

Procurement of Goods

Scope: CITYWIDE

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Regulatory References:

[City Charter-Article XIV Public Contracts and Supplies](#)

City Code Chapters [3.04](#), [3.54](#), [3.56](#), , [3.60](#) & [3.80](#)

[Signing Authority Policy](#)

Supersedes:

Resolution 2010-084 (02/2010)

Procurement of Supplies and Non-Professional Services (API #1) (02/2010)

Procurement of Supplies (AP #4001) (3/13/2020)

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I. Policy Statement

This policy sets forth City of Sacramento (City) policies that apply to the procurement of goods.

This policy supplements requirements set forth in the Sacramento City Charter and City Code, including [City Code Chapter 3.56](#).

II. Purpose

To ensure that all procurement functions are performed in compliance with applicable federal, state and City laws, regulations, ordinances, and policies, to ensure the uniform and consistent application of the procurement process, and to ensure fairness, open competition, and competitive pricing.

III. Definitions

- **Addendum** – An amendment to a solicitation.
- **Amendment** – A modification to the terms of a contract.
- **Best Value** – Best value means the contract that, in the City’s estimation, provides the greatest overall benefit to the City.
- **Bidder** – Any person who submits a bid in response to a solicitation for a contract to be awarded to the lowest responsible bidder.
- **Buyer** – Either: (1) a position or employee in Procurement authorized by the City Manager or Director of Finance to administer the procurement of goods on behalf of one or more City departments; or (2) a position or employee outside of Procurement authorized by the applicable department head to administer the procurement of goods on behalf of the department. A buyer is not authorized to execute goods contracts on behalf of the City unless such signature authority has been delegated by the City Manager in accordance with applicable provisions of the City Code.
- **Citywide Contract** – A contract administered by Procurement to procure goods for multiple departments.
- **Competitive Bidding** – The process of soliciting bids and awarding a contract to the lowest responsible and responsive bidder.
- **Contract** – Any binding document, regardless of what it is called, for the procurement of goods. References to a “contract” shall be deemed to include all documents attached to or incorporated in the contract.
- **Contractor** – A person, firm, or other entity that contracts with the City to provide

goods.

- **Cooperative Purchasing** – Procurement conducted by, or on behalf of two or more public agencies to leverage their combined purchasing power.
- **Emergency Contract** – A contract initiated when the public interest and necessity demand immediate procurement of goods to safeguard life, health, or property to permit the continued conduct of City operations or services or to mitigate further damage.
- **Goods** – Any supplies, equipment, materials, or other tangible items to be purchased, rented, leased, or otherwise acquired by the City, including materials for the maintenance or repair of any street, sewer, or water work.
- **Micropurchase Threshold** – The dollar amount at which the federal government has determined no competition is required for purchasing.
- **Invitation for Bid (IFB) or Request for Bid (RFB)** – A written invitation or request for bids for a contract to be awarded to the lowest responsible bidder.
- **Local Business** – A business operating within the City of Sacramento or unincorporated County of Sacramento consistent with the City’s Local Business Enterprise (LBE) Program.
- **Lowest Responsible Bidder** – The lowest responsible bidder determined in accordance with the criteria specified in [City Code § 3.56.020](#), that includes a bid evaluation deduction for local bidders subject to the City’s local sales or use tax.
- **Market Price** – Current prices that are established in the course of ordinary trade competition between buyers and sellers free to bargain, and prices that can be substantiated through competition or from sources independent of vendors that respond to a particular solicitation or request for information.
- **Payment Voucher** – A document that records the accounting, distribution, and payment of the invoice.
- **Piggybacking** – Relying on a solicitation process conducted by another public agency, if permitted by the other public agency.
- **Procurement** – Unless indicated otherwise by the context, this term is intended to include all functions that pertain to obtaining the goods, including the preparation of specifications and requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.
- **Procurement Procedures** – Written procedures developed by Procurement that specify more detailed operational guidance for City procurement, consistent with

applicable provisions of the City Charter, City Code, City policies and procedures.

- **Proposal** – An offer in response to a solicitation for a contract to be awarded on a basis other than lowest cost.
- **Proposer** – Any person that submits a proposal in response to a solicitation for a contract to be awarded on the basis of best value.
- **Purchase Order** – A written authorization for a vendor to supply goods or services at a specified price and over a specified period of time. In the absence of a contract executed by the City and contractor, acceptance of the purchase order shall constitute a binding contract. The use of a purchase order instead of a fully executed contract is subject to approval of Procurement, the City Attorney’s Office, and Risk Management.
- **Request for Proposals (RFP)** – A written request for proposals to provide specified supplies for a contract to be awarded on a basis other than the lowest responsible bidder.
- **Request for Qualifications (RFQ)** – A written request for the submission of qualifications to provide specified nonprofessional services. RFQs are used to identify contractors with adequate qualifications to provide the specified services.
- **Responsive Bidder** – A bidder whose bid meets all of the bidding requirements in the solicitation.
- **Specifications** – A complete description of the physical and/or functional characteristics and quantity of the goods to be provided. Specifications may also include a description of any requirement for inspecting, testing, or preparing a material item for delivery. Specifications shall be included with the solicitation.
- All definitions set forth in [City Code Chapter 3.56](#) shall also apply.

IV. Policy

1. General Requirements Applicable To All Purchases

- A. The City Code prohibits splitting or separating into smaller units any requirement for goods, for the purpose of evading the applicable requirements for competitive bidding or City Council award. The City Code defines this prohibited practice as reducing the amount of goods to be furnished under circumstances where there is a reasonable knowledge that the same goods will be required within the same budgetary term, that there are funds available for such additional goods, and the purpose is to knowingly avoid formal competitive bidding.
- B. To the extent practical, departments shall include representatives from

Procurement in departmental meetings that discuss long-range planning for the procurement of goods and logistical goods requirements, and whenever possible:

1. Departments shall use Citywide contracts, and
 2. Departments and Procurement shall work together to plan annual requirements for goods, in order to maximize economic efficiencies, and to avoid impermissible contract splitting.
- C. Procurement shall direct and manage the procurement process for all goods defined as Citywide goods. Authority for the management of a Citywide contract may be delegated by the Procurement Manager.
- D. The solicitation and award procedures specified in this policy for the purchase of goods vary depending on the amount of the procurement. For purposes of determining which solicitation and award procedures apply:
1. When a Citywide contract is used, the procurement amount is the total amount of the Citywide contract.
 2. When a Citywide contract is not used, the procurement amount for a specific purchase is the sum of:
 - a. the total amount to be spent over the potential life of the contract, or
 - b. if no contract exists, the total amount that the department will pay for the same goods in the same fiscal year.
 3. The determination of what constitutes the “same goods” under subsection 2, above, shall be made by the Procurement Manager or their authorized designee.
- E. Contracts less than \$250,000 do not require the approval of the City Council and may be executed on behalf of the City by the City Manager or authorized designee. Delegations of approval authority are specified in the [Signing Authority Policy](#). In the event of a declared emergency pursuant to the [City Code Chapter 2.116](#), the City Manager or authorized designee may supplement an existing contract by up to \$249,999.99 (without regard to the original contract value) for transactions related to the emergency response.
- F. For purchases of any amount, the purchase amount shall be calculated based on the full cost of any term and/or quantity extensions provided for in the contract including all associated costs such as tax and shipping.
- G. When purchase of goods includes onsite delivery, installation, or training

services, general liability and workers compensation insurance (including a waiver of subrogation) shall be required. If a vehicle is used to deliver the goods or otherwise perform the services, auto liability insurance shall be required. If goods will be delivered by a common carrier and no vehicle will otherwise be used, auto liability insurance shall not be required.

- H. Staff must work with Procurement to open a purchase order before the Finance Department can pay an invoice. Blanket purchase orders may be utilized to fulfill temporary and/or unpredictable goods requirements.
- I. When purchases utilize non-City funding (e.g., federal, state, or local grant funds, or other outside funding sources), purchasing must be completed in accordance with all requirements imposed by the funding entity and applicable laws and regulations. As a result, special terms may be required in the solicitation and/or contract. Buyers must consult with the City Attorney's Office to determine what additional or different terms may apply based on the funding source prior to issuing a solicitation.

2. Solicitation Thresholds and Requirements

2.1 Goods Purchases of \$10,000 or Less (Micropurchasing)

- A. Micropurchasing (purchases of \$10,000 or less) does not require competitive bidding and the provider of the goods may be selected at the discretion of the Buyer. No minimum number of price quotations is required.
- B. The City Manager may approve adjustments to the threshold for micropurchasing but may not exceed the Micropurchase Threshold.
- C. Price quotations shall be written¹.
- D. Although not required, if price quotations are requested from more than one prospective contractor, the same information must be provided to all contractors and they must be allowed adequate time to respond.
- E. The City's LBE Program requirements do not apply to micropurchases but contracting with local businesses is encouraged.

2.2 Goods Purchases of More Than \$10,000 Up To and Including \$100,000 (Informal Bidding)

- A. The Buyer shall be responsible for soliciting bids from at least three

¹ If quotations are obtained over the phone, the Buyer must document the information received utilizing a standard form provided by Procurement.

prospective contractors, unless the Buyer documents that the goods are not reasonably available from at least three contractors.

- B. In addition to the application of the five percent (5%) LBE Preference, as described in the City's LBE Program.² At least one (1) of the bids solicited must be from a local business unless the Buyer documents that the goods are not reasonably available from a local business.
- C. Bids must be written.³ All prospective contractors contacted must be given the same information and the same amount of time to respond.
- D. Contract award shall be made to the lowest responsible and responsive bidder.
- E. Exceptions to the above requirements are provided for in Section 3, When Competitive Bidding Is Not Required.

2.3 Goods Purchases of More Than \$100,000 and Less Than \$250,000 (Formal Competitive Bidding)

- A. The issuance of a formal Invitation for Bids (IFB) or Request for Bids (RFB) and advertising on the City's [bid portal](#) is required.⁴
- B. Bids must be obtained in writing, and all prospective vendors must be given the same information and the same time to respond.
- C. The minimum time required for advertising an IFB or RFB on the City's [bid portal](#) is ten (10) calendar days. The length of the advertisement period should be appropriate to the industry standards for the particular goods, to achieve the maximum practical notice and competition, and may be longer if necessary to satisfy requirements imposed by law or regulations or applicable funding requirements.
- D. Bids shall be received and opened by the Buyer.
- E. Contract award shall be made to the lowest responsible and

² While the City's LBE Program does not apply to federally funded contracts, the requirement to solicit at least one (1) bid from a local business as part of the informal bidding process does apply to federally funded contracts as it is not a prohibited "preference."

³ If quotations are obtained over the phone, the Buyer must document the information received utilizing a standard form provided by Procurement.

⁴ A formal IFB or FRB issued by another City department may satisfy this requirement.

responsive bidder.

- F. Notice of contractor selection shall be provided to all bidders in writing as soon as reasonably practical to start the protest period.
- G. Exceptions to the above requirements are provided for in Section 3, When Competitive Bidding Is Not Required.

2.4 Goods Purchases of \$250,000 or More (Formal Competitive Bidding)

- A. The issuance of a formal IFB or RFB and advertising on the City's website for Contracting Opportunities is required.⁵
- B. Bids must be obtained in writing and all prospective bidders must be given the same information and same amount of time to respond.
- C. The minimum time required for advertising solicitations on the City's [bid portal](#) is ten (10) calendar days. The length of the advertisement period should be appropriate to the industry standards for the particular goods to achieve maximum competition, and may be longer if necessary to satisfy requirements imposed by law or regulations or applicable funding requirements.
- D. A public bid opening by the City Clerk or authorized designee shall be conducted.
- E. Contracts of \$250,000 or more must be awarded by the City Council.
- F. A notice of intent to award shall be provided to all bidders in writing as soon as reasonably practical to start the bid protest period.
- G. Award will be made to the lowest responsible and responsive bidder, unless a different action is taken by the City Council pursuant to the City Charter or City Code.
- H. Exceptions to the above requirements are provided for in Section 3, When Competitive Bidding Is Not Required.

3. When Competitive Bidding Is Not Required

3.1 Purchases of More Than \$10,000 and Less Than \$250,000

- A. The exceptions in this subsection may not be valid if certain state or federal funds are used. Consult with the City Attorney's Office if using

⁵ A formal IFB or FBR issued by another City department may satisfy this requirement.

non-City funds.

- B. The bidding requirements specified in Section 2, Solicitation Thresholds and Requirements, do not apply if any of the following conditions are met:
1. After advertising for bids as required, no bids are received, or all bids received are rejected because they are invalid or nonresponsive. If this occurs, a different procurement method may be used, provided the use of such method is documented and approved as provided in subsection 3, below.
 2. The contractor awarded a contract fails to enter into the contract. If this occurs, the next lowest bidder, if there is one, shall be awarded the contract, if such bidder's price is acceptable. If there is no such bidder, a different procurement method may be used, provided the use of such method is documented and approved as provided in subsection 3, below.
 3. It is in the City's best interest to use a different procurement method. This justification must be documented by the Buyer, and the request to use a different procurement method must be approved by the applicable department head and Procurement Manager, in accordance with applicable Procurement procedures.

Examples of alternative procurement methods include:

- i. Competitive negotiation: The Buyer negotiates with two (2) or more suppliers to obtain a contract for the lowest price. Documentation shall be maintained of all negotiation discussions, terms, and offers.
- ii. Sole source/sole brand procurement: After conducting a good faith review of available sources, the Buyer determines there is only one reasonable and practicable source for the required goods.

(1) The following are other examples of circumstances that could necessitate a sole source procurement:

- When the goods are only available

from a sole or single source based on that source's unique capability or intellectual property rights. A requirement for a particular proprietary item does not justify a sole source procurement if more than one potential bidder or offeror for that item is reasonably and practicably available.

- When, in the case of a follow-on contract for highly specialized goods, it is likely that award to another contractor will result in: (1) substantial duplication costs that are not expected to be recovered through competition; or (2) unacceptable delays where the costs will exceed the costs expected to be recovered through competition.
- Compatibility of equipment, accessories, or replacement parts is the paramount consideration.
- A sole supplier's item is needed for trial use or testing or is to be procured for resale.

(2) All requests for this restrictive method of procurement shall be accompanied by an explanation as to why no other source of supply will be suitable or acceptable to meet the need. Documentation shall be maintained of all negotiation discussions, terms, and offers.

- iii. Use of a Request For Proposal (RFP) process: An RFP process is used to allow the award of the contract on a best value or other basis (not to the lowest bidder) due to the need to take into account other factors in addition to price, such as the need for more than one contractor if authorized.
4. Emergency contracts: When emergency conditions render

competitive bidding impractical and the determination of an emergency is approved by the department head.

5. Cooperative purchasing or piggybacking: The Buyer may obtain goods through competitively procured cooperative purchasing agreements or by piggybacking off of other public agencies' competitive contracts without separate competitive bidding by the City. Cooperative purchasing or piggybacking shall comply with applicable Procurement procedures.
6. Surplus Goods: Under [City Code § 3.80](#), when it is advantageous to the City, the City Manager may direct the purchase of surplus goods from the United States Government, or any agency thereof, or from the State of California, or any agency thereof, or any public body, without separate competitive bidding.

3.2 Purchases of \$250,000 or More

- A. The exceptions in this section may not be valid if certain state or federal funds are used. Consult with the City Attorney's Office if non-City funding will be used.
- B. These exceptions do not affect the requirement for City Council to approve of all contracts for \$250,000 or more.
- C. Council reports and resolutions prepared for a recommendation to suspend competitive bidding must set forth factual justification to support a finding that such action is in the best interests of the City. Questions concerning the applicability of competitive bidding requirements should be directed to the City Attorney's Office.
- D. Under [City Code § 3.56.230](#), competitive bidding is not required for purchases of \$250,000 or more under the following circumstances:
 1. After advertising for bids as required, no bids are received or all bids received are rejected because they are invalid or nonresponsive. If this occurs, a different procurement method may be used, provided the use of such method is documented and approved as provided in subsection 3, below.
 2. The contractor awarded a contract fails to enter into the contract. If this occurs the next lowest bidder, if there is one,

shall be awarded the contract, if such bidder's price is acceptable. If there is no such bidder, a different procurement method may be used, provided the use of such method is documented and approved as provided in subsection 3, below.

3. The City Council determines on a **2/3 vote** that it is in the best interests of the City to suspend competitive bidding. The suspension of competitive bidding can be recommended for various reasons, including:

- i. Other competitive methods: Alternative methods for contractor selection, such as using an RFP process to allow award of the contract on a best value or other basis (not to the lowest bidder) due to the need to take into account other factors, such as the need for more than one contractor, in addition to price.
- ii. Competitive negotiation: The Buyer negotiates with two or more suppliers to obtain a contract for the lowest price.
- iii. Sole source/sole brand procurement: After conducting a good faith review of available sources, the Buyer determines there is only one reasonable and practicable source for the required goods.

