

CONSENT AGENDA

4. Department: FINANCE

Title: APPROVE THE REVISED INLAND EMPIRE HEALTH PLAN PROCUREMENT POLICIES AND PROCEDURES MANUAL AND DELEGATION OF AUTHORITY FOR FUTURE UPDATES AS NEEDED TO ENSURE ONGOING COMPLIANCE WITH APPLICABLE STATUTES AND REGULATIONS.

Chief: Keenan Freeman, Chief Financial Officer

Background & Discussion:

Procurement is required to update the Procurement Policies and Procedures Manual (Procurement Manual) to align with recent changes to the Uniform Public Construction Cost Accounting Act, effective January 2025, which have been incorporated into Public Contract Code §§ 22032 and 22034(d).

Minute Order of the IEHP Governing Board	
On motion of Member Hagman, seconded by Member Anderson and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.	ANNETTE TAYLOR SECRETARY TO THE GOVERNING BOARD
Ayes: Anderson, Armendarez, Gutierrez, Hagman, Williams, Zorn	BY: 
Nays: 0	
Absent: Spiegel	
Vacancies: 0	
Date: April 14, 2025	DATED: April 14, 2025
Minute Order: 25-067	Agenda Number: 4. (Consent);

The previous Procurement Manual was last approved under Minute Order 24-167, which also granted the delegation of authority to make non-substantive changes to the manual. However, upon review of this Minute Order, IEHP counsel advised that the delegation, as written, does not encompass the changes to the Procurement Manual outlined below.

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Old Limit (M.O. #24-167)	New Limit
Public projects of \$60,000 or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.	Public projects of \$75,000 or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order. If not performed by IEHP employees (agency force account), all procurements are subject to IEHP's informal bidding process (see Section 2.2 – Procurement Authority Limitations Table)
Public projects of \$200,000 or less may be let to contract by informal procedures.	Public projects of \$220,000 or less may be let to contract by informal procedures, subject to IEHP's informal bidding process and Board approval thresholds.
Public projects of more than \$200,000 shall, except as otherwise provided in California Public Contract Code § 22032, be let to contract by formal bidding procedure.	Public projects of more than \$220,000 shall, except as otherwise provided in California Public Contract Code § 22032, be let to contract by formal bidding procedure.

Old Limit (M.O. #24-167)	New Limit
If all bids received are in excess of two hundred thousand dollars (\$200,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred twelve thousand, five hundred dollars (\$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.	If all bids received are in excess of two hundred twenty thousand dollars (\$220,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred thirty-five thousand dollars (\$235,000) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

To address this, IEHP also propose adding a revision to the Procurement Manual that delegates authority to make future updates as needed to ensure ongoing compliance with applicable statutes and regulations, as follows:

Section 1.7 (Procurement's Code of Business Conduct and Ethics) has been amended to add the following at the end of the existing section:

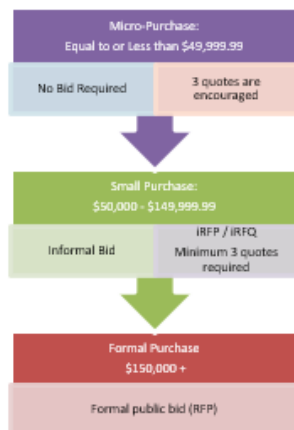
“In the event of an inconsistency between this policy and applicable Federal and/or State rules and regulations, the more restrictive rules and regulations shall take precedence.”

The Public Works Section of the Procurement Authority Limitations Table and Infographic in Section 2.2 have been updated with the new thresholds as follows:

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Public Works	
Public works encompasses construction, alteration, demolition, installation, or repair work performed under contract. These projects are funded wholly or partially with public funds. This definition includes all associated labor, materials, tools, and equipment. Projects classified as public works are governed by the Uniform Public Construction Cost Accounting Act and the Public Contract Code, ensuring compliance with state regulations and standards.	<u>Informal Bidding Requirements:</u> New construction, alteration, installation, demolition, or repair: • \$0 - \$220,000: Requires Informal Bidding * Maintenance Work: • \$0 - \$199,999: Requires Informal Bidding * Board approval is mandatory for any procurement exceeding the defined threshold amount.
	<u>Formal Bidding Requirements:</u> New construction, alteration, installation, demolition, or repair: • \$220,000 and above • Requires Formal Bidding and must be advertised in the newspaper for 2 weeks. Maintenance Work: • \$200,000 and above requires Formal Bidding

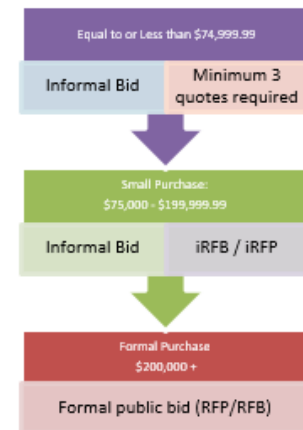
Standard Bidding Thresholds



*Public Works Bidding Thresholds
(New construction, alteration, installation, demolition, or repair)



Public Works Bidding Thresholds
(Maintenance Work)



In addition to these public works updates, a new section 6.23 (Emergency Public Works) was added to better define the process as it relates to Public Works emergency purchases.

6.23 Emergency Public Works

- A. **Legal Authority:** Emergency public works projects are governed by [California Public Contract Code § 22050](#), which authorizes public agencies to bypass competitive bidding procedures when immediate action is necessary to prevent or mitigate damage to life, health, property, or essential public services.
- B. **Definition of Emergency:** An emergency situation in public works includes, but is not limited to:
 - 1) Natural disasters such as earthquakes, floods, or wildfires.
 - 2) Sudden failures of infrastructure like bridge collapses or water main ruptures.
 - 3) Threats to public health or safety requiring urgent action.
- C. **Authorization of Emergency Actions**
 - 1) The CEO or a designee is authorized to approve emergency public works projects without formal bidding, provided the situation meets the criteria of an emergency under [California Public Contract Code § 22050](#).
 - 2) Authorization must include documentation of the emergency's nature and justification for bypassing standard procurement procedures.
- D. **Duration and Scope of Emergency Contracts:** Emergency contracts must be strictly limited to the duration and scope necessary to address the emergency. Any extensions beyond the immediate emergency must be formally justified and approved by the CEO or designee, with Governing Board notification as required.
- E. **Compliance and Reporting Requirements**
 - 1) All emergency actions must be reported to the Governing Board at its next regularly scheduled meeting. The report should include details of the emergency, actions taken, and justification for the expedited process.

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- 2) Updates on emergency actions and progress must be provided every 14 days (or at the next board meeting) until the emergency is resolved.

F. Coordination with Procurement: Requesting departments are required to work closely with Procurement to ensure that emergency purchases for public works are properly documented, managed, and compliant with the California Public Contract Code and internal policies.

The Systematic Workflow Limits table in section 2 (Procurement) has been updated for clarity at the CEO Level:

OLD

Systematic Workflow Limits (Oracle Requisitions and Conga Requests Only)		
Job Title	Dollar Limit Minimum	Dollar Limit Maximum
Supervisor	\$0.00	\$9,999.99
Manager	\$10,000.00	\$24,999.99
Director	\$25,000.00	\$74,999.99
Senior Director	\$75,000.00	\$99,999.99
Vice President	\$100,000.00	\$149,999.99
Chief	\$150,000.00	\$200,000.00
CEO or Designee	\$200,000.00	No maximum (subject to Board authority over \$200,000.00)

NEW

Systematic Workflow Limits (Oracle Requisitions and Conga Requests Only)		
Job Title	Dollar Limit Minimum	Dollar Limit Maximum
Supervisor	\$0.00	\$9,999.99
Manager	\$10,000.00	\$24,999.99
Director	\$25,000.00	\$74,999.99
Senior Director	\$75,000.00	\$99,999.99
Vice President	\$100,000.00	\$149,999.99
Chief	\$150,000.00	\$200,000.00
CEO or Designee	\$200,001.00	No maximum (subject to Board authority over \$200,001.00)

Procurement process: N/A

Recommendation(s):

That the Governing Board of the Inland Empire Health Plan (IEHP) Approve the revision to the Procurement Policies and Procedures Manual, and delegate authority to make future updates as needed to ensure ongoing compliance with applicable statutes and regulations.

Financial Impact: \$ 0	Not to Exceed Amount: \$ 0	Term: N/A
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Fiscal Impact	Financial Review	Procurement Review	Reviewed by Counsel	Director Approval	Chief Approval
None	N/A	S. Cox 3/31/25	S. Oh 3/27/25	C. Hendricks 3/31/25	K. Freeman 3/31/2025

INLAND EMPIRE HEALTH PLAN		
Department: Finance – Supply Chain Management – Procurement		
Subject: Procurement Policy and Procedures Manual	Policy #:	FIN/PUR 01
Prepared by: Supply Chain Management – Procurement	Original Effective Date:	MO # 05-139 05/12/2005
Approved by Procurement Director:	Subsequent Revisions:	MO # 06-184 , 10-52 , 14-310 , 16-63 , 18-323 , 24-167
Approved by Procurement Manager:	Revision Date:	April 14, 2025

APPLIES TO:

A. This policy applies to all IEHP Team Members and suppliers.

POLICY:

A. Details of the Procurement Policies and Procedures are on pages 2-107.

PURPOSE:

In accordance with Inland Empire Health Plan, herein referred to as IEHP, a public entity that complies with the purchasing authority granted by the IEHP Governing Board through the Chief Executive Officer (CEO), who has designated the Supply Chain Management – Procurement Department (Procurement) to be responsible for the purchase or lease of all materials, supplies, furnishings, equipment, relating to suppliers or other personal property, and personal and professional services in accordance with the limitations set forth herein.

This manual generally does not cover the purchase of general medical services. In some cases; however, selected medical services purchases may be required to follow the process outlined herein. If staff is unsure about what process a purchase is required to follow, the Procurement department should be consulted.

This manual is to serve as a permanent, up-to-date guide to IEHP’s Procurement Policies and Procedures. As changes to the Policies and Procedures are required, this manual will be updated accordingly. Procurement leadership shall be responsible for accurately maintaining this manual and posting it on Procurement’s intranet site.



Supply Chain Management- Procurement

Policies And Procedures Manual



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Section 1

General Procurement Provisions

SECTION 1: GENERAL PROCUREMENT PROVISIONS

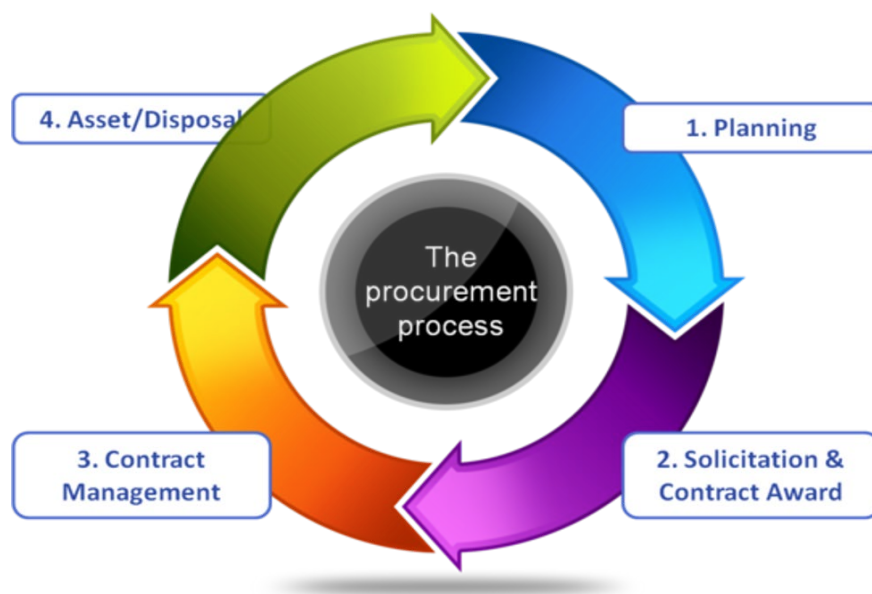
1. Introduction

In accordance with the Inland Empire Health Plan, herein referred to as IEHP, a local public entity of the State of California, this document outlines IEHP's procurement policies and procedures. These guidelines comply with the adoption and approval of purchasing authority granted by IEHP's Governing Board. The Supply Chain Management – Procurement Department (Procurement) has been designated to be solely responsible for acquiring high-quality goods, materials, supplies, equipment, and services efficiently and cost-effectively to meet IEHP's objectives and serve its members in the Inland Empire region. Procurement's policies and procedures shall safeguard public funds by effecting fair, transparent, and sound procurement, and contract management practices.

1.1 Purpose

This manual establishes uniform standardized procedures for the procurement of goods and services required for the efficient operation of IEHP. As stewards of taxpayer dollars, each Business Unit (BU) within IEHP is obligated to engage the services of Procurement to ensure that all procurements are conducted in a deliberate, fair, and ethical manner. The requirements stated herein shall apply to all purchases of commodities and services.

Procurement is a service department designated to support the IEHP Organization and its Business Units.



1.2 Procurement Authority Chart

Stage	Activities	Considerations
Prepare	Conduct market research, needs assessment, and develop specifications or scope of work.	Pre-procurement approvals and planning discussions.
Procure	Solicit bids or proposals, create solicitation documents, handle supplier/bidder inquiries, manage the receipt of bids, and Evaluation Committee.	Define processes for bid submission and inquiries clearly for transparency and efficiency.
Evaluate	Evaluate bids and proposals against set criteria, including scoring and internal review processes.	Ensure evaluation methods are objective, documented, and aligned with strategic goals.
Negotiate	Lead negotiations on contract terms, pricing, and other conditions (see 5.9 – Negotiations).	Establish clear guidelines on negotiation limits within the regulatory and organizational framework.
Award	Outline criteria for contract awarding, manage the decision-making process, and conduct debriefings for unsuccessful bidders.	Ensure criteria align with organizational goals and legal requirements; maintain fairness and transparency.
Manage	Monitor contract performance, manage amendments or changes, handle disputes, and ensure compliance with contract terms.	Implement effective contract management practices to maintain contract integrity and address issues promptly.
Closeout	Manage closure of contracts, including review of final payments, performance reviews, and archival of documentation.	Ensure all contractual obligations are fulfilled and documented before closing out the contract.
Compliance and Audits (*Excluding Compliance-Related Vendor Oversight)	Incorporate compliance checks with procurement laws and policies and conduct periodic audits.	Regular audits and compliance checks help mitigate legal risks and uphold the integrity of the procurement process.
Risk Assessment	Implement risk assessment and mitigation strategies at various stages of the procurement process.	Proactively addressing potential risks can prevent issues and ensure the smooth execution of procurement activities.

1.3 Scope

This manual generally does not cover provider contracting matters. In some cases, however, selected medical services purchases may be required to follow the process outlined herein. If staff is unsure about what process a purchase is required to follow, the Procurement Department should be consulted.

1.4 Version

This manual replaces all previous purchasing manuals and procedures. Any issues regarding IEHP's Procurement process not covered in this manual shall be addressed by the Procurement Director or Manager on a case-by-case basis, in accordance with all applicable laws, and advice of legal counsel.

1.5 IEHP's Mission, Vision, and Values

MISSION: We heal and inspire the human spirit.

VISION: We will not rest until our communities enjoy optimal care and vibrant health.

VALUES: We do the right thing by:

- Placing our Members at the center of our universe.
- Unleashing our creativity and courage to improve health & well-being.
- Bringing focus and accountability to our work.
- Never wavering in our commitment to our Members, Providers, Partners, and each other.

1.6 Procurement's Mission, Vision, and Values

IEHP's team of Procurement professionals have adopted a departmental Mission, Vision, and Values statement as an extension to reflect and support IEHP's overall objectives, tailored to the specific nature of our procurement activities ensuring that our strategic procurements align with and bolster our organizational mission and vision.

Mission: To procure with purpose, supporting the healing and upliftment of our community through each acquisition.

Vision: Striving for a future where every procurement enriches the health and vibrancy of our communities.

Values: Our procurement practices are anchored in:

- Prioritizing the needs of our community members in every contract.
- Encouraging innovation and excellence in health and well-being.

- Committing to integrity and transparency in our processes.
- Strengthening our bonds with providers and partners through trust and mutual respect.

1.7 Procurement's Code of Business Conduct and Ethics

All Procurement activities are to be performed in accordance with this Procurement Policies and Procedures Manual (Procurement Manual). Any and all practices which might result in unlawful activity are specifically prohibited. Pursuant to [IEHP's Code of Business Conduct and Ethics](#), it is every employee's responsibility to follow good business and ethical practices and to adhere to federal and state laws and regulations, as well as applicable IEHP policies and procedures. This manual may be amended at any time to ensure compliance with changes to applicable federal and/or state rules and regulations. In the event of an inconsistency between this policy and applicable federal and/or state rules and regulations, the more restrictive rules and regulations shall take precedence.

1.8 Procurement Ethics Policy

The Procurement Team adheres to the [Standards of Purchasing Practice of the California Association of Public Purchasing Officers](#) (CAPPO) to ensure that suppliers are treated fairly and IEHP's interests are protected.



1.9 Revisions

This manual is to serve as a permanent, up-to-date guide to IEHP Procurement policies and procedures. As necessary changes are made to the policies, appropriate revisions will be made. Procurement shall be responsible for accurately maintaining this manual and posting it on Procurement's intranet and extranet sites.

Section 2

Procurement Authority

2. Procurement

Delegates or designees who are issued procurement authority may be revoked if procurement policies and guidelines are not upheld. Only Procurement staff have the authority to issue purchase orders via IEHP's financial system. Any subsequent Change Orders will be initiated by the BU and approved in the financial system according to the workflow dollar limits below before final review and processing by Procurement.

The following have the authority to approve, in IEHP's **financial and contract management system only**, funds for the procurement of tangibles and/or services (including professional services, software licenses, Software as a Service, and maintenance, specifically excluding the execution of contracts) up to the dollar limitations indicated below.

NOTE: Only the CEO and authorized delegates are authorized to sign agreements on behalf of IEHP. The CEO's primary signature delegate shall be the CFO and each Chief Officer for agreements related to their specific BUs.

Systematic Workflow Limits		
(Oracle Requisitions and Conga Requests Only)		
Job Title	Dollar Limit Minimum	Dollar Limit Maximum
Supervisor	\$0.00	\$9,999.99
Manager	\$10,000.00	\$24,999.99
Director	\$25,000.00	\$74,999.99
Senior Director	\$75,000.00	\$99,999.99
Vice President	\$100,000.00	\$149,999.99
Chief	\$150,000.00	\$199,999.99
CEO or Designee	\$200,000.00	No maximum (subject to Board authority over \$200,000.00)

2.1 Compliance

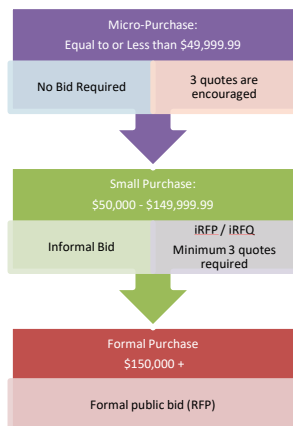
Procurement will audit department-related procurement activities to ensure compliance with all state and federal programs. Additional Audit support will come from IEHP's internal auditing team.

