



---

# PROCUREMENT **FUNDAMENTALS**

---

**November 25, 2025**

The left side of the slide features a vertical strip of yellow flowers against a blue sky, with white geometric lines forming a diamond pattern. The right side is a solