



Purchasing & Contracting Department

PROCUREMENT MANUAL



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Introduction

As stewards of taxpayer dollars, each department within the City of San Diego (City) is responsible to conduct procurements in a deliberate, fair and ethical manner.

The goals of the City's Purchasing and Contracting Department (P&C) are:

- ▶ Provide quality goods and services in a fiscally responsible manner
- ▶ To ensure equality, non-discrimination, and compliance in the procurement of City contracts
- ▶ To make sure the Living Wage Ordinance and Prevailing Wage compliance requirements are understood and met
- ▶ Use best practices in the delivery of procured goods and services

The Purpose of this Manual

This living manual has been developed to give you, the user, information needed to make the best decisions when carrying out procurement activities. It provides a resource of purchasing and contracting standards and best practices. These processes and practices are aligned with the City of San Diego's Municipal Code (SDMC) and the administrative regulations set forth by our executive leadership.

This manual provides guidance on procurement for goods, services and consultants not related to minor construction or public works. P&C does not handle solicitations for these types of needs. For more information on how to determine if a project is a minor construction or repair, go [here](#).

Purchasing Authority

The City's Purchasing Agent's authority to enter into agreements on the City's behalf is codified in the SDMC in [Chapter 2, Article 2, Division 32](#). The role of Purchasing Agent is fulfilled by the Director of P&C.

The Director of P&C is the City's authorized agent who oversees the transactions for procuring and/or contracting goods and services that are not related to construction or architecture or engineering consulting. The Director of P&C is also responsible for disposition of City property or assets that are not real estate related.

The Director of P&C has the responsibility of promulgating rules, policies and processes which govern the City's procurement and contracting processes. Their responsibility is to ensure that the City is compliant with all applicable state and federal laws regarding procurement activities.



Procurement Laws

Even though the City is a charter city, there are still times where state and federal laws are applicable to our procurement activities.

It is important that City employees follow the procedures provided by P&C and refrain from illicit activities:

- ▶ **Bid splitting (breaking up one large procurement into many smaller ones);**
- ▶ **Price Feeding;**
- ▶ **Committing the City's funds without a proper procurement process; and**
- ▶ **Discussing open solicitations with vendors in an effort to elicit certain responses.**

Ethics in Procurement and Conflicts of Interest

The competitive nature of public procurement and the expenditure of public funds require strong ethical standards at all levels of purchasing activities. The decentralization of procurement across a large organization can make this challenging for City staff and vendors.

It is a hard balance to strike: fostering mutually beneficial vendor relationships while not creating an appearance of impropriety. The City has a Conflict of Interest Code that allows an employee to report any potential conflicts.

Additionally, City staff should prevent conflicts of interest as it relates to procurement activities.

Here are some examples:

- ▶ **Employees may not work on a solicitation for a contract knowing that a member of their extended family has a financial interest in the contract;**
- ▶ **Employees should not accept gifts, favors or items of value from vendors or potential vendors;**
- ▶ **Employees may not disclose confidential information that could sway or influence a vendor's bid/proposal response, change the outcome of an award or place the City's interests in harm's way or disclose information just for personal gain.**

If an incident occurs where information is provided to a vendor that could potentially affect the outcome of a procurement process, staff must provide a statement to their supervisor and the P&C staff member they are working with to ensure proper precautions are taken to safeguard the procurement process.



Unfair Advantages

Fairness and transparency are the cornerstones of the municipal procurement process. During an open solicitation, a term called the “**cone of silence**” is often used to describe the time period which begins with the solicitation being advertised through successful award of a contract. The cone of silence is meant to safeguard any information that could provide an unfair advantage to a prospective bidder/proposer. The cone of silence means that no communication is undertaken with any prospective bidders in any form. P&C will always ask to control all communications once a solicitation has gone public to ensure that there is no appearance of inappropriate communications or unfair advantages being created.

Understanding the 1090 Rule:

In the state of California, consultants who often work closely with agencies in developing project plans, scoping out terms of service or planning long term program goals often have the potential of running into the California Government Code 1090 issue.

The rule states that one cannot serve in two capacities on the same contract. For example, a consultant cannot assist in scoping a proposal document and then compete to win the award of the resulting contract. It is a

direct violation of 1090. Although more often relevant in engineering and architecture consulting, 1090 violations can occur in all disciplines and vendors that have partnered with the City on projects should be warned in advance that scope planning will preclude them from competition.

Authority to Sign Contracts which Commit City Funding

Per our City Charter, a contract is not deemed fully executed without the signature of our City Attorney, or designee. Per the [*Delegation of Authority to Sign Contracts*](#) memorandum issued by our Chief Operating Officer, the Director of P&C, is given the authority to commit the City’s funds to a certain dollar amount on a contract.

Communications with Bidders

Starting on the date a solicitation is issued and through the date the contract is awarded, actual and prospective bidders are prohibited from contacting any City officials other than designated procurement staff handling the solicitation.

Only the following types of communication are permitted during an open solicitation process:

- ✓ Actual formal responses to the ITB, RFP or other solicitation (procurement product);
- ✓ Communications publically made during the official pre-bid/proposal conference;
- ✓ Written requests for clarification during the question/answer period; and
- ✓ Communications during an oral interview, proof of concept, sample testing, field evaluation scheduled at the request of the procurement staff lead.