2.2 Procurement Authority Limitations Table

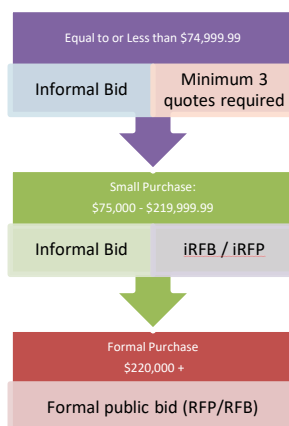
Bidding Requirements	
Goods and Services (excluding Public Works)	
Micro-Purchase: Affords management the ability to obtain goods/services within the procurement limits, on a per supplier, per year or contract term, basis, without competitive bidding.	Bidding Requirements: • Not Required • \$0- \$49,999.99 • Although competitive bidding is not required, Procurement recommends obtaining a minimum of (3) quotes.
Small Purchase: Informal Request for Proposal Informal Request for Quotation	Bidding Requirements: • Informal Bid • \$50,000 - \$149,999.99 • Procurement or BU will obtain quotes (3 minimum), and competitive prices required for all informal bids via written quotes/documentation.
Formal Bid: Request for Quotations Request for Qualifications Challenge RFP Request for Needs	Bidding Requirements: • Formal Bid • \$150,000 and up • Procurement will issue the formal competitive bid on the stakeholder's behalf.
\$0 Purchase Bids: Request for Information Request for Qualifications	Bidding Requirements: • Procurement will issue a bid on the stakeholder's behalf.
Sole Source / Single Source	Exception to the bid process • Requires a detailed justification to be submitted for approval by Procurement Director/Manager and Chief Officer or the Governing Board

Public Works	
Public works encompasses construction, alteration, demolition, installation, or repair work performed under contract. These projects are funded wholly or partially with public funds. This definition includes all associated labor, materials, tools, and equipment. Projects classified as public works are governed by the Uniform Public Construction Cost Accounting Act and the Public Contract Code, ensuring compliance with state regulations and standards.	<u>Informal Bidding Requirements:</u> New construction, alteration, installation, demolition, or repair: \$0 - \$220,000: Requires Informal Bidding * Maintenance Work: \$0 - \$199,999: Requires Informal Bidding * Board approval is mandatory for any procurement exceeding the defined threshold amount.
	<u>Formal Bidding Requirements:</u> New construction, alteration, installation, demolition, or repair: \$220,000 and above - Requires Formal Bidding and must be advertised in the newspaper for 2 weeks. Maintenance Work: \$200,000 and above requires Formal Bidding

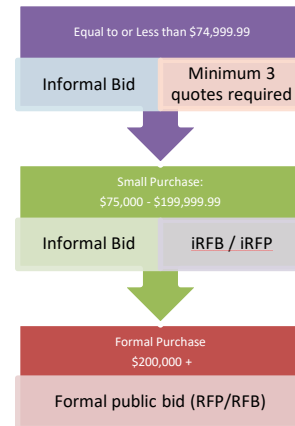
Standard Bidding Thresholds



*Public Works Bidding Thresholds
(New construction, alteration, installation, demolition, or repair)



Public Works Bidding Thresholds
(Maintenance Work)



Section 3

Contracts And Sourcing

3. Procurement Activities

3.1 Uniformity and Consistency

Uniformity and consistency are crucial in all procurement activities and contract development at IEHP. Procurement team members must use approved standard forms and templates unless an exception is granted by the Procurement Manager. Standard documents include IEHP's Professional Services Agreement (PSA), HIPAA Business Associate Agreement (BAA) attachment, State Plan Licensing Attachment, and Covered California Addendum templates. The use of bidder contract documents may be permissible, upon review by Procurement and relevant stakeholders. For further details on this topic, please refer to Section 2.2 (Procurement Authority Limitations Table).

3.2 Sponsorships and Donations

Sponsorships and donations are not processed through Procurement and are considered out of scope in this manual.

3.3 Procurement of Goods and Services

Procurement shall manage all procurements for goods and services on behalf of IEHP. The following criteria will guide the determination of price reasonableness:

- A. **Market Testing:** Price reasonableness must be established through sufficient competition to ensure an effective market test or supported by an appropriate cost analysis.
- B. **Non-competitive Purchases:** Special attention is required for pricing in non-competitive purchases to ensure fairness and value.
- C. **Pricing Techniques:** Pricing techniques should be applied selectively in price or cost analysis, acknowledging their reliability while considering the unique nature and scale of the purchase.
- D. **Value Consideration:** A reasonable price need not be the lowest price available but should reflect the best quality and value for IEHP.
- E. **Authorization and Limits:** The CEO, or their delegate, is authorized to execute documents necessary for finalizing purchases with a single supplier up to \$200,000. Agreements or purchase orders exceeding this amount must be submitted to the Governing Board for approval.
- F. **Competitive Bidding:** All agreements or purchase orders under this

section must undergo a competitive bidding process, which includes obtaining a minimum of three quotes for all tangible goods and services. Procurement staff are required to make a good faith effort to obtain these quotes; if unable to obtain three quotes, the steps taken, and reasons must be thoroughly documented. Procurements exceeding \$150,000 must undergo a formal solicitation process through Procurement.

3.4 Goods (Tangible/Intangible)

Upon approval of the Procurement Policies and Procedures Manual by the Governing Board, the CEO or their designee is authorized to purchase competitively bid tangible goods without Board approval, without limit, as long as it is properly competed. In this context, 'goods' is broadly defined to include commodities or items used in trade or commerce. This encompasses equipment, supplies, software, and maintenance of software involving electronic/online upgrades, purchased by IEHP. Notably, Software as a Service (SaaS) is classified under this goods category, recognizing its tangible aspects despite its foundational nature as a service. The goods category excludes professional services, public works, and real estate transactions. For sole source, single source, or emergency purchases, please refer to Section 3.11 on Sole/Single Source Procedures.

3.5 Professional Services

Upon approval of the Procurement Policies and Procedures Manual by the Governing Board, the CEO or their designee is authorized to execute contractual documents in an amount not to exceed \$200,000 from a single supplier in any one-year period, which period shall begin from the effective date of the contract. Board approval may be required in a mixed transaction involving both the purchase of goods and the service or installation of the goods purchased. The final determination on a mix of goods and services purchase will be made by Procurement or Legal, or both. A written contract or purchase order above \$200,000 must be submitted to the Governing Board for approval.

3.6 Mixed Procurements

Mixed procurements refer to procurement transactions that encompass both goods and services. For the purposes of bidding and establishing approval limits, these purchases are typically classified based on the component with the greater value, whether goods or services. This classification demands careful attention to ensure that each component is procured in accordance with relevant policies and guidelines. Due to their dual nature, mixed procurements require a comprehensive approach to contract management to

ensure that terms and conditions comprehensively address all facets of the procurement.

3.7 Piggyback Awards and Contracts and Cooperative (Co-Op) Purchasing

- A. **General Usage:** When IEHP utilizes another governmental agency's agreement (Piggyback), participates in a Multiple Award Schedule (MAS) (Co-op), or joins a Group Purchasing Organization (GPO) (Co-op), Purchasing Alliance (PA) (Co-op) or any other Cooperative Purchasing Program (Co-op), Procurement is authorized to purchase goods and services through such agreements. This is contingent upon the supplier agreeing to extend the same or more favorable pricing, terms, and conditions to IEHP as compared to the primary contracting entity.
- B. **Piggybacking Protocols:** In piggybacking scenarios, it is understood that IEHP shall make purchases in its own name, makes direct payments to the supplier, and assumes liability for the transactions. The governmental agency holding the original agreement shall in no way be responsible for the obligations of other entities that utilize the agreement.

1) Conditions for Piggyback Purchases:

- i. The original governmental agency must have conducted a competitive bid process that was publicly advertised.
- ii. The bid documents and selection procedures must be consistent with IEHP's Procurement Policies and Procedures and explicitly permit other entities to utilize the contract.
- iii. The supplier must have been awarded a contract through the competitive bidding process, and the contract must be still active and enforceable.
- iv. The original contract must explicitly include the goods, equipment, or services that IEHP intends to procure.

2) Sole Source Consideration: If the original contract was not secured through a competitive bidding process, its utilization by IEHP will be considered a Sole Source Procurement. In such cases, adherence to IEHP's Sole/Single Source policy is required, as detailed in Section 3.11 of this manual.

3) Supplier Verification: Procurement is responsible for maintaining a current reference list of governmental and federally approved suppliers. If there are questions regarding a

supplier's approved status, the Procurement Department must verify this status with the appropriate governmental entity.

- 4) **Contract Review:** Procurement or the Legal Department, or both shall review the supplier's contract to ensure compliance with the policy provisions detailed above. Contracts may be supplied by either the supplier or the governmental agency issuing the contract.
 - 5) **Document Retention:** Copies of any contract used instead of bidding must be retained by Procurement.
- C. **Cooperative Purchasing Agreements:** The Procurement Department may utilize cooperative purchasing agreements, such as those through Multiple Award Schedule (MAS), Group Purchasing Organization (GPO), Purchasing Alliance (PA), or any other Cooperative Purchasing Program. This is permitted only if the initial purchase was made using competitive negotiation or bidding procedures that are at least as restrictive as those contained in this Procurement Policies and Procedures Manual. Additionally, the purchase must be determined to be in IEHP's best interests. FIN/PROC 06 establishes the detailed process and procedures for utilizing cooperative purchasing agreements.
- D. **Government Discount Policy:** Procurement may utilize pre-established governmental preferred pricing in lieu of obtaining competition.
- E. **Pricing and Services Consistency:** For all purchases made under cooperative agreements, the supplies or services must be identical to those offered to the other governmental agencies or members of the GPO, PA, or any other Cooperative Purchasing Program. Furthermore, the price must be the same or better than what is offered to these entities.

3.8 Requirements for Competitive Bidding on Renewing Agreements

- A. **Multi-Year Agreements:** When negotiating multi-year contracts, the best practice is ensuring that the term is renewable in one-year increments with the "Contingent Funds" clause (Section 2.F.) found in the Professional Services Agreement (PSA) notated in the agreement or PO or both. This provides IEHP the flexibility of either opting to terminate the use of the service or maintaining the service for the entire term of the agreement. For specialized services whereby it is in IEHP's

best interest or best value or both to maintain the service long-term, IEHP may consider seeking CEO/Board approval for a longer multi-year agreement.

- B. **Enterprise Solution Agreements:** ESAs refer to comprehensive agreements for enterprise solutions, which may encompass a variety of services and products tailored to meet the overall strategic objectives of the organization. These solutions can include software, IT infrastructure, and other enterprise-wide systems and generally allow IEHP to license a wide variety of the vendor's products and services. ESAs may extend for the life of the project without the need for competitive bidding beyond the initial procurement. ESAs must be approved by the Board if the contract value exceeds the CEO's authority. All other agreements, including service, maintenance, and license agreements (non-ELA) shall be limited to a reasonable term and may include an option for one (1) annual renewal. Under no circumstances may a contract automatically renew and require additional funding or obligations from IEHP, unless explicitly approved by the CEO or the Board.

3.9 Contract Amendments

A contract amendment is an agreed addition to, deletion from, correction, or modification of an existing agreement. An amendment can include, but is not limited to, the following:

- A. Adjusting the contract date.
- B. Altering the scope of services.
- C. Revising contract wording.
- D. Change project costs or fees.
- E. Adding new attachments (e.g., BAA).

3.10 Change Orders (CO)

- A. **Purpose:** A formal procedure for managing unforeseen changes to contracts executed by IEHP, ensuring that all modifications are documented, justified, authorized, and executed in a manner that maintains the integrity of the original competitive process and complies with applicable regulations.

B. **Scope:** This policy applies to all procurement contracts within the scope of this Policies and Procedures Manual that are executed by IEHP.

C. **Policy Overview:**

1) **Authority and Approval:**

- i. For contractual documents and Purchase Orders for goods previously approved by the Governing Board, the CEO or their delegate may approve change orders or sign Amendments up to a maximum of 10% of the original Contract or Purchase Order value, or \$100,000, whichever is less. Multiple transactions are allowed, up to the maximum threshold.
- ii. For contractual documents and Purchase Orders for goods previously approved by the Governing Board, the CEO or their delegate may approve change orders or sign Amendments to extend a period of performance of six (6) months, provided that there are no substantive changes to the scope of work.
- iii. Major change orders or amendments exceeding these limits require additional approval from the Governing Board.
- iv. Non-substantive change orders to Agreements, Purchase Orders, or Amendments previously approved by the Governing Board, such as those with no monetary change, term extensions, or changes that do not negatively impact IEHP, may must be approved by Procurement Management executed by the CEO or their delegate.

2) **Procedures:**

- i. Change orders must be submitted by the BU to Procurement for execution via a contract management system intake request. This submission should include a justification from the contractor or BU.
- ii. Change orders to Purchase Orders that do not require a formal written amendment must be submitted by the BU to Procurement for approval in the Oracle financial management system. This submission should exempt a justification from the contractor or BU.

- iii. Procurement must, as applicable, perform a cost analysis for price adjustments to ensure fairness and reasonableness.
 - 3) **Documentation:** All change orders must be documented and filed in the contract management system and Oracle Financial Management system.
 - 4) **Compliance:** Change orders must comply with applicable laws and undergo periodic audits to ensure adherence to policy.
 - 5) **Enforcement:** Non-compliance with this policy may result in disciplinary actions and could affect future contract dealings for contractors.
- D. **Exceptions:** Public Works Procurements are exempt from this policy and must adhere to the process located in the bid document(s). Additionally, Public Works contracts are the only contracts for which Board approval requests are permitted to include contingency funds.

3.11 Sole Source/Single Source (SSJ)

BU Chief and Procurement Director (or their delegate) approval is required for any purchase valued at \$50,000 or above (aggregate spend per supplier, per year) without competitive bids, per Procurement SSJ policy (FIN/PROC 04). The requesting department must complete and submit an SSJ form as per the current approved policy. This request will be reviewed to assess if competitive pricing could be achieved and if the procurement provides the best value for IEHP.

A. **Justification Criteria:**

- 1) **Unique Requirements:** Purchases must be from a specific supplier when no acceptable substitutes are available. The SSJ must detail why substitutes are unsuitable.
- 2) **Purchase Order Limits:** Single Source procurements through Purchase Orders must not exceed \$50,000 (Micro-Purchase Threshold) annually per supplier without an approved SSJ.
- 3) **Exclusive Providers:** Sole Source purchases are necessary when no competitive options exist. Rigorous justification, supported by factual data, must demonstrate why competitive methods are not feasible. This includes:

- i. Unique product/service features essential and

- unavailable elsewhere.
- ii. Exclusive proprietary rights held by the supplier.
- iii. Compatibility requirements with existing systems.
- iv. Lack of viable alternatives meeting project requirements.
- v. Contracts including a renewal/extension option.
- vi. Prohibitive costs of switching to a new supplier.
- vii. Need for specific replacement parts.
- viii. Unique design or quality requirements only met by one manufacturer.
- ix. Significant costs associated with changing suppliers.
- x. Essential requirement for continuity of care or business operations.
- xi. Justifications for Governing Board-reviewed Sole Source procurements must include a written explanation of qualifying criteria.

3.12 Emergency Purchases

- A. **Definition of Emergency.** As used herein, an emergency is defined as an unforeseen situation requiring immediate action due to factors such equipment failure, public health emergencies, welfare and, safety risks, or substantial injury or loss. This may also include delays caused by contractors, transportation, equipment breakdowns, or unexpected increases in workload, or the continuation of a vital program or that which puts IEHP out of State Health Plan regulatory requirements resulting in a monetary fine/penalty which can be rectified only by immediate on-the-spot purchase or rental of commodities, printing, or services.
- B. **Emergency Purchase Procedure:** Standard procurement procedures are preferred, but when an emergency arises that cannot be anticipated or mitigated, emergency purchasing is justified without the normal competitive bidding process.
- C. **Public Works Emergencies:** For emergencies specifically related to public works projects, refer to Section 6.21 (Emergency Public Works Projects) for detailed requirements and procedures, including compliance with [California Public Contract Code § 22050](#).
- D. **Restrictions:** The emergency purchase process must not be used to circumvent proper planning or to fulfill non-urgent preferences or conveniences. Requesting departments are expected to adequately forecast their needs to minimize the necessity for emergency purchases. Goods and services that are obtained without following the proper procurement process, as outlined in this Procurement Manual,

will not be accepted, and any invoices received will not be processed for payment.

- E. **Duration of Emergency Contracts:** Emergency contracts must be limited to the duration of the emergency. Any necessary extensions must be justified and approved by the CEO or designee and the Procurement Director or designee.
- F. **Compliance:** Strict adherence to California Public Contract Code and relevant regulations is required to ensure that all emergency procurements are legally compliant.
- G. **Department Responsibilities:** Requesting departments should collaborate with Procurement to manage emergency purchases effectively.
- H. **Steps for Handling Emergency Purchases:**
 - 1) **Initial Notification and Approval:**
 - i. Immediately notify the designated authority about the emergency, detailing the situation and the need for urgent procurement.
 - ii. Obtain preliminary approval via email or phone. Refer to Section 2.2 (Procurement Authority Limitations Table) for the list of titles authorized to approve financial transactions and their respective limits.
 - iii. Create an emergency requisition in accordance with standard Procurement procedures and steps found in 'Creating a Requisition' on Jive and provide the Purchase Order to the supplier.
 - iv. For expenditures exceeding \$200,000, approval directly from the CEO or their designee is required. With authorization from the CEO or designee, the department director or designee may make the necessary purchases of the needed items or services.
 - 2) **Post-Purchase Review:**
 - i. Within three (3) working days following an emergency purchase, the requesting department must consult with the Procurement Department.
 - ii. Procurement will determine if an existing contract could have met the emergency need, to ensure that purchases were made only as necessary, and that future procurement can be better aligned with existing agreements.

- iii. Requesting departments shall limit the purchases to quantities of what is essential for addressing the immediate emergency.

3) **Documentation and Final Approval:**

- i. The requesting department shall compile all relevant documentation and justifications concerning the emergency procurement.
 - ii. These documents shall be submitted by the requesting department to the Procurement Director or delegate for their final approval, ensuring that all emergency actions are thoroughly documented and justified.
- I. **Board Review for High-Value Procurements:** For any emergency purchase exceeding \$200,000 that was approved by the CEO or designee, the requesting department must submit a Board Report at the next regularly scheduled Governing Board meeting to seek formal ratification and approval of the emergency procurement actions taken.

3.13 Corporate Credit Card Program

- A. All IEHP corporate credit cards shall be issued at the discretion of the CFO or designee. The card is issued in the Team Member's name for use in paying for expenses incurred in the normal course of IEHP business that do not lend themselves to usual purchasing methods. Business expenses appropriate for credit card payment typically include hotels, dining, airfare and small (dollar value) retail purchases. Use of the credit card shall not circumvent obtaining 3 quotes for products subject to the competitive bid process. Credit Card usage is a payment mechanism only. FIN/ACCT 10 (Corporate Credit Cards Policy) establishes policies and procedures for the Corporate Credit Card Program.
- B. Cardholders using IEHP corporate credit cards for personal expenses shall lose their IEHP credit card privileges, subject to repayment of company funds, and adhere to appropriate disciplinary action.

3.14 Procurement Card (P-Card) Program

- A. The P-Card Program is to provide structure, limits, and accountability in the use of a Procurement Card (P-Card).
- B. A P-Card is a commercial master card with a line of credit extended by a bank or business for IEHP's Procurement Department to procure goods or services on credit that are necessary for Departmental

operations and business purposes.

- C. The objective of the P-Card Program is to provide a convenient, efficient, and managed approach for appropriate small-dollar purchasing transactions.
- D. A P-Card is issued to the Procurement Director or Designee to facilitate small purchases (typically \$10,000 or less), to provide a payment mechanism for IEHP Team Members to utilize for procuring a good or service, and to ease the administrative burdens for allowable purchases as defined in FIN/PROC 03 (Procurement Card P-Card Program).
- E. A P-Card is only authorized to be used when the method of payment is limited to an on-line payment platform, in an emergency, or when a Purchase Order is not accepted.
- F. Procurement (P-Card) Program policy defines the P-Card Program and articulates responsibility of cardholders, P-Card Visa Expenditures Summary Form Approver, and the Purchase Requestor. Please refer to FIN/PROC 03 (Procurement Card P-Card Program) for additional details and procedures.

3.15 Supplier-Specific / Membership Card Policy

- A. IEHP may sign up for supplier-specific/ membership credit cards with bona fide suppliers only. Suppliers shall be established, reputable, reliable and must hold appropriate licenses. Suppliers shall be sufficiently competitive with each other across similar lines of goods and offer fair and reasonable pricing.
- B. Supplier specific/ membership credit cards are held by the Accounting Services Department. Team Members may request to use the supplier-specific membership/credit cards.
- C. FIN/ACCT 10, (Corporate Credit Cards Policy) establishes procedures and standards for the use of membership cards.

3.16 Gift Card Policy

- A. All procurement of gift cards, such as Walmart, Amazon, Target, etc. for IEHP Team Members should have a clear and direct incentive/award purpose.
- B. All gift cards will be procured through Procurement. Finance will be the custodian of gift cards and distributed as requested by BUs, with

appropriate approval.

