

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

PURPOSE

To provide information on the process and requirements to acquire equipment, supplies, vehicles, and services for WIC Local Agency operations.

POLICY

The WIC local agency contract, Exhibit A, Scope of Work, Provision 6.A.17) requires that WIC local agencies request written authorization and receive CDPH/WIC Division approval prior to any procurement purchase exceeding \$2,500, including purchases by WIC local agency subcontractors. Refer to the WIC local agency contract Exhibit D(F), Provision 3 requirements and the required procedures below.

The per transaction threshold (exceeding \$2,500) excludes sales and use tax, finance charges, postage and handling; shipping charges are included in the dollar threshold limits in the evaluation.

REQUIRED PROCEDURE

- I. Individual Procurement Request:
 - A. Each procurement request shall include only one procurement type (for example, a request for authorization to procure a vehicle should not be combined with an outreach item). The different types of procurements include:
 1. **Supplies**, such as:
 - a. Office supplies (calculators, toner, paper, and pencils),
 - b. Nutrition education materials, and
 - c. Breastfeeding support items.
 2. **Minor Equipment includes** any item with a unit cost of less than \$5,000, with a life expectancy of one year or more, such as:
 - a. Fax machines,
 - b. Small copiers,
 - c. Televisions,
 - d. DVD player,
 - e. Telephones (SMART phones and cell phones), and
 - f. Information Technology (IT) Equipment.
 3. **Major Equipment includes** any item with a unit cost of \$5,000 or more, with a life expectancy of one year or more, such as:
 - a. Telephone systems,
 - b. Information Technology (IT) Equipment,
 - c. Vehicles, and
 - d. Photocopy equipment.

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

II. Approval Requirements

A. A local agency must establish an ordering strategy, when purchasing items on a regular basis, that does not intentionally increase the order frequency or decrease the order amount so that the procurement total is \$2,500 or less (i.e., procurements cannot be split to avoid State or USDA approval). No person shall willfully split a single transaction into a series of transactions for the purpose of evading bidding requirements. When purchasing multiple items from a single vendor, all items must be included in the total cost of the procurement when determining if approval is required.

B. CDPH/WIC Division and USDA approval is required for:

1. Equipment with a base unit cost of \$25,000 or more, such as vehicles and telephone systems;
2. IT equipment with a base unit cost of \$5,000 or more, such as servers and switches; and
3. IT equipment procurement totaling \$100,000 or more (regardless of cost per individual units or components).

C. USDA Approval

Procurements requiring USDA approval must be received by the CDPH/WIC Division ninety (90) days prior to the end of the budget year in order to allow for adequate approval time.

Approval requirements are listed in the chart below:

Type of Approval Required	None	CDPH/WIC Division	USDA
Total is \$2,500 or less	X		
Total exceeds \$2,500		X	
Unit cost is \$25,000 or more		X	X
IT unit cost is \$5,000 or more		X	X
IT total is \$100,000 or more		X	X

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

Total = the total cost of the procurement request

Unit cost = the cost for one component in the request

D. Submission of General Procurements - Required Information

1. Procurement requests must be submitted in writing to the CDPH/WIC Division Contract Manager by e-mail, fax, or US mail. Please contact your Contract Manager to confirm receipt of all requests.
2. All procurement requests must be on local agency letterhead and include the following information:
 - a. A description of the item(s), with clear specifications;
 - b. Complete justification for the procurement (see Justification Requirements in this Section);
 - c. A statement verifying the procurement bidding process has been completed along with a copy of each bid (see Bidding Process and Vendor Selection and Non-Competitive Bid Approval Requirements in this Section);
 - d. Where the item (s) are listed in the budget detail, and
 - e. The name, phone number, and fax number of the procurement contact at the WIC local agency.

E. Justification Requirements

1. Justification for a procurement request must include the following information:
 - a. Purpose of item(s) being purchased and how it supports the WIC scope of work;
 - b. The cost of each item as quoted by each of the three (3) bidding vendors, or the non-competitive bid condition; and
 - c. The total cost (excludes sales and use tax, finance charges, postage and handling; includes shipping charges) of the procurement and the selected vendor.
 - d. Specify if the item(s) will be used for WIC purposes only or will be shared with other program(s). If shared, only the WIC percentage of use can be reimbursed by WIC.
2. Information Technology (IT) and vehicle procurement requests require additional documentation as detailed in their sections below.

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

F. Bidding Process and Vendor Selection

1. A WIC local agency shall obtain at least three (3) bids from three (3) sources to assure open and free competition or a WIC local agency may request non-competitive bid approval (see Non-Competitive Bid Approval Requirements in this Section).

2. Governmental WIC local agencies may use authorized parent agency vendors for specific goods, services, and/or equipment. This information must be submitted to the CDPH/WIC Division along with the procurement request.

G. Non-Competitive Bid Approval Requirements

1. A non-competitive bid (previously known as “sole source”) procurement may be approved under one (1) or more of the following conditions:
 - a. An item or service that is only available from one source, e.g., a company has a patent on the desired item and is the only supplier;
 - b. Purchase is for subscriptions, publications, or technical manuals required for the operation of the WIC Program;
 - c. There is a need for the continued license or maintenance of existing software, including: proprietary application or operating system software already in use, related products or software additions or changes, revisions, renamed products, bundled products, upgrades, and additional copies of installed software products for newly acquired equipment;
 - d. Purchase is for proprietary equipment repair parts, equipment component parts, and component parts of items currently being manufactured for resale that are only available from the manufacturer;
 - e. Purchase is from regulated utilities;
 - f. Purchase is the result of a court order or legislative mandate;
 - g. Purchase is based on master agreements or contracts that were originally awarded on a competitive basis;
 - h. There is a public emergency need for the item, which will not permit the delay associated with competitive solicitation;
 - i. The governmental parent agency has a contract with a specific vendor. If the parent agency has more than one (1) vendor who can sell the same product or service, then all related vendor bids would need to be submitted with the procurement.

H. Information Technology (IT) Equipment Procurement

1. All requests for IT equipment must include the following information:
 - a. The same requirements listed for a General Procurement requiring CDPH/WIC Division approval;

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

- b. List other technology solutions/options that were considered and why this choice is the best;
- c. Itemized description of the purchase including:
 - 1) Item(s)
 - 2) Manufacturer(s)
 - 3) Quantity of each item
 - 4) Unit price per item
 - 5) Delivery charges (if applicable)
 - 6) Installation charges (if applicable)
 - 7) Total price (sum of delivery, installation and unit price multiplied by the quantity of units purchased)
 - 8) Total cost of the procurement
 - 9) If leasing, the monthly lease cost and the total lease cost
 - 10) WIC site(s) where equipment will be used;
- d. How the new IT equipment will work with the existing IT systems (if applicable) and if the new IT equipment can expand or connect to other systems;
- e. Whether the equipment will perform the same as the current system, perform at a higher level of efficiency, or perform new tasks;
- f. If all or part of the equipment will be shared by an agency other than WIC, include a list of the other agencies/programs and how the WIC local agency's portion of the purchase/lease cost will equal WIC's use of the equipment.

I. Vehicle Procurement

- 1. All requests for vehicles must include the following information:
 - a. The same requirements for a General Procurement requiring CDPH/WIC Division approval;
 - b. Description of vehicle including specifications;
 - c. Comparison of alternative options;
 - d. A listing of the WIC local agency's other vehicles and a summary of how the purchase of this vehicle supplements the fleet;
 - e. Explanation of how the purchase benefits the WIC Program including purpose, benefit, and frequency of use; and
 - f. Clarification if the vehicle will be used by WIC only or if it will be shared with other program(s). If it will be shared, include a cost agreement or Memorandum of Understanding.

J. Vehicle Registration

- 1. A WIC local agency is responsible for the cost of vehicle registration. The California Department of Public Health (CDPH) must be listed as the legal owner of the vehicle. The WIC local agency must be listed as the registered

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

owner. See WPPM 1000-10 Inventory Management of State Property for related policies and procedures regarding Vehicle Acquisition.

K. Insurance

1. A WIC local agency must obtain automobile liability insurance pursuant to Exhibit D(F), Provision 4.g. with limits not less than \$1,000,000 per occurrence for bodily injury and property damage combined. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles. Insurance must be effective upon the vehicle delivery date and must be maintained over the life of the vehicle.

2. The insurance policy must include the statement: “The State of California, its officers, agents, and employees are included as additional insureds, but only with respect to work performed for the State of California under this Agreement.”

3. A WIC local agency must submit a copy of the certificate of automobile insurance to:
 - California Department of Public Health
 - WIC Division
 - Attention: (Contract Manager)
 - Local Operations Section
 - 3901 Lennane Drive
 - Sacramento, CA 95834

4. The copy of the certificate of insurance must be submitted immediately upon coverage, and the renewal must be submitted thirty (30) days prior to the expiration of the Insurance policy.

