

INTRODUCED: June 9, 2025

AN ORDINANCE No. 2025-137

To amend and reordain City Code § 21-4, concerning definitions related to public procurement, and to amend ch. 21, art. II, by adding therein new section 21-75, concerning reverse auctioning, authorized by Va. Code § 2.2-4303(I).

Patrons – Mayor Avula

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: JUN 23 2025 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That section 21-4 of the Code of the City of Richmond (2020) be and is hereby **amended** as follows:

Sec. 21-4. Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

AYES: 8 NOES: 0 ABSTAIN: _____

ADOPTED: JUN 23 2025 REJECTED: _____ STRICKEN: _____

Best value, as predetermined in the solicitation, means the overall combination of quality, price, and various elements of required services that in total are optimal relative to the City's needs.

Business means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or any other private legal entity.

Competitive negotiation means a method of contractor selection set forth in Section 21-67 or Section 21-68.

Competitive sealed bidding means a method of contractor selection set forth in Sections 21-47, 21-52, 21-54, and 21-55.

Construction means building, altering, repairing, improving, or demolishing any structure, building, road, street or highway, and any draining, dredging, excavation, grading or similar work upon real property.

Construction management contract means a contract in which a party is retained by the City to coordinate and administer contracts for construction services for the benefit of the City, and may also include, if provided in the contract, the furnishing of construction services to the City.

Contract means all types of City agreements, regardless of what they may be called, for the procurement of goods, services, insurance or construction.

Contract modification/supplement means any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity or other provision of any contract accomplished by mutual action of the parties to the contract.

Contractor means any person, company, corporation, or partnership having a contract with the City or a using agency thereof.

Cost analysis means the evaluation of cost data for the purpose of arriving at costs actually incurred or estimates of costs to be incurred, prices to be paid, and costs to be reimbursed.

Cost data means factual information concerning the cost of labor, material, overhead, and other cost elements, which are expected to be incurred or which have been actually incurred by the contractor in performing the contract.

Cost reimbursement contract means a contract under which a contractor is reimbursed for costs which are allowable and allocable in accordance with the contract terms and this chapter and a fee or profit, if any.

Design-build contract means a contract between the City and another party in which the party contracting with the City agrees to both design and build the structure, or other item specified in the contract.

Direct or indirect participation means involvement through decision, approval, disapproval, preparation of any part of a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or any other advisory capacity.

Director means the Director of Procurement Services of the City.

Disadvantaged business means a business meeting the definitions set forth in the Code of Federal Regulations pertaining to the applicable Federal grant program.

Emerging small business means a business that:

- (1) Has been certified by the Office of Minority Business Development for a period of up to seven years;

- (2) Has annual gross receipts of \$500,000.00 or less for each of its three fiscal years preceding application for such certification if engaged primarily in the construction business, or of \$250,000.00 or less if engaged primarily in a nonconstruction business;
- (3) Has fewer than ten full-time, permanent employees;
- (4) Is not a subsidiary of another business and does not belong to a group of businesses owned and controlled by the same individuals;
- (5) Has its principal place of business entirely within the boundaries of a City enterprise zone;
- (6) Possesses a City business license; and
- (7) Pays personal property, real estate, and business taxes, as applicable, to the City.

Employment services organization means an organization that provides employment services to individuals with disabilities that is an approved Commission on the Accreditation of Rehabilitation Facilities (CARF) accredited vendor of the Virginia Department for Aging and Rehabilitative Services.

Good faith minority business enterprise and emerging small business participation efforts means the sum total of efforts by a particular business to provide for the equitable participation of minority business enterprises or emerging small business subcontractors. For past efforts, this sum total shall be comprised of the record of participation by minority business enterprises and emerging small businesses through subcontracting or joint ventures. For future efforts, it shall be comprised of such efforts which are proposed to allow equitable participation of minority business enterprises or emerging small business subcontractors.

Goods means all material, equipment, supplies, printing and automated data processing hardware and software.

Informality means a minor defect or variation of a bid or proposal from the exact requirements of the invitation for bids or the request for proposals which does not affect the quality, quantity or delivery schedule for the goods, services or construction being procured.

Insurance means a contract whereby, for a stipulated consideration, one party undertakes to compensate the other for loss on a specified subject by specified perils.

Intent to award means an intent by the City to accept a bid or proposal.

Invitation for bids means all documents, whether attached or incorporated by reference, utilized for soliciting sealed bids.