- C. All gift card recipients will be taxed via the IEHP payroll system according to IRS regulations.
- D. FIN/ACCT 28 (IEHP Gift Cards for IEHP Team Members) establishes procedures and standards for procuring, monitoring, and reporting all gift card purchases for IEHP Team members using IEHP funding.

3.17 Inappropriate and Unauthorized Purchase Activities

- A. **Splitting of Orders:** Signature authority is limited by IEHP's internal policy and Board policy, or both. Deliberate attempts to split orders, with the intention of keeping the total cost of each order below bid limits, and failure to combine orders when practical for the best interest of IEHP in order to circumvent the limitations, are prohibited. Such actions may result in disciplinary actions including reduced or suspended purchasing authority.
- B. **Splitting of Public Works Projects:** Splitting of Public Works projects is against the law under [California Public Contract Code § 22033](#). Appropriate action will be taken against those parties intentionally splitting a Public Works Project.
- C. **Unauthorized Purchases:** Purchase transactions that are either entered into by an individual that is not authorized to contract on behalf of IEHP, or entered into by an individual normally authorized to contract but who uses an unauthorized procurement method or exceeds their delegated authority will result in disciplinary actions. Repeated, flagrant or both types of violations of the authorization delegated to individuals, by the CEO or the Board or both, may result in disciplinary action. Team Members' purchasing privileges will be revoked or suspended if the behavior is discovered, in addition to a referral to Human Resources for policy violation.

3.18 Sweatshop Prohibitions

- A. Definitions for purposes of this section regarding sweatshops:
 - 1) **Apparel:** clothes, shoes and garments and accessories.
 - 2) **Production facility:** the facility that manufactures the finished apparel or textiles provided by a supplier with which IEHP has or intends to contract for the provision of apparel or textiles. When the context so requires, "production facility" also means the owners and managers.

3) Textiles: all items of cloth that are produced by weaving, knitting, felting, sewing or similar production processes.

4) Sweatshop practices:

- i. Failure to comply with domestic labor laws in the country where the items provided to IEHP were manufactured, failure to comply with federal, State, or local laws and workplace regulations, including those pertaining to wages and benefits, workplace health and environmental safety, freedom of association, and the fundamental conventions of the International Labor Organization, including those pertaining to child labor and freedom of association;
- ii. Engaging in behavior or committing acts that harass or abuse a worker in a sexual, psychological, or verbal manner or subject a worker to corporal punishment;
- iii. Engaging in discriminatory employment practices based on race, creed, color, gender, sexual orientation, gender identity, or national origin; or requiring a pregnancy test as a condition of employment;
- iv. Failing to take appropriate measures to safeguard workers when any aspect of work requires exposure to toxic chemicals;
- v. Failing to pay wages in compliance with federal or State regulations; and failure to maintain verifiable wage and hour records for each production worker, employee, or independent contractor;
- vi. Requiring hourly and quota-based workers to work more than either 48 hours per week or the limits on regular hours allowed by the country of manufacture, whichever is lower, or failing to provide workers with days off as provided by applicable labor law;
- vii. Requiring non-exempt workers to work overtime hours unless the workers are paid at the rate of at least one and a half their regular hourly compensation rate as provided by the Fair Labor Standards Act;
- viii. Failing to provide for mediation or a grievance process to resolve workplace disputes if required by federal law; or
- ix. Closing or reducing orders for a production facility as a punitive measure against workers for exercising their right to freedom of association or to avoid responsibility to take corrective action after there has been a

determination that a violation of applicable workplace condition laws has occurred.

B. Apparel and textiles not to be provided from Sweatshop production facilities include the following:

- 1) No supplier who bids or proposes to provide apparel or textiles IEHP in a total amount greater than \$5,000.00 per fiscal year may supply apparel or textiles if their manufacture originates from a production facility that engages in sweatshop practices. However, a bidder awarded a contract after having submitted a plan pursuant to the provisions of this section will be considered to have complied with the provisions of this section, during the term of such contract.
- 2) Bid specifications for all purchases of apparel or textiles must prohibit suppliers from providing apparel or textiles that originate from a manufacturer engaging in sweatshop practices.
- 3) Prior to executing a contract for supplying apparel or textiles, the bidder must certify to IEHP that the apparel or textiles were not, to the best of its knowledge, obtained from or manufactured at a facility engaging in sweatshop practices. Sufficient certification may include identifying the original manufacturer of the apparel or textiles and specifying its location.
- 4) In lieu of providing such certification, the bidder may submit to Procurement, a report of a nonprofit independent agency with expertise in monitoring sweatshop practices in production facilities, as approved by Procurement. If the bidder believes itself unable to comply with this requirement, it may propose a plan to achieve compliance which must include:
 - i. Ensuring communication of applicable labor standards to employees by the source manufacturer;
 - ii. Ensuring the source manufacturer will maintain records regarding inspections, violations and corrective action pertaining to labor laws applicable to the source manufacturer;
 - iii. Monitoring compliance of the source manufacturer with applicable labor laws;

- iv. Ensuring the source manufacturer will keep confidential communication of worker complaints to the extent permitted by law; and
 - v. Providing apparel and textiles sourced from factories, subcontractors and commodity suppliers that have been certified by an independent third party to be in compliance with applicable labor standards.
- 5) A bidder submitting such a plan will be considered to have met the specification required in this section.

C. Enforcement:

Procurement may audit supplier compliance regarding sweatshops and may debar suppliers determined to have violated the provisions from future contracts with IEHP for a period of one year from the determination. IEHP may terminate any contract with a supplier that violated this section unless Procurement determines that termination would be economically impractical. The Procurement will report to the IEHP Governing Board the facts underlying each such determination. Notwithstanding any other provision in this section, requirements regarding sweatshops may be waived in emergencies.

3.19 Surplus/Donation of Equipment

A. Delegated Power of Procurement Manager:

In accordance with the CEO's delegated authority, the Procurement Manager may sell or dispose of any personal property belonging to IEHP that is not required for public use ("Surplus Property"). When purchasing personal property for which it is not necessary to advertise for bids, the Procurement Manager may solicit and accept advantageous trade-in allowance for Surplus Property, without advertising for offers on such property. When specifically authorized, the Procurement Manager shall similarly dispose of personal property and report to the Finance Department for any necessary reconciliation.

B. Surplus and Salvage Pool:

- 1) Whenever personal property is no longer needed by an internal department, the department may report and transfer the property to a Surplus and Salvage Pool to be maintained and supervised by the Supply Chain Management Director, the designated custodian charged with maintaining the Surplus and Salvage Pool inventory.
- 2) If an internal department needs any personal property in the

Surplus and Salvage Pool, the department may submit a request to the Supply Chain Management Director. The Supply Chain Management Director has the discretion to grant or deny the request.

- 3) Upon approval by the CEO or his delegate, a third party (community-based organization, nonprofit corporation, or foundation, etc.) may acquire Surplus Property (other than vehicles) placed in the Surplus and Salvage Pool after such property has been made available for a reasonable period of time to other IEHP departments. Any donation or sale of Surplus Property to a third party is made “as-is” and without any express or implied representation or warranties under applicable California, federal or common law.

C. Advertising Proposed Sale or Disposition of Surplus Property:

The Procurement Manager may advertise the proposed sale or other disposition of Surplus Property. The Procurement Manager shall decide the medium (paper, electronic, etc.), amount, nature, makeup, and content of the advertising. In the disposition of specialty property (excluding real property) and property that has limited marketability or purpose, the Procurement Manager may use alternative methods to dispose of the property without advertising. Alternative methods include, but are not limited to, consignment and sale to a single identified buyer. In the event that the Surplus Property is found to have no resale value, the Procurement Manager may direct the Surplus Property be destroyed or disposed of in any manner the Procurement Manager sees fit.

Section 4

Soliciting Competition

4. Soliciting Competition

As prudent managers of public funds, IEHP utilizes open and competitive bidding from all responsible and responsive bidders as its principal means of supplier selection. It is important that all solicitations are conducted with fairness and openness to eliminate any appearance of impropriety, favoritism, or collusion. It is the mission for all those involved in the procurement process to give all suppliers an equal opportunity to earn IEHP business at the lowest possible cost consistent with the quality or function or both of the product or service required.

4.1 Exemptions to Obtaining Competition

- A. In accordance with California public procurement regulations, certain items and services are exempt from the standard public bidding process. These exemptions aim to streamline procurement for specific needs not efficiently served by the traditional competitive bidding process. The following categories of items and services are designated as exempt:
- 1) **Sole Source Procurements:** Applicable when only one supplier possesses the unique ability or capability to meet the particular requirements of the entity, or when only one supplier is practicably available.
 - 2) **Single Source Procurements:** Applicable when purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.
 - 3) **Emergency Procurements:** Procurements necessary to address immediate and urgent needs resulting from unforeseen circumstances that pose a threat to public health, safety, welfare, or IEHP's compliance with regulatory bodies, requiring action with minimal delay.
 - 4) **Professional and Specialized Services:** Covers services that require specific professional skills or expertise, making standard competitive bidding impractical. This includes, but is not limited to, legal services, medical or healthcare-related services, and artistic services.
 - 5) **Small or Micro Purchases:** Purchases below \$50,000, for which the time and administrative costs of conducting a formal bid would be disproportionate to the value of the procurement. The threshold for small purchases will be defined in accordance

with current regulatory guidelines and may be subject to periodic adjustments.

- 6) **Inter-Governmental Agreements:** Procurements conducted through cooperative agreements with other governmental agencies, where such agreements provide for the procurement of goods or services under terms that are beneficial to IEHP.
- 7) **Governmental Discounts:** Procurements whereby pre-established preferred pricing for governmental entities is extended to all governmental entities.
- 8) **Public Utilities:** Services provided by public utilities that are subject to regulation and oversight by governmental commissions or agencies, where competitive bidding is not practicable.
- 9) **Marketplace Constraints:** Situations where market conditions or constraints necessitate a direct procurement approach. This may include limited availability of suppliers, rapid market fluctuations, or other extenuating circumstances.

B. Items Exempted from Competition: The following list of items exempted from competition is not exhaustive. Additional items may be exempted from competition as deemed necessary and appropriate. Such exemptions can only be authorized by the Procurement Director or Manager in accordance with applicable policies and regulations. Any additional exemptions will be communicated and documented as required.

Items Exempted from Competition	
Access to specialized research platforms available through subscriptions to online data platforms and publications created by governing bodies, not for profit, or other widely recognized authoritative organizations.	Memberships to professional organizations
Subscriptions that provide access to specialized peer-viewed or other official research via online platforms and publications from widely recognized authoritative bodies.	Medical Services payments

Advertising Spaces (Airtime/Newspaper/Magazine Ad Space) *Specifically excludes contracting with Advertising Agencies or Design Services	Online Procurements: for low-value or routine purchases where the administrative costs of conducting a formal bid would outweigh the benefits.
All contracts not related to the procurement of Goods / Services. *Specifically excludes Memoranda of Understanding (MOUs) with other Governmental, non-profit, or other agencies formed for the benefit of the public.	Postage and USPS Post Office Box fees *Specifically excludes private mail companies
Attorneys selected by IEHP's Legal Department, expert witnesses	Permits required by governing bodies
Contracts for conference or meeting facilities, including room accommodations for conference attendees, not to exceed \$250,000	Purchase of food / catering services for IEHP Team Members, visitors, IEHP special events, immediate disaster relief efforts.
Common Carrier transportation	Sponsorships/Donations
Goods and services exempt from requiring a Purchase Order, as detailed in the Finance Department's current approved Policy & Procedure "Invoices not Requiring a purchase Order" FIN/ACCT 26 (Accounts Payable for Vendor Payments).	Specialized personal services, including performers (including IEHP Superheroes and commercial actors), artists, speakers, honorarium recipients and professionals in personal wellness.
Government-printed publications	Utility Services
IEHP credit card bank payments	Workers Compensation payments

4.2 Public Notice

Adequate public notice of any formal solicitation shall be effectively communicated to reach potential bidders. Notices should be posted on the Procurement website and may also be mailed or emailed to a sufficient number of potential bidders. Additionally, advertisements may be placed in a

widely circulated newspaper, or other approved media outlets. Each notice should include a detailed description of the project or goods required, or both, and instructions on how interested bidders can apply for consideration.

4.3 Supplier Registration Requirements

A. Mandatory Registration with California State Agencies

To ensure compliance with state regulations and promote transparency in procurement processes, all suppliers engaging in business with IEHP must be registered with relevant California state agencies. This requirement helps in verifying the legitimacy and operational status of businesses intending to provide goods or services.

- 1) **Registration with the California Secretary of State (CA SOS).** All suppliers who are a corporation must be registered with the California Secretary of State. This registration confirms that the supplier is legally recognized to conduct business within the state and adheres to state business laws. It is crucial for ensuring that the supplier is capable of entering into legally binding contracts.
- 2) **Registration with the California Franchise Tax Board (CA FTB).** Suppliers who are not registered with the CA SOS must be registered with the California Franchise Tax Board. This registration ensures that the supplier is compliant with state tax laws, including the payment of any relevant business taxes. It is a critical step for confirming financial integrity and tax compliance.
- 3) **Compliance Verification.** Before engagement, Procurement will verify each supplier's registration status with the CA SOS and CA FTB to ensure all legal and tax obligations are fulfilled. Non-compliance with these registration requirements will disqualify potential suppliers from participating in procurement opportunities.
- 4) **Updates and Renewals.** Suppliers are responsible for keeping their registrations with the CA SOS and CA FTB up to date. Failure to maintain current registrations or to provide evidence of renewal may result in the suspension of ongoing contracts and disqualification from future bidding opportunities.
- 5) **Contact Information for Registration.**

- i. **California Secretary of State:** For registration and compliance details, visit California Secretary of State - Business Programs Division
- ii. **California Franchise Tax Board:** For tax registration and information, visit California Franchise Tax Board

4.4 Bidding Time for Formal Solicitations

- A. A bidding time shall be set that affords bidders a reasonable time to prepare the bids. A minimum of 14 calendar days should be provided unless a shorter time is deemed necessary for a particular procurement, as determined by the Procurement Manager. When a solicitation includes a pre-bid conference, the bid close date shall be no less than 14 calendar days after the bidder's conference.
- B. After any addenda to the solicitation have been posted, a minimum of three (3) calendar days must be provided prior to the bid closing date to allow potential bidders sufficient time to review and incorporate the changes into their proposals.

4.5 Solicitation Documents

- A. After the BU completes the statement/scope of work (SOW), technical specifications, and bidder questions and submits them through a contract management system intake request, systematic approvals are secured before Procurement begins drafting the Solicitation document.
- B. The end should always be kept in mind when documents are drafted for use in the formal solicitation process. Solicitations could include debriefs, protests, and audits. The successful outcome of a procurement is dependent upon policies, procedures, planning, process design and execution, decisions, actions, and inactions. All aspects of solicitations are subject to public scrutiny.
- C. Procurement shall select the right type of bid to achieve the best possible outcome for the specific project.
- D. FIN/PROC 02 establishes procedures and standards for the solicitation drafting and routing process.

4.6 Mandatory vs. Non-Mandatory Pre-Bid Conferences

Through mutual consent, the stakeholder and the Procurement professional will determine if a pre-bid conference is needed. The greater the complexity

of the proposal, the greater the need for a pre-bid conference to ensure responsive, useful, and comparable bids are received. If a pre-bid conference is mandatory and attendance is made a condition for bidding, it is important that bidders are advised of this in any published pre-bid notice. When planning a mandatory pre-bid conference, adequate time must be allowed for the suppliers to receive the material and make plans to attend.

4.7 Pre-Bid/Proposal Conference

- A. The conference's location, date, must be clearly outlined in the solicitation document and provided to suppliers a minimum of ten (10) working days in advance of the conference date. Any exceptions shall be addressed on a case-by-case basis by the Procurement Manager, taking travel arrangements and urgency of need into consideration.
- B. All attendees are required to sign in and the conference, and the Procurement professional must retain the sign-in sheet as part of the solicitation documentation.
- C. The Procurement professional will discuss terms, conditions, and specifications at the conference, answer general queries, and refer specific technical questions to the appropriate department representatives for further clarification.
- D. Responses provided during the conference will not be considered part of the official solicitation documentation unless they are formally submitted as questions on the eProcurement website and subsequently answered by Procurement via written Addendum.
- E. Any addenda resulting from the pre-bid/pre-proposal conference must be issued timely, allowing bidders ample opportunity to consider the changes before submitting or modifying their proposals.

4.8 Solicitation Addenda

- A. Bidders shall submit all questions they have via the eProcurement website. To maintain transparency, questions received via email or phone call will not be answered outside of the eProcurement website. All responses will be provided through the eProcurement website.
- B. If it becomes necessary to modify aspects of a solicitation, such as quantity, specifications, delivery schedules, proposal receipt dates, or to clarify or correct any ambiguities or defects, a written addendum will be issued by Procurement through the eProcurement website. Addenda shall be issued timely, allowing bidders ample opportunity to

consider the changes before submitting or modifying their proposals.

4.9 Modification and Withdrawal of Bid

A bidder may modify or withdraw its bid at any time before bid opening if the modification or withdrawal is received before the time and date set for the bid opening in the location designation for the receipt of bids. All documentation relating to a withdrawal or modification of a bid shall be kept as part of the procurement file.

4.10 Minor Informalities

Minor informalities in a bid response may be waived if the Procurement Director or Manager deems it advantageous to IEHP.

4.11 Timeline

- A. The following timeline is based on IEHP's requirements and will be adhered to unless an exception is approved by the Procurement Director or Manager:

RFP release on eProcurement website
Bidders' questions due (generally at 2:00 pm PT, subject to change)
Addendum issued by Procurement containing responses to Bidders' questions (no later than 5 days before the deadline for submission of proposals)
Bidder proposals due (generally at 2:00 pm PT, subject to change)
Procurement evaluation for responsiveness of proposals
Evaluation Committee technical scoring of proposals
Once proposal evaluations are completed, Procurement reveals the scores to the Evaluation Committee, which then selects the finalists.
Supplier presentations/oral interviews/demos
Evaluation Committee makes Recommendation for Award
Recommendation for Award approval by Procurement Manager
The stakeholder initiates a request in the contract management system to formalize an agreement with the selected awardee.
Procurement initiates and leads contract negotiations
Notice of Intent to Award issued by Procurement
Proposed contracts over \$200,000 are presented to the IEHP Governing Board for approval, while those under \$200,000 are approved by the CEO or their designee.
After the contract is fully executed, the stakeholder submits a requisition, and Procurement then issues a purchase order.
Ongoing contract management by Procurement

B. Solicitation Turnaround Time

Internal stakeholders should refer to the Procurement Jive page for the current turnaround times and use the 'RFP Calculator' as a planning resource. If the solicitation requires Governing Board approval, begin the timeline from the desired presentation date of the chosen bidder to the Board. Allow adequate time for bidder questions and responses, proposal submissions, and the review and scoring of the proposals. Additionally, allow time for relevant stakeholders, including but not limited to: IT Security, Financial Planning and Analysis to review bidder responses, including exception requests, and provide written responses before the evaluation phase.

4.12 Solicitation Exhibits

- A. Exhibit A to the solicitation document (Terms and Conditions) establishes procedures and standards for bids.
- B. Exhibit B to the solicitation document (IEHP Standard Contract Terms) establishes IEHP's standard required contract terms.
- C. Neither Exhibit applies to Public Works Solicitations.

4.13 IT Security Assessment

- A. For solicitations requiring a security assessment, IEHP mandates the completion of a security questionnaire by both the BU and the responding suppliers. This is a key compliance requirement facilitated by IEHP's IT Security team.
- B. Security assessments conducted during the solicitation process are essential for proper supplier onboarding. These assessments streamline the security vetting process, ensuring that suppliers can adequately protect IEHP's data before being awarded a contract and granted access to IEHP data. Implementing these assessments early in the process helps minimize delays in project timelines.

4.14 Proof of Concept

- A. The Proof of Concept (PoC) phase in the public procurement process is designed to assess the practical viability of a proposed solution in a real-world scenario before committing to full-scale implementation.