L. Vehicle Purchase Process

Step 1: The WIC local agency submits a vehicle procurement request with justification to the WIC Contract Manager.

Step 2: The CDPH/WIC Division reviews the request and, if applicable, forwards the request to USDA for approval.

Step 3: If additional information is required, the CDPH/WIC Division will contact the WIC local agency. The CDPH/WIC Division will notify the WIC local agency of a decision.

Step 4: Upon CDPH/WIC Division approval, the WIC local agency will purchase the vehicle.

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

Step 5: The auto dealer HOLDS the vehicle until registered.

Step 6: The WIC local agency registers the vehicle with the CDPH as the legal owner, and the WIC local agency as the registered owner.

Step 7: The auto dealer releases the vehicle and the hard copy of the registration to the WIC local agency.

Step 8: The Department of Motor Vehicles mails the Certificate of Title (pink slip) to CDPH/Vehicle Services:

California Department of Public Health
 Vehicle Services MS 1801
 P.O. Box 997377
 Sacramento, CA 95899-7377

Step 9: The WIC local agency logs the vehicle into the Local Agency Inventory System (LAIS) and submits the following to the CDPH/WIC Division Contract Manager:

- Certificate of insurance; and
- Copy of vehicle registration

M. Lease vs. Purchase

1. Leasing equipment with a cost exceeding \$2,500 per year requires prior CDPH/WIC Division approval. The justification to lease must include the reason(s) leasing is the best option for the WIC Program based on the results of the lease vs. purchase analysis. A lease vs. purchase analysis must be included with the procurement request for lease approval, and must include the following information.
2. Lease
 - a. Term of the lease
 - b. Price of the vehicle over the term of the lease
 - c. Miscellaneous costs (i.e., , delivery, installation, etc.)
 - d. Total cost of lease per month, excluding maintenance
3. Purchase
 - a. Vehicle purchase price
 - b. Useful life
 - c. Miscellaneous costs (i.e., delivery, installation, etc.)
 - d. Total cost of purchase per month, excluding maintenance

Note: Lease with option to purchase is NOT an allowable cost.

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

Procurement Examples

Example 1

A local agency submits a procurement request for one item totaling \$2,500 or less.

Breastfeeding Pads @ 1.50 each x 1,600	= \$ 2,400
<u>Total Cost</u>	<u>= \$ 2,400 (w/o taxes)</u>

Approval: CDPH/WIC Division approval is **not** required because the total cost of the procurement is \$2,500 or less. CDPH/WIC Division approval is based upon the total dollar amount of all the supplies ordered.

Example 2

A local agency submits a procurement request for the following minor equipment from the same vendor.

Video camera @ \$500 each x 1	= \$500
Color TV @ \$600 each x 7	= \$4,200
DVD Player @ \$49 each x 10	= \$490
<u>Subtotal</u>	<u>= \$5,190</u>

Approval: In this instance, CDPH/WIC Division approval is required because the total of all items ordered from this vendor exceeds \$2,500.

Example 3

A local agency submits a procurement request for modular furniture. A single workstation is comprised of many pieces and because all of the pieces are needed to put one workstation together, each workstation is counted as one unit. Shipping and installation charges must also be included in the total cost of the procurement.

Modular Furniture Workstation @ \$ 1,200 each x 1	= \$1,200
<u>Shipping & Installation</u>	<u>= \$ 600</u>
<u>Subtotal</u>	<u>= \$ 1,800</u>

Contract Requirements	Procurement Requirements
------------------------------	---------------------------------

Approval: In this instance, CDPH/WIC Division approval is *not* required because the subtotal of the items ordered including shipping and installation is \$2,500 or less.

N. Obligating Funds and Procurement Deadline

For procurements to be charged to a budget year, a WIC local agency must obligate the funds no later than **September 30th** of the Federal Fiscal Year (FFY). To obligate funds, a written purchase order must be received and approved by the vendor prior to the end of the FFY. A purchase estimate or bid is not considered an obligation of funds.

O. Denial of Procurement Reimbursement

Reimbursement for procurements may be denied if the CDPH/WIC Division or USDA determines the procurement to be unallowable, unreasonable, or unnecessary.

AUTHORITY

State Contracting Manual Volume 2 Chapter 4 (A)1 and 2.

WIC local agency Agreement, Exhibit A, Scope of Work, Provision 6.A.17)

WIC local agency Agreement, Exhibit D(F), Provision 3 and 4