



**Addendum “A” to
2024 Revised Contract Policy Manual - Orange County Contract Cost Reduction Program**

COUNTY OF ORANGE
County Procurement Office
400 West Civic Center Drive, 5th Floor
Santa Ana, CA 92701

PROGRAM INFORMATION

In times where the County of Orange identifies a significant budget shortfall due to various factors including but not limited to state and federal budget issues, the Orange County Contract Cost Reduction Program, as outlined below may be enacted. The County typically becomes aware of potential shortfalls during the Strategic Financial Planning process and may implement measures in an attempt to mitigate, such as, a hiring freeze, discretionary spending freeze and revisions to department budgets. Even with these attempted mitigation efforts, the shortfall may not adequately be addressed requiring additional measures, such as reduction in contracted services or costs of services.

Enactment of the Orange County Contract Cost Reduction Program requires direction or approval from the Board of Supervisors.

PROGRAM OVERVIEW

- In an effort to further support the County’s goal of reducing costs, we invite our valued business partners to provide the County and/or District a discount on all invoices to the County and/or District by 10% or 15% based off of the most recent contract price. Eligible contractors who are currently under contract with the County and/or District and elect to participate in the Orange County Contract Cost Reduction Program (“Program”) will receive an additional contract extension, effective at the end of the originally negotiated contract term, of a:
 - Option 1 – One-year contract extension in exchange for a 10% invoice discount, or
 - Option 2 – Two-year extension for a 15% invoice discount.
- The cost reduction effort will commence upon execution of the Participating Amendment through the expiration date corresponding to the option selected by the Contractor. Only contracts on their last term as of April 8, 2025, expiring up to December 31, 2026, are eligible for this Program. The applicable invoice discount shall apply to all invoices for services performed or goods provided on and after the date of execution of the Participating Amendment through the expiration date corresponding to the option selected by the Contractor.
 - The County not only encourages current contractors to participate in the Program, but respondents are also encouraged to submit any additional ideas/proposals for reducing costs on products and services.

A. PROGRAM OPERATIONALIZATION

1. The Board's approval of this Program supersedes other Contract Policy Manual ("CPM") requirements for service contract increases up to \$200,000 annually and other applicable provisions and thresholds of the CPM for commodities, competitive bidding, sole source procedures and term limits.
2. A Program participation request email will be sent to all eligible current contractors.
3. Contractors shall respond to the Program participation email via CPOContracts@ocgov.com indicating the cost reduction participation option selected.
4. County Procurement Office is authorized to negotiate other cost reduction terms in the County's best interest in a manner consistent with, and in proportion to, Option 1, and otherwise consistent with this Program. For example, if a contract offers a 7.5% invoice discount through the extended term of its contract, and if CPO determines it is in the County's best interest to accept such a proposal, then CPO may administratively execute an extension of the contract up to nine (9) months beyond the existing term of the contract and to increase the contract amount up to an amount not to exceed \$150,000.
5. Except for service contracts increases in excess of \$200,000 annually, County will then send the Participating Amendment via DocuSign to the contractor for authorized signature(s). Service contract increases in excess of \$200,000 annually will require Board approval prior to the County's execution of the Participating Amendment. This amendment will extend the term based on the option selected, apply the applicable discount and increase capacity as needed.
6. The "Participating Amendment" attached hereto as Exhibit A includes the standard format, terms and conditions proposed for execution. Further discussions/negotiations may or may not be conducted.
7. All contract amendments must adhere to the Levine Act requirements as stated in 2.2-103 of the Contract Policy Manual.

B. RIGHTS RESERVED TO COUNTY

1. The County may accept or reject any or all responses at its sole discretion and determine supplier eligibility. The County reserves the right to withdraw this request in part or in its entirety at any time.
2. All responses received may be subject to public disclosure under the requirements of the California Public Records Act, California Government Code sections 7920.000 *et seq.* The County shall not be liable in any way for disclosure of any records. Additionally, all responses shall become the property of the County. Contract extensions will be approved on an individual basis provided that the Department has a continuous need for the goods and services and appropriate fiscal appropriations have been approved by the Board of Supervisors.
3. Participation will be limited to those contracts that the Department does not plan to significantly alter or modify the scope of goods or services provided. Participation will be further limited to those contracts where the Department believes participation would be in the best interest of the County.