- B. During the solicitation process, potential bidders are required to demonstrate their solutions under controlled conditions to verify functionality and effectiveness. This is crucial for technology or service-based contracts where theoretical solutions must meet actual organizational needs.
- C. Implementing a PoC helps mitigate risks associated with new or complex solutions. It ensures that the products or services are compatible with existing systems and can meet the specified requirements without extensive modifications or additional costs.
- D. Bidders must outline their PoC strategy in their bid, specifying the objectives, timelines, resource requirements, and success criteria. IEHP evaluates these plans and oversees the PoC execution to ensure compliance with the procurement goals.
- E. Bidders will undergo assessment based on predetermined criteria tailored to the specific nature of the PoC yet adhering to standard norms.
- F. A successful PoC validates the bidder's claims and provides IEHP with confidence in their decision-making process, ensuring that public funds are invested in solutions that offer tangible benefits and meet predefined standards.
- G. There shall be no cost to IEHP associated with a PoC.

4.15 Hardware Demonstration

- A. **Request and Approval:** Suppliers interested in demonstrating their hardware must submit a formal request to Procurement. This request should include details about the product and the purpose of the demonstration.
- B. **Sourcing and Delivery:** At its own cost, the supplier arranges for the hardware to be delivered to the agency. This includes handling all logistics related to transport and setup, ensuring the hardware arrives in good working condition.

- C. **Purchase Intent Notification:** If IEHP decides to retain the demonstrated hardware, Procurement must notify the supplier of their intent to purchase. This communication should specify the reasons for the decision, such as satisfactory performance and compliance with technical requirements.
- D. **Negotiation and Purchase Agreement:** Following the notification, Procurement and the supplier will negotiate the terms of purchase, including the price, warranty, service agreements, and any other pertinent details.
- E. **Finalization and Transfer of Ownership:** Once terms are agreed upon, a purchase order or contract is executed by Procurement, transferring ownership of the hardware from the supplier to the agency. All legal and financial documentation must be completed to finalize the acquisition.
- F. **Return Process:** If, at the end of the demonstration period, IEHP does not decide to retain the hardware, the supplier is responsible for the retrieval of the hardware at its own cost. This includes coordinating the return logistics and ensuring that the hardware is dismantled and transported without damage to IEHP's facilities.
- G. **Documentation:** Throughout the process, all steps are documented by both the supplier and IEHP to maintain a clear record of the demonstration's outcomes and any contractual obligations related to the hardware demo.

4.16 Personal Property Loan Agreement

- A. If after a solicitation, the evaluation team requires testing of a product/equipment, the bidder shall provide the product/equipment on a temporary test or loan basis, and only Procurement may accept the loan of a commodity on behalf of IEHP. The bidder must sign the Personal Property Loan Agreement, available from Procurement, which must be completed prior to delivery of any product/equipment left with IEHP for demonstration or loan.
- B. As part of the evaluation process of the solicitation, IEHP Team Members are authorized to test/evaluate an item prior to initiating a purchase in cases where the functionality or appropriateness of the product to IEHP is unclear. This procedure allows IEHP to return items that do not fit IEHP's needs or goals. Follow the steps below to begin the loan process:

- 1) Contact the appropriate Administrative Assistant to initiate the request. The Administrative Assistant will complete the Personal Property Loan Agreement and have the Chief/Director sign the form.
- 2) The form shall be submitted to the bidder for signature prior to receiving the product.
- 3) The item requested for use on a trial basis must have criteria established to determine the success or failure of the trial and the periods to make that determination prior to the expiration of the trial period.
- 4) If the item is deemed appropriate, and funding is approved, a PO must be issued with the PO number and is applied against any subsequent invoice for the item.
- 5) The IEHP receiver inspects all incoming items for verification against a valid purchase order number and packing slip. A receiver may refuse any improperly marked items or shipping containers.
- 6) Upon completion of the test, the originator must obtain approval to purchase the product from his/her Chief, and if necessary, the CEO, for approval based on the guidelines for signature authority.
- 7) If the item is deemed inadequate for use by IEHP, IEHP shall notify Procurement of the intent to return the merchandise. It is the responsibility of the BU purchasing products or materials to determine whether purchased products or materials received meet requirements in a timely manner. Any defective, inappropriate, or unacceptable merchandise received should be promptly returned to the bidder.

C. Material/Merchandise Returned to Bidder

- 1) The IEHP Team Member requesting the product is responsible for the identification of, and return to, the Warehouse of all items requiring return. The Team Member shall attach a copy of the Return Materials Authorization (RMA) provided by the bidder, and PO to the item when presenting the product to the warehouse staff.
- 2) The Warehouse Team Member verifies and properly cares for

the products while in his or her possession prior to being picked up by the bidder, or before the items are shipped to the bidder.

4.17 Grant Funding

Purchases made with grant funding will follow all applicable guidelines as outlined in this manual. The responsibility for advising the Procurement of any grant-related purchasing restrictions or requirements shall remain with the IEHP BU and grant awardees. The requesting department may be required to provide a copy of the grant with their request to Procurement along with the contract management system intake request.

Section 5

Selection Process And Negotiation

5. Selection Process and Negotiation

Proposal evaluation is an assessment of both the proposal and the bidder's ability, as demonstrated by the proposal, to perform the prospective contract successfully. Evaluation of the proposals is based on the criteria stated in the solicitation document. After selection of the finalist by the Evaluation Committee, contract negotiation shall commence. Stages of this process include the following:

5.1 Receipt of Proposals

Proposal and proposal modifications should be received by Procurement through the e-Procurement website. Proposals may not be opened until the bid opening.

5.2 Bid Opening

- A. Proposals not related to Public Works do not require a public bid opening. The proposals shall be opened by Procurement after the bid close date.
- B. Formal Public Works bids shall be virtually opened publicly at the time, date, and location advertised in the bid document. The name of each bidder, the bid price, and other pertinent information shall be read aloud and recorded. Pricing shall be made public on the eProcurement website.

5.3 Determination of Responsiveness

- A. Responsiveness is the proposal's compliance with objective mandatory submission requirements such as required documents, authorized signatures, proof of insurability, bonding, and certification as required in the solicitation document. A checklist including the responsiveness requirements is an effective tool to help prevent compliance issues and shall be included in the formal solicitation document.
- B. Determination of responsiveness of a proposal is conducted by Procurement and is typically a straightforward process, done as pass/fail. A record of the determination and rationale shall be kept in the Procurement file. Proposals that do not comply with objective requirements are deemed non-responsive. Proposals determined to be responsive will continue through the evaluation process.
- C. IEHP includes language in its solicitation documents to allow for resolving immaterial errors or omissions related to mandatory criteria, i.e., rectification, minor informality inconsequential to determination

of award.

- D. An example of an immaterial deficiency or minor informality would be a proposal lacking a signature, as it would not give the proposer and unfair advantage. The proposer would be permitted to provide the signature. This opportunity should be applied equally to all proposers.
- E. FIN/PROC 02 establishes procedures and standards for the determination of responsiveness related to the solicitation process.

5.4 Determination of Responsibility

The level of proposer's responsibility is determined through the evaluation of the technical requirements and subsequent verification of the general requirements.

A. Mandatory Technical Requirements

- 1) The first phase of determining responsibility, is to review the mandatory technical requirements, for example:

- i. Compliance with technical requirements.
- ii. Review of equivalents for acceptance.

2) Evaluation criteria

The second phase of determining responsibility, conducted by the Evaluation Committee, involves scoring the evaluation criteria, for example:

- i. Experience, e.g., level of.
- ii. Professional ability of staff assigned to the project.
- iii. Technical approach and methods.
- iv. Reference checks, past performance evaluations, reliability.
- v. Quality of goods or services.
- vi. Sustainability, e.g., social, economic, environmental.
- vii. Schedule.

Evaluation criteria used to determine proposer responsibility shall be stated in the RFP and should relate directly to the scope of work. Market conditions are also a consideration in the selection of the most appropriate evaluation criteria. Selection of evaluation criteria and determination of their respective weights/scoring should be based on their relative importance to IEHP, as they can significantly affect the quality of the proposal content and subsequent outcome of the evaluation.

3) **Price**

The third phase of determining responsibility is conducted by Procurement and involves calculation of scores for price using a predetermined weighting method, determined by averaging the weights provided by each member of the Evaluation Committee prior to scoring.

4) **General Requirements**

Procurement performs a due diligence review, as appropriate, to validate the general requirements before award recommendation, for example:

- i. Contract Terms
- ii. Adequate financial resources.
- iii. Ability to comply with the delivery or performance schedule.
- iv. Corporate functional capabilities
- v. Satisfactory performance record.
- vi. Satisfactory record of integrity and business ethics.
- vii. Necessary organization and experience.
- viii. Necessary equipment and facilities.
- ix. Otherwise qualified and eligible, i.e., other provisions of law specifying when bidders are disqualified from or ineligible for award.

- B. FIN/PROC 02 establishes procedures and standards for the determination of responsibility related to the solicitation process.

5.5 **Evaluation Committee**

- A. When required based on the type of solicitation, Best Value evaluations will be performed by a team of subject matter experts comprised of IEHP Team Members, which also may include contracted external consultants (“Evaluation Committee”), chaired by Procurement. The Evaluation Committee should be composed of qualified personnel based on their expertise on the services/scope of work to be provided. All evaluation material will be considered confidential while being reviewed by the Evaluation Committee and will not be released by anyone outside of the Evaluation Committee or Procurement until an award is made. Each member of the Evaluation Committee must sign the “Code of Conduct and Ethics” form, as well as e-Procurement website attestations for Conflict of Interest and non-disclosure. It is imperative that the Evaluation Committee member does not have any personal, business, or any other relationship that

will influence their decision in the evaluation process. An Evaluation Committee member must agree not to keep all details of the evaluation process confidential, disclosing information only to fellow Evaluation Committee team members, and solely during official Evaluation Committee meetings when Procurement is present.

- B. Procurement should conduct training for the Evaluation Committee members prior to the submission deadline to ensure the evaluation methodology as detailed in the RFP is well understood by all. When possible, this training should be conducted at a time near the proposal due date, so the information is 'fresh' in the minds of evaluators when they receive the proposals.
- C. FIN/PROC 02 establishes procedures and standards for the Evaluation Committee related to the solicitation process.

5.6 Evaluation Criteria Weight Factors

- A. Individually, each Evaluation Committee member will determine their preferred weight factor for each selected criterion to reflect their importance in relation to the other RFP factors. Price is generally a heavily weighted criterion. However, there are RFP situations in which skills and experience of the bidders can weigh more than price. In cases where price is less important than other criteria, it is recommended to consult with the Procurement Manager for proper guidance and final weight determination.
- B. A published solicitation subject to Best Value scoring must explicitly state the evaluation criteria and align with the necessary scope of work requirements. Evaluation criteria can take into consideration a variety of information including, but not limited to, oral presentation, bidder demonstrations, conformance to the solicitation requirements, experience, expertise, qualifications, proposed strategy and equipment or both, bidder availability to meet project deadlines, etc.
- C. Scoring/Evaluating
 - 1) Each Responsive Bidder's proposal is scored for technical evaluation and selection of the successful bidder. This may be done via Evaluation Committee or by Procurement, depending on the format of the solicitation.
 - 2) If approved in advance by the Procurement Manager, consensus scoring may be utilized by the Evaluation Committee.
- D. FIN/PROC 02 establishes procedures and standards for the determination Evaluation Criteria related to the solicitation process.

5.7 Pre-Negotiation Preparation

- A. Negotiations between any bidder and IEHP are applicable to all procurements and shall be led by Procurement (“Chief Negotiator”).
- B. Best practices utilize written Pre-Negotiation Plans prior to conducting negotiations as a tool to judge the overall reasonableness of the price proposed and to negotiate a fair and reasonable price or cost fee.
- C. Pre-Negotiation Plans include specific objectives, which are acceptable to all organizational elements of the BU, such as pertinent issues to be negotiated, and cost objectives.
- D. Pre-Negotiations require a reasoned analysis of the offeror’s price, comprehensive market analysis (supply, available sources, price ranges, etc.), proposed technical specifications, terms and conditions, etc.
- E. The Pre-Negotiation Plan should address areas of concern of various interested parties in the development and approval of a unified negotiation position so that internal differences of opinion can be resolved before negotiations begin, producing negotiation objectives that management can support.
- F. The Chief Negotiator will initiate a negotiation kick off meeting for the IEHP Negotiation Team to understand strategy and negotiation positions prior to the commencement of negotiations. The Chief negotiator is responsible for developing a negotiation plan resulting from discussion identifying negotiation points. This step is necessary since not all Executive Management Team or members of the Negotiation Team will have the same level of expertise over the varying subject matter that will be discussed in contract negotiations.
- G. FIN/PROC 05 establishes procedures and standards for IEHP’s Negotiation Policy.

5.8 Negotiations

- A. Negotiations refers to the process of reaching mutually beneficial agreement between a buyer and a seller regarding the terms and condition of a purchase. This can involve discussions, compromises, and exchanges of offers and counteroffers aimed at securing favorable pricing, delivery schedules, quality standards, payment terms, warranties, and other contractual elements. Effective negotiation skills are essential for Procurement to achieve optimal outcomes,

such as cost savings, risk mitigation, and the establishment of successful supplier relationships.

- B. IEHP reserves the right to negotiate with all bidders if it is in the best interest of the organization.
- C. The Chief Negotiator is responsible for the conduct of the discussions, with the assistance or participation of technical, accounting, or legal specialists as necessary or appropriate. The content, form, and extent of the discussions are a matter of the Chief Negotiator's judgment.

5.9 Criteria for Negotiations. Negotiations between any bidder and IEHP are applicable to all procurements and shall be led by the assigned Procurement Team Member.

- A. No Team Member, including external subject matter experts (i.e., contractors, contracted supplier representatives) assisting IEHP Team Members in evaluating bids or proposals, while offers are being received or evaluated, may:
 - 1) Communicate, discuss, or disclose any information regarding offers, the identity of offerors, deliberations, or negotiations to any other person, including other IEHP Team Members not directly involved in the solicitation, other than the communication method defined in the solicitation and the exceptions specified in this manual; or
 - 2) Communicate with offerors regarding their offers or other offers outside of evaluation committee meetings, unless the information has been made public or relates only to general administrative requirements, such as due dates, access to the Procurement website, or similar subjects.
- B. The negotiation process is a dialogue which may include persuasion, alteration of assumptions and positions as necessary, and may apply to several areas including but not limited to:
 - 1) Price
 - 2) Schedule
 - 3) Requirements – Regulatory or Non-regulatory
 - 4) Service Level Agreements
 - 5) Definition of deliverables
 - 6) Work plan methodology
 - 7) Period of Maintenance

8) Warranties

5.10 Roles and Responsibilities for Negotiations

FIN/PROC 05 establishes procedures and standards for the roles and responsibilities of IEHP's Negotiation Policy.

5.11 Best and Final Offer

Upon completion of the negotiations, Procurement may issue a written request for Best and Final Offer (BAFO) to all bidders still in the competitive range.

A. BAFO requests should include:

- 1) Notice that the negotiations are concluded;
- 2) Notice of the opportunity to submit BAFO in the form of revisions to any aspect of the solicitation or original proposal; and
- 3) A common cutoff date and time that allows a reasonable opportunity for submission of written BAFO.

B. Following evaluation of BAFO and consolidation into the scoring matrix, Procurement shall present the final scores to the Evaluation Committee members for award recommendation.

5.12 Debrief Session

- A. Upon Execution of Award, and at the written request of an individual or third party, Procurement will provide a debrief upon request.
- B. Procurement shall facilitate the debrief, providing the bidder with constructive feedback on their own proposal. Debriefs can also offer an opportunity for bidders to convey valuable feedback to IEHP regarding the RFP and solicitation process.

5.13 Governing Board Approval

- A. Procurements requiring Governing Board approval shall be presented according to the following format guidelines:
- 1) All requests must be submitted by the BU in the approved Board item format and include:

i. **Recommended Action** that identifies legal bidder name

- and dba if applicable, and the type of document (PSA, Amendment, Master License Agreement, etc.), or needed action (spending increase).
- ii. **Background of the request.** Justification of the need for the item: justify the need and why the Procurement addresses the need.
 - iii. **History.** Reference any previous/current business with bidder if applicable that can be associated with procured goods/services.
 - iv. **Discussion of the request.** This includes a statement identifying and quantifying the purchased item: explain what the item is, what it does, how many and for how long are being requested for approval.
 - v. **Bidders.** List of the candidate bidders that submitted a response to the solicitation, include:
 - a. Name of the bidders
 - b. Location of the office (city, state)
 - vi. **Criteria.** Category description for evaluating proposals to make the bidder and product selection.
 - vii. **Results.** List the proposal/quote results including
 - a. Name of company
 - b. Technical scores
 - c. Pricing scores
 - d. Technical score plus pricing score
 - e. Names of down-selected bidders
 - f. Demo Scores, if applicable
 - g. Overall Scores
 - viii. **Comments.** (optional)
 - a. Indicate whether a purchase from this bidder obligates IEHP to purchase more items from this bidder. Some bidders (phone manufacturer and computer suppliers, for example) require that proprietary parts and service be supplied only through their own suppliers. If parts and service are available from many other suppliers, so indicate.
 - ix. **Recommendation.** Recommendation to the Governing Board shall include:
 - a. Name the selected product, bidder, and basis for selection.
 - b. In the event the lowest bid is not the recommended bidder, provide a comment supporting the recommendation.
 - x. **Fiscal Impact.** Provide the fiscal impact including the cost, length of the agreement, future related costs, and

effective date.

- xi. **Approved as to form.** All documents must be reviewed and approved as to form by the Legal Department.

- 2) Include the following with the Board Item (unless the request to the Board is a delegation of authority, spending authority increase, etc.):

- i. Bidder signed and dated Contractual Document(s).

Section 6

Public Works

6. Public Works (PWC)

6.1 Definition

- A. Public Works means the construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds, except work done directly by a public utility company pursuant to order of the Public Utilities Commission or other public authority. For purposes of this paragraph, “construction” includes work performed during the design, site assessment, feasibility study, and other preconstruction phases of construction, including, but not limited to, inspection and land surveying work, regardless of whether any further construction work is conducted, and work performed during the postconstruction phases of construction, including, but not limited to, all cleanup work at the jobsite. For purposes of this paragraph, “installation” includes, but is not limited to, the assembly and disassembly of freestanding and affixed modular office systems. ([California Labor Code § 1720](#)).
- B. With minor exceptions (see [California Labor Code § 1771](#)), all workers employed on Public Works projects must be paid the prevailing wage determined by the Director of the Department of Industrial Relations according to the type of work and location. The prevailing wage rates are usually based on rates specified in collective bargaining agreements ([California Labor Code § 1773](#)).

6.2 Department of Industrial Relations (DIR)

Following California Senate Bill 854 (SB 854) ([California Public Works Reform](#)), significant Public works (PWC) reforms were signed into law on June 20, 2014. The reforms made several significant changes to the administration and enforcement of prevailing wage requirements by the Department of Industrial Relations (DIR). Among other things, SB 854 established a public works contractor registration program to replace prior Compliance Monitoring Unit (CMU) and Labor Compliance Program (LCP) requirements for bond-funded and other specified public works projects. The fees collected through the program established by SB 854 are used to fund DIR’s public works activities.

6.3 Compliance Dates

- A. January 1, 2015: The call for bids and contract documents must include the following information:
 - 1) No contractor or subcontractor may be listed on a bid proposal for a Public Works project (submitted on or after March 1, 2015) unless registered with the Department of Industrial Relations

pursuant to [California Labor Code § 1725.5](#). (with limited exceptions from this requirement for bid purposes only under [California Labor Code § 1771.1\(a\)](#)).

- 2) No contractor or subcontractor may be awarded a contract for public work on a Public Works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to [California Labor Code § 1725.5](#).
- 3) The prime contractor shall post such notice at job site.
- 4) This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.
- 5) March 1, 2015: The registration requirement became mandatory.
- 6) April 1, 2015: An awarding body may not accept a bid or enter into a contract for public work with an unregistered contractor.

6.4 Department of Industrial Relations (DIR) PWC System Public Works Projects

- A. Public works reforms (SB 854) were signed into law on June 20, 2014. The reforms made several significant changes to the administration and enforcement of prevailing wage requirements by the Department of Industrial Relations (DIR). Among other things, SB 854 established a public works contractor registration program to replace prior Compliance Monitoring Unit (CMU) and Labor Compliance Program (LCP) requirements for bond-funded and other specified public works projects. The fees collected through the program established by SB 854 are used to fund DIR's public works activities. [California Public Works Reform](#).

6.5 Essentials of Public Works Contractor Registration Program:

- A. Contractors are subject to a registration and annual renewal fee set at \$400 (or the current rate established by the DIR). This fee is non-refundable and applies to all contractors and subcontractors who intend to bid or perform work on public works projects (as defined under the Labor Code).
- B. Contractors apply and pay the fee online and must meet minimum qualifications to be registered as eligible to bid and work on public works projects:

- 1) Must have workers' compensation coverage for any employees and only use subcontractors who are registered public works contractors.
 - 2) Must have Contractors State License Board license if applicable to trade.
 - 3) Must not have any delinquent unpaid wage or penalty assessments owed to any employee or enforcement agency.
 - 4) Must not be under federal or state debarment.
 - 5) Must not be in prior violation of this registration requirement once it becomes effective. However, for the first violation in a 12-month period, a contractor may still qualify for registration by paying an additional penalty.
- C. The registration fee is not related to any project. It is similar to a license that enables the registrant to bid on and perform public works.
- D. The DIR provides a searchable database of registered contractors and subcontractors on its website, so that awarding bodies and contractors can comply with the requirement to only use registered contractors and subcontractors.
- E. Various protections are built in so that:
- 1) A contractor will not be in violation for working on a private job that is later determined to be public work;
 - 2) The inadvertent listing of an unregistered subcontractor on a bid does not necessarily invalidate that bid;
 - 3) A contract with an unregistered contractor or subcontractor is subject to cancellation but is not void as to past work;
 - 4) An unregistered contractor or subcontractor can be replaced with one who is registered;
 - 5) A contractor whose registration lapses will have a 90-day grace period within which to pay a late fee and renew.
- F. Contractors and subcontractors register online. The preferred method of payment is by credit card.
- G. The requirement to list only registered contractors and subcontractors on bids became effective on March 1, 2015. The requirement to only use registered contractors and subcontractors on public works projects applies to all projects awarded on or after April 1, 2015.

6.6 Procurement Registration Verification

- A. Procurement will verify the contractor and subcontractor registration on the DIR website in accordance with SB 854, including appropriate contract language, and perform a database search to ensure contractors and subcontractors are actively registered.
- B. Procurement must register a project with the DIR within five (5) days of awarding the contract. This requirement applies to all Public Works projects that are subject to the prevailing wage requirements of the Labor Code, regardless of size or funding source.
- C. Procedure:
 - 1) Procurement shall ensure language requiring compliance with SB 854 and DIR registration is included in bid documents.
 - 2) As part of a Request for Bids (RFB), bid evaluation, purchase order, or contract award, Procurement shall confirm that contractor and subcontractors are listed on the DIR website listing of registered contractors. ([DIR Contractor Registration Search](#)). A copy of the verification shall be maintained in the contract management system, or Procurement files, or both, for each bid.
 - 3) An inadvertent error in listing a subcontractor who is not registered pursuant to [California Labor Code § 1725.5](#) in a bid proposal shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive, provided that any of the following apply:
 - i. The subcontractor is registered prior to the bid opening.
 - ii. Within 24 hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in subparagraph E of paragraph (2) of subdivision (a) of [California Labor Code § 1725.5](#)
 - iii. The subcontractor is replaced by another registered subcontractor, according to [California Public Contract Code § 4107](#).

6.7 Public Works of \$220,000 or Less

- A. The California Uniform Public Construction Cost Accounting Act (CUPCCAA) is part of the Public Contract Code (PCC) and provides a streamlined alternative to the traditional public bidding process outlined in the PCC for public works projects. CUCCAA establishes different thresholds and procedures for contracting, which are

specifically designed to simplify and expedite the public works contracting process for local agencies that opt into the act. gives IEHP authority up to \$220,000 for those jobs performed under specific guidelines of the Act, [California Public Contract Code § 22000 et seq.](#)

- B. Every five years, the California Uniform Construction Cost Accounting Commission reviews the informal bid limits for inflation and other factors to determine whether adjustments should be made. If an adjustment is made, the State Controller notifies the affected public agencies. The adjustment may become effective before it appears as a formal change in the Public Contract Code according to [California Public Contract Code § 22000 et seq.](#) The most recently posted bid limits can be found on the [California Uniform Construction Cost Accounting Commission](#) website under the Cost Accounting Policies and Procedures Manual.
- C. [California Public Contract Code § 22032](#) requirements for all Public Works projects between \$75,000 to \$220,000:
 - 1) Public projects of \$75,000 or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order. If not performed by IEHP employees, informal bidding procedures are required.
 - 2) Public projects of \$220,000 or less may be let to contract by informal procedures. The informal bidding procedures must include efforts to notify contractors on the qualified bidders list maintained in accordance with [Public Contract Code § 22034\(a\)](#).
 - 3) Public projects of more than \$220,000 shall, except as otherwise provided in [California Public Contract Code § 22032](#), be let to contract by formal bidding procedure.

6.8 Prevailing Wage

Public Works law requires that all workers employed on public works projects must be paid the prevailing wage determined by the Director of the Department of Industrial Relations, according to the type of work and location of the project. The prevailing wage rates are usually based on rates specified in collective bargaining agreements.

- A. Prevailing wages must be paid to all workers employed on a public works project when the public works project is over \$1,000. This requirement applies unless the project is explicitly exempted by an

approved Labor Compliance Program, which must be approved by the Director of the Department of Industrial Relations. If IEHP elects to initiate and enforce a labor compliance program, that has been approved by the Director of the Department of Industrial Relations, for every public works project under the authority of the awarding body, prevailing wages are not required to be paid for any public works project of \$25,000 or less when the project is for construction work, or for any public works project of \$15,000 or less when the project is for alteration, demolition, repair, or maintenance work.

6.9 Cooperative Purchasing Programs

Public Works procurements may be made through a Cooperative Purchasing Program. A competitive solicitation process is not required to be performed by IEHP, as long as the Cooperative Purchasing Program maintains a prequalified list of general contractors meeting all bonding and licensing requirements. The Cooperative Purchasing Program shall be responsible for the quotation and verification of line items proposed by the General Contractor.

6.10 Splitting of Public Works Projects

It is unlawful to split or separate into smaller work orders or projects any public work project for the purpose of evading the provisions requiring public work to be done by contract after competitive bidding. Every person who willfully violates the provisions of the article requiring public projects to be done by contract after bidding. [California Public Contract Code § 20123.5](#).

6.11 Facilities Department Responsibilities

- A. Develop plans and specifications: Facilities leadership may work with a consultant to develop the plans and specifications according to code, and suitable for distribution in the bid packets.
- B. Approval of plans and specifications from senior leadership to Procurement involvement.
- C. Adherence to Public Contract Code – The Facilities Department is responsible for ensuring full compliance with all applicable provisions of the California Public Contract Code during the planning, execution, and completion of public works projects. This includes adhering to formal bidding procedures, contractor qualifications, and required documentation.
- D. Notice of Completion/Acceptance – Upon completion and acceptance of a Public Works project, Facilities shall notify Procurement of the acceptance in order to close the project out. Notation will be made to

destroy the performance and payment bonds on file unless otherwise requested by the bidder.

6.12 Procurement Responsibilities

- A. Bid Document Development: Bid documents for Public Works projects require the use of the following forms and associated documents, except in the case of Request for Qualifications:
 - 1) Notice Inviting Bids
 - 2) Instructions to Bidders
 - 3) Bid Forms
 - 4) Bid Bond Form
 - 5) Contract for Construction
 - 6) Payment Bond Form
 - 7) Performance Bond Form
 - 8) General Conditions
 - 9) Special Conditions
 - 10) Appendix A – Specifications
 - 11) Appendix B – Plans and Drawings

6.13 Liability Insurance

A contractor who performs work on IEHP property must possess all insurance described in the bid documents.

6.14 Contractor Requirements

- A. Contractors must meet the following requirements to contract with IEHP for Public Works projects:
 - 1) Be selected through the proper bid process.
 - 2) Be properly licensed by the State of California.
 - 3) Provide a copy of current Tax ID.

- 4) If a project exceeds \$999.99, or if a contractor performs work in excess of \$999.99 in one year, the contractor must pay its employees the Prevailing Wage Rate and the contractor must be registered under the State of California Department of Industrial Relations website. Contractor registration must remain valid throughout the project lifecycle. If the contractor is not registered, they cannot receive a bid notice nor be awarded a Public Works contract.
- 5) Provide proof of corporate status.
- 6) Have valid and current Worker's Comp and Liability Insurance that remains in effect for the entire duration of the project.
- 7) Sign IEHP's Public Works bid form, which states that the contractor will adhere to all of the requirements.
- 8) Required to provide Bid, Payment, and Performance Bonds for projects over \$25,000.
- 9) Upon completion of a Public Works project, the Contractor shall notify the Department of Industrial Relations at:
<http://www.dir.ca.gov/Public-Works/PublicWorks.html>

B. Bid Bonds

- 1) **Purpose of Bid Bonds:** A bid bond guarantees that the bidder (contractor) will enter into a contract and provide the necessary performance and payment bonds if awarded the contract. It protects IEHP from bidders who withdraw their bids or fail to enter into a contract after being awarded.
- 2) **Amount of Bid Bonds:** The required bid bond amount is 10% of the bid amount.
- 3) **Enforcement:** If a bidder is awarded a contract but fails to execute the contract or provide the necessary performance and payment bonds, the bid bond can be forfeited. IEHP can then claim damages up to the amount of the bid bond.
- 4) **Regulatory Requirements:** The requirements for bid bonds for public works projects are outlined in [California Public Contract Code § 20483](#).

- 5) **Validity:** The bid bond must remain valid typically until the contract is executed and the performance and payment bonds have been secured. If a bidder fails to meet these obligations, the bond ensures that the public entity can cover additional costs to re-bid the project or award it to the next qualified bidder.
- 6) **Legal Implications:** Bidders must understand that submitting a bid bond is a legal commitment backed by a surety company. Non-compliance with the terms of the bid bond can lead to legal consequences and financial penalties. In addition to traditional physical bid bonds, IEHP accepts virtual bid bonds for projects requiring a bid bond.
- 7) **Surety:** All bonds and insurances must be issued against California admitted companies with a minimum A.M. Best rating of A:VIII. This ensures that the companies providing bonds and insurance are financially stable and capable of fulfilling their obligations. If a company does not meet this standard but presents a compelling case for reliability, the Procurement Manager may grant an exception at their discretion.

C. **Payment Bonds**

- 1) **Acceptance of Virtual Bonds:** In addition to traditional physical Payment bonds, IEHP accepts virtual bonds for projects requiring these bonds. This offers greater flexibility and convenience during the bidding process. Bonds are held by Procurement until completion and full acceptance of the project, or upon inspection and full acceptance of project, as specified. A copy shall be placed in the bid file on the shared drive.
- 2) **Mandatory Payment Bonds:** California requires performance bonds for all public works contracts exceeding a \$25,000, as well as Local Agency-Design Build Contracting.
- 3) **Coverage and Amount:** The payment bond must be equal to 100% of the contract amount. This ensures there are sufficient funds to complete the project in case the contractor defaults.
- 4) **Payment Bond Coverage:** In the event of contractor failure, payment bond ensures that suppliers, subcontractors, and

laborers are paid if the contractor defaults. It acts as a guarantee for the payment of materials and labor on public projects.

- 5) **Regulatory Requirements:** The requirements for payment bonds for public works projects are outlined in [California Civil Code, Chapter 5, § 9550 et seq.](#)
- 6) **Completion/Acceptance:** Upon completion and acceptance of the project, or upon inspection and acceptance of product, these bonds become void and is filed with the purchase order folder, unless otherwise requested by the bidder.

D. **Performance Bonds**

- 1) **Acceptance of Virtual Bonds:** In addition to traditional physical Performance bonds, IEHP accepts virtual bonds for projects requiring these bonds. This offers greater flexibility and convenience during the bidding process. Bonds are held by Procurement until completion and full acceptance of the project, or upon inspection and full acceptance of project, as specified. A copy shall be placed in the bid file on the shared drive.
- 2) **Mandatory Performance Bonds:** California requires performance bonds for all public works contracts exceeding \$25,000, as well as Local Agency-Design Build Contracting
- 3) **Coverage and Amount:** The performance bond must be equal to 100% of the contract amount. This ensures that there are sufficient funds to complete the project in case the contractor defaults.
- 4) **Performance Bond Coverage:** In the event of contractor failure, the Performance bond provides funding of the full cost of the contract for any cost incurred by IEHP in completing the contract through other means.
- 5) **Regulatory Requirements:** The requirements for payment bonds for public works projects are outlined in [California Civil Code, Chapter 5, § 9550 et seq.](#)
- 6) **Completion/Acceptance:** Upon completion and acceptance of the project, or upon inspection and acceptance of product, these bonds become void and is filed with the purchase order

folder, unless otherwise requested by the bidder.

6.15 Design-Build Contracting

- A. **Alternative Procurement Method:** Design-build contracting provides an alternative procurement method that integrates both the design and construction phases of a public works project through a single contract with a design-build entity. This approach allows for greater efficiency and collaboration, potentially reducing the time and cost associated with project delivery.
- B. **Benefits:** The design-build method offers several benefits over traditional project delivery methods, including faster project completion, cost savings, and enhanced innovation. By consolidating multiple project phases under a single contract, local agencies can streamline communication, reduce administrative overhead, and mitigate project risks effectively.
- C. **Limits:** A local agency may procure progressive design-build contracts and use the progressive design-build contracting process described in this chapter for up to 10 public works projects in excess of five million dollars (\$5,000,000) for each project.
- D. **Regulatory Requirements:** The requirements for public works using the design-build method are outlined in [California Public Contract Code § 22185 et. seq.](#)

6.16 Job Order Contracts (JOC)

- A. **Procurement Process**
 - 1) Procurement will initiate the process by issuing a Request for Proposals (RFP), a Request for Bids (RFB), a Request for Qualifications (RFQu), or other suitable method to prequalify a group of vendors based on best-value, performance-based criteria. This ensures they are responsive, responsible, and capable of meeting the project requirements. The prequalification process is compliant with California Public Contract Code and aims to identify the most qualified vendors through a combination of value and cost evaluations.
 - 2) The objective is to contract with the most qualified, responsive, and responsible bidders, potentially using a combination of value and cost evaluations as dictated by relevant local, state, or federal regulations. To enhance service flexibility and project coverage, IEHP may implement a multi-award strategy,

including a rotating award system, which allows the selection of multiple capable contractors. This approach facilitates ongoing "on-call" services from project inception to completion.

- 3) JOC projects are streamlined, employing a predefined Scope of Work that simplifies and reduces costs compared to traditional full bid documents. After establishing the master JOC contract, IEHP can efficiently issue numerous job orders as project needs arise, following the five-step process outlined in subsequent sections.

B. **Multi-Award Strategy:** To enhance flexibility and ensure broad project coverage, IEHP will implement a multi-award strategy, which allows the selection of multiple prequalified contractors. This approach facilitates ongoing "on-call" services, enabling efficient and effective project execution from inception to completion. IEHP may utilize a rotating award system to allocate projects among prequalified contractors based on project-specific criteria, ensuring a fair and equitable distribution of work, at its sole discretion.

C. **Vendor Pre-Qualification**

1) **Pre-Qualification Process:**

- i. **Public Advertisement Requirement:** In accordance with California Public Contract Code § 20101, public entities requiring prequalification must ensure that the process is transparent and accessible. This includes publicly advertising the opportunity for contractors to prequalify. The advertisement should be published in a newspaper of general circulation within the jurisdiction of the public agency or posted in prominent public locations, as required by [Government Code § 6066](#). The notice must include:
 - a. A description of the prequalification process.
 - b. Instructions for obtaining the standardized questionnaire and financial statement.
 - c. Submission deadlines and contact information for inquiries.
- ii. **Validity of Prequalification Status:** Prequalification status shall remain valid for one (1) calendar year following the date of initial prequalification, as permitted under [California Public Contract Code § 20101\(c\)](#). Contractors must reapply annually or as required by the

public entity to maintain their eligibility. The public entity may also establish a quarterly prequalification process to allow contractors to update their status more frequently. An RFP or RFB may also be used to pre-qualify vendors, allowing IEHP to assess their technical and financial capabilities through detailed proposals and bids.

- iii. **Evaluation Criteria:** The prequalification process will assess contractors based on:
 - a. Experience with similar public works projects.
 - b. Technical capability, including available resources and equipment.
 - c. Financial stability, verified through submitted financial statements.
 - d. Compliance with federal, state, and local regulations, including labor and safety standards.
- iv. **Appeal Process:** Contractors denied prequalification may dispute their rating through an appeal process established by the public entity, as outlined in [California Public Contract Code, § 20101\(d\)](#). The appeal process includes:
 - a. Written notification of the basis for disqualification.
 - b. An opportunity for the contractor to provide additional information or clarification.
 - c. A final determination by the public entity prior to the closing time for receipt of bids.

2) **Criteria for Pre-Qualification:**

- i. **Experience and Performance:** Assessment of the vendor's experience with similar projects and their track record for delivering quality work on time and within budget.
- ii. **Technical Capability:** Evaluation of the vendor's technical expertise, equipment, and resources available to perform the required tasks.
- iii. **Financial Stability:** Review of financial statements to ensure the vendor has the necessary financial health to support the project.
- iv. **Compliance:** Verification of the vendor's compliance with all relevant federal, state, and local regulations, including labor codes, safety standards, and environmental laws.

- 3) **Approval and Notification:** Vendors that meet the pre-qualification criteria are approved and notified of their status. They are then eligible to enter into a Job Order Contract (JOC) with IEHP and receive job orders under the JOC framework.
- B. **Master JOC Contract:** Once prequalified, contractors will enter into a master Job Order Contract (JOC) that encompasses a catalog of pre-priced tasks, each with a fixed price established during contract formation. This master contract allows for the quick mobilization and execution of tasks as project needs arise. Contractors are prequalified to take on multiple projects that fall under the scope of the JOC, receiving work orders directly from the contracting agency without the need for repeated competitive bidding.
- C. **Project Execution:** To ensure consistent and clear project execution, IEHP and the awarded contractors will adhere to a structured five-step bidding process for each project:
- 1) **Joint Scope Meeting:** Conduct an initial meeting at the project site to review and discuss the work details and construction schedule.
 - 2) **Scope of Work Preparation:** Following the scope meeting, a detailed Scope of Work is prepared, and an RFB is released to the awarded JOC bidders.
 - 3) **Proposal Submission:** Contractors will submit their price proposals, which should utilize the unit prices from the Unit Price Book (UPB), quantities, and coefficients. Proposals must also include a proposed construction schedule, a list of subcontractors, and other documentation required by IEHP.
 - 4) **Proposal Review:** Procurement reviews each price proposal to ensure the accuracy and appropriateness of tasks and quantities proposed.
 - 5) **Project Commencement:** Upon approval of the price proposal by Procurement, the contractor is authorized to proceed with the work upon the issuance of a Purchase Order (PO).
- D. **Rotating Award System**
- 1) **Purpose and Implementation:**

- i. To ensure equitable distribution of projects among multiple pre-qualified contractors, a rotating award system will be employed.
- ii. Contractors are pre-qualified through an RFQ process based on their capabilities, experience, and performance metrics, entering a master JOC agreement.
- iii. The first project is awarded to the highest-ranked contractor from the pre-qualification process, and subsequent projects are awarded in a rotating sequence among the pre-qualified contractors.

2) **Workload Balancing:**

- i. The rotation considers the current workload of each contractor to avoid overburdening any single contractor. If a contractor is engaged in a large project, the next contractor in the rotation may be selected for a new project.
- ii. Adjustments may be made for projects requiring specific expertise to ensure the selected contractor has the necessary skills.

