



# Procurement of Supplies

## FULL POLICY CONTENTS

Policy Statement  
Purpose  
Forms/Instructions  
Procedures  
Contacts

**Policy Number:** *AP-4001*

**Document Type:** *Policy*

**Version:** *1.1*

## ADDITIONAL DETAILS

Definitions  
Appendices  
FAQ  
Related Information  
History

**Effective:** *February 2010*

**Last Updated:** *February 2010*

**Responsible Department/Division:**  
*Department of General Services /  
Procurement Division*

## Policy Statement

This Administrative Policy sets forth City policies that apply to the procurement of supplies.

This policy supplements requirements set forth in the Sacramento City Charter and City Code, including City Code Chapter 3.56.

### Special Situations

Not Applicable

### Exclusions

Not Applicable

---

## 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.

---

## Forms/Instructions

# Procedures

---

## Contacts

Department of General Services, Procurement Division

Office of the City Clerk

Office of the City Attorney

---

## Definitions

### Addendum

An amendment to an invitation for bid (IFB) or request for proposals (RFP).

### Best Value

Best value means the expected outcome of a procurement that, in the City's estimation, provides the greatest overall benefit in response to the requirement.

### Buyer

Either (1) A position or employee in the Procurement Services Division authorized by the City Manager or Director of General Services to administer the procurement of supplies on behalf of one or more City Departments, or (2) a position or employee outside of the Procurement Services Division authorized by the applicable Department Director to administer the procurement of supplies on behalf of the Department. A Buyer is not authorized to execute supply 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.

### City-wide Contract

A contract administered by the Procurement Services Division to procure supplies for multiple Departments.

### Competitive Bidding

The process of soliciting bids and awarding a contract to the lowest responsive and responsible bidder.

### Contract

Any binding contract document, regardless of what it is called, for the procurement of supplies. 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 supplies.

### Emergency Contract

A contract initiated when the public interest and necessity demand immediate procurement of supplies to safeguard life, health, or property, to permit the continued conduct of City operations or services, or to mitigate further damage.

### **Emerging and Small Business Enterprise (ESBE) Requirements**

The procurement requirements and procedures imposed pursuant to the program established by the City Council to promote and provide incentives for the participation of emerging and small business enterprises in City contracts.

### **Invitation for Bid (IFB)**

A written notice issued to potential bidders that includes bid specifications and specifies, among other things, the procedures for bid submittal and place, date and time of bid opening.

### **Lowest Responsible Bidder**

The lowest responsible bidder determined in accordance with the criteria specified in City Code Section 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.

### **Procurement**

Contracting, purchasing, renting, leasing or otherwise acquiring for the City any supplies. Unless indicated otherwise by the context, this term is intended to include all functions that pertain to obtaining the supplies, including the preparation of specifications and requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

### **Procurement Guidelines**

Written guidelines developed by City staff and approved by the City Manager that specify more detailed operational requirements for City procurement, consistent with applicable provisions of the City Charter, City Code and Administrative Policy Instructions (APIs).

### **Purchase Order**

A written authorization for a vendor to supply goods or services at a specified price and over a specified period of time. Acceptance of the purchase order constitutes a binding contract.

### **Request for Proposals (RFP)**

A written request for proposals to provide supplies, if permitted under Section 2 (When Competitive Bidding is Not Required) below.

### **Responsive Bidder**

A bidder whose bid meets all of the bidding requirements in the IFB.

### **Specifications**

A complete description of the physical and/or functional characteristics and quantity of the supplies 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 IFB and RFP.

### **Supplement**

An amendment to the terms of a contract for supplies that must be approved in accordance with applicable provisions of City Code.

### **Supplies**

Any goods, equipment, materials or other tangible items to be purchased, rented, leased or otherwise acquired by the City.