During the cone of silence, the lead procurement staff shall serve as the only point of contact to all prospective bidders/proposers. Any contact other with City staff other than with the procurement staff lead will result in rejection or disqualification of the violator’s proposal or bid.

Evaluation, Curing, Suspension and Debarment – *How the City Safeguards Its Contracts*

The Contract

The City Attorney's Office (CAO) is responsible for reviewing and approving all contract documents for form and legality. They are partners with both their client departments and P&C. Their involvement is critical to the success of the procurement process and they should be the first to review a specification or scope of work once a department deems it acceptable.

Since the bid/proposal document is the backbone of the contract, CAO input is invaluable and P&C staff will not put forth a formal solicitation without approval from the CAO.

The final resulting contract must be signed, and is only considered fully executed when signed by the vendor, the Director of P&C and the City Attorney. For detailed information on who within the City's organizational structure can sign a contract, please see the most recent *Delegation of Authority to Sign Contracts memorandum*.

Contract Terms, Duration and Options

What is a formal solicitation?

A formal solicitation is one that is advertised as a call to all bidders, is open for at least ten calendar days, has sealed bids/responses that are evaluated based on price or value and results in a contract. A formal solicitation, as defined by the City of San Diego, has an estimated value of more than \$150K for goods, services and consultant services that are not related to public works, construction or architecture and engineering.

An informal solicitation has a value less than \$150K, does not need to be advertised and can be as simple as gathering several quotes.



Each solicitation – be it formal or informal – is backed by the City’s [General Contract Terms and Provisions](#). The terms and provisions cover obligations for the vendor as well as the City. It also points the vendor to pertinent sections of the contract which cover insurance, payment and termination for cause and convenience. The General Contract Terms and Provisions also obligates the vendor to comply with all applicable laws specific to the City including Living Wage Ordinance and Equal Opportunity Contracting reporting.

Contract terms may be negotiable to a certain extent. These negotiations should always be handled by a representative from P&C with support from the CAO.

Contracts, per the City’s Charter, cannot be for a duration longer than five (5) years without seeking approval (via ordinance) from City Council. Contracts can be formulated to have optional renewal periods on an annual basis or to run consecutively for several years with final option renewal years at the end of the agreement. The decision is for the end user department to determine what makes the most sense for them and their business needs.

Although an existing option for renewal may exist, the City has no obligation to exercise the option. Contract performance monitoring should be an ongoing activity for the departments and unsatisfactory performance should be reported to P&C.

If the department has the need to terminate a contract before its termination date, P&C and the CAO can assist.

Contract Amounts and Required Approvals

The Director of P&C is able to execute an agreement with a total value less than \$3 million (over the life of the contract) without seeking approval from the City Council. If a department has an estimated value of a contract less than this for the total life of the contract, time in the work plan does not need to be factored for the [e1472](#) or [e1544](#) process.

If the estimated value for the life of the agreement will exceed \$3 million, City Council must approve the agreement prior to the Director of P&C and City Attorney’s execution of the agreement. Time should be factored into the work plan for proper routing, committee and City Council docketing. It is the responsibility of the client department to prepare and route the appropriate approval document. P&C will take the lead on anything considered to be a Citywide agreement on behalf of client departments. Additionally, client departments can count on P&C to be present at committee and Council in support of these items.

There is a method to obtain pre-approval for the planned solicitation and resulting contract for departments. The pre-approval

process should be considered by departments who have high dollar agreements as a core component of their operations (i.e. helicopter maintenance, large equipment rentals, etc.).

Contract Administration and Compliance

A successful contract is contingent on a few things:

- ✓ A willing partnership by all participating parties;
- ✓ A clear understanding of everyone’s roles and goals;
- ✓ A party monitoring and reporting on performance; and
- ✓ A clear path for remediating issues – if needed.

Contract administration is monitoring done from a Citywide perspective for the City and is the responsibility of P&C. P&C’s goal is to make contract administration easy for our client departments. P&C has training on a regular basis to explain the components of contract administration. A team has been established in P&C dedicated to contract administration which monitors administration and contract activities on behalf of the City.

P&C has developed staff resources for contract administration, including contract monitoring worksheets. You can request training by reaching out to P&C's Contract Compliance Unit.

Regular evaluation of a contracted partner is critical to the life-long success of the contract. Evaluations are an opportunity to capture performance deficiencies as well as tracking how well a vendor is performing. In the event that issues are tracked and need to be corrected, the information memorialized in the evaluations make corrective discussions with the vendor easier and more accurate. Having hard facts also takes the emotion out of the conversation so that the focus can be on correcting performance and getting both parties back on solid terms.

Most times, vendors are anxious to correct issues and willing to do their part to make things right. Resistance to correcting performance can be met and that is where the City has options per its general terms and provisions.

Working with the CAO, P&C will draft a cure letter to vendors who have difficulty addressing performance or other contract issues (insurance, for example). The cure letter will point out all areas of concern and provide a deadline to the vendor by which their issues should be addressed and cured – otherwise the City may opt to suspend or cancel the contract, and/or may pursue other actions against them.

Suspension

Suspension of a contracted vendor means that they are not able to perform under their contract terms with the City until further notice. Suspension of services, for example, would mean that the department would then rely on an alternative provider until the suspended contractor could resume services. In those events, P&C will work with client departments to ensure that there is planned coverage.

