



OFFICE OF THE CITY MANAGER

Purchasing Procedures

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The purpose of the Administrative Instruction (AI) dated June 2023 is to provide concise information for procuring goods and services in accordance with state and local law requirements, adopted policies and procedures, ethical principles, and best practices. This section of the AI establishes the legal requirements of the procurement function within the City organization and establishes expectations to safeguard fairness and system integrity.

The legal basis for the purchasing system is Chapter 4.04 of the Municipal Code (Purchasing System). It defines the purchasing function and prescribes various authorities and basic requirements more fully described and referenced herein. This AI is not intended to override any provisions of the Municipal Code or of applicable state and federal law. The applicable Municipal Code, state or federal law shall have control over this AI in the event there is a contradiction between the AI and the other authority.

A handwritten signature in black ink that reads "Sharon Ranals".

Sharon Ranals
City Manager

Dated: June 1, 2023



City of South San Francisco

Administrative Instruction Section IV: Purchasing Policies and Procedures

June 2023

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Section 1 – Purchasing Policies and Procedures Overview

1.1 Purchasing Policies and Procedures Overview

The purpose of this Administrative Instruction (AI) is to provide concise information for procuring goods and services in accordance with state and local law requirements, adopted policies and procedures, ethical principles, and best practices. This section of the AI establishes the legal requirements of the procurement function within the City organization and establishes expectations to safeguard fairness and system integrity.

1. **Legal Requirements.** The legal basis for the purchasing system is [Chapter 4.04 of the Municipal Code \(Purchasing System\)](#). It defines the purchasing function and prescribes various authorities and basic requirements more fully described and referenced herein. This AI is not intended to override any provisions of the Municipal Code or of applicable state and federal law. The applicable Municipal Code, state or federal law shall have control over this AI in the event there is a contradiction between the AI and the other authority.
2. **Public Procurement Principles.** The following value statements form the ethical basis for conducting procurements.
 - **Build public confidence in efficient and effective public procurement by:**
 - Simplifying, clarifying, and accurately reflecting laws governing procurement;
 - Establishing uniform policies and procedures throughout the organization; and
 - Providing for increased efficiency, economy, and flexibility in purchasing activities and maximizing purchasing power to the best extent.
 - **Safeguard the integrity of the decentralized purchasing system to protect against waste, fraud and abuse by:**
 - Ensuring the fair and equitable treatment of everyone involved in the purchasing system;
 - Fostering effective, broad-based competition from all segments of the supplier community;
 - Ensuring appropriate public access to bidding and contracting information; and
 - Helping to foster equal opportunities in the policies and practices of suppliers and subcontractors wishing to do business with the City.

Section 2 – Code of Conduct

2.1 Code of Conduct Overview

1. All employees are responsible for impartially ensuring fair competitive access to City procurement opportunities by responsible suppliers and contractors.
2. In addition, all employees shall behave in a manner that avoids any impropriety or appearance of impropriety to maintain the public's confidence in the integrity of the City's purchasing system.

2.2 Conflict of Interest

1. Employees may not have any direct interest in the selection, award, or administration of any contract, including those supported by a federal award or funding if the employee has an actual or apparent conflict of interest. Such conflict of interest may nullify or void a contract and thus, every employee is responsible for recognizing and reporting potential conflict of interest timely.
2. Such a conflict of interest may arise when the employee has a direct financial interest in or would receive a direct material benefit arising from such contract. Employees shall not be financially interested in any such contract made by them in their official capacity, as such terms are defined in California Government Code Sections 1090 et seq. and 87100 et seq., and relevant case law. Prohibited interests include interests of immediate family members, domestic partners, and their respective employers or prospective employers.
3. Employees shall report any potential or actual conflict of interest to their respective Department Head or to the City Attorney as soon as such conflict is discovered. If employees are uncertain about whether they have a conflict of interest regarding a particular contract, the employee shall consult the City Attorney's Office as soon as practicable.
4. It is important to note that consultants of a public entity are considered public officials under Government Code section 1090 and are subject to the requirements therein and as discussed in this Section 2.2 of the AI. The City Attorney's Office is a resource for employees to consult on potential conflict of interest issues with respect to the City's third-party consultants and contractors.

2.3 Gifts and Gratuities

1. All employees shall comply with the City's policies and procedures on accepting gifts and donations of equipment, art, money, and other items from the public. It is the City's general policy that, in accordance with specific departmental rules and regulations and consistent with the California Government Code and Fair Political Practices Commission, employees shall not accept any gift or gratuity from anyone who the City does business with, whether in the form of money, things, favors, loans, or promises,

that would not be offered or given if the employee were not employed in their official position with the City of South San Francisco. The City Clerk's office guides City employees who are required to file Form 700 as part of mandatory reporting requirements.

2.4 Conduct with Vendors

1. Conduct with vendors who provide goods or services to the City shall be fair, open and transparent. City employees shall:
 - a. Refrain from showing favoritism to vendors or being unduly influenced.
 - b. Select vendors on the basis of meeting appropriate and fair criteria and in accordance with the requirements of this policy.

2.5 Accountability for Policy Violations

1. Employees shall abide by and be accountable to the standards of conduct established in this section.
2. Violations of this section may result in disciplinary actions in accordance with City personnel policies and procedures.

Section 3 – Purchasing System Authorities and Responsibilities

3.1 Decentralized Purchasing System Overview

The City has adopted a decentralized purchasing (or procurement) system. This means that for most purchases, requesting departments can directly solicit bids or proposals and place orders with suppliers, subject to the limitations established in policy and subject to the approval of the appropriate award authority. Nothing precludes staff from seeking procurement assistance from the Finance Director or designee, or the City Attorney's Office, especially to clarify policies, processes, and procedures.

In a decentralized purchasing system, it is very important that all employees understand and abide by the City's procurement rules and policies and ensure their fair and consistent application.

In accordance with [Section 4.04.030 of the Municipal Code](#), the City Manager is the City's designated purchasing authority and may delegate certain authorities and functions to Department Heads and other employees. As prescribed in [Section 2.48.030\(d\) of the Municipal Code](#) the Finance Director has been assigned responsibility for all purchasing functions.

3.2 Categories of Purchases

City purchase categories generally consist of the following categories, for which different procurement methods may apply (see [Section 4 – Competitive Bidding Requirements](#)):

1. **Goods.** The purchase of goods consists of materials, equipment and supplies needed by any department.
2. **Services.** City staff may require contracts for services, which fall into two categories:
 - a. **General Services.** Services rendered such as building/equipment maintenance, and machinery/equipment rental, excluding contracts for public projects or professional services.
 - b. **Professional Services.** Services provided by a person or firm engaged in a profession based on highly specialized and/or technical knowledge or skill, such as attorneys, architects, civil engineers, construction managers, physicians, training or educational consultants.
3. **Public Projects.** Public projects (aka public works projects or capital projects) means, in the context for the City, any of the following: (a) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; (b) Painting or repainting of any publicly owned, leased, or operated facility; and (c) for publicly owned utility systems, the construction, erection, improvement, or repair of dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher. Maintenance work, including routine recurring, and usual work for the preservation or protection of any publicly

owned or publicly operated facility for its intended purposes; minor repainting; resurfacing of streets and highways at less than one inch; and landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems, are not considered “public works projects” but may follow the public projects procurement process outlined in this policy. ([California Public Contract Code section 22002](#)).

Determining whether the procurement is considered a public project is important for compliance with certain bidding procedures used by the City required by the Public Contract Code (PCC) specified in [Section 22000 et. seq.](#) If staff is unsure whether the procurement is associated with a public project, consult with the City Attorney’s Office to determine which bidding requirements apply. (See also [Subsection 4.9 Public Projects](#))

3.3 Authority to Approve Purchases

The authority to approve purchases (legally committing City funds by awarding and signing contracts) is strictly limited to the list below.

1. **Award Authority.** The authority to award contracts is established by dollar threshold for each of the following:
 - a. **City Council.** Purchases or contracts for goods, services and public projects of more than \$150,000 must be awarded by the City Council, except that agreements for consultant services for a planning development project with a cost reimbursement agreement signed by the developer, and the entire amount of such consulting services agreement is paid for in whole with funds deposited by the developer with the City rather than by City funds, may be executed by the City Manager regardless of amount.
 - b. **City Manager.** Purchases or contracts up to \$150,000 may be awarded by the City Manager.
 - c. **Department Heads.** Department Heads may authorize purchases and sign contracts up to \$25,000, as authorized by the City Manager.
 - d. **Deputy Department Heads.** Deputy Department Heads may authorize purchases and sign contracts up to \$10,000, as authorized by the City Manager.
2. **Authority to Legally Bind City.** *Unless specifically authorized as specified in this section or elsewhere in City policy,* staff other than the City Manager, Assistant City Manager, Department Heads, and Deputy Department Heads cannot enter into contractual arrangements to purchase goods or services or otherwise legally bind the City for such purchases.
3. **Delegated Award Authority.** As established in [Chapter 4.04 \(Purchasing System\)](#) of the Municipal Code, the ability to delegate procurement authority is limited to the City Council (as delegated to the City Manager) and the City Manager (as delegated to Department Heads or other City employees).

4. **Exceptions to Award Authority Enumerated Above.** The following two situations follow different approval requirements:
 - a. **Real Property Transactions.** All real property acquisitions or real property lease contracts with a term of three years or more, regardless of amount, must be approved by City Council.
 - b. **Case-by-case Items Approved in Budget.** If an item or service is explicitly listed and approved in the annual budget book during the budget adoption process by City Council, this may constitute City Council approval. However, this is considered on a case-by-case basis, determined by the purchase amount and description *and only with explicit approval by the City Manager.*
5. **Award Authority Determined by Single Transaction.** For the purpose of determining the appropriate award authority, contract amounts are defined by what constitutes a “single” or “one” transaction. This requirement also applies to competitive bidding (the estimate of dollar value of the transaction dictates the level of bidding required). Under no circumstances shall any transaction or work be split in order to avoid a higher ranked award authority or a more stringent competitive procurement requirement.
 - a. **One-time Purchases.** Each discrete, one-time purchase is a single transaction.
 - b. **Blanket Purchase Orders.** A blanket purchase order is a term contract for as-needed goods or services, typically for one year, but can also be established for multiple years. The contract term covering one or multiple years is considered a single transaction for the purposes of competitively bidding and awarding the contract. (See also [Subsection 5.1.8 Blanket Purchase Orders](#).)

Examples: A blanket order in the amount of \$10,000 that is issued for vehicle parts for a one-year period is a single transaction. Subsequent annual renewals of the blanket order are considered separate, single transactions.

A five-year blanket order for on-call maintenance work in the amount of \$35,000 each year (for a total of \$175,000) is considered one transaction and requires Council approval.
 - c. **Work contemplated to be completed as one project or is obviously one set of work.** If the transaction or work is proposed or needs to be completed in one sitting, is evidently embodied in a single project, or it has already been through a competitive procurement process as a single project, then it shall not be split into multiple stages or projects in order to utilize a lower ranked award authority or competitive process. To illustrate, a street paving project that is proposed to be completed in one section of the City may not be split into multiple stages in order to avoid competitive bidding requirements as required by state law. As another example, if consulting services is needed for a single City project, the service contract may not be split into multiple smaller agreements for that project in order to utilize a less restrictive approval authority.

- d. **Contract Amendments.** A dollar value increase to an existing contract must be added to the original contract and totaled to determine the transaction value.

Example: The City Manager awards a contract for \$125,000 and a \$30,000 amendment is required. The resulting transaction is \$155,000, now requiring Council approval.

3.4 Responsibilities of Finance Director

1. **Purchasing Functions.** As established in [Section 2.48.030\(d\) of the Municipal Code](#), the Finance Director has responsibility for *all* purchasing functions.