---

## **Appendices**

None

---

## **Frequently Asked Questions**

---

### **Related Information**

- City Charter-Article XIV Public Contracts and Supplies
- City Code Chapter 3.56, 3.58, 3.60 & 3.80
- Resolution No. 2010-084
- Administrative Policy Regarding Delegation of Signature Authority
- Procurement Guidelines
- Procurement Ethics and Standards of Conduct

---

## **Document History**

**Amended:** NA  
**Supersedes:** API # 1 – Procurement of Supplies and Non-Professional Services  
**Effective:** February 2010

---

## **Policy**

### **1. SOLICITATION THRESHOLDS AND REQUIREMENTS**

#### **1.1 GENERAL REQUIREMENTS APPLICABLE TO ALL PURCHASES**

- (a) City Code Section 3.56.030 prohibits splitting or separating into smaller units any requirement for supplies, for the purpose of evading the requirements for competitive bidding and City Council award that apply to contracts of \$100,000 or more. The City Code defines this prohibited practice as reducing the amount of supplies to be furnished under circumstances where there is a reasonable knowledge that the same supplies will be required within the same budgetary term, that there are funds available for such additional supplies, and the purpose is to knowingly avoid formal competitive bidding.
- (b) To the extent practical, Departments shall include representatives from the Procurement Services Division in Departmental meetings that discuss long-range planning for the procurement of supplies and logistical supply

requirements, and whenever possible:

1. Departments shall use City-wide contracts, and
  2. Departments and the Procurement Services Division shall work together to plan annual requirements for supplies, in order to maximize economic efficiencies, and to avoid impermissible contract splitting.
- (c) The Procurement Services Division shall direct and manage the procurement process for all supplies defined as City-wide supplies. Authority for the management of a City-wide contract may be delegated by the Procurement Services Manager.
- (d) The solicitation and award procedures specified in this policy for the purchase of supplies vary depending on the amount of the procurement. For purposes of determining which solicitation and award procedures apply:
1. When a City-wide contract is used, the procurement amount is the total amount of the City-wide contract.
  2. When a City-wide contract is not used, the procurement amount for a specific purchase is the sum of:
    - a) the amount of the contract or purchase order for that specific purchase, and
    - b) the total amount that the Department will pay for the same supplies in the same fiscal year under any other existing contract or purchase order within that Department (excluding existing contracts that have been awarded or approved by the City Council).
  3. The determination of what constitutes the “same supplies” under subsection 2, above, shall be made by the Procurement Services Division Manager or his/her authorized designee, based on criteria specified in the Procurement Guidelines Manual.
- (e) City Code Section 3.56.080 states that contracts less than \$100,000 do not require the approval of the City Council and may be executed on behalf of the City by the City Manager or any City employee to whom the City Manager has delegated such approval authority. Delegations of approval authority are specified in API # 22 (Signing Authority).
- (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 equipment or supplies includes onsite installation or training services general liability and workers compensation insurance shall be required. If a vehicle is used to perform the services, auto liability insurance shall be required.

## **1.2 PURCHASES OF \$5,000 OR LESS**

- (a) Purchases of \$5,000 or less do not require competitive bidding and the provider of the supplies may be selected at the discretion of the Buyer.

- (b) Price quotations shall be written. All prospective contractors contacted must be given the same information and allowed adequate time to respond.

### **1.3 PURCHASES OF MORE THAN \$5,000 UP TO \$25,000**

- (a) The Buyer shall be responsible for soliciting at least three prospective bidders, unless the Buyer documents that the supplies are not reasonably available from at least three bidders.
- (b) Price quotations shall be written. All prospective vendors contacted must be given the same information and the same amount of time to respond with a quotation.
- (c) Contract award shall be made to the lowest responsive and responsible bidder.
- (d) Exceptions to the above requirements are provided for in Section 2 (When Competitive Bidding is Not Required) of this policy.

### **1.4 PURCHASES OF MORE THAN \$25,000 AND LESS THAN \$100,000**

- (a) The issuance of an Invitation for Bids (IFB) and advertising on the City's web site for Contracting Opportunities are required.
- (b) Bids must be obtained in writing, and all prospective vendors must be given the same information.
- (c) The minimum time required for advertising bids on the City's web site for Contracting Opportunities is ten calendar days. Advertisement of IFBs should be appropriate to the industry standards for the particular supplies, to achieve the maximum practical public notice and competition.
- (e) Bids shall be received and opened by the Buyer.
- (f) Contract award shall be made to the lowest responsive and responsible bidder.
- (g) Exceptions to the above requirements are provided for in Section 2 (When Competitive Bidding is not Required) of this policy.
- (h) Notice of contractor selection shall be provided to all bidders as soon as reasonably practical.

