County of Los Angeles
CHIEF EXECUTIVE OFFICE
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WILLIAM T FUJIOKA
Chief Executive Officer

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

13 FEB 0 6 2008

SACHI A. HAMAI
EXECUTIVE OFFICER

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 6, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF REVISED BOARD OF SUPERVISORS POLICY 5.100 – SOLE SOURCE CONTRACTS (ALL DISTRICTS AFFECTED) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the revised Board Policy 5.100 – Sole Source Contracts, including the Sole Source Checklist, to ensure appropriate review and enhanced compliance with the criteria for sole source contracts prior to submittal to your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to approve the revised Board Policy 5.100 – Sole Source Contracts (Policy), which, among other requirements, will mandate that departments attach a Sole Source Checklist (Checklist) to any Board letter which includes a recommendation to approve a sole source contract. The Checklist will be reviewed and approved by this Office to ensure compliance with the criteria for sole source contracts prior to submittal to your Board. The revised Policy will be effective immediately upon your Board's approval.

The proposed Policy revision continues the current requirement for departments to advise your Board in advance of commencing negotiations for Board approved sole source contracts in excess of $250,000. In addition, the recommended revision adds a requirement for departments to track their sole source contracts below the threshold of $250,000 effective immediately and to provide such information to this Office beginning in July 2008, and on an annual basis thereafter. This Office will compile the data to report to your Board.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the County's Strategic Plan Goal No. 4 Fiscal Responsibility, by establishing appropriate safeguards to ensure the competitive bidding process is not undermined via sole source contracting; that such contracts are appropriately documented and justified by departments; and, that such contracts are reviewed by this Office prior to submission to your Board.

FISCAL IMPACT/FINANCING

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Based on a request by the Executive Officer of the Board of Supervisors, this Office reviewed Policy 5.100. In collaboration with the Internal Services Department, we recommended minor revisions to the Policy. County Counsel has reviewed and approved as to legal form.

On October 18, 2007, we presented the Policy for the Audit Committee's (Committee) consideration, and the Committee requested that we incorporate a requirement that a Checklist be attached to any Board letter where a department is requesting approval of a sole source contract. The Checklist requires the department to justify the basis for the sole source contract and must be approved by this Office prior to submission to your Board.

At that time, the Committee also requested an annual report of sole source contracts below the threshold of $250,000, referenced above. We have incorporated the Committee's recommendations in the revised Policy.

On November 15, 2007, the revised Policy was presented to and approved by the Committee and we indicated we would submit the Policy to your Board for approval prior to distribution to departments.

IMPACT ON CURRENT PROJECTS

Not applicable.

CONCLUSION

The recommended revisions to Board Policy 5.100 – Sole Source Contracts will help assure the County's sole source contracting practices receive the appropriate level of review and are conducted in a consistent manner countywide.

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:ES:MKZ:
MLM:VLA:pg

Attachment

c: All Department Heads (Via Electronic Mail)
Audit Committee (Via Electronic Mail)
Contract Manager's Network (Via Electronic Mail)
Small Business Commission

Los Angeles County
BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
5.100	Sole Source Contracts	03/02/99 ~~11/17/81~~

PURPOSE

Provide the Board of Supervisors with early notification of prospective large sole source contracts. The Chief ~~Administrative~~ **Executive** Office has implemented and will **continue to** monitor this ~~interim~~ policy ~~for six months~~ with the intent of recommending future policy changes, as appropriate.

REFERENCE

February 23, 1999 Board Order, Synopsis 15

March 2, 1999 Chief Administrative Office memo, "Sole Source Contracts"

POLICY

County departments intending to negotiate a sole source services contract of $250,000 or greater, must provide advance written notice to the Board of Supervisors, with a copy to the Chief ~~Administrative~~ **Executive** Officer, indicating that they will proceed with the sole source contract negotiations within two weeks unless otherwise instructed by a Board office.

In addition, any department requesting Board approval of a sole source contract must include with the Board letter a completed sole source checklist (as provided below) approved by the Chief Executive Office.

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS *Identify applicable justification and provide documentation for each checked item.*
	➢ Only one bona fide source for the service exists; performance and price competition are not available.
	➢ Quick action is required (emergency situation).
	➢ Proposals have been solicited but no satisfactory proposals were received.
	➢ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
	➢ Maintenance service agreements exist on equipment which must be serviced by the authorized manufacturer's service representatives.
	➢ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➢ It is in the best interest of the County, e.g., administrative cost savings, excessive learning curve for a new service provider, etc.
	➢ Other reason. Please explain:

_____ _____

Deputy Chief Executive Officer, CEO **Date**

Each County department head is also required to report to the Chief Executive Officer by June 30 of each year those sole source contracts under $250,000 executed by/for their department for the fiscal year ending on June 30. The Chief Executive Officer will compile the list and submit it to the Board of Supervisors.

RESPONSIBLE DEPARTMENT

Chief ~~Administrative~~ **Executive** Office

Internal Services Department

DATE ISSUED/SUNSET DATE

Issue Date: February 23, 1999
Reissue Date: January 16, 2003

Sunset Review Date: January 16, 2003
Sunset Review Date: January 16, 2007