/her respective organization. The cardholder's manager will be responsible for:

- Approving applications for all procurement cards;
- Reviewing card receipts and invoices to verify that all associated purchases are appropriate and comply with the policy;
- After verification, approving payment for each subordinate cardholder's monthly billing transactions;

- Maintaining copies of invoices, credit card receipts and any other documents associated with procurement cards assigned to their organization; and
- Ensuring that appropriate steps are taken to properly dispose of cards that are no longer required.
- Notifying the program manager when the card is rejected or lost/stolen.

5.1.5.3 Cardholder Responsibilities

Each Cardholder shall be responsible to:

- Sign an “Employee Acknowledgement Agreement” prior to receiving the card. Note: A sample agreement that can be tailored for use by any County department is included herein. See Section 19.1 ***CAL-CARD Program Employee Acknowledgement Agreement***.
- Purchase only the items shown on the Allowable Purchases list as stated in Section 5.1.1 above.
- Adequately secure the card in his/her possession.
- Report lost or stolen cards to U.S. Bank immediately, and notify his/her supervisor and the Program Manager no later than the next business day.
- Prepare and attach the itemized invoice(s) and credit card charge receipt(s) for each purchase transaction and submit them to his/her supervisor for approval.

5.1.5.4 Guidelines for Making a Purchase

Prior to signing the charge receipt, the employee is responsible for making sure that the quantity; full description of item(s); price, and total of any, and all items, are on the charge slip or an itemized invoice or other receipt(s) from the vendor.

Whenever a credit card purchase is made, all documentation associated with the purchase (e.g., credit card slip, itemized receipt, invoice, etc.) shall be retained as proof of purchase, and a process established where the documentation is submitted to the cardholder’s supervisor for review and approval before a payment is processed.

If the procurement card is rejected at a point of sale, cardholders may make the purchase via another method (e.g., personal credit card or cash for reimbursement through Petty Cash, etc.). The cardholder shall notify his/her supervisor and the Program Manager, to report the rejection, reason for rejection, and the vendor’s name.

5.1.5.5 Security of Procurement Card

Each cardholder will be solely responsible for the security of his/her credit card at all times. Authorized cardholders must be aware of the possibility of fraudulent use and shall make every effort to keep the card secure. Cardholders should maintain the procurement card in their wallet/purse for security.

5.1.5.6 Lost or Stolen Credit Cards

If any card is lost or stolen, it is the responsibility of the employee who is assigned the card to immediately notify the US Bank. Until the bank is notified, the County is liable for all purchases made. The cardholder's supervisor and the program manager must also be notified, as soon as possible, if a card is lost, stolen or damaged.

5.1.5.7 Non-Compliance

Failure to comply with the established policies and procedures will result in card privileges being revoked. Misuse or fraudulent use of the procurement card may result in formal disciplinary action, including discharge from County Service. Under no circumstances may procurement cards be used to purchase anything other than the items detailed in the respective department's procurement card policy.

5.2 Voyager (Fuel) Credit Cards

The purpose of the State "Voyager" Fuel Credit Card Program is to provide an alternative to County departments to fuel County vehicles and equipment at retail gasoline stations, if a County fueling site is not geographically or readily accessible. Currently, the County utilizes the State "Voyager" Fuel Credit Card Program, which was established by the California Department of General Services (DGS) through an agreement with U.S. Bank.

In 2018, the Board of Supervisors centralized oversight of this program to the Auditor-Controller. To view the Fuel Card Program Policy, please refer to the following website: <http://travel.auditor.lacounty.gov/voyager-card/>

CHAPTER 6 - PURCHASE METHODS

In most instances, the County uses the following methods of bid solicitations. Any deviations require the approval of the Purchasing Agent.

1. Telephone/Fax/Letter Bids - known as a "Quote."
2. Request for Quotation (RFQ) – also known as an "Informal Bid"; used for acquisitions under \$10,000.
3. Request for Bid (RFB) – also known as a "Formal Bid"; used for acquisitions over \$10,000. This is the preferred method of bidding.
4. Request for Proposal (RFP) – may be used for bidding of services or combination of services and supplies when evaluation criteria is based on factors other than cost.

Any bid solicitation for goods or services valued at more than \$10,000 shall be posted on the County bid web page.

6.1 Departmental Solicitations

Consistent with applicable provisions of the County Code and Purchasing rules, regulations and standards, the solicitation of bids for any purchase that exceeds a department's delegated purchasing authority is the sole responsibility of the Purchasing Agent. County departments are not authorized to conduct bids for the acquisition of equipment, services or supplies beyond their delegated purchasing authority.

The Purchasing Division is responsible to ensure that all legal and County requirements are met in any solicitation process. These requirements include, but are not limited to:

- A bidder's acceptance of the County's standard terms and conditions.
- A bidder's written agreement to comply with the initiatives and requirements of the Board of Supervisors.
- The security and confidentiality of bids maintained until the close of bid period.
- All bidders receive the same bid information upon which to bid.
- Bids over \$10,000 are posted on the County's website.
- Consideration of Preference Program Enterprises in the solicitation process.

Departments may solicit a written estimate from vendors for information and/or budgeting purposes, and attach the quote(s) to a properly completed requisition to be submitted to the ISD Purchasing Division as reference for the Purchasing and Contracts Analyst who will conduct the solicitation. However, there should be no expectation that any quotes submitted with a requisition will be used to issue a purchase order nor may a department commit or obligate the County to purchase from any single vendor.

6.2 Informal Bids (RFQ)

The County of Los Angeles may utilize the informal bid process, Request for Quotation (RFQ), for transactions under \$10,000. It is a less rigid form of the RFB and is designed to expedite smaller dollar purchases.

6.2.1 Key Elements of an RFQ

The RFQ is formatted in the same manner as the formal bid. All standard terms and conditions applicable to the formal bid are included in the informal bid. See policy on Formal Bids for details.

6.2.2 Difference Between Formal and Informal Bids

There are no public bid readings of the RFQ. Additionally, RFQs are not required to be posted on the County bid webpage.

6.2.3 Bidder Notifications

If prompted by the Purchasing Analyst, all registered vendors within the eCAPS Vendor Self-Service (VSS) System will be notified via system-generated electronic mail. Otherwise, the Purchasing Analyst shall notify a minimum of three (3) potential bidders/vendors.

6.3 Formal Bids (RFB)

The County of Los Angeles utilizes the formal bid process, Request for Bid (RFB), for non-agreement purchases exceeding \$10,000 and for all applicable agreement purchases*. The formal bid is the preferred method of bidding for materials, supplies, equipment, and some services. It is a sealed bid process, utilizing standardized bid lists, public reading, and total public disclosure of competition, awards and rejections. The formal bid is publicly posted and listed on the County bid webpage. Any vendor may receive a copy of the bid. The formal bid process promotes the highest level of public confidence in the integrity of the purchasing organization and its ability to treat all bidders fairly and to provide a level playing field for all participants.

*Exceptions: Sole source acquisitions, emergency purchases, and purchases made in accordance with the Simplified Acquisition Process, found in Section 14.2 of this manual,() are exempt from the formal bid process.

6.3.1 Key Elements of a RFB

The following are the key elements of a Request for Bid:

- Sealed bid process
- Public bid reading
- Standard terms and conditions (for bidding)
- Bidder's certification to comply with various Board-mandated policies, including but not limited to: Bidder's Attestation of Willingness to Consider GAIN Participants, Jury Service Program, Defaulted Tax, and Prohibition Against Use of Child Labor.
- Special Terms and Conditions, as deemed applicable
- Insurance Requirements
- Specifications and/or Statement of Work (SOW)

6.3.2 Bidder Notification

All vendors registered through the LA County WebVen system for the commodity code(s) being solicited will be notified via email that a solicitation is available for review and download from the LA County bid website at <http://camisvr.co.la.ca.us/lacobids/>. In addition, the RFB may be mailed to vendors by the Purchasing Agent in accordance with Section 14.3 "Bid List Standards and Criteria",

6.4 Request for Proposals

The Request for Proposal (RFP) process is primarily used when the County's requirements are defined, but the means or methods to meet the objectives cannot be clearly established. Typically, this occurs in cases where outside expertise in the area of services or technical solutions are necessary, and when factors other than price are considered in the award. The RFP process requires a contractor to prepare a written proposal that explains in detail how he/she plans to meet the County's requirement. Innovative ideas and techniques that the contractor feels may benefit the County may be included in the proposal.

Concurrently, the RFP process may also be applicable to the acquisition of commodities when the need for an evaluated technical performance, service or value added service component, or any related technical solution component exists.

An award made under the RFP process is based on a variety of evaluated factors, which may include: contractor references, business approach, technical superiority, overall cost effectiveness, etc. The evaluation criteria, designed to be objective and measurable, is set-forth in each RFP.

6.4.1 Essential Elements/Characteristics of an RFP

RFPs are usually reserved for large dollar value requirements. The process is complex and time consuming and is not feasible for smaller requirements.

RFPs contain the County's standard terms and conditions, including Board-mandated requirements, and the following:

- Requirements statement (or statement of work)
- Responsibility criteria
- Instructions regarding submission of RFP responses
- Evaluation criteria - Criteria on which the proposal will be evaluated including the weighting for each criteria. To avoid criticism for manipulating, favoritism, etc, the evaluation criteria should be clearly outlined in the RFP. For example, the evaluation criteria could be 40% for the solution to the County requirements, 35% for cost, 15% for experience, 10% for oral presentation. The Purchasing Agent uses an evaluation scoring system where the total points equal 10,000.

6.4.2 General Guidelines

A two-step process may be used to streamline the evaluation process and to minimize the high costs to potential suppliers to prepare a full-scale proposal. The first step in the process is to pre-qualify vendors based on specific criteria. The second step is to solicit proposals only from the qualified vendors.

A bidder's conference is normally held to allow the bidders to ask questions and clarify any ambiguities. The questions and answers are prepared as an amendment to the RFP and sent to all bidders.

Each RFP shall state the County's right to reject any or all bids and waive any irregularities or therein.

6.4.3 Proposal Evaluations

Characteristics of an effective RFP evaluation include, but are not limited to, the following:

- Uniform criteria and process established and set forth in solicitation document.
- Actual proposal evaluation considers Proposer's responsiveness to the Statement of Work, resources and capability to provide the required commodities, services, performance history, and cost.
- Evaluation criteria stated in solicitation document tracks and coincides with the information the Proposers are instructed to provide in their proposals.
- Evaluation committee is comprised of appropriate balance of subject matter experts and non- technical staff.
- Results in fair and comprehensive assessment of Proposer responses.

6.4.3.1 Developing the Evaluation Document

When developing an Evaluation Document, keep in mind that proposals can only be evaluated on what was requested in the RFP and what was submitted in the proposal. There must be consistency and complete disclosure between both the RFP and the Evaluation Document. To ensure the consistency between the two documents, the Evaluation Document is to be developed simultaneously with the RFP. If this is not possible, the Evaluation Document must be completed prior to receiving any proposals. This will eliminate the actual or perceived impression that an evaluation document was tailored for a specific proposal.

6.4.3.2 Elements of the Evaluation Documents

Common elements of the Evaluation Document include the following:

- Minimum Requirements (Pass/Fail) as identified in the Solicitation Document
- Proposer's Qualifications:
 - Length, Scope and Depth of Past Experience (Contractor & Staff)
 - Types of Skills Staff Must Possess
 - Financial Capability (Financial Statement Analysis, Dun & Bradstreet Reports, Credit Reports, 10K Report Review, etc.)
 - Licensing Requirements

- Technical/Management Approach to Providing Required Services - how will the Proposer provide the required commodities or services?
 - Project Methodology/Innovation
 - Compliance with specifications and/or performance outcomes
 - Suitability and appropriateness of how services will be provided or work will be performed
 - Quality control plans and methods
 - Error rates, testing capability, process controls
 - Use of technology
 - Equipment capabilities
 - Management reports
 - Implementation plans and timing
 - Ability to meet deadlines
 - Learning curves
 - Compliance with regulations
 - Alternatives (exceptions or recommended improvements)
 - Value added
- Project Schedule/Work Plan
- Personnel Considerations:
 - Desirable Staff Qualifications & Experience
 - Certification(s) Staff Must Possess & Maintain
 - Types of Training/Certifications Staff Must Possess
 - Personnel turnover
 - Availability and location of management and project staff
 - Proposer's Office Location/Contingency Planning
- Cost/Pricing
- Exceptions to Terms and Conditions
- Optional Oral Interview/Optional Site Visit (How will you evaluate?)

6.4.3.3 Other Considerations When Developing the Evaluation Document

Each criteria used shall be defined in the RFP with enough information for the proposer to understand what or how the award will be determined. Proper thought to these other considerations when developing the Evaluation Document can help ensure an appropriate point allocation and weighting to all evaluation factors and result in award that is in the best interest of the County.

- Evaluation Factors Point Allocation & Weighting
- Evaluation point structure and weighting
 - Recommend scale of 10,000 points
 - Cost should not be weighted according to acquisition (e.g., commodity v. service)

- Category and element weighting should reflect importance of those factors related to a Proposer's ability to meet the County's requirements
- Some categories such as references and financial capability analysis typically require an independent source to gather the information and report back to the committee so they can arrive at a score
- Informed Average scoring (through discussion and debate, and then by averaging the numerical ratings)

6.4.3.4 Evaluation Committee Member Selection

The Evaluation Committee should consist of 3-5 individuals with attention given to the subject matter expertise for the service being solicited. Members of the Evaluation Committee must not:

- Have been involved the development of the RFP;
- Have a pre-conceived opinion(s) about any of the Proposers, either favorable or unfavorable; and
- Have conflict of interest, either actual or perceived.

Subject Matter Experts, not involved in the development of the RFP, may also be used to assist with the review of technical issues of the RFP.

It is important to verify whether the Evaluators involved in the evaluation process do not have actual or perceived conflict of interest or bias. In order to determine whether there may be a conflict of interest or bias, the Analyst should inform the Evaluators of the companies that submitted proposals.

6.4.3.5 Evaluation Process (Typically Multiple Part Process)

Typically a multipart process, the evaluation process may include components such as:

- Pass/Fail - usually handled by the Purchasing Analyst prior to forwarding proposals to Evaluation Committee. Proposals that do not pass would not be sent to the Evaluators.
 - Adherence to submission deadline
 - Proposer has not been debarred by the County
 - Met minimum requirements as set forth in the Solicitation Document
- "No bid" items or those items that do not meet specification – Penalty or Disqualification
 - Identify methodology up-front whether or not "no bid" items or those items that are bid but do not meet the technical specifications will be acceptable to the user department.
 - Include language (as applicable) in the RFP document to notify vendors that "no bid" items or items that are bid but do not meet the technical specifications will be cause for rejection of their bid; or "no bid" items or items that are bid but do not

meet technical specifications will be cause for assessment of penalty/deduction of points in cost and/or performance factors in the evaluation.

- Committee Evaluation Process
 - Initial Orientation Meeting
 - Purchasing Analyst is a non-voting Committee Chairperson to facilitate and ensure the integrity of the evaluation process
 - Provide overview and general principles of the process, solicitation document, evaluation documents, target dates, time commitments, etc.
 - Review confidentiality requirements during and after evaluation process
 - Committee evaluation by members separately
- One or more full committee meetings of all members to discuss merits of proposals.
- Committee members may adjust their scoring after the meeting with sufficient narrative to explain the adjustment.
- If conducting site visits and/or oral interviews as part of the process, all committee members must be present at all events.
- Documentation to support evaluation
 - All notes, scoring documents, etc. from each committee member are to be collected by the Purchasing Analyst. The Analyst will total and average the final score of the committee, and prepare a single score sheet with signatures of all committee members.
 - All written notes, score sheets and other evaluation documents will be kept, and placed in the purchasing file by the Analyst.
 - Written documentation of reference checks and financial statement analysis to support rating in those categories
 - May use outside sources to gather information
 - Reference checks should not be done by evaluation committee members
 - Financial information can be reviewed by Auditor-Controller or other knowledgeable party
 - Technical staff can review proposal components if necessary and report findings to the committee for their evaluation and rating

6.5 Negotiated Agreements and Transactions

By policy, and as approved by the Board of Supervisors, the County recognizes three (3) negotiated processes for obtaining commodities. They are:

- Non-Exclusive Negotiated Agreements
- Negotiated Purchase Transactions
- Competitive Negotiations

6.5.1 Non-Exclusive Negotiated Agreements

It is the policy of the County to develop non-exclusive negotiated agreements whenever the County's best interest is served. These contracts enable the County to take advantage of unique opportunities to acquire supplies, materials, equipment and value-added services at a price substantially lower than through other procurement methods. These contracts offer mutual benefits to the County and the contractor and are often called partnerships.

These agreements are non-exclusive and competition is gained through access to multiple contracts for the same materials, services, and/or equipment.

The County is not obligated to make any purchases from any partnerships, nor is the County precluded from contracting with any other contractor for the same materials, services, and/or equipment when it is in the best interest of the County.

6.5.1.1 General Application within Purchasing

"Non-Exclusive Negotiated Agreements" are also referred to as "Master Agreements."

Master Agreements cover a broad range of products within a product category. They allow departments to obtain similar and related products from one source. Master agreements are in place for office supplies, personal computers, printing, janitorial, building materials, etc. However, master agreements may not be appropriate for purchases involving high volume/dollar acquisitions. If there is a significant purchase, competition is strongly encouraged based on the opportunity for greater discounts.

Master Agreements Have The Following Key Qualities:

- They are non-exclusive. Departments can order from elsewhere without violating the terms.
- To instill competition, agreements are awarded to multiple vendors.
- They cover a broad array of products within a commodity group (i.e. the janitorial master agreements covers everything from trash containers, mops, cleaning solutions, floor waxes, vacuum cleaners, etc.)
- Pricing and the level of services provided will vary from one vendor to another. Client department will use the vendor that best meets their requirements for prices, availability, service, etc.
- Depending on the commodity, next day deliveries are available. This quality is attractive to those departments that no longer have warehouses or looking into closing their warehouses.

6.5.1.2 Bidding Requirements

Master agreements are established by the Purchasing Agent. See Chapter 13 - Agreements, for additional information and guidelines.

6.5.2 Negotiated Purchase Transactions

Negotiations should always be conducted when a purchase such as a sole source, emergency, or other non-competitive purchase is made so as to ensure that the best possible prices and terms and conditions are extended to the County.

Negotiated transactions over \$5,000.00 (purchase orders and agreements established without the benefit of a competitive bid process) must be approved by the Purchasing Agent and reported to the Board of Supervisors on a monthly basis. The Purchasing Agent will use the ***Negotiated Purchase Documentation form*** (Section 19.2) to document and justify the negotiated transaction.

6.5.3 Competitive Negotiations

The use of negotiations is a well-established practice in public procurement among all levels of government. Properly used negotiation techniques contribute to a best value solution while supporting the County's desire for a cost conscious government. Competitive negotiations provide greater flexibility than the traditional sealed bid methods, allowing the County to make an award using other factors in addition to price. Competitive negotiations are an integral part of a solicitation process known as a "Request for Proposal (RFP)" where awards are based on criteria in addition to cost. For greater detail about the RFP process, see Section 6.4 Request for Proposals.

In a competitive negotiation method of procurement, respondents are required to prepare a written proposal that explains in detail how they plan to meet the County's requirements. The variances in the proposed approaches for meeting the County's requirements along with the pricing differences lends these types of proposals to negotiations with the individual proposers prior to making a final selection of a proposal that is a 'best value', though not necessarily the lowest cost, to the County.

6.6 Prior Bid ("Piggyback") Purchases

When in the best interest of the County and an existing purchase order or agreement exists that will meet the needs of the requesting department, the County may negotiate with the supplier to provide the same item(s) at the same price(s) without need for a competitive process (i.e. "Piggyback request"). All terms and conditions of original purchase must remain the same for the negotiated purchase. "Piggyback" purchases are reported to the Board of Supervisors on a monthly basis.

6.7 Sole Source Purchases

Generally, the County solicits the maximum number of bids/proposals for a commodity or service from the largest relevant market and selects vendors on a competitive basis via various purchasing methods. Certain acquisitions, however, when determined to be in the best interest of the County based on regulatory, qualified, measurable or quantifiable criteria, may be obtained from a sole source. Sole source purchases can be awarded without bidding when the item can be obtained from only one source, and the item does not economically lend itself to substitution.

In all cases, sole source acquisitions must be justified in sufficient detail to explain the basis for suspending the competitive procurement process.

6.7.1 Approval and Reporting

Any sole source purchase over \$5,000 must be approved by the Purchasing Agent and reported to the Board of Supervisors on a monthly basis. Sole source purchases under \$5,000 may be processed directly by the individual County department under their delegated purchasing authority.

6.7.2 Commodities General Considerations

When requesting the sole source of a commodity purchase, the Department must demonstrate that the commodity:

- Is available from only one source (e.g., proprietary to a manufacturer, distributor, and/or reseller, etc.)
- Is the only brand that meets the qualifications or specifications of the requisitioning department
- Is a brand that must match or inter-member with an existing system, and cannot be substituted without replacing the system, resulting in significant costs to the County
- If purchased, will avoid other costs (e.g., data conversion, training, purchase of additional hardware, etc.)

6.7.3 Sole Source Services

General considerations for justifying sole source services are more complicated than for commodities. The following factors are used to justify sole source services.

1. No other vendor offers a service or employs personnel meeting the minimum requirements.
2. The department's required timeframe for project completion is critical and cannot be exceeded without extreme hardship.

3. The cost to continue with the same service provider is less than the cost for any other vendor due to the time necessary to get “up to speed” (learning curve) with the project.
4. A unique and proprietary solution has been offered which is determined to be in the best interest of the County.

The Purchasing Agent designee must follow the guidelines under ***Checklist for Sole Source Service Requisitions*** (see Section 19.3) before processing service-related requisitions.

6.7.3 Justification

For all sole source acquisitions, departments must submit adequate documentation with their requisition, explaining the basis for a sole source purchase. Inadequate information may result in the automatic processing of a competitive bid solicitation.

Departments must provide ISD Purchasing with a **sole source justification checklist** (see Section 19.4), which includes detailed responses to the following questions/statements:

1. Describe in detail the product/service that is being requested.
2. Explain why the product/service is needed and how it will be used?
3. Is this brand of product or service the only one that meets the user’s requirements? If **yes**, explain what is unique about this product/service? If **no**, explain why other products/vendors were not considered.
4. Have other products/vendors been considered? If **yes**, which products/vendors were considered and how did they fail to meet the user’s requirements?
5. Will purchase of this product/service avoid costs, e.g. data conversion, training, purchase of additional hardware, etc.?
6. Is the product/service proprietary or is it available from various dealers/providers? Provide verification.
7. Reasonableness of Price: Does the County obtain a special discount or pricing not available to the private sector? How does County pricing compare with other governmental entities?
8. What is the dollar value of existing equipment, software, and/or service? Provide the Purchase Order Number for existing equipment, software, and/or service. (Applicable to sole sources based on match and inter-member requirement, i.e. maintenance of proprietary computer software or purchase of a part/component designed for a specific piece of equipment).

6.7.5 Pricing

The Purchasing Agent shall negotiate with vendor/contractor for lower prices.

6.7.6 Department Authority to Approve Sole Source Purchases

Departments with delegated authority up to \$15,000 are not authorized to process sole source purchases for more than \$5,000. Departments must submit a requisition to the Purchasing Agent for processing and reporting to the Board of Supervisors.

Sole source purchases under \$5,000 may be processed by the department without Purchasing Agent involvement. The sole source purchase must be approved by a departmental manager at the level of Materials Manager or higher. Department shall maintain sole source documentation in the event of an audit by County or other authority.

6.8 Retroactive Purchases

With limited exception, a properly executed Purchase Order must be in place prior to a department ordering or receiving goods or services. The Purchasing Agent will not process retroactive purchase orders in cases of unauthorized purchases made by any department.

An unauthorized purchase occurs when any department authorizes, negotiates or otherwise commits the County to do business with a specific vendor(s) to provide equipment, supplies or services that are above the delegated purchasing authority of the department, and without the prior knowledge, involvement and approval of the Purchasing Agent.

The only acceptable justification and exception for the Purchasing Agent to process a retroactive purchase order is in the event of a bonafide emergency (defined herein), provided that the department adheres to the emergency guidelines outlined in Section 6.7 below.

Should a department conduct an unauthorized purchase beyond their delegated authority, the department may request the Purchasing Agent to review and approve the retroactive purchase by submitting a justification memo from the department's Administrative Deputy to explain the situation and provide corrective action to prevent further retroactive purchases. If an unauthorized confirming retroactive purchase order is not approved by the Purchasing Agent, the vendor may be denied payment for the work and maybe advised to file a claim with the Executive Office-Board of Supervisors.

All approved retroactive purchase orders are reported by the Purchasing Agent to the Board of Supervisors on a monthly basis.

6.9 Emergency Purchases

An "emergency" is defined as a sudden, unexpected occurrence or set of circumstances demanding action in order to maintain essential or critical services and/or to protect public health and immediate safety. In general terms, emergency equipment or services are only authorized to repair or address the immediate need.

The Purchasing Agent will provide top priority processing to all emergencies especially when it involves, health and safety, potential damage to County buildings or interruption of vital County services.

6.9.1 Emergencies During ISD Purchasing's Regular Operating Hours

If an emergency occurs during ISD Purchasing's regular operating hours and the department has an immediate need to procure goods and/or services in order to address such emergency, the following guidelines shall apply:

1. Department shall call or email to alert the Purchasing Agent of the urgent purchase order request. Departments requiring the immediate or same day purchase of goods or services shall prepare a requisition and justification and forward to the Purchasing Agent, if the purchase exceeds their delegated authority.
2. The Purchasing Agent will review the request and, if acceptable, will process within the timeframe required by the department.
3. If sufficient time does not permit for the submittal of a requisition, the Department may provide a written justification* of the emergency and vendor quotation to the Purchasing Agent to request pre-approval to proceed with the immediate purchase. If pre-approval is granted, the Department must submit the requisition, formal justification, vendor quotation, and pre-approval notice to ISD Purchasing immediately thereafter, so that the proper purchase order may be issued and provided to the vendor.

*Written justification shall include:

- Explanation/details of the emergency purchase and consequences if not immediately addressed
- Evidence of any competitive quotes or address reasonableness of price
- Signature authorization and approval by a Division Chief Level or higher authority.

6.9.2 Emergencies on Fridays (ISD Purchasing regular day off)

Department may contact the ISD Departmental Operations Center (DOC). The officer on duty will arrange to handle the situation. The telephone number for the DOC is (323) 267-2321.