### **1.5 PURCHASES OF \$100,000 OR MORE**

- (a) City Code Section 3.56.120 requires advertising through the City Clerk's office and formal competitive bidding is required for purchases of supplies of \$100,000 or more.
- (b) All such purchases shall be advertised on the City's web site for Contracting Opportunities for a minimum of ten calendar days prior to the date set for receiving bids.
- (c) Bidding shall be conducted in accordance with the requirements of City Code Chapter 3.56 including public opening of bids by the City Clerk or designee.
- (d) Circumstances under which the City Code does not require competitive bidding for contracts of \$100,000 or more are summarized in Section 2 of this policy.

- (e) City Code Section 3.56.090 requires contracts of \$100,000 or more to be approved by the City Council.
- (f) Award is made to the lowest responsive and responsible bidder, unless a different action is taken by the City Council pursuant to the City Charter or City Code.
- (g) Notice of contractor selection shall be provided to all bidders as soon as reasonably practical.

## **2. WHEN COMPETITIVE BIDDING IS NOT REQUIRED**

### **2.1 PURCHASES OF MORE THAN \$5,000 AND LESS THAN \$100,000**

- (a) The bidding requirements specified in Section 1 (Solicitation Thresholds and Requirements) of this policy 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 resulting from a City bid fails to enter into 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 Director and Procurement Services Manager, in accordance with applicable provisions of the Procurement Guidelines.

Examples of alternative procurement methods are:

- (i) Competitive negotiation: The Buyer negotiates with two 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 supplies. 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.

The following are other examples of circumstances that could necessitate sole source procurement:

- 1. Compatibility of equipment, accessories, or replacement parts is the paramount consideration;

2. A sole supplier's item is needed for trial use or testing or is to be procured for resale; or
3. The City receives an unsolicited written offer to provide supplies.

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 RFP process: A RFP process is used consistent with applicable provisions of the Procurement Guidelines.
- (iv) Emergency contracts: When emergency conditions render competitive bidding impractical and the determination of an emergency is approved by the Department Director.
- (v) Cooperative agreements: The Buyer may obtain supplies through competitively bid cooperative purchasing agreements of other governmental jurisdictions or public agencies, when supported by a market analysis showing that the prices and terms are below or meet market rates.

## 2.2 PURCHASES OF \$100,000 OR MORE

- (a) Under City Code Section 3.56.230, competitive bidding is not required for purchases of \$100,000 or more under the following circumstances:
  1. After advertising for bids as required, no valid bids are received. If this occurs, a different procurement method may be used, provided the use of such method is approved by the City Council consistent with applicable provisions of the City Code.
  2. 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 a RFP process and/or selecting a contractor based on factors other than or 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 supplies. 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. The following are other examples of circumstances that could necessitate sole source procurement:
      1. Compatibility of equipment, accessories, or replacement parts is

the paramount consideration;

2. A sole supplier's item is needed for trial use or testing or is to be procured for resale; or
3. The City receives an unsolicited written offer to provide supplies.

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.

- (iv) 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.
- (b) Cooperative purchase agreements: Under City Code Section 3.56.240, the City Manager, where advantageous to the City, may by cooperative purchasing agreements approved by the City Council, purchase supplies through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City.
- (c) Surplus supplies: Under City Code Section 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 supplies 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. BLANKET PURCHASE ORDERS**

Blanket purchase orders shall be utilized to fulfill temporary and/or unpredictable supply requirements that have not or cannot be efficiently obtained through the normal purchasing process.

### **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 supplies by the noted departments/divisions prior to contracting for such supplies 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 Services Division Manager or authorized designee*
    - a. Cooperative purchase agreements — for less than \$100,000 contracts
  3. *Department of General Services -Fleet Operations*
    - a. Vehicles and related equipment that require at least two of the

following:

- (i) fuel to be operated
- (ii) tires or tracks
- (iii) license/titling with DMV
- (iv) mounting to fleet equipment that use fuel
- (v) an operator to ride on to operate

- 4. *Department of General Services - Facilities and Real Property Management Division* (in consultation with the department in which the facilities reside)
  - a. Purchases for supplies at facilities or sites that require electrical, mechanical, plumbing, or structural changes (except facilities or sites within the street right of way)

## **5. INVITATION FOR BID (IFB)**

- (a) IFBs are required for the procurement of supplies costing over \$25,000, except as otherwise provided in Sections 2 (When Competitive Bidding is Not Required) and 3 (Blanket Purchase Orders) of this policy. This does not preclude the use of IFBs for procurements below this threshold.
- (b) The Buyer shall bear the overall responsibility for the preparation of bid specifications, utilizing a standardized IFB format, as provided in the Procurement Guidelines.

