County of Los Angeles
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"To enrich lives through effective and caring service"

August 4, 2015

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

23 August 4, 2015

PATRICK OGAWA
ACTING EXECUTIVE OFFICER

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 POLICY NUMBER 5.100 – SOLE SOURCE CONTRACTS
(ALL DISTRICTS - 3 VOTES)

SUBJECT

Recommendation to approve the revised Board of Supervisors Policy Number 5.100, Sole Source Contracts, that provides guidelines for sole source Board approved contracts.

IT IS RECOMMENDED THAT THE BOARD:

Approve the attached Board of Supervisors Policy Number 5.100, Sole Source Contracts ("Policy"), revised to modify the current contracting process prior to a County department seeking approval of a sole source contract.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended revised Policy was approved by your Audit Committee on June 18, 2015, and language was either deleted, added, or modified to accomplish the following:

- Expand the current $250,000 Board notification threshold to any amount for a contract that is coming before the Board for approval, as well the current annual reporting requirement from sole source contracts under $250,000 to include those over $250,000.

- Emphasize that there are no blanket exemptions to the Policy, and that it is a department's responsibility to provide sufficient justification for a sole source contract, and it is the Board's decision whether to award a sole source contract.

- Emphasize that a department's failure to plan ahead for its need to sole source does not constitute an emergency on the part of the Board.

- Require a four-week notification from the County department to the Board for new sole source contracts; a six-month notice in advance of an expiring (existing) sole source contract.

- Require County departments to quantify cost savings or cost avoidance (i.e., demonstrate due diligence) if citing that the sole source is in the best economic interest of the County.

- Require the advanced Board notification process to include presenting the sole source contract request at the department's Cluster meeting.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The County Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operation to support timely delivery of customer-oriented and efficient public services. The Board's adoption of the revised Policy is consistent with this goal.

FISCAL IMPACT/FINANCING

No fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Policy revisions are a result of your Board's direction, on January 27, 2015, to review the County's sole source policy and report back with recommendations for revising the policy to narrow and limit its usage. The recommendations were to include a requirement that the Board be notified of a potential sole source contract situation while sufficient time still remains to pursue a standard competitive solicitation.

The revised Policy addresses the issues by revising the language in the current Policy. The changes will be effective upon your Board's approval. The current sole source vetting process will continue as stipulated in the current Policy.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the revised Policy will enhance transparency and ensure sole source contract award recommendations are thoroughly vetted.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two stamped copies of the approved Board letter to the Director, ISD.

Respectfully submitted,

JIM JONES
Director

JJ:DC:JS:YY
Attachment

c: Chief Executive Officer
County Counsel

Los Angeles County
BOARD OF SUPERVISORS POLICY MANUAL

Policy #:	Title:	Effective Date:
5.100	**Sole Source Contracts**	**03/02/99**

PURPOSE

Establishes guidelines for sole source contracts approved by the Board of Supervisors (Board). It is the policy of the Board that County departments solicit the maximum number of bids/proposals for a service from the largest relevant market and select contractors on a competitive basis.

Certain acquisitions are 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. In these instances, County departments must provide sufficient detail to justify the basis for deviating from the competitive procurement process.

REFERENCE

February 23, 1999 Administrative Memo from Board Order, Synopsis 15

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

February 6, 2008 Board Order 13

January 27, 2015 Board Order 17

Sole Source Checklist

POLICY

Board Notification

County departments that intend to negotiate a sole source services contract ("sole source contract") for Board approval must:

- Provide advance written notice to the Board at least four weeks prior to commencing contract negotiations for new contracts, and at least six months prior to the expiration of an existing sole source contract.
- Copy the Chief Executive Officer (CEO) on the written notification, and concurrently;
- Place the item on the department's Cluster agenda.

Board Approval Process

Departments requesting Board approval of a sole source contract must include a completed sole source checklist approved by the CEO with their respective Board letter. The checklist must include a detailed justification for the sole source request. While there may be circumstances or emergency situations that would require a sole source outside of the timeframes listed above, departments are advised that failure to adequately plan for their operational needs does not constitute a justifiable sole source.

Consideration for sole source approval may include:

- Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an "*Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.*"
- Compliance with applicable statutory and/or regulatory provisions.
- Compliance with State and/or federal programmatic requirements.
- Services provided by other public or County-related entities.
- Services are needed to address an emergent or related time-sensitive need.
- The service provider(s) is required under the provisions of a grant or regulatory requirement.
- 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 original equipment manufacturer or an authorized service representative.
- It is more cost-effective to obtain services by exercising an option under an existing contract.
- It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in quantifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

For the purposes of this Policy, a federal, State or other government cooperative contract for which a department is seeking Board approval to access is not considered a sole source procurement if the contracting agency established the contract through a competitive solicitation process.

Reporting Requirements

Each County Department Head is also required to report to the Internal Services Department (ISD) by July 15 of each year those sole source contracts approved by the Board that were executed by/for their department for the fiscal year ending on June 30th. ISD will prepare a report and submit it to the Board.

RESPONSIBLE DEPARTMENT

Internal Services Department

Chief Executive Office

DATE ISSUED/SUNSET DATE

Issue Date: February 23, 1999	**Sunset Review Date: January 16, 2003**
Reissue Date: January 16, 2003	**Sunset Review Date: January 16, 2007**
Revised Date: February 6, 2008	**Sunset Review Date: February 6, 2012**
Revised Date: January 19, 2012	**Sunset Review Date: February 6, 2016**
Revised Date: April 16, 2015	**Sunset Review Date: February 6, 2018**