6.9.3 Emergencies During Off-Hours, Weekends, Holidays, etc.

In a bonafide emergency, departments may take immediate measures to purchase the items or services required (without bidding if circumstances dictate or when availability is limited) and report the transaction to ISD Purchasing during the next regular business day. The department is ultimately responsible for justifying any purchase of goods or services acquired in these situations.

The emergency purchase must be approved by a departmental manager at the level of Materials Manager or higher. Department shall maintain adequate documentation of the emergency in the event of an audit by County or other authority.

CHAPTER 7 - PURCHASE OF ENVIRONMENTALLY PREFERABLE PRODUCTS (GREEN PURCHASING)

Los Angeles County is a very large consumer of goods and services and the purchasing decisions of our employees and contractors can positively or negatively affect the environment. By including environmental considerations in our procurement decisions, along with our traditional concerns with price, performance and availability, we will remain fiscally responsible while promoting practices that improve public health and safety, reduce pollution, and conserve natural resources. The purpose of this document is to establish the framework for establishing an environmentally based purchasing program for Los Angeles County.

On January 16, 2007, the Board of Supervisors adopted a Countywide Policy instructing that all County departments to implement the County's Energy and Environmental Programs for energy conservation and environmental stewardship (See Board of Supervisors Policy No. 3.045, Countywide Environmental Sustainability Policy, eff. 12/19/06). To implement the County's "green" initiatives, County departments will be tasked to:

- Institute practices that reduce waste by increasing product efficiency and effectiveness;
- Purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety to the greatest extent practicable; and, to
- Purchase products that include recycled content, are durable and long-lasting, conserve energy and water, use agricultural fibers and residues, reduce greenhouse gas emissions, use unbleached or chlorine free manufacturing processes, and use wood from sustainable harvested forests.

To meet the Board's policy objectives, we must develop and implement procedures for the procurement of environmentally preferable (or "green") and energy efficient products and services.

Purchasing objectives will include acquisitions that:

- Conserve natural resources;
- Minimize environmental impacts such as pollution and use of water and energy;
- Eliminate or reduce toxics that create hazards to workers and our community;
- Support strong recycling markets;

- Reduce materials that are put into landfills;
- Increase the use and availability of environmentally preferable products that protect the environment;
- Encourage manufacturers and vendors to reduce environmental impacts in their production and distribution systems; and
- Create a model for successfully purchasing environmentally preferable products that encourages other purchasers in our community to adopt similar goals.

In coordination with the County's Environment and Energy Team, ISD's Purchasing Division will have overall responsibility for this program. This will include establishing appropriate standards for green purchasing, assessing cost effectiveness and making recommendations related to acquisition strategies and maintaining data and issuing reports related to the County's progress in environmental purchasing. These areas are further detailed in the below procedures.

7.1 Defining "Environmentally Preferable Products"

All products for which the United States Environmental Protection Agency (U.S. EPA) has established minimum recycled content standard guidelines, such as those for printing paper, office paper, janitorial supplies, construction, landscaping, miscellaneous, and non-paper office products, shall contain the highest post-consumer content practicable, but no less than the minimum recycled content standards established by the U.S. EPA Guidelines.

In general, environmentally preferable products and services are those that would have a reduced effect on human health and the environment when compared with competing products and services. More specifically, this comparison would include consideration of all phases of the product's life cycle, including raw materials acquisition, production, manufacturing, packaging, distribution, operation, maintenance and disposal, including potential for reuse or ability to be recycled.

In practice, the objective is to purchase products that have reduced environmental impact because of the way they are made, used, transported, stored, packaged and disposed of. It means looking for products that do not harm human health, are less polluting and that minimize waste, maximize use of bio-based or recycled materials, conserve energy and water, and reduce the consumption or disposal of hazardous materials. When determining whether a product is environmentally preferable, the following standards should be considered:

Biobased	Made from renewable materials
Biodegradable	Compostable
Carcinogen-free	Low toxicity
Bioaccumulative toxic (PBT)-free	Recycled content, Reusable
Chlorofluorocarbon (CFC)-free	Reduced packaging, Refurbished

Heavy metal free (i.e., no lead, mercury, cadmium)	Reduced greenhouse gas emissions
Low volatile organic compound (VOC) content	Energy, Resource and Water efficient

7.2 County Purchasing Agent Responsibilities – General

In coordination with the County's Environment and Energy Team, ISD Purchasing Division will be responsible for:

- Working with other governmental purchasing groups and agencies, such as U.S. Communities, NACO and CSAC to determine appropriate standards for green purchasing.
- Assigning central purchasing staff to evaluate various green products and to provide guidance and assistance to County departments.
- Developing and implementing a 5-year plan to phase in various categories of purchased goods under the green program umbrella. Relatively easy to implement items (e.g., paper, cleaning supplies, etc.) will be implemented very early in the program.
- Heading up teams to evaluate various types of products where the cost differential is great and/or the products are not considered good substitutes.
- Assessing and making recommendations on the use of price preferences.
- Maintaining data and issuing reports related to the County's progress in environmental purchasing.
- Establishing central purchasing agreements with a catalogue of environmentally friendly and energy efficient products and to modify our existing agreement databases for the easy identification of green products.

In establishing countywide commodity agreements, the County's Purchasing Agent will specify the requirement for environmentally preferable products where applicable, and will evaluate product alternatives where appropriate. This evaluation would include: consideration of total costs expected during the time a product is owned, including, but not limited to, acquisition, extended warranties, operation, supplies, maintenance, disposal costs and expected lifetime of a product(s) as compared to other alternatives.

In the evaluation and/or award process, the Purchasing Agent shall ensure the following:

- Products that are durable, long lasting, reusable or refillable will be preferred whenever feasible.
- Wherever possible, suppliers of electronic equipment, including but not limited to computers, monitors, printers, and copiers, shall be requested to take back equipment for reuse or environmentally safe recycling when the County discards or replaces such equipment; and

- All suppliers shall be required, where applicable, to use and recycle packaging material used for product delivery.

7.3 County Department Responsibilities – General

Under the delegated authority of the County Purchasing Agent, departmental buyers are responsible to evaluate short-term and long-term costs in comparing product alternatives. Through Purchasing Agent agreements, Departments shall be required to:

1. Purchase only recycled-content bond paper in accordance with the Board of Supervisors instructions of September 7, 1999 instructions to all Departments.
2. Purchase energy efficient products in order to conserve electrical power, reduce peak power consumption, lower energy costs, provide market leadership and support energy- efficient purchasing by County government.
3. Review and use “green” product alternatives in County and other authorized government agreements provided on-line at: <http://www.gogreencommunities.org/>

7.4 Environmentally Preferable Products

County shall purchase remanufactured, energy-efficient equipment, recycled content, water-saving, or other viable “green” product or equipment when feasible.

7.4.1 Remanufactured Products

The County shall purchase remanufactured products such as laser toner cartridges, furniture, and equipment whenever practicable, but without reducing safety, quality or effectiveness.

7.4.2 Energy and Water Conserving Equipment

Where applicable, energy-efficient equipment shall be purchased with the most up-to-date energy efficiency functions. This includes, but is not limited to, high efficiency space heating systems and high efficiency space cooling equipment.

When practicable, the County shall replace inefficient lighting with energy efficient equipment.

7.4.3 Energy Star®

Energy Star is a labeling program derived from a partnership between the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE). All products displaying the Energy Star label meet Federal Energy Management Program (FEMP) standards. Typically, this means that labeled products are in the top 25 percent of all similar products when ranked by energy efficiency, and use 25 to 50 percent less energy than their traditional counterparts.

For energy consuming products where there are no FEMP recommended criteria or Energy Star label, departments must consider the purchase products that conserve electrical power and/or natural gas to the maximum extent possible, based on minimum life-cycle costs.

7.4.3.1 Solicitation for Equipment or Products

Wherever practicable, when equipment or product purchases where FEMP recommended standards or Energy Star labeled products are available, County departments and agencies are expected to include an Energy-efficiency requirement component to their solicitation to purchase those products that meet the recommended standards. Examples of these products include computers, monitors, printers, photocopiers and facsimile machines.

7.4.3.2 Sample Solicitation Language

“Notice to Bidder: In line with the County policy for the procurement of energy-efficient equipment and products, preference will be given to those products that meet the Federal Energy Management Program (FEMP) standards or possess an Energy Star® label.”

7.4.3.3 Cost Analysis

Even where energy-efficient products have a higher purchase price than their less efficient counterparts, these products usually save money because they use less energy, often have a longer life, and typically incur less maintenance cost.

These savings, such as from lower energy bills, are achieved throughout the entire lifetime of the product. Thus, when deciding how much money an Energy Star labeled product will save, it is necessary to consider both initial cost (the purchase price) and the costs that will be incurred throughout the life of the product (such as energy and maintenance costs). This is known as Life Cycle Cost.

A listing of Energy Star approved products, as well as the formula for determining energy cost savings is available through the following Internet addresses:

Energy Star certified products can be found on the following website:

<https://www.energystar.gov/products/certified-products/detail/set>

Calculators for energy efficient products can be found on the following website:

<https://www.energy.gov/eere/femp/energy-and-cost-savings-calculators-energy-efficient-products>

7.4.3.4 Benefits

The benefits of purchasing Energy Star labeled and FEMP recommended products include:

- Reduced energy costs without compromising quality or performance
- Significant return on investment
- Extended product life and decreased maintenance

Products purchased by the County, and for which the U. S. EPA Energy Star certification is available shall meet Energy Star certification, when practicable. When Energy Star labels are not available, energy efficient products shall be purchased that are in the upper 25% of energy efficiency as designated by the Federal Energy Management Program.

The County shall purchase water-saving products whenever practicable.

7.4.4 Landscaping

Workers and contractors providing landscaping services for the County shall be encouraged to employ sustainable landscape management practices whenever possible, including, but not limited to, integrated pest management, grass-cycling, drip irrigation, composting, and procurement and use of mulch and compost that give preference to those produced from regionally generated plant debris and/or food waste programs.

Plants should be selected to minimize waste by choosing species that are appropriate to the microclimate species that can grow to their natural size in the space allotted them and perennials rather than annuals for color. Native and drought-tolerant plants that require no or minimal watering once established are preferred.

Hardscapes and landscape structures constructed of recycled content materials are encouraged.

7.4.5 Toxins and Pollutants

To the extent practicable, no cleaning or disinfecting products (i.e. for janitorial use) shall contain ingredients that are carcinogens, mutagens, or teratogens. These include chemicals listed by the U.S. EPA or the National Institute for Occupational Safety and Health on the Toxics Release Inventory and those listed under Proposition 65 by the California Office of Environmental Health Hazard Assessment.

When maintaining buildings, the County shall use the lowest amount of VOCs (volatile organic compounds), highest recycled content, and low or no formaldehyde when purchasing materials such as paint, carpeting, adhesives, furniture and casework.

The County shall reduce or eliminate its use of products that contribute to the formation of dioxins and furans. This includes, but is not limited to:

- Purchasing paper, paper products, and janitorial paper products that are unbleached or that are processed without chlorine or chlorine derivatives, whenever possible.
- Eliminating the purchase of products that use polyvinyl chloride (PVC) such as, but not limited to, office binders, furniture and flooring, whenever practicable.

7.4.6 Agricultural Bio-Based Products

Paper, paper products and construction products made from non-wood, plant-based contents such as agricultural crops and residues are encouraged whenever practicable.

7.4.7 Expanded Polystyrene (Styrofoam) Food and Beverage Containers

The properties of Expanded Polystyrene (EPS) make it an inexpensive and effective material for product packaging and food/beverage containers. As a result, 56,000 tons of EPS products (primarily product packaging and food containers), equivalent in volume to over eight Empire State Buildings, enter the marketplace in California annually, with the overwhelming majority either disposed or littered. Once littered, EPS food and beverage containers are easily blown into the County's storm drain system. Their lightweight characteristic enables them to be readily carried downstream into waterways, negatively impacting the environment and wildlife. They also end up entangled in brush, tossed along freeways, and washed up on County beaches. Because EPS crumbles and is often difficult to collect, it is a greater eyesore and nuisance than other littered materials. This littering also impacts recreational areas and the quality of life for residents in Los Angeles County.

Based on the negative impact on the environment, and the significant costs to government associated with prevention, clean-up and enforcement, it is imperative that all County departments implement measures to restrict and/or prohibit the purchase and use of expanded polystyrene (EPS) food containers at all County-owned facilities, County offices, County-managed concessions, and County-permitted and sponsored events.

To this end, County departments are expected to consider and use non-EPS products in their purchasing activities, with emphasis on the following hierarchy for procurement of alternative products:

- Reusable and durable goods
- Biodegradable single-use products, including paper-based single-use products with no petroleum coating
- Recyclable single-use products
- Other non-EPS products

7.5 Balancing Environmentally Considerations with Performance, Availability and Financial Cost

Los Angeles County is committed to procuring environmentally preferable goods and services whenever they meet performance standards and requirements of the County at a competitive cost. Nothing in this policy shall be construed as requiring a purchaser or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price or in a reasonable period of time.

However, when comparing product costs, the County does not focus exclusively on the quoted vendor pricing but also the costs over the life of the product, which includes the initial cost along with maintenance, operating, insurance, disposal, recycle or replacement, and potential liability costs. Examining life cycle costs will save money by ensuring we are quantifying the total cost of ownership before making purchasing decisions.

7.5.1 End-of-Life and Lifecycle Impacts

Numerous studies have confirmed that the end-of-life management of foodservice containers affects their overall lifecycle impact on the environment. Therefore, it is important to take into consideration the ultimate end-of-life management of a product prior to purchase.

Specifically, alternative products may be reusable, compostable, or recyclable. If none of those three apply, the products will most likely end up disposed. When making purchases, the County will confirm whether infrastructure is in place or could be readily implemented to provide the capability to reuse, compost or recycle the products once purchased. For example, reusable food service ware requires dish washing capability and may require additional storage space, while compostable food service ware may require separate collection containers and a contract for the collection and processing of the materials. The County will, to the maximum extent feasible, utilize the appropriate end-of-life management for the products being purchased in order to minimize the lifecycle environmental impacts of products.

7.6 Conservation and Waste Reduction

Wherever practicable and cost-effective, departments are responsible to institute practices that reduce waste and result in the purchase of fewer products without reducing safety or workplace quality.

Examples would include:

- Using electronic communication instead of printed,
- Using double-sided photocopying and printing,
- Using washable and reusable dishes and utensils,
- Using rechargeable batteries,

- Streamlining and computerizing forms,
- Using “on-demand” printing of documents and reports as they are needed,
- Leasing long-life products when service agreements support maintenance and repair rather than new purchases,
- Choosing durable products rather than disposable,
- Buying in bulk, when storage and operations exist to support it,
- Re-using products such as, but not limited to, file folders, storage boxes, office supplies, and furnishings.

Departmental Responsibilities

Every County department is responsible to ensure that their respective employees, contractors, and vendors are fully aware and supportive of the County’s initiative to purchase environmentally preferable goods and services. To this end, departments are responsible to exercise due diligence in their procurement decisions as well procurements made by their contractors and consultants, promoting the purchase and use environmentally preferable products whenever cost effective, and to the extent practicable for all work completed on behalf of Los Angeles County.

CHAPTER 8 - PURCHASES FROM COOPERATIVE CONTRACTS

Departments may make recommendations to the Purchasing Agent for multiple award schedules or cooperative agreements that would be beneficial to the County. After determination that entering into the cooperative would be in the best interest of the County, the Purchasing Agent will conduct negotiations for participation in the applicable cooperative contract. Upon successful negotiation of all terms and conditions, the department’s request will be processed based on the cooperative agreement.

8.1 Types of Cooperative Contracts

Cooperative procurement has become a well-established practice in the past decade with increasing representation and participation by public entities. When seeking the best value for the County of Los Angeles by optimizing pricing, transaction costs, and processing time, the County may determine that the strategic use of a cooperative agreement is in the County’s best interest.

There are numerous national and regional cooperative programs from which to choose for meeting the County’s needs. However, before participation, the County must determine that prices are fair, reasonable and competitive.

Some commonly used County sources for cooperatives include State sanctioned multiple award schedules, such as CMAS (California Multiple Award Schedules), and LPAs (Leveraged Procurement Agreements). When an agreement established by the State of California governmental entity; or, other governmental/cooperative agency, covers a variety of commodities and services at prices that have been assessed to be in the County's best interest, the Purchasing Agent or other County designee may, without having to solicit the requirement, request a copy of the cooperative contract from the contractor of choice or cooperative agency, select the products and services to be ordered, and send the purchase order directly to the contractor or cooperative agreement contract "Lead".

8.2 Multiple Award Contract

A multiple award is a contract that is awarded to multiple contractors (two or more) for the same and/or similar products and services. The State of California's CMAS contracts are based primarily on existing multiple award schedules with the Federal General Services Administration (GSA), but not exclusively. Some schedules are entered into through participation in other existing cooperative agreements competitively bid and awarded by governmental agencies or non-profit groups such as U.S. Communities, National Association of State Procurement Officers (NASPO), etc.

8.3 Assembly Bill 1727 and CMAS

The State of California approved the use of the CMAS program by local governments (i.e., City, County, District). However, use of the CMAS program is at the discretion of each local agency making its own determination whether the CMAS program is consistent with their procurement policies and regulations. The State does not impose monetary limitations on CMAS purchases.

8.4 General Procedures

When a department desires to purchase products or services via a cooperative agreement, the department should:

1. Identify the contractor(s) offering the products or services desired. (NOTE: If a CMAS contractor, the entire list of approved CMAS contracts (mentioned in section 8.2), as well as the product description index can be viewed or downloaded from the CMAS website, www.dgs.ca.gov/pd/programs/leveraged/cmas.aspx.)
2. Obtain a complete contract, which consists of (1) Contract cover pages, (2) Contract Terms and Conditions, (3) Federal GSA or other Vendor Contract Terms and Conditions, as applicable, and (4) Products and Services Price List. Note: It is at the option of the contractor to extend the cooperative contract to local governments.
3. Identify and Price out the item(s) requested. Pricing should be reasonable, fair, and competitive. Review all terms and conditions, as well as the solicitation process, for acceptability.

4. Forward copies of all documentation and requested purchase details (i.e. description of products, quantities, etc.) to the Purchasing Agent for review. The Purchasing Agent will review the documentation, perform price benchmarking, as necessary, review terms and conditions, and determine if use of the cooperative contract is in the best interest of the County.

8.4.1 Restrictions and Requirements

County departments are authorized to purchase items from cooperative contracts approved by the Purchasing Agent, up to \$5,000. Departments must exercise due diligence and maintain documentation to support the use of the cooperative contract, including but not limited to, review of terms and conditions and price benchmarking. Any purchase that exceeds \$5,000 shall be reviewed and processed by the Purchasing Agent in accordance with County purchasing standards.

The use of cooperative contracts does not reduce or relieve the department of its responsibility to meet County requirements, guidelines, procedures or policies regarding contracts or procurements (i.e., Child Support, GAIN, Affirmative Action, Insurance, etc.).

8.5 Processing Purchase Orders for CMAS Contract or other cooperative Purchases

If a CMAS contract is used, the department should send the purchase order to the CMAS Contractor and copy to the State of California at the following address:

Department of General Services
Procurement Division-CMAS Unit
P.O. Box 989052, MS #2-2020
707 Third Street, 2nd floor
West Sacramento, CA 95605-2811
Facsimile Number: (916) 375-4663

The purchase order shall annotate the CMAS contract number as the source of quotation. Do not combine multiple orders from different contracts on the same purchase order.

Purchase orders for all other cooperatives shall be sent to the contract vendor or as instructed by the terms of the cooperative contract used.

8.6 Processing Fee

County departments should be aware that cooperative agreements may include a requirement for payment of an administrative fee. Fees generally range from 1-2% of the purchase total and are paid to either the vendor or the cooperative administrator. Fees should be included in the

price analysis when determining if prices are fair and reasonable. Fee information must be defined before finalizing the use of the applicable cooperative.

CHAPTER 9 - PUBLIC WORKS

The Purchasing Agent's authority for public works contracting is \$10,000 (materials and labor) with a maximum of \$6,500 for labor (Public Contract Code 20131). Competitive bidding as defined by the Public Contract Code is not required.

9.1 Definition

Public Works is the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.

9.2 Competitive Bidding

Although it is the policy of the Purchasing Agent to purchase by a competitive bid process, it is not "competitive bidding" as defined in the Public Contract Code. Therefore, ISD's bid process does not satisfy the Public Contract Code requirements. Competitive bidding as prescribed by the Public Contract Code includes the preparation of detailed plans and specifications by the Public Works Department or by an Architect/Engineer, advertising for bids by the Board of Supervisors in a newspaper of general circulation, award by the Board of Supervisors on recommendation of the department, and many other requirements.

The Purchasing Agent, for the most part, works from less formal specifications, mails bids to and accepts offers from a selected list of possible bidders and makes awards without ratification by any other County authority.

CHAPTER 10 - PROPOSITION "A" CONTRACTS

Board approval of Proposition "A" contracts are normally processed and submitted for approval by the respective departments.

Proposition "A" contracts, more commonly known as Prop. "A", are contracts for services that can be performed more economically by outside contractors than by County employees (e.g. janitorial services, food services, security services, etc.). The authority for Proposition "A" contracting is contained within the Los Angeles County Code Chapter 2.121 (Contracting with Private Businesses).

10.1 Proposition “A” Contract Awards

Proposition “A” contracts under \$25,000 can be awarded by the Department Head. Proposition “A” contracts \$25,000 or greater are awarded by the Board of Supervisors.

10.2 Mandatory Requirements

No contract may be awarded unless all of the following requirements are met:

1. The services to be contracted can be performed more economically by an independent contractor.
2. The County’s ability to respond to emergencies will not be impaired.
3. The award of the contract will not result in the unauthorized disclosure of confidential information.
4. Alternative resources are available so that the services can be obtained from another source, in the event of default by the contractor.
5. The award of the contract will not infringe upon the proper role of the County in its relation to its citizens.
6. The award of the contract, if financed in whole or in part by federal or state funds will be in full compliance with all applicable federal and state regulations.

10.3 Basic Elements of Prop. “A” Contracting

Proposition “A” contracts should possess the following elements:

A. Living Wage Requirements Contract Term

1. Maximum of 5 years.
2. Maximum 6 months extension.

B. Solicitation and Evaluation

1. Solicitation document is a Request for Proposal (RFP), which allows for consideration of factors other than just cost (e.g. experience, financial stability, proposed solution, etc.)
2. Department should use a two-step evaluation process. Step 1, is a pass/fail pre-qualification to determine if the submitted proposal is responsive and responsible. Step 2, is the formal evaluation of the proposals in accordance with the evaluation criteria stated in the RFP.

C. Statement of Work

1. What work does the County want performed?
2. What results does the County want to achieve?

D. Performance Requirements

1. What level of performance is expected of the contractor?
2. What are penalties (monetary deductions) for unacceptable performance?

E. Legal and County requirements – include but not limited to the following:

1. Cancellation Provisions
2. Child Support Program
3. Discrimination Clauses
4. Insurance Requirements
5. Living Wage Requirements
6. Subcontracting Regulations

CHAPTER 11 - SERVICES

Pursuant to Government Code section 25502.5, the Purchasing Agent may solicit competitive bids and contract for services on behalf of County departments up to an annual statutory limitation of \$100,000.

Note: Under no circumstances do County departments have independent authority to contract for services above their delegated purchasing authority.

Cross Reference(s):

Departmental Authority

Proposition “A” Contracts

11.1 Applicability of the \$100,000 Annual Limitation

The Purchasing Agent’s service authority is limited to \$100,000. This monetary limitation is applicable per project on an annual basis. The key is that each project (services being requested) must be a distinct and different project. A project associated with multiple phases or additional work beyond the original scope of work that would exceed the annual dollar limitation in any given year would not qualify as “distinct and different.”

In any event, aggregate service purchase orders to any one vendor for a project or similar type services cannot exceed the \$100,000 annual threshold.

Service requirements that are projected to exceed this threshold must be processed for Board approval as a service contract by the respective County department(s).

11.2 Exclusions and Restrictions from Processing by the Purchasing Agent

Based on the nature and/or statutory authority levels required, the following service-related acquisitions are excluded from processing by the Purchasing Agent, and must be processed by the applicable County department(s) for Board approval:

- Proposition “A” contracts or services that meet the Proposition “A” criteria
- Multi-year sole source agreements
- Personal services agreements for medical or health related patient care services
- Social Service contracts that require department-specific monitoring efforts or measurable outcomes must remain with the respective department.
- Contracts that require monitoring efforts

11.3 Other Exceptions and Restrictions

Pursuant to Government Code section 25501 et seq., the Purchasing Agent has unlimited authority to purchase commodities. When services are bundled with a purchase of equipment (e.g., installation, training, maintenance, etc.) regardless of the cost, a Board contract is not required when the service component is less than or equal to 30% of the total cost, including all freight costs and taxes. This is deemed to be a “Commodity-driven” purchase.

The \$100,000 sundry service limitation of Government Code Section 25502.5 is not applicable to purchase orders issued by the Purchasing Agent to provide for payment of training. See Training Policy in section 4.3.8 and 14.1.3 for specific guidelines related to training services.

11.4 Consulting Services

Bids may be solicited by Purchasing Agent when formal bidding guidelines are followed. When evaluating the bids, in addition to cost, the bidders’ qualifications, experience, and other factors may be considered.

11.5 Personal Services

An independent contractor-client relationship must be maintained at all times. Department shall refrain from entering into contracts with employee/employer relationships.

11.6 Mandatory Requirements

Prior to requesting a purchase order for a service-related acquisition, the requisitioning department must document that all of the following conditions exist:

1. The service cannot be performed adequately, competently or satisfactorily by a County employee and that it is impossible to recruit such personnel to perform the service for the period of time the service is needed by the County;
2. The service is of an extraordinary professional or technical nature and is needed on a temporary, short-term, one-time, part-time or intermittent basis; or for multi-year

agreements, the service must be solicited, would not exceed the \$100,000 annual limit during the course of the agreement, and would be biddable at the end of the agreement cycle period (e.g., the County's standard three year agreement, with two, one year options to extend).

3. The service being requested is not part of an ongoing project or any portion or phase of a project that will or has already exceeded the \$100,000 annual threshold when completed; and
4. The service is not part of a project or any portion or phase of a project that is related to an existing or expired Board contract.
5. The department must complete and submit the ***Checklist for Service Requisitions*** (see section 19.5) with their requisition for processing before a purchase order agreement can be considered.