E. **Duration and Renewal:** JOCs are typically awarded for a base year with the option for annual renewal. The total duration, including any renewals, is capped at five (5) years.

F. **Pricing:** The contract includes a unit price book (UPB) that lists prices for a variety of construction tasks, adjusted annually based on a recognized construction cost index to reflect fair and market-relevant pricing.

G. **Performance and Payment Bonds:** Consistent with public works contracting standards, contractors under a JOC are required to provide both performance and payment bonds. These bonds ensure the contract's faithful execution and the timely payment to all subcontractors and laborers.

H. **Compliance:** Contractors are obligated to adhere to all applicable federal, state, and local laws, including labor codes, safety regulations, and environmental statutes. JOCs explicitly outline these legal requirements to ensure full compliance.

I. **Limitations:**

- 1) The use of JOC is best suited for projects that are well-defined and can be precisely estimated in advance. It is less appropriate for projects requiring extensive design work or those with ambiguous scopes, due to the predefined nature of task catalogs. The maximum dollar amount of work that can be performed is \$5 million the first year of the agreement. Annual contracts may not be awarded for any new construction.
 - 2) While the JOC framework eliminates the need for competitive bidding for each project, there may still be cases where an RFB is issued under the JOC to refine costs or project specifics based on the pre-priced UPB. This is not the same as open competitive bidding but rather a formalization of project specifics and costs within the established JOC framework.
- J. **Monitoring and Evaluation:** IEHP is responsible for ongoing monitoring of each task order to ensure that contractors meet the terms of the contract. Regular audits and inspections are conducted to uphold the integrity and effectiveness of the JOC process.
- K. **Procurement and Overhead Costs:** To establish a JOC, IEHP Facilities shall provide the detailed scope of work, trade license required, and other pertinent details and submit to Procurement through a contract management system intake request.
- L. **Competition:** The JOC contractor does not have to compete for each JOC project and does not have to spend time and money preparing bids for projects that it may not win.
- M. **Contingencies:** The intent in JOC is to pay the contractors for the work they perform. Risks are reduced in the way the detailed Scopes of Work are written and because the contractor actively participates in the Joint Scope Meeting where the site is inspected, and questions about the work can be obtained. As a result, contractors do not include cost contingencies in their bids.

6.17 Posting of Notice

- A. In accordance with [California Public Contract Code § 20125](#), Procurement is required to advertise bid opportunities for the performance of work. Publication and posting timelines must be strictly followed as outlined in the Public Contract Code.

- 1) The advertisement must be published over a period of ten consecutive days, starting from the first day of publication. This includes the first day as part of the ten-day count. The advertisement should appear daily in a newspaper of general circulation that is published in the county, in line with [California Government Code § 6062](#).
 - 2) If the work is to be advertised in a weekly newspaper, it should be done according to [California Government Code § 6066](#), ensuring the notice appears in a weekly newspaper of general circulation within the county.
- B. In the event there is no suitable newspaper published in the counties, the notice must be publicly posted in three prominent places for at least two weeks. The initial publication or the first posting must occur at least 10 days before the bids are opened.
- C. **Advertising/Plan Rooms:** Per [Public Contract Code § 22037](#), notices inviting formal bids must be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the public agency. In addition, the Commission has determined that all public agencies that adopt and contract under the Act shall be required to mail, email, or fax a notice to the following specified construction trade publications of all formal construction contracts being bid and all invitations to join an agency's qualified bidders list (i.e., the informal bidding list) within the specified county (as provided in Public Contract Code [§ 22034](#) and [§ 22037](#)).

ORGANIZATION	AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
Required:	
Construction Bidboard (Ebidboard) 11622 El Camino Real, #100 San Diego, CA 92130 Phone: 800-479-5314 Email: support@ebidboard.com Website: www.ebidboard.com	California
Dodge Data & Analytics 830 Third Avenue, 6th Floor New York, NY 10022 Phone: 877-784-9556 Email: support@construction.com Website: www.construction.com	California
Additionally, 2 of the following 3 are required:	
Kern County Builders' Exchange, Inc. 4310 Ardmore Avenue, Ste. 100 Bakersfield, CA 93309 Phone: 661-324-4921 Email: kcbex@kcbex.com Website: www.kcbex.com	Fresno, Inyo, Kings, Kern, Los Angeles, San Bernardino, San Luis Obispo, Santa Barbara, Tulare Ventura
BidAmerica 41085 Elm Street Murrieta, CA 92562 Phone: 951-677-4819 Email: planroom@bidamerica.com Website: www.BidAmerica.com	California
Associated General Contractors of America San Diego Chapter, Inc. 6212 Ferris Square San Diego, CA 92121 Phone: 858-558-7444	Orange, Riverside, San Bernardino, and San Diego

6.18 Mandatory Job Walks

A mandatory job walk is required for all Public Works projects exceeding \$25,000.

6.19 Bid Opening

All Formal Requests for Bids (RFB)s will be opened publicly in a virtual environment.

6.20 Bid Evaluations

Procurement will complete a Bid Opening Checklist that will indicate the following:

- A. Contractor's Name and License Number.
- B. Bid Price.
- C. Pass/fail for each area required for responsiveness:
 - 1) Submission of all required bid forms (e.g., bid bonds, proof of registration, and certifications).
 - 2) Valid contractor registration with the California DIR as verified prior to award.
 - 3) Compliance with any project-specific requirements detailed in the bid documents.

6.21 Contract Award

The contract will be awarded to the lowest responsible/responsive bidder. The CEO or designee will sign all Public Works contracts.

6.22 Public Works of \$220,000 or more:

For public works projects with a total cost exceeding \$220,000, formal bidding procedures outlined in the California Public Contract Code (PCC) must be strictly adhered to. These procedures include public advertisement for bids, prequalification (if applicable), contractor evaluation, bid opening, and contract award processes as specified in [California Public Contract Code § 22030 et seq.](#) Projects must comply with all applicable requirements of the

PCC, including prevailing wage mandates, contractor licensing, performance and payment bond provisions, and other relevant statutes.

6.23 Emergency Public Works

- A. **Legal Authority:** Emergency public works projects are governed by [California Public Contract Code § 22050](#), which authorizes public agencies to bypass competitive bidding procedures when immediate action is necessary to prevent or mitigate damage to life, health, property, or essential public services.
- B. **Definition of Emergency:** An emergency situation in public works includes, but is not limited to:
 - 1) Natural disasters such as earthquakes, floods, or wildfires.
 - 2) Sudden failures of infrastructure like bridge collapses or water main ruptures.
 - 3) Threats to public health or safety requiring urgent action.
- C. **Authorization of Emergency Actions**
 - 1) The CEO or a designee is authorized to approve emergency public works projects without formal bidding, provided the situation meets the criteria of an emergency under [California Public Contract Code § 22050](#).
 - 2) Authorization must include documentation of the emergency's nature and justification for bypassing standard procurement procedures.
- D. **Duration and Scope of Emergency Contracts:** Emergency contracts must be strictly limited to the duration and scope necessary to address the emergency. Any extensions beyond the immediate emergency must be formally justified and approved by the CEO or designee, with Governing Board notification as required.
- E. **Compliance and Reporting Requirements**
 - 1) All emergency actions must be reported to the Governing Board at its next regularly scheduled meeting. The report should include details of the emergency, actions taken, and justification for the expedited process.

- 2) Updates on emergency actions and progress must be provided every 14 days (or at the next board meeting) until the emergency is resolved.

- F. **Coordination with Procurement:** Requesting departments are required to work closely with Procurement to ensure that emergency purchases for public works are properly documented, managed, and compliant with the California Public Contract Code and internal policies.

6.24 Environmental Considerations

- A. Public works projects in California must comply with the California Environmental Quality Act (CEQA), which mandates state and local government agencies to inform decision makers and the public about potential environmental impacts of proposed projects and to reduce those impacts as much as feasible.
- B. CEQA Guidelines detail how to assess if an activity is subject to environmental review, the steps involved in the environmental review process, and the required content of environmental documents. These guidelines are based on the CEQA statute [California Public Resources Code § 21000 et. seq.](#)

6.25 Safety Regulations

Safety is paramount in Public Works projects. For construction and public works projects, compliance with safety regulations, particularly those enforced by California Occupational Safety and Health Administration (Cal/OSHA), is crucial. This includes standards specific to the construction industry concerning equipment, procedures, and employee safety protocols.

6.26 Technological Integration

Technology plays a crucial role in modern Public Works. The use of digital tools like Building Information Modeling (BIM), Geographic Information Systems (GIS), and other construction management software is encouraged to streamline project execution, enhance precision in construction, and facilitate real-time communication and documentation.

6.27 Project Management Best Practices

Effective project management is crucial for the success of Public Works projects. Project planning techniques, risk management strategies, project management software, and tools for budgeting and scheduling is encouraged to enhance collaboration and tracking.

6.28 Accessibility and Inclusivity

Compliance with the Americans with Disabilities Act (ADA) and other relevant accessibility laws is essential to ensure that public works projects are accessible to all individuals, including those with disabilities. This involves considering the design and construction of accessible facilities and structures.

6.29 Dispute Resolution Procedures

Procedures are governed by the contractual documents.

6.30 Training and Workforce Development

Continual training and development are vital for workers involved in Public Works. Contractors should provide their staff with training requirements for new technologies, safety practices, and legal regulations to ensure ongoing professional development and certifications that enhance skill sets and compliance.

Section 7

Bid Folder Documentation

7.0 Bid Documentation

Each solicitation process is digitally managed through an e-Procurement website, which serves as a central repository for all relevant public-facing documents, scoring, and other evaluative data. However, not all necessary documents are hosted on this platform. At the conclusion of each solicitation, Procurement professionals are responsible for both downloading the available documents from the e-Procurement website and ensuring that any additional documentation not hosted on the platform is collected and securely stored. All these documents should be organized into the bid folder on the Procurement shared drive. The comprehensive list of documents to be managed includes, but is not limited to:

- A. **Posted Bid Solicitation:** The solicitation document posted on the platform.
- B. **Addenda:** Any subsequent amendments or clarifications to the original solicitation.
- C. **Bidders List:** Comprehensive list of all suppliers who were invited to participate, along with their contact details.
- D. **Pre-Bid or Pre-Proposal Conference Sign-In Sheets:** Documentation of attendee participation in any preliminary meetings, if applicable.
- E. **Bidder Responses:** All proposals received in response to the solicitation.
- F. **Responsiveness Report:** Evaluation of each proposal's adherence to the solicitation requirements.
- G. **Reference to Contract Award:** Link or reference to any contract that resulted from the solicitation.
- H. **Evaluation Scorecards:** Detailed evaluations completed by the review team.
- I. **Signed Code of Conduct Form:** A form signed by each evaluator confirming adherence to ethical standards.
- J. **Signed Weighted Criteria Form.** Each evaluator's preferred weighting scores and signed acknowledgment of the criteria used for assessing proposals.
- K. **Evaluation Summary and Recommendation:** Document containing detailed analysis and rationale for the selection or rejection of

proposals, supporting the final decision, signed by evaluators.

- L. **Signed Recommendation for Award Form:** Document containing detailed analysis and rationale for the selection or rejection of proposals, supporting the final decision, signed by evaluators, Procurement Supervisor and Procurement Manager recommending or not recommending award.
- M. **Supporting Documentation:** Comparative analysis of all proposals, highlighting strengths, weaknesses, and risks based on evaluation factors.
- N. **Negotiation Documentation:** Records of any negotiations conducted with bidders.
- O. **Reference Checks:** Outcomes of reference checks conducted as part of the evaluation process.
- P. **Insurance Certificates:** Valid insurance certificates from the awarded supplier.
- Q. **Bidder Communications:** All correspondence with bidders, including emails, requests for clarification, best and final offers, etc.
- R. **Records Retention:** All bid folders and related documents must be retained for a minimum of seven (7) years after the final activity on the bid, such as the closing of a contract or the last payment.

Section 8

Award Protests

8. Award Protests

As the CEO's designee, the Procurement Director or designee shall be responsible for the review and disposition of any protest of a bid Solicitation conducted by Procurement. Through the procurement process, a bidder has the right to protest if bypassed for an award; however, the protest must be a legitimate request.

8.1 Review of Solicitation Requirements and Specifications

A bidder may seek a review of the Solicitation requirements and/or specifications by submitting a written request to the Procurement. The request must be received before the solicitation deadline specified in the Solicitation document. If a potential bidder finds issues contained in the Solicitation that may result in a protest it is incumbent upon the potential bidder to contact the Procurement professional assigned to the Solicitation as soon as possible to express their concerns.

8.2 Bid Protest Procedure

A. Notification and Filing

Upon posting the "Notice of Intent to Award" on Procurement's e-Procurement website, non-selected bidders have **five (5) business days** from the posting date of the award notice to file a formal bid protest. Protests must be submitted via email to Procurement at Procurement@iehp.org, accompanied by a hard copy. The email should include all relevant details necessary to address the protest effectively.

B. Required Information for a Valid Protest

- 1) Company and contact details of the responsible individual.
- 2) An email address for ongoing communication.
- 3) IEHP bid number, title, closing, and proposed award dates.
- 4) Detailed description of the protested decision or action.
- 5) Explanation of why the action is contested.
- 6) Corrective action sought by the bidder.
- 7) Evidence of efforts to resolve issues during the solicitation process.
- 8) Authorization: Protest must be signed by an authorized representative.

8.3 Grounds for Protest

To be considered, a formal protest must include all relevant information below:

- A. **Legal Basis:** Specific identification of statutory or regulatory provisions allegedly violated.
- B. **Description of Acts:** Specific description of each alleged actions believed to have violated these regulations.
- C. **Fact Statement:** A precise statement of the relevant facts and identification of the disputed issues.
- D. **Prior Concerns:** Specific description of issues that occurred before the solicitation deadline affecting competition, fairness, and response adequacy.
- E. **Competition:** Specific description of how the Solicitation unduly constrained competition through improper minimum qualifications or specifications.

8.4 Timeline and Submission

Protests must be emailed to Procurement@iehp.org and followed up with a hard copy by 4:00 p.m. Pacific Time within **five (5) business days** after the date the Solicitation Award notice is posted on IEHP's e-Procurement website. Protests received after the time specified are untimely and may be denied on that basis unless IEHP concludes that the issue(s) raised by the protest involve fraud, gross abuse of the procurement process, or indicates substantial prejudice to the integrity of the procurement process. IEHP shall make efforts to distribute the announcement to the affected bidder(s) by posting on IEHP's e-Procurement website. However, it is the Bidder's responsibility to seek out and obtain the announcement from the e-Procurement website. IEHP is not responsible for assuring that the Bidders have learned of the announcement in time to file a protest.

Physical Address for Hard Copy Submissions:

Inland Empire Health Plan
Attn: Procurement Department
10801 6th Street
Rancho Cucamonga, CA 91730

Mailing Address for Hard Copy Submissions:

Inland Empire Health Plan
Attn: Procurement Department
P.O. Box 1800

8.5 Intention to Protest

Notice of an intention to protest does not substitute for filing of a protest following the form and content required within the deadlines stated. Further, casual inquiry or complaint that does not specifically identify the purpose as a protest and does not comply with the form, content, and deadlines herein, are also not considered or acted upon as a protest action.

8.6 Protest after Bid Deadline

After the bid closing deadline, only bidders that submitted a bid are eligible to protest.

8.7 Protest Review and Decision

Protests are reviewed by IEHP's Procurement Director or designee, and a decision will be made within thirty (30) business days of receipt. Decisions are communicated via email and followed up by a mailed hard copy.

8.8 Rejection of Incomplete Protests

- A. Failure to provide the following information could result in rejection of bidder's protest:
 - 1) Company and contact details of the responsible individual.
 - 2) An email address for ongoing communication.
 - 3) IEHP bid number, title, closing date, and proposed award dates.
 - 4) Detailed description of the protested decision or action.
 - 5) Explanation of why the action is contested.
 - 6) Corrective action sought by the bidder.
 - 7) Evidence of efforts to resolve issues during the solicitation process.
 - 8) Protests must be signed by an authorized agent of the company.

8.9 Appeal Process

If a bidder wishes to appeal the decision on their protest, they must follow the defined protest appeal procedures as specified in IEHP's guidelines.

8.10 General Provisions

Filing a protest does not automatically halt the procurement process unless deemed necessary by IEHP based on the protest's merits. IEHP reserves the right to proceed with contracting while a protest is being resolved to avoid delays that may adversely affect its operations.

8.11 Additional Provisions

- A. Bid protests must be filed prior to Board approval, or the issuance of a contract or purchase order. Protests received after contract execution will not be considered.
- B. IEHP may delay the award until the protest is resolved, except in emergency or critical situations like fiscal year-end or specific grant requirements, where it may proceed in the best interest of IEHP.
- C. The Procurement Director or designee may refer a protest of a technical nature to the requisitioning BU for further clarification and will prepare a response to the protesting bidder, advising the bidder of the pending action(s), and when a formal response can be expected.

8.12 Protest Appeal Process

IEHP's Procurement Director or designee will review the protest, and all available facts will be considered shall issue a decision. This decision shall be delivered in writing by e-mail with a follow-up hard copy or mailed to the protesting bidder within thirty (30) business days of confirmed receipt.

Nothing herein shall diminish the authority of IEHP to enter into a contract, whether a protest action or intention to protest has been issued.

Section 9

Public Records Request

9. Public Records Requests

Pursuant to the California Public Records Act [Government Code § 7920.000 et seq.](#) (CPRA), IEHP must give the public a right to access public information maintained in its possession, subject to certain exceptions. If information related to IEHP's procurements is requested, IEHP shall respond in accordance with the CPRA.

Section 10

Definitions

SECTION 10: DEFINITIONS

10. Definitions. As used herein, the following words are defined as follows:

- 10.1 Acknowledgment:** Written or electronic communication sent by the supplier to the entity that indicates that the supplier has accepted the order (Purchase Order). This may be a form of acceptance and may create a bilateral contract.
- 10.2 Actor:** A person who portrays a character in a performance, such as in a film, television show, theater production, or other dramatic work. Actors use their voices, expressions, and body language to bring characters to life, convey emotions, and tell stories.
- 10.3 Addendum:** A written change, addition, alteration, correction, or revision to a solicitation or contract document. The name commonly given to the document used to revise a solicitation.
- 10.4 Alternate Bid (Response):** 1. A substitute bid. 2. A bid submitted with an intentional substantive variation to a basic provision, specification, term, or condition of the solicitation. See also: Alternative (Alternate) Bid/Proposal.
- 10.5 Alternative (Alternate) Bid/Proposal:** 1. A response to a bid or proposal that does not meet the exact requirements of the specification or scope of work but offers an alternative for consideration. 2. A bid/proposal submitted with an intentional substantive variation to a basic provision, specification, term, or condition of the solicitation. This alternative, in the opinion of the bidder/proposer, achieves the same result. Alternative bids and proposals may render the bid/proposal non-responsive. See also: Alternate Bid (Response).
- 10.6 Amendment:** An agreed addition to, deletion from, correction, or modification of a document or contract. See also: Authorized Deviation, Change Order, Contract Modification.
- 10.7 Artistic services:** Professional services are provided by individuals or organizations in the creative arts sector to enhance the aesthetic or cultural aspects of a project. These services can include visual arts, performing arts, design, and multimedia content creation. Artistic services are often procured for public installations, cultural events, marketing campaigns, and the beautification of communal spaces, requiring specialized skills from artists, designers, musicians, or performers.
- 10.8 Auction Techniques:** An unethical practice in which a Procurement Team Member indicates to a potential bidder a cost or price that it must meet to obtain further consideration or furnishing information about other bidder's

prices or advising a potential bidder of its price standing relative to another bidder's. (However, it is permissible to inform a bidder that IEHP considers its cost or price too high or unrealistic.)

