

# ETA Property Management Handbook No. 359

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## CHAPTER IV

### SOURCES OF PROCUREMENT

**General Information.** All property, expendable and non-expendable, required for performance of DOL/ETA cost-reimbursement contracts (including operating and maintaining Job Corps centers and/or conducting any approved programs) shall be procured from the sources listed below, in the sequence stated. Contractors must investigate Federal excess as the first potential source of procurement. All procurements are subject to the availability of funds in the contract and the requisite approvals.

1. **Approval Requirements.** Contractors need not obtain prior approval for procurement of normally used expendable personal property (i.e., supplies and materials that have been established to be ordinary and necessary for performance of the contract) in quantities of less than a normal 60-day usage level, inclusive of the quantity on-hand at the time of the expected delivery of the order. Other procurements require prior approval as follows:
  - a. If the contractor can justify necessity, the contractor can gain approval for procurement of normally used **expendable personal property** in excess of a normal 60-day usage level from appropriate Project Officer. All such approvals must be documented in written form, signed, and dated by the appropriate Project Manager. The contractor will be held responsible for maintaining copies of all such authorizations, and making these available to review teams, auditors, etc.
  - b. The appropriate Project Manager must approve all procurements of **non-expendable personal property**. The contractor **must** follow the applicable procedures of the Job Corps Property Requirements Handbook and Chapter III of this handbook to obtain such pre-approval.
2. **Federal Government Excess.** Contractors **must** utilize Government excess as their first source for obtaining personal property. Excess personal property is property that has been declared excess to the needs of the Federal agency that possesses it; such property is available to other Federal agencies and their cost-reimbursement contractors, generally at no costs other than those incidentals to transporting the property. To comply with the Department of Labor's responsibilities under the Federal Management Regulations, 41 Code of Federal Regulations 101 (Ref. § 101-43.302), the DOL/ETA cost-reimbursement contractors **must** obtain excess personal property from the Department of Labor and other Federal agencies instead of initiating new procurements. Chapter V of this handbook explains the appropriate procedures for procurement of excess property.
3. **Purchases from Government Sources.** When contractors cannot obtain required property from excess, procurement from Government sources may be investigated and used if they are cost-effective and authorized.

Government sources include the following:

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- a. General Services Administration Supply Catalog. Use is available only to contractors who have been provided an Activity Address Code/FEDSTRIP number. All such contractors will receive a catalog that has detailed procedures for ordering supplies. The supply catalog primarily lists expendable property, but it does include some non-expendable property such as many furniture items.
- b. Federal Supply Schedules and Supply/Service Contracts. Use requires a letter of authorization but not an Activity Address Code. Many vendors offer a "General Services Administration Schedule Price" which is legally equal to, if not less than, their best available commercial price. Contractors should ask individual vendors if they offer such prices. The "Letter of Authorization" section in Chapter III of this Handbook covers procedures for orders under these contracts.
- c. Defense Logistics Agency (DLA). Use is available only to contractors who have been provided an Activity Address Code. Contractors can obtain food, clothing, and medical supplies at advantageous prices through the DLA. Use standard MILSTRIP/FEDSTRIP procedures under section 4140.17M of the FEDSTRIP Guide.
- d. Veterans Administration (VA). Use is available only to contractors who have been provided an Activity Address Code. VA principally offers medical supplies. VA Catalog No. 3 covers the appropriate procedures for use. An interagency agreement between the DOL and the VA allows cost-reimbursement contractors to purchase supplies from area VA hospitals, under certain circumstances (See VA Catalog No. 4).
- e. Public Health Service (PHS). Use is available to all authorized cost-reimbursement contractors; no Activity Address Code is required. Medical supplies are available from the Health Services Administration Medical Supply Catalog. Requisitions should be submitted to Perry Point, Maryland.

**NOTE: Acquisitions and billing from Defense Logistics Agency, Veterans Administration, and Public Health Service occur directly between user and supply source.**

4. Purchases from Commercial Sources. Contractors may purchase property from commercial sources when one or more of the following conditions apply:
  - a. Purchases are less than the dollar amount (\$25,000) indicated in 48 Code of Federal Regulations, Chapter 1 § 13.106, from commercial sources. Contractors must follow the Small Purchase Procedures detailed therein.
  - b. Government sources cannot deliver the item within the time frame the item is needed. Orders under these circumstances must be limited to immediate needs. The contractor must maintain full documentation detailing all such conditions and the delivery requirements. The documentation must be provided to DOL auditors and/or property review personnel immediately upon request. If the total cost of the order is

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not over \$2,500, 10% of the Small Purchase Limitation, the contractor may place the total order on a noncompetitive basis, provided the contractor believes the prices are reasonable. The Contractor must follow the Small Purchase Procedures detailed at 48 Code of Federal Regulations Chapter 1 § 13.106 when making such purchases.