11.7 Statement of Work

The requisitioning County department is responsible for preparing and submitting a detailed Statement of Work (SOW) to the Purchasing Agent for solicitation and award of a service-related acquisition. The SOW is a critical document that identifies the specific scope, requirements and project deliverables to be accomplished under the agreement by the service contractor.

In preparing a SOW, County departments should use the County's **SOW checklist and template** as a reference (see section 19.6). Contact the Purchasing Agent for the latest version of the model contract template.

CHAPTER 12 - PURCHASE OF FIXED ASSETS IN EXCESS OF \$250,000 (PER UNIT)

Pursuant to Board policy adopted and effective October 16, 2001, County departments must obtain Board approval to purchase or finance any equipment with a unit cost, or a fixed asset system with an aggregate total cost, of \$250,000 or greater (inclusive of taxes, freight, and installation) prior to submitting a requisition to the Purchasing Agent to process a purchase order.

12.1 Definition

Fixed assets consist of land, buildings/improvements, and equipment. Existing County policies require detailed disclosure in the budget and Board approved appropriations for each capital project (including land acquisition) and refurbishment that exceeds \$100,000.

Equipment is defined as a major movable capital asset having an expected useful life that exceeds one year. County policy has established \$5,000 as the minimum value of an individual

item for purposes of classification as equipment. Similar items having a unit value of less than \$5,000 are classified as services and supplies expenditures.

Equipment is acquired by direct purchase, lease purchase through the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL), or lease-purchase using alternative financing arrangements. LAC-CAL and other lease-purchase financing programs are administered by the Chief Executive Office.

12.2 Equipment Classification Requirements

Equipment classification categories are intended to provide an appropriate level of disclosure for all proposed equipment acquisitions. The categories reflect equipment items that are representative of the County's equipment portfolio, with particular emphasis on areas with high volumes of activity, such as vehicles.

Most departmental equipment needs are identified and authorized by the Board when the Proposed Budget is adopted each year. After the Proposed Budget has been adopted, additional equipment appropriations that are recommended as part of final budget changes or budget adjustments would require categorical disclosures.

Items intended to be acquired through LAC-CAL or other lease purchase arrangements would require departments to obtain specific Board approval if they were not included in the disclosures that were submitted in the Proposed Budget.

12.3 Approval Requirements for Major Equipment Acquisitions

In addition to the classification categories that would accompany the budgetary approvals to acquire equipment, requisitions for individual equipment items with a unit cost or a Fixed Asset system purchase of \$250,000 or greater must be submitted by departments to the Board for approval.

Note: The aggregate total cost of a Fixed Asset system purchase should include all individual components that would not operate independently, regardless of individual component unit costs.

Departments are required to submit requisitions to the Purchasing Agent for equipment that is purchased or financed. The Purchasing Agent will not proceed with the purchasing transaction for items with a unit price greater than \$250,000 unless the applicable department has obtained Board approval.

CHAPTER 13 - AGREEMENTS

Agreements are “as needed” purchase contracts for services, supplies, materials, equipment, furnishings and all other personal property. For the purpose of this standard, “agreements” are synonymous with “contracts.”

Acquisition of personal property are made by the Purchasing Agent pursuant to:

- California Government Code 25501, et seq.;
- County Code, Title 2, Chapter 2.81; and
- Section 24 of the County Charter.

Under the statutory authority mentioned above, the Purchasing Agent establishes agreements through the competitive bid process to ensure quality products and services can be obtained in a timely manner at fair, reasonable and competitive prices. These contracts enable County departments to take advantage of opportunities to acquire supplies, materials and equipment at a price substantially lower than through other procurement methods.

With the exception of sole-source or monopoly purchase agreements (See Sole Source Purchases in Section 6.7 of this manual), County agreements are generally considered non-exclusive. This means that the County is not obligated or committed to make purchases from any agreement or agreement vendor, nor is the County precluded from soliciting or contracting with any other vendor for the same supplies, materials or equipment, when it is determined to be in the best economic interest of the County. However, on rare occasions the Purchasing Agent may determine that the price advantage for the County to enter into an exclusive arrangement with a vendor is significant enough to warrant this type of agreement.

13.1 Master Agreements

In order to facilitate the acquisition of products ordered or used by County departments on a routine basis, the Purchasing Agent establishes multiple contracts (Master Agreements) for the same supplies, materials or equipment. Master Agreements cover a broad array of products that include office supplies, personal computers, printing forms and services, janitorial supplies, and building material and industrial equipment and supplies.

The benefits for establishing Master Agreements include:

- They are competitively bid. This means that although the pricing among the awarded vendors may differ, they are generally the lowest prices available in the given market area.
- The vendor(s) have already acknowledged and agreed to the County’s standard terms and conditions.
- The pricing represents a maximum cost (which is the lowest competitive bid price) to the department for a given product. If a department solicits pricing between agreement

vendors, additional discounts may be applied or bid by the vendor(s). In any event, the County would not pay more than the contract price for any product.

- They are non-exclusive. Departments may order from another vendor without violating the terms and conditions of the agreement.
- Departments have the option to select an agreement vendor based on their specific requirements, including price, quantity and product availability, delivery schedules, geographical convenience, etc.

13.2 Strategy and Methodology for Agreement Pricing

On a case-by-case basis, a detailed analysis and evaluation must be conducted for strategic initiatives regarding the development of pricing principles and methodology for each type of contracted agreement that will serve the best interests of the County's procurement activities. The guiding principles are to establish agreements that will maximize the purchasing value of public funds with consideration for accommodating the ease in which County departments can understand, access and use agreements without undue complication in pricing formulas, terms and multiple discount schedules.

Wherever feasible, consideration should be given to negotiating a single discount for a manufacturer's commodities or product line, or another pricing structure that simplifies the process from an "end user" standpoint.

As the marketplace differs and routines fluctuate for the many commodities and services purchased by the County, efforts must be concentrated in developing extended source and cost selection techniques and principles designed to provide the best economical approach for all types of purchase agreements used.

13.3 Agreement Price Principles and Cost Types

Although variations may exist, the County employs three (3) basic contract types for the on-going acquisition of commodities: **Fixed-Price**, **Discount-Off Price List**, and **Cost-Plus** agreements.

13.3.1 Fixed Price Agreements

This type of agreement is used for items purchased that are easily defined and have established pricing for which the County agrees to pay a fixed price. This type of agreement provides the buyer with the most control over contract pricing. Based on the high volume of acquisitions generated by the County through commodity purchases, fixed price agreements may be tied to, or reflect a percentage or discount off list, catalog or manufacturer's price, but prices are firm for the term of the agreement, unless otherwise specified.

When purchasing material that will be delivered over several years, fixed price agreements may include an “escalator” clause to protect the County, as well as the Supplier, from material and labor fluctuations. These clauses should address cost decreases as well as increases. See Section 13.8 for additional information regarding Escalation Clauses.

13.3.2 Discount-Off Price List Agreements

This agreement is an ISD purchase agreement where prices are based wholly or partially on a manufacturer’s published price list. The price list agreement usually includes a discount from the listed prices. The terms of a price list agreement usually allow for revision of prices when superseded by a new manufacturer’s published price list.

13.3.2.1 Bid and Evaluation Procedures

When preparing a bid for a price list agreement, the Purchasing Agent will identify the price list and the pricing column upon which the bidders are to base their offer, if the information is available. This simplifies the evaluation process as the bidder offering the highest discount is the lowest bidder when all other factors (payment terms, shipping charges, etc.) are equal.

When bids are based on different price lists or pricing columns, the low bidder cannot be readily determined. An evaluation using valid consumption figures totaling 50% or more of the annual bid consumption value should be used. Evaluations using a quantity of 1 EACH per line item would not be an appropriate evaluation unless the actual usage is in fact 1 EACH per line item.

The Purchasing Agent will maintain a copy of the current manufacturer’s price list with the agreement for reference and copies will be forwarded to all departments. Whenever a new price list is published, the agreement vendor must submit the new listing in accordance with price guarantee provisions of the agreement. The Purchasing Agent will substantiate the reasonableness of the proposed price increase by comparing:

- Pricing of “old” vs. “new” price list
- Percentage increase against the Consumer Price Index (CPI)

13.3.3 Cost-Plus Agreements

As a governmental agency, the County employs risk-averse principles when establishing agreement pricing for high-risk or price-volatile commodities to minimize the potential for loss of Public funds. This risk-neutral position is normally accomplished through Cost-Plus agreements.

There are several variations of a Cost-Plus agreement, but the guiding principle is to establish a defined percentage or mark-up margin against a manufacturer price for a commodity that fluctuates regularly and/or significantly based on a published Price Index. This margin protects both the County and the supplier if the manufacturer’s price increases or drops. In essence, no

matter what the price of the commodity is today, tomorrow or three months from now, the County will pay the same amount (i.e., percentage) over the manufacturer's price for that period. Current Cost-Plus agreements include technology products (i.e., Personal Computers and Peripherals), gasoline and other petroleum products, and certain food products, which are all in highly volatile markets in which pricing changes almost daily.

There are two key factors to consider when developing a purchasing decision-making strategy in Cost Plus arrangements:

1. The commodity's importance to the Department or Agency.
2. The price volatility of the commodity. When a volatile commodity is a major cost component, risk identification is required. Understanding the risk factor is essential to any manager entering into a contract for the future when costs are not fixed. Also, the risk may not be what price change might occur, but the coverage and inventory price of the commodity.

13.3.4 Other Types of Pricing Agreements

There are many other variations and types of pricing principles that are not preferred or consistent with use in government commodity agreements, such as performance-based and tiered pricing agreements. Performance-based contracts are predominantly tied to a service-related agreement, in which prices and discount schedules are determined based on timetables, milestones and deliverables.

Tiered pricing is predicated on different pricing discounts and/or schedules for different levels of consumption or commitment. Without a consistent measure or Countywide tracking mechanism as to actual usage of a product, there is no means to validate or audit pricing to endure the discount tier is appropriately applied to the actual consumption. In such cases, a vendor must be required to supply accurate consumption information.

13.4 Agreement Term Periods

Unless there is a compelling reason to solicit requirements more often (e.g., volatile commodity or market, significant increase in competition, etc.), Purchasing Agent agreements are normally established for a three-year period, with two-12 month optional periods for extension.

Prior to exercising either extension, the Purchasing and Contracts Analyst must determine whether it is appropriate to extend or re-solicit the agreement requirements. This is normally accomplished by validating the pool of potential bidders, whether it has increased enough to obtain a greater participation in the competitive bid process; and by benchmarking Agreement prices to ensure that they remain fair, reasonable and competitive. In many cases, this is done

through a comparison of County pricing against other cities, counties, state and federal contract prices. Other considerations as listed in section 13.6 Consumption should also be reviewed.

13.5 Required Information

Each agreement shall be based on a competitive bid, justified sole source acquisition or approved negotiated transaction. Agreements shall be entered into the eCAPS System by the responsible Purchasing & Contracts Analyst (PCA), and, at a minimum, clearly specify the following:

- Standard County agreement clauses
- Commodities/Services with complete specifications
- Source of pricing and payment terms
- Period of contract
- Dollar limit of contract
- Delivery time
- Cancellation provisions

13.6 Consumption

In order to establish agreements for commodities, it is important to provide accurate consumption information for the bidders to provide proper pricing information. Information is generally based on consumption during the last 12 months or the anticipated consumption for the next 12 months or other stated periods.

13.6.1 Consumption Not Guaranteed

Regardless of the annual consumption, the County does not guarantee minimum purchases or to purchase excess inventory from vendors at the end of the term.

13.6.2 Right to Re-Solicit the Requirement

The County may re-bid the commodity when total consumption exceeds the estimated consumption by more than 10%. On large orders (where a contract is in place), the County may bid the commodity when deemed in the County's best interest.

13.6.3 Method of Showing Consumption Data

When soliciting master agreements, consumption should be shown using quantity and/or dollar value.

Quantity: listing quantities of individual items is the preferred method.

Dollar Value: generally used when quotations are requested based on a trade discount or cost plus factor against the manufacturer's published price list. Purchasing Agent evaluation must consist of items and quantities equal to or greater than 50% of the value of the estimated dollar consumption.

13.6.4 Obtaining Consumption Data from Departments

Request will be in written form to the departments. The Purchasing Agent will request the consumption in advance so that departments have sufficient time to compile the information and to allow adequate time to prepare the bid solicitation and establish an agreement.

13.7 Agreement Extensions

Existing agreements should be extended, or the requirements re-solicited and established on a new agreement, prior to the expiration of the existing agreement. Renewals are allowed by the agreement terms and conditions and the contract period has not been exceeded.

At a minimum, the following considerations should be reviewed before requesting an extension:

- There is no substantial change to renewal quantity.
- Will the renewal dollar amount create a need for satisfaction of a procurement requirement such as advertisement; number of bids solicited at time of original award, etc.?
- Are current terms and conditions of original agreement still acceptable?
- Has vendor performance been satisfactory?
- Do market conditions support a renewal?
- Were any bids rejected on technicalities during original award of the agreement?
- Was the file involved in a protest?
- Were any problems with the solicitation or award discovered after the award?

In addition, departmental monitoring procedures over contracts must ensure that delegated option clauses are exercised with the Contractor **prior** to expiration of the initial term **and** the continuation of services or product or equipment supply is covered by the option clause. If the contract option clause is not exercised in a timely manner, there is no authority for the continuation of the contract beyond the original term of the contract and the delegated authority is invalidated.

13.7.1 Procedure

At least four (4) to six (6) months prior to the expiration of the current agreement, the Department shall consider whether an agreement extension is required.

The Department shall advise the Purchasing Agent for possible future contract extensions. The Purchasing Agent will review the agreement and be responsible for the following:

1. Determine whether an agreement may be subject to extension or the requirements re-solicited.

2. Submit a request to the vendor to extend the prices, and terms and conditions without increases or changes unless an escalator clause within the agreement allows otherwise.
3. Benchmark prices to ensure that agreement prices are fair, reasonable and competitive. In many cases, the Purchasing Agent will compare County pricing against other cities, counties, state and federal agencies.
4. Prepare an agreement amendment to formalize the extension.

13.7.2 Negotiated Extensions

Most agreement extensions are processed using the same prices, terms and conditions. Occasionally, the vendor or the Purchasing Agent may negotiate changes for inclusion in the extension.

In all cases, agreement extensions must be approved and accomplished in writing before the prior agreement expires. There must be a mutual understanding and agreement of the proposed terms and conditions, and authorization of the Purchasing Agent as well as the vendor to extend the agreement. Informal telephone conversations and/or other verbal discussions with the vendor will not constitute or suffice as an authorized means for extending agreements.

13.8 Escalation Clauses

An escalation clause is a price change qualification submitted by bidders/vendors in an unstable and volatile product market, or when a contract is for an extended period of time and the vendors are unable to obtain protected pricing from the manufacturers. When submitted, requests should be tied to a specific price index as a measure of change over time; or, some other valid means of evidence that price changes are warranted.

An escalation clause in an agreement may stipulate that the prices will be adjusted once per year to reflect the difference in material or some percentage of the unit price of each element. Escalation clauses may be simple statement noting that the contract will be adjusted by a specific percentage per year for its duration.

The important concept to remember in using escalation clauses is to be sure that the adjustment factors are fair and will allow both the County and supplier an opportunity for a reasonable contract arrangement. The escalation clause must be clearly written in the agreement.

Any award containing an “escalation” provision requires the approval of the Purchasing Agent.

13.8.1 Procedure

The Purchasing Agent may accept an escalator clause submitted by a bidder for consideration in the evaluation when it is deemed in the County’s best interest to do so

Should the Purchasing Agent accept an escalator clause submitted by the bidder, the bidder/vendor must accept the following conditions which will be incorporated into the purchase order or agreement:

1. The Purchasing Agent shall have a minimum of 7 days advanced written notice prior to implementation of an increase in cost. The vendor must identify the agreement by number. During this period, the County may place orders at the previous or original price(s).
2. Price increases must be limited to actual increase incurred by the vendor and must be documented reflecting vendor's cost increase. Past and present invoices are acceptable documentation as well as manufacturer's published price list past and present, or such other valid evidence deemed appropriate by the County.
3. If a properly documented increase is not acceptable, the County reserves the right to cancel the items involved.
4. If the vendor is unable to produce satisfactory evidence of price increase, the agreement prices will remain unchanged, and the vendor is obligated to furnish our requirements at the original prices.
5. If prices should decrease, the vendor will extend lower prices to County immediately.

13.8.2 Other Considerations

It is usually preferred to obtain reasonable, firm prices when available. Avoiding extremely long term contracts will minimize the number of escalator clauses quoted by the bidders.

Prior to acceptance of an escalator clause, a Market Survey shall be conducted in accordance with guidelines established in section 16.12 Market Research (previously Market Test (Survey) of this manual.

13.9 Vizient Agreements (formerly Novation)

On November 18, 1998, the Board of Supervisors adopted a recommendation made by the Department of Health Services (DHS), with the support of the Auditor-Controller and the Internal Services Department (ISD), to authorize DHS to participate in a healthcare Group Purchasing Organization (GPO). The basis for effectuating this action was to sanction the use of the GPO's aggregated purchasing power in cases where the County would achieve cost savings by purchasing medical, surgical, laboratory and pharmaceutical equipment and supplies through University Health System Consortium (UHC) commodity agreements established by Novation. On September 27, 2016, the Board of Supervisors accepted the assignment and delegation from Novation to Vizient.

Where appropriately analyzed and demonstrated to result in cost savings, the use of Vizient agreements represents a viable alternative to the County's established solicitation, award and agreement processes on a case-by-case basis.

13.9.1 Policy

As the Purchasing Agent for the County of Los Angeles, ISD retains the exclusive statutory authority for the purchase of all furnishings, materials, supplies, fixtures, equipment, and all other personal property required by County departments. In this role, ISD is responsible to ensure that purchases, whether from a solicitation, a County agreement or a non-County agreement, are cost effective, and that the acquisition process conforms to established purchasing policies and procedures, to include the standards and requirements set forth by Charter, State law, and applicable provisions of the County code.

As such, the GPO program purchases remain under the authority of the County Purchasing Agent. ISD delegates purchasing authority to DHS to access Vizient agreements for medical, surgical, laboratory and pharmaceutical consumables and supplies and medical equipment and related parts with a unit value if less than \$5000 without prior approval by ISD.

13.9.2 Procedure

DHS is authorized to purchase the following material through competitively solicited Vizient agreements:

1. Medical, surgical, laboratory, and pharmaceutical consumables and supplies;
2. Medical equipment and related parts with a unit value of less than \$5000

13.9.2.1 Agreement Renewals

If a current ISD-approved Vizient agreement is renewed with the same vendor or expires, is re-solicited and awarded to the same vendor and with the same product category, access to the renewed or new agreement will automatically be granted by ISD.

Any access to a Vizient agreement will be coordinated by DHS Corporate Office of Supply Chain Operations (SCO). The DHS Corporate office of SCO is responsible to coordinate GPO activities within DHS and between DHS and ISD, and will maintain a listing of all ISD approved and DHS accessed Vizient agreements.

DHS Corporate office of SCO shall notify ISD of the Vizient agreements accessed by the Department.

13.9.3 Restrictions

County departments are not authorized to purchase non-medical products/equipment, capital equipment, medical equipment with a unit value greater than \$5,000 and/or services from Vizient agreements.

CHAPTER 14 - SOLICITATIONS

This section's primary objective is to provide basic intentions and goals of the County and the basic procurement solicitation standards by which the county operates.

14.1 Bid Solicitations by Departments Under Delegated Authority

The purpose of this procedure is to provide guidelines for the proper development of a solicitation and its review and award process, including the acceptance/rejection of bid solicitations, obtained by the department within their delegated authority. Additional guidelines and procedures are further addressed in Section 4.3 Department Authority of this manual.

14.1.2 Solicitation Criteria

Departmental solicitations for non-agreement purchases within the department's delegated authority must conform to the following criteria:

- a) **Up to \$1,500** – Only one quote is required. However, unless there is a compelling need to expedite the purchase or there is a known low cost source, at least two quotes are encouraged when conducting a solicitation. These quotes may be solicited and received via telephone, fax or other electronic means.
- b) **\$1,501 to \$5,000** – A Minimum of three quotes are required, **OR** a minimum of one quote from a certified PPE vendor. Vendor fax/email quotes or other vendor source documents are required

Note: If a price is solicited from only one vendor or PPE, evidence must be kept on file for auditing purposes to justify the single source. Such evidence must include either substantiation of a true monopoly/sole source or the department selected a PPE (see Section 6.7 - Sole Source Purchases).

- c) **\$5,001 to \$15,000 (Level Two Authority ONLY)** - Excluding sole source purchases, a minimum of three quotes are required for these solicitations **OR** the purchase must be processed using the **Simplified Acquisition Process** (see Section 14.2). Vendor fax/email quotes or other vendor source documents are required.

Any solicitation over \$10,000 must be posted on the County's bid webpage, unless it is a **Simplified Acquisition Process** Authority bid, as noted herein.

- d) **\$5,001 to \$24,999 (via Simplified Acquisition Process)** – A Minimum of two quotes are required from a PPE. Departments must obtain a valid bid from at least two PPEs in order to process an award. A “No Bid” quote is not an acceptable bid form.

For additional information regarding the Simplified Acquisition Process, including exclusions and restrictions, please refer to Section 14.2 of this manual.

Additional Solicitation Requirements:

- All solicitations over \$5,000 require the execution of the PPE preference. For any bids released after October 1, 2016, departments are required to apply the 15% cost component preference to any PPE that is certified and claims the preference. For further information on the PPE Preference Program, please refer to the Department of Consumer and Business Affairs website at <http://www.dcba.lacounty.gov>.
- Any sole source purchases over \$5,000, which are reported to the Board by the Purchasing Agent on a monthly basis, are NOT delegated to the departments regardless of their delegated authority.
- Per Board Policy 5.020, Reporting Requirement for Bids/Contracts over \$10,000, all solicitations and awards over \$10,000 must be posted on the County’s bid website. The exception to this requirement is a Simplified Acquisition Process solicitation, explained in *paragraph d* above. Departments may obtain further information regarding the posting of bids, attachments, and awards by contacting the ISD Purchasing Division’s Program Support Section Help Desk, at (323) 267-2729.
- Departments with Level Two authority granted by the Purchasing Agent must submit any requirement over \$15,000 (that is not a Simplified Acquisition Process bid), via electronic requisition in the eCAPS procurement system to the ISD Purchasing Division for solicitation.
- All Capital Equipment (Fixed Assets) purchases must be submitted, via electronic requisition, to the ISD Purchasing Division for processing.

14.1.3 Training

Departments must procure training services using the following bidding guidelines established by the Purchasing Agent:

14.1.3.1 Bidding Guidelines

- \$2,500 and Less: One bid solicitation is required from a qualified source.
- Between \$2,501 and \$10,000: Solicit written bids from at least three (3) qualified sources.
- Between \$10,001 and \$50,000: Department shall issue a letter solicitation to at least five qualified sources.

- Above \$50,000: Department will develop a formal bid solicitation (RFB or RFP) and will mail the bid document or issue notification of bid availability to all known suppliers by postcard or fax and posting on the internet.

14.1.3.2 General Guidelines

- Department shall describe their requirements and the selection criteria to all bidders.
- The selection process must be documented in writing and kept on file by the department. This is especially critical if other than the low bidder or highest rated bidders are rejected.
- On formal bid solicitations, departments may establish a list of qualified vendors to provide training services as needed, over a period not to exceed one year. The vendors should be used on a rotational basis to allow all qualified vendors the opportunity to provide their services.
- Prices charged for training services must be fair, reasonable and competitive.
- Any solicitation over \$10,000 must be posted on the County's bid webpage, unless it is a Simplified Acquisition Process Authority bid, as noted herein.

14.1.4 Departmental Procedures and Prohibited Practices

The following sections identify departmental procedures and prohibited practices and purchases. Departments that violate these procedures and/or restrictions may have their department's Delegated Purchasing Authority reduced or revoked at the discretion of the Purchasing Agent. Departmental personnel that willfully violate these processes may be subjected to appropriate corrective and/or administrative action by their department.

14.1.4.1 Soliciting and Receiving Quotes from Vendors

Depending on the bid level authority referenced in Section 14.1.2, departments must obtain a valid bid from each of the minimum number of vendors in order to process an award. A returned quote marked as "No Bid" may be counted as a quote (except when using the SAP process). Lack of response from a vendor is NOT considered a "No Bid" quote.

Departmental personnel conducting the bid process shall be responsible to generate a list of qualified vendors, including PPEs, by commodity code to be used in the acquisition via the associated web portal link on the Purchasing & Contracting intranet webpage at: <http://purchasingcontracts.co.la.ca.us/>.

Where multiple vendors and/or PPEs are identified for any given commodity or service, the selection of PPEs to participate in the bid process should be on a rotational basis.

For Level One (over \$2,500), Level Two, and Simplified Acquisition Process (SAP) solicitations, each participating vendor and/or PPE must be provided the same information, specification(s) and/or statement of work (in written form) and at the same time by which to

provide a quote by the soliciting department. This information may be provided, and quotes received in person, via fax, .pdf, or other electronics means.

Whenever more than one quote is being solicited, departmental personnel conducting the solicitation shall be responsible to ensure that quotes are due by a specific date and time from the participating vendors and/or PPEs. In no instance shall departmental personnel share or otherwise disclose quotes with or between participating or other PPEs, or other vendors before the quotes are received and evaluated.

The resultant award must be made to the low bid vendor or PPE that meets the department's specifications or statement of work. The department shall be responsible to maintain all records and documents regarding solicitations and awards, including, but not limited to: the written specifications and/or statement of work provided to the participating vendor(s) and/or PPEs; the participating vendor(s) and/or PPEs and their written responses; the cost evaluation; the award; and any justification that shows a low bid did not meet the departments requirements.

Departments are prohibited from using or transcribing specifications or a statement of work prepared by a vendor or contractor. Similarly, departments are not to prepare a specification or statement of work that narrows or restricts competition.

14.1.4.2 Fragmenting (Split Purchasing)

Serial and fragmented purchasing are strictly prohibited. Serial purchasing is the practice of issuing a series of orders within a short period of time to the same vendor for the same or similar items or services to avoid the appropriate competitive process.

Fragmented purchasing is generally understood to be the intentional splitting of requisitions for like items or services to avoid the appropriate competitive process. It differs from serial purchasing in that the fragmented purchases usually occur at the same time, and the items may not be identical, but they are typically related by project or commodity.