Job order contracting means a method of procuring construction by establishing a book of unit prices and then obtaining a contractor to perform work as needed using the prices, quantities, and specifications in the book as the basis of its pricing, in which the contractor is selected through either competitive sealed bidding or competitive negotiation depending on the needs of the City, a minimum amount of work may be specified in the contract, and the contract term and the project amount do not exceed the limitations specified in Section 21-73.

Minority business enterprise means a business, at least 51 percent of which is owned and controlled or 51 percent minority-owned and operated by minority group members or, for a stock corporation, at least 51 percent of the stock which is owned and controlled by minority group members.

Minority group members means citizens of the United States who are Blacks, Hispanics, Asians, Indians, Eskimos or Aleuts.

Nominal value means a value so small, slight, or the like, in comparison to what might properly be expected, as scarcely to be entitled to the same, but in no case to be more than \$30.00.

Nonprofessional services means any services not specifically identified as professional services in the definition of professional services.

Prevailing Wage Rate means the rate, amount, or level of wages, salaries, benefits, and other remuneration prevailing for the corresponding classes of mechanics, laborers, or workers employed for the same work in the same trade or occupation in the locality in which the public facility or immovable property that is the subject of construction is located, as determined by the Virginia Commissioner of Labor and Industry on the basis of applicable prevailing wage rate determinations made by the United States Secretary of Labor under the provisions of the Davis-Bacon Act, 40 U.S.C. § 276 et seq., as amended.

Professional services means work performed by an independent contractor within the scope of the practice of accounting, actuarial services, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacy or professional engineering.

Public body means any legislative, executive or judicial body, agency, office, department, authority, post, commission, committee, institution, board or political subdivision created by law to exercise some sovereign power or to perform some governmental duty, and empowered by law to undertake the activities described in this chapter.

Public contract means an agreement between a public body and a nongovernmental source that is enforceable in a court of law.

Qualified products list means an approved list of goods, services or construction items described by model or catalog number that, prior to competitive solicitation, the City has determined will meet the applicable specification requirements.

Recycled paper means any paper having a total weight consisting of not less than 50 percent recovered materials, as that term is defined for purposes of purchasing paper and paper products in 40 CFR 247.3 (2001), as amended.

Request for proposals means all documents, whether attached or incorporated by reference, utilized for soliciting proposals.

Request for qualifications means all documents, whether attached or incorporated by reference, utilized for soliciting qualification statements.

Responsible bidder and *responsible offeror* mean a person who has the capability, in all respects, to perform fully the contract requirements and the moral and business integrity and reliability which will ensure good faith performance, and who has been prequalified, if required.

Responsive bidder means a person who has submitted a bid which conforms in all material respects to the invitation for bids.

Reverse auctioning means a procurement method wherein bidders are invited to bid on specified goods or nonprofessional services through real-time electronic bidding, with the award being made to the lowest responsive and responsible bidder.

Services means any work performed by an independent contractor which does not consist primarily of acquisition of equipment or materials, or the rental of equipment, materials and supplies.

Specification means any written description of the physical or functional characteristics or of the nature of a good, service or construction item. The term "specification" may include a description of any requirement for inspecting, testing, or preparing a good, service or construction item for delivery.

Using agency means any department, agency, bureau, board, commission, court, City jail or jail forum or other unit in the City government requiring goods, services, insurance or construction as provided for in this chapter.

§ 2. That Chapter 21, Article II, of the Code of the City of Richmond (2020) be and is hereby amended and reordained by **adding therein a new section** numbered 21-75 as follows:

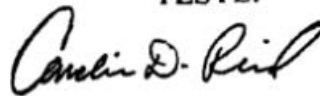
Sec. 21-75. Purchases by reverse auctioning.

(a) The purchase of goods or nonprofessional services, but not construction or professional services, may be made by reverse auctioning. However, bulk purchases of commodities used in road and highway construction and maintenance, and aggregates shall not be made by reverse auctioning.

(b) In reverse auctioning, bidders are invited to bid on specified goods or nonprofessional services through real-time electronic bidding, with the award being made to the lowest responsive and responsible bidder. During the bidding process, bidders' prices are revealed and bidders shall have the opportunity to modify their bid prices for the duration of the time period established for bid opening.

§ 3. This ordinance shall be in force and effect upon adoption.

A TRUE COPY:
TESTE:

A handwritten signature in black ink, appearing to read "Camille D. Reed".

City Clerk

City of Richmond

Intracity Correspondence

O&R Transmittal

DATE: May 29, 2025

TO: The Honorable Members of City Council

THROUGH: The Honorable Danny Avula, Mayor

THROUGH: Ms. Sabrina Joy-Hogg , Interim Chief Administrative Officer

FROM: Rene M. Almaraz, Director of Procurement Services

RE: To amend Chapter 21 of the City Code to authorize the City to utilize reverse auctioning as a procurement method.

ORD. OR RES. No. 2025-

PURPOSE: To amend Section 21-4 and Chapter 21, Article II of the Code of the City of Richmond (2020), by adding a new definition and adding a new section, respectively.

The City seeks authorization to use reverse auctions as a means to leverage high-volume purchasing and drive cost savings to the City. In reverse auctions, vendors compete with each other to offer the lowest price to the purchaser. The reverse auction method will provide significant cost savings to the City, in the form of reduction in staff time consumed with routine purchases, bulk purchases, and large, one-time purchases of non-technology goods. The City would like to add language to the City Code, mirroring the reverse auction language adopted and in use by the State.

BACKGROUND:

Reverse Auction Statutory Authority.

Reverse auctioning is a procurement method, currently deployed by State Agencies across the Commonwealth of Virginia, used to procure certain goods and nonprofessional services from the lowest responsive and responsible supplier.

The Commonwealth authorizes State Agencies to deploy reverse auctions pursuant to the Virginia Public Procurement Act, codified in Virginia Code §2.2-4303 and providing that:

“The purchase of goods or nonprofessional services, but not construction or professional services, may be made by reverse auctioning. However, bulk purchases of commodities used in road and highway construction and maintenance, and aggregates shall not be made by reverse auctioning.”

Reverse Auction Basics.

In contrast to the traditional auction sales method of selling to the highest bidder, the "reverse auction" purchase method awards a purchase contract to the lowest responsible and responsive bidder. Bidders are invited to bid on certain goods or nonprofessional services through an electronic bidding platform. Throughout the bidding phase, bidders submit progressively lower prices until the lowest price is submitted. The purchaser then selects the lowest responsible and responsive bid price.

Reverse auctions, in comparison to other procurement methods, provide a more efficient method of obtaining the final, best price from a pool of prequalified suppliers, offering certain commodities or non-professional services. Since bidding occurs online for a limited duration of time, the process of evaluating pricing is significantly decreased, in comparison to other procurement methods.

Reverse auctions provide a proven method for effectively facilitating leverage volume purchasing, driving tangible savings to the purchaser. The reverse auction procurement method is particularly effective in the following non-technology purchasing scenarios:

- one-time purchases of goods with universally accepted standards,
- commodities of definite quantity and definite delivery,
- bulk purchases,
- aggregated small purchases for a group of users, and
- services having a well-established and highly qualified supplier pool.

As authorized by section 2.2-4303 of the Virginia Code, the Department of Procurement Services (“DPS”) seeks to add the reverse auction method to the City Code to supplement the procurement methods currently utilized by the City. DPS expects to deploy reverse auctions to make bulk purchases of non-technology goods (e.g., Clorox anti-bacterial wipes) as well as some non-professional services. The reverse auction method will provide significant cost savings to the City, in the form of reduction in staff time consumed with routine purchases, bulk purchases, and large, one-time purchases of non-technology goods. The reverse auction streamlines the purchasing process, ensuring that only the most capable and qualified suppliers compete for the procurement opportunity. Incorporation of reverse auctioning into the City’s “procurement toolkit” in Chapter 21 of the City Code will positively impact the City’s purchasing efficiency and bring tangible cost savings to the City.

COMMUNITY ENGAGEMENT: n/a

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: n/a

FISCAL IMPACT: Reverse auctioning is expected to minimize purchasing costs while maximizing the value of goods and services.

DESIRED EFFECTIVE DATE: Upon Adoption.

REQUESTED INTRODUCTION DATE: June 9, 2025.

CITY COUNCIL PUBLIC HEARING DATE: June 23, 2025

REQUESTED AGENDA: Consent.

RECOMMENDED COUNCIL COMMITTEE: Governmental Operations Standing Committee

AFFECTED AGENCIES: The Department of Procurement Services.

RELATIONSHIP TO EXISTING ORD. OR RES.: n/a

ATTACHMENTS: None.

STAFF: Rene M. Almaraz