Suspension Pending Debarment

Debarment is the most severe penalty that can be given to a contracting firm, or individual, doing business with a government agency. Debarment is exclusion from opportunities to secure contracts funded by tax payer funds. Debarment, whether it is imposed for a few years or permanently, is damaging and its after effects are often permanent.

A full list of grounds for debarment is codified in SDMC [§22.0807](#).

There are hearing proceedings which allow a contractor facing debarment to provide evidence and arguments in their defense prior to action being taken. The Contract Compliance Unit within P&C will assist in all efforts to remediate vendor issues through debarment.

P&C staff are dedicated to ensuring that the City gets the best value in order for City

departments to accomplish their critical missions. P&C staff are also there to assist in all aspects of the procurement cycle.

Possible grounds for debarment include:

- ▶ Bid rigging; embezzlement; theft; falsification of records; collusion; or
- ▶ Any offense indicating a lack of business integrity or business honesty; or
- ▶ Commission of a criminal offense arising out of obtaining a public or private contract; or
- ▶ City has issued the bidder/contractor four or more unsatisfactory final performance evaluations in any four year period; or
- ▶ Failure to pay prevailing or living wages, or failure to comply with the City's Earned Sick Leave and Minimum Wage Ordinance; or
- ▶ Violation of a local, state or federal law or regulation applicable to a contract; or
- ▶ A willful breach of a material term of a contract.



Getting Started with Selecting a Procurement Product

The SDMC is very clear on procurement dollar thresholds.

Updated Solicitation Thresholds

Value of Goods/Services	Number of Quotes Required
Up to \$25,000	1 quote
\$25,000.01 - \$50,000	2 quotes
\$50,000.01 - \$149,999.99	5 quotes
\$150,000 or more	Formal Bid Solicitation

Please note that SDMC § 22.3204 prohibits the subdividing of bid awards.

What Do You Need?

The very first step in any procurement process is deciding what is needed, either goods or services or maybe both.

Answering the Big 5.

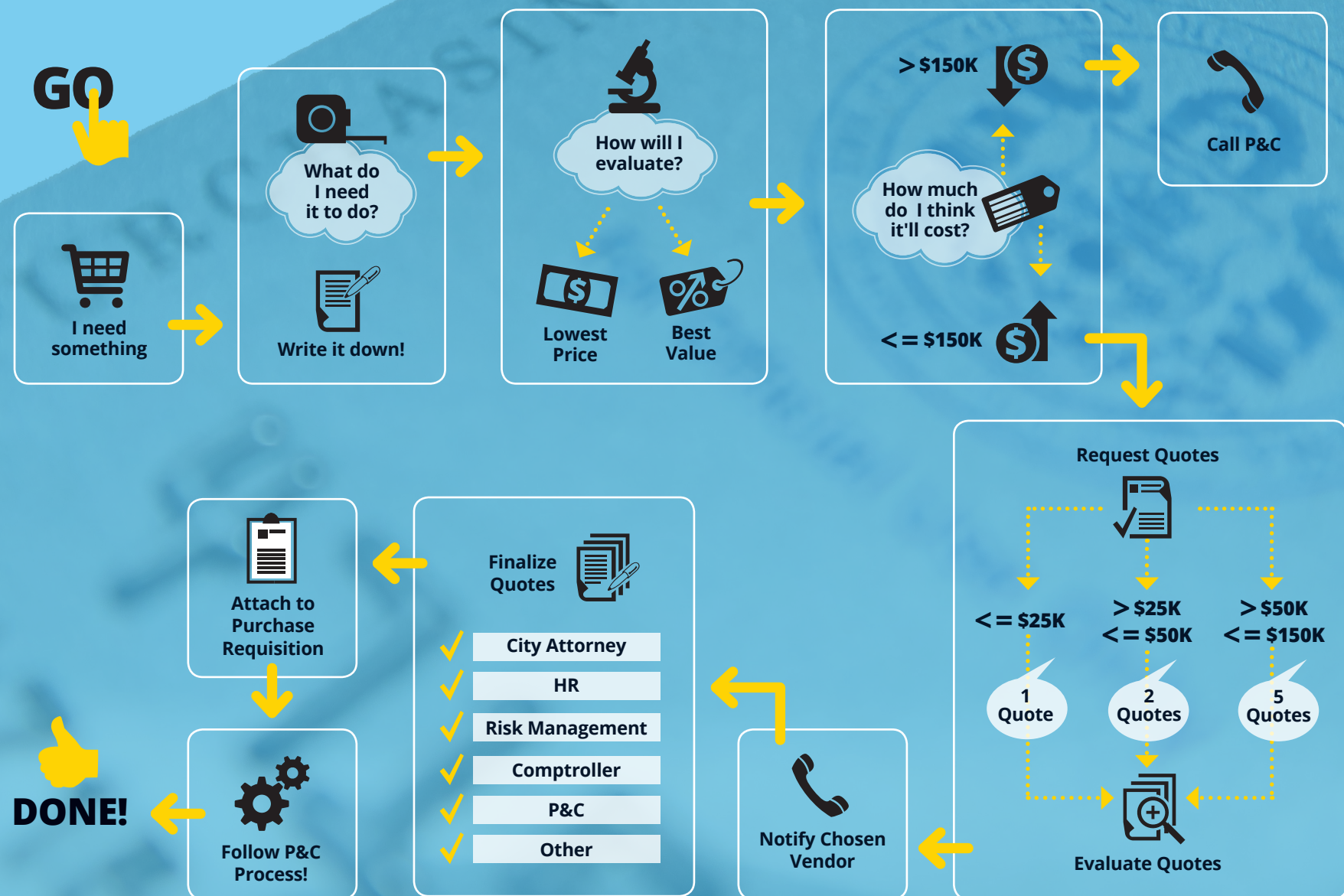
Who? What? Where? Why? How much or how often?

It seems elementary, but these basic questions need to be answered so the scope can start being developed. Sometimes departments need help or guidance on research. The staff in P&C are always able to assist with benchmarking or even looking at agreements or actual Invitations to Bid (ITB) or Request for Proposal (RFP) utilized by other agencies in California.

Determining the scope of the bid or proposal is key because it becomes the baseline and foundation for the resulting agreement that the City will sign with the successful bidder or proposer. A good scope leaves little to interpretation and protects the interest of the City.



Procurement Workflow Chart



Tackling the Scope and Specifications

In order for an accurate cost estimate from a supplier or vendor to come back, specifications or scopes of services need to be developed.

Information that is provided to prospective bidders and proposers should be:

- ▶ Technically accurate but not too proprietary as to limit responses;
- ▶ Be specific as to size, color and characteristic but not include specific vendor or manufacturer identification numbers (part numbers, vendor stock numbers, etc.); and
- ▶ Developed by City staff and not prospective bidders and/or proposers.

Typical components of a well-developed scope or specification are:

- ▶ Product lists with a description of each component being requested;
- ▶ Quantity of either item or hours of service needed, this can include frequency;
- ▶ Timelines and specific dates or days of needed delivery or service; and
- ▶ Specific delivery needs, if any.

Proprietary Specifications and Determining if a Sole Source or Sole Brand is Appropriate

When procuring goods and sometimes services, there are legitimate reasons as to why the City can only do business with a sole manufacturer or sole provider.

Some of these reasons can include:

1. Continuation of work on a project;
2. Existing systems in place and compatibility issues;
3. Exclusive supplier and distributor relationships;
4. Large investment in a legacy system; and
5. Operational impact due to system or product transition.

Requests for Sole Sources submitted to P&C with invalid justifications include the following. These justifications will not be approved:

1. **Poor planning** – *“We did not have time to go out to bid.”;*
2. **Preference** – *“We like the current provider and do not want to switch”;* **or**
3. **Past Practices** – *“P&C approved this two years ago, why can’t they approve it now?”*

Sole Sources allow the City to bypass the formal solicitation process, but should always be backed by a pricing or service agreement. A pricing agreement is a contract entered into by the City and the provider of the commodity being secured by the Sole Source. The pricing agreement binds the City’s terms and conditions and incorporated an agreed upon pricing structure for the life of the agreement. The same would apply for agreements for service.

Sole Sources must be approved by a department’s Deputy Chief Operating Officer, the Chief Financial Officer, or Fire-Rescue or Police Chief, as appropriate. Sole Source requests must justify to the Director of P&C why competitive procurement is not needed and why the good or service being procured is the only suitable one of its kind.

Departments should always request substantiating information from the vendor or supplier they are partnering with that states that they are, in fact, the sole source for that good or service.



How Do I Get a Contract in Place?

When determining need and cost, the determination must be made as to how to move forward with the procurement. Once you have a solid sense of what you need, and how much funding is available, you should contact P&C so a Procurement Contracting Officer (PCO) can get started on the right procurement product or process.

The following chart gives an overview of commonly used procurement products, when to utilize each one, and pros and cons of each method.

Method	Threshold	Entails	Pros/Cons	Lead Time
Request for Quote (RFQ)	For any informal procurement under \$150K	Detailed specifications or scope of work	Allows competition quickly/Can only be used for informal solicitations	Quickest as it does not have any formal advertising requirements
Request for Statement of Qualifications (RFSQ)	For any procurement regardless of amount	Setting criteria which make prospective bidders qualified to provide certain services or to respond to a formal solicitation.	Narrows the pool of vendors to those that should be qualified.	Is a precursory step to an RFP or ITB.
Request for Information (RFI)	For any procurement regardless of amount	Describing a need of the City but leaves it to the proposer to respond with information or possible solution	It allows the City time and possible solutions without committing it to take any action/Is not a standalone process, usually leads to an RFP	Will vary depending on how long is given to prospective proposers to respond.
Invitation to Bid (ITB)	For any formal procurement over \$150K	Detailed specifications or scope of work	Does not allow for determination of best value. Award is made to the lowest responsive and responsible bidder.	Must be open for bidding at least 10 days.
Request for Proposal (RFP)	For any formal procurement over \$150K	Detailed specifications or scope of work. Determination of scoring criteria. Establishment of an evaluation team.	Best value is determined by an evaluation committee, based on evaluation criteria included in the RFP.	Varies, but is usually the lengthiest method

Fulfilling Needs: Threshold Approach

Please note that these procurement methods are specific to goods, services and consultants not related to a public work, capital improvement project or architectural or engineering consultant.

Purchases \$25,000 or less

For departmental needs under this threshold, the department can move forward with a procurement of goods and/or services in the following ways:

1. **On Contract.** Departments should search the available catalogs in Ariba to see if a source has been identified and whether or not a contract exists. If there is a contract, the department will then submit a requisition. A purchase order is released at full approval and submitted electronically to our partnered vendor.
2. **Price Quotes/Sourcing.** The SDMC does not explicitly state that an informal solicitation is required for this threshold. However, it is best practice to “comparison shop” a price with at least two vendors. The result of this is a spot-buy requisition in the system.

Purchases Valued Between \$25,000 and \$150,000

1. **On Contract.** Similar to smaller dollar needs, the first thing that a department should check are the available contracts in SAP or catalogs in Ariba.
2. **Price Quotes/Sourcing.** Based on established thresholds, the SDMC requires an informal, competitive process. P&C has developed a quick quote template that can be utilized by departments. P&C can even broadcast and release the quote to best-suited vendors quickly and have a result back within a few business days.



Some Considerations for Obtaining Quotes

1. **When getting cost estimates for services** - Get the right rate. Many common services that you need are subject to the Living Wage or the state's Prevailing Wage. It is critical that this is discussed with the vendor at the time you are requesting estimated hourly rates. There are costly consequences for our vendors for not paying appropriate wages. It is not uncommon for vendors to walk away from performing work because they were not made aware at the time of estimation that the City has Living and Prevailing Wage requirements. P&C staff does not determine the Prevailing Wage – we can only determine applicability with the assistance of the City Attorney's Office.
2. **Quotes are not good indefinitely** - If it's been more than 30 days since you obtained your quote, make a call to your vendor and check on the validity of the pricing. Most vendors will honor a price at 60 days but for commodities like technology or oil based products, call and make sure that your pricing is valid before you submit your requisition.
3. **A Quote is Not a Contract** - Obtaining a quote from a vendor does not commit the City or obligate the City in any way.

Emergency Purchases

For our purposes, an emergency is an event or condition that has an operational effect on a department that requires the securing goods or services that could not be planned for by operational staff.

Operational departments are sometimes faced with emergency situations that require immediate actions. These could range from being a material need to also requiring a service component. Transactions of this kind are addressed in the SDMC and operational departments can rest assured that procurement activities within these categories can be handled after the event and still be aligned with process and policy. The term for these types of events is called a “confirming purchase order”.

A confirmed purchase order provides the vendor a method to invoice (bill) the City for goods delivered or services rendered.

In the event of an emergency procurement, the department should do the following:

- ✓ Contact P&C on the next regular business day with the following information in memo form:
 - ▶ Date of emergency event
 - ▶ Action taken by vendor to assist City in handling emergency event
 - ▶ Acknowledgment of unusual procurement method/arrangement and site acknowledgment of SDMC §22.3208
 - ▶ Total cost of goods and/or services
- ✓ Provide a copy of that memo, signed by the department's Appointing Authority, to the P&C Director and also make sure that it is attached to any resulting requisitions being created to handle payment of the vendor.

City Credit Cards (P-Cards)

The City's P-Card program is administered through the Office of the Comptroller. Any questions on the City's program should be directed to the P-Card Program Administrator in the Office of the Comptroller.





Purchases Requiring a Formal Solicitation Process

The SDMC requires a competitive solicitation process for all goods, services (not related to a public work, capital improvement or architectural/engineering consulting) in excess of \$150,000. The only method to bypass this requirement is with a bonafide sole source or single source procurement. The City's process solicits sealed bids using an **Invitation to Bid (ITB)** or a **Request for Proposal (RFP)**.

P&C has developed a [project planner](#) that goes over all steps of the process in great detail and provides a timeline to assist departments in figuring out how much time they need to start working on scope and/or specification development.

Steps within this process are:

1. **ITB document is prepared** collaboratively between client department, P&C and the CAO.
2. **P&C will advertise** the ITB and ensure that the ITB is noticed in the City's newspaper of record.
3. **Sealed bids are received** by the City and reviewed for responsiveness.
4. **P&C evaluates** all bids and forwards to EOCP for compliance review of subcontracting requirements.
5. **EOCP will provide** a memo with review findings to P&C and Client Department contact.
6. **Recommendation** for award is made to the Director of P&C.
7. **Contract is awarded and fully executed**, if within the delegated authority of the Director of P&C – otherwise Council approval is needed prior to execution.

The ITB document becomes the backbone of the agreement with the awarded vendor and the City. Therefore, all pertinent and relevant information should be captured in this document by the time it is advertised and published to prospective bidders.

An ITB is not evaluated and scored, but rather is awarded based on the lowest responsible and responsive bid.



ITB – FAQ

Why are bids sealed at the time of submission?

Bids are sealed when received by the City to ensure that there has been no unauthorized parties handling the bids, viewing submissions prior to the deadline time and date. Also, it is to protect any confidential information being provided by the bidders with their submission.

Can a bid be canceled?

A bid can be canceled at any time up to and after the bid opening has taken place. The City's SDMC allows the City to reject all bids and resolicit at any time. However, careful consideration should be taken before canceling a bid. In the event that the City determines a bid should be canceled, all unopened bids should be returned to the respective bidders.

Can P&C provide samples of ITBs to help us create our specifications?

Yes, P&C staff have access to a library of bids solicited by other agencies at their fingertips. In the case of a re-bid, we will have the prior bid for reference as well.

What if a vendor contacts me for information on the bid I've been working on?

Refer them to P&C. P&C is the single point of contact for all interested (prospective) bidders once you start working on your bid. It protects our end user departments from having to worry about potential conflicts of interest. It also keeps bidders from inadvertently disqualifying themselves from the process.

What happens in the event of a bid that receives two identical final bid amounts?

In the event that the City receives two bids with identical final bid amounts, the City may choose between either bidder.

Why do we need a pre-bid conference?

A pre-bid conference is not always required. However, it is a great way to get all prospective bidders in one place at the same time to personally deliver critical information regarding bid specifications, City requirements, etc. If a bid-conference is made mandatory, all bidders who submit a bid must have been in attendance to be considered responsive.

What does it mean to be responsive?

To be responsive, a bid must comply in all material aspects with the requirements set forth in the ITB. These requirements are put into place to ensure that all bidders have an equal "standard" to meet and therefore can be compared equally. If a bidder, for example, is required to have a certain license in order to perform a service and they do not provide that at the time of the bid – they could be deemed non-responsive.

Electronic Bidding

In 2014, the SDMC made electronic bidding possible through the acceptance of electronic signatures. A link to the City's vendor registration, bid solicitation and notification system can be found here. Though the SDMC allows for e-bidding the City also has the right to request a paper bid submission as deemed appropriate.

Bid Openings: Why Are they Public?

The history of the public bid opening has been an effort to make public procurement as transparent as possible. The idea that any bid could be examined by interested parties was meant to demonstrate the process was fair and equitable for all. Although the SDMC does not require public bid openings for all our solicitations, it is still a common event.



Bid Evaluation

The SDMC holds that bid evaluation should be based on the lowest and best bidder.

However, there are still considerations that can be made at the discretion of the City. These are:

- ▶ Is the bidder an SLBE or ELBE or did the non-SLBE bidder meet or exceed the voluntary subcontracting goal triggering the bid discount? If so, that particular bid could be higher than the lowest bid and still be awarded.
- ▶ Past performance on contracts with the City or other public agencies. Reference checks are performed and if information is provided to the City that is cause for alarm or doubt of the capability of a bidder to perform, a justification can be issued to the Director of P&C that award should be made alternatively to the next lowest bidder.

Informalities and Irregularities in Bids

When P&C staff evaluate a bid, they check for defects (errors or omissions) that are material and substantive. In many cases, defects that are immaterial can be waived at the discretion of the City. Defects that are immaterial are those that do not effect overall pricing (as submitted in the bid), quality, quantity or delivery. It is within the authority of the City to allow corrections to a bidder for clarification so long as all bidders are treated equally.

Examples of minor irregularities include:

- ▶ Failure to include the number of copies of the ITB packet;
- ▶ Failure to submit all forms indicated in the bid packet as required; or
- ▶ Bidders use an alternative unit of measurement in price calculation.

On the other hand, there are reasons why a bid can be deemed non-responsive and the bid submission rejected for substantive reasons. **These are considered material defects or irregularities and these could include:**

- ▶ Bidder submits their bid packet after the advertised due date;
- ▶ Bidder does not sign their bid submission; or
- ▶ Bidder does not have proof of required licensure as mandated in the bid.

A full list of solicitation irregularities can be found [here](#).

Request for Proposal (RFP) vs. Invitation to Bid (ITB)

The two most common procurement products are the ITB and the RFP. The main difference between the two are the way in which they are evaluated. An RFP is scored by a scoring or evaluation team that examine a set of criteria deemed as essential by the requesting department. In other words, the award does not have to go to the lowest bid (price) but rather to the proposal with the highest evaluation score.

P&C has created a project tracker for the RFP process which can be found [here](#).

The most essential parts of the RFP is scope development and planning the right amount of time. An RFP, in general, takes more time to complete than an ITB because of the evaluation component. An RFP usually includes prequalification based on scores followed by a round of interviews or demonstrations with qualified firms.

Steps within this process are:

1. **RFP document is prepared** collaboratively between client department, P&C and the OCA.
2. **RFP scoring criteria is agreed** upon and incorporated into RFP, evaluation panel is created and approved by the Director of P&C.
3. **RFP is advertised and noticed** in the City's newspaper of record.
4. **Sealed proposals are received** by the City and reviewed for responsiveness.
5. **P&C hands over** all proposals to the evaluation panel.
6. **P&C schedules** scoring meeting with evaluation panel.
7. **Recommendation** for award is made to the Director of P&C.
8. **Contract is awarded** and fully executed.

Similar to the ITB document, the submitted RFP plus any exceptions taken during negotiations becomes the backbone of the contract. Exceptions can range from payment terms to the detail in reports the vendor will be providing to the City. Exceptions are always reviewed by the CAO and ultimately are at the discretion of the client department.





RFP FAQ

I have a really good relationship with a vendor, can they assist us in scope development?

Yes they can, so long as they understand that by assisting in scope or specifications development that they are precluded from submitting a proposal. This is an example of a 1090 violation.

How many people should be on my RFP evaluation panel?

An odd number is best, and it depends on how many stakeholders are affected by the resulting contract. A member from EOCP will participate in the evaluation of proposals, but will only provide scoring with regard to the subcontracting program requirements incorporated in the RFP. P&C has had cross departmental evaluation panels with various levels of staff represented. P&C takes the lead on all evaluation panel meetings and is there to advise and guide the panel but does not sit as an evaluator.

We have a consultant on our project team, may they score on our panel?

Generally, it is best practice to keep the evaluation panel limited to City staff. However, your consultant can take the role as a non-scoring advisor and provide insight on issues that arise that are technical in nature or specific to scope.

Is there a cone of silence for an RFP?

Yes, the RFP process is protected by the same cone of silence as all other formal solicitations. The intent is to always protect the integrity of the procurement process. If prospective proposers reach out to staff, please notify P&C so we can remind all proposers of the rules of engagement.

Why does the RFP take so long?

Complexity of the procurement and the evaluation component. RFPs are usually complex procurements that take more time to develop. With a complex request, prospective bidders need more time to develop their response to the City. Additionally, the time needed to score these responses can take weeks, given all the coordination that needs to occur. Our best piece of advice to our customers is to plan ahead.

Why is the RFP template locked by P&C?

All our templates are locked to ensure consistent documents are being used throughout our organization. If your City attorney needs to substantially change a section or is recommending changes, they can reach out to the Director of P&C to have the template unlocked.

Our RFP is very unusual and I don't know where to start on my specifications, what do I do?

Call P&C. We can research similar RFPs and get a sample over to you to get some inspiration.

The Bid Protest

Bidders have a method to dispute the outcome of the City's solicitation process. These are clearly outlined in the SDMC. A protest must be received in writing by the Director of P&C within the appointed time frame to be considered.

Cooperative Purchasing Options

The SDMC allows the City to engage in cooperative purchasing agreements. A cooperative agreement is an instance where a different agency takes the lead on carrying out a formal solicitation to benefit a region or body of agencies so that the benefit of economies of scale can occur. The City includes language in most of our solicitations that allow other agencies in the region to leverage our agreement for their benefit. An example of cooperative agreements that are common are those for office supplies, fuel or furniture.

Cooperative agreements can also be joint efforts between a national and/or regional purchasing alliance of educational institutions, municipalities or other public agencies. The City is a member of many national and regional organizations which afford it the opportunity to take advantage of cooperative agreements.

In order to utilize a cooperative agreement, the following needs to occur:

1. **The requesting department must issue a memo** to the Director of P&C as to why they wish to enter into a cooperative agreement.
2. **A review of the original solicitation** and resulting awarded contract must be completed by P&C.
3. **The Director of P&C must certify in writing** that the cooperative agreement complies with the City's bidding requirements and that a competitive procurement would not give the City any advantage over the terms of the cooperative agreement.
4. **The CAO must then review and approve** the cooperative agreement before execution of the agreement.



Other Divisions of Purchasing & Contracting

Equal Opportunity Contracting Program (EOCP)

The overall objective of the Equal Opportunity Contracting Program (EOCP) is to ensure that contractors doing business with or receiving funds from the City will not engage in unlawful discriminatory employment practices prohibited by state or federal law, including employment, promotion or upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training, including apprenticeship.

In addition, the division manages the City's Small Local Business Enterprise (SLBE) Program, including certification. The aim is to promote local growth and economic strengthening of the region by encouraging greater participation, capacity development, and increasing awareness to the small, local, and emerging businesses in the City.

Lastly, EOCP is responsible for prevailing wage (PW) monitoring on open construction projects and service contracts subject to prevailing wages. Staff will visit job sites, interview employees and routinely check that a contracted firm is submitting certified payrolls to the City on a weekly basis as stipulated by the City's Labor Compliance Program.

The existence of the EOCP is codified in SDMC [Chapter 2, Article 2, Division 27](#). Therefore, EOCP staff review all contract documentation for services, particularly those that have elements of subcontracting. Again, the goal of the program is to ensure that non-discriminatory contracting processes are taking place in the City.

EOCP FAQ



What is a work force report and why is it needed?

A work force report is a report submitted by the selected contractor or vendor entering into a contract with the City, which contains the total work force of the company and indicates the number of males and females in each identified ethnic group by occupational category. The submittal of the report is required under SDMC [Chapter 2, Article 2, Division 27](#).

When must a work force report be submitted?

Any person, firm, partnership, corporation or combination thereof, who is selected to enter into, or actually enters into a contract with the City for public works or improvements to be performed, or for a franchise, concession or lease of property, or for goods, services or supplies to be purchased, at the expense of the City must submit a work force report.



Continued: EOCP FAQ

What is an Equal Employment Opportunity (EEO) Plan and when is it required?

An EEO Plan is a contractor or vendor's plan of action on policies and practices to help ensure non-discrimination in hiring practices. This can include policies and practices such as recruitment, hiring, pay, benefits, job training & education, leave, promotions, etc. An EEO Plan will be required if there are underrepresentations noted in the work force analysis of a contractor or vendor's work force report.

What is the Small Local Business Enterprise (SLBE) Program?

The SLBE Program is a race and gender neutral program and tool for the City to use in its efforts to ensure that all segments of its local business community have reasonable and significant opportunity to participate in City contracts.

How does the program impact my contract?

The SLBE Program is applied differently based on the type of City procurement. You can find information on how the program applies to Public Works projects [here](#).

Information on how the SLBE Program applies to goods, services, or consultant contracts can be found [here](#).

Where can I find SLBE or ELBE firms for my informal contract?

EOCP publishes a list of certified firms weekly. This list can be found [here](#).

What is prevailing wage?

Prevailing wage is the basic hourly rate paid on public works projects (including alteration, demolition, repair or maintenance work over \$15,000), to a majority of workers engaged in a particular craft, classification or type of work within a particular region or area. In California, these rates are predetermined by the Department of Industrial Relations. Federal wage rates are predetermined by the Department of Labor.

Who can I contact regarding information on whether my service contract (informal or formal) is subject to prevailing wage requirements?

EOCP does not determine whether or not your contract is subject to prevailing wage requirements. Purchasing and Contracting Procurement staff have been trained to recognize work that may fall under this category; however, there are some cases in which you will need to contact your department's assigned DCA for assistance.

The following information is helpful when contacting your DCA to help them make the correct determination:

- ▶ **Detailed scope of work**
- ▶ **Funding source(s)**
- ▶ **Reason(s) behind doing the project**
- ▶ **Location of work**
- ▶ **Estimated cost of project**

Is training on prevailing wage available?

Yes, if you or your staff are interested in learning more about prevailing wage and the City's EOCP requirements for contracting, contact the EOCP Program Manager.

What if I have a contract where the LWO and prevailing wages are applicable?

If there is a category of work where both the Living Wage and prevailing wages apply, the higher of the two shall be paid. Regardless of the higher wage, all reporting, registration, and record keeping requirements of both programs are still in place.

I am working on a consultant agreement that will require EOCP review once I route my e1544 or e1472. Is there anything I can do to help expedite the review of my item by EOCP?

Yes, reach out to the pre-award team in EOCP and work with staff to get your package of contract information reviewed so that any issues regarding the contract can be addressed immediately.

We are working on an agreement with a subcontracting opportunity, but we are unsure how to reach out to vendors. Can EOCP assist?

Yes! EOCP staff will be happy to assist with coordinating efforts for outreach.



The City's Living Wage Ordinance (LWO)

The LWO was codified in SDMC [§22.4201](#), the intent was to protect service employees whose employers hold City contracts. Also, understanding that there is a high turnover rate within these services, the LWO protects the quality of work that is performed for the City under these agreements.



LWO FAQ

How do I know if my agreement should include the Living Wage?

The LWO applies to services such as: janitorial; landscaping; security; laundry; parking; pest control; facility maintenance; street cleaning; right-of-way maintenance; waste collection/disposal, including recycling; water and wastewater maintenance; warehouse work; auto maintenance/repair; office/clerical; concessions/retail sales; cashiers; onsite food service/preparation; ushers and wheelchair attendants; ticket takers; child care; emergency medical personnel; and other types of work consistent with the LWO's intent. If you are still uncertain, reach out to P&C and we can assist.

How does the City monitor its agreements where the LWO is applicable?

The LWO division within P&C performs random audits on contracted service providers on a regular basis. Additionally, all complaints issued to the division are investigated. Contracted services providers found in violation, may work with City staff to cure their deficiencies. Not curing these violations can lead to cancellation of a City contract or can be as serious as debarment.

Is there training for City staff on the LWO and when it applies?

Yes, if you are interested in having a departmental training or have questions in general on the LWO, you are encouraged to reach out to P&C for more information.

Central Stores

The Central Stores division of P&C is responsible for the following support functions for our City departments:

- ✓ Mail delivery and pick up for City departments
- ✓ Book sorting and delivery for the San Diego Public Library
- ✓ Carrying stock items frequently used by City departments
- ✓ Ensuring that obsolete City assets are disposed of in a timely manner
- ✓ Supports the Mayor's Zero Waste initiative by providing an opportunity for City staff to reuse surplus office furniture

A product list and instructions on how to place an order is provided at:
citynet.sandiego.gov/central-stores

Conclusion

Each and every procurement is unique based on your department's needs and circumstances, although we try to leverage citywide needs through shared procurements. When your procurement requirements present unique circumstances, this manual is your guide to provide the best options for clear pathways to successfully navigate the process.

P&C's goal is to continuously improve our model to incorporate the best practices in procurement and contract management. Let this manual be the foundation to spark those conversations that will lead to your successful procurements.



Optional Quiz

Now that you have reviewed the manual, test your knowledge of general procurement information. The following quiz is optional and true or false statement based. Good luck!

- | T | F | |
|-----------------------|-----------------------|--|
| <input type="radio"/> | <input type="radio"/> | 1. Contracts for goods and services worth over \$3 million must go to City Council for approval. |
| <input type="radio"/> | <input type="radio"/> | 2. A contract is ready for use if only the vendor signs it. |
| <input type="radio"/> | <input type="radio"/> | 3. If a vendor is not performing per their contract, P&C wants to know about the issue. |
| <input type="radio"/> | <input type="radio"/> | 4. It's ok to accept gifts from vendors as long as they are small items worth less than \$50. |
| <input type="radio"/> | <input type="radio"/> | 5. Central Stores is responsible for delivering interoffice mail. |
| <input type="radio"/> | <input type="radio"/> | 6. Both the Living Wage and Prevailing Wage are in our SDMC. |
| <input type="radio"/> | <input type="radio"/> | 7. At least three (3) quotes are needed for services that are going to cost you over \$150K. |
| <input type="radio"/> | <input type="radio"/> | 8. P&C has a resource library which includes Process Narratives, Project Planners and videos. |
| <input type="radio"/> | <input type="radio"/> | 9. A vendor can be debarred if they break a local law in San Diego. |
| <input type="radio"/> | <input type="radio"/> | 10. P&C has a Contract Compliance Unit. |



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