Avoiding fragmentation requires departments to consider the total value of all similar requirements for items or services that will be solicited during the same time from the same group of vendors when determining which type of solicitation to conduct. This means that if a department is aware that they will need \$2,000 worth of widgets this month and \$4,000 next month, they must combine those needs into a single procurement at the \$6,000 value.

Some other examples of artificial fragmentation:

- A department conducts five separate procurements to obtain five office tables for \$2,500 using informal bids. The department should have submitted a requisition for a formal bid process for the \$12,500 procurement.

- In one day, a department makes multiple purchases for same or similar items from the same vendor, or multiple vendors for a value below the competitive threshold each purchase; but, had the total value of all purchase orders been taken into consideration, a competitive bid would have been required.

Fragmentation of needs, or splitting needs into different procurements, sometimes may be appropriate. When in doubt, discussion with the Purchasing Agent is recommended.

14.1.5 Rejection of Low Bid within Departmental Authority

If the low bid vendor does not meet the department requirements, such vendor may be rejected, provided that a written justification outlining the reasons for rejection is submitted and approved by the Departmental Materials Manager. Reasons for rejection must be based on requirements that were explicitly communicated to the vendors. See Rejection of Low Bid policy (Section 14.7) for additional information.

When the department recommendation is to reject the low bid, a list of technical reasons for the rejection must be compliant with Section 14.7 Rejection of Low Bid.

The Purchasing Agent is the final authority for determination that reasons for rejection are acceptable all awards exceeding the department's delegated authority.

14.2 Simplified Acquisition Process (SAP)

On October 1, 2016, the Purchasing Agent established a Simplified Acquisition Process (SAP), which applies to departmental purchases from \$5,001 up to \$24,999. It applies only to spot purchases made from a certified Local Small Business Enterprise (LSBE), a certified Disabled Veteran Business Enterprise (DVBE) or a certified Social Enterprise (SE), herein referred to as "Preference Program Entity" (PPE).

NOTE: This process is subject to exclusions and restrictions as sited in Section 14.2.2 of this manual.

14.2.1 Process Elements

Under delegated purchasing authority and subject to the exclusions and restrictions stated in 14.2.2 below, County departments are authorized to acquire goods or services from \$5,001 up to \$24,999 directly from a PPE by using a two-bid process.

Departments must obtain a valid bid from at least two PPEs in order to process an award. In this process, a "No Bid" quote is NOT an acceptable bid form.

Departmental personnel conducting the solicitation process shall be responsible for generating a list of PPEs by commodity code to be used in the acquisition, via the associated web portal link on the Purchasing & Contracting intranet webpage at:

<http://purchasingcontracts.co.la.ca.us/> .

Where multiple PPEs are identified for any given commodity or service, the selection of PPEs to participate in the bid process should be on a rotational basis.

Each participating PPE must be provided the same information, specification(s) and/or statement of work (in written form) and at the same time by which to provide a bid quote by the soliciting department. This information may be provided, and bid quotes received in person, via fax, pdf, or other electronic means.

Department personnel conducting any solicitation, including PPEs, shall be responsible to ensure that bid quotes are due by a specific date and time from the participating bidders. In no instance shall departmental personnel share or otherwise disclose bid quotes with or between participating or other PPEs, or other vendors before the bid quotes are received and evaluated.

The award must be made to the low bid PPE that meets the department's specifications or statement of work. The department shall be responsible for maintaining all records and documents regarding SAP solicitations and awards, including, but not limited to the written specifications and/or statement of work provided to the PPEs; the participating PPEs and their written responses; the cost evaluation; the award; and any justification that shows a low bid did not meet the requirements.

Departments are prohibited from using or transcribing specifications or a statement of work prepared by a vendor or contractor. Similarly, departments are not to prepare a specification or statement of work that narrows or restricts competition.

Departments must process these awards using the appropriate eCAPS procurement document (PDPP or PDPN document).

14.2.2 SAP Exclusions and Restrictions

The following exclusions and restrictions shall apply to the SAP Program:

- Personal services agreements for medical or health related patient care services are excluded from the SAP.
- Social Service contracts that require department-specific monitoring efforts or measurable outcomes are excluded from the SAP.
- Any service that is, or will, be ongoing and over \$25,000 in the aggregate is excluded from the SAP.

- The SAP is restricted to PPE that are certified with the Department of Consumer and Business Affairs (DCBA).

14.3 Bid Lists Standards and Criteria

Standardized bid lists are maintained in the Electronic Countywide Accounting & Purchasing System (eCAPS) and on the Countywide vendor registration system (WebVen), and are electronically available on-line for use by County departments and vendors alike. The County uses industry-standard, National Institute of Government Purchasing (NIGP) commodity codes to identify vendor commodity and service offerings. When a solicitation with a purchase value of \$10,000 or more is created in eCAPS, a required notice of the solicitation is logo on the County's Bid webpage*. Thereafter, any vendor registered in the WebVen system who is registered with the associated bid commodity code will automatically receive notice of the solicitation, via electronic mail. A non-registered vendor learning of the solicitation either through review of the County's Bid webpage, or through some other source, may request a copy of the solicitation by contacting the listed Purchasing Agent conducting the bid solicitation or by downloading the solicitation directly at <http://camisvr.co.la.ca.us/lacobids/>.

**Exception: Purchases made via the Simplified Acquisition Process (SAP) are exempt from this requirement. See Section 14.2 in this manual.*

In addition, system generated bid lists may be accessed, by commodity, through the County's internet and intranet websites. These lists are designated and used to elicit competitive participation in the solicitation process. Such competition inspires public confidence that commodities and services are awarded equitably and economically.

14.3.1 Bid List Selection Guidelines

The number of vendors selected to participate in a solicitation from a WebVen generated bid list shall be established by the commodity or service purchase value, using the following guidelines:

Purchase Value	Recommended Number of Vendors to Contact	Number of Quotes ⁽²⁾ Required
Up to \$1,500	2-4 different vendors	Department must obtain one quote
\$1,501 to \$5,000	3-6 different vendors	Department must obtain three quotes from three different vendors, unless the department selects a certified PPE
\$5,001 to 10,000 ⁽¹⁾	3-10 different vendors	Departments must obtain three quotes from three different vendors OR two quotes from two PPEs

\$10,001 ⁽¹⁾ to \$24,999	3-6 PPE vendors or all vendors registered on WebVen for the specified commodity code	Departments must obtain two quotes from two PPEs OR submit an electronic requisition to ISD Purchasing for a formal solicitation.
\$25,000 and over	All vendors registered on WebVen for the specified commodity code	Departments must submit an electronic requisition to ISD Purchasing for a formal solicitation.

(1) For departments with Level II delegated purchasing authority ONLY

(2) With the exception of SAP, a returned quote marked as “No Bid” may be counted as a quote. Lack of response from a vendor is NOT considered a “No Bid” quote.

14.3.2 Increasing Preference Program Entity (PPE) Participation

Under delegated purchasing authority, County departments are authorized, on a spot purchase basis, to acquire goods or services up to \$5,000 by obtaining only one quote if they purchase those goods or services directly from a certified PPE vendor.

Departments are authorized, on a spot purchase basis, to acquire goods or services from \$5,001 to \$24,999 by obtaining two quotes from two certified PPE vendors.

Otherwise, the departments are required to obtain a minimum of three different quotes for any requirements over \$2,500 and up to \$10,000 (based on delegated authority).

In implementing this process, County departments are to ensure that PPE vendors are used on a rotational basis to meet the department’s requirements. For all solicitations under delegated authority, departments are strongly encouraged to identify and solicit the participation of PPE vendors.

14.3.3 Rotation of Registered Vendors

Where pricing and products are comparable, a rotation of registered vendors is necessary to afford the opportunity to, and competition in, the vendor community. The rotation is predicated on the number of participants required for any given solicitation.

As a general rule, whenever six (6) or more vendors are invited to participate in a solicitation, at least half of the selected vendors should be other than those used in the previous bid. Of the vendors previously used, only the most responsive (including the lowest bidder) should be invited to participate.

14.4 Specifications and Standardization

Specifications are defined as the detailed description of the parts of a whole object, system or assembly to be purchased. Specifications are normally developed by a subject matter expert(s)

in the requisitioning department, or by those with specific expertise in the item(s) to be purchased. Specifications should be written in a manner that describes the requirements in sufficient detail to ensure the functional requirements are met, without overly restricting competition with a goal of obtaining quality products and services at the best price and within the parameters of applicable laws, codes, and policies. Departments shall not prepare a specification or statement of work that narrows or restricts competition. The Purchasing Agent will review the specifications before soliciting bids. Any changes deemed necessary by the Purchasing Agent will be presented and reviewed by the department.

14.4.1 Evaluation of Bids

Bids are evaluated against the specifications to determine that the Bidder is qualified, responsive and responsible (i.e., that the bid meets the specifications of the solicitation). The person that performs the evaluation must be someone other than the person who prepared the specifications, and is responsible to apply sound judgment in a consistent, impartial, and objective manner when evaluating bids. All Bidders are to be treated uniformly and stated requirements applied consistently to ensure integrity of the evaluation process. Changes or modifications to specifications during the solicitation process, if any, shall only be made by issuance of a written amendment by County's Purchasing Agent. No other change or modification, regardless of source, shall be binding.

14.4.2 Simple Specifications

Specifications should be written from the general to the specific.

Example:

File Cabinet-Metal-Legal Size-Four Drawers-Lock-Black Finish-Steelcase Model 1540L or equal

Simple - Fairly Lengthy Specifications:

When specifications are slightly more complex than a simple specification, the following format shall be used:

File Cabinet-Steelcase Model 1540, Or Equal - Specifications As Follows: Metal-14 gauge steel, Four drawers-full suspension, Legal size, Key lock, Full length locking bar, Black finish, Hanging folder frames, 60"H x 18"W x 27"D

Unless approved by the Purchasing Agent, the bid solicitation must not indicate "Do Not Substitute." Some bidders interpret this as an attempt to restrict their right to bid and may use this as an invitation for filing a bid protest.

The bid solicitation should describe the existing equipment to provide the bidders with the necessary information to determine if they can offer equipment, which will meet the department's needs. The solicitation should state evaluation of offers will include the degree to which equipment offered will match the conditions and/or inter member with existing equipment to maintain overall system effectiveness.

14.4.4 Complex Specifications

The T-Bar specification (attached to the requisition) is the preferred format to use for lengthy or complex specifications. The bidders are required to state in writing, how their offer differs or deviates from the department's specifications.

Example of T-Bar Specifications:

Department: Sheriff Department

Item: Nikon F5 camera body and lenses or equal

Specification/Requisition No. 560375

Bidder shall complete the right hand column of the specification page(s) and return with their bid. Bidder shall indicate "As Specified" for each grouping, if bidder's offer is the same as the stated specifications. Bidder must state the deviations or exceptions. Literature alone does not satisfy this requirement. Failure to comply with these instructions may result in rejection of the bid.

Department Specifications	Bidder Specifications
Camera Body and Lenses-Nikon or equal	
Quantities as follows: 75 ea. F5 Camera Bodies 35 ea. 35-70mm 12.8 AFD Nikkor zoom 30 ea. 80-200mm 12.8 AFD-S Nikkor	
<u>F-5 Body</u> Single Lens Reflex-Autofocus camera Building in motor drive-8 frames/second Matrix, spot and center weighted metering Automatic film loading and rewinding Built to withstand 150, 000 exposures Accepts all current and old Nikkor lenses Black finish Carrying strap	

2 years Nikon USA Warranty	
<u>35-70mm f2.8 AFD Nikkor zoom</u>	
Autofocus Minimum focus 24 inches in macro mode 62mm filter size Lens shade 5 years Nikon USA Warranty	
<u>80-200mm f2.8 AFD-S Nikkor</u>	
Autofocus Built in silent motor Built in tripod mount and shade 5 years Nikon USA warranty	

14.4.5 Brand Specific Requests

A requisition that contains a specific brand name and/or model (also known as a “Do Not Substitute” request), although not necessarily a sole source, is a request to limit competition, and as such, must be adequately justified. The department must include with their requisition, reasons for wanting to limit competition using the ***Brand Specific Justification Form*** (See section 19.7)

The Purchasing Agent will review the justification and, if approved, include terms and conditions in the solicitation to indicate that only the specified brand/model will be acceptable.

14.4.6 Standardization of Specifications

Whenever economically advantageous, standardization of supplies, materials, equipment or services used by the County shall be practiced by all purchasing personnel. Standardization shall also be a consideration when developing specifications for all of these items. The process of standardizing is one of the most basic principles of purchasing and provides the following benefits:

1. Reduces pricing due to combined volume of all departments.
2. Reduces the amount of in-service training required.
3. Reduces the need to stock more than one brand of parts and consumables.
4. Simplifies maintenance procedures.
5. Improves employee productivity because they develop a familiarity with product.

14.4.7 Role of the Purchasing Agent in the Standardization Process

The Purchasing Agent will take a lead role in the standardization process by organizing standards committees of the major user departments and to establish standards with respect to

the type design, quality, brand, etc. The Purchasing Agent can establish agreements for these items in order for departments to have easy access to the items.

14.4.8 Use of Vendors in Developing Specifications

As a matter of policy, the County's preferred method to acquire goods and services is through the competitive solicitation process. In order to assure a "level playing field" for all vendors to compete in this environment, it is essential that specifications, statements of work and/or any other criteria prepared and used to evaluate and determine a purchase order or contract award, are generic in nature and are based on performance, functionality or specified requirements rather than products or services by a specific consultant, manufacturer or vendor name.

It is the responsibility of the County departments to develop these generic specifications for bidding, and departments are prohibited from using vendor literature or a specific vendor's specifications in this process.

Vendors who may be contracted by departments to develop a design and specification document will not be allowed to bid in the solicitation for which they prepared. Similarly, vendors who actively participate with or assist County departments in the development of the specifications or statement of work may be excluded from participating in the solicitation process.

The County does not accept any financial responsibility for a vendor(s) time and efforts in marketing products or working with County departments in an attempt to sell their equipment or services, nor is the County obligated to make a purchase order award(s) or service contract(s) based on this criteria.

14.5 Price Evaluation

Pricing is the most important factor to be considered in the bid evaluation process. Pricing must always be fair, reasonable and competitive. While other factors may be equally important, low pricing is often the primary benchmark.

14.5.1 Factors When Evaluating Price

Cash discounts of 30 days (or more) or 25th prox. shall be considered in the evaluation. Cash discounts based on 30 days from the date of invoice are considered as "Net".

Example: The vendor will accept a discount if the invoice is paid within 30 days or by the 25th of the following month.

Example: A vendor offers cash discount based on 30 days from date of invoice – This is not considered a viable discount and shall be considered as "Net," since the County will pay the invoice at 30 or more days.

When only one bid is received on a bid solicitation, the Purchasing Agent may complete the purchase if pricing is considered fair, reasonable and competitive and there is a satisfactory explanation for the lack of competition.

If the Purchasing Agent determines that bids appear to be too high or too low relative to other bids received, requisition estimates, or previous prices, Purchasing Agent will contact bidders for verification or explanation to ensure that the vendor has quoted correctly and has not misunderstood the requirements. If the Purchasing Agent suspects that a bidder has made an honest error, the Purchasing Agent may bring this to the attention to the bidder and request verification of bid. The bidder is not allowed to change the bid but may withdraw from the bidding process if circumstances dictate.

Bids should be rejected when prices are deemed to be excessive due to unstable market conditions or any other reason. If there is an immediate need for the commodity, the purchase may be made for the minimum quantity needed to provide the department with sufficient amount until the market stabilizes.

Where bidder quotes an obviously different buying unit than is specified on the solicitation, but does not qualify his offer to that effect, the Purchasing Agent may interpret the bidders offer and provide a price evaluation based on the buying unit specified on the solicitation. Where necessary, all bid prices must be calculated and reduced to a common denominator to determine the lowest bidder-i.e. per oz, etc.

Irregular quotations are to be reviewed for determination as to whether or not the quotation in question shall be given consideration. For example, if a vendor's bid has corrected prices on the bid but the vendor failed to initial the changes, obtain written verification to confirm the bidder made the corrections.

Calculate all applicable preferences in addition to any applicable cash discounts and note the calculation results within the file.

In addition to determination of lowest bidder, the bid response(s) must be reviewed for responsiveness to the solicitation instructions to bidders, terms and conditions, and compliance with the bid specifications. When other evaluation criteria are included in the solicitation, such as in a Request for Proposal solicitation method, the additional criteria must also be evaluated and taken into consideration prior to making an award determination.

14.6 Bid Referral Letter

When applicable, the Purchasing Agent will prepare a Referral Letter to the department and attach a copy of the ***Guidelines for Reply to Referral Letter*** (See section 19.8). The offers

and bid specifications will be referred to the department including, literature, technical data and any documents submitted with the bids. Review and evaluation of the offers shall meet the following guidelines:

1. The department will perform a technical evaluation of the offers and submit a written award recommendation letter/memo to the Purchasing Agent.
2. The Purchasing Agent will ensure that a sub-specification offer is not being awarded.
3. If other than the low bid is accepted, the department must provide technical reasons, based on the bid specifications, for such rejection. The Purchasing Agent will review the reasons for rejection and, if the Purchasing Agent concurs with the department's recommendation, Purchasing Agent will reject the lower alternate offers. Additional guidelines regarding "rejection of low bid" can be found in Section 14.7 of this manual.

As a general rule, the Purchasing Agent may award and purchase low bid, "as specified" offers without input from the department with the following exceptions:

1. Lower priced alternate offers are available, or
2. When the offers are of a highly technical nature and beyond the expertise of the Purchasing Agent, or
3. The actual cost is significantly higher than the department's estimated cost; the Purchasing Agent must obtain input from the department as to which offer is to be accepted.

The Purchasing Agent shall not award a bid to a lower priced alternate offer without the concurrence of the requisitioning department.

14.7 Rejection of Low Bid

Every purchase order and/or contract award made to other than the low bidder, which exceeds the department's delegated authority, shall be reviewed by the Purchasing Agent.

14.7.1 Basic Procedures

To reject low bid, the Department shall provide the Purchasing Analyst with a list of technical reasons for the rejection of lower bids based on non-compliance with specifications, or other reasons. The Purchasing Analyst will review and compile the list of reasons for rejection and submit to a higher authority for approval.

An explanation in simple, non-technical terms shall be included.

Example:

<u>Specifications for computer</u>	<u>Low Bid</u>	<u>2nd Low</u>
<i>Pentium III 600 mHz processor</i>	<i>Celeron 600 mHz</i>	<i>As specified</i>
<i>56K modem</i>	<i>28.8K modem</i>	<i>As specified</i>
<i>17" monitor</i>	<i>21" monitor</i>	<i>As specified</i>
<i>Lot Price (10 units)</i>	<i>\$21,500.00</i>	<i>\$22,375.00</i>

Justification:

- *The Pentium III processor is designed for business applications and power users. Our imaging software application is power intensive. The Celeron processor is designed for the home applications and does not meet our needs.*
- *The 56K modem is twice as fast as a 28.8K modem, resulting in quicker downloads and transmissions.*
- *The 21" monitor actually exceeds the size specifications but its overall dimensions are too large for the workstations and therefore unacceptable.*

Once the Purchasing Agent has approved the rejection of the low bid, the Purchasing Analyst may proceed with the issuance of the purchase order to the next lowest bidder.

Award must be made to the overall lowest, responsive, and responsible bidder.

14.7.2 General Points to Consider

- Reasons for rejection shall be based on non-conformance with the bid specifications and requirements and the inability to meet the functional needs of the end user.
- Specific reasons shall be provided to explain why alternate offers are not suitable for the end use, and performance required.
- Generally, opinions cannot be used, unless given by a recognized expert in the field.
- Rejections based on negative past performance is not sufficient unless supported by detailed records and documentation of specific incidents, service records, etc.
- Offers(s) cannot be rejected if relevant information was not distributed to all bidders, e.g., *urgent delivery requirement*.
- Actual performance testing and evaluation, if properly documented, may be an appropriate reason for rejection.
- A bidder who fails to provide adequate literature, samples, clarifications, etc. after repeated attempts by the Purchasing Agent, may be rejected, on the basis of "non-responsiveness."
- Bidders will not be allowed to change their offers after the bid deadline. Bids must be evaluated based on face value. Changes in prices, specifications, terms and conditions

may be permitted with the successful bidder by the Purchasing Agent only after an award has been made and due to extenuating circumstances.

14.7.3 Contacting Bidders

Bidders should be contacted only when it is necessary to obtain additional product/service information, clarification or demonstrations. Any contact or correspondence with the bidders during the evaluation of the offers must be made by the Purchasing Agent only. Departments are prohibited from contacting the bidders during the bid evaluation phase.

Bidders cannot change their offers. Bids, changes in price, specifications or terms and conditions should not be discussed with bidders.

Results of departmental tests or other aspects of the evaluation shall not be discussed with the bidders until after an award has been made.

14.8 Bid Samples

In some instances, the County may require samples of the product to assess quality and compliance with specifications. When doing so, the requirement shall be included in the solicitation requirements along with the responsibilities of the County and Bidder regarding the sample(s).

14.8.1 County Responsibility

When bid samples are required from vendors responding to a solicitation, it is the County's responsibility to advise the bidders of that requirement. Generally, this may be accomplished by including special terms & conditions within the solicitation, such as the following:

"Samples must be submitted with bid, under separate cover, on every item and must be suitably tagged showing the bidder's name and bid number. An entire sample must be submitted for each item specified. Samples are a part of your bid and must be received prior to bid opening at 1100 N. Eastern Ave. Room 103, Los Angeles, CA 90063. Failure to furnish samples as stated above may be cause for rejection of your bid."

If samples are required for evaluation, the quantity requested shall be reasonable and appropriate.

If the vendor has not provided the sample within the required timeframe, the bid may be considered nonresponsive. Documentation in accordance with guidelines provided in section 14.7 of this manual is necessary to disqualify the bid.

Unless otherwise requested by the bidder, the disposition of all bid samples submitted shall be at the sole discretion of the requesting department and/or Purchasing Agent.

14.8.2 Bidder Responsibility

The following standard questionnaire shall be added to all bids where samples are required:

Disposition of Left-Over Samples:

(select one)

- a) *Disposal, as determined by Purchasing Agent*
- b) *Return to vendor, at vendor expense*

Failure of bidder to provide this information will result in disposition of samples at the County's discretion.

14.9 Tie Bids

Tie Bids refer to low responsive bids from responsible bidders that are identical in price and which meet all requirements and criteria set forth in the solicitation.

Bids received from a vendor(s) proposing equal pricing (or tie) bids must be reviewed by the respective Purchasing Section Manager, or Procurement unit supervisor prior to award.

Award shall be made in any manner that will discourage tie bids taking into consideration, at a minimum, the "Tie Breaking Factors" listed below. A written determination justifying the manner of award must be made.

14.9.1 Tie Breaking Factors to Be Considered

- Community Business Enterprise and Small Business companies
- Companies whose businesses are located in Los Angeles County
- Businesses whose products are grown, manufactured or produced in California
- Number of items each vendor was awarded
- Delivery time frame
- Past performance of the vendors
- Other factors in the County's best interest

14.10 Late Bids

Any bid received after the closing time will be considered a late bid. If a bid response is received after the submission deadline, it should be handled as follows:

- Package should remain unopened.
- Outside of package should be dated and time-stamped.
- Vendor's name, method of receipt (e.g. USPS, UPS, etc.), and the receipt date/time should be recorded on a "Late Response Log"; and,
- Late package should be returned unopened to the Vendor with a letter explaining the reason or non-compliance.

As acceptance of a late response(s) may jeopardize the integrity of the solicitation process by giving an unfair advantage to a Proposer/Bidder who submits a late response, late bids are normally considered “non-responsive” and are returned to the proposer/bidder, unless the Purchasing Agent determines that it is in the best interest of the County to accept the bid.

14.10.1 Responsibility of Bidders

It is the responsibility of the bidders to submit their bids as follows:

- On or before the date and time specified on the bid.
- To the proper address indicated on the bid.
- To mark their envelopes with the correct bid number and closing date.
- To ensure they are aware of the process and procedures for online bid submittals, including log-in information

14.11 Cancellation of Requisition or Solicitation

The cancellation of a departmental requisition shall require department’s concurrence and the Purchasing Agent to document the specific reason(s) for the cancellation.

1. Cancellation by the Department: Cancellation of a requisition by the department should be on the basis of a written cancellation notice. Verbal cancellation may be accepted by the Purchasing Agent in order to suspend the purchasing process, but should be followed up by written cancellation notice from the department.
2. Cancellation by the Purchasing Agent: Cancellation of a requisition initiated by the Purchasing Agent requires the notification and concurrence of the department. This is best accomplished by giving notice to department by telephone, followed up by a written cancellation. Email notification is acceptable.

14.11.1 Cancellation of the Bid Solicitation

When a requisition is cancelled during or after a bid solicitation process, the Purchasing Agent must cancel the items from the bid and indicate the reason(s) for the cancellation in eCAPS.

14.11.2 Valid Reasons for Cancellation

Valid reasons for cancellation may include, but are not limited to, the following:

- Funding no longer available
- Valid reason for requirement no longer exists
- Specification flaws are so severe it is in the best interest of the County to start afresh with defining requirements, commodities, etc.

- Vendor default or breach of contract
- County termination of agreement for convenience
- Termination for gratuities offered by vendor
- Termination for cause not otherwise listed

14.12 Bid Amendments/Extensions

After the solicitation has been prepared, it may become necessary to issue an addendum to alter the solicitation and/or bid opening date. The reasons must be valid and not for reasons that might prejudice one vendor over others.

General guidelines pertaining to bid amendments and/or extensions include the following:

1. Bid amendments and extensions require the approval of the Purchasing Agent.
2. Bid amendments and extensions must be sent to all firms and individuals sent or given the original solicitation.
3. The Purchasing Agent shall ensure bidders are given reasonable time to respond to the requirements of the bid amendment, especially if it contains material changes to the specifications or terms and conditions.
4. The reasons for issuing the addendum should be very clear. Some examples for providing change information are:

Add: size on Item 1- 2" x 4"

Delete: All references to color on Item 4, Line 6

Change: Number of drawers on Item 3 from 4 to 3 drawers

Specification now reads: Item 3- Cabinet to have 4 drawers

Specification changed to read: Item 3- Cabinet to have 3 drawers

14.13 Bid/Vendor Protest

The County Purchasing Agent maintains the exclusive authority and responsibility to purchase and rent all materials, supplies and equipment, furnishings, fixtures and all other personal property for use by departments, districts or agencies of Los Angeles County who are governed by the Los Angeles County Board of Supervisors.

Acquisition of supplies and equipment are made by the Purchasing Agent pursuant to:

- Government Code 25501, et seq.;
- Codified Ordinance of County of Los Angeles, Title 2, Chapter 2.81; and
- Section 24 of the County Charter.

With limited exceptions, solicitations conducted under the statutory authority of the Purchasing Agent are price-based with the resultant award being made to the lowest, responsible bidder that fully meets and complies with all of the specifications and requirements of the solicitation.

The Purchasing Agent or his/her designee shall be responsible for the review and disposition of any protest of a bid solicitation conducted under the statutory authority of the County Purchasing Agent.

14.13.1 Common Reasons for Bid Protests

Bid protests are filed by vendors because they seek remedy to a wrong, be it perceived or otherwise, which has inflicted injury or hardship to their company as a result of some action taken by the County during the bid process. Some of the most common reasons for filing a bid protest include:

- The contract was awarded to vendor with higher prices.
- The vendor's offer was rejected for invalid reasons.
- The vendor awarded the resultant contract did not comply with specifications.

14.13.2 Protest of Award Procedures

1. Upon a determination of vendor selection from a bid process, the Purchasing Agent will post a "Notice of Intent to Award" on the County's bid website, and notify all solicitation participants of the intended award via email.
2. Non-selected vendors will have three (3) business days, from the date the notice is posted, to file a formal bid protest with the Purchasing and Contracts Analyst (Buyer) that conducted the solicitation.
3. The bid protest, which must be received by the Buyer within the three (3) day period, shall be in writing, and include the specific facts, circumstances, reasons and/or basis for the protest. This written notice may be in the form of a letter, fax or email.
4. Bid protests must be filed prior to the award of contract or purchase order. Upon execution of the contract or purchase order to the selected vendor, the Purchasing Agent will not take action on a bid protest; however, a written response will be provided to the protesting vendor.
5. If a vendor bid protest is appropriately filed (i.e., prior to the award), the Purchasing Agent may delay the award of a contract or purchase order until the matter is resolved.

There are, however, situations where the delay of an award may not be in the best interest of the County due to emergency and/or time critical acquisitions such as at the end of the County's fiscal year. In these instances, the County has no obligation to delay or otherwise postpone an award of a purchase order or contract based on a vendor protest.

In all cases, the County Purchasing Agent reserves the right to make an award when it is determined to be in the best interest of the County of Los Angeles to do so.

6. The Purchasing Agent will respond to all bid protests in a timely manner.
7. The Purchasing Agent may refer a protest of a technical nature to the requisitioning County department for further clarification, and will prepare a letter to the protesting vendor, advising them of the pending action(s), and when a formal response can be expected.

14.13.3 Protest of Specifications

A vendor may seek a review of the solicitation requirements and/or specifications by written request to the Buyer conducting the solicitation provided that the written request is received three (3) business days prior to the closing date of the solicitation.

This request must itemize, in appropriate detail, each matter contested and a factual reason(s) for the requested review (e.g., specifications were too narrow and limited competition, etc.).

The Purchasing Agent will provide a written response to the requesting vendor(s).

CHAPTER 15 - PURCHASE ORDERS

15.1 Purchase Order Requirements

A purchase order is a formal agreement between the County and a supplier to purchase commodities at the prices, terms, and conditions stated in the purchase order. Purchase orders are issued by the Purchasing Agent. Departments also issue purchase orders for supplies and services, based on purchasing authority delegated to the departments by the Purchasing Agent.

15.1.1 Shipping Terms

Knowledge of shipping terminology can reduce freight charges and clarify who is responsible for loss and damage occurring in transit. The definitions regarding commonly used shipping terms for Purchase Orders are as follows:

1. Free On Board (FOB) Destination or FOB Delivered; Freight Prepaid and Allowed

- Vendor pays the freight, which is included in the price.
- Vendor owns goods in transit.
- Freight claims and damages are responsibility of the vendor.

2. FOB Shipping Point; Freight Prepaid and Charged Back

- County pays the freight, which is not applicable to sales tax.
- County owns goods in transit.
- Freight claims and damages are responsibility of the County.

15.1.2 Payment Terms

Some common payment terms of a Purchase Order may be defined as:

- Net 30: The full invoice amount is due and payable within 30 days.
- xx%/30: A discount (xx%) may be taken if payment is made within 30 days.
- xx%/25th prox.: A discount (xx%) may be taken if payment is made by the 25th day of the following month.

xx = the discount percentage offered by the awarded vendor

Note: Cash discount period is calculated from the date of receipt of proper and correct invoice or date merchandise was received and accepted by County, whichever is later.

15.2 Changes and Supplements to Purchase Orders

County departments are not authorized to change the prices, terms, and conditions of the purchase order. Official changes and/or supplements to purchase orders must be approved by the Purchasing Agent.

A change order is a written request from the department for the Purchasing Agent to formally amend an outstanding purchase order, e.g., change quantity ordered, unit price, delivery, etc. Occasionally, it is also used to make changes to a requisition. When it is necessary to make a change to a Purchase Order, the department shall submit a Change Order form for changes of any type, e.g., cancel purchase order, change quantity ordered, unit price, delivery, ship to address, funding supplements and reductions, etc.

All documentation in support of the change, as well as the change order itself, shall be made a part of the original Purchase Order file.

15.2.1 Change Order Procedure

The following steps shall be followed when processing a change order:

1. Department initiates the change request via a completed Change Order Request form.
2. The Change Order Request is attached to the Requisition in eCAPS and forwarded to the Purchasing Analyst by the Department
3. Purchasing Analyst will review the change request for propriety, including determination if the change is allowable and within the scope of the solicitation. If acceptable, Purchasing Agent will document the properly worded change. All changes require a clear and concise justification or explanation from the department. Supplements cannot be processed for prior years' purchase orders.
4. Purchasing Analyst will process the official change notice (amendment) within eCAPS
5. Purchasing Analyst will forward a copy of the amended purchase order to the Department and affected vendor, as necessary.

15.2.2 Auditor Allowance on Over Expenditure

The Auditor-Controller General Claims Section will allow over-expenditures on purchase orders without supplementing the purchase order, when the purchase order estimate is exceeded by less than 10% and less than \$100.00.

CHAPTER 16 - MISCELLANEOUS PROVISIONS AND PROCEDURES

Included in this chapter are policies and/or procedures about commodities or equipment that have exemptions and/or special processes to satisfy County requirements.

16.1 Processing Time for Requisitions

Upon receipt of a properly prepared requisition by the Purchasing Agent, a requisition will normally be processed and completed within 30 calendar days for routine, and 60 calendar days for complex acquisitions. It is the responsibility of the requisitioning department(s) to adequately plan in advance for their procurement needs and/or requirements taking into account the processing timeframes identified herein.

While there are instances where procurement timeframes may be expedited with proper justification, the standard processing time is necessary to ensure that the procurement requirements of the department(s) are addressed in the solicitation(s), and presented in a manner in which potential bidders would understand the requirements, and are provided sufficient time to prepare and submit a response to a County solicitation.

16.1.2 Routine Bids/Solicitations

Generally, a routine acquisition includes simple descriptive non-technical specifications along with boilerplate and specific terms and conditions for the procurement of commodities where a short paragraph of description will suffice. The standard processing time for routine acquisitions is as follows:

Purchasing Agent Task	Average Timeframe (Work Days)
Receive & Review Requisitions/Specifications	2 days
Prepare Solicitation	1 day
Receive/Review Solicitation Draft; and Release/Post solicitation	1 day
Solicitation on the Street (Out to Bid)	10 days
Vendor Bids/Proposals Received & Recorded by Purchasing Programs Section	2 days
Bid Evaluation	1 day
Generate Purchase Order; Release Purchase Order to Purchasing Programs Section	1 day
Total Processing Time	18 days**

****Note:** 18 working days equates to 30 calendar days.

16.1.3 Complex Bids/Solicitations

These acquisitions include those bids where the County is seeking highly technical or complex solutions. These solicitations normally will require a vendor job walk and/or bidder's conference, bid referral letter, "T" Specifications or Request for Proposal (RFP), and/or product testing.

Purchasing Agent Task	Average Timeframe (Work Days)
Receive & Review Requisitions/Specification	2 days
Prepare Solicitation	1 day
Receive/Review Solicitation Draft; and Release/Post solicitation	1 day
Solicitation on the Street, Including Job Walk(s) and/or Bidder's Conferences, As Appropriate	15 days
Receive Technical Questions from Bidders; Draft, Finalize, and Release Solicitation Amendment Responding to Vendor Questions	3 day
Vendor Bids/Proposals Received & Recorded by Purchasing Programs Section	2 days
Bid Evaluation	2 day
Bid Results Referred to Client Department	9 days
Receive and Evaluate Department Response	1 day

Generate Purchase Order; Release Purchase Order to Purchasing Programs Section	1 day
Total Processing Time	37 days**

****Note:** 37 working days equates to 60 calendar days.

16.1.4 Factors Which May Extend Processing Timeframes

While the above would represent the normal timeframe for processing requisitions, there are several factors that may extend these timeframes, which include:

- Departmental availability and scheduling of bidders' conferences and/or job walks
- Extended or extending the bid due date for highly complex solicitations to provide bidders with sufficient time to prepare and submit a response
- Department delays in evaluating and/or responding to the Purchasing Agent
- Formal protest of bid award by a non-awarded bidder
- Incomplete or no specifications provided with the requisition
- Inquiry by the Board of Supervisors
- Written justification not provided, or not acceptable in content
- Required approvals not obtained by customer department
- Requisition does not have the authorized signature

16.1.5 Exceptions

Exceptions to the above referenced standard timeframes require written justification by the requisitioning department, and approval by the Purchasing Agent.

16.2 Badges

Badges for sworn personnel and certain County positions may be purchased only as authorized by Administrative Code and with the approval of the Executive Office of the Board of Supervisors (BOS).

The Sheriff Department is the only department authorized to purchase badges directly from the agreement vendor.

All other departments are required to submit a copy of the requisition to the BOS with the **County Badge Request Checklist** (see section 19.9) along with the required supporting documents identified on the checklist. Requisitions approved by the BOS shall be forwarded to the Purchasing Agent to initiate the purchase process. BOS approval is required regardless of the quantity and value of the acquisition.

16.2.1 Qualifying Badge Categories

Badges may be purchased only for those persons falling into one of the following categories:

1. County officers and employees who are required to wear a uniform and whose duties include the enforcement of penal statutes and ordinances a substantial portion of the time, or Sheriff's personnel as designated by the Sheriff and approved by the Executive Office of the Board of Supervisors.
2. County officers and employees who are peace officers pursuant to the provisions of Section 830 et. seq. of the California Penal Code.
3. County personnel holding the following positions:
 - Agricultural Inspector
 - Ambulance Driver
 - Ambulance Medical Technician
 - Animal Control Inspector - Building Inspector
 - County Counsel Investigator - Deputy District Attorney
 - Deputy Fish and Game Warden
 - Deputy Public Administrator/Guardian
 - Public Defender Investigator
 - Superior Court Clerk
 - Treasurer-Tax Collector Investigator - Warrant Investigator
 - Weights and Measures Inspector
4. Persons designated by the Director of Health Services and approved by the Executive Office of the Board of Supervisors who are assigned to perform public health investigations, environmental health work, hazardous materials management work, or radiation protection work as a member of an environmental health unit.
5. Persons who honorably retire from a position as confirmed by department and LACERA retirement letter.

16.2.2 Special and Retirement Badges

Special Badges or replacement of lost retired badges must be approved by the Executive Office of the Board of Supervisors and must be paid for by the officer or individual making the request. Replacement badges must be reported as lost/stolen in accordance with County policy. Department shall submit a memo to the Purchasing Agent stating who will be purchasing the badge. The Purchasing Agent will advise the badge vendor that the sale of a badge to the stated officer or individual has been approved.

16.2.3 Repairs

Badge repairs, including refinishing, must be processed through the Purchasing Agent; BOS approval is not required. Direct transactions between County Departments and the vendor are prohibited.

Similar to the purchase of new badges, any modifications, or changes to a badge's original appearance, must first be submitted to the BOS for approval (e.g., title or center coin change).

16.2.4 Handling of Badges Out of Circulation

In accordance with the County Policy, all departments shall keep a detailed record of all badges in circulation, in inventory, and that have been destroyed, replaced, or otherwise rendered obsolete (including all lost and stolen badges).

16.2.5 Authority

Los Angeles County Code, Chapter 5.64 (Badges)

16.3 Testing of Chemical Products

Agricultural Commissioner/Weights and Measures is the approving authority for chemical based products that are registered with the U.S. Environmental Protection Agency (EPA) e.g. pesticides.

Agricultural Commissioner/Weights and Measures Dept.
12300 Lower Azusa Road
Arcadia, CA 91006
Tel: (626) 575-5466

16.3.1 Procedures

Pesticides and Other U.S. Environmental Protection Agency (EPA) Registered Products are to be handled in accordance with the following procedures:

1. EPA registered products require the approval of the Department of Agricultural Commissioner/ Weights and Measures. The approval process consists of ascertaining proper registration of the chemical product by the United States EPA and State of California, Department of Pesticide Regulation. It also includes a review of the pesticide label to determine that the chemical pesticide is labeled for and can be legally applied on the intended site.
2. Applicable to the following:
 - Acaricides (mites)
 - Algicides (algae)
 - Avicides (birds)
 - Bactericides (bacteria)

- Bleaches
- Chlorine anti-microbial disinfectants
- Defoliants
- Fungicides (fungus)
- Growth regulators(plants/animals)
- Herbicides (weeds)
- Insecticides (insects)
- Molluscicides (snail)
- Nematicides (nematodes)
- Pesticides (fish)
- Repellents
- Rodenticides (rodents)
- Sanitizers

3. Requisitions for EPA registered products submitted to the Purchasing Agent for processing must have the prior approval of the Agricultural Commissioner.

16.4 Equipment Rental and Lease

Equipment shall not be leased without the specific approval of the CEO and the Purchasing Agent. All rentals for equipment normally purchased shall be approved by the CEO. CEO determination that rental is in the best interest of the County may be based, in part, on the written justification and financial analysis indicating that rentals/lease will be in the County's best interest as provided by the department.

The leasing and renting of personal property is within the authority of the Purchasing Agent. Real property (buildings, land, etc.) is excluded from such authority.

16.4.1 Rental

A rental is an agreement whereby the renter (County) pays a stated payment to the owner/landlord for the temporary possession or use of personal property. Rentals should only be used for short term requirements (6 months and less). Extensions beyond six (6) months, if any, shall be approved in advance by the CEO.

As a best practice, the County recommends that all rental agreements include daily, weekly, and monthly rental rates should a short-term extension beyond the original intended rental be required.

16.4.2 Lease

A lease is a written contract by which one party (lessor) gives to another (lessee) the use and possession of personal property for a specified time and for fixed payments. In a pure or

straight lease, there is no accumulation of equity and no provision for the buyout of the leased personal property.

16.4.3 Lease-Purchase

A lease purchase is a lease contract with terms providing for transfer of title during or at the end of the lease term. This type of agreement should include the purchase price at time of lease, amortized payment schedule for the term of the lease, and the lease financing rate.

16.4.4 Transfer of Title

The lease purchase agreement must contain provisions stating the terms and conditions under which transfer of title (buyout) can be exercised by the County.

1. Buyout at the end of lease term for payment of \$1.00 is the most commonly used method and is used when the personal property has a useful life beyond the original lease term. This is the preferred buyout option.
2. Buyout at a fair market value is another option but is generally considered less desirable because of the difficulty in determining a price that is fair.
3. Buyout during the lease term can be based on the amortization schedule of the lease agreement or the fair market value. Generally, County departments very seldom, if ever, exercise this option.

16.4.5 CEO Approval

CEO approval is required for all leases in order to protect the County bond rating and to ensure the County's debt ceiling is not exceeded.

16.4.6 Rental vs. Purchase

The Purchasing Agent will evaluate the cost effectiveness of rental vs. purchase. If purchase is more economical, the CEO and user department should be notified, and all discussions should be documented for the file.

16.4.7 Lease Bidding Procedures

There are three basic methods for bidding leases.

1. Bid the equipment as normal and process the purchase order/lease through LAC/CAL (Los Angeles County Capital Asset Leasing Corp.) This is the simplest and most efficient method.
3. The vendor supplying the equipment also handles the lease portion of the transaction. The low bidder is the lowest total cost over the term of the lease – all other factors being equal.

3. One vendor supplies the equipment and another company (third party) finances the lease. Based on a bid, the equipment supplier with the lowest acceptable offer is selected. Once the equipment is selected, the bid solicitation for financing the lease is conducted and awarded accordingly. The purchase order/lease agreement is issued to the third party lessor who will buy the equipment from the supplier, and lease it back to the County at the agreed upon terms and conditions.

NOTE: When bidding a lease, the specifications shall require that the proposal contain the principal amount of the proposed lease and the interest rate factor to be computed in the lease payments for the term of the lease.

Having this information will give the County comparative information to determine the cost effectiveness of the principal amount and interest rate factor proposed as compared to that provided by the Los Angeles County Capital Asset Leasing Corporation.

16.4.8 Rental Requirements:

The following requirements shall be considered and included in rental acquisitions, where applicable:

1. Rentals shall include a clearly defined period of coverage with beginning and ending dates. At a minimum, rentals shall terminate at any time equipment becomes inoperable or unavailable, unless caused by County negligence.
2. Any mechanical repairs, other than routine adjustment, shall be made by the vendor. Vendor shall furnish all repair parts and repair costs.
3. Rental shall not be paid for any period where equipment is out of service due to mechanical failure.
4. The County of Los Angeles, its agents or employees will not be responsible for loss by fire, flood, act of God or unlawful act of a third party. If unusual damage occurs, by reason of the equipment being ordered into an extra hazardous position by a responsible County representative, the County agrees to restore the equipment to the condition existing before such damage occurred.
5. Rental machines are to be removed from County premises on expiration date indicated. If necessary, extension of rental will be on the basis of a "purchase order extension" document from the Purchasing Agent only. The County will not be responsible for rental costs beyond expiration date unless period is extended in accordance with above conditions. Vendor shall give department a minimum of 24 hours' notice prior to picking up machine.

16.5 Trade-Ins

Old equipment that is obsolete, inoperable or beyond economical repair may be offered for direct sale or as a trade-in towards the purchase of new equipment.

16.5.1 Exceptions

Exceptions include motor vehicles and construction equipment, which shall be disposed of by public auction; and/or trade-in of an item wherein the vendor terms the transaction an “exchange” and wherein an “exchange price” is used without reference to a specific amount being allowed for the old item, e.g. electronic components of a proprietary nature.

16.5.2 Procedures

Departments must submit an ***Application for Authority to Sell or Trade-In Surplus Property Form*** (see section 19.10), Form No. 76A635 with their requisition for new equipment. If old equipment cannot be released until new equipment is received, the old equipment will be offered as a trade-in only.

If old equipment is no longer in use and can be released or sold before new equipment is received and the original purchase value was over \$25,000.00, the equipment will be offered as a trade-in and shall also be offered on a “direct sale” bid.

1. The Purchasing Agent will offer the old equipment as a trade-in.
2. The surplus Purchasing Agent will also handle the bid of the old equipment for direct sale to the highest responsive bidder.
3. Old equipment will be offered “as is, where is.” The location and any special requirements regarding access to the equipment, as well as a specific timeframe for removal of the equipment will also be made a part of the solicitation requirements.
4. Both bids shall be mailed on the same day and close on the same day at the same time
5. All sale bids must be posted minimum 5 working days at office of the Purchasing Agent and County courthouse to comply with state law.
6. Each bid shall cross-reference each other in the following manner:

- **Trade in bid**

“This equipment is also being offered for direct sale on Bid #_____.

The County of Los Angeles reserves the right to make the award on either bid.”

- **Sales bid**

“This equipment is also being offered as a trade-in on Bid #_____.

The County of Los Angeles reserves the right to make the award on either bid.”

7. Based on the best interest of the County, the Purchasing Agent will evaluate and determine whether to use the old equipment as a trade-in or process as a direct sale.
8. All Sales awards must bear the statement, "Disposal of property authorized by Board of Supervisors, March 4, 1941."

16.6 Surplus Property Disposal Program

Effective December 1, 1997, surplus County personal property and badges, or any other unclaimed or abandoned personal property otherwise delivered to the Purchasing Agent for disposal, shall be disposed of by each department in accordance with the Board adopted Decentralized Surplus Property Disposal Program.

The Los Angeles County Decentralized Surplus Property Disposal Program was adopted by the Board of Supervisors on November 18, 1997 and became effective 12/1/1997. Copies are available from the Internal Services Department (ISD) Countywide Surplus Property Coordinator.

16.6.1 ISD/Purchasing Agent Responsibilities

The Purchasing Agent shall be responsible to:

1. Solicit bids for and issue sales awards for the trade-in of surplus property.
2. Establish countywide agreements to support the countywide surplus property disposal program, including appraisal and auction services, rubbish hauling, transportation services and purchase or scrap metal, paper and other surplus for which there is an ongoing market.
3. Dispose of surplus County vehicles through auction.
4. Designate a Countywide Surplus Property Coordinator who will provide training, disposal advice and technical assistance to departmental Surplus Property Coordinator; arrange for the appraisal and disposal of unclaimed or abandoned valuable personal property; enter into donation agreements with public service agencies who meet the Board's criteria for program participation; and coordinate the County's participation in the Federal Surplus Property program.
5. Maintain a Surplus Property Web Page, which may be used by departments to list and search for County surplus property.

16.6.2 Department Responsibilities

Individual County departments are responsible to:

1. Develop written departmental procedures for the disposal of surplus County property and unclaimed personal and stolen property (except valuables which are disposed of by the Purchasing Agent via auction) in compliance with countywide policies and procedures.
2. Designate employee(s) who are authorized to sign disposal documents authorizing the disposal of surplus County personal property.
3. Designate a departmental Surplus Property Coordinator(s) to coordinate the disposal of property for the department, including posting items available for redistribution on the County's Surplus Web Page, arranging for on-site and off-site auctions, arranging for donations to authorized public service organizations, and forwarding unclaimed valuables (jewelry) to the ISD Countywide Surplus Property Coordinator for disposal. It is recommended that the departmental Surplus Property Coordinator be a member of, or associated with, the department's Fixed Assets staff to ensure that surplus fixed asset and portable item of equipment are appropriately documented and reported.
4. Designate the Surplus Property Coordinator, Procurement Unit or other appropriate staff to solicit bids for and issue sales awards for the sale bid of surplus property.

16.6.3 For Sale Bid and Sales Award Numbers

ISD Register Section is the County's centralized controller for the issuance of For Sale Bid Numbers and Sale Award Numbers. These numbers are requested via fax or email by the departmental Surplus Property Coordinator(s). Register Section will post the For Sale Bid for the time period indicated.

16.6.4 Surplus Web Site

This surplus web site is used to post all usable surplus personal property items that are not being disposed of by sale bid or auction. It allows departments to redistribute usable surplus to other County departments and, if the property is not claimed, by another county department, to make items available for donation to Board approved, nonprofit, public service agencies.

The address for the website is as follows: <http://isd.co.la.ca.us/surplus/scripts/surSale.cfm>

16.7 Engraving and Use of County and Department Logo

16.7.1 Engraving

The use of engraved stationery is restricted to elected officials, judges, Chief Administrative Officer, County Counsel, department heads and commissioners.

Dyes used for engraving represent a sizable investment by the County. The Purchasing Agent maintains a record of County owned dies. Each department shall maintain a record of department owned dyes.

Upon expiration of any agreement which utilizes County-owned dyes, all County dyes in the possession of the incumbent agreement vendor shall be transferred to the new agreement vendor.

16.7.2 County or Department Logo

Use of County or Department Logo, including designs, colors, sizes, and appropriate uses, must be in compliance with County requirements as defined in County Code Chapter 2, Section 2.132 and Chapter 5.

Furthermore, the County claims all right, title, and interest in and to all intellectual property embodied in and relating to certain insignia, emblems, seals, badges, logos, and the like used by the County and its Special Districts, including, but not limited to, the County seal, departmental logos, the Los Angeles County Sheriff's Departmental star and badges, the Los Angeles County Fire Department badges, and all related artwork, graphics, representations, and derivatives created and/or authorized by the County (hereinafter referred to collectively as "County marks"). Nothing in any agreement established by the Purchasing Agent or his/her designee is intended to convey any ownership or other rights in the County marks to vendor, and ownership of all such County marks shall remain the property of the County.

Vendors are authorized to reproduce only those County marks as directed by the County department's authorized purchasing agent, solely in the manner and specifically for the purpose as directed by the County department's authorized purchasing agent. Except as expressly authorized by the County, vendors shall not reproduce, copy, distribute, republish, download, display, post, transmit, use for a commercial purpose, or otherwise make any other use of any kinds whatsoever. Without limiting the foregoing, vendors shall not publish, sell, offer for sale, or advertise, in any manner whatsoever (whether in print, on the internet, or otherwise), any County marks. Any seals, badges, insignia, artwork, or other representations of County marks, which the County provides to vendors, shall be returned to the County upon expiration or termination of the agreement/contract and/or any extensions thereof. At no time shall vendors in any manner (I) modify the County marks, or (II) create derivative works thereof.

16.8 Printing of Public Information Brochures

All documents, brochures or pamphlets intended for public distribution must be reviewed and approved by the Chief Executive Officer, County Counsel and the Board of Supervisors. It is the responsibility of the department to obtain the required approvals. Departments having the

Board's blanket approval for the distribution of public information materials must obtain County Counsel's review and approval for any modified material prior to placing the printing orders.

Departments shall obtain the printed materials directly from any of the County's Master Agreement Vendors for printing. Departments shall submit a requisition to the Purchasing Agent when none of the agreement vendors can comply with the requirements of the department, or when the purchase exceeds the department's delegated authority for non-agreement purchases.

16.9 Printing Personalized Stationery

Personalized stationery items (e.g. letterhead, memo pads, etc.) are restricted to elected officials, department heads, heads of commissions and committees, and/or as approved thereof.

16.10 Software Upgrades, Software Maintenance Support, and Software Support Services

The purpose of this purchasing procedure is to distinguish the differences between software upgrades, software maintenance support, and software support services. All purchases (new software, upgrades, and software support services) over \$5,000 and annual maintenance renewals greater than \$100,000 require advance approval by ISD-CIO.