- 10.9 Audit:** A formal examination or verification of financial accounts or other business operations by internal staff or independent experts, concluding with a detailed report that may also include a management letter or findings. Examples include compliance, financial, and performance audits. An audit may be instigated according to IEHP's internal policies or by a regulatory agency.
- 10.10 Authority:** The right to perform certain acts or prescribe rules governing the conduct of others.
- 10.11 Authorized Deviation:** A change or deviation specifically allowed by the contracting entity.
- 10.12 Back-Door Buying or Selling:** Unofficial, irregular, devious buying or selling, usually resulting from undue efforts to induce a preference for a particular vendor with the intent of limiting competition; unauthorized actions. Also, evasive actions taken by the seller to circumvent Procurement and IEHP rules/regulations by trying to influence or sell directly to IEHP's internal user/customer department. This scenario is an unethical practice and not endorsed by IEHP.
- 10.13 Best and Final Offer (BAFO) :** A request to all bidders still in the competitive range to submit a best and final offer.
- 10.14 Best Value:** The expected outcome of an acquisition that in IEHP's estimation will provide the greatest overall benefit in response to the requirement. Best Value procurement is a procurement method that emphasizes value over price. See also: Value.

Key parameters of Best Value evaluations include, but are not limited to:

- A. **Price/Cost:** The overall expense associated with the procurement, including initial costs, lifecycle costs, and potential savings.
- B. **Quality:** The degree to which goods or services meet specified requirements and standards, ensuring durability, efficiency, and suitability for the intended purpose.
- C. **Technical Merit:** The capability of the goods or services in terms of performance, innovation, functionality, and technical specifications.

- D. **Supplier Performance and Reliability:** The supplier's track record for delivering on time, meeting contractual obligations, and providing post-award support and service.
- E. **Risk Management:** The assessment of potential risks associated with the procurement, including supply chain stability, supplier solvency, and product or service scalability.
- F. **Sustainability and Environmental Impact:** Consideration of the environmental footprint of the goods or services, including energy efficiency, recyclability, and use of sustainable materials.
- G. **Social Value:** The broader social and economic benefits of the procurement, such as supporting local businesses, promoting employment, and ensuring ethical practices.
- H. **Innovation:** The degree to which proposals offer innovative solutions or approaches that could provide added value or efficiency.
- I. **Customer Service:** The level of support and responsiveness offered by the supplier, including training, maintenance, and troubleshooting services.
- J. **Compliance with Requirements:** The extent to which proposals meet or exceed the mandatory requirements set out in the procurement documents.
- K. **Bid Bond.** An insurance agreement accompanied by a monetary commitment by which a third party (the surety) accepts liability and guarantees that the bidder will not withdraw the bid. See also: Section 6, Public Works.

10.15 Bidding Timeline: The bidding timeline outlines the chronological order of events in a standard solicitation process, providing bidders with all critical dates, usually starting from the issuance of the solicitation to the final award.

10.16 Cash Discount: A reduction in the full cost of a good or service when payment is made within a specified time period. See also: Payment Terms, Prompt Payment Discount, Discount.

10.17 Challenge RFP: A procurement method that invites bidders to solve a specific problem or challenge rather than fulfilling a predefined set of specifications. This approach encourages innovation by asking bidders to propose creative solutions or new technologies that meet IEHP's objectives. The Challenge RFP focuses on outcomes and performance criteria, rather than detailed

specifications, allowing for more flexible and potentially groundbreaking solutions.

- 10.18 Change Order:** A written modification or amendment to a contract. See also: Amendment, Modification, Authorized Deviation, Change Order Authority, Contract Modification.
- 10.19 Change Order Authority:** The power or right of a public entity to unilaterally modify a contract without the express consent of the contractor. See also: Amendment, Modification, Authorized Deviation, Change Order, Contract Modification.
- 10.20 Chief Negotiator:** The principal individual responsible for overseeing and conducting negotiation processes on behalf of IEHP. This role is assigned to a Procurement professional and typically involves leading the negotiation of terms and conditions with bidders, ensuring that agreements meet the strategic goals and compliance requirements of IEHP. The Chief Negotiator works to secure the best possible outcomes in terms of price, quality, and service levels while maintaining fairness and transparency in dealings with all contractual parties.
- 10.21 Competent Parties:** People who are mentally and legally capable of entering into contracts that are enforceable by law (i.e., of legal age, of sound mind, not under the influence of drugs or alcohol).
- 10.22 Competition:** The process or act among suppliers of submitting their best offer with the most favorable terms to be awarded a contract.
- 10.23 Competitive Range:** The group of responsible proposers chosen for additional discussions and negotiations based on an evaluation of their proposals, which are determined to be responsive and have a reasonable chance of being selected for an award.
- 10.24 Compliance Audit:** An audit conducted to determine the degree of adherence to established laws, regulations, policies, and procedures relative to accounting, financial, and business processes.
- 10.25 Consent to Assignment:** A formal approval or agreement granted by a party to a contract, typically referred to as the non-assigning party or the assignor, allowing another party, known as the assignee, to transfer or assign their rights, obligations, or interests under the contract to a third party.
- 10.26 Consideration:** 1. Something of value that is exchanged between two parties and serves to form or bind a contract. 2. A mutual commitment that must exist

to form an express contract. 3. That which is given or promised to bring a binding contract into existence.

10.27 Construction: The process of using labor to build, alter, repair, improve, or demolish any structure, building, or public improvement of real property owned or leased by IEHP.

10.28 Construction Manager at Risk (CMAR): A delivery method where the construction manager commits to completing a project within a Guaranteed Maximum Price (GMP). The construction manager is involved early in the design phase and works collaboratively with the architect and the owner to provide constructability input and cost estimates. This procurement strategy is used to reduce risk for IEHP, as the construction manager assumes the risk for construction overruns based on the GMP.

10.29 Contract: 1. An obligation—such as an accepted offer— between competent parties upon a legal consideration to do or abstain from doing some act. The essential elements of a contract are an offer and an acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; a mutual identity of consent; legality of purpose; and definiteness. 2. A legally binding promise enforceable by law. 3. An agreement between parties with binding legal and moral force, usually providing for the exchange of goods or services for money or other considerations.

10.30 Contract Administration: The functions that are performed by Procurement, after all parties have signed a contract. Typical contract administration activities are goal-oriented and are aimed at ensuring compliance with the contract terms and conditions while giving attention to the achievement of the stated output and outcome of the contract. See also: Contract Management.

10.31 Contract Management: The overarching process delegated to Procurement that includes the functions of both contract formation and contract administration. See also: Contract Administration.

10.32 Contract Modification: Any written alteration in specifications, delivery point, frequency of delivery, period of performance, price, quantity, or other provisions of the contract, accomplished by mutual agreement of the parties to the contract. See also: Amendment, Authorized Deviation, Change Order, Contract Amendment.

10.33 Contract Amount/Value: Total dollar amount negotiated between buyer and seller.

10.34 Counteroffer: An adjusted proposal made in response to another offer by the

party who rejected the initial offer.

- 10.35 Cure:** An opportunity given to a contractor to correct product defects or other contract performance issues prior to an agreed-upon deadline.
- 10.36 Cure Notice:** A written notice issued to a contractor to correct poor performance by documenting performance issues and giving the contractor an opportunity to remedy the situation within a prescribed timeframe.
- 10.37 Cure Period:** Following the issuance of a cure notice, the time allowed for the defaulting party of a contract to resolve the specified delinquency or default.
- 10.38 Definiteness:** The important or material terms of an agreement that are specifically expressed. Under common law, an offer must include the important, or material, terms of the proposed agreement so that, when a party accepts the offer, a resulting agreement is enforceable. Important terms include subject matter, price, payment terms, quantity, quality, duration, and the scope of work to be done. If the parties purport to agree on a material term, but do so in a vague manner, as contrasted with omitting the term altogether, there is no agreement because it is too indefinite.
- 10.39 Delegation of Authority:** As used in this manual, a “delegation of authority” is the formal written conveyance of authority from the Governing Board to the CEO, and from the CEO to their appointed delegate(s). Any such transfers of powers and duties are therefore significant actions requiring great care and scrutiny. Procurement will document and maintain all CEO delegation documents.
- 10.40 Delegate:** An employee who is officially transferred the authority to act on behalf of the delegator.
- 10.41 Delegator:** The CEO authorized to act as the representative for IEHP as the deputy or agent.
- 10.42 Department of Industrial Relations (DIR) :** A department of the State of California, which is a regulatory agency for various functions, including the enforceability of SB854, which requires Public Works contractors subject to prevailing wage requirements to register annually with the Department of Industrial Relations and pay an annual fee. See also: DIR website: <http://www.dir.ca.gov/Public-Works/PublicWorks.html>
- 10.43 Design/Build:** A procurement method where a single contractor or consortium is responsible for both the design and construction of a project. This approach allows for streamlined project delivery by minimizing the project risk for an

owner and reducing the delivery schedule by overlapping the design phase and construction phase. Design/Build Bids are commonly used in construction projects where time and cost efficiencies are critical.

- 10.44 Design/Build Entity:** A Design-Build Entity (“D-B Entity”) is defined as “a partnership, corporation, or other legal entity that is able to provide appropriately licensed contracting, architectural, and engineering services as needed pursuant to a design-build contract.
- 10.45 Design Specification:** A type of specification that establishes the characteristics an item must possess, including details indicating how it is to be manufactured. A design specification may include engineering plans or drawings and blueprints. It states to the contractor in prescriptive terms what the contractor must provide to the buyer. See also: Performance Specification.
- 10.46 Designee:** This refers to an IEHP employee (“Delegate”) authorized by the CEO to perform procurement-related actions on their behalf, after the CEO has transferred this authority (“Delegation”) to the employee.
- 10.47 Discount:** An allowance, reduction, or deduction from a selling price or list price extended by a seller to a buyer in order for the net price to become more competitive. More common forms of discounts include trade discounts, quantity discounts, seasonal discounts, and cash discounts. See also: Payment Terms, Prompt Payment Discount, Cash Discount.
- 10.48 Discount-From-List:** Mathematical calculation to determine a buyer’s price from a manufacturer’s price list. On non-automated term contracts, the manufacturer must submit a printed price list/catalog from which prices are to be figured. Prices in this category cannot be increased for a specified time period after the contract begins, unless otherwise noted in the contract.
- 10.49 Discount Schedule:** A listing of various discounts offered to a buyer for varying amounts of goods or services. May be requested as part of a solicitation.
- 10.50 Disposal Value:** 1. The estimated value of excess or surplus property prior to actual disposal. 2. The proceeds obtained from a sale of surplus property.
- 10.51 Economies of Scale:** 1. Cost advantages achieved by businesses when demand increases, and production becomes more efficient. This occurs when businesses lower unit costs by increasing the cumulated production volume, as set production costs are spread over a large number of units produced. 2. An increase in the quantity ordered that results in a reduction in selling price. See also: Quantity Discount, Volume Discount, Volume Leveraging.

10.52 Emergency Purchase: An immediate purchase of commodities or services made as the result of a sudden, unexpected, and urgent turn of events beyond the control of IEHP including, but not limited to, matters concerning public health, welfare, safety, injury, loss, or the protection of public resources at risk. Usually, formal competitive bidding procedures are waived, modified, or simplified. See also: Section 3.12 (Emergency Purchases).

10.53 Equal Clause: Whenever reference to a specific brand name is used in the specifications of a solicitation, it is illustrative and to be construed as a specification which describes a component that has been tested or evaluated by IEHP as best meeting specific operational, design, performance, maintenance, quality, and reliability standards and requirements of IEHP, thereby incorporating these requirements by reference within the specification.

- A. An equivalent (“or equal”) may be offered by the bidder, subject to testing or evaluation by IEHP prior to the award of a contract.
- B. IEHP shall be the sole judge of whether any proposed item will fulfill its requirements for IEHP’s intended purpose and reserves the right to reject proposed item(s) as non-responsive.
- C. It shall be the sole responsibility of the bidder to provide, at the bidder’s sole expense, any product information, test data, and other information or documents that IEHP may require for fully evaluating or demonstrating the acceptability of the offered substitute.
- D. Where appropriate, independent testing or evaluation (including destructive testing) may be required as a condition of acceptance at a qualified test facility, at the bidder’s sole expense.

10.54 eSignature – Electronic Signature: The US Federal Electronic Signatures in Global and National Commerce Act (E-Sign) defines an "electronic signature" as an electronic sound, symbol, or process, attached to or logically associated with a contract or other record and executed or adopted by a person with the intent to sign the record. Online contracts have the same legal force as equivalent paper contracts. IEHP utilizes DocuSign as the digital signature provider in its contract management system. Outside of the contract management system, IEHP recognizes only those signature authorities on the State of California’s Approved List of Digital Signature Authorities, as applicable.

10.55 Fair Market Value: The price for an item upon which the buyer and seller agree in an open market when both are fully acquainted with market conditions.

- 10.56 Free on Board (F.O.B.) Destination:** The point at which a title changes hands from the supplier to the buyer at the destination of the shipment when the buyer signs for the goods. The supplier owns the goods in transit, assumes responsibility for carrier selection, and files any claims for damages incurred during this period. F.O.B. destination does not address the responsibility for the cost of transportation (freight charges), which must be specified with the inclusion of additional language.
- 10.57 Free On Board (F.O.B.) Origin:** The point at which a title changes hands from the supplier to the buyer at the origin of the shipment. In this scenario, the buyer owns the goods in transit, assumes responsibility for carrier selection, and files any claims for damages incurred during this period. F.O.B. Origin does not address the responsibility for the cost of transportation (freight charges), which must be specified with the inclusion of additional language.
- 10.58 Financial Audit:** An audit conducted to determine whether all funds are properly accounted for to verify the accuracy of financial statements and the facts they represent, and to ensure that financial transactions are recorded and shown accurately in all accounts.
- 10.59 Formal Bid:** A formal written and sealed solicitation via a competitive bid process let by Procurement on behalf of IEHP departments for commodities and services over \$150,000. All bidders shall have their proposal signed by an authorized representative of their company/firm in response to IEHP's written solicitation acknowledging the solicitation requirements.
- 10.60 Full and Open Competition:** The process by which two or more suppliers attempt to secure the business of a third party by offering the most favorable price, quality, delivery terms, and service. The concept of competition presumes the existence of a marketplace in which there is more than one supplier that can provide similar goods and/or services.
- 10.61 Honoraria:** Payments given to professionals or experts as a token of appreciation for their participation in a specific activity or event, such as giving a speech, participating in a workshop, or contributing to a panel discussion. These payments are not legally required compensation, but rather a courtesy gesture to acknowledge the recipient's time, expertise, and contributions.
- 10.62 Independent Contractor:** A worker hired by IEHP to accomplish a given result who has the right to control or direct their own work as to the details and means by which the desired results are achieved. Usually, a contractual relationship exists whereby the independent contractor is responsible for all aspects of the means and methods of the job. He or she is fully liable for any job-related

actions and is not eligible for employee benefits. IEHP may require proof of adequate insurance from independent contractors.

- 10.63 Indefinite Delivery:** Term that refers to when a contract does not specify a delivery date or dates but does include a time range during which the delivery could take place.
- 10.64 Indefinite Delivery (ID) Contract:** A type of contract in which the time of delivery is unspecified in the original contract, but rather is determined by the Procurement professional during contract performance.
- 10.65 Indefinite Quantity:** A type of contract that provides for the delivery of indefinite quantities—within stated limits—of supplies or services. These supplies or services are to be furnished during a fixed period, with deliveries or performance to be scheduled by placing orders with the contractor.
- 10.66 Ineligible Bidder/Proposer/Offeror:** A bidder/proposer/offeror that does not meet the qualifications stated in the solicitation or that is currently debarred, suspended, or disqualified.
- 10.67 Informal Bid/Proposal:** A competitive bid, price quotation, or proposal for services that is conveyed via the e-Procurement website, email, or other manner that does not require a formal sealed bid or proposal, public opening, or other formalities. Generally relegated to small purchases up to \$150,000 for commodities and services. Departments that provide informal quotes to Procurement must complete a Conga Intake, and include at least three (3) written quotations, along with supporting documentation, that indicates the product/services are comparable in scope from each bidder. Informal bids cannot have various submission dates that are more than one (1) week apart in total, must still be valid, and cannot be more than 90 days old.
- 10.68 Informal Public Works Bid (iRFB) :** A procurement method used for smaller, less complex projects that do not meet the California Public Contracting Code thresholds requiring formal bidding processes. This method allows for a more streamlined and flexible approach, often involving simplified bidding procedures and reduced documentation. Informal bids are typically solicited through direct invitation or limited advertisement, making them suitable for quick and cost-effective procurement of small-scale public works.
- 10.69 Informal Request for Proposals (iRFP) :** A procurement method for projects that fall below a certain dollar threshold, which does not require the full formal bidding process. This approach allows for a quicker and less stringent solicitation process, tailored to smaller-scale projects or purchases. The iRFP method still seeks competitive proposals from potential bidders but involves

simplified documentation and evaluation procedures compared to its formal counterpart.

10.70 Informal Request for Quotations (iRFQ) : A procurement method used for acquiring goods or services that fall below a specified dollar threshold, requiring less rigorous procedures than formal requests. This streamlined process allows IEHP to solicit quotes directly from potential suppliers with minimal administrative burden, making it ideal for smaller, less complex purchases. The iRFQ typically requires fewer formalities and a faster decision-making process, facilitating quick procurement while still ensuring competitive pricing.

10.71 Invitation to Negotiate: 1. A competitive negotiation process that is used when Procurement deems it is in IEHP's best interest to negotiate with proposers to achieve "best value." 2. A form of source selection that is similar to the Request for Proposals process. In this process, a short list of acceptable proposers is created. Two negotiation methods are permitted: single and concurrent.

10.72 Job Order Contracting (JOC) RFP: A procurement method used for quickly engaging services on an as-needed basis through a pre-established contract. This method is particularly effective for repetitive or small to medium-sized construction projects, streamlining procurement by allowing multiple tasks or projects to be completed under a single, competitively awarded contract. The JOC RFP outlines the terms, pricing structures, and scope of work that contractors agree to, enabling efficient task order issuance without the need for separate bid processes for each project.

10.73 Late Offer: An offer (including a withdrawal or modification) that is received at the designated place for receipt after the established due date and time.

10.74 Leveling: Assisting a bidder in bringing its proposal up to the level of other proposals by coaching or providing solutions. Leveling is a form of fraud in which a contract is promised to a specific supplier, even though a public solicitation is being pursued for the sake of appearances by asking other suppliers to submit a bid. This form of collusion is illegal and is a form of price fixing. Procurement professionals that use leveling will be subject to applicable Human Resources disciplinary processes, and any other investigation by internal processes.

10.75 Liquidated Damages: Damages (usually in the form of money) to be paid by a party who breaches all or part of a contract with another party. The amount of damages is agreed upon by all parties to a contract. These damages may be applied on a daily basis for as long as the breach is in effect, but they may not be imposed as an arbitrary penalty.

- 10.76 Market Basket:** A standard set of goods, services, or a combination of the two, used to determine a supplier's price for evaluation purposes or to calculate an index.
- 10.77 Market Value:** The price that a product, service, or property might be expected to bring if offered for sale in a fair market (i.e., one that is not prone to fluctuations).
- 10.78 Modification:** Any written alteration to a provision of any contract accomplished by mutual agreement of the parties to the contract. See Also: Change Order.
- 10.79 Micro-Purchase:** The acquisition of goods/services with a total expenditure not exceeding \$50,000 per supplier, per year, without competitive bidding.
- 10.80 Negotiation:** A process of planning, reviewing, analyzing, and conferring used by two or more parties to reach a mutually acceptable agreement in a contracting relationship. Procurement leads all negotiations pursuant to FIN/PROC 06
- 10.81 Negotiation Team:** A process of planning, reviewing, analyzing, and conferring used by two or more parties to reach a mutually acceptable agreement in a contracting relationship.
- 10.82 Offer:** A response to a solicitation that, if accepted, would bind the offeror to honor what was submitted.
- 10.83 Offeror:** A generic term that refers to an individual or business that submits an offer in response to a solicitation. See also: Proposer, Responder, Bidder.
- 10.84 Purchase Order Approval Authority:** These limits are only applicable to the approval of requisitions and change orders in IEHP's financial system. Supervisor: Less than \$10,000; Manager: greater than or equal to \$10,000 and less than \$25,000; Director: greater than or equal to \$25,000 and less than \$75,000; Senior Director: greater than or equal to \$75,000 and less than \$100,000; Vice President: greater than or equal to \$100,000 and less than \$150,000; Chief: greater than or equal to \$150,000 and less than \$200,000; CEO: greater than or equal to \$200,000. This authority may be limited per project, subject to minute order and signature authority.
- 10.85 Purchase Order/Contract:** A mechanism used to establish an administrative hierarchy with suppliers and for the purchase of tangibles or services.