## **6. REQUEST FOR PROPOSAL (RFP)**

- (a) RFPs are generally used to solicit services, but may be used to procure supplies where appropriate and practical as authorized under Section 2 (When Competitive Bidding is not Required) of this policy.
- (b) RFPs shall comply with applicable provisions of the Procurement Guidelines.

## **7. AMENDING OR CANCELING AN IFB OR RFP**

- (a) An addendum shall be used to modify an IFB or RFP, and shall be issued not less than 3 working days before the deadline specified for receipt of bids or proposals. Addendums extending the deadline or canceling the IFB or RFP may be issued less than 3 working days before such date if necessary.
- (b) The minimum components required for addendums are identified in the Procurement Guidelines.
- (c) The addendum shall be published using the same media used to advertise the IFB or RFP, including the City website. Addendums shall be sent to all prospective bidders/proposers known to have received an IFB or RFP.

## **8. PUBLIC DISCLOSURE**

- (a) IFBs and RFPs for purchases of \$25,000 or more shall be available for public inspection at the issuing Department and shall be posted on the City website.
- (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 in accordance with the California Public Records Act after the proposal evaluation process is completed.
- (d) If the bidder or proposer designates any portion of its 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.

## **9. ACCEPTANCE AND EVALUATION OR REJECTION OF BIDS OR PROPOSALS**

### **9.1 LATE BIDS OR PROPOSALS**

- (a) A bid or proposal is late if it is received at the location designated in the IFB or RFP after the deadline specified in the IFB or RFP.
- (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;
  - 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.

### **9.2 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 bid document and/or the City Code. A bid or proposal may be withdrawn by the bidder only if so authorized in the Procurement Guidelines or under State law.
- (b) Only the City Council has the authority to waive minor irregularities for bids or proposals of \$100,000 or more. For bids or proposals valued less than \$100,000, the City Manager or 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 bid specifications or RFP or in applicable provisions of the City Code or other applicable laws or regulations.
- (d) When leasing is proposed, a lease cost vs. buy cost analysis shall be conducted as part of the bid or proposal evaluation; if this analysis shows that buying the supplies 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 a RFP process is used (if authorized instead of an IFB, 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.

### **9.3 DETERMINATION OF LOWEST BID**

- (a) For an IFB, the contract shall be awarded to the lowest responsive and responsible 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 IFB.
- (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, then award, if made, shall be made by a drawing of lots.

### **9.4 REJECTION OF BIDS**

- (a) For contracts less than \$100,000, the Department Director or the Buyer shall have the authority to reject bids.
- (b) For contracts of \$100,000 or more, only the City Council has the authority to reject bids.

### **9.5 CONTRACT FORM AND DOCUMENTATION**

- (a) For all levels of contract award, current standard contract forms shall be used.
- (b) For contracts of \$100,000 or more, the contract must be signed by the contractor and the City Attorney's Office, and submitted to the City Clerk, **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.

## **10. BID SECURITY/BONDS AND INSURANCE**

### **10.1 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 IFB.
- (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 Section 3.56.150.

## **10.2 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 IFB or RFP, and shall conform to applicable provisions of the Procurement Guidelines.
- (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.

## **11. BID PROTEST**

### **11.1 CONTRACTS OF MORE THAN \$5000 AND LESS THAN \$100,000**

- (a) A bidder on a contract may file a bid protest (1) claiming that one or more bidders on the contract should be disqualified or rejected for any reason, or (2) contesting a City staff recommendation to award the contract to a particular bidder, or (3) contesting a City staff recommendation to disqualify or reject one or more bidders on the contract. Only a bidder may file a bid protest on a contract.
- (b) The bid protest shall be in writing and shall be filed with the Buyer not later than 5 working days after City staff provides notice of the recommended contract award to the bidders. The bid protest shall provide the name, address, telephone and telecopier numbers of the protesting bidder, shall identify the contract to which the bid protest pertains, including the contract number and date that bids for such contract were received by the City, and shall identify the City department or division requesting bids. The bid protest shall identify and explain the factual and legal grounds for the protest, and shall include and attach any written materials that the protesting bidder wishes to have considered in determining the protest.
- (c) At the time a bid protest is filed, the protesting bidder also shall make payment to the Buyer of a bid protest fee in the amount established by resolution of the City Council, which fee shall be used to pay the City's costs of processing the protest as provided herein.