(1) The following are other examples of circumstances that could necessitate a sole source procurement:

- When the goods are only available from a sole or single source based on that source's unique capability or intellectual property rights. A requirement for a particular proprietary item does not justify a sole source procurement if more than one potential bidder or offeror for that item is reasonably and practicably available.
- When, in the case of a follow-on contract for services, it is likely that

award to another contractor will result in: (1) substantial duplication costs that are not expected to be recovered through competition; or (2) unacceptable delays where the cost will exceed the costs expected to be recovered through competition.

- Compatibility of equipment, accessories, or replacement parts is the paramount consideration.
- A sole supplier's item is needed for trial use or testing or is to be procured for resale.

(2) All requests for this restrictive method of procurement shall be accompanied by an explanation as to why no other source of goods will be suitable or acceptable to meet the need. Documentation shall be maintained of all negotiation discussions, terms, and offers.

4. Emergency contracts: When emergency conditions render competitive bidding impractical and the determination of an emergency is approved by the department head.
5. Cooperative purchasing agreements or piggybacking: The Buyer may obtain goods through a competitively procured cooperative purchasing agreements or piggybacking off of other public agencies' competitive contracts without separate competitive bidding by the City.
6. Surplus goods: Under [City Code § 3.56.250](#), when it is advantageous to the City, the City Manager, on approval by the City Council, may direct the purchase of surplus goods from the United States Government, or any agency thereof, or from the State of California, or any agency thereof, or any public body, without separate competitive bidding.

4. Items Requiring Review Prior To Purchase

- A. Certain purchases require review by other City departments or divisions before a purchase can be made. Such reviews are intended to ensure

consistency and conformity with City standards. Unless otherwise specified, these reviews are required regardless of the purchase amount. Review of proposed goods by the noted departments/divisions prior to contracting for such goods is required as follows:

1. Department of Information Technology

- a. Computer equipment, software, and other information technology items
- b. Radios, telephones, cell phones, pagers, and other communications

2. Procurement Manager or authorized designee

- a. Cooperative purchasing agreements — for less than \$250,000 contracts

3. Fleet

- a. Vehicles and related equipment that require at least two of the following (or other criteria set forth in the [Fleet Purchasing/Budgeting Policies](#)):
 - i. fuel to be operated (including electricity)
 - ii. tires or tracks
 - iii. license/titling with California Department of Motor Vehicles (DMV)
 - iv. mounting to fleet equipment that use fuel
 - v. an operator to ride on to operate

4. Facilities (in consultation with the department in which the facilities reside)

- a. Purchases for goods at facilities or sites that require electrical, mechanical, plumbing, or structural changes (except facilities or sites within the street right of way)

5. Solicitation Methods

5.1 Invitation For Bid (IFB)/Request For Bid (RFB)

- A. IFBs or RFBs are required for the procurement of goods costing

more than \$100,000, except as otherwise provided in Section 3, When Competitive Bidding Is Not Required.. This does not preclude the use of IFBs or RFBs for procurements below this threshold.

- B. The Buyer shall bear the overall responsibility for the preparation of bid specifications, utilizing a standardized IFB/RFB format, as provided by the Procurement procedures or otherwise approved by the City Attorney's Office.

5.2 Other Procurement Methods (When Competitive Bidding Is Waived)

- A. Alternative procurement methods to IFB or RFB should only be used where appropriate and practical, and as authorized under Section 3, When Competitive Bidding Is Not Required.
- B. RFPs must meet the requirements set forth in the [Non-Professional Services Policy](#) and applicable Procurement procedures, unless an alternative to the standard RFP process is specifically approved pursuant to Section 3, When Competitive Bidding Is Not Required.
- C. A two-step RFQ/RFP must meet the requirements set forth in the [Non-Professional Services Policy](#) and applicable Procurement procedures, unless an alternative to the standard RFQ process is specifically approved pursuant to Section 3, When Competitive Bidding Is Not Required.

6. Amending or Cancelling A Solicitation

- A. An addendum shall be used to modify a solicitation, and shall be issued not less than three (3) calendar days, not including weekends or recognized City holidays, before the deadline specified for receipt of bids or proposals.
- B. If an addendum is needed for extending the deadline or cancelling the solicitation it may be issued less than three (3) calendar days, not including weekends or recognized City holidays, before such date if necessary.
- C. The minimum components required for addendums are identified in applicable Procurement procedures.
- D. The addendum shall be published using the same media used to advertise the original solicitation, including the City's [bid portal](#). Addendums shall be sent to all prospective bidders/proposers known to have received a solicitation.