3.5 Responsibilities of Department Heads

1. **Departmental Purchasing Functions.** In accordance with several sections of [Municipal Code Chapter 4.04](#) and this Administrative Instruction, Department Heads have authority for certain departmental purchasing functions within the signature authority dollar amounts as follows:
 - a. Facilitating the fair, efficient and cost-effective purchase and payment of goods, services, or public projects in accordance with prescribed procedures.
 - b. Preparing and recommending purchasing rules to the City Council.
 - c. Prescribing and maintaining purchasing-related forms, bidder's lists, vendor files, submitted bids and price quotes, and other records required for efficient system operation.
 - d. Supervising the testing, inspection and acceptance of specified goods and services performed.
 - e. Making emergency purchases as necessary and in accordance with [Chapters 4.04 and 2.72 of the Municipal Code \(Emergency Organization\)](#).
 - f. Recommending the sale or transfer of surplus property deemed to be unsuitable for City use.
 - g. Participating and/or authorizing cooperative purchases with other governmental entities.

3.6 Responsibilities of City Staff

1. **Responsibilities of all employees.** As keepers of the public trust, all City employees are required to discharge their duties fairly, impartially and with the highest degree of integrity. In support of these concepts as they apply to the purchase of goods and services, staff shall:
 - a. Clearly identify procurement needs and the availability of funding.
 - b. Develop suitable competitive specifications in accordance with Section 7 of this policy and other applicable laws or regulations.
 - c. Participate in the evaluation of bids and proposals as required.
 - d. Obtain required documentation from vendors prior to contract approval.

- e. Inspect goods delivered and services performed to determine conformity with established requirements and contractual obligations.
 - f. Authorize payment for conforming goods and services.
 - g. Notify Department Heads of non-conforming goods or services.
 - h. Document tangible or intangible value to the City when requisitioning goods or services without competition.
 - i. Recognize that fair and open competition results in better value to the City.
 - j. Understand and be accountable for the policies and procedures established for purchasing goods and services.
- 2. Purchasing Liaisons.** To facilitate efficient and effective procurement, Department Heads may establish purchasing liaisons who function as “extensions of purchasing” in their respective work units. In many instances, an Administrative Assistant serves the function of a Purchasing Liaison. Purchasing liaisons will:
- a. Act as the primary point of contact with Finance staff.
 - b. Serve as the “resident expert” for purchasing/payment policies and procedures.
 - c. Facilitate procurement processes as required.
 - d. Attend meetings and training sessions with Finance staff as required to collaborate and solve problems.
 - e. Disseminate purchasing and payment information to others in their work units.
 - f. Create purchase requisitions as required.
 - g. Monitor contract status as required.
- 3. Purchase Requisition Required.** Goods and services purchases that will require a contract, purchase order, or blanket purchase order, including public capital project contracts, must be initiated with a properly documented and approved purchase requisition that includes:
- a. Concise description of the purchase and adequate communication of need.
 - b. Actual or estimated dollar amount.
 - c. Valid charge/project and object number.
 - d. Verification of available funding or identification that funding is needed.
 - e. Competitive bidding or quotes solicitation documentation with recommended vendor selection and appropriate award justification.
 - f. Bid exemption documentation as required.
 - g. Valid certificate of insurance (For service contracts).

3.7 Authorized and Unauthorized Purchases

This section defines authorized and unauthorized purchases and establishes that only the designated award authorities can authorize purchases.

- 1. Authorized Purchases.** Purchases are authorized only when the appropriate award authority has approved the purchase. Only the City Council, City Manager, Assistant

City Manager, Department Heads and Deputy Department Heads may legally bind the City to a purchase.

- 2. Unauthorized Purchases.** Purchases approved by anyone other than the designated award authorities are unauthorized and do not constitute an appropriate charge against City funds. Contracts executed by staff, Department Head or the City Manager that exceed their respective signature authority are considered null and void with legal and logistical implications. The City is under no obligation to pay vendors for unauthorized purchases. It is the responsibility of every employee to understand the policy requirements, seek advice from the City Attorney where necessary and/or appropriate, and avoid unauthorized purchases to the greatest extent possible.

Important Governing Law and Reference Documents

1. [Public Contract Code Sections 20161, 20162, 20164, 22000 et seq.](#)
2. [Chapters 2.48, 2.72 and 4.04 of the South San Francisco Municipal Code](#)

Section 4 – Competitive Procurement Requirements

4.1 Competitive Procurement Requirements Overview

This section outlines the competitive procurement requirements by dollar threshold, exceptions to competitive processes including the use of cooperative purchasing programs, and associated procedures to be used by employees who are responsible for procuring goods, services and public projects.

4.2 Competitive Procurement Principles and Policy Requirements

Competitive procurement procedures shall be conducted in accordance with the following requirements:

- Purchases must be based on competitive procurement processes as required by state law, the Municipal Code, or this policy, unless otherwise specifically exempt under a legal authority and documented in accordance with this section.
- The complexity of the procurement process and the applicable requirements increase with the dollar value of the procurement.
- Under no circumstances shall purchases be artificially split to use a more simplified process or rely on a lower approval authority, as provided in [Subsection 3.3.5](#). To ensure fair and open competition and process integrity, late bids or responses to solicitations cannot be accepted unless it can be definitively determined that the late submission was solely caused by City staff.
- Staff must consider purchasing-related policies, procedures and programs outlined herein or those required by grant conditions or contract provisions when making purchases. These include local vendor preference, health and wellness, environmentally preferable purchasing and policies/procedures for procurements using federal grant funds ([Section 8 – Purchasing-related Policies and Programs](#)).

4.3 Selecting the Appropriate Procurement Method

To select an appropriate procurement method, employees shall first determine the category of purchase (goods, services, or public projects) and have an estimated cost in mind. Generally speaking, the method of competitive procurement is determined by the type of purchase and the estimated transaction amount for a single transaction as defined in [Subsection 3.3.5](#).

1. **Goods and services transactions of \$10,000 or less.** Goods and services \$10,000 or less *may* be made without a competitive process, but as best practice, employees should engage in some form of “price shopping” to help ensure the best possible value is obtained in exchange for public funds.
2. **Goods and services transactions greater than \$10,000.** Goods and services with an estimated value greater than \$10,000 in a single transaction must be procured using the

methods established in the [Open Market Procurement Procedures in Subsections 4.7 and 4.8](#).

3. **Public projects.** Public projects are procured in accordance with the formal or informal bidding procedures established in the Uniform Public Construction Cost Accounting Act, [Section 22000 et. seq., of the California Public Contract Code](#), as amended from time to time. (See also [Subsection 4.9 Public Projects](#).)
4. For certain professional services such as architectural, engineering, environmental, land surveying, or construction project management, state law specifically requires that such services not be awarded solely based on price, but instead based on demonstrated competence. (Gov. Code § 4526.) These professional services should generally be procured using a “best value” approach rather than based on lowest price.

4.4 Goods or Services- Competitive Procurement Process Steps

The process steps outlined below should generally be followed when conducting competitive procurement for goods and services. The level of formality changes as the dollar value increases.

1. Conducting market or other research to develop specifications and derive cost estimates.
2. Preparing the procurement solicitation whether crafting an email to send to prospective vendors in conjunction with a small dollar purchase or completing a bidding template for a larger procurement.
3. Advertising the procurement opportunity whether via email, FAX, mail, web (or other public) posting or newspaper ad.
4. Ensuring adequate time for prospective vendors to ask questions (which could include a prospective respondents’ conference).
5. Providing addenda responses to prospective respondents to answer questions that materially change the procurement or specification requirements.
6. Receiving and cataloging procurement responses and holding them in confidence until the applicable response deadline has passed.
7. Evaluate responses to the procurement/solicitation.
8. Recommending contract award to the appropriate approval authority and moving through the contract signature/routing steps and/or obtaining a purchase order.

4.5 Goods or Services- Competitive Procurement Approaches

The City’s competitive procurement process for the purchase of goods and services is referred to as the “**Open Market Procedures**”. Depending on the dollar value of the procurement and other factors as described in this policy, the City requires its staff to informally obtain quotes, follow informal Open Market Procedures, or conduct formal Open Market Procedures.

Each competitive approach either awards the contract based on the lowest pricing offered (“lowest bidder” approach) or on factors in addition to price, i.e., a higher proposed amount can be paid (subject to successful negotiation) if the overall value to the City can be justified (the “best value” approach). Either way, the respondent must meet City solicitation and qualification requirements to demonstrate that they are able to comply with applicable requirements and competently provide the goods or services.

Informal and formal competitive procurement approaches are illustrated as follows:

- ***Obtaining price quotes.*** This is the informal “price shopping” process to contact various vendors and receive quotes for goods and services offered. The purpose is to review the quotes received and ensure that the City is getting the benefit of competitive pricing. In reviewing quotes obtained, staff may decide on awarding the contract using the lowest bidder or best value approach.
- ***Informal Open Market Procedures.*** This set of procedures is described in Section 4.04.080 of the Municipal Code and involves soliciting at least 3 written quotes, or written bids using an [Invitation for Quotations \(IFQ\) form](#), as specified under [Section 4.7](#).
- ***Formal Open Market Procedures.***
 - ***Request for Proposals (RFP).*** This solicitation method is a “best value” approach and is used to invite potential consultants and service providers to submit proposals for City projects, services or purchases. The City has the ability to review proposals and negotiate with the top-ranked consultant to get “best value” services or purchases. This approach is most frequently used when the City seeks service providers or consultants to engage in substantive, large scale projects, and desires the ability to negotiate with the top ranked respondents and select a consultant, service provider, or vendor based on expertise and other values to the City rather than based on pricing alone.
 - ***Request for Qualifications (RFQ).*** This solicitation method is a “best value” approach allows more flexibility in request and response than an RFP because it asks for potential vendors, service providers and consultants to submit their qualifications, instead of specific project or purchase proposals. The City may consider the RFQ as a first step in procurement, review the responses received to determine top-ranked respondents who demonstrate desirable qualities to the City, and issue an RFP to those candidates to ask for further details and proposals. Alternatively, the City may begin negotiating with a single responder based solely on the RFQ. This approach is most frequently used when the City has a substantive, large scale project or service/purchase need, or when the City is seeking partnership opportunities with third party entities, and desires to first “screen” potential respondents and reserve the option of directly negotiating with a candidate or issue a subsequent RFP.

- ***Request for Bids (RFB)***. This solicitation method is a “lowest price” approach and is a formal request for prices and dollar values from prospective vendors, service providers, or consultants for goods or services. The RFB will contain specific qualification and submission requirements and the City’s review of responses is confined to determining which bidder meets all requirements of the solicitation (called “responsiveness”), has the means to acceptably deliver the goods/services (is “responsible”), and offers the lowest bid. The contract would be awarded to the lowest responsive and responsible bidder. This approach is not to be confused with the “competitive bidding” process used for public works projects, which is a separate procurement approach and governed by the California Public Contract Code.
- ***Timing for obtaining quotes or following open market procedures.***
 - Generally, City staff will have to determine which of the above competitive process applies before making a purchase and signing a contract. When a contract has been procured for recurring, on-call, or similar on-site services, the term of such contract in general shall be limited to five years maximum. This includes Information Technology subscription-based software, maintenance, or other recurring services. City staff shall be prepared to let out the contract for competitive procurement, including obtaining new quotes or issuing an RFP or RFQ, every five years to ensure the City is receiving the most updated competitive pricing, service levels and/or updated technology.
 - In narrow special circumstances, such as when the nature of the service procured is unique or solely provided by one vendor, the contract term may extend beyond five years but City staff shall continue to evaluate every three to five years, as appropriate, whether such circumstances have changed and the contract should be let out to undergo a competitive process.