16.10.1 Software Upgrades

Software upgrade is replacing Windows 95 with Windows 98 or other similar type transactions. This type of transaction is purchased "off the shelf" and is defined as any program or service of programs offered commercially. Software upgrades are considered the acquisition of personal property and may be subject to California sales tax, as applicable..

16.10.2 Software Maintenance Support

Software maintenance support can include on-site, telephone and/or on-line troubleshooting, installation assistance, basic usability assistance, etc. It can also include product fixes, patches, updates, or upgrades. Software applications are generally designed for mid-range and mainframe from such companies as Computer Associates and Oracle and can include operating systems, application software and systems, application software, and systems and network management software, tools and utilities. Enhancements to the software packages are maintained or purchased annually based on the input of user groups. Acquisition of software maintenance support is considered personal property and may be subject to California sales tax, as applicable.

16.10.3 Software Support Services

Software support services are used when a software developer is used to provide counsel, review, design, development, analysis, or advice in formulating, implementing, or improving programs or services. Or Software support services are also used to customize programming of

existing or new software application(s) exclusively for the department. This acquisition is considered a “service” and is not taxable, but is subject to the Purchasing Agent’s sundry service limit of \$100,000. Departments must obtain a Board contract if the requirements exceed \$100,000.

16.11 Freight and Shipping Instructions

Quotations should be requested as F.O.B destination or F.O.B. delivered, Freight Prepaid and Allowed. Both terms are interchangeable and have the same meaning – the vendor pays the freight charges included in the unit price and maintains ownership/responsibility of the goods until delivered to the agreed-upon destination. Shipments are made by common carriers or using the vendor’s proprietary equipment.

When quotations are only available as F.O.B. shipping point, Freight Prepaid and Charged Back (County to pay the freight and maintains shipment responsibility from shipping point), the following shall be used:

1. Shipments of 100 LBS or less shall be shipped via United Parcel Services (UPS) or Roadway Parcel Services (RPS). Vendor shall prepay the shipping/freight cost and add to invoice as a separate item.
2. Shipments 100 LBS or more shall be shipped by common carrier. Vendor shall prepay the shipping/freight cost and add to invoice as a separate item.

16.11.1 Free On Board (F.O.B.) Terms

Below are explanations of various FOB Terms.

1. F.O.B. destination/delivered
 - Title passes to County when merchandise is delivered to County’s warehouse.
 - If the shipment is damaged, it is the responsibility of the vendor to file a claim.
 - If Freight Collect, freight charges are paid by buyer.
 - If Freight Prepaid, vendor bears freight charges.
 - If Freight Prepaid and Charged Back, freight charges are paid by vendor and then collected from buyer by adding amount to invoice.
2. F.O.B. shipping point
 - Title passes to County when merchandise leaves the vendor’s warehouse. If the shipment is damaged, it is the responsibility of the County to file a claim.
 - If Freight Collect, freight charges are paid by buyer.
 - If Freight Allowed, vendor pays freight charges.

- If Freight Prepaid and Charged Back, freight charges are paid by vender and then collected from buyer by adding amount to invoice.

16.11.2 Overnight Express Delivery

Premium air-freight and overnight services from Federal Express, Airborne Express, UPS, etc., should be used when absolutely necessary due to the high cost.

16.12 Market Research (Market Test/Survey)

Market Research or Market Survey is the process of comparing, analyzing, and interpreting County pricing against those available from other vendors and manufacturers, market price indexes or market baskets as a measure of prices or price changes; or, for testing the market to determine whether potential bidders exist in the market place for commodities or services claimed to be sole source. This research may also identify emerging trends and innovations.

The goal of market research may also include:

- analyzing a department's spending patterns to assess current and future demand
- provide an objective process for decision-making that strengthens competition
- identifies gaps that may exist in a current contract to determine methods for closing the gaps and strengthening future contracts

16.12.1 Benchmarking

Benchmarking is the process of comparing County pricing to that of other cities, counties, state and federal agencies.

16.12.2 Procedure

Benchmarking and/or Market Research should be performed when the following conditions exist:

1. There is a requirement to determine if pricing is fair, reasonable and competitive.
2. Agreements are extended.
3. Justifying sole sourcing of commodities or services.
4. A single bid is received on an Invitation for Bid or Request for Proposal.
5. Justifying price increase on an agreement.

16.13 Documentation

In an effort to provide complete transparency throughout the procurement process and to clearly document any conversations/correspondence between the Purchasing Agent, the department, and/or the bidder/vendor that may impact prices, terms and conditions of a requisition, bid, or the purchase order, must be documented in writing by the Purchasing Agent and placed in chronological order within the file, from most recent to oldest.

16.13.1 General Application

In the normal course of processing a requisition, the Purchasing Agent may receive telephone calls or emails from the department regarding changes to their requisition. When evaluating bids, the Purchasing Agent may need to call/email bidders for bid clarifications. Documentation of these and similar changes or clarifications shall be documented by the Purchasing Agent in the event of a protest or misunderstanding at a later date. Documenting the file at the time of each of the activities is a best practice to ensure accuracy of the documentation.

16.13.2 File Documentation Requirements

Each file should clearly and distinctly 'tell the story' about the procurement process and outcome. To accomplish this, all purchasing files must be fully and neatly documented. Tabulation sheets that clearly and accurately reflect the number of bids/quotes/proposals received and the awarded bid(s) and rejected bid(s) should be a part of each file.

Rejected bid(s) must be fully documented with the reason(s) for rejection.

To ensure stability and longevity of file documentation, use of pencil or erasable ink is not acceptable. For transparency purposes, correction tape should not be used. Corrections, if any, should be dated and initialed.

Rejections or other actions beyond the Purchasing Agent's authority must have evidence of review/approval of a higher authority.

For consistency and facilitation of file review, use of the following checklist order is recommended:

Solicitation/Procurement Folder content:

- ☐ Purchase Order(s) or Agreement with price lists attached, when applicable
- ☐ Approved Negotiated Transaction Form, if applicable
- ☐ Protest Documentation, if applicable
 - Copy of Protest(s) received
 - County Protest response
 - Correspondence applicable to the protest
- ☐ Notice of Award and/or Low Bid Letter
- ☐ Bid Price Tabulation
- ☐ Referral letter and department response to referral letter, including any emails or correspondence pertaining to the department's evaluation and award recommendation
- ☐ Bid Response Summary Sheet (from Purchasing Support)
- ☐ Bid Reading Log

- ☐ Successful Bid(s) and any associated correspondence
- ☐ Non-successful bid(s) and correspondence associated with each
- ☐ Addenda to final solicitation document
- ☐ Original solicitation (RFB) document
- ☐ Original requisition document with specifications
- ☐ Documentation of communications/correspondence with department about requisition

Agreement Folder Content:

- ☐ Original executed agreement
- ☐ Agreement amendments, newest to oldest
- ☐ Approved extension, price increase, and/or “For the Record” forms, with all supporting documentation, from newest to oldest
- ☐ Supplemental price lists, as applicable
- ☐ Copy of approved Negotiated Transaction Form, if applicable (i.e. sole source agreement) or Brand Specific Form
- ☐ Agreement Checklist
- ☐ Copy of agreement vendor’s solicitation response
- ☐ Copy of bid tabulation

16.14 Public Records and Communications

This policy identifies the governing laws and guidelines for handling such records and communications and identifies the minimum requirements to be satisfied.

16.14.1 Governing Laws and Guidelines

- Government Code Section 6250 et. seq.- California Public Records Act
- March 22, 1994 Board Letter “Adoption of a Media Policy for Public Records” April 29, 1994 Chief Administrative Officer’s “Media Policy Guideline for Departments”
- County Code 2.170.010 (a)

16.14.2 Policy

The Board of Supervisors fully support the public’s right to know and expect priority be given to requests for public information - recognizing good government requires an informed citizenry. Public records must be released, with limited exceptions detailed by law, or where it can be demonstrated that the public interest in keeping certain information confidential clearly outweighs the public interest served by disclosure of the record. Even in cases where the County has a specific amount of time legally in which to respond to a request for a public record, the Board does not wish unnecessary delays imposed.

Upon a request that reasonably describes an identifiable record or records, the records shall be made promptly available for inspection, and for copying within ten (10) calendar days. In unusual circumstances, the ten (10) days may be extended by written notice from the department, agency head, commission, committee secretary, or the designee for no more than an additional fourteen (14) days as provided by law.

16.14.3 Definitions

“Public records” includes any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.

“Writing” means any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored.

16.14.4 When Not a Public Record

Under the California Public Records Act, all documents/records relating to Purchasing Agent solicitations are not considered public records until such time as a “Notice of Intent to Award” is made to issue a purchase order or Purchasing Agent agreement. Such documents/records include, but are not limited to:

- All notes and memoranda related to the solicitation in any form
- Contract bidders’ and proposers’ prices
- Evaluation committee notes and memoranda
- Evaluation control documents
- Evaluation documents
- Price quotations
- Proposals and bids received
- Vendor selection reports

16.14.5 Disclosure of Bid Information or Proposals

The County shall not, in any way, be liable for the disclosure of any bid information or proposals if disclosure is required or permitted under the California Public Records Act or otherwise by law. Exceptions will be those elements in the California Government Code section 6250 et. Seq. and which are marked “confidential,” trade secret,” “proprietary”. The County shall not in any way be liable or responsible for the disclosure of any such records, including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction. In the event the County is required to defend an action on a Public Records Act

request for any of the aforementioned documents, information, books, records, and /or contents of a proposal marked “trade secret”, “confidential”, or “proprietary” the Vendor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney’s fees, in action or liability arising under the Public Records Act.

16.14.6 Photocopying Fees The requestor may view public records on County premises at no cost. When photocopies are requested, the County will charge the direct costs of duplication in accordance with Los Angeles County Code 2.170.010(a).

16.15 Safety Recall of Defective Equipment/Material Purchases

In the event of a product recall, the Purchasing Agent will assume the lead to coordinate the recall efforts among County departments.

County purchased equipment/material may become a hazard to employees and the public. The Purchasing Agent may become aware of such a problem through a department complaint, television news story, or by information from the manufacturer, such as in the automobile industry “recall” practice. The following procedures shall outline the steps the Purchasing Agent will follow in these instances.

- Purchasing Agent will initiate ISD Purchasing and Contracts Bulletin to County departments apprising departments of the problem and soliciting appropriate information for future action.
- The Purchasing Agent will follow up with departments if no responses are received by reply date.
- Information received shall be analyzed and discussed with departments.
- Vendor shall be notified as necessary. Prompt and appropriate action shall be taken to prevent future purchases and to obtain restitution to the County for the defective and/or recalled material.
- The Purchasing Agent will notify departments of the procedure to obtain restitution, etc.

16.16 Safety Requirements-CAL/OSHA-Electrical

All electrically operated equipment must meet applicable electrical safety requirements before they can be purchased.

16.16.1 CAL-OSHA Requirements

All equipment purchased for County use must be Cal-OSHA “approved” and must meet all applicable local, state, and federal statutes, regulations, codes, etc. including but not limited to Cal-OSHA as set forth in the California Administrative Code, Title 8, Chapter 4.

When the term “approved” is used, it refers to equipment, materials, devices, etc. that have been approved, listed, labeled or certified as conforming to applicable governmental or other nationally recognized standards, or applicable scientific principles. The approval, listing, labeling, or certification of conformity shall be based upon an evaluation performed by a person, firm, or entity with appropriate registered engineering competence or by a person, firm or entity, independent of the manufacturer or supplier of the product, with demonstrated competence in the field of such evaluation.

16.16.2 Los Angeles County Requirements

The Los Angeles County Electrical Code Title 37 requires that all electrical materials, devices, appliances, and equipment shall be in conformity with the provisions of the Code. Electrical installation of equipment, devices and materials must also meet certain safety standards and be labeled or listed by nationally recognized testing laboratories approved by the Chief Electrical Inspector.

The County is precluded from purchasing electrical equipment which has not been approved/listed by a testing agency acceptable to Chief Electrical Inspector. Approved testing agencies are:

1. Underwriters' Laboratories, Inc. (UL)
2. Los Angeles City Testing Laboratory
3. Factory Mutual Engineering Association
4. ETL Testing Laboratories, Inc.
5. Canadian Standards Association (applicable to Health Services and Sheriff only)

16.16.3 Exceptions

The electrical provisions of the County Code do not apply to electrical laboratory and biomedical equipment and appliances when such items are:

1. Used for spectrometry, chromatography, microscopy, and related or similar medical, forensic and scientific purposes;
2. Located in areas specifically designated for use by medical/technical employees only;
3. Tested and maintained by either trained technicians or manufacturer’s representatives.

16.17 Cancer Causing Chemicals (Carcinogens)

No products that contain chemicals associated with causing cancer shall be purchased by the County unless all regulations and laws applicable to its use are met.

Title 8, California Administrative Code, Section 5209; Carcinogens Regulations, prohibits the use of carcinogens, unless its use is in a regulated area. A regulated area shall be restricted and controlled from entry and exit by unauthorized/untrained personnel.

The Purchasing Agent will ensure that solicitations include applicable clauses to require the bidders to disclose their product information with regards to cancer causing agents. The following is a partial listing of commodities that may contain carcinogenic agents:

- Agricultural chemicals
- Chemicals and disinfectants
- Cleaners and detergents
- Diagnostic reagents
- Paint, thinner, remover
- Petroleum products
- Photocopy solutions
- Protective coatings
- Water treatment chemicals
- X-ray solutions

Chemical Carcinogens (partial listing)

- 2-Acetylaminofluorene
- 4-Aminodiphenyl
- Benzidine (and its salts)
- 3,3'-Dichlorobenzidine (and its salts)
- 4-Dimethylaminoazobenzene
- Alpha-Naphthylamine
- Beta-Naphthylamine
- 4-Nitrobiophenyl
- N-Nitrosodimethylamine
- beta-Propiolactone
- Bis-Chloromethyl ether
- Methyl Chloromethyl ether
- 4,4'-Methylene bis (2-chloroaniline)
- Ethyleneimine
- Beneze
- Hexavalent chromium compounds
- Nickle compounds
- Inorganic arsenic compounds
- Aflatoxin B
- Polynuclear aromatic hydrocarbons

Auramine
Dimethyl sulfate
Nitrosamines
O-tolidine

CHAPTER 17 - FINANCIAL RELATED PROVISIONS

This section of the manual addresses commonly used financial clauses and other provisions for consideration when either requesting, soliciting, evaluation, awarding, or receiving goods and services.

17.1 Insurance Requirements

Before a contractor/vendor is issued a contract or purchase order to provide services to the County, the contractor/vendor must provide acceptable evidence of insurance coverage for the protection of the County. The contractor must also agree to their status as an independent contractor and agree to the County's indemnification requirements.

Procedure

1. When contracting for services, Departments shall inform bidders that insurance coverage is part of the bid requirements and must be furnished before a contract or a purchase order may be issued.
2. Insurance coverage is required on all service contracts and absolutely essential when a contractor/vendor comes on County premises to perform services.
3. At a minimum, Public Liability, Automobile Liability and Workman's Compensation insurance are required.
4. Other types of insurance required may include coverage for property damage, professional liability, crime, and malpractice. Department shall determine the additional insurance type and coverage required.
5. Contractors shall obtain coverage from insurance companies acceptable to the County who have a current A.M. Best rating of not less than A:VII.
6. Department or Purchasing Agent must obtain and contractor/vendor must provide a Certificate of Insurance evidencing adequate insurance coverage. Such certificate shall name the County of Los Angeles (certificate holder) as additional insured and must be accompanied with Additional Insured Endorsement.

17.2 Surety Bonds

Surety Bonds in the form of a Bid Bond, Performance Bond, and Payment Bond may not be required unless dictated by law, or where circumstances dictate a compelling need to protect the County's interest. Placing bond requirements in the specifications can restrict competition

and delay the award, as well as raise the cost of the contract to the County.

If required, the Surety Bonds must be provided to and received by the County before the contractor/vendor is issued a contract or purchase order. The Surety Bond obligee shall be "The County of Los Angeles." Though typically not requested, if a requirement of the solicitation, bid bonds shall accompany the bid/proposal.

Surety is requested from the vendor(s) to guarantee faithful performance on a contract. Surety can be provided in the following forms:

- Annual or Continuous Bid And Performance Bond
- Bank Passbook Account Assigned To County
- Cash
- Certified or Cashier's Check
- Irrevocable Letter of Credit
- Performance Bond
- Personal or Company Check
- Saving & Loan Certificates

17.2.1 Surety Bond Definitions

Bid Bonds

A Bid Bond of amount not above 10% of the contract order total amount is deposited when a contractor/vendor or the "supplier" is bidding on a tendered contract. The Bid Bond prequalifies the bidder and provides the necessary security to the County, or "obligee", guaranteeing that the bidder will enter into the contract, if it is awarded. A Bid Bond guarantees that the "obligee" will be paid the difference between the bidder's tender price and the next closest tender price. This action is only triggered should the bidder be awarded the contract but fails to enter into the contract, as agreed, with the County or "obligee."

If a bid bond is required, it shall be written by a surety or insurance company currently on the U. S. Department of the Treasury Financial Management Service list of approved bonding companies which is published annually in the Federal Register, or by a California domiciled insurance company with at least an A:VII rating in the latest printing of the A.M. Best's Key Rating Guide to write individual bonds of up to ten percent (10%) of policyholders' surplus as shown in the A. M. Best's key rating guide. Bid bonds, if required, shall remain in the file and checks, if provided, are returned to the bidders after receipt of the performance bond from the successful bidder.

Performance Bond

A Performance Bond ensures payment of a sum (not exceeding a stated maximum) of money in the event the contractor/vendor fails in the full performance of the contract. Performance Bonds usually cover 100% of the contract price and replace the Bid Bonds (if required) on award.

The successful bidder/proposer shall be notified in writing that a performance bond equal to the specified amount stated in the solicitation is to be submitted. The bond shall be secured from a surety or insurance company currently on the U.S. Department of the treasury Financial Management Service list of approved bonding companies which is published annually, in the Federal Register, or by a California domiciled insurance company with at least an A:VII rating in the latest printing of the A. M. Best's Key Rating Guide to write individual bonds up to a limit of ten percent (10%) of policyholders' surplus as shown by A. M. Best; companies authorized by this paragraph who are not on the Treasury list shall not write a performance bond when the penalty exceeds fifteen percent (15%) of its capital and surplus, such capital and surplus being the amount by which the company's assets exceed its liabilities as reflected by the most recent financial statements filed by the company with the County Office of Risk Management. Any performance bond furnished shall be written by a surety or insurance company that is currently licensed to do business in California.

The Bond must be received within a specified time from date of notification and that time shall be included in the written request for the submittal of the Bond. Failure to provide timely submittal could result in rejection of bidder/proposers bid/proposal and the right of the County to award to the next acceptable low bidder; or, to reject all bids and re-solicit, whichever is in the best interest of the County.

At a minimum, Performance Bonds are required when labor is involved and the project is valued at \$50,000 or more. Other reasons for requesting a bond may include other large dollar service contracts or critical service contracts such as grant-funded acquisitions, software or other Information Technology related services or project implementations; janitorial or trash collection services; guard or security services; landscaping and irrigation work, etc.

17.3 Cash Discounts

Cash discounts of 30 days (or more) or 25th prox. shall be considered by the Purchasing Agent and departments when evaluating bidders' prices.

Vendors offer cash discount as an incentive for the prompt payment of their invoices. Cash discounts are achievable based on the Board of Supervisors' mandate, which requires payments to vendors and contractors within 30 days.

Example:

An offer for Widgets at \$100.00 each with terms of 2%/30 (2% discount if paid within 30 days) will be evaluated as \$98.00 in the bid evaluation.

17.3.1 Types of Cash Discounts:

A. 1/30, 2/45, etc.

Discounts of 1% and 2% respectively can be deducted from the invoice when payment is made within 30 and 45 days.

B. 1% 15th prox., 5% 25th prox., etc.

Discounts of 1% and 5% respectively can be deducted from the invoice when payment is made by the 15th and 25th day of the month following receipt of the invoice.

C. Net/10, Net/30, etc.

The net amount of the invoice is due and payable within 10 and 30 days respectively.

17.3.2 Date in which Cash Discounts Are Calculated

Unless otherwise specified, the discount period is calculated from the date of delivery of the merchandise, or the date of receipt of proper and correct invoice, whichever is later.

Example: An invoice is received today and the merchandise is received three (3) weeks later, the cash discount is calculated from the date the merchandise is received.

17.4 Sales or Use Tax

The County of Los Angeles is required to pay California state sales or use tax on all taxable (tangible personal property) purchases unless exempt or otherwise excluded by the California Sales and Use Tax Law. The County does not maintain an exemption status and is subject to the payment of sale or use tax on all purchases unless otherwise exempted by law. When the sales tax applies, the use tax does not apply and the opposite is true.

The County shall pay sales or use tax on taxable purchases from vendors who possess and maintain a California State "Valid Seller's Permit." as required by the California State, Board of Equalization.

Vendors who sell personal property from outside of the State of California and possess a valid California seller's permit shall pay the sales tax. Departments may verify the seller's permit number by contacting the California State Board of Equalization, or via the Internet at www.boe.ca.gov/.

Note: Vendor's without a "Valid Seller's Permit" may not remit the sales tax to the State of California, Board of Equalization; therefore, the County (i.e., department) will be subject to payment of the sales tax. The County (department) is subject to audits by the State of California, and may be liable for payment of sales tax on purchases made from previous years.

17.4.1 Awards/Invoices

All awards and vendor invoices shall distinguish material costs from labor costs. Invoices shall reflect sales or use tax where applicable.

17.4.2 Surplus Personal Property

The sale of County surplus personal property is subject to California sales or use tax. Buyers of County surplus property must pay California sales or use tax unless they can provide a valid California seller's permit number.

17.5 Advance or Pre-Payment

A pre-payment or "advance" payment is the amount paid for goods or services before their receipt or invoiced due date. Prepayments made in advance of delivery to the County should only be authorized when it cannot be avoided. Such pre-payments require advance Purchasing Agent written approval.

17.5.1 Procedure

The following considerations shall be satisfied:

- Any prepayment that is not normal and customary requires the approval of the Purchasing Agent.
- The Purchasing Agent will consult with the department and obtain their concurrence that prepayment is appropriate and cannot be avoided. Written documentation of the vendor request and the department's justification/concurrence are required. On large prepayments, the Purchasing Agent will check the financial history of the vendor through Dunn and Bradstreet or some other bona fide financial history source.
- Upon issuance of the purchase order, the notation "PREPAYMENT IS AUTHORIZED" along with relevant amounts, terms and conditions will be included
- The vendor shall submit an invoice to the department before prepayment can be made.

Orders that customarily require prepayments are excluded from the above. Examples include:

- Annual equipment maintenance contracts
- Memberships
- Post office box rentals
- Annual Software maintenance
- Subscriptions for magazines or periodicals

- Books and other published library materials
- Licenses
- Annual lease costs for office or building space
- Insurance
- Training pre-registration
- Postage

17.6 Rebates/Coupons/Premiums/Incentives

Premiums, gifts, cash rebates, etc. redeemed from coupons packaged with products purchased by the County are the property of the County of Los Angeles.

Guidelines

Vendors and manufacturers should be encouraged to offer their best prices without the coupons or rebates and thereby, benefiting the County.

1. Departments are responsible for establishing internal controls for collecting, safeguarding and accounting for product coupons for subsequent redemption. Coupons with "cash value" shall be deposited in the County treasury as required by law.
2. All premiums must be used for legally authorized purposes only. **Premiums shall not be given to County employees.**
3. The department and the Purchasing Agent may attempt to negotiate a cash exchange for items deemed to be inappropriate for redemption. Such items include jewelry, liquor, toiletries, etc. If a cash exchange cannot be agreed upon, the attempted redemption items may be considered as surplus and disposed of in accordance with the Los Angeles County Decentralized Surplus Property Disposal Program.

CHAPTER 18 - VENDOR RELATED PROVISIONS AND PROGRAMS

The information provided herein is intended to provide adequate guidelines relative to vendor related provisions and programs adopted by the Board of Supervisors for compliance by the County.

18.1 Preference Programs-Local Small Business, Disabled Veterans, Social Enterprise

On July 23, 2002, the Los Angeles County Board of Supervisors (Board) approved an Ordinance (Los Angeles County Code Chapter 2.204) establishing the County's Local Small Business Enterprise (LSBE) Preference Program. Implemented on October 28, 2002, the LSBE preference program provided a five percent (5%) cost preference to County certified LSBE

vendors in the County's solicitations for goods and services over \$5,000, with noted exceptions.

On August 21, 2007, the Board approved an Ordinance amending the LSBE Preference Program for County solicitations, which are subject to federal restrictions on geographical preferences. In such cases where federally funded acquisitions preclude local preferences (by regulation), the five percent (5%) cost preference is applicable to vendors that are certified as a small business by the Small Business Administration (SBA) or registered as a small business on the Federal Central Contractor Registration database.

On September 13, 2011, the Board approved an Ordinance amending the LSBE Preference Program to increase the LSBE preference from five percent (5%) to eight percent (8%), with the increase to become effective for all solicitations (over \$5,000, with noted exceptions), released on or after November 1, 2011.

On January 12, 2016, the Board approved an Ordinance revising the Local Small Business and Disabled Veteran Business preference programs and approved a definition for Social enterprises and to increase the LSBE and Disabled Veteran Business Enterprise (DVBE) and Social Enterprise (SE) Program preference from eight percent (8%) to fifteen percent (15%), with the increase to become effective for all solicitations (over \$5,000, with noted exceptions), released on or after October 25, 2016.

The County Preference Programs is a race and gender-neutral program designed to enhance contracting and procurement opportunities for local small businesses, disabled veteran business, and social enterprises (herein referred to as "PPEs") within the County of Los Angeles.

With limited exceptions, County departments will provide a fifteen (15%) bid price reduction ("preference") for County certified, PPEs in the solicitation of goods and services released on or after October 25, 2016. Certified PPEs can claim the preference when responding to a solicitation for goods or services, which will be evaluated as follows:

- For solicitations that are based on the lowest bid, the preference granted to each certified PPE will be equal to fifteen percent (15%), of the lowest bid amount.
- For solicitations that are based on factors other than just the lowest price, the preference granted to each certified PPE will be equal to fifteen percent (15%) of the price component of the highest scoring proposal.