- 10.86 Par Value:** The face value of a bond; the amount to be repaid when the bond is due.
- 10.87 Payment Bond:** A financial or contractual instrument issued by a surety that guarantees that subcontractors will be paid for labor and materials expended on a contract. A payment bond shall be no less than one hundred percent (100%) of the total sum payable to IEHP under the Public Works Contract and issued at the time of the contract. The bond must be issued from an admitted surety insurer pursuant to [California Code of Civil Procedure Section 995.120](#). The types of security acceptable by IEHP are detailed in Section 6 (Public Works).
- 10.88 Payment Terms:** The terms applicable to a payment, including any discount. This may include a percentage discount offered from the invoice price for paying the invoice in a certain number of days. IEHP's standard default terms are net 30, i.e., payable within 30 days. See also: Prompt Payment Discount, Cash Discount, Discount. Please refer to Section 6 (Public Works).
- 10.89 Performance Audit:** A systematic and objective examination of evidence to provide an independent assessment of the management and activities of an organization related to the economic, efficient, and effective achievement of outcomes against objective criteria. May also include assessments that lead to best practices.
- 10.90 Performance Bond:** 1. An instrument executed, subsequent to award, by a successful offeror that protects the public entity from loss in the case of the offeror's inability to complete the contract as agreed. 2. A risk mechanism that secures the fulfillment of all contract requirements. May be referred to as a completion bond.
- 10.91 Performance Specification:** A type of specification that describes the desired outcome of a service or intended use of a good and how the good will perform (e.g., number of items, distance to travel, time required). See also: Design Specification.
- 10.92 Post-Award Start-Up Conference:** A meeting held by Procurement with the contractor who was awarded the contract prior to the beginning of contract performance. It ensures that the contractor fully understands the expectations, performs accordingly, and can provide the foundation for an effective contract effort. Objectives of the post-award conference are to ensure the contractor understands the technical requirements of the contract; to clarify the rights and responsibilities of both parties; and to determine the need for follow-up meetings.

- 10.93 Pre-Bid / Pre-Proposal Conference (Meeting) :** A meeting held by Procurement with potential bidders/proposers prior to the opening of the solicitation for the purpose of answering questions, clarifying ambiguities, and responding to general issues.
- 10.94 Pre-Qualification (of Bidder/Proposer) :** The screening of potential suppliers/contractors in which such factors as financial capability, reputation, and management are considered to develop a list of qualified businesses that may then be permitted to submit bids/proposals.
- 10.95 Present Value:** The current value of an amount of money, rather than some future value it will have after being invested.
- 10.96 Prevailing Wage Rate:** The wage that contractors must pay their employees for a Public Works project, in accordance with [California Labor Code § 1720 et seq.](#) The Director of the Department of Industrial Relations of the State of California, in the manner provided by law, has ascertained the general prevailing wage rate per diem wages and rate of legal holidays, and overtime works. The contractor must pay any labor therein described or classified in an amount not less than the rates specified.
- 10.97 Price Competition:** Selection of a contractor, from two or more suppliers, based either solely on prices submitted, or on the final prices resulting from a negotiation with all contractors within a competitive range.
- 10.98 Price Reasonableness:** A price that does not exceed that which would be incurred by a prudent person in the conduct of a competitive business. A reasonable price is established by competition, market test, price, or cost analysis, or through the experience and judgment of the Procurement Manager.
- 10.99 Procurement Audit:** A detailed review and examination of procurement documents and business processes by internal staff or independent experts, concluding with a detailed report that may also include a management letter of findings.
- 10.100 Professional Service Contracts:** Professional service contracts are those agreements where the supplier delivers specialized, labor-focused services, such as auditing, consulting, counseling, temporary staffing, and equipment maintenance, instead of supplying tangible products.
- 10.101 Proposer:** An individual or supplier who submits a proposal that may or may not be in response to a Request for Proposals. See also: Offeror, Responder, Bidder.

- 10.102 Proposal:** An offer to provide goods or services. A proposal may or may not be in response to a Request for Proposals issued by Procurement.
- 10.103 Procurement Card (P-Card) :** A payment method whereby when a Purchase Order is not accepted, Procurement is empowered to deal directly with suppliers for purchases using a credit card issued by a bank or major credit provider within approved authority levels and spending limits.
- 10.104 Prompt Payment Discount:** A reduction in cost offered by the supplier in exchange for early/accelerated payment by the customer. See also: Payment Terms, Cash Discount, Discount.
- 10.105 Protest:** A written objection by a potential interested party to a Solicitation or award of a contract, with the intention of receiving a remedial result.
- 10.106 Public Works:** Construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds. It can include preconstruction and post-construction activities related to a public works project ([California Labor Code Section 1720](#)).
- 10.107 Purchase:** An acquisition of commodities or contractual services obtained by contract, whether by rent, lease, installment or lease purchase, or outright purchase. The following are not purchases: transfers, donations, sales, or exchanges of personal property or services between IEHP departments.
- 10.108 Qualified Bidder:** A bidder determined by Procurement to meet the minimum standards of business competence, reputation, financial ability, and product quality for placement on the bidder's list. See also: Responsible Bidder/Proposer/Offeror.
- 10.109 Quantity Discount:** A reduction in the unit price offered for a large volume contract. Economies of scale would dictate that the larger the volume/quantity, the lower the unit price or total cost. See also: Volume Discount, Volume Leveraging, Economies of Scale.
- 10.110 Request for Bid (RFB) :** An RFB is a competitive solicitation for Public Works projects that is used to solicit fixed-price bids from suppliers whenever IEHP can specify with certainty the performance, functional, or technical characteristics of the goods or services needed. It involves a competitive and transparent bidding process, where there is a public bid opening, and a contract is typically awarded to the lowest responsive and responsible bidder based on set criteria and specifications.

- 10.111 Request for Clarification (RFC) :** A formal query by Procurement requesting additional information or explanations to clarify information in the bidder's response.
- 10.112 Request for Information (RFI):** An RFI is a non-binding method whereby Procurement publishes via newspaper, internet, or direct mail its need for input from interested parties for an upcoming solicitation or inquiry into the supplier's background for the purpose of gathering, sharing, and clarifying information needed in the development of an RFQ/P, or as a tool used during budget preparation activities. An RFI is not limited to suppliers but can also include input from consumers, community groups, and other interested parties. An RFI can be written, oral, or electronically communicated.
- 10.113 Request for Needs (RFN):** A procurement method where IEHP identifies and communicates its requirements or gaps in services or products to potential suppliers. This process is designed to solicit feedback or proposals from suppliers who can address these specific needs with suitable solutions or products. The Request for Needs is particularly useful in situations where IEHP seeks to understand available market options or to refine its requirements through supplier input.
- 10.114 Request for Proposals (RFP):** 1. The document used to solicit proposals from potential suppliers (proposers) for goods and services. Price is usually not a primary evaluation factor. An RFP provides for the negotiation of all terms, including price, and terms and conditions of their offer prior to contract award. May include a provision for the negotiation of best and final offers. May be a single-step or multistep process. 2. A competitive Solicitation that is used whenever IEHP cannot specify with certainty the item or service needed and the supplier is asked to propose a solution to a particular situation. These proposals are not opened publicly. These are generally awarded to the bidder that best meets all the requirements listed in the RFP evaluation criteria.
- 10.115 Request for Qualifications (RFQu):** 1. The document that is issued by Procurement to obtain statements of the qualifications of potential responders (development teams or consultants) to gauge potential competition in the marketplace, prior to issuing the solicitation. 2. These procedures are also used when a large or complicated purchase is being considered and the potential pool of suppliers must be pre-qualified. In this case, an RFQu is a questionnaire or inquiry into the supplier's background. This is used to determine if the supplier meets the minimum standards needed to successfully bid on the project and, if awarded, successfully complete the project.

- 10.116 Request for Quotations (RFQ):** A competitive purchasing method that is generally used whenever IEHP can specify with certainty the performance, functional or technical characteristics, or the item or service needed and for small orders under a certain dollar threshold, or both. A request from Procurement is sent to suppliers, along with a description of the commodity or services needed, and the supplier is asked to respond with price and other information by a predetermined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance, and reliability. Award is generally made to the lowest cost bidder meeting the minimum specifications as specified in the bid document, with the ability to fulfill the obligation.
- 10.117 Residual Value:** The estimated value, or salvage value, of a fixed asset at the end of its useful life or lease term.
- 10.118 Responder:** A supplier who submits a response to a Request for Qualifications (RFQu), Request for Information (RFI), other Qualifications Based Selection (QBS), or other solicitation types, methods, or processes whereby price is not a factor in the evaluation process for award determination. See also: Offeror, Proposer, Bidder.
- 10.119 Responsible Bidder/Proposer/Offeror:** A supplier with the integrity and reliability as well as the financial and technical capacity to perform the requirements of the solicitation and subsequent contract. See also: Qualified Bidder.
- 10.120 Responsive Bid/Proposal/Offer/Quotation:** A bid, proposal, or offer that fully conforms in all material respects to the solicitation and all of its requirements, including all form and substance as determined by the Procurement Manager, to be in substantial conformance with the specifications, delivery requirements, and conditions prescribed in the request for quotations or request for proposal, free of material mistakes or errors. See also: Qualified Bidder.
- 10.121 Restrictive Specifications:** 1. Specifications that unnecessarily exclude a potential bidder or proposer from competing for a procurement. Precludes full and open competition. 2. The effect of an act, contract, conspiracy, or combination that eliminates or stifles competition, artificially maintains prices, or otherwise hampers or obstructs the course of trade and commerce as it would be if left to the control of natural and economic forces.
- 10.122 Scope of Work:** A written description of IEHP's needs and desired outcomes for a procurement developed at the beginning of the procurement cycle. The scope of work is the basis for any resulting solicitation; it helps ensure that

the product or service meets the stated outcome and establishes the parameters of the resulting contract. The SOW provides potential suppliers with a clear description of the work to be performed, including inspections, testing and acceptance, quality, support services, documentation, maintenance, results to be achieved, and any other requirements.

- 10.123 Signatory Authority:** Delegation by Governing Board to the CEO or the CEO's delegate to sign contractual documents on behalf of IEHP in an amount up to limits established by policy. The CEO's primary signature delegate shall be the Chief Officer of the Business Unit holding the budget for the contract.
- 10.124 Single Source:** A non-competitive procurement method whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.
- 10.125 Sole Source:** A non-competitive method of procurement used when only one supplier possesses the unique ability or capability to meet the particular requirements of the entity or when only one supplier is practicably available.
- 10.126 Solicitation:** Process of notifying prospective or qualified bidders of IEHP's request to receive bids on the specified product or project. Solicitation types include formal and informal RFQ, RFP, RFQu, RFN, Challenge RFP, and RFB, which may be made public through advertising, mailings, Procurement's third-party e-Procurement website, or some other method of communication.
- 10.127 Speaker:** A person who delivers a speech or talk in front of an audience, typically to inform, inspire, educate, or entertain. Speakers are often experts or enthusiasts in a particular field who share their knowledge, experiences, or insights during events, conferences, seminars, or workshops.
- 10.128 Specification:** A precise description of the physical characteristics, quality, or desired outcomes of a commodity to be procured that a supplier must be able to produce or deliver in order to be considered for a contract.
- 10.129 Standard Specification:** A specification that is to be used for all or most purchases of an item; describes all required physical and functional characteristics of goods, services, or construction.
- 10.130 Standardization of Specifications:** The process of establishing a single specification for an item or range of items.
- 10.131 Statement of Work (SOW) :** A written description in a contract detailing performance expectations and deliverables between the contracting parties.

After a supplier has been selected, the statement of work becomes the basis for the contract and must provide sufficient information to meet IEHP's needs and achieve successful outcomes, define the expectations of the parties, set price and payment schedules, and mitigate or avoid disputes.

- 10.132 Supply Chain Management – Procurement, Analyst I:** This class is assigned to Procurement and reports to the Procurement Director or Manager. Under the general direction of Procurement leadership, the Analyst I will analyze procurement-related transactions to ensure compliance with IEHP contracts, standards of work, policies, and the Procurement Manual.
- 10.133 Supply Chain Management – Procurement, Analyst II:** Under the general direction of Procurement leadership, the Analyst II is to serve as the liaison between their employer and suppliers. Duties involve sourcing suppliers, negotiating contracts, and presenting deals to decision-makers. Also, responsible for the proactive development of strategies to successfully track and manage procurement initiatives. In close collaboration with procurement leadership, the Analyst II develops meaningful and timely reports for the department's three books of business: Solicitation, Contracts, and Buying. The Analyst II is also responsible for managing assigned projects while providing technical-based project support to the department in the lead role for data/metric management. Additionally, the position takes an active leadership role with department LEAN initiatives, board metrics, and MDI leadership oversight.
- 10.134 Supply Chain Management – Director, Procurement:** Under the direction of the Chief Financial Officer, the Director is responsible for the oversight and direction of the Supply Chain Management – Procurement. The Director is responsible for the development and oversight of Solicitations, Contracting, and Buying. In this role, the Director is responsible for practicing good stewardship of public funds by developing processes and tools for proactively obtaining the best value for the money, tracking spending, and preventing overspending.
- 10.135 Supply Chain Management – Manager, Procurement:** The Manager directs the day-to-day operations of IEHP's centralized procurement activities of materials, supplies, equipment, and services for use by IEHP departments according to industry standards and best practices. This position is responsible for the management of the public sector procurement processes and ensures compliance with IEHP's Procurement, Legal, Governing Board policies, and State and Federal requirements. The Manager also provides contractual advice and procurement planning to the various departments within the organization.

10.136 Supply Chain Management – Supervisor, Procurement: The Supervisor is responsible for ensuring full compliance with and effective administration of IEHP's procurement policies for services and tangible goods. This role involves assessing and advising on procurement strategies to minimize risk and align with public procurement laws, industry standards, and regulatory health plan requirements. The Supervisor manages the public sector procurement process, ensuring adherence to IEHP's procurement, legal, and governance policies, as well as state and federal regulations. They lead a team in handling all facets of procurement activities, including contract development, solicitation issuance, and contract management. The Supervisor also trains staff in Lean Methodologies, leads process improvement initiatives, and plays a crucial role in enhancing supply chain efficiency, optimizing procurement operations, and aligning strategies with organizational goals.

10.137 Supply Chain Management, Procurement Contract Specialist I: The Procurement Contract Specialist I (PCS I) operates within Procurement, handling the purchasing and negotiation of low to mid-level, multi-year, and multi-departmental procurement projects. This role is essential for acquiring professional and consulting services, as well as materials, supplies, and equipment. The PCS I is responsible for leading the selection of equitable and efficient solicitation processes, conducting negotiations, and managing contract implementation. This position requires a deep understanding of the most suitable procurement/contract types to minimize IEHP's risk exposure while ensuring adherence to public procurement policies, regulations, industry standards, and compliance with IEHP's procurement, legal, and governing board policies, along with state and federal requirements. The PCS I also applies Lean principles to enhance contract performance and mitigate risks associated with cost and supplier relations. The PCS I reports to a Supervisor and supports the PCS II and the Manager.

10.138 Supply Chain Management – Procurement Contract Specialist II: The Procurement Contract Specialist II (PCS II) is an advanced role within Procurement, responsible for managing and negotiating complex, high-value, and multi-departmental procurement projects for professional and consultant services, as well as materials, supplies, and equipment. This position leads the selection of the most suitable solicitation processes, oversees major contract negotiations, implementation, and management, and provides technical supervision and training to other specialists. The PCS II ensures all activities adhere to IEHP's procurement standards, public procurement policies, and legal requirements, including State and Federal regulations. Additionally, the role involves applying Lean principles to optimize contract performance and minimize risks. The PCS II reports to a Supervisor and supports the Manager.

- 10.139 Tangible Goods:** Physical items or products that can be seen, measured, and touched. These goods are typically purchased, and stored, and have a finite lifespan, encompassing everything from office supplies and machinery to vehicles and building materials. The procurement of tangible goods involves processes such as bidding, purchase, and physical delivery.
- 10.140 Technical Proposal:** A response to a solicitation that describes in detail what an offeror proposes to do, furnish, and the method of delivery with no mention of price. May be part of a two-step response contained within an offer, the second part being the price proposal.
- 10.141 Technical Specification:** A subset of a design specification that establishes the material and operating requirements of a good.
- 10.142 Time Value of Money:** The concept that an amount of money is worth more now than the identical sum would be worth in the future, based on the financial principle that money can earn interest.
- 10.143 Telecommunications:** Telecommunications services like Internet and VoIP are classified as utilities due to their essential role in supporting communication infrastructure. These services are necessary for the efficient functioning of IEHP and are procured similarly to traditional utilities such as water and electricity. This classification emphasizes their importance in maintaining connectivity and operational continuity.
- 10.144 Trade Discount:** A discount or reduction from a list price based on the position of the purchaser in the distribution channel, for example, as a distributor, retailer, or original equipment manufacturer.
- 10.145 Trade-in Value:** The value obtained when trading one piece of equipment for another.
- 10.146 Total Cost/Life Cycle Cost:** 1. The total cost of ownership over the lifespan of an asset. 2. An analysis technique that considers operating, maintenance, the time value of money, disposal, and other associated costs of ownership as well as the residual value of the item.
- 10.147 Turnkey:** In construction procurement, a requirement whereby the contractor is responsible for the entire project, including designing the project, contracting for construction, and furnishing the structure. In technology procurement, one supplier is responsible for the hardware, software, and support. This may also apply when a contractor is completely responsible for an entire project from start to finish.

- 10.148 Types of Purchase Orders:** IEHP utilizes a variety of vehicles to procure tangibles and services. Selecting the specific purchase order (PO) type is an important function for Procurement. The type of PO can affect several aspects of the order such as matching for payment, sales tax requirements, and other reporting requirements.
- 10.149 Piggyback (Piggyback Cooperatives) :** A form of intergovernmental cooperative purchasing in which an entity will be given the pricing and terms of a contract entered into by a larger entity. Generally, the larger entity will competitively award a contract that will include language allowing for other entities to use the contract to their advantage in terms of pricing, thereby gaining economies of scale that they normally would not receive if they competed on their own. Please refer to Section 3.7 (Piggyback Awards and Contracts and Cooperative [Co-Op] Purchasing).
- 10.150 Value:** A fair return on investment.
- 10.151 Value Added:** 1. Feature or benefit added to an existing good or service that increases its usefulness or worth to the buyer or end user. 2. The increased worth of a good or service as it progresses through production and distribution.
- 10.152 Value Analysis:** A critical and systematic assessment of the functions of a good or service to ensure the cost of the good or service is no greater than is necessary to perform the functions of that good or service and meet standards, specifications, procedures, and practices. See also: Value Engineering.
- 10.153 Value Engineering:** An organized, systematic approach to providing the necessary functions in a project at the lowest possible cost by substituting methods and materials with less costly alternatives without negatively affecting functionality. See also: Value Analysis.
- 10.154 Value Incentive Contract:** A fixed-price contract with a provision for rewarding the supplier for faster delivery or superior performance.
- 10.155 Value Proposition:** A statement used by a company to differentiate its overall offerings in the marketplace to increase the attractiveness of its goods and services by highlighting and explaining features, benefits, or innovations.
- 10.156 Value-Added Reseller:** A company that adds a feature or service to an existing good or service bought from another source and resells it as an integrated good or improved service.

- 10.157 Volume Discount:** Discount offered to a buyer from a seller based on increased quantity purchased, the size of the order, or total annual volume. See also: Quantity Discount, Volume Leveraging, Economies of Scale.
- 10.158 Volume Leveraging:** Use of economies of scale in negotiation between a buyer and seller to reduce the price to the entity. See also: Quantity Discount, Volume Discount, Economies of Scale.
- 10.159 Works of Art:** Physical or digital objects or performances that are created with the intention to express, evoke, or communicate emotions, ideas, or a unique aesthetic experience. These can include paintings, sculptures, photographs, installations, digital art, performances, and other media forms, often considered to have cultural, aesthetic, or intellectual value.