When picking among the above competitive procurement methods, City staff will need to consider whether the requirements for a particular good or service be determined with a high degree of specificity, whether pricing is the sole consideration for the good or service, or whether there are additional qualifications and expertise that the City is seeking to obtain. For instance, if the City desires to purchase a large quantity of equipment that can be provided by multiple vendors within the State of California without considering the vendors’ particular expertise, it is likely that the City will want to focus on pricing alone and a RFB may be appropriate. As another example, if the City desires to procure consultant services for the preparation and presentation of a master plan document, then the expertise and professional skills of the consultant will be important considerations and the City may desire to use an RFP or RFQ so that it is able to negotiate based on values other than price.

Measured use of cooperative purchasing programs and piggyback agreements, which leverage volume purchases, secure value pricing, and reduce administrative overhead, is encouraged.

Finally, each competitive procurement approach may require the preparation of specifications for the work, products, goods or services sought by the City. Specifications shall be prepared in accordance with [Section 7](#) of this policy.

4.6 Goods or Services- Purchase Transactions \$10,000 or Less

Competitive procurement procedures *do not* apply to purchases of goods and services anticipated to be \$10,000 or less. Such purchases may be made by staff with Department Head approval without obtaining price quotes. However, staff are encouraged to price shop whenever possible to ensure the City is receiving the best value in exchange for public funds.

- 1. Purchase Order and Documentation Required.** A purchase order will be required unless provided otherwise in this policy or other legal authority, which must be preceded by a purchase requisition that appropriately identifies the purchase and includes all required information (see [Subsection 3.6.3 Purchase Requisition Required](#)).
- 2. Direct Invoice Payment Request.** In situations where the Finance Director or a Department Head has authorized a direct purchase without a purchase order, a request for payment with appropriate documentation may be made via a direct payment request instead of a purchase order. However, these instances are to be limited to urgent or emergency situations where public health or safety issues must be immediately addressed. A retroactive contract or purchase order may be required to cover the purchase thereafter.
- 3. Purchasing Cards. (aka “City-issued credit card” or “Cal-Card”)** In many instances, purchasing cards can be used to buy needed materials and supplies, rather than purchase orders. The City has established a purchasing card program through a cooperative arrangement with the California Department of General Services CAL-Card program. Purchasing cards can be an effective alternative method of making small dollar purchases based on operational need. Appropriately authorized purchasing cards must be used in strict accordance with the [purchasing card program policy](#).

4.7 Goods or Services- Purchase Transactions Greater Than \$10,000 But Less than \$50,000

Informal Open Market procedures apply to purchases of goods and services anticipated to be more than \$10,000 but less than \$50,000, and in some cases below this amount if required by Department Heads. Public projects follow a different method and cannot be procured through Open Market Procedures.

- 1. Purchases Between \$10,001 and \$25,000.** Purchases in this estimated price range may be made by soliciting at least three written price quotes. Contracts are typically awarded to the lowest responsive and responsible respondent, but best value determinations can be made on factors in addition to price if the justification is properly documented and in the best interest of the City.

Price quotes must be solicited using the same specifications and due dates/times. Solicitations must be made in writing where feasible, preferably by email, to document the request for quotations and facilitate efficient approvals when requesting contracts and/or purchase orders.

If at least three quotes are solicited but only one or two quotes are received, then the emailed solicitation and any associated vendor responses (to not submit) can be included with the requisition to demonstrate that the solicitation requirement was met.

2. **Purchases Between \$25,001 and \$50,000.** Goods and services purchases estimated to cost between \$25,001 and \$50,000 requires solicitation of at least three written price quotations using the bid document described below.
 - a. **Invitation for Quotations (IFQ).** Use for procuring goods and/or services between \$25,001 and \$50,000 (or for a lower threshold amount if required by a Department Head or the Finance Director). This method can be used for low bid or best value, provided that the solicitation document specifies which method is being used and an explanation to justify vendor selection is included with the purchase requisition.

Depending on several factors such as complexity, liability risk or desire for maximum competition, informal open market procurement can be conducted in a manner similar to the informal bid process used for public construction projects (public projects). ([Section 4.04.072 of the Municipal Code](#)) (See also [Subsection 4.9 Public Projects.](#))

4.8 Goods or services- Formal Open Market Procurement Procedures

Formal open market procedures using sealed bidding methods are required for goods and/or services purchases anticipated to be greater than \$50,000 as follows:

1. **Purchases Greater Than \$50,000.** Goods and/or services purchases estimated to be greater than \$50,000 requires use of the following bid documents depending on whether a low bid or best value approach is being utilized:
 - a. **Invitation for Bids (IFB).** Use this for goods and/or services greater than \$50,000 that will be awarded based on the lowest responsive and responsible bidder. Immediately following the close of the bidding period, bids received by the due date and time are publicly opened by the project staff contact and read aloud, with the apparent low bidder announced.
 - b. **Request for Proposals (RFP).** RFPs greater than \$50,000, that are procured through the best value method (or in some cases specialized goods or a mix of goods and services). RFPs may also be required for professional services less than \$50,000 as required by Department Heads or the Finance Director.
 - c. **Request for Qualifications (RFQ).** For professional services greater than \$50,000 for which consultant selection based on demonstrated competence is an overriding consideration (also known as Qualifications Based Selection or QBS). RFQs may also

be required for professional services less than \$50,000 or for other goods/services as required by Department Heads or the Finance Director.

- 2. Formal Open Market Procurement Instructions.** Formal open market procurement is conducted by issuing an IFB, RFP or RFQ using the sealed bid or proposal methods. **Public Noticing Required.** All formal procurement solicitations described above should be publicly noticed by the program manager or designated purchasing liaison for at least 14 calendar days prior to the date and time set for receiving bids, either by posting a public notice on the bulletin board at City Hall or posting on the City's website and the City's procurement website, unless a shorter timeframe is warranted.

Depending on factors such as cost, complexity or necessity for broader bid distribution, the bid may be advertised in the newspaper in accordance with established procedures used for public projects (see [Subsection 4.9 Public Projects](#)).

4.9 Public Projects (Including Capital Improvement Projects)

The City has adopted the California Uniform Public Construction Cost Accounting Act (CUPCCAA) for formal and informal bidding procedures associated with public projects (See [Section 22000 et. seq., of the California Public Contract Code](#) and [Sections 4.04.070, 4.04.072 and 4.04.073 of the Municipal Code](#)). This set of state law governs the competitive procurement public works projects.

Competitive bidding requirements apply to public works projects depending on the dollar amount initially estimated for the project. These dollar thresholds are set by the CUPCCAA and are subject to change. If different from those set forth in this policy, the most current dollar threshold under state law shall govern. Currently, such dollar thresholds are:

- 1. Contracts of \$60,000 or Less.** Public projects anticipated to be \$60,000 or less can be performed by City employees ("force account") or through a negotiated contract without the necessity of competitively bidding.
- 2. Contracts Between \$60,001 and \$200,000.** Public projects anticipated to cost between \$60,001 and \$200,000 are competitively bid using the *informal* procedures and requirements under Municipal Code section 4.04.072 (included as Attachment 2 below).
- 3. Contracts greater than \$200,000.** Public projects anticipated to be greater than \$200,000 are competitively bid using *formal* sealed bid bidding under Municipal Code section 4.04.072 (included as Attachment 2 below).

4.10 Key State and Federal Requirements

When contracting for maintenance work or public construction, staff must ensure contractor compliance with California prevailing wage requirements. Additionally, if procurements are conducted using federal grant funds, there are certain policy requirements that must be followed. These requirements are briefly described below and included in other sections of the AI and reference materials as noted.

1. **Prevailing Wage Requirements.** The payment of prevailing wages is required for public projects and maintenance contracts exceeding \$1,000, as defined in Labor Code section 1720 et seq. Please note that the definition for projects qualifying for prevailing wages is broader than that for public works projects requiring bidding. There will be public works projects that do not require competitive bidding but require the payment of prevailing wages. As such, it is important to verify that prevailing wages are required and ensure contractor compliance. Additionally, such public projects/maintenance work must follow [California Department of Industrial Relations \(DIR\)](#) contractor registration requirements for contractors and their subcontractors for construction contracts greater than \$25,000 and maintenance contracts greater than \$15,000 (see also [Subsection 5.1.9 Key Contracting Prerequisites](#)).
2. **Purchases Using Federal Grant Funds.** If a purchase is being made using federal grant funds, the competitive bidding thresholds and requirements are established in [2CFR200.318 to 326](#) and are adjusted/amended from time to time. The current bid threshold amount is \$10,000. The federal requirements are contained in the City's Procurement Standards for Federal Awards, accessed here: [Section 4.04.080 of the Municipal Code](#). Federally funded procurements must use specific contract templates approved by the City Attorney's Office.

4.11 Competitive Bidding/Procurement Exemptions

Certain procurements may be exempt from competitive bidding (for public works projects) or procurement (for goods and services), such as those specified by law, emergency circumstances, or if in the City's best interests, subject to approval by the appropriate award authority and other requirements as specified below.

1. **Enumerated Bid Exemptions.** The following enumerated items are examples of purchases that may be appropriately justified as exempt from competitive bidding:
 - a. Emergency procurements as defined below.
 - b. Situations where solicitations of bids or proposals would be unavailing or impossible.
 - c. Public library collection materials or related items as specified in the Library JPA Agreement.
 - d. Single or sole source goods or services as defined herein.
 - e. Highly specialized equipment (and associated operational costs) where compatibility with existing equipment is an overriding consideration.
 - f. Procurements funded by grants, donations, or gifts when any special conditions require the purchase of particular materials and/or services.
 - g. Goods, services, or surplus property obtained from or through agreements with other governmental agencies.
 - h. Membership dues, conventions, training, travel arrangements, or advertisements in magazines, newspapers, or other media.

- i. Works of art, entertainment, or performance.
 - j. Goods procured for resale to the public.
2. **Emergency Procurements.** Emergency procurements are defined as purchases immediately necessary for the preservation of life or property. Emergency procurements required as the result of full or partial activations of the Emergency Organization shall be conducted in conjunction with [Chapter 2.72 of the Municipal Code \(Emergency Organization\)](#).
- a. **Authority and Responsibility.** The City Manager or their designee may make or authorize others to make emergency procurements, based on sufficient evidence of circumstances threatening public health, safety, and welfare where procurement is immediately required. In situations where a local emergency has been declared by the City Council, the City Manager’s authorization shall be subject to requirements established in Chapter 2.72.
 - b. **Competitive Bidding.** In order to obtain reimbursement from federal or state agencies for purchases made during declared emergencies, evidence of competitive bidding (as practical under the circumstances) is typically required and thus City staff should follow competitive bidding procedures to the extent feasible or practical.
 - c. **Public Works Projects.** Public Contract Code section 22050 authorizes the City to repair or replace a public facility in the case of an emergency (i.e. an emergency that requires the immediate expenditure of public money to safeguard life, health, property), to take any directly related and immediate action required by that emergency, and to procure the necessary equipment, services, and supplies for those purposes, without competitive bidding. No formal bidding, informal bidding, or price checking is required for these types of emergency public works projects. The City Manager may authorize the emergency work and procurement (if any) in this situation, but the authorized work must be agendaized for City Council review within fourteen (14) days and also at every regular meeting thereafter. City staff will be responsible for following this procedure.
3. **Single Source Procurements.** Single source is defined as the selection of a good or service that may be available from two or more sources, but there is compelling reason to select one particular vendor. For example, purchasing software from a designated vendor in San Mateo County in order to maintain compatibility with the current City system or operability within a regional system may be considered a single source procurement even though several other vendors in a different region offer the software. The department contemplating using single source procurement shall be responsible for conducting reasonable market research to confirm that a single source purchase is necessary and in conformance with this section, and shall provide supporting documentation to the City Attorney’s Office to verify that the single source procurement

is appropriate in accordance with this section. Supporting documentation shall be prepared and retained by the requesting department in accordance with the City's records retention schedule.