- (d) Any bid protest that is received by the Buyer after the time period specified above, or that is not accompanied by the bid protest fee, shall be untimely and invalid, and shall not be considered.
- (e) The protesting bidder and any other bidder(s) potentially affected by the bid protest shall be provided written notice of an informal hearing to be held not less than five working days after receipt of the bid protest. The hearing shall be conducted by the Director of the Department requesting bids or his or her authorized designee. The protesting bidder and any other bidder on the contract shall promptly provide any information requested by City staff prior to the informal hearing.
- (f) As soon as practicable after the informal hearing, the Department Director or authorized designee shall issue a written response to the bid protest, including an explanation of the reason or reasons for the decision made. The written response shall be provided to the protesting bidder and any other bidder(s) potentially affected by the bid protest.
- (g) Any bid protest, notice or bid protest response provided by or to the City shall be provided by registered or certified mail (return receipt requested), by telecopy, by personal delivery or by any other method that provides reliable evidence of the date of receipt. Written notice provided by telecopy shall be deemed received on the date that it is transmitted and transmission is confirmed by the transmitting machine. Written notice provided by personal delivery shall be deemed received on the date of delivery.

## **11.2 CONTRACTS OF \$100,000 OR MORE**

- (a) The bid protest procedures specified in subsection 11.1, above, also shall apply to contracts of \$100,000 or more, provided that nothing specified in this section shall limit or otherwise affect the City Council's discretionary authority to accept, reject or modify the bid protest response issued by the Department Director or authorized designee or take any other action authorized under the City Charter or City Code.
- (b) Subsection 11.2(a) shall not apply in cases where the Invitation for Bids provides that bid protests shall be filed in accordance with the provisions of Article X of Chapter 3.60 of the Sacramento City Code (commencing with City Code Section 3.60.460).

## **12. MULTI-YEAR CONTRACTS**

- (a) No contract term shall extend beyond a total term, including extensions and renewals, of five years, provided that:
  1. For contracts less than \$100,000 (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 years, and the City Manager or the City Manager's authorized designee approves such extended term.
  2. For contracts of \$100,000 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 and must occur prior to expiration of the contract term to be valid.
- (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 \$100,000 or more.
- (d) The contract price shall be determined including 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 businesses.

### **13. ESBE PARTICIPATION AND REPORTING REQUIREMENTS**

- (a) Emerging and Small Business Enterprise (ESBE) requirements shall be met for all purchases as specified in the Procurement Guidelines, unless these requirements are reduced or waived by the Office of Small Business Development (OSBD), or an external funding source requires the use of other business enterprise requirements.
- (b) Any modification or waiver of an ESBE requirement must be requested in writing and approved by the OSBD prior to any advertisement or posting to the City's website for Contracting Opportunities.
- (c) Departments shall be responsible for meeting annual ESBE participation goals on a Department-wide basis.
- (d) The OSBD shall compile data relative to ESBE expenditures and utilization and submit periodic reports to the City Manager detailing contract amounts and ESBE participation rates.

### **14. EQUAL BENEFITS ORDINANCE**

- (a) Contracts exceeding \$25,000 are subject to applicable provisions of the City's Non-Discrimination in Employee Benefits Code, codified at Chapter 3.54 of the City Code (commonly referred to as the Equal Benefits Ordinance, or EBO).
- (b) All solicitations shall contain the City's standard EBO Requirements.
- (c) All contracts to which the EBO applies shall contain an executed EBO Declaration of Compliance.
- (d) More detailed information concerning the EBO requirements is set forth in API # 53.

### **15. SUPPLEMENTAL AGREEMENTS**

- (a) Supplemental agreements may be approved by the City Manager or authorized designee, within the limits of approval authority specified in Article VI of City Code Chapter 3.56. Supplemental agreements exceeding these limits must be approved by the City Council.
- (b) Delegations of the City Manager's approval authority are specified in API #22 (Signing Authority).
- (c) Any supplemental agreement extending the term of a contract must be approved by the appropriate approval authority prior to expiration of the unextended term.

## **16. PAYMENT METHODS AND PAYMENT TERMS**

### **16.1 PAYMENT METHODS**

- (a) Original invoices shall be required for all payments.
- (b) No advance payments are allowed, unless approved by the Finance Department.

### **16.2 PAYMENT TERMS**

- (a) Vendor invoices must contain all information required by the contract.
- (b) Payment terms are NET 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 supplies, 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.