4. Participation will be limited to those contracts that the Department does not anticipate a greater than 10% or 15% reduction in cost through a rebidding process.



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PARTICIPATING AMENDMENT

THIS AMENDMENT, to Contract Number Input Contract Number (hereinafter “Participating Amendment”) is made and entered into upon execution of all necessary signatures, between the **County of Orange**, a political subdivision of the State of California (hereinafter “County”) and **Input Contractor Name** (hereinafter “Contractor”), which are sometimes individually referred to as “Party”, or collectively referred to as “Parties”.

WHEREAS, County of Orange has implemented the Orange County Contract Cost Reduction Program to reduce contract costs by ten percent in exchange for one year contract extension or fifteen percent for two years contract extension; and

WHEREAS, County[, District,] and Contractor entered into Contract Input Contract Number for Input Contract Description, commencing on Input Contract Start Date and expiring on Input Contract Expiration Date (hereinafter referred to as “Contract”); and

WHEREAS, Contractor has voluntarily agreed to participate in the program by execution of this Participating Amendment; and

WHEREAS, Orange County Board of Supervisors has approved staff’s implementation of a Orange County Contract Cost Reduction Program to extend existing contracts in exchange for a reduction in costs to the County [and/or District]; and

NOW THEREFORE, in consideration of the mutual obligations set forth herein, both County [, District,] and Contractor agree to amend the Contract as follows:

1. **Orange County Contract Cost Reduction Program – Selection:** Contractor shall choose either Option 1 or Option 2 to participate in the Orange County Contract Cost Reduction Program.

Option 1: A 10% discount for a one-year extension beyond the current contract expiration date;

or

Option 2: A 15% discount for a two-year extension beyond the current contract expiration date.

Subordinate agreements created against this Regional Cooperative Agreement post execution of this Participating Amendment shall receive the same reduction as the Option selected herein.

2. **Orange County Contract Cost Reduction Program – Term:** The term of this Participating Amendment shall commence upon execution of all necessary signatures and continue in full force and effect until [INCLUDE NEW EXPIRATION DATE], the expiration date corresponding to the option selected by the Contractor above.

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3. Contract Increase in a total amount of \$xxxxxxx– annually through the extended term, totaling a revised Not-To-Exceed Amount of: \$xxxxxxx
4. **Orange County Contract Cost Reduction Program – Invoicing Procedures:** During the term of this Participating Amendment, the Contractor shall include the applicable discount percentage on each invoice submitted to the County for payment. Each invoice shall include the current Contract pricing minus the discounted price. The applicable percentage discount shall be included in all invoices for services performed, or goods provided, on and after the date of execution of this Participating Amendment through the expiration date corresponding to the option selected by the Contractor above.
5. **Orange County Contract Cost Reduction Program – No Compete Contract Extension:** Participating Contractors will be granted an extension beyond the current contract term under the following conditions: (i) the County department has an ongoing need to purchase the products and services and market analysis is favorable to support the extension; (ii) the contract extension period is approved by the department; (iii) the County department has the appropriate fiscal appropriations for each year during the term of the extension, and if such appropriations are not approved by the County Board of Supervisors, the contract will be terminated without penalty to the County [and/or District]; and (iv) the Contractor’s past performance and quality of goods and services has remained satisfactory and at the levels required by the original contract.
6. All other terms and conditions of the original Contract and any subsequent amendments, unless specifically modified by this Participating Amendment, are hereby incorporated by reference as if fully stated herein and shall remain in full force and effect.

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SIGNATURE PAGE

The parties hereto have executed this Participating Amendment on the dates shown opposite their respective signatures below.

CONTRACTOR: Insert Contractor Name

If the Contractor is a corporation, signatures of two specific corporate officers are required as further set forth.

The first corporate officer signature must be one of the following: 1) the Chairman of the Board; 2) the President; 3) any Vice President. The second corporate officer signature must be one of the following: 1) Secretary; 2) Assistant Secretary; 3) Chief Financial Officer; 4) Assistant Treasurer.

In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signature to bind the company.

_____	_____
Print Name	Title
_____	_____
Signature	Date
_____	_____
Print Name	Title
_____	_____
Signature	Date

COUNTY OF ORANGE, a political subdivision of the State of California

_____	Deputy Purchasing Agent
Print Name	Title
_____	_____
Signature	Date