Note: Typically, in contracts for services, price is only one of several factors (e.g., qualifications, implementation approach, references, etc.) that are rated in arriving at a winning bid. In these cases, the price component of each PPE's bid will be scored based on their original bid price less the preference amount.

18.1.2 Exceptions

The requirements of the Preference Programs are applicable to the solicitation of bids and proposals for County goods and services, with the exception of:

- a. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar or related group purchasing organization.
- b. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal manual, Section 4.6.0 or a successor provision.
- c. A purchase card purchase pursuant to the Section 5.1 of this manual or a successor provision.
- d. A non-agreement purchase with a value of less than \$5,000 pursuant to the Section 4.3 of this manual or a successor provision.
- e. Any contract, funded in whole or in part by the federal government, to the extent of any conflict between the requirements imposed by the federal government relating to participation in a contract by a minority or women owned business enterprise as a condition of receipt of public funds.
- f. Any solicitation where a governing statute limits the PPE preference at an amount less than fifteen percent (15%). In such cases, the applicable statute shall determine the preference amount.

18.1.3 Restrictions

In all cases the preference amount shall not exceed one hundred and fifty thousand dollars (\$150,000) for any one solicitation.

18.1.4 Definition of a certified LSBE

A certified "LSBE" is defined as:

1. A business that is certified by the State of California, Department of General Services (DGS) as a small business and has had its principal place of business located in Los Angeles County for at least one (1) year; and
2. In a federally funded County solicitation subject to the federal restrictions on geographical preferences, a business which meets the eligibility requirements of a small business as defined by the Small Business Administration (SBA) and which is registered as a small business on the Federal System for Award Management (SAM) data base; or,
3. A business certified as a small business pursuant to The Department of Consumer and Business Affairs (DCBA's) inclusion policy that (a) has its principal place of business located in Los Angeles County and (b) has revenues and employee sizes that meet the DGS's requirements.
4. In addition, LSBEs shall provide goods and services that contribute to the fulfillment of

the contract requirements by performing a commercially useful function, as defined below:

- A. An LSBE is deemed to perform a commercially useful function if the business does all of the following:
 - i. Is responsible for the execution of a distinct element of the work of the contract.
 - ii. Carries out its obligations by actually performing, managing, or supervising the work involved.
 - iii. Performs work that is normal for its business services and functions.
 - iv. Is responsible, with respect to products, inventories, materials, and supplies required for the contract, for the negotiated price, determining quality and quantity, ordering, installing, if applicable, and making payment.
 - v. Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.
- B. A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an external participant in a transaction, contract, or project through which funds are passed to obtain the appearance of an LSBE.

18.1.5 Definition of a certified DVBE

- 1. A business that is certified by the State of California as a Disabled Veteran Business Enterprise (DVBE); or
- 2. A business that is certified by the Department of Veterans Affairs as a Service Disabled Veteran Owned Small Business (SDVOSB).

18.1.6 Definition of a certified SE

- 1. In a non-federally funded County solicitation, a qualifying SE must meet the following qualifications:
 - a. Has been in operation for at least one (1) year providing transitional or permanent jobs with access to supportive services, jobs training/job readiness and skills building as codified in the SE Preference program ordinance, employing at least 51% of a Transitional Workforce; or
 - b. Is certified as a B Corporation by B Labs or is incorporated as a Benefit Corporation or Social Purpose Corporation with the State of California; or
 - c. Is certified Green by a city government located within Los Angeles County; or
 - d. A business whose primary purpose is the common good as demonstrated through a published mission statement and whose principal business activity is directly related to accomplishing that stated social mission; and

- e. Has its principal place of business located in Los Angeles County, or a major office located in Los Angeles County; and
 - f. Certified by DCBA as a Social Enterprise.
2. In a federally funded County solicitation subject to the federal restrictions on geographical preferences, a business which meets the eligibility requirements below:
 - a. Has been in operation for at least one (1) year as noted in Item a. above
 - b. A business whose primary purpose is as noted in Item d. above; and
 - c. Is certified by DCBA as a Social Enterprise.

18.1.7 Preference Program Calculations for Bids and Proposals

Below are examples of point allocation or low bid when preference applied for your reference.

Lowest Responsive and Responsible bid: For solicitations that are based on the lowest responsive and responsible bid, the preference granted to a certified bidder shall be fifteen (15%) of the lowest bid, up to a maximum of \$150,000. Such preference shall be applied to all certified bidders that requested the preference, even if the certified bidder is the lowest responsible bidder meeting specifications.

Lowest Proposed Cost when Preference Applied: For solicitations that are based on factors other than the cost (e.g. Request for Proposals), the preference granted to a certified proposer shall be equal to fifteen percent (15%) of the lowest proposed cost, up to a maximum preference amount of \$150,000. In cases where the preference is granted, the cost proposal will be cored based on the original proposed cost less the preference amount. Such preference shall be applied to all certified proposers that requested the preference, even if the certified proposer has the lowest proposed cost.

Provided below are four (4) examples of how to calculate program preferences when evaluating bids or proposals*.

Example One

Bidder	Company 1	Company 2	Company 3 (DVBE)	Company 4
Total Bid Price	\$300,000	\$240,000	\$280,000	\$260,000
Lowest Bid Price (A)	\$240,000	\$240,000	\$240,000	\$240,000
15% of Lowest Price			\$ 36,000	
Bidder's Price (B)	\$300,000	\$240,000	\$244,000	\$260,000
*Total Points=(A)/(B)x4000	3200	4000	3934	3692

- A non-certified company (Company 2) submits the lowest bid of \$240,000
- A certified DVBE (Company 3) requests and receives a preference
- Company 2 receives the award because they continue being the lowest bid after the preference has been applied to the certified DVBE

Example Two

Bidder	Company 1	Company 2 (DVBE)	Company 3	Company 4
Total Bid Price	\$300,000	\$240,000	\$280,000	\$260,000
Lowest Bid Price (A)	\$240,000	\$240,000	\$240,000	\$240,000
15% of Lowest Bid		\$ 36,000		
Bidder's Price (B)	\$300,000	\$204,000	\$280,000	\$260,000
New Lowest Bid Price (A)	\$204,000	\$204,000	\$204,000	\$204,000
<i>*Total Points=(A)/(B)x4000</i>	2720	4000	2914	3138

- A certified DVBE (Company 2) submits the lowest bid (\$240,00), and requests and receives a preference
- Bids are evaluated using the new lowest bid price of \$204,000
- The certified DVBE (Company 2) receives the award because they are the lowest bid, but will be paid the original bid price of \$240,000

Example Three

Bidder	Company 1	Company 2 (DVBE)	Company 3	Company 4
Total Bid Price	\$1,500,000	\$1,600,000	\$1,700,000	\$1,550,000
Lowest Bid Price (A)	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
15% of Lowest Bid (Exceeds Gap)		\$225,000		
Preference Program Cap		\$ 150,000		
Bidder's Price (B)	\$1,500,000	\$1, 450,000	\$1,700,000	\$1,550,000
New Lowest Bid Price (A)	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000
<i>*Total Points=(A)/(B)*4000</i>	3866	4000	3411	3741

- A non-certified company (Company 1) submits the lowest bid of \$1,500,000
- A certified DVBE (Company 2) requests a preference, but the preference amount exceeds the cap of \$150,000
- The certified DVBE (Company 2) receives the maximum price preference of \$150,000
- Bids are evaluated using the new lowest bid price of \$1,450,000
- The certified DVBE (Company 2) receives the award because they are the lowest bid, but will be paid the original bid price of \$1,600,000

Example Four

Proposer	Company 1	Company 2 (DVBE)	Company 3	Company 4
Total Proposed Price	\$300,000	\$240,000	\$280,000	\$260,000
Lowest Cost Price (A)	\$240,000	\$240,000	\$240,000	\$240,000
15% of Lowest Cost		\$ 36,000		
Proposer's Cost Price (B)	\$300,000	\$204,000	\$280,000	\$260,000
New Lowest Cost Price (A)	\$204,000	\$204,000	\$204,000	\$204,000
Total Cost Points = (A)/(B)*4000	2720	4000	2014	3138
Non-Cost Points (6000 possible)	3985	3596	4852	4265
Total points (10,000 possible points)	6705	7596	7766	7403

- A certified DVBE (Company 2) proposes the lowest cost price (\$240,000), and requests and receives a preference
- Bids are evaluated using the new lowest bid price of \$204,000
- The certified DVBE (Company 2) receives the maximum amount of Cost Points (4000)
- Company 3 receives the award because they receive the highest Total Points once Cost and Non-Cost Points are combined

18.2 Community Business Enterprise

While no set asides are authorized by the Board of Supervisors, participation by Community Business Enterprises (CBE) is encouraged in the County's acquisition process. Every effort must be made to eliminate barriers to CBEs. The Board of Supervisors strongly endorses CBE participation that can be promoted without cost increase to the County. The following shall be practiced to ensure maximum participation in purchasing and contracting opportunities.

1. Whenever possible, include CBEs when vendors are contacted in informal and formal bid solicitations.
2. The Los Angeles County Department of Consumer & Business Affairs and the local Chamber of Commerce should be used as a resource when identifying and contacting CBEs
3. To obtain information on the County's current certified CBE listing, please contact the LA County Department of Consumer & Business Affairs at cbesbe@dcba.lacounty.gov.
4. Solicitations should be reviewed to determine if the business can be awarded to more than one contractor or geographical areas to increase CBE participation, without cost increases to the County.
5. Encourage major corporations, master agreement vendors, etc. to partner or subcontract with CBEs.

6. Encourage CBEs to apply for certification through the Los Angeles County Department of Consumer & Business Affairs. Information regarding the certification program and application can be found at: <http://dcba.lacounty.gov/community-business-enterprise/>

18.3 Vendor Performance

Consideration of a vendor's past performance is an important part of the purchasing process. Appropriate action must be taken with vendors who do not perform in accordance with the terms and conditions stated on the purchase orders.

18.3.1 Guidelines for Monitoring Performance

The following guidelines are used to track, monitor and address vendor performance issues.

- County departments shall monitor vendors to ensure fulfillment of their obligations based on the contract or purchase order requirements, terms, and conditions. Any performance issues shall be reported to the Purchasing Agent using the Vendor Performance Form. See Section 18.3.3
- The Purchasing Agent will maintain a file, which includes documentation and evaluation of vendor performances.
- The Purchasing Agent will assist departments having performance problems with vendors.
- The Purchasing Agent will ensure proper action is taken with poor performing vendors, which may include warnings by telephone or letter, or other actions allowed by law.
- In the event of default by the vendor, the Purchasing Agent may purchase the item(s) elsewhere and charge the defaulting vendor the difference in cost. The original purchase order may be cancelled and the reasons documented.
- Vendors who consistently fail to perform satisfactorily may not be considered for future contract award, deleted from bidders' list and/or required to post surety to guarantee performance. Well-documented poor performance may also be used in support of evidence of non-responsibility or reason for declaring breach of contract.

18.3.2 Delivery Performance Issues

Time of delivery is considered a part of the terms and conditions stated in the purchase order. When a vendor is delinquent with their delivery, they are technically in breach of contract and the County is entitled to take appropriate action.

It is the responsibility of the affected department to follow up on their delinquent deliveries. If efforts fail to correct the situation, the department may request the assistance of the Purchasing Agent.

18.3.2.1 Procedure for Handling Delivery and Non-Performance Issues

From a purchasing prospective, vendor default is the failure of the vendor to perform in accordance with the requirements of the purchase order. Generally, it involves the failure of the vendor to deliver goods or to complete a project in accordance with the requirements stated in the purchase order.

Departments shall make a reasonable attempt to resolve a delivery or non-performance issue by requesting the vendor to complete the order and thereby maintain their good standing with the County. The department must document their efforts to get the vendor to comply.

If delivery is not received after such follow up, the department shall notify the Purchasing Agent of the problem and provide copies of all correspondence and documentation associated with the vendor/problem using the Vendor Performance Form.

1. The Purchasing Agent will contact the vendor in writing and demand delivery of the product/service. The Purchasing Agent will set a reasonable delivery/completion deadline based on the circumstances.
2. If vendor fails to respond, the Purchasing Agent will prepare a letter constituting a "Final Notice to Default Vendor." A new delivery deadline will be established, whereby the vendor is given one last opportunity to complete their obligation/delivery. The vendor will be advised that if delivery is not made by the date stated, the County will purchase the product elsewhere and charge the vendor for any additional cost incurred plus \$100.00 administrative fee, or may assess other penalties as dictated by the purchase order/agreement terms.
3. If vendor fails to respond to the final notice, the Purchasing Agent may purchase the items/services in the open market and shall file a claim with the original vendor for any increase in cost over the original quotation plus an administrative fee. Procedure for processing a claim letter is provided below.
4. After the claim has been filed, the Purchasing Agent will cancel the original purchase order, notify the original vendor, and provide the following reason:

Purchase order cancelled due to non-delivery within the time specified on the RFB and purchase order and Final Notice letter dated _____. These items have been purchased on the open market, and we have charged your account for any increase in price over that indicated by your quotation.

18.3.2.2 Claim Letter as a Remedy

If delivery is not made in response to the Purchasing Agent's "Final Notice" to the vendor to fulfill their contract/purchase order obligations within the timeframe specified, the Purchasing Agent may deem the vendor to be in default and may purchase the items in the open market.

A claim letter shall be used to recover the additional costs incurred by the County when it is necessary to purchase higher priced goods or services from other sources due to such vendor default. The claim shall be for the increase in cost over the original quotation and shall include a flat dollar rate of \$100 to cover administrative costs.

If the vendor protests the amount of the claim, the Purchasing Agent may negotiate with the vendor. If payment of the claim has not been received within ten (10) days from date of the final determination of the claim amount, the Auditor Controller will be notified by the Purchasing Agent to deduct the claim amount from current payments due to the vendor. If payment has not been received within 60 days from date of the final determination of the claim amount, the Purchasing Agent will refer the matter to the Treasurer & Tax Collector, Collections Division.

18.3.2.3 Procedures for Return for Credit

The department shall be responsible to notify the vendor of goods received and determined to be excessive, obviously damaged, unacceptable, inappropriate, or substandard to the intended end-use for which it was purchased. The department may arrange to have the vendor provide goods delivered in satisfactory and acceptable condition or returned for credit.

The department shall submit a change order notice to the Purchasing Agent for any goods that are returned for credit. Upon approval of the change order, the Purchasing Agent shall take the appropriate action to reduce the purchase order.

18.3.3 Vendor Performance Tracking

All vendor performance issues may be reported to ISD Purchasing using the Vendor Performance Form. County departments may use the form to report resolved and unresolved issues, as well as any exceptional performance that may have been encountered from a vendor. Issues/accolades must pertain to a specific purchase order and should not be general in nature. All forms must be accompanied by supporting documentation, including a copy of the purchase order and all correspondence with the vendor regarding the issue and resolution attempts.

ISD Purchasing will track, monitor, and report all vendor performance issues and actions taken on a quarterly basis or as requested. All significant, unresolved issues will be investigated and resolved within 30 business days, unless circumstances dictate additional time.

18.4 Vendor Printed Forms

Any agreements or contracts prepared on a vendor's printed form with terms and conditions different from the County's standard terms are unacceptable and must be avoided unless there are no other alternatives.

The terms and conditions on the vendor's printed form are written for the protection and best interest of the vendor. It may be unfavorable to the County to accept provisions that may expose the County to potential risks and expenses.

Even when an agreement is signed on vendor's printed forms, the Purchasing Agent shall prepare an agreement or purchase order on County forms.

18.4.1 Procedures

The Purchasing Agent will, at all times, insist that vendor acknowledge the County's agreement form. Use of the County's form ensures that the County's best interests are maintained and protected.

When the services or commodities are proprietary to a vendor, the County may approve the agreement on vendor's printed form. The following steps should be followed:

1. The Purchasing Agent shall read the entire agreement for acceptability from the viewpoint of the County's best interest.
2. If terms and conditions exist which the Purchasing Agent feels should be changed or deleted, the Purchasing Agent will negotiate these points with the vendor. If the vendor agrees to allow changes or deletions, the Purchasing Agent will make such changes on vendor's form and initial next to each change.
3. Written confirmation of the changes and deletions from the vendor is mandatory.
4. Any questionable provisions should be referred to County Counsel.
5. Department personnel are not authorized to approve vendor printed form agreements, binding the County to the agreement. Department shall indicate on a cover letter, their willingness to abide by the terms and conditions on the vendor's printed form along with any changes or deletions negotiated by the Purchasing Agent.

18.5 Vendor Demonstrations and No-Cost Service/Equipment Proposals/Offer

It is the policy of the County of Los Angeles to promote integrity in the solicitation and acquisition process, to procure goods and services without prejudice, and strive to obtain the maximum value for each dollar of expenditure. To accomplish this, it is critical that vendors are not given an undue advantage in the solicitation process.

While there are approximately 35,000 vendors that call upon and work with the 39 individual County departments on an annual basis, the principles of fair and open competition remain as the basic requirement in the County solicitation and acquisition process. The purpose of this policy is to provide departments with guidance on vendor product demonstrations, trial loan(s) of vendor products and/or free consultant services.

18.5.1 Vendor Demonstrations

Once registered to do business with the County, vendors are encouraged to call upon the individual County departments in order to market their respective goods or services to the end users. As part of this effort, vendors may make sales presentations, schedule demonstrations, offer trial material, etc., but without any obligation on the part of the County.

Vendor presentations and demonstrations may be requested and scheduled with department procurement and/or end user personnel at the department's convenience. There should be no expectation on the part of the vendor that the scheduled presentation/demonstration would result in a contract or purchase order award from the department or the County.

The Vendor Relations Unit of the ISD Purchasing Division maintains a listing of countywide departmental procurement contacts, telephone numbers and addresses. Vendors may obtain a copy of this listing at the ISD Administrative Offices located at 1100 N. Eastern Avenue, Room 100 (Purchasing Bid Desk), in Los Angeles. Business hours are: Monday through Thursday, from 7:00am to 5:30pm. The Vendor Relations Unit can be reached at (323) 267-2725.

Vendors are expected to know that County departments are not authorized to commit the County to purchase goods from, or contract services with a vendor(s) without a valid purchase order or contract executed by the Purchasing Agent or the County Board of Supervisors.

18.5.2 Trial Products and Equipment Loans

County departments that desire to test or use products or equipment provided (at no charge) by vendors must obtain the prior approval of the County's Purchasing Agent. If approved, the Purchasing Agent will issue a "no-cost" Purchase Order. This is a Purchase Order that specifies the terms and conditions associated with a loan of a piece of equipment to the County.

Generally, equipment loans are granted for a period of 60-days to allow for a sufficient evaluation of the vendor's product(s). The Purchasing Agent may approve longer loan periods when circumstances dictate. However, in no instance will the County be obligated or commit to the purchase (or future purchase) of loaned equipment or no-cost products provided by a vendor(s).

In order to process a "no-cost" Purchase Order, departments must submit a requisition, a completed ***Equipment Loan Agreement Form*** (see Section 19.11) and a justification letter to Purchasing Agent for review and approval.

Upon approval, the Purchasing Agent will sign the Equipment Loan Agreement and issue a purchase order for the period of the loan. The loan period may not be extended without the written approval of the Purchasing Agent.

When loaned equipment is provided for testing and evaluation, any and all consumables and maintenance should be provided by the vendor(s) at no charge, also.

When considering the use of trial or loan equipment, departments must remain cognizant of, and guard against any conditions that place the County in the position of having to “sole source” purchase the equipment at a later date. Generally, the competitive bid process will be followed if the equipment is found to be useful and desirable.

18.5.3 Consultant and Professional Services

On occasion, vendors may offer County departments consultant and professional services (at no-cost). For example, a vendor may desire to assess a specific department business process and make recommendations for improvement, suggest equipment and/or technology solutions inclusive of software loan/services that will enhance operations, etc. While these services may be beneficial, they may only be accepted by departments in cases where such services would not provide an unfair advantage to a vendor in any existing or subsequent solicitation process. Vendors who provide such services may be excluded from participating in the solicitation process.

As the Board of Supervisors charged the Chief Information Office (CIO) with responsibility for reviewing all IT related Contracts submitted for Board approval, it is recommended that departments involve the CIO from the beginning of any IT project including those where technology solutions, equipment and software loan/services are under consideration and prior to agreeing to a loan or testing of such equipment or services.

County departments that desire to use consultant or professional services provided (at no charge) by vendors must obtain the prior approval of the Purchasing Agent, who may issue a “no-cost” Purchase Order and/or agreement or suggest an alternative method to obtain the services (e.g., the issuance of a Request for Information [RFI] to a pool of vendors. There should be no expectation on the part of the vendor that any such services would result in a contract or purchase order award from the department or the County.

If there are any questions, doubts, or issues involving (no-cost) consultant or professional services offered or proposed by vendors, departments and vendors should contact the ISD Purchasing Division Manager at (323) 267-2670.

18.5.4 Non-Disclosure Agreements or Confidentiality Agreement

A Non-Disclosure Agreement (NDA) is a confidentiality agreement used by companies in order to protect privileged information. In some instances, a vendor’s company may require the County to sign an NDA or a confidentiality agreement pertinent to its proprietary product(s) prior to demonstrating, sharing and/or seeking customer or user agency feedback, or in the course of processing a contract. All NDAs or confidentiality agreements falling within this policy shall be

reviewed and approved by the Purchasing Agent and the department requesting the NDA or confidentiality agreement. Terms and conditions of the NDA shall not conflict with the California Public Records Act.

18.5.5 Summary

As a public agency, Los Angeles County has a responsibility to the County taxpayers to protect and maintain the integrity of the procurement process. The nature of this responsibility transcends beyond County employees to include our vendor community, who also must exercise higher standards of ethical conduct in the procurement process to avoid any perception of impropriety. Suspected or observed violations of this policy must be promptly reported to the ISD Purchasing Division Manager.

18.6 Lost or Stolen Vendor Owned Property

Provisions for reimbursement of vendor-owned lost or stolen property should be included in contracts for rentals, leases, no-charge equipment loans, etc.

When vendor-owned property is lost or stolen from County premises and provisions for reimbursement are included in the rental or lease contract, reimbursement can be by means of purchase order or other means available to the department.

All other reimbursements shall require the vendor to file a claim with the Board of Supervisors. The required forms for filing a claim are available from:

Executive Officer
Board of Supervisors
Room 383 Kenneth Hahn Hall of Administration
500 W. Temple St.
Los Angeles, CA 90012

The form and additional information regarding claims may also be on the LA County Board of Supervisors website at <http://bos.lacounty.gov/Services/Custom-Service-Center>

The Department shall immediately cease rental/lease payments to the vendor upon loss of equipment or upon loss of beneficial use of equipment.

18.7 Antitrust/Unfair Competition Violations

Vendors submitting proposals/bids to the County of Los Angeles shall certify that the prices quoted have been arrived at independently without consultation, communication, or agreement with any other proposer/bidder/competitor for the purpose of restricting competition, price fixing or other antitrust or unfair trade practices.

Some examples of antitrust/unfair competition violation are:

A. Antitrust – (type most frequently directed against a public agency)

- Price fixing among competitors
- Allocations of markets, customers or territories
- Group boycotts and concerted refusals to deal

B. Unfair trade practices: (common locality discriminations)

- Selling under costs, or at lower costs, within a specified region to drive competition out
- Loss leaders
- Secret rebates, commissions, or other special services that are secretly offered to some customers but not others

18.7.1 Procedure for Reporting

Suspected or observed antitrust and/or unfair competition violations are to be reported to the District Attorney's Office at the following address:

District Attorney
Consumer Protection Division
211 West Temple Street, Suite 1000
Los Angeles, CA 90012
(213) 257-2450

CHAPTER 19 - FORMS AND CHECKLISTS

Procurement Card No. _____

COUNTY OF LOS ANGELES**PROCUREMENT CARD (CAL-CARD) PROGRAM
EMPLOYEE ACKNOWLEDGEMENT AGREEMENT**

This program is designed to assist you in making purchases by alternative means. As a participating employee, you are responsible to know and follow the Department's, as well as the County's, Procurement Card Policy and Procedures. If you have a question as to your use of the card, ask your supervisor.

Your full cooperation is essential to maintaining the use of a County issued procurement card. Compliance with this policy is imperative to the continued success of the program.

I hereby acknowledge that I have received and understand the provisions of the Procurement Card Program, and will use the procurement card only for official County business/purchases. I further understand that misuse of the procurement card may result in disciplinary action, up to and including discharge from County service. I agree to return the procurement card upon request of my supervisor or higher level authority. I understand that the use of the procurement card after my privileges have been removed or withdrawn is prohibited. Further, if the card is lost, damaged or stolen, I will immediately notify the Bank and my supervisor or higher level authority.

Employee No. _____

Employee Name (Print/Sign)_____
Date_____
Supervisor's Name (Print/Sign)_____
Date

To: **For the Record**

Date: _____

From: _____

Subject: **DOCUMENTATION FOR NEGOTIATED PURCHASE TRANSACTION – OVER \$1,500**

- Includes transactions not based on competitive bid solicitation – i.e. “Monopoly”

- All negotiated transactions exceeding \$5,000 must be reported to the Board of Supervisors.

1. Requisition # _____ Dept.: _____

2. Commodity: _____

3. Vendor: _____

4. Total Amount of this purchase (incl. freight and sales tax): \$

Check applicable sole source category below. Provide explanation for Item 7.

5. ☐ Monopoly purchase (i.e. utilities, subscription, bills from a legislative bill, room, etc.)6. ☐ Required to maintain or upgrade existing software.7. ☐ An integral part of existing equipment that is available from the only manufacturer and is therefore not biddable, as follows: _____8. ☐ Emergency – describe nature of emergency and the consequences if supplies, equipment or service is not immediately obtained: _____9. JUSTIFICATION: Describe all actions you have taken to reach your conclusion. Explain potential consequences for substitution of product/service. Include basis used to determine reasonableness of price and, if applicable, efforts to develop additional sources. Provide complete, brief, clear explanation. *(Use reverse side of this sheet or attached additional sheet(s)).*

10. Board Summary:

APPROVAL:

Section Mgr. - \$4,999.99 and under -----

Division Mgr. - \$5,000.00 and above -----

SOLE SOURCE REQUEST QUESTIONNAIRE

It is the policy of the County to solicit the maximum number of bids/proposals for a commodity or service from the largest relevant market and to select vendors on a competitive basis.

There are certain acquisitions which, when in the best interest of the County, can only be obtained from a sole source. Sole source acquisitions must be justified in sufficient detail to explain the basis for suspending the usual competitive procurement process.