- c. If urgent requirements for delivery of property from a Schedule Contractor exceed delivery times specified in the contract, and the Schedule contractor has been contacted and has verified that it cannot meet the delivery time requirements or has failed to respond to the request for accelerated delivery on a timely basis. The contractor must maintain full documentation detailing all such conditions and delivery requirements. The contractor must provide documentation to the DOL auditors and/or property review personnel immediately upon request.
- d. If the requirement exceeds the Maximum Order Limitation (MOL) of the selected contractor's Federal Supply Schedule contract. Such conditions must be fully documented. If savings over the Federal Supply Schedule price cannot be negotiated, the National Property Officer must be contacted for guidance and prior written approval of the proposed procurement.
- e. The same or similar item is not available from excess, and cannot be purchased from Government sources. (As the Federal Acquisition Regulations state, in cases which only one source for an item exists, and/or only one item can satisfy a requirement and it is available from only one source, the contractor will fully document the unique nature of the product and/or the requirement, and, if applicable, substantiate the availability from only the single source. In these situations, the requirements for competition in procurement will be waived, however, the contractor is advised to attempt to obtain the best possible (most favorable customer) price from the vendor. Documentation concerning the procurement will be filed for audit/review, and forwarded to the Employment and Training Administration National Property Officer for review and dissemination to other contractors with similar requirements, and the General Services Administration.)
- f. Delivered price of the same or similar item is less than the price from Government sources. (All factors must be taken into account in this determination. These include, but are not limited to, warranties, transportation costs (origin and destination), installation charges, and delivery terms.) Full details concerning such purchases must be retained for audit/review. Additionally, the following information must be forwarded to the Employment and Training Administration National Property Officer and the General Services Administration, Washington, DC 20406: Copy of the purchase order; identification of the Federal Supply Schedule; name of the schedule contractor; schedule contract price; schedule special item number (SIN); and manufacturer's model and/or part number. The Employment and Training Administration National Property Officer will distribute details of such situations to other contractors that the ETA National Property Officer believes might also be ordering the same or similar items so that they might also take advantage of such price breaks as are available. The requirements for full and open competition will be

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waived for any such instances where items that are normally procured from Government sources can be obtained at lower prices from other sources.

Except for those circumstances detailed above where requirements for competition are expressly waived, contractors must seek to obtain competition in contracting to the maximum extent practicable. This is defined as soliciting three or more sources for all authorized commercial procurements. Documentation of all competitive procurements must be retained and must be made available to audit/review teams. Job Corps Center-Operating Contractors will follow the provisions of the Property Requirements Handbook with regards to procurements and establishing and following written procurement procedures.

5. **Equipment Rental, Lease, or Purchase Decisions.** Contractors must follow the guidance of 48 Code of Federal Regulations, Chapter 1 § 7.4 in the determination of whether to rent, lease, or purchase property for use under their DOL/ETA contracts and must follow the policies related to full and open competition established in § 6.1.

The following factors apply to rentals and leases:

- a. Rent or Lease and Lease Purchase transactions require Property Requirements List approval, including the signature of the appropriate Department of Labor Property Officer, i.e., either the ETA National Property Officer or (if directed) the appropriate Project Manager.
- b. Contractors may not rent or lease personal property from themselves. Additionally, contractors may not rent or lease personal property from other organizations in which they have a vested interest or from organizations that have vested interest in them. However, contractors may purchase property from themselves or any outside vendors regardless of affiliation, provided that all other factors in the decision comply with section 5 of this chapter.
- c. Contractors may only make lease purchase agreements under the Federal Supply Schedule. If the lease purchase implies interest in any way, then the property must be obtained through a straight lease agreement.
- d. One hundred fifty (150) days before the end of a lease-purchase agreement, the contractor must inform the appropriate Project Manager of the terms and conditions under the option to purchase. The appropriate Project Manager must review conditions and terms under the purchase option and determine whether or not to exercise the option within 20 calendar days of receipt of notification. If an appropriate Project Manager decides not to exercise an option, he/she must forward a copy of the option to the ETA National Property Officer for consideration. The ETA National Property Officer will make a decision and notify the Project Manager within 30 days of receipt. Under no circumstances may the contractor exercise the option to purchase for personal gain.