7. Public Disclosure

- A. Solicitations for purchases of \$100,000 or more shall be posted on the City's

[bid portal.](#)

- B. After bid opening, bids shall be made available in response to a request for public inspection, in accordance with the California Public Records Act.
- C. Proposals shall be made available in response to a request for public inspection after the solicitation process is complete, in accordance with the California Public Records Act.
- D. If the bidder or proposer designates any portion of the bid as proprietary or confidential, or any other public disclosure issues are presented, the Buyer shall consult with the City Attorney's Office prior to any response or disclosure.

8. Acceptance and Evaluation or Rejection Of Bids or Proposals

8.1 Late Bids or Proposals

- A. A bid or proposal is late if it is received at the location designated in the solicitation or after the deadline specified in the solicitation.
- B. A late bid or proposal shall be rejected and not considered, regardless of the reason for lateness, including circumstances beyond the control of the bidder.
- C. A late bid or proposal shall not be opened, except (if necessary), for identification purposes. Delivery and return of late bids or proposals shall be handled in the following manner:
 - 1. If delivered in person, a late bid or proposal shall be rejected and returned to the person delivering it (failure to reject it at the time of delivery does not constitute acceptance);
 - 2. If not delivered in person, a late bid or proposal shall be returned by certified mail;
 - 3. Bidders or proposers submitting late bids or proposals that will not be considered for award shall be notified as soon as practicable.

8.2 General Requirements For Acceptance and Evaluation

- A. Bids or proposals shall not be altered or corrected after opening, except for minor irregularities as specified in the solicitation document and/or the City Code. A bid or proposal may be withdrawn by the bidder only if authorized in the solicitation or under State law.

- B. Only the City Council has the authority to waive minor irregularities for bids or proposals of \$250,000 or more. For bids or proposals valued at less than \$250,000, the City Manager or authorized designee has the authority to waive minor irregularities.
- C. No criteria shall be used in bid or proposal evaluations that are not referenced in the solicitation or in applicable provisions of the City Code or other applicable laws or regulations.
- D. When leasing is proposed, a lease cost versus buy cost analysis shall be conducted as part of the bid or proposal evaluation; if this analysis shows that buying the goods is a lower cost option, a written justification for selecting the lease option shall be prepared and approved by the Buyer for consideration by the approving authority prior to contract approval.
- E. When an RFP process is used (if authorized instead of an IFB/RFB, as noted above), no discussions for any purpose other than administrative clarification may be conducted with proposers after submission of proposals, except during the presentation phase, if any.

8.3 Determination of Lowest Bid

- A. For an IFB or RFB, the contract shall be awarded to the lowest responsible and responsive bidder. Deferred cost factors, such as life cycle cost and disposal cost, may be considered in determining the bid amount, but only if specifically provided in the solicitation.
- B. If a bidder that otherwise would have been the lowest responsible bidder is determined to be non-responsible, after consulting with the City Attorney's Office, the Buyer shall prepare a written determination of non-responsibility, setting forth the basis of the finding of non-responsibility and advising the bidder that it may request a hearing on the matter, and shall send such determination to the bidder by certified mail.
- C. If there are two or more low responsive bids from responsible bidders that are identical in price, quality, and service, and both meet all the requirements and criteria set forth in the IFB or RFB, then award, if made, shall be made by a drawing of lots. During a drawing of lots, the Buyer shall utilize a deck of cards (with the face cards removed). Representatives for each tied bidder will draw a card. The bidder with the low card will be awarded the contract.

8.4 Rejection of Bids or Proposals

- A. For contracts less than \$250,000, the department head or the Buyer shall have the authority to reject a bid or proposal, after consulting with the City Attorney's Office.
- B. For contracts of \$250,000 or more, only the City Council has the authority to reject any valid bid or proposal. The department head or the Contracts Manager shall have the authority to determine that a bid is not responsive or the bidder is not responsible, after consulting with the City Attorney's Office.

8.5 Notice of Intent To Award

A notice of intent to award shall be provided for all published solicitations as soon as reasonably practical to start the protest period. The [Bid Protest Procedure](#) approved by the City Manager may also apply to informal solicitations.

8.6 Contract Form and Documentation

- A. For all levels of contract award, a current supplies contract form, as approved by the City Attorney's Office, shall be executed prior to starting any services. Current Citywide approved forms are available on the [Procurement page](#) on the City's intranet.
- B. For contracts of \$250,000 or more, the contract must be signed by the contractor and the City Attorney's Office **prior to City Council award of the contract.**
- C. For all levels of contract award, contract documents must be fully executed (obtain all signatures and provide any required contract documents) prior to performance of the contract.

