



ARPA / FEDERAL PROCUREMENT POLICIES and PROCEDURES

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The City of Hewitt follows the procurement standards in 2 CFR 200-318 – 2 CFR 200.327 and Appendix II to Part 200 for procurement actions to be funded with Federal Funds. The funds received thru the American Rescue Plan Act "ARPA" are federal funds. All attempts are made to adhere to these policies and procedures and updates are made as needed. The entirety of the language may not be applicable in all instances, programs, and/or situations. To be consistent with section 2 CFR 200.318 (a) below; should the State of Texas applicable codes for local governments include more stringent requirements, the more stringent requirements will apply.

A. PROCUREMENT STANDARDS

1. GENERAL

(Uniform Guidance 2.A.II.200.D§200.318)

- The City must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section.
- The City must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. The City will determine that contractual reporting and performance requirements specific to Federal funds recipients are included in procurement documents; tracked and passed-through, as applicable, to awarded vendors, contractors, subrecipients, beneficiaries and subcontractors.
- No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontract.

- The City's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach.
- To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the City will enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
- The City will use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- The City will use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- The City will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- The City will maintain records sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- The City may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract mean a contract whose cost to a City is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

- Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the City must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- In accordance with good administrative practice and sound business judgment, the City is responsible for the settlement of all contractual and administrative issues arising out of procurements. These issues include but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the City of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the City unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

2. COMPETITION

(Uniform Guidance 2.A.II.200.D§200.319)

- All procurement transactions must be conducted in a manner providing full and open competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, some of the situations considered to be restrictive of competition include but are not limited to:
 - Placing unreasonable requirements on firms in order for them to qualify to do business;
 - Requiring unnecessary experience and excessive bonding;
 - Noncompetitive pricing practices between firms or between affiliated companies;
 - Noncompetitive contracts to consultants that are on retainer contracts;
 - Organizational conflicts of interest;

- Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
 - Any arbitrary action in the procurement process.
- The City will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- Procurement of Goods and Services Policies and Procedures. These procedures ensure that all solicitations:
 - Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
 - Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

- The City must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the City must not preclude potential bidders from qualifying during the solicitation period.

3. METHODS OF PROCUREMENT

(Uniform Guidance 2.A.II.200.D§200.320)

The City must use one of the following methods of procurement:

A) MICRO-PURCHASES

Procurement by micro-purchase is the acquisition of supplies or services in which the aggregate dollar amount of which does not exceed the micro-purchase threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1. To the extent practicable, the City must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the City considers the price to be reasonable.

B) SMALL PURCHASE PROCEDURES

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

C) SEALED BIDS (FORMAL ADVERTISING)

Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction.

In order for sealed bidding to be feasible, the following conditions should be present:

- A complete, adequate, and realistic specification or purchase description is available;
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, and the invitation for bids must be publicly advertised;
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services for the bidder to properly respond;
- All bids will be opened at the time and place prescribed in the invitation for bids and the bids must be opened publicly;
- A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
- Any or all bids may be rejected if there is a sound documented reason.

D) COMPETITIVE PROPOSALS

The technique of competitive proposals is normally conducted with more than one source submitting an offer and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when

conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
- Proposals must be solicited from an adequate number of qualified sources;
- The City must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
- The City may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

E) NONCOMPETITIVE PROPOSALS

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

- The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the City; or
- After solicitation of several sources, competition is determined inadequate.

4. CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS

(Uniform Guidance 2.A.II.200.D§200.321)

The City must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

Affirmative steps must include:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

5. DOMESTIC PREFERENCES FOR PROCUREMENTS

As appropriate and to the extent consistent with law, the City should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States. The requirements of this section must be included in all sub-awards including all contracts and purchase orders for work or products under this award.

6. RECOVERED MATERIALS

(Uniform Guidance 2.A.II.200.D§200.322)

The City and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

7. CONTRACT COST AND PRICE

(Uniform Guidance 2.A.II.200.D§200.323)

The City must perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the City must make independent estimates before receiving bids or proposals.

The City must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne

by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for the City under Uniform Guidance Title 2, Subtitle A, Chapter II, Part 200, Subpart E. The City may reference its own cost principles that comply with the Federal cost principles.

The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

8. FEDERAL AWARDING AGENCY OR PASS-THROUGH ENTITY REVIEW

(Uniform Guidance 2.A.II.200.D§200.324)

The City must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the City desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

The City must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

- The City's procurement procedures or operation fails to comply with the procurement standards in this part;
- The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
- The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;

- The proposed contract is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.
- The City is exempt from the pre-procurement review if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this section.
 - The City may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

The City may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the City that it is complying with these standards. The City must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

9. BONDING REQUIREMENTS

(Uniform Guidance 2.A.II.200.D§200.325)

For construction or facility improvement contracts or subcontracts exceeding the simplified acquisition threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the City provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

10. CONTRACT PROVISIONS

(Uniform Guidance 2.A.II.200.D§200.326)

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the City under the Federal award must contain provisions covering the following, as applicable.

A) CONTRACTS FOR MORE THAN THE SIMPLIFIED ACQUISITION THRESHOLD

Contracts for more than the simplified acquisition threshold currently set at \$250,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

B) CONTRACTS IN EXCESS OF \$10,000

All contracts in excess of \$10,000 must address termination for cause and for convenience by the City including the manner by which it will be effected and the basis for settlement.

C) EQUAL EMPLOYMENT OPPORTUNITY

Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b) in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246, Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

D) DAVIS-BACON ACT

When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by Cities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage

determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The City must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The City must report all suspected or reported violations to the Federal awarding agency.

E) COPELAND “ANTI-KICKBACK” ACT

The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145; 29 CFR Part 3). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The City must report all suspected or reported violations to the Federal awarding agency.

F) CONTRACT WORK HOURS AND SAFETY STANDARDS ACT

Where applicable, all contracts awarded by the City in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

G) RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT

If the Federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

H) CLEAN AIR ACT AND THE FEDERAL WATER POLLUTION CONTROL ACT

Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

I) DEBARMENT AND SUSPENSION

A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

All prime vendors, contractors, and subcontractors must be verified that they are registered and active through the SAM.com website prior to any formal action authorizing the award of the contract which is being paid with ARPA funds. The City must follow the requirements of the RFP and/or if the City determines it is in their best interest, a “conditional award” requiring registration and active status on SAM.gov could be utilized prior to formal action of executing a contract.

All prime vendors, contractors and subcontractors that enter into a subcontractor agreement after the date of the initial award, will also be responsible to ensure lower-tier contractors are not excluded or disqualified.

J) BYRD ANTI-LOBBYING AMENDMENT

Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

K) PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT

Recipients and sub recipients are prohibited from obligating or expending grant funds to purchase or enter a contract to procure or lease for the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure and video surveillance, any telecommunications equipment produced by an entity that the Secretary of Defense has determined to be an entity owned or controlled by the government of a covered foreign country. Public Law 115-232; 200.471.

III. GLOSSARY

Agreement – A contractual agreement between a property owner and/or lessee and the City.

Architect – An individual registered as an architect under Chapter 1051, Occupations Code.

Award – The acceptance of a bid or proposal; the presentation of a purchase agreement or contract to a bidder.

Bid – The executed document submitted by a bidder in response to an Invitation for Bids, a Request for Quotations or a multi-step bidding procedure.

Bid Bond – An insurance agreement in which a third party agrees to be liable to pay a certain amount of money in the event a specific bidder fails to accept the contract as bid.

Bidder – Any person submitting a competitive bid in response to a solicitation.

Change Order/Modification – A change in plans or specifications that is necessary after the performance of a contract has begun, or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished. This may also include changes in the terms and conditions as defined by contract documents. The original contract price may not be increased by more than 25%. The original contract price may not be decreased by more than 25% without the consent of the contractor (Local Government Code § 252.048(D)).

Check – Draft or order on a bank, to be drawn upon a deposit of funds for the payment of a certain sum of money to a person named or to a bearer, and payable on demand.

City Manager – All references to the City Manager are understood to be the City Manager or designee.

Conflict of Interest – A situation where the personal interests of a contractor, public official, or employee are, or appear to be, at odds with the best interest of the city.

Consideration – Acts, promises, or things of value exchanged by two parties that validates a contract between them.

Construction (Work) – The process of building, altering, or repairing a public structure or building, or other improvements to any public real property. It does not include routine operation, routine repair or routine maintenance of existing structures, buildings or real property. A project usually requiring the services of an architect or engineer.

Contract – A deliberate verbal or written agreement between two or more competent persons to perform or not to perform a specific act or acts.

Contractor – A bidder, offeror, or respondent who has entered into a contract with the City.

Deposit – To leave money with a bank for credit to a bank account.

Emergency – Emergency purchases are made to meet critical, unforeseen City need. Because the City’s ability to serve the public would be impaired if purchases are not made immediately, emergency purchases are exempt from standard Finance procedures.

Equipment – Includes unsecured property of significant value having a useful life of five years or more. For purposes of these procedures, equipment items with a value of \$7,500 or more are to be capitalized.

Evaluation of Bid – The process of examining a bid after opening to determine the bidder’s responsibility, responsiveness to requirements, and to ascertain other characteristics of the bid that relate to determination of the successful bidder.

Facility – An improvement to real property.

Firm Bid – A bid that binds the bidder until a stipulated time of expiration.

Fiscal Year – A period of 12 consecutive months selected as a basis for annual financial reporting, planning, or budgeting.

Formal Advertising – The placement of a notice in a newspaper or other publication according to legal requirements to inform the public that the government is requesting bids on a specific purchase it intends to make.

Guarantee – To warrant, stand behind, or insure performance or quality, as a supplier in relation to his product; a warranty.