## **17. TRANSACTION NUMBER LOG**

- (a) Each Department shall establish and maintain a transaction number log for all Department solicitations for which an IFB or RFP 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 IFB or RFP, 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 IFB or RFP and on the City's web site for Contracting Opportunities (if applicable).
- (d) Transaction numbers shall be created in accordance with procedures established by the Procurement Services Division Manager or authorized designee.

## **18. EMPLOYEE CONFLICT OF INTEREST/ETHICS**

- (a) City employees who are tasked with the responsibility of making procurement decisions, awarding contracts or making recommendations for contract award must discharge their duties impartially so as to assure fair competitive access to City procurement by responsible contractors. Moreover, they should conduct themselves in such a manner as to foster public confidence in the integrity of the City's procurement process. To achieve this purpose, it is essential that those performing procurement functions for the City observe this ethical standard and other City established standards that promote fairness, transparency, integrity and accountability in all procurement transactions.

INDEX

---

**\$**

\$100,000 .5, 6, 7, 9, 10, 12, 13, 15  
 \$25,000 .....6, 10, 11, 16  
 \$5,000 .....6, 7

---

**2**

2/3 Vote.....9

---

**A**

Addendum.....2  
 Advertising .....6, 7, 9  
 Altered.....12  
 Award.....3, 5, 6, 12, 13, 14

---

**B**

Best Value.....2  
 Bid Security .....13  
 Bids .....3, 6, 7, 9, 11, 12, 13  
 Blanket .....10  
 Blanket Purchase Orders.....10  
 Buyer.....2

---

**C**

City Charter .....1, 2, 4, 7  
 City's Best Interest .....8  
 City-Wide Contract.....3  
 Competitive Bidding .....3  
 Competitive Bidding .....7  
 Competitive Negotiation .....8, 9  
 Computer Equipment .....10  
 Conflict .....14, 18  
 Contract . 3, 4, 5, 6, 7, 8, 9, 12, 13,  
 15, 16  
 Contract Forms .....13  
 Contractor .....3  
 Cooperative .....8, 9, 10

---

**D**

Disclosure .....11  
 Documentation .....13

---

**E**

Electrical .....10  
 Emergency.....3, 8  
 Emergency Contract .....3  
 Emerging and Small Business  
     Enterprise.....3, 16  
 Equal Benefits.....16  
 ESBE .....3, 16  
 Evaluation .....11, 12  
 Extension.....15

---

**I**

Invitation For Bid IFB2, 3, 4, 6, 10,  
 11, 12, 13

---

Late Bids .....11  
 Lease Option.....12  
 Lowest Bid .....12  
 Lowest Responsible Bidder...3, 12  
 Lowest Responsible Bidder.....3  
 Lowest Responsive And  
     Responsible Bidder...3, 6, 12

---

**M**

Market Price.....3  
 Mechanical.....10  
 Multi-Year .....15,16  
 Must .....4, 6, 8, 9, 13, 15, 16

---

**N**

Notice .....7

---

**P**

Payment .....3, 17  
 Payment .....17  
 Payment Voucher.....3  
 Performance Bonds .....13  
 Performance Bonds .....13  
 Plumbing.....10  
 Procurement .....3

Procurement Guidelines.2, 4, 5, 8,  
 11, 12, 13, 16  
 Prohibited.....5

Protest.....14, 15  
 Purchase Order.....4

---

**R**

Reject Bids.....13  
 Renewal .....15  
 Request for Proposals (RFP) .....4  
 Required ..5, 6, 7, 8, 9, 10, 11, 13,  
 14, 17  
 Required .....7  
 Requires.....7, 16  
 Responsive Bidder.....4  
 Review .....10  
 Rfp .....2, 4, 8, 9, 11, 12, 13

---

**S**

Sole.....8, 9  
 Sole Brand .....8, 9  
 Sole Source .....8, 9  
 Specifications.....4  
 Splitting .....5  
 Structural.....10  
 Supplement.....4,16  
 Supplies1, 2, 3, 4, 5, 6, 7, 8, 9, 10,  
 12  
 Supplies .....1, 2, 4, 10  
 Suspend Competitive Bidding .....9

---

**T**

Transaction Number.....17

---

**V**

Vehicle .....6, 10  
 Vehicles and Related  
     Equipment.....10

---

**W**

Waive .....12  
 Will .....5, 8, 9, 12, 13, 15