4. **Sole Source Procurements.** Sole source is defined as the selection of a good or service that can only be obtained from one supplier or manufacturer because of its specialized, proprietary, or unique character. Examples of sole source procurement may include: obtaining a unique, specialized item that is only manufactured and sold by one vendor in California; or obtaining products to match other products currently in use on a particular public improvement that is either completed or under construction. The department contemplating using sole source procurement shall be responsible for conducting reasonable market research to confirm that a sole source purchase is necessary and in conformance with this section, and shall provide supporting documentation to the City Attorney's Office to verify that the sole source procurement is appropriate in accordance with this section. Supporting documentation shall be prepared and retained by the requesting department in accordance with the City's records retention schedule.

5. **Procurements utilizing Cooperative Purchase Programs**

Use of cooperative purchasing programs is a best procurement practice and is encouraged as a way of obtaining goods, public works projects (except those that are subject to formal competitive bidding procedures as required by law, Municipal Code or this policy), and services by aggregating volume, securing value pricing, and reducing administrative overhead. Strategic use of purchasing cooperatives can significantly reduce the time and resources needed to competitively bid goods and services contracts, resulting in better overall value.

Sections 4.04.030 and 4.04.040 of the Municipal Code authorize the use of cooperative purchasing programs (referenced as "joint purchasing endeavors") and agreements that are competitively bid or negotiated by other governmental agencies.

Cooperative purchasing programs allow the City to select from a list of prequalified bidders selected pursuant to the competitive bidding process established under the cooperative purchasing program for the type of project it intends to carry out. One example of cooperative purchasing schemes is Joint Powers Authorities that are organized consistent with California Government Code section 6500 that allow public agencies to jointly exercise cooperative purchasing powers and utilize prequalified vendors and contracts from each other.

- a. **File Documentation.** Cooperative purchasing programs must be based on competitively awarded contracts whenever possible, and documentation as to the advantage of the cooperative purchase shall be prepared by the requesting department. The requesting department shall verify with the City Attorney, in writing, that the cooperative purchasing program intended to be utilized was made in conformance with California law and this policy. Supporting

information and documentation, including any participation addendums, must be provided to the City Attorney's office to demonstrate conformance prior to initiating the use of piggyback contracts or at the time the proposed contract is submitted to the City Attorney for review.

- b. **Purchasing Cooperatives.** There are numerous purchasing cooperatives that staff can evaluate for use. Some leading cooperatives include state contracts such as [California Multiple Award Schedules \(CMAS\)](#) of the Department of General Services (DGS); [OMNIA Partners, Public Sector](#) (formerly U.S. Communities); [Sourcewell](#) (formerly National Joint Partners Alliance); and [NASPO ValuePoint](#) (formerly WSCA-NASPO, or the Western States Contracting Alliance-National Association of State Procurement Officials).
 - c. Provided that the above conditions are met, the purchase is approved by the appropriate award authority and any associated contracts have been duly executed (see [Section 5 – Contract Procedures and Requirements](#)), Finance will issue a purchase order with the vendor selected by the originating agency which incorporates by reference the original solicitation, terms, conditions and prices.
6. **Use of Piggybacking Contracts for Goods and Services.** Subject to the appropriate approval authority, goods, public works projects (except those that are subject to formal competitive bidding procedures as required by law, Municipal Code or this policy) and services purchases can be made using the pricing and terms of which have been previously established by another public agency. Piggyback differs from cooperative purchasing programs in that the piggybacking is confined to one contract with specific terms for a particular project that was previously negotiated by another public agency, rather than systematic prequalification of various types of vendors, services, goods and contractors. Piggybacking contracts must be analyzed and used on a case by case basis to ensure that the reliance on terms previously negotiated and used by other public agencies conforms with the City's needs and legal requirements.

The following requirements apply to piggyback contracts:

- a. The requesting department verifies with the City Attorney, in writing, that all purchases or contracts by other governmental agencies were made in conformance with California law and this policy. Supporting information and documentation must be provided to the City Attorney's office to demonstrate conformance prior to initiating the use of piggyback contracts or at the time the proposed contract is submitted to the City Attorney for review.
- b. The parties to the original contract agree to the piggyback.
- c. The contract is for identical or nearly identical goods and/or services.
- d. The original purchase/contract conforms to state law and resulted from competitive bidding/proposal procedures substantially similar to those required by the City.

- e. The original contract was awarded within one year of the City’s purchase, or written justification is provided to support the use of an older solicitation.
 - f. The price of the purchase is comparable to that estimated by the requesting department.
7. **Bid Exemption Requirements.** The following requirements apply to exempt procurements proposed for award:
- a. **Negotiations.** Unless specified otherwise in this policy, Department Heads or designated staff should conduct negotiations as to price, delivery, and terms, which may require the submission of cost/price data to determine fair pricing and overall value.
 - b. **Competitive Bidding When Possible.** Nothing in this section shall preclude the solicitation of competitive bids or proposals when possible or required by law.
 - i. **Documentation and Approval Required.** Goods or services proposed to be exempt from a competitive bidding or procurement process must be appropriately documented and approved before a transaction can be conducted. Such documentation must be kept with the department’s procurement file for audit trail purposes.

Major Governing Law(s) and Reference Documents

1. [Purchasing Card Program Policy](#)
2. [Informal/Formal Open Market Procurement Procedures](#)
3. [Informal/Formal Public Project Bidding Procedures](#)
4. [Procurement Standards for Federal Awards Policy](#)
5. [Federal Uniform Guidance Requirements, 2CFR200.318 to 326](#)
6. [California Uniform Public Construction Cost Accounting Act \(CUPCCAA\)](#)
7. [Sections 4.04.072 to 073 and Chapter 2.72 of the South San Francisco Municipal Code](#)
8. [California Department of Industrial Relations \(DIR\) Contractor Registration Requirements](#)
9. Examples of Cooperative Purchasing Programs:
 - a. [California Multiple Award Schedules \(CMAS\)](#)
 - b. [OMNIA Partners, Public Sector](#)
 - c. [Sourcewell](#)
 - d. [NASPO ValuePoint](#)

Section 5 – Contract Procedures and Requirements

5.1 Contract Requirements Overview

The following section explains the various contracting requirements for making purchases with City funds.

1. **Contract Authorization.** Purchases are not considered to be authorized unless a contract has been approved by the appropriate award authority, duly executed by the City Manager, Assistant City Manager, Department Head or authorized Deputy Department Head, and/or a purchase order approved by the Finance Department.
2. **Standard Contract Terms and Conditions.** Use of the City’s standard contracts (and standard terms and conditions for purchase orders) provided by the City Attorney are mandatory. Generally, the City’s standard contract form and terms are not negotiable nor open to alteration.
 - a. **Changes to Standard City Contract Templates.** Proposed changes to the City’s standard contract terms and conditions must be reviewed by the City Attorney’s Office. **Insurance.** Any proposed changes to or waiver of the City’s insurance requirements should be consulted with the City Attorney’s Office and must be approved by the City’s Risk Manager.
 - b. **Extraneous Terms.** If exhibits are attached to a City contract template, such exhibits shall not include extraneous contract terms or conditions from the vendor. All such terms must either be rejected or be incorporated into the main body of the contract. The City Attorney’s Office is available to assist with reviewing and incorporating terms and staff should consult the City Attorney as necessary.
 - c. **Vendor-Provided Agreements.** If presented with a vendor-provided agreement, staff should first communicate to the vendor that the City’s standard agreement or standard terms and conditions for purchase orders should be utilized for the transaction.
3. **Written Contract Requirement.** Pursuant to [Section 4.04.095 of the Municipal Code](#), written contracts are required for all purchases greater than \$25,000. It is the City’s policy that routine, recurrent, or low-risk purchases of goods and services \$25,000 or less may be procured using purchase orders with [standard terms and conditions](#). However, purchases involving compelling factors such as liability or risk or physical impacts to public facilities or property will generally require the use of a written agreement.
4. **City-provided Scope of Work Requirement.** Contracts must include well-defined scopes of work drafted by staff. The use of consultant or vendor-provided work scopes should be minimized to the greatest extent possible and if utilized shall be reviewed and approved by City staff. The Scope of work document must contain strictly the details of work, goods, or services to be provided and related information such as assigned

personnel; and may not to include extraneous contract terms or conditions from the vendor.

5. **No Contract Splitting.** As set forth in [Section 3.3.5](#) above, under no circumstances may *any* contract be split or separated into smaller components to determine the appropriate award authority or for any other purpose.
6. **Written Contract Types.** The City utilizes several contract templates depending on the nature and complexity of the purchase and applicable legal requirements, and are prepared by the City Attorney’s Office:
 - a. **Consulting/Professional Services Agreement.** This template is used for consultant and professional services that are not public works projects, and are of longer duration and higher complexity. Examples include: financial consultants, architects, landscape architects, professional engineers and surveyors, and design firms.
 - b. **Short Form Services Agreement.** This template is used for services of limited duration and uncomplicated contractual relationships. Examples include: maintenance work, recurring small-scale services, or small scale purchase + limited onsite services.
 - c. **Short Form Purchase Agreement.** Use this template (instead of or in addition to a purchase order) for supply or equipment purchases of higher value/risk where a duly executed agreement is preferable to purchase order terms and conditions.
 - d. **Minor Construction Agreement.** This template is used for public projects up to \$60,000.
 - e. **Public Works Construction Agreement.** This template is used for public projects that require formal or informal bidding.
 - f. **Information Technology-related Agreements.** These are used for on-premises or hosted technology solutions.
7. **Purchase Orders.** Purchase orders are contracts used to make discrete, non-recurring purchases of goods and/or services, issued with the City’s standard terms and conditions. Depending on the cost and complexity of the purchase, a written agreement may be required. Purchase orders are required for most city transactions.
8. **Blanket Purchase Orders.** Blanket purchase orders are term contracts, usually established for one-year periods for routine, recurring, or as-needed purchases of goods and/or services. Blanket purchase orders can be renewed annually according to the terms established through competitive bidding or negotiation, or as approved by the appropriate award authority. Blanket purchase orders may also be established for multi-year periods. (See also [Subsection 3.3.5.b Blanket Purchase Orders.](#))

- a. **Primary and Backup Suppliers.** When establishing blanket purchase orders for competitively bid, as-needed goods and/or services, it may be necessary in some instances to award contracts to primary and backup suppliers.

Examples: Materials/supplies needed to make urgent facility or street repairs, i.e., if the primary supplier of a low bid item is out of stock and road patching needs to occur, then materials may be obtained from the backup supplier.

Office supply contracts where prices for certain items are available at a lower cost from a secondary supplier.

Such examples must be documented in department procurement files.

Note: Additional information on establishing blanket purchase orders is shown on Process Map 3 – Establishing Blanket Purchase Orders for Goods and/or Services.

9. **Key Contracting Prerequisites.** Contractors or vendors conducting business in the City or working on City property or in the City’s rights-of-way must be properly licensed, insured, and otherwise comply with all applicable legal requirements.

- a. **City Requirements.** It is incumbent upon designated department staff to obtain all required documentation from vendors such as a W-9 form and insurance certificate that names the City as an “additional insured” on their insurance policy and includes appropriate policy endorsements, as provided by the applicable contract term. *These requirements must be met before any work can commence.* Additional detail on insurance requirements can be found in [Section 6 – Procurement Risk Management](#). Staff should also notify vendors of the City’s business license requirements.

To comply with the City’s Conflict of Interest Code, agreements for professional services must be evaluated to determine whether consultants under contract need to file a Statement of Economic Interests (Form 700). Consult with the City Clerk to determine filing status. If the consultant is required to file a Form 700, then staff shall also check for any potential conflict of interest issues pursuant to Section 2.2 of this AI.

