




**June 17, 2019**

**To:** Members of the Board of Directors

**From:** Jennifer L. Bergener, Managing Director 

**Subject:** Proposed Amendments to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Contracting and Procurement Policy

### **Overview**

The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency bylaws state that the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency shall develop administrative procedures establishing proper procurement practices. The Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's contracting and procurement policy was adopted by the Board of Directors on April 18, 2016 and amended in May 2017. Staff is proposing updates to the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency's contracting and procurement policy.

### **Recommendations**

- A. Amend the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency contracting and procurement policy to require letter amendments be signed by the Managing Director.
- B. Amend the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency contracting and procurement policy to increase the corporate credit card transaction limit to \$100,000 monthly for digital ad placements with Google.

### **Background**

The Los Angeles – San Diego – San Luis Obispo (LOSSAN) Rail Corridor Agency (Agency) contracting and procurement policy was presented to the LOSSAN Agency Executive Committee on April 7, 2016, and subsequently presented to and adopted by the Board of Directors (Board) on April 18, 2016. The policy was amended internally in May 2017 to add language on sole source guidelines for advertising. As the managing agency of the

LOSSAN Agency, the Orange County Transportation Authority (OCTA) is responsible for facilitating and assisting in the procurement of all LOSSAN Agency's goods and services. One of the goals in developing the LOSSAN Agency contracting and procurement policy was to streamline procurement processes that are already in place with OCTA. Another goal was to ensure that the policies are consistent with the LOSSAN Agency bylaws and the Interagency Transfer Agreement.

### ***Discussion***

LOSSAN Agency staff are proposing two amendments to the current contracting and procurement policy. The first relates to the person authorized to sign letter amendments. A letter amendment is a method used to make administrative changes to an existing contract. A letter is written and sent to the contracting firm notifying them of the change to their agreement with the LOSSAN Agency. Letter amendments may only be used to make on-going staff changes (other than key personnel), time extensions, and to exercise an option term if no Board approval is required or there is no increase to the contract's maximum payment obligation.

The current policy in Section VII, G states that letter amendments are signed by an authorized person in OCTA's Contracts and Materials Management (CMM) department. The proposed amendment would change the language to state that letter amendments are to be signed by the LOSSAN Agency's Managing Director. This change is consistent with the process of the LOSSAN Agency's Managing Director signing all LOSSAN Agency contract amendments and agreements.

The second proposed amendment to the contracting and procurement policy seeks to increase the maximum amount allowed to be spent on a corporate credit card transaction for digital advertisements placed specifically from Google. The LOSSAN Agency has been purchasing digital advertising with Google and Facebook under OCTA's established accounts. In order to establish separate accounts for the LOSSAN Agency, both Google and Facebook require minimum levels of credit be established. The LOSSAN Agency has met the minimum requirements from Facebook (minimum spend of \$10,000 per month for at least three months) and has recently established a separate account. Under the Facebook account, advertisements will be invoiced to the LOSSAN Agency on a monthly basis.

Google's requirement is for vendors to pay invoices by credit card payments for a minimum of twelve months. The LOSSAN Agency seeks to meet these requirements by paying Google through the corporate credit card until the minimum spending requirement has been met. The current contracting and procurement policy states under Section V. 4. a) The corporate credit card has

a single transaction limit of \$2,500 with a monthly limit of \$5,000. The proposed amendment would add language to state; “with the exception of advertisements placed with Google, which has a monthly limit of \$100,000.”

Once the requirement to establish a separate account with Google has been met, the LOSSAN Agency intends to change from corporate credit card payments to paying by check through monthly invoicing.

### ***Summary***

Staff proposes to amend the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency’s contracting and procurement policy to change the person authorized to sign letter amendments to be the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency’s Managing Director, as well as to increase the maximum amount allowed to be spent on corporate credit card transactions specifically for Google advertising.

### ***Attachment***

- A. Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency Contracting and Procurement Policy, May 2019

**Prepared by:**

A handwritten signature in black ink, appearing to read 'J. Jewell', is written over a light gray rectangular background.

Jason Jewell  
Finance and Administration Manager  
(714) 560-5688