NOTE: Please refer to Procedure P-3700 of the ISD Purchasing Policies and Procedures Manual.

DOCUMENTATION FOR SOLE SOURCE JUSTIFICATION MUST INCLUDE RESPONSES TO THE FOLLOWING QUESTIONS:

1. What is being requested?
2. Why is the product needed – how will it be used?
3. Is this “brand” of product the only one that meets the user’s requirements? If yes, what is unique about the product?
4. Have other products/vendors been considered? If yes, which products/vendors have been considered and how did they fail to meet the user’s requirements?
5. Will purchase of this product avoid other costs, e.g. data conversion, etc. or will it incur additional costs, e.g. training, conversion, etc.?
6. Is the product proprietary or is it available from various dealers? Have you verified this?
7. Reasonableness of Price: Does the County obtain a percentage discount or special discount not available to the private sector?
8. What is the dollar value of existing equipment and the Purchase Order No. for the existing equipment?

PURCHASING ANALYST CHECKLIST
FOR
SOLE SOURCE SERVICE REQUISITIONS

Before processing a sole source service-related requisition, the Purchasing Analyst must complete the following checklist:

	YES	NO
1. At least one of the following conditions must exist:		
a. The service cannot be performed adequately, competently, or satisfactorily by the County of Los Angeles.		
b. The service is of an extraordinary professional or technical nature, and is temporary in nature.		
c. The service is required on a part-time or intermittent basis.		
d. The service is needed to provide an independent audit, evaluation, or analysis of County programs (Auditor-Controller's approval is required).		
2. Has the department ordered the service prior to this request? If YES , answer the following:		
a. How did the department pay for the prior services? _____ _____		
b. What is the total aggregate cost of the prior services/purchase orders? \$ _____		
c. Has a copy of the eCAPS expenditure report been attached? (i.e., on a year-to-year basis or in various project phases)		
d. Has a copy of the prior purchase order(s) been attached?		
3. Will the service be required on an on-going basis? (i.e., on a year-to-year basis or in various project phases).		
4. Is an adequate Statement of Work (SOW) included with the request?		
5. Has Board approval been obtained for the service? If YES , obtain and attach a copy of the Board Contract or Board adopted letter and forward the request to Purchasing Management.		

Purchasing Analyst Name

Date

CHECKLIST FOR SERVICE REQUISITIONS

Before processing any service-related requisition, the department must complete the following checklist:

	Yes	No
1. Please check all appropriate descriptions below:		
a. Can the service be performed adequately, competently, or satisfactorily by a County employee?	<input type="checkbox"/>	<input type="checkbox"/>
b. Is the service of an extraordinary professional or technical nature, and is temporary, part-time or intermittent in nature?	<input type="checkbox"/>	<input type="checkbox"/>
c. Is the service being requested for a multi-year agreement (if yes, it must be solicited)?	<input type="checkbox"/>	<input type="checkbox"/>
d. The service is needed to provide an independent audit, evaluation, or analysis of County programs (Auditor-Controller's approval is required).	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the department ordered the service prior to this request?		
If yes, answer the following:		
a. How did the department pay for the prior services? _____		
b. What is the total aggregate cost of the prior services/purchase orders? \$ _____		
3. Is the service being requested part of an ongoing project or any portion or phase of a project that will or has already exceeded the \$100,000 threshold when completed?	<input type="checkbox"/>	<input type="checkbox"/>
4. Has Board approval been obtained for the service? If yes, attach a copy of the Board Contract or Board adopted letter to this checklist and submit with your requisition.	<input type="checkbox"/>	<input type="checkbox"/>
5. Is the service being request part of a project or any portion or phase of a project that is related to a future, existing or expired Board contract?	<input type="checkbox"/>	<input type="checkbox"/>

By authorized signature below, the department certifies that the above information is correct, and acknowledges that any false information would result in immediate cancellation of any resultant purchase order(s), and reported and referred to the Board of Supervisors for a retroactive contract and a violation of County Purchasing policies and procedures on the part of the department.

Department Name (Type or Print)

Requisition Number

Department Authorized Representative (Print/Sign Name)
(Administrative Deputy or Higher)

SOLICITATION STATEMENT OF WORK (SOW) CHECKLIST

Considerations for Preparing a Statement of Work (SOW)

PURPOSE: The purpose of this checklist is to assist with the development of a Statement of Work (SOW) for any services that are being requested. A SOW identifies and describes the services requested by the purchaser and the qualifications/requirements that the bidder must meet in order to be considered for an award. This checklist should be used a guideline to help the purchaser/SOW writer consider all of their requirements and ensure that such requirements are clearly communicated in the SOW document.

	HAVE EACH OF THE FOLLOWING QUESTIONS BEEN CONSIDERED & ADDRESSED IN THE STATEMENT OF WORK (SOW)?	N/A	YES	NO
1	Background: Has the purpose of the request been adequately explained?			
	Whom is this request for and/or whom is impacted by it?			
	What prompted the need for this request?			
2	Scope: Did you summarize the services requested and what you hope to accomplish by contracting for this requirement?			
3	Minimum Mandatory Requirements: Pass/Fail Requirements. Have you identified the minimum qualifications or requirements that the bidder must meet in order to be considered for an award?			
	Did you address how you will validate compliance with these qualifications?			
	Do you require the bidder to provide you with any documents to validate their qualifications (i.e. resume, references, certificates, etc.)			
4	Tasks: Have you identified the specific tasks or actions that the bidder must complete in order to perform the requested service?			
5	Deliverables: Do you require that the bidder provide you with any tangible items as part of the service that they providing?			
	Do you need any reports to be created and provided? If so, what type and format?			
	Do you need drawings?			
	Other?			
6	Job Walk/Bidder's Conference: Is a job walk or bidder's conference required?			
7	Estimated Time Schedule: Did you identify the required term (duration) and due dates for the tasks, milestones, and/or deliverables?			

SOLICITATION STATEMENT OF WORK (SOW) CHECKLIST

Considerations for Preparing a Statement of Work (SOW)

PURPOSE: The purpose of this checklist is to assist with the development of a Statement of Work (SOW) for any services that are being requested. A SOW identifies and describes the services requested by the purchaser and the qualifications/requirements that the bidder must meet in order to be considered for an award. This checklist should be used as a guideline to help the purchaser/SOW writer consider all of their requirements and ensure that such requirements are clearly communicated in the SOW document.

	HAVE EACH OF THE FOLLOWING QUESTIONS BEEN CONSIDERED & ADDRESSED IN THE STATEMENT OF WORK (SOW)?	N/A	YES	NO
8	Bidder Responsibilities: What resources and/or materials are the bidder responsible to provide in order to perform the services requested?			
	Personnel?			
	Materials and Equipment?			
	Uniforms/ID Badges?			
	Availability/Responsiveness?			
	Other?			
9	County Responsibilities: What resources and/or materials will the County provide in order to assist the bidder with performing the services requested?			
	Personnel?			
	Materials and Equipment?			
	Access to Facilities/Information?			
	Other?			
10	Location of Services: Where will the services be provided?			
	On-site? Specify exact location/address.			
	Remotely?			

COUNTY OF LOS ANGELES

(DEPARTMENT NAME)

Date: _____

STATEMENT OF WORK

Request for Quotation No.: _____ Requisition No.: _____

For: _____

Written By: _____ Approved By: _____

BIDDER TO COMPLETE THE FOLLOWING INFORMATION:

Company Name: _____ Bid Prepared By: _____

Address : _____

Phone: _____ Fax: _____

INSTRUCTIONS:

Bidder shall complete right hand column, wherein your service differs, indicating tasks, qualifications, performance periods, or any other variances, when not exactly as specified. When bidder is bidding the service exactly as described in the left-hand column, please state "As Specified" in the right-hand column. Failure to complete this form and return it with the bid may result in the rejection of your offer.

PROJECT INFORMATION

BACKGROUND:

SCOPE/OBJECTIVES:

REQUIREMENTS	INDICATE EXCEPTION OR “AS SPECIFIED” BELOW
<p>Minimum Mandatory Requirements:</p> <p>Tasks:</p> <p>Deliverables:</p> <p>Estimated Time Schedule:</p> <p>Bidder Responsibilities:</p> <p>Location of Services to be provided:</p>	

COUNTY RESPONSIBILITIES

The County will be responsible for providing the following:

BRAND-SPECIFIC REQUEST QUESTIONNAIRE

It is the policy of the County to solicit the maximum number of bids/proposals for a commodity or service from the largest relevant market and to select vendors on a competitive basis.

There are certain acquisitions which, when in the best interest of the County, can only be obtained from a sole source. Sole source acquisitions must be justified in sufficient detail to explain the basis for suspending the usual competitive procurement process.

NOTE: Please refer to Procedure P-3700 of the ISD Purchasing Policies and Procedures Manual.

DOCUMENTATION FOR BRAND-SPECIFIC JUSTIFICATION MUST INCLUDE RESPONSES TO THE FOLLOWING QUESTIONS:

1. What is being requested?
2. Why is the product needed – how will it be used?
3. Is this “brand” of product the only one that meets the user’s requirements? If yes, what is unique about the product?
4. Have other products/vendors been considered? If yes, which products/vendors have been considered and how did they fail to meet the user’s requirements?
5. Will purchase of this product avoid other costs, e.g. data conversion, etc. or will it incur additional costs, e.g. training, conversion, etc.?
6. Is the product proprietary or is it available from various dealers? Have you verified this?
7. Reasonableness of Price: Does the County obtain a percentage discount or special discount not available to the private sector?
8. What is the dollar value of existing equipment and the Purchase Order No. for the existing equipment?

**INTERNAL SERVICES DEPARTMENT
PURCHASING & CONTRACT SERVICES (ISD/PCS)**

GUIDELINES FOR REPLY TO REFERRAL LETTER

To save time and facilitate the purchase of your requirements, please follow these guidelines in your letter of recommendation. Rejection of lower priced offers is an extremely sensitive area and must be adequately substantiated.

PROMPT RESPONSE IS NECESSARY

Since bidders can be held to their offers for only the period stated in the solicitation, your prompt response is requested.

PRE-QUALIFICATION MANDATORY REQUIREMENTS (if applicable)

Any proposal, not meeting mandatory requirements and therefore not qualifying for full evaluation, shall be documented for disqualification and such documentation shall be immediately submitted to the appropriate Purchasing & Contracts Analyst.

POINTS TO CONSIDER IN PREPARATION OF LETTER

1. Reasons for rejection must be based on factual information, properly documented, to justify rejecting lower priced alternate offers. **Opinions may/will not be used.** Also, recommendations to reject lower price alternate offers based solely on past performance must include supporting data, i.e. specific incidents, service records, etc.
2. Department recommendations to reject alternate low offers should include:
 - a. Intended purpose of the product/service involved and performance required.
 - b. Specific reasons why alternate offers are not suitable for intended purpose and/or performance required. Reasons for rejection must be based on specific bid specification or Statement of Work (SOW).
 - c. If performance evaluations (demonstrations) are conducted, provide details identifying persons involved, evaluation procedures and results.
3. Departmental letters of recommendation become public record and must be made available to anyone requesting said information.
4. ISD/PCS may refer your letter of recommendation to the bidders involved for their information and comment/rebuttal prior to making an award.

NOTE:

All proposals, including multiple proposals from one (1) vendor must be evaluated.

Late proposals will only be considered when it has been determined to be in the best interest of the County to do so.

CONTACTING BIDDERS

1. Bidders should be contacted only when it is necessary to obtain additional product/service information or demonstrations. Be wary of oral information which cannot be verified.
2. Bidders cannot change their offers. **Do not discuss prices, changes in price, specification or terms & conditions with any vendor about that vendor's or any other vendor's offer.**
3. **Do not discuss** the results of departmental tests or other aspects of the evaluations with the bidders.

COUNTY BADGE REQUEST CHECKLIST

DEPARTMENT: _____ REQUISITION #: _____

I. ALL BADGE REQUESTS:

- ☐ Badge Request Letter is on official department letterhead
- ☐ Badge Request Letter is addressed to the **Board Of Supervisors Executive Office**
- ☐ Badges being requested are listed individually
- ☐ Justification for badge acquisition
- ☐ Badge Request Letter indicates badge: Type, Title, and Number (or "Honorably Retired")
- ☐ Requisition for Purchase is attached
- ☐ Graphic representation of badge(s) is attached to Requisition for Purchase
- ☐ Accurate and matching information on Badge Request Letter, Requisition for Purchase, and any/all supporting documents.

II. ENCASED/RETIREMENT BADGES:

- ☐ Name(s) and dates of service of recipients are listed in Badge Request Letter
- ☐ Badges to be encased are indicated as such
- ☐ LACERA letter or justification letter is attached
- ☐ Recipient meets the "Honorably Retired" requirements (538d PC)

III. REPLACEMENT BADGES:

- ☐ Copy of a police report documenting the loss is attached (indicating Badge Number)
- ☐ Signed affidavit is attached
- ☐ Proof of reimbursement is attached
- ☐ Proof of destruction is attached or referenced

IV. REVIEW:

- ☐ All documents are clear and legible
- ☐ All information is accurate
- ☐ All supporting documents are attached
- ☐ Acknowledgement that any omissions, inaccuracies, or otherwise failure to comply with these directions will result in the badge request being delayed and/or returned for correction.

V. COMMENTS/NOTES:

If you have any questions or concerns regarding your department's badge request, please contact the Adiel Vasquez of the Security Operations Unit at (213) 893-2031 or at aivasque@lasd.org.

COUNTY BADGE REQUEST CHECKLIST

TRADITIONAL BEAR SHIELD

TYPE:

- ☐ **Dome** (Uniform)
- ☐ **Flat** (Wallet)

SIZE:

- ☐ **Small** (3" x 2.5")
- ☐ **Large** (4" x 3")
- ☐ **Lightweight** (*Fire Dept. Only*)

COLOR:

- ☐ **Carlton** (Gold)
- ☐ **Silvertone**
- ☐ **Two-Tone** (*Fire Dept. Only*)

STATUS:

- ☐ **Active** (Duty)
- ☐ **Encased** (Without Pin)
- ☐ **Retired**

CONTENT:

1. Upper Ribbon: (Department Name)

2. Center Coin: (*Fire Department Only*)

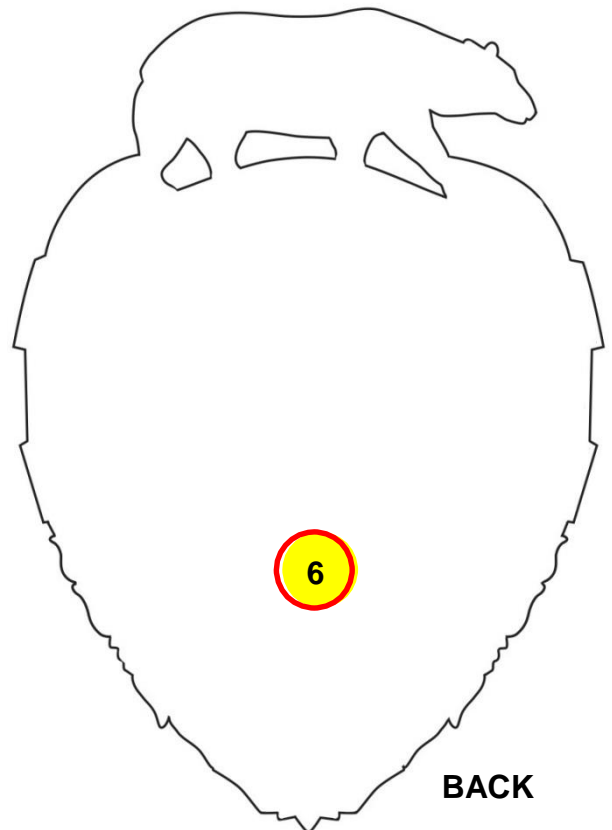
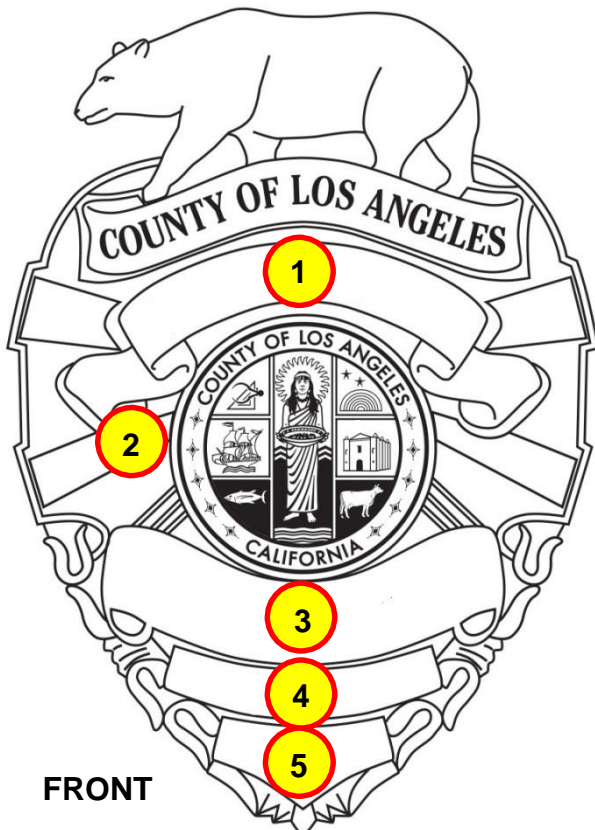
3. Lower Ribbon A: (Rank/Title)

4. Lower Ribbon B: (Rank/Title continued / "Honorably")

5. Lower Ribbon C: (Number / "Retired" / Scroll)

6A. Recipient's Name: (For Encased or Retired Only)

6B. Dates of Service: (For Encased or Retired Only)



COUNTY BADGE REQUEST CHECKLIST
BUREAU OF INVESTIGATION SHIELD (DA)

CONTENT:

TYPE:

- ☐ **Dome** (Uniform)
☐ **Flat** (Wallet)

1. Upper Ribbon: (Rank/Title)

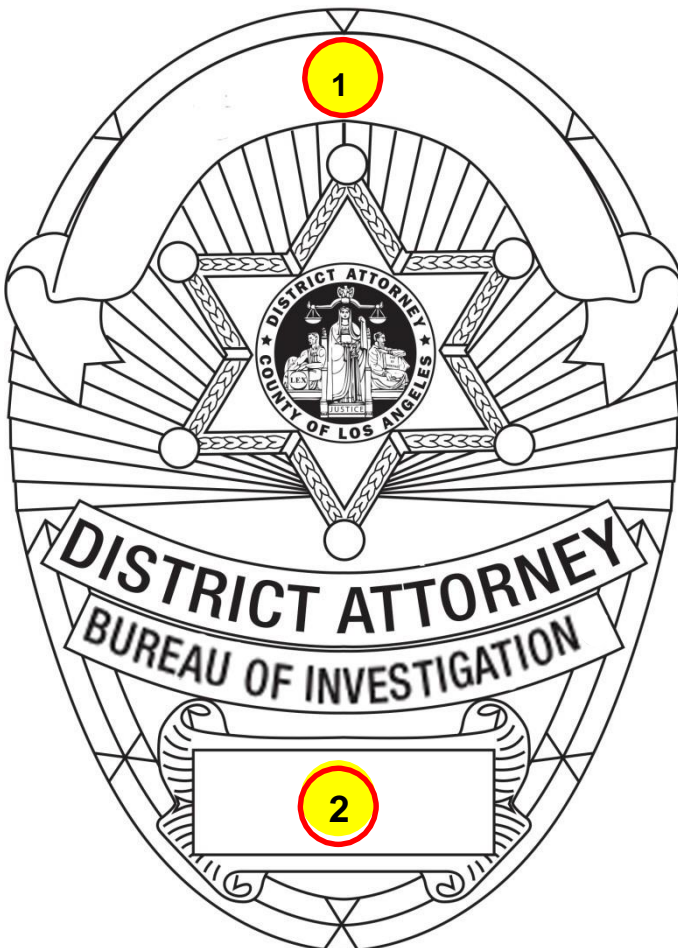
2. Lower Ribbon: (Number/"Honorably Retired")

STATUS:

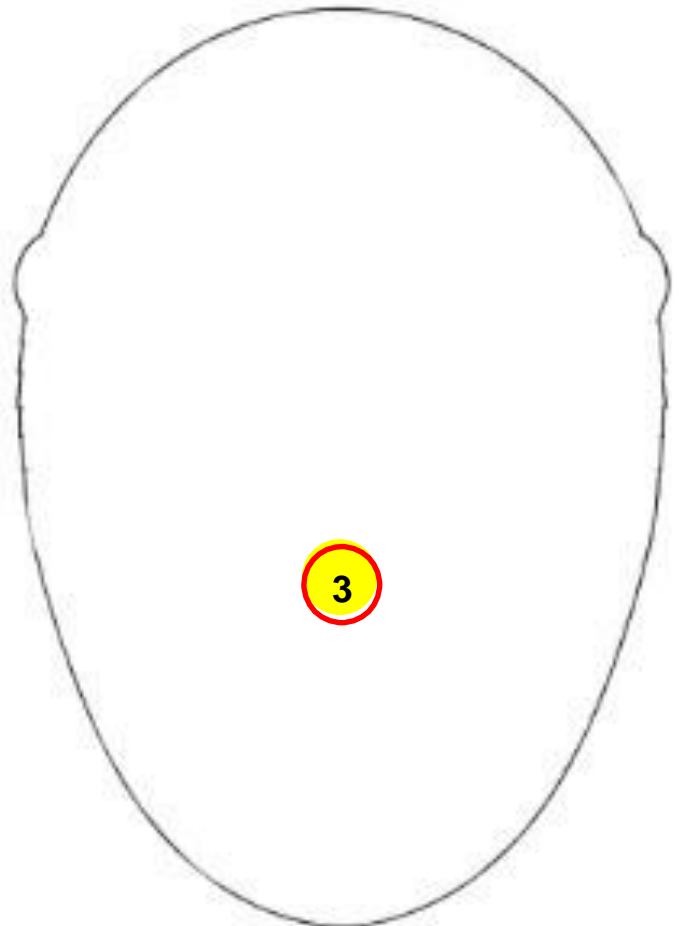
- ☐ **Active** (Duty)
☐ **Encased** (Without Pin)
☐ **Retired**

3A. Recipient's Name: (For Encased or Retired Only)

3B. Dates of Service: (For Encased or Retired Only)



FRONT



BACK

The items listed below are authorized to be disposed of in accordance with the provisions of Government Code Sections 25503 through 25507

Date:_____

To be completed by department manager requesting disposal of surplus item						To be completed by Purchasing Agent or Dept. Surplus Coordinator	
Qty.	Description	Disposal reason*	Condi- tion**	Asset Tag ***		Sold, Traded, Transferred or Donated To	Amount Realized
				A/C	Dept		

date

_____ (_____)

To be completed by Purchasing Agent: found to be not required for public use per resolutions Board of Supervisors			
Quote Number	Close	Sales Award No.	Issue sales awards as indicated. Purchasing Agent by:

Copies to:

COUNTY OF LOS ANGELES EQUIPMENT LOAN AGREEMENT

This agreement is made and entered by and between the County of Los Angeles ("County") and _____ ("Vendor").

WHEREAS, Vendor desires County to evaluate certain equipment in an on-the job environment;

WHEREAS. County desires to evaluate the certain equipment to access its potential and usability;
and

WHEREAS, both parties agree that such use and evaluation shall be on a no charge and no obligation basis;

NOW THEREFORE, the parties agree as follows:

1. EQUIPMENT

A. Vendor shall provide to County the following equipment (collectively "Equipment"):

<u>Quantity</u>	<u>Description</u>	<u>Model</u>	<u>Serial</u>
-----------------	--------------------	--------------	---------------

B. Vendor shall furnish initial quantities, if any, of consumables and accessories. Upon County's request, additional quantities of consumables and accessories shall be provided to County at Vendor's cost.

2. TERMS

A. The term of this Agreement, unless earlier canceled as provided herein, shall be _____ () months from _____ 20__.

B. In no event shall this Agreement commence without County's Purchasing Agent having issued a "no charge" purchase order.

C. The term shall only be extended by an amendment signed by County's Purchasing Agent.

3. CONSIDERATION

A. Equipment, initial consumables and accessories, installation and use shall be at no charge.

- B. County's sole obligation shall be to evaluate and assess whether equipment has potential use in the County department to which equipment was installed. The results of such evaluation shall be at County's sole discretion, and County is not required to provide reports, analysis, comments and the like.
- C. County has no obligation for endorsement, vendor reference or to acquire equipment.

4. CANCELLATION

This agreement **may** be canceled by either party for any reason **by** providing two (2) **days prior** written notice.

5. COSTS

- A. All transportation, rigging and packing charges in delivering equipment to and from the County facility shall be paid by vendor. Necessary packing cases together with all costs of crating for return of equipment shall be paid by vendor.
- B. Installation, instruction and/or training, use and de-installation shall be at no cost to County.

6. TITLE

- A. Title to equipment, accessories and other items provided hereunder remain with vendor. Vendor shall attach stickers or other visible means of identification which clearly identifies all equipment and items as "Loan Equipment Property of _____" or similar markings.
- B. Except for damage due to County's negligence while equipment is in County's possession, County shall have no liability for loss or damages to equipment or items provided hereunder.
- C. County's liability hereunder shall be limited to the extent of County's negligence (apportionment). In no event shall County be liable for indirect, special or consequential damages even if County was advised of the possibility of such. Further, County's liability shall not exceed the cost of replacement or repair of equipment.
- D. County shall have no liability for loss or damage resulting from causes beyond County's reasonable control.

7. RETURN

- A. At the conclusion or earlier termination of this agreement, vendor shall, at no cost to County, de-install, package and arrange for return of equipment.
- B. Holdover shall not be deemed as rental or obligation to purchase.

8. PURCHASE

Should County decide to purchase equipment, such purchase shall be pursuant to County's standard purchase requirements.

9. LOCATION

Equipment shall be installed and operated at:

10. NOTICES

Notices shall be sent to:

VENDOR:

COUNTY:

(____) _____

(____) _____

This agreement is subscribed and entered into by the parties whose signatures appear below.

VENDOR

COUNTY OF LOS ANGELES

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

CONCUR

County of Los Angeles
Purchasing Agent

By: _____

Name: _____

Title: _____

Date: _____

Extension of Agreement – Approval by Provider:

Provider Firm Rep.

Name

Date

Extension Approval By County:

Purchasing Agent

Name

Date

Equipment Returned – Received By Provider:

Provider Firm Rep.

Name

Date