9. Bid Security/Bonds and Insurance

9.1 Bid Security

- A. The Buyer shall determine whether to require bid security, consistent with the level of risk associated with the purchase, and the requirement shall be specified in the solicitation.
- B. Bids received without the required security shall be considered non-responsive and will be rejected.
- C. Bid security shall be returned to unsuccessful bidders after a successful bidder is selected and awarded the contract.

- D. Bid security may be forfeited and applied as specified in [City Code § 3.56.150](#).

9.2 Performance Bonds

- A. The Buyer shall determine whether to require a performance bond, consistent with the level of risk associated with the purchase, and the requirement shall be specified in the IFB.
- B. Performance bond requirements shall be described in the solicitation and shall conform to applicable Procurement procedures.
- C. Performance bonds shall be accepted only from sureties admitted and duly authorized to transact business in the State of California and shall be “approved as to form” by the City Attorney’s Office.
- D. Failure to submit the required bond within the time specified in the notice of award may be just cause for annulment of the award and forfeiture of the bidder's bid security.

9.3 Insurance

- A. All insurance requirements specified in the current standard contract form must be satisfied prior to approval and execution of the contract by the City, unless otherwise approved by Risk Management.
- B. Additional insurance requirements may apply depending upon the type of goods being purchased. Departments must consult with Risk Management on any additional insurance requirements to be added to solicitations and/or contracts.
- C. All changes to contractual provisions including insurance requirements must be approved by the City Attorney’s Office and the department head prior to contract approval and execution by the City.

10. Bid Protest

Bidders or proposers responding to a solicitation on a contract may file a bid protest in accordance with procedures adopted by the City Manager’s Office and posted on the City’s [website](#).

11. Multi-Year Contracts

- A. No contract term shall extend beyond a total term, including extensions and renewals, of five (5) years, provided that:

1. For contracts less than \$250,000 (in total including extensions), a longer term may be approved if the department head or authorized designee determines that special circumstances require a total term of more than five (5) years, and the City Manager or authorized designee approves such extended term.
 2. For contracts of \$250,000 or more, a longer term may be approved by the City Council.
 3. The total contract amount shall be determined based on the compensation paid during the total term, including any extensions or renewals authorized by the contract.
- B. An extension or renewal of a contract must be authorized in the contract.
 - C. Contracts must be authorized by the City Council when the total price of the contract, including any extended or renewed term(s) authorized by the contract terms, will be \$250,000 or more.
 - D. The contract price shall include the cost to the City of tax, shipping, and any other applicable charge.
 - E. All multi-year contracts and contract extensions or renewals shall serve the best interest of the City. The decision whether to approve contract extensions or renewals shall consider factors such as market price adjustments, product and service availability, impact on City operations and the utilization of small and local businesses.

12. Small and/or Disadvantaged Business Participation and Reporting Requirements

The City may adopt an ordinance or program which allows departments to give preference to small and/or disadvantaged businesses during bid or proposal evaluation. Upon adoption of any such ordinance or program, the following will apply:

- A. Program requirements shall be met for all purchases as specified in Procurement procedures, unless these requirements are reduced or waived by the department head, or an external funding source prohibits the use of such preferences or requires the use of other business enterprise requirements.
- B. Any modification or waiver of applicable requirements must be requested in writing and approved by the department head prior to any advertisement or posting to the City's [bid portal](#).
- C. Departments shall be responsible for meeting any related participation

goals on a department-wide basis.

13. City Ordinances

Various City Ordinances may apply to solicitations for goods. Solicitations for which such ordinances apply shall contain ordinance requirements and standard forms and declarations as available. The buyer is responsible for reviewing required forms and declarations and applying preferences as required during the evaluation process. The following ordinances may apply:

- A. Equal Benefits Ordinance: Contracts exceeding thresholds set in [City Code Chapter 3.54](#) are subject to all applicable provisions of said Code section (commonly referred to as the Equal Benefits Ordinance, or EBO) and as outlined in the [Non-Discrimination in Employee Benefits By City Contractors Policy](#).
- B. Local Business Enterprise (LBE) Preference: Bidders or proposers qualifying as Local Businesses as defined in the City's LBE Program may receive an evaluation preference as outlined in the Requirements of the LBE Program.
- C. Sustainable Purchasing Policy Preference: Buyers must apply this preference as outlined in the [Sustainable Purchasing Policy](#), as applicable.
- D. Reporting Requirements: Contracts for the purchase of recovered organic waste products as defined in [California Code of Regulations, Title 14, § 17869](#) shall be subject to additional reporting as outlined in the Code. Buyers are responsible for including reporting requirements in applicable solicitations and contracts.
- E. Other state or local requirements as applicable.
- F. When purchases utilize non-City funding (e.g., federal, state, or local grant funds, or other outside funding sources), purchasing must be completed in accordance with all requirements imposed by the funding entity and applicable laws and regulations. As a result, City ordinances may not apply.

14. Contract Amendments

- A. Contract amendments may be approved by the City Manager or authorized designee, within the limits of approval authority specified in [City Code Chapter 3.04.020](#) and this policy. Amendments exceeding these limits must be approved by the City Council.
- B. Delegations of the City Manager's approval authority are specified in the [Signing Authority Policy](#).

- C. Any amendments extending the term of a contract must be approved by the appropriate approval authority prior to expiration of the unextended term, and shall not exceed the term advertised in the solicitation document.

15. Payment Methods and Payment Terms

15.1 Payment Methods

- A. Original invoices shall be required for all payments.
- B. No advance payments are allowed, unless approved by the Finance Department.

15.2 Payment Terms

- A. Vendor invoices must contain all information required by the contract.
- B. Payment terms are NET thirty (30) days unless the vendor offers a prompt payment discount that is accepted by the City.
- C. All payment discounts shall be computed from the date of acceptance of goods, or from the date an invoice is received, whichever occurs later.
- D. The Finance Department, Accounting Division must approve payment terms that are inconsistent with this policy.

16. Transaction Number Log

- A. Each department shall establish and maintain a transaction number log for all department solicitations for which a formal IFB or RFP (or other published solicitation) is issued. The transaction number log shall be organized based on solicitations initiated within each department.
- B. A transaction number shall be assigned to each published solicitation and will be used to identify and track all related activity through requisition and payment, if applicable.
- C. Transaction numbers will be prominently displayed on the published solicitation and on the City's [bid portal](#), if applicable.
- D. Transaction numbers shall be created in accordance with Procurement procedures.

17. Employee Conflict of Interest/Ethics

- A. Pursuant to [City Code Chapter 2.16, Conflict of Interest](#), no employee, officer, or agent of the City may participate in the solicitation, award, or administration of a contract (including purchases made through other means – such as P-Cards or purchase orders) if they have a real or apparent conflict of interest. A real or apparent conflict of interest would arise if any prospective or existing consultant, contractor, or any subcontractor considered for an award is:
1. An employee, officer, or agent of the City.
 2. A member of an employee's, officer's, or agent's immediate family.
 3. A business partner of any employee, officer, or agent of the City.
 4. An organization that employs any of the persons identified above, or with which any of the persons listed above has a financial or other interest, including an arrangement concerning prospective employment.
- B. No employee, officer, or agent of the City who participates in the solicitation, award, or administration of a contract shall have, directly or indirectly, any other financial or personal interest in any contract made or influenced by the employee, officer, or agent in their official capacity.
- C. No employee, officer, or agent of the City shall solicit or accept gratuities, favors, or anything of monetary value from potential or existing consultants, contractors, or parties to subcontracts, except as permitted by the Political Reform Act ([California Government Code, § 81000 et seq.](#)) and its implementing regulations. Any gifts received shall be reported consistent with the Fair Political Practices Commission's requirements.
- D. Violations of these standards may result in sanctions, or other forms of discipline up to and including termination as necessary, consistent with applicable [labor agreements](#) and the [Rules and Regulations of the Civil Service Board](#).

In addition, the City's Conflict of Interest Code provides that employees may be subject to any form of discipline that is statutorily available for those participating in the selection, award, or administration of a contract if a conflict of interest exists, as set forth in California Government Code §§ [81000-91014](#).



Charter Officer Review and Acknowledgement

PROCUREMENT OF GOODS

(Signature by all Charter Officers is not a requirement for policy adoption)



Howard Chan (Dec 20, 2024 11:18 PST)

City Manager

12/20/2024

City Attorney

City Clerk



John P. Colville (Dec 20, 2024 10:28 PST)

City Treasurer

12/20/2024

City Auditor