- b. **State Contractor Registration and Prevailing Wage Compliance Requirements.** For any contracts where prevailing wages apply, a contract cannot be awarded unless the contractor and their subcontractors are registered with the [Department of Industrial Relations \(DIR\)](#). Designated department staff must:

- i. Verify current registration status of contractors and their subcontractors by obtaining contractor registration numbers and accessing the [DIR contractor registration search page](#). All bidding templates include a section for contractors to provide their registration information.
- ii. Within 30 days of contract award, complete a PWC-100 form to register their awarded project with the DIR ([awarding body and project registration](#))

[information](#)). Thereafter, certified payrolls must be monitored to help ensure contactor compliance with prevailing wage laws.

5.2 Contract Preparation

It is the responsibility of requesting departments to prepare procurement contracts and take the lead in negotiating acceptable terms and conditions, with the assistance of the City Attorney's Office and Risk Manager as necessary.

Note: The steps required for preparing, negotiating, awarding, executing and monitoring contracts are detailed in Process Map 1 – Purchases Requiring Signed Contracts. [Section 4.04.095 of the Municipal Code](#)

5.3 Contract Award Authorities

Contracts for goods and services purchases must be approved by the appropriate award authority established in [3.3 Authority to Approve Purchases](#).

5.4 Contract Signature Routing

To ensure that written contracts are appropriately authorized, the [Contract/Agreement Approval Form](#) must be completed by the initiating department before a contract is routed for signature approval. Written agreements must follow established routing procedures so that all contracts are appropriately cataloged and tracked by the City Clerk for records management purposes. Each Contract/Agreement Approval Form must include the procurement method followed.

5.6 Contract Management and Modifications

Following the signature approval process (and purchase order approval), it is incumbent on department staff to monitor contract expenditures, performance targets/payment milestones, renewals and changes to insurance, and all terms and conditions. Modifications to written contracts (amendments), change orders to purchase orders (whether one-time or blanket orders), and change orders to public works construction contracts (consisting of additions or reductions in work or materials furnished during a contract term), may be made as detailed below.

1. **Initiating Contract Modifications.** Departments take the lead on initiating contract modifications if the contract is exclusively used by that department. The Finance Department will take the lead on modifying contracts established for citywide use.
2. **Contract Amendments.** Modifications to existing contracts require approval by the appropriate award authority. Changes must be made in writing and signed by the contracting parties by utilizing the Contract Amendment templates prepared by the City Attorney's Office. Contract amendments must be routed for signature approval in the same manner as an initial contract.
 - a. Contract amendments must be made prior to the expiration or termination date of the original or then-current contract. It is each department's responsibility to

keep record of and track contract terms and expiration/termination dates in order to timely prepare and execute amendments as necessary.

- b. If the contract, as amended, only extends the term of the contract, or the scope of work/services, then City Council approval is not required.
 - c. If the contract, as amended, increases the amount of the contract above the City Manager signing authority, the contract amendment must be taken to the City Council for approval.
 - d. If the contract, as previously approved by City Council, is above the City Manager signing authority, any increase in amount of the contract must be taken to City Council for approval, unless City Council provided explicit authority for the City Manager to amend the contract amount. (e.g. The City Manager is not authorized to add \$150,000 on top of a City Council approved agreement without explicit authority to do so)
 - e. If a contract was previously executed with a contractor and staff desire to extend the terms of the contract for additional goods or services, this must be done through a contract amendment, not a new contract. A new contract may not be executed to avoid City Council approval authority.
3. **Change Orders to Purchase Orders.** Purchase orders may be modified through the change order process to make changes to pricing, quantities, terms, change account codes, etc. Modifications to purchase orders are initiated by a properly documented and approved purchasing requisition submitted to Finance. Change orders that increase purchase order amounts must be approved by the appropriate award authority.
4. **Change Orders to Public Works Contracts.** Public Works construction contracts are typically recommended for approval with a contingency amount (often 5% to 10% of the contract price), so changes can be made to contract quantities for unforeseen conditions encountered as work progresses. Both additive and deductive changes can be made. Should the need for additional funding exceed a total contract amount (including contingency) that was approved by City Council, change orders and amendments must be approved by the Council.

Governing Law(s) and Reference Documents

1. [Standard Contract Templates and Purchase Order Terms and Conditions](#)
2. [Section 4.04.095 of the Municipal Code](#)
3. [Process Map 1 – Purchases Requiring Signed Contracts](#)
4. [South San Francisco Conflict of Interest Code](#)
5. CA Department of Industrial Relations (DIR) Contractor Registration Information:
 - a. [DIR contractor registration search page](#)
 - b. [DIR awarding body and project registration information](#)
6. [Contract/Agreement Approval Form](#)

7. [Short Form – Service Agreement](#)
8. [Short Form – Purchase Agreement](#)
9. [Minor Construction Agreement](#)

Section 6 – Procurement Risk Management

6.1 Procurement Risk Management Overview

Every purchase made by staff carries an element of risk that must be mitigated through the use of contract terms and conditions that limit liability exposure and through insurance requirements that vendors must meet in order to conduct business with the City.

6.2 Insurance Requirements

Many of the City's purchases require contractors to carry specific insurance coverage levels and terms. This is especially true for services that require work on City property and in the rights-of-way. Most important, contractors must insure the City through their insurance providers.

1. **Insurance Required.** The following items represent the instances where insurance is typically required. Standard insurance coverage includes commercial general liability and property damage, comprehensive auto, workers' compensation and in many instances, professional liability. Insurance requirements are contained in all bidding documents and contract templates.
 - a. **Onsite General Services and Public Projects.** Insurance is required for contractors (and their subcontractors) and vendors working on City property or in rights-of-way.
 - b. **Professional Services.** Most professional service contracts require insurance, including coverage for professional liability to protect the City from situations arising from errors and omissions, i.e., advice that may result in future liability resulting from design defects.
 - c. **Information Technology Agreements.** It is important to ensure that insurance requirements are addressed for technology solutions that require onsite OR hosted support, especially when non-standard agreements are used. Cybersecurity insurance may also be required.
2. **Insurance Not Required.** Due to the low risk of liability, the following purchases represent instances where insurance is typically not required.
 - a. **Goods Purchases.** Most goods purchases do not require vendors to provide evidence of insurance coverage, unless there is a services component that requires onsite services, such as installation or ongoing maintenance work.
 - b. **Delivery Services.** Delivery providers dropping off goods that are mailed to City facilities with no on-site vendor presence are typically not required to meet insurance requirements. Determination of whether the City's insurance requirements apply is made by the Risk Manager.
 - c. **Off-site Services.** Services that are provided off-site typically do not require insurance coverage. Examples include off-site or online training, repair or other

routine services performed at a place of business provided when no disassembly work is performed by the vendor on-site, i.e., staff perform that function and bring the equipment to an off-site location for repair.

3. **Insuring the City.** All contractors and vendors (hereinafter, “Contractors”) who must meet the City’s insurance requirements must provide/comply with the following:
 - a. **Insured Certificate Required.** An insurance certificate must be provided that includes key elements ([Sample Certificate of Insurance](#))
 - i. **Additional Insured.** Insurance certificates must indicate that the City, its officials, officers, employees, representatives, agents and volunteers are covered as additional insureds for any liability arising from activities performed on behalf of contractors. Listing a particular City department on an insurance certificate is insufficient.
 - ii. **Additional Insured Endorsement.** It is essential that insurance certificates include a policy endorsement that extends the contractor’s coverage to the City. The endorsement proves that the contractor’s insurance company has acknowledged that a contractual relationship exists and has amended the policy to extend coverage to the City. The endorsement must include:
 1. Disclosure of a self-insured retention (SIR) or deductible, and
 2. A special endorsement that preserves the right of the City or contractor to pay the SIR as a precondition of the insurer’s liability.
 - iii. **Coverage Limits.** The Risk Manager, in conjunction with the City Attorney’s Office, has established minimum coverage limits that all contractors must meet. The limits may be adjusted upward or downward depending on project scope and potential liability. Standard coverage limits are \$2,000,000 per occurrence and \$5,000,000 in the aggregate. The Risk Manager may consider accepting \$1,000,000 per occurrence and \$2,000,000 in the aggregate for small scale, low risk projects.
 - iv. **Minimum Insurer Requirements.** The insurers providing coverage to contractors must be authorized to conduct business in California and have minimum ratings comparable to A.M. Best A-/VIII.
 4. **Verifying Insurance Coverage.** The department responsible for the procurement facilitates the process of obtaining the insurance certificate and verifying compliance.
 5. **Ongoing Insurance Compliance Monitoring.** Insurance certificates are customarily issued on a policy-year basis and are renewed annually. The insurance renewal dates rarely coincide with contract renewal dates, so the insurance coverage must be tracked to ensure the City is insured at all times while under contract.

When renewing annual contracts, the department contact must check insurance compliance and note status on the purchase requisition.

6.3 Insurance Waivers

There may be limited instances where the City’s insurance requirements can be waived for on-site service providers. Waiver determinations are made by the Risk Manager, in consultation with the City Attorney’s Office as required.

The decision to grant an insurance waiver is based on a standard industry method of assessing liability risk in terms of the likelihood of an adverse effect occurring and whether such an occurrence would result in a significant negative impact. The assessment matrix, which can be found at [Risk Matrix](#) in Attachment 1, should be used as a reference tool when reviewing a request to waive the City’s insurance requirements from a vendor.

1. **Total and Partial Waivers.** Depending on the circumstances of the procurement, the Risk Manager will evaluate waiver requests and determine if all or a portion of the City’s requirement can be waived (such as enforcing general liability, but waiving workers’ compensation coverage if a business has no employees). [Workers’ Compensation Exemption Form](#).

6.4 Limiting City Liability

The City’s contract templates and purchase order terms/conditions contain provisions that seek to legally protect and limit the liability of the City in the event of contractor default, product defects arising within or outside of warranty periods, design defects that lead to accidents and injuries, etc. When negotiating new terms of and modifications to a contract, staff should preserve these liability protections to the greatest extent possible and consult the City Attorney’s Office with any proposed changes to these provisions.

There are many terms and conditions in City contracts that seek to protect agency interests and limit liability exposure. Key examples include:

- Termination for convenience or due to lack of funding;
- Ensuring contractors comply with local, state, and federal laws and are appropriately licensed, insured and bonded; and
- Strong indemnification provisions that require contractors and subcontractors to defend the City from claims arising from the agreement. Setting the applicable law for the contract as the laws of California and governing San Mateo County.

6.5 Purchase Order Approval Required

Approval of a purchase order signifies that appropriate insurance coverage has been verified and work can commence on City property.

A purchase order will be approved once it is confirmed that the appropriate insurance endorsements are received and/or verified by purchasing liaisons.

Governing Laws and Reference Documents

1. [Standard Insurance Requirements \(Consulting Service Agreement Template\)](#)
2. [Sample Insurance Certificate with Endorsements](#)
3. [Risk Matrix](#)

Section 7 – Specification Development

7.1 Specification Development Overview

Specifications define precise requirements for the solicitation of work, goods services, and public works. Preparing clear specifications is a critical part of the procurement process.

1. **Definition.** A specification is a precise description of the physical characteristics, quality, or desired outcomes of a commodity to be procured, which a supplier must be able to produce or deliver to be considered for contract award.
2. **Clear Language.** Specifications should use plain language that is relevant to and understood by the applicable community.
3. **Promote Competition.** Good specifications should promote and not unduly restrict competition. Use of restrictive specifications must be properly justified in accordance with the provisions of this section.
4. **Specification Attributes.** There are essentially two types of specifications: design and performance. Specifications typically contain elements of design and performance and may be viewed as a continuum with each element on opposing ends.
 - a. **Design Specifications.** Design specifications establish the characteristics that a commodity must possess, and may include manufacturing details such as engineered plans, drawings or blueprints.
 - b. **Performance Specifications.** Performance specifications describe a commodity's desired outcome.
 - i. **Functional Descriptions or Requirements.** Performance specifications may utilize functional descriptions of defined tasks or desired results. Functional requirements are typically used for solutions such as software systems.
 - ii. **Brand Name Specifications.** Consistent with state law including Public Contract Code section 3400, and in areas where the City has standardized a particular product such as computers or vehicles, staff may use one brand name manufacturer, subject to approval by a Department Head. Brand name specifications can be restrictive, limit competition, and can result in increased cost. Use of brand name specifications must be carefully evaluated for operational efficiency/effectiveness before using them in competitive bid or procurement documents. Written justification must be documented through the City Attorney's office before a contract is awarded on Brand name products.
 - iii. **Brand Name or Approved Equal.** Specifications that contain "brand name or approved equal" are based on functional equivalency and should be used whenever possible to promote competition and reduce pricing or as required by state law including [Public Contract Code section 3400](#).

5. **Specification Development.** Specification development is a critical part of the procurement process. In many cases specifications can be highly complex and technical and require subject-matter expertise beyond that of City staff. The following steps should be considered when developing specifications.
- a. **Collaborate.** Meet with stakeholders of the procurement or others in the City with knowledge/experience writing specifications so that needs are clearly understood and captured. Stakeholder review of the draft specifications can also be helpful from a peer review perspective.
 - b. **Conduct Market Research and Analysis.** Research and analysis help inform product design and/or performance and create understanding of market and supply chain trends.
 - c. **Contact Other Public Agencies.** Other public agencies may have conducted a similar procurement and can share information and valuable insight.
 - d. **Seek Professional Assistance.** In some instances, contractors or consultants must be engaged to create complex or highly technical specifications. If an outside consultant or contractor prepares specifications, they are prohibited from submitting a competitive bid or proposal and may also be subject to Government Code section 1090 provisions and other conflicts of interest issues as described under Section 2.2 of this AI. Staff should promptly consult with the City Attorney's office if such issues arises. (see also [Procurement Standards for Federal Awards](#)).

Note: NEVER obtain or accept specifications directly from a potential bidder. This will give the bidder an unfair competitive advantage, require that the bidder be disqualified, and may result in protest actions or legal challenges.

Governing Law(s) and Reference Documents

1. [Best procurement practice guidelines on preparing specifications](#)

Section 8 – Purchasing-related Policies and Programs

8.1 Special Policies and Programs Overview

Depending on the amount and/or type of purchase, there are several policies and programs that must be considered. These include:

- Local vendor preference,
- Health (wellness) resolution,
- Environmentally preferable purchasing policy,
- Inventory management,
- Disposal of surplus equipment and supplies, and
- Purchases utilizing federal grant funds.

Each is described below.

8.2 Local Vendor Preference

Wherever quality and price are equal, it is the preference of the City to contract with local qualified vendors for the purchase of required goods and/or services.

8.3 Health (Wellness) Resolution

As a Healthy Eating Active Living (HEAL) City, South San Francisco strives to promote health and wellness by being a role model to promote healthy beverages and food options at City sponsored events. Per City Resolution 69-2013, adopted on July 10, 2013, purchases for these events should fall within the Wellness Guidelines established and adopted by Council. ([City Wellness Guidelines](#))

8.4 Environmentally Preferable Purchasing Policy

City employees shall comply with the City's [Recovered Organic Waste Product Procurement Policy](#) (Section 8.27 of Municipal Code) most recently in effect with respect to the following procurements:

- Mulch and related purchases for landscaping maintenance, renovation, or construction, as practicable;
- Renewable gas;
- Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper; and
- Any additional procurements as may be specified in the Recovered Organic Waste Product Procurement Policy.

Additionally, Department Heads are encouraged to increase the use of environmentally preferable products and services when financially feasible, and to evaluate opportunities for the use of products manufactured with recycled materials. By including environmental

consideration in purchasing decisions, the City can promote practices that safeguard public and worker health, conserve natural resources and reward environmentally conscious manufacturers, while remaining fiscally responsible.

Considerations should include the following:

1. Promote environmentally preferred purchases consistent with the provisions of [California Public Contract Code Section 12400, et. seq.](#),
2. Identify environmentally preferred alternatives,
3. Foster development of recycled products, and
4. Expand opportunities to conserve natural resources.

The Procurement Division of the California Department of General Services (DGS), as the lead agency for implementing Environmentally Preferable Purchasing (EPP) policies pursuant to the Public Contract Code, can be used as a resource for information on [best practice EPP policies](#).

8.5 Inventory Management

Each Department Head holds the authority for his or her department to manage inventory, supervise the inspection of, and ensure cost-effective use of all supplies and equipment.

8.6 Disposal of Surplus Equipment and Supplies

In accordance with [Sections 4.04.030 and 4.04.130 of the Municipal Code](#), policies and procedures have been adopted by the City Manager for the disposal of surplus equipment and supplies.

The Finance Department is responsible for the disposal of surplus City property. "Surplus" is defined as City property that is no longer going to be used by the department that originally purchased it. The following procedure outlines the steps to be followed for disposal of surplus items including those now being replaced through the use of the New Replacement Fund.

In order to avoid having surplus items cluttering the work place or piling up in storage areas, the following steps should be followed or [SSF Administrative Instruction Section III No. 5](#):

1. All surplus items should be temporarily stored in anticipation of pending auction.
2. Time permitting, prior to an auction, lists of surplus items maybe compiled and circulated to all departments or divisions for possible utilization by department/division other than the one where surplus was declared with the exception of vehicles.
3. All surplus items transferred from one department/division to another will be recorded on the City's capital asset list in a separate category and will not be eligible to be replaced again with funds from the "Replacement Program".
4. Prior to an auction but after circulation of list to departments, items may be disposed of by using an appropriate process to an appropriate source. "Appropriate process" may

include sealed bids, market price cash sales, or bidding. "Appropriate source" may include City employees, junk dealers, and scrap metal dealers or charitable organizations. A formal bidding process is required when the value of the surplus item is \$3,000.00 or more ([Section 4.04.070 Municipal Code](#))

5. Surplus items not disposed of by typical auction, maybe offered through alternate sources. "Alternate sources" may include E-waste events, negotiated price, trade-in value toward new purchase or online auction services.

8.7 Purchases Utilizing Federal Grant Funds

When purchasing goods and services that utilize federal grant funds, the City is required to follow the Uniform Guidance requirements established in the Code of Federal Regulations ([2CFR Part 200 Subpart A 200.318 to 200.326](#)). These requirements are contained in the [Procurement Standards for Federal Grant Awards](#) policy. Use of federal grant funds may require additional language in the relevant contract for compliance with federal requirements. Any amendment to a contract for use of federal grant funds should be done in consultation with the City Attorney's Office.

Governing Law(s) and Reference Documents

1. [City Wellness Guidelines](#)
2. [California Public Contract Code Section 12400, et. seq.](#)
3. [California Department of General Services Best Practice EPP Policies](#)
4. [Sections 4.04.030 and 4.04.130 of the Municipal Code](#)
5. [Procurement Standards for Federal Awards Policy](#)
6. [Federal Uniform Guidance, 2CFR Part 200 Subpart A 200.318 to 200.326](#)

Section 9 – Glossary of Terms

9.1 Definitions

This section defines relevant purchasing terms and terminology in use by the City.

Additional Insured. An essential requirement (included on an Insurance Certificate) to establish that the City and its employees, agents and volunteers are insured for any liability arising from activities performed on behalf of contractors working on City property.

Additional Insured Endorsement. An essential component of an Insurance Certificate that signifies the insurer has amended a contractor’s insurance policy to extend coverage to the City.

Agreement. A mutual, written understanding between two or more competent parties, where one party agrees to perform as defined in the agreement and the other party agrees to compensation for the performance rendered in accordance with the agreement conditions. Agreement and contract may be used synonymously.

Amendment. An agreed upon modification to an existing contract.

Appropriation. Authorization by the City Council to expend budgeted funding for City operations and infrastructure, or other designated purposes.

Award. The acceptance of a bid or proposal; the presentation of a purchase agreement by the award authority to a bidder or offeror.

Award Authority. The governing body or staff person(s) authorized to approve the purchase of goods and services on behalf of the City; the staff person(s) authorized to approve or execute procurement contracts and otherwise legally bind the City.

Best Value Procurement. A procurement that is awarded based on factors in addition to price. Best-value procurements are mainly conducted through the competitive proposal process.

Bid Addendum. A bid addendum is a document issued to all known participants (“plan holders”) in a competitive bid process that makes a change to the bid documents/project (i.e., changes to specifications), or process (like a bid due date extension).

Bid Security. A guarantee (cash, cashier’s check or bid bond) required to be submitted with bids or proposals that entitles the City to compensation if the low bidder fails to execute a contract.

Bid Opening. The process by which sealed bids are publicly opened, in the presence of at least one witness, at the time and place specified in the invitation for bids.

Blanket Purchase Order (BPO). A limited-term contract for goods and/or services based on unit or guaranteed pricing, typically for one-year renewable periods. BPOs may be

established with indefinite quantities and for multi-year periods, allowing end users flexibility to order products when needed, or for on-call services.

Change Order. A contract modification consisting of additions or reductions in work or materials approved by the appropriate award authority.

Commodity. Goods consisting of supplies, materials and equipment.

Competitive Bidding. The process of soliciting and obtaining formal and informal bids, including price quotations, from competing sources, by which an award is made to the lowest responsive and responsible bidder. The term “competitive bidding” is sometimes used synonymously with the competitive proposal process.

Competitive Proposals. The process of soliciting and obtaining formal and informal proposals from competing sources, by which an award is made to the proposer whose solution provides the best value to the City. The award may be made based on factors in addition to price, e.g., a higher price can be paid for goods and/or services if the value can be justified.

Conflict of Interest. A conflict of interest in conjunction with a City purchase is a situation where an employee or a member of the employee’s family stands to benefit financially from the procurement.

Contract. See Agreement.

Cooperative Procurements. A variety of arrangements whereby two or more public entities purchase goods and/or services from the same supplier or multiple suppliers using a single competitive bid or proposal; the combining of the requirements of two or more public entities to leverage the benefits of volume purchases, including administrative savings and other demonstrable advantages.

Formal Sealed Bid. A procurement method for goods and/or services anticipated to be greater than \$50,000 whereby an Invitation for Bids (IFB) is issued and sealed responses are submitted and publicly opened, with a contract awarded to the lowest responsive and responsible bidder.

Formal Sealed Proposal. A procurement method for goods and/or services anticipated to be greater than \$50,000 whereby a Request for Proposals (RFP) or similar proposal document is issued and responses are submitted and reviewed by an evaluation committee based on established criteria, with a contract awarded to the responsive and responsible proposer whose solution provides the best overall value to the City.

General Services. Work performed or services rendered by independent contractors (excluding public works projects and construction work, including those administered through the Public Works Department) such as custodial services; building, equipment and other routine maintenance; machinery and equipment rental, and utility services. General services are typically associated with operational work and involve physical skills.

Goods. Supplies, materials and equipment to be furnished to or used by any department of the City, including items purchased by the City and furnished to contractors for use in public works projects.

Informal Bid or Proposal. Competitive bids or proposals anticipated to be \$50,000 or less conducted under informal procurement procedures.

Insurance Certificate. The document provided by a contractor/vendor's insurer that incorporates key elements and City requirements to show proof of agency insurance coverage by the insurer.

Invitation for Bids (IFB). The type of bid document typically used in a competitive (formal) sealed bidding process. Components include but may not be limited to a bid invitation, instructions to bidders, bid schedule(s), terms and conditions, and technical specifications.

Invitation for Quotations (IFQ). The type of bid document used in an informal bid or proposal process.

Lowest Responsive and Responsible Bidder. The bidder to be awarded a contract who fully complies with all bid requirements, whose past performance and financial capacity is determined to be acceptable and has offered the lowest price. In accordance with the California Public Contract Code, a contract can be awarded to a responsible bidder who has provided a responsive bid. Bidder responsibility and responsiveness is also applied to best value procurements.

Open Market Procedures. The competitive bidding procedures used for informal and formal goods and/or services purchases. Open market procedures cannot be used for public projects.

Payment Bonds. A type of surety instrument which guarantees that contractors (or subcontractors) will pay their subcontractors, material suppliers or laborers for work and materials provided.

Performance Bonds. A type of surety instrument which guarantees that the principal contractor will fulfill their contractual obligations under a project.

Piggybacking. A form of intergovernmental cooperative purchasing whereby the City utilizes the contract pricing and terms of another government agency.

Pre-bid/proposal Conference. A designated meeting during a bidding period for contractors to hear about the bidding opportunity and ask process/technical questions. The pre-bid/proposal conference can be mandatory depending on the nature of a particular project.

Prevailing Wages. The wage rates, including fringe benefits, paid to a majority of workers in a geographic area for the same type of work on similar projects as established by the California Department of Industrial Relations.

Professional Services. Services provided by a person or firm engaged in a profession based on highly specialized and/or technical knowledge or skill. Some examples include accountants, attorneys, artists, architects, design professionals, engineers, and physicians. Professional services are most closely associated with consultants who produce reports, studies, and plans/specifications.

Public Works (Projects). The construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind, including demolitions, and the construction and installation of drainage systems, lighting and signaling systems, sewer and water systems, and parks and recreational facilities.

Purchase Order. A legally binding contract issued by Finance Department staff to a vendor that includes standard terms and conditions that vendors must abide by to transact business with the City.

Purchase Requisition. The document required to be submitted through the financial system to complete the procurement process. Purchase requisitions must be properly documented by the requesting department and approved by the appropriate authority.

Qualifications Based Selection (QBS). A process established in state law requiring consultant selection to be based on demonstrated competence.

Request for Proposals (RFP). The solicitation document used to solicit formal competitive proposals for goods and/or services from potential providers.

Request for Qualifications (RFQ). This type of formal solicitation is used in place of or in conjunction with an RFP process when qualifications and experience are overriding considerations to price. RFQs are most commonly used for architectural and engineering services or other highly specialized consultants where QBS processes are utilized for consultant selection.

Responsible Bidder. A bidder is considered responsible if they possess the demonstrated ability, capacity, experience and skill to provide the goods and/or services in accordance with the City's requirements; has a record of satisfactory or better performance under prior contracts with the City and other entities; and has complied with laws, regulations and guidelines governing prior or existing contracts.

Responsive Bidder. A person or entity who has submitted a bid which conforms in all respects to a bid or proposal solicitation. The City may choose to waive minor irregularities that does not affect the amount of the bid or gives a bidder an advantage over others.

Single Source. A good or service that may be available from more than one source, but a compelling justification can be made to obtain the good or service from one particular vendor.

Sole Source. A situation where a good or service can only be obtained from one source due to its proprietary or specialized nature, or a situation where product/service compatibility is an overriding consideration to price.

Specification. A precise description of the physical characteristics, quality, or desired outcomes of a commodity to be procured, which a supplier must be able to produce or deliver to be considered for award of a contract. There are two types of specifications: design and performance.

Surplus Personal Property. Supplies, materials, and equipment that is no longer used or has become obsolete, to be sold, exchanged, or donated in accordance with established City procedures.

Reference Material

Informal Public Contract Bidding – Public Projects Between \$60,001 and \$200,000

The City of South San Francisco has adopted the California Uniform Public Construction Cost Accounting Act, Sections 22000 et seq., (Section 4.04.073), which allows the City to have an informal bid process for public projects valued between \$60,001 and \$200,000 that consists of the following items:

1. **Create Bidder's List.** Under SSFMC §4.04.071, the City is required to develop and maintain a list of contractors, according to categories of work, and in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Accounting Commission. To that end, each November, the Public Works Department invites licensed contractors to be added to the City's bidder's list, by specialty, for the following calendar year. The Department must mail, email, or fax such invitation to the two trade journals listed below:

- a. Construction Bidboard (eBidboard)
Attention: James Moriarty—CEO
11622 El Camino Real
San Diego, CA 92130
Phone (800) 688-0585; fax (619) 688-0585
email: planroom@ebidboard.com
- b. McGraw-Hill Construction Dodge (formerly F.W. Dodge)
4300 Beltway Place, Suite 180
Arlington, TX 76018

In addition, in accordance with Public Contract Code § 22036, the Department must mail (and may also email or fax) such an invitation to two of the five trade journals listed below:

- a. Peninsula Builders Exchange
735 Industrial Road
San Carlos, CA 99407
Phone (650) 591-4486; Fax (650) 591-810
email: tom@constructionplans.org
- b. San Francisco Builders Exchange
850 South Van Ness Avenue
San Francisco, CA 94110-1911
Phone (415) 282-8220; Fax (415) 821-0363
email: denna@bxosf.com

- c. Builders Exchange of Santa Clara County
400 Reed Street
Santa Clara, CA 94577
Phone (510) 483-8880; Fax (510) 352-1509
email: mm@bxscoco.com
- d. Builders Exchange of Alameda County
P.O. Box 1978, 3055 Alvarado Street
San Leandro, CA 94577
Phone (510) 483-8880; Fax (510) 352-1509
email: spleary@beac.com
- e. Marin Builders Association
660 Las Gallinas Avenue
San Rafael, CA 94903
Phone (415) 462-1220; Fax (415) 462-1225
email: dave@marinaba.org

The notice shall require that the contractor provide their name and address to which a notice to contractors or proposal should be mailed, their phone number, the type of work in which the contractor is interested and currently licensed to do, together with the class of the contractor's license held and contractor license number.

The Public Works Department must revise their bidders list starting January 1 of each year. The department may include any contractor they so desire, but at a minimum, the list must include contractors who responded to the November list invitation with the required information. It is recommended that contractors who submitted at least one valid bid in the preceding year be included on the list. Contractors may be added to the list at any time by providing Public Works with the required information

2. **Advertise Bids.** Not less than 10 calendar days before bids are due, a notice inviting bids shall be mailed or emailed to all contractors on the City's bidder's list for the category of work to be bid and to the five trade journals listed above, or if the list of journals is amended by the California Uniform Construction Cost Accounting Commission ("Commission") pursuant to Section 22036 of the Public Contract Code, then to the trade journals otherwise specified. Additional contractors or construction trade journals may be notified at the discretion of the department soliciting bids, provided however, that 1) if there is no list of qualified contractors for the particular category of work, then the notice shall only be sent to the construction trade journals specified by the Commission; 2) if a product or service is proprietary in nature, such that it can only be obtained from one contractor or contractors, then the notice may be sent exclusively to that one contractor or contractors.

Generally, the bids should include the following information:

- General description of the project,

- Method for how to obtain more detailed information about the project,
 - Time and place for submission of bids,
 - Project title and number,
 - Cost range,
 - Who is accepting bids (Project Engineer),
 - Date and time bids are due,
 - Property owner's address and phone number,
 - Architect's address and phone number,
 - Brief description of work to be done,
 - Where plans may be obtained/deposit requirements, and
 - Percentage of bid bond/percentage of performance bond/percentage of payment bond.
3. **Bidder's Security.** When deemed necessary, a bidder's security may be required for informal public project contracts between \$60,001 and \$200,000.
 4. **Required Information and Forms.** Placeholder for City-provided information/requirements such as bid forms/schedules, addenda acknowledgment, non-collusion affidavit, contractor/subcontractor license and DIR registration numbers, bidder experience requirements, etc.
 5. **Selection.** Opening of bids and selection of the lowest responsive and responsible bidder may be done by the department soliciting bids. The City Manager signs all contracts, regardless of amount. Contracts between \$60,001--\$150,000 may be approved by the City Manager. Contracts greater than \$150,000 must be brought to the City Council for award.

If the engineer's reasonable estimate is below \$200,000, then informal bid procedures may be used. If all bids received exceed \$200,000, then the City Council may award the contract (with four-fifths vote) up to \$212,500 to the lowest responsible bidder.

Formal Bid Procedures – Public Projects Greater Than \$200,000

1. **City Council Authorization to Advertise.** For public projects greater than \$200,000, the City Council adopts the plans and specifications and authorizes advertising of the bid. The department prepares a staff report to the Council recommending this action by resolution. The department should also make sure that there is sufficient budget for the estimated contract cost and make plans for obtaining funding for any shortfall. A budget amendment, if necessary, can be done at this time or when the Council awards the contract.
2. **Specifications.** The department requesting shall prepare the bid specifications based on the following:
 - a. **Quality.** In considering and developing specifications, it must always be kept in mind that expenditures derived from public sources and administered by public

- bodies cannot be expected to provide “deluxe” or luxurious levels of quality. It is, therefore, necessary to follow a general policy of purchasing standard grades of merchandise that represent an optimum relationship between quality and price.
- b. **Adequacy.** Bids and quotations must be based on adequate specifications. A lengthy specification composed or designed solely for the purpose of eliminating competition other than those able to supply a particular brand-name commodity should be avoided. An actual brand name should be used only when no other of its kind would be equally satisfactory. Specifications should be detailed so as to afford a basis for full and fair competitive bidding upon a common standard, and they should be free from restrictions that would tend to stifle competition.
 - c. **Changes.** Once an invitation to bid has been mailed, no changes in the specifications can be made unless all prospective bidders are so notified by means of an amendment. This amendment shall be forwarded to the bidders via ebidboard.com, email, or certified mail with return receipt requested. The return receipt request is proof of notification and will be filed with the bid. Amendments may be sent via facsimile machine when time does not permit mailing.
3. **Notice Inviting Bids.** The department requesting the work shall prepare a notice inviting bids. Such notice shall include the following information:
- a. A general description of the project,
 - b. Where bid blanks and specifications may be secured, and
 - c. The time and place for receiving and opening sealed bids.
- To facilitate the bid process, the department requesting the work shall also:
- a. Assign a bid number;
 - b. Establish the date for bid openings to be included in the notice inviting bids; and
 - c. Reserve a room for the date of bid openings, either a City Hall Large Conference Room, or an Annex Conference Room.
4. **Advertise in Newspaper.** The department requesting the work shall advertise the bid in at least one newspaper of general circulation, printed and published in the City. Usual publications are *San Mateo County Times* and the *San Mateo Daily Journal*. The *San Jose Mercury News* and *San Francisco Chronicle* may be used for very large jobs:
- a. The notice inviting bids shall be published at least 14 calendar days before the date of opening of the bids.
 - b. A letter listing advertising dates of bid and a copy of the Notice Inviting Bids will be forwarded to the newspaper for advertising. This letter will be acknowledged by signature of newspaper agent and returned to the Engineering Division where it will be filed in the corresponding Bid folder.

5. **Advertise to Bidder's List/Trade Journals/City Website.** Thirty days before bid opening, the department requesting the work shall mail and email invitations to bid to the contractors on the City's bidder's list created pursuant to SSFMC § 4.04.071 and shall mail and email invitations to bid to the five construction trade journals listed under the Informal Public Contract bidding instructions. ([Section 4.04.072 of the Municipal Code](#))

It is recommended that ebidboard.com be used for advertising all bids. Engineering Division staff can help publish bids on ebidboard.com. The Invitation for Bids (IFB) should include a general description of the project, where bid forms and specifications may be secured, and the time and place for receiving and opening sealed bids.

In addition, the IFB should include the descriptive information suggested in informal public contract section (project title and number, cost range, location, etc.). The IFB shall also be posted on the City's website or other website used for bidding on public projects. Interested contractors would then contact the Engineering Division to get official bid packets.

6. **Cost of Bidding Documents.** The department requesting the work will notify the Engineering Division of the fee to be charged to recipients of bid packets along with the revenue account number to credit.
7. **Bidder's Security.** A bidder's security (bid bond) is required for formal public project bids greater than \$200,000. When deemed necessary, bidder's security may be required for informal public project contract bids between \$60,001 and \$200,000. Bidder's security requirements should be included in the notice inviting bids advertised in any newspaper or submitted to any trade journal or sent to contractors on the City's bidder's list.
- a. **Form.** Bidder's security shall be in the form of a bid bond (signed by bidder and admitted surety insurer), cashier's check, certified check, or cash. A personal check is not acceptable. A bid shall not be considered unless all of the forms of bidder's security are enclosed with it.
 - b. **Amount.** Bidder's security shall be in the amount of not less than 10% of the bid amount.
 - c. **Return.** The Engineering Division shall retain the bidder's security of the three lowest bidders until a contract has been entered into between the City and the successful bidder. The department requesting the work will immediately prepare a purchase requisition for the contract (with a signed copy of contract forwarded to Finance Department via a purchase order requisition), from which the Engineering Division may return the successful bidder's security.

The bidder's security shall be forfeited if the successful bidder fails to execute the contract within 10 days after the notice of award of contract has been mailed. Unless the City is responsible for the delay. Upon refusal or failure of successful bidder to execute the contract, the City Council may award the bid to the next lowest

responsible bidder. The amount of the lowest bidder's security shall be applied to the difference between the lowest bid and the second lowest bid, and the surplus, if any, shall be returned to the lowest bidder.

8. **Required Information and Forms.** Placeholder for City-provided information/ requirements such as bid forms/schedules, addenda acknowledgment, non-collusion affidavit, contractor/subcontractor license and DIR registration numbers, bidder experience requirements, etc.
 9. **Public Bid Opening.** Sealed bids shall be received by the department identified in the invitation for bids and shall be identified as bids on the envelope. Bids shall be opened at the time and place stated in the public notice.
 10. **Public Inquiry/Bid Summary.** The project manager is responsible for responding to public inquiries regarding general bid information (e.g., telephone calls regarding bid information submitted or copies requested) and the project manager shall receive technical project inquiries.
 - a. **Addenda.** Responses to prospective bidders shall be in the form of a bid addendum issued by the project manager. Issued addenda will be sent to all parties who have received bid documents. All such addenda will become part of the bid documents and shall be binding on the bidders. *Bidders must acknowledge the receipt of all properly issued addenda for their bids to be considered responsive.*
- A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than 30 calendar days after the bid opening.
11. **Award of Bid.** The department requesting the work will verify the bid amounts (line item(s) and total(s)) and examine the package of the apparent lowest bidder. The City Council must award the contract to the lowest responsible bidder who has submitted a responsive bid. Sufficient budget appropriation must exist for the contract. In its discretion, the City Council may reject any and all bids presented and re-advertise for bids.
 12. **No Bids.** If no bids are received, the City Council may award the project by negotiated contract.
 13. **One Bid.** Placeholder for clarification by City.
 14. **Tie Bids.** If two or more bids are for the same amount or unit price, quality and service being equal, and if the public interest will not permit delay of re-advertising for bids, the City Council may choose which bid to accept, may accept the lowest bid made by negotiation with the tie bidders, or may use a public drawing.
 15. **Performance and Payment Bonds.** Performance and payment bonds are required before entering a contract and the form and amount of the bonds must be described in the notice inviting bids.

- 16. Rejection of Bids.** No bid will be accepted for consideration in the following cases:
- a. If it is received after the time and date specified in the bid documents unless the delay is due to mishandling by a City employee. Upon receipt of any late bid before or after an award, the bid shall be returned unopened to the bidder (by certified mail). However, a late bid may be opened for identification purposes.
 - b. If the bid does not contain the bidder's security as requested in the notice and invitation to bid. The bidder's security must be received prior to the time of the opening specified in the notice and invitation to bid.
 - c. A bid may also be rejected as non-responsive if it does not comply with the requirements of the bidding documents. Employees should consult the City Attorney's Office if questions arise as to whether a bid response may be determined as non-responsive.
- 17. Waiver of Minor Irregularities.** At the City's discretion, minor defects or irregularities in any bid may be waived, provided that the discrepancy does not: (1) affect the bid amount; (2) give the bidder an advantage over other bidders (*e.g.*, give a bidder an opportunity to avoid its obligation to perform by withdrawing its bid without forfeiting its bid security, *i.e.*, for mistake under [Pub Cont C §5103](#)); (3) be a potential vehicle for favoritism; (4) influence potential bidders to refrain from bidding; or (5) affect the ability to make bid comparisons. The City Attorney's Office should be consulted in determining whether a deviation or defect constitutes a waivable minor irregularity.

Formal Open Market Procedures

Formal open market bidding is required for goods and/or services anticipated to exceed \$50,000 using the lowest bid or best value methods. Required information and instructions on preparing the formal bidding documents discussed below are included in each bid template.

1. **Lowest Bid.** If the requirements for a particular good and/or service can be determined with a high degree of specificity, then the purchase should be made using the lowest bid method, after first determining that the bidder meets the requirements of the solicitation (called "responsiveness") and has the means to acceptably deliver the goods/services (is "responsible.")
 - a. **Invitation for Bids (IFB).** Use of an IFB is required for formal competitive bidding to establish/award contracts based on the lowest responsive and responsible bidder. The bidding process steps for IFBs are similar to those required for the formal bidding of public projects, with noted exceptions discussed below.
2. **Best Value.** If the requirements for a particular good and/or service cannot be determined with a high degree of specificity, then a best-value procurement may be conducted. This method considers factors in addition to price, *i.e.*, a higher proposed amount can be paid (subject to successful negotiation) if the overall value to the City can be justified.

Best-value procurements are typically used when a solution is being sought that cannot exactly be specified, such as software systems or studies prepared by professional consultants. Best value procurements are typically used for highly specialized or technical services where professional qualifications are an overriding consideration.

- a. **Request for Proposals (RFP) Template.** Use of an RFP is required for formal competitive proposals to establish/award contracts based on best overall value utilizing an evaluation team and scoring criteria as discussed below. The proposal solicitation process has many similarities to the IFB process as well as exceptions, also as noted below.
- b. **Request for Qualifications (RFQ).** Use of an RFQ is required mainly for professional services where consultant selection based on demonstrated competence is an overriding consideration and price is separately evaluated (also known as Qualifications Based Selection, or QBS). Similarities and differences with other bidding methods are discussed below.

Differences Between Open Market and Public Project Bidding

When conducting competitive bidding using formal open market procedures, many of the process steps used in the formal bidding of public projects can be followed, with the following noted exceptions:

- City Council authorization to advertise an Invitation for Bids (IFB), Request for Proposals (RFP) or Request for Qualifications (RFQ) is *not* required.
- Formal open market bids and proposals are *not* required to be advertised in the newspaper or trade journals and are advertised at minimum on the City’s website and publicly posted at City Hall.
- Formal open market bids and proposals *do not* require the creation of bidder’s lists.
- Depending on the nature of the procurement formal open market procurements *may not* require bidder’s security or payment/performance bonds.

Note: Nothing precludes the City Manager or Department Heads from requiring any items listed above if they are determined to be in the City’s best interest.

Differences Between Best Value and Lowest Bid Solicitation Methods

There are several fundamental differences between the best value and lowest bid methods as shown in the table below:

Table 1. Key Differences Between Best Value and Lowest Bid Solicitation Methods

| Low Bid IFB | Best Value RFP | Best Value RFQ |
|--|---|---|
| Bids are publicly opened, read aloud and apparent low bidder announced | Proposals are not publicly opened; proposers not identified | Proposals are not publicly opened; proposers not identified |

| | | |
|--|---|---|
| Bids are evaluated by project manager based on unit and extended pricing | Proposals are evaluated by a team based on specified criteria with pricing as one factor | Written proposals are evaluated by a team based on demonstrated competence before pricing is considered |
| Interviews are not typically conducted | Interviews are conducted by the evaluation team | Interviews are conducted by the evaluation team |
| Negotiations are not typically conducted | Negotiations on project scope, cost and contract terms are typically conducted | Negotiations on project scope, cost and contract terms are typically conducted |
| Bid summary identifying all bidders is posted after bid opening | Proposers' identities not disclosed until a contract with selected proposer has been negotiated | Proposers' identities not disclosed until a contract with selected proposer has been negotiated |
| Contract is awarded to the lowest responsive and responsible bidder | Contract is awarded based on best overall value on factors in addition to price | Contract is awarded based on demonstrated competence and negotiated pricing |
| Contract is typically amended to add scope/cost | Contract may be amended to add negotiated scope/cost | Contract may be amended to add negotiated scope/cost |

Process Integrity Procedures for RFPs and RFQs

As discussed in Section 2.2 of this AI above, City evaluators shall not be financially interested in any such contract made by them in their official capacity, as such terms are defined in California Government Code Sections 1090 et seq. and 87100 et seq., and relevant case law. Prohibited interests include interests of immediate family members, domestic partners, and their respective employers or prospective employers. Potential conflicts must be disclosed as soon as they are discovered and may require withdrawal from participation in the evaluation process. The Finance Director and/or City Attorney will review potential conflicts of interest and make a determination about the evaluator's continued participation in the procurement.

Additional Reference Information on QBS Procedures

The QBS selection process typically associated with professional services such as architectural, engineering, environmental, land surveying and construction management is based on the requirements contained in [Section 4525 et. seq. of the California Government Code](#) or its federal counterpart, the [Brooks Act](#).

Policy and procedural reference information to be provided by City staff.

1. [Purchasing Card Program Policy](#)
2. [Procurement Standards for Federal Awards](#)
3. [Standard Contract Templates](#)
4. [Standard Purchase Order Terms and Conditions](#)

5. [Contract/Agreement Approval Form](#)
6. [City Conflict of Interest Code](#)
7. [Insurance Compliance Requirements](#)
8. [Sample Insurance Certificate with Policy Endorsements](#)
9. [City Wellness Guidelines](#)

Attachment 1

Standard Risk Tolerance Matrix for Evaluating Insurance Waivers

| | | | | |
|---------------------------------|------------------------------|---------------------------|---------------------------|---------------------------|
| Likelihood of Occurrence | Very Likely | Acceptable Risk Medium | Unacceptable Risk High | Unacceptable Risk High |
| | Likely | Acceptable Risk Low | Acceptable Risk Medium | Unacceptable Risk High |
| | Unlikely | Acceptable Risk Low | Acceptable Risk Low | Acceptable Risk Medium |
| | | Minor | Moderate | Major |
| | Seriousness of Impact | | | |

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Attachment 2

4.04.072 Notice inviting informal bids.

Where a public project is to be performed, and is eligible to utilize the informal bidding provisions of subsection (b) of Section 22032 of the Public Contract Code, as may be amended from time to time, the following procedures shall apply:

- (a) A notice inviting abbreviated bids shall be mailed or emailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section 4.04.071, and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code, unless the product or service is proprietary. Additional contractors and/or construction trade journals may be notified at the discretion of the department soliciting bids; provided however:
 - (1) If there is no list of qualified contractors maintained by the city for the particular category of work performed, the notice inviting bids shall be sent only to the construction trade journals specified by the commission.
 - (2) If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting abbreviated bids may be sent exclusively to such contractor or contractors.
- (b) All mailing of notices to contractors and construction trade journals pursuant to subsection (a) shall be completed not less than ten calendar days before bids are due.
- (c) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.
- (d) For public projects that are under seventy-five thousand dollars and have followed these informal bidding procedures, the city manager may award the contract.
- (e) If all bids received are in excess of two hundred thousand dollars, or the limits established by subsection (d) of Section 22034 of the Public Contract Code, whichever is higher, the city council, by adoption of a resolution by a four-fifths vote, may award the contract, at no more than two hundred twelve thousand five hundred dollars, or the limit established by subsection (d) of Section 22034 of the Public Contract Code, whichever is higher, to the lowest responsible bidder, if it determines the cost estimate was reasonable. (Ord. 1583 § 2, 2019; Ord. 1490 § 1, 2014; Ord. 1321 § 1, 2003)