

Title:		Contents:	P-3700
SOLE SOURCE PURCHASES		Submitted By:	Purchasing Division
		Approved By:	Purchasing Agent
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General Provisions

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. Certain acquisitions, however, that are determined to be in the best interest of the County, may be obtained from a sole source.

Policy

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

Sole Source and Monopoly

A 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.”*

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. Sole source acquisitions must be justified in sufficient detail to explain the basis for suspending the usual competitive procurement process.

Commodities

General Considerations: 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.).
- Is needed on an emergency basis, and time does not permit a solicitation.

Justification

Department 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.

Department must provide 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?

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4. Have other products/vendors been considered? If **yes**, which products/vendors have been considered and how did they fail to meet the requirements?
5. Will purchase of this product avoid costs, e.g. data conversion, training, purchase of additional hardware, 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 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 and the purchase order number for the existing equipment? (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).

Consulting Services

General considerations for justifying sole source consulting 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 time frame for project completion is critical and cannot be exceeded without extreme hardship.
3. The cost to continue with the same consultant is less than the cost for any other consultant 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.
5. Purchasing Agent designee must follow the guidelines under **Checklist for Sole Source Service Requisitions** on page three before processing service-related requisitions.

Pricing

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

Department Authority to Approve Sole Sources

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.

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CHECKLIST FOR SOLE SOURCE SERVICE REQUISITIONS

Before processing sole source service-related requisition, the buyer 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. | <input type="checkbox"/> | <input type="checkbox"/> |
| b. The service is of an extraordinary professional or technical nature, and is temporary in nature. | <input type="checkbox"/> | <input type="checkbox"/> |
| c. The service is required on a part-time or intermittent basis. | <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: | <input type="checkbox"/> | <input type="checkbox"/> |
| a. How did the department pay for the prior services? _____ | | |
| b. What is the total aggregate cost of the prior services/purchase orders? \$ _____ | | |
| c. Attach a copy of the CAPS expenditure report? (i.e., on a year-to-year basis or in various project phases) | | |
| d. Attach a copy of the prior purchase order(s). | | |
| 3. Will the service be required on an on-going basis? (i.e., on a year-to-year basis or in various project phases). | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is an adequate Statement of Work (SOW) included with the request? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Has Board approval been obtained for the service: If yes , obtain a copy of the Board Contract or Board adopted letter and forward the request to Purchasing Management. | <input type="checkbox"/> | <input type="checkbox"/> |