Improvement – A permanent building, structure, fixture, or fence that is erected on or affixed to land but does not include a transportable building or structure whether or not it is affixed to land.

Invitation for Bids – The solicitation document used for competitive sealed bidding, the customary method used by state and local governments for the purchase of equipment, materials, supplies, and construction.

Lease – A contract conveying from one person (lessor) to another (lessee) use of real estate or personal property from a designated period of time in return for rental payment or other compensation.

Lowest (Responsive and) Responsible Bidder – Originally, the bidder submitting the lowest initial price and capable of performing the proposed contract. Under modern Finance concepts, often construed as generally the same as “lowest responsive and responsible bidder,” or the bidder who submits the “Lowest and best bid” or the “most advantageous bid, price, and other factors considered.” For clarity and accuracy, the recommended provision for determining award is the “responsible bidder whose bid is most economical for the purpose intended, according to criteria

set forth in the solicitation.”

Lump Sum – A single price as requested or offered on a solicitation for a group of items, without or in addition to individual item prices; a lot price.

Materials – Items required to perform a function or used in a manufacturing process, particularly those incorporated into an end product or consumed in its manufacture.

Negotiable Instrument – Written promise to pay (such as a check, promissory note, draft, or bill of exchange) made payable to order or to bearer and transferred by endorsement.

Performance Bond – A contract of guaranty executed subsequent to award by a successful bidder to protect the government from loss due to contractor inability to complete the contract as agreed.

Procurement Process – The process used to define, establish, and finalize a purchase that will satisfy the department’s needs. This includes defining the need, selecting the procurement method, the solicitation issuance, receipt of proposals/bids, evaluation and award, inspection and acceptance, payment, contract administration, and end of contract cycle.

Professional Services – Professional services means services: (A) within the scope of the practice, as defined by state law of finance; architecture; landscape architect; land surveying; medicine, optometry; professional engineering; real estate appraisal; or professional nursing; or (B) provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant; an architect; landscape architect; a land surveyor; a physician, including surgeon; an optometrist; a professional engineer; a state certified or state licensed real estate appraiser; or a registered nurse.

Proposal – The executed document submitted by an offerer in response to a Request for Proposal (and the basis for subsequent negotiation).

Purchase Description – The words used in a solicitation to describe the supplies, services, or construction to be purchased and includes specification attached to, or made part of, the solicitation.

Purchase Order (PO) – A purchaser’s document to formalize a purchase transaction with a vendor. The purchase order should contain statements as to the quantity, description, and price of the goods or services ordered; applicable terms as to payment, discounts, date of performance and transportation; and other factors or suitable references pertinent to the purchase and its execution by the vendor. Acceptance of a purchase order constitutes a contract.

Quotation – A statement of price, terms of sale, and description of goods or services offered by a prospective seller to a prospective purchaser, usually for purchases below the amount requiring formal bidding.

Responsible – The respondent has the capability to fully perform and deliver in accordance with

the contract requirements. The City may include past performance, financial capabilities, and business management as criteria for determining if a respondent is capable of satisfying the contract requirements. For purchases requiring City Council approval, non-responsibility determination is a legislative action and final determination is made by City Council.

Responsive – The respondent has complied with all material aspects of the solicitation document, including submission of all required documents.

Sealed Bid – A bid which has been submitted in a sealed envelope to prevent its contents being revealed or known before the deadline for the submission of all bids; usually required by law or rule on major procurements, to enhance fair competition.

Services – The furnishing of labor, time, or effort by a contractor, not involving the delivery of a specific end product other than reports which are merely incidental to the required performance.

Simplified Acquisition Threshold – The dollar amount below which a City may purchase property or services using small purchase methods. The simplified acquisition threshold is set by the Federal Acquisition Regulation at CFR Subpart 2.1 and in accordance with 41 U.S.C. 1908.

Solicitation – The process of notifying prospective bidders that the city wishes to receive bids for furnishing goods or services. The process consists of public advertising, mailing Invitations for Bids, and some contact of bidders by telephone.

Specification – A description of what the purchaser seeks to buy, and consequently, what a bidder must be responsive to in order to be considered for award of a contract. A specification may be a description of the physical or functional characteristics, or the nature of, a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

Standard – A characteristic or set of characteristics for an item that, for reasons of performance level, compatibility or interchange ability with other products is generally accepted by producers and users as a required characteristic.

Supplier – An actual or potential contractor; a vendor.

Surplus Property – Inventory not needed at the present time or in the foreseeable future.

Value – The original cost of the purchased capital asset or market value at the time of acquisition for assets acquired through other means. If the original cost cannot be readily determined, an estimated original cost should be used. Value includes not only purchase price or construction cost, but also ancillary charges to put the asset in its intended location and condition for use, such as freight, transportation, site preparation, installation, professional fees, and legal claims directly attributed to asset acquisition.

Vendor – A business entity or individual that has a desire to provide goods or services to the City. A vendor may be referred to as a bidder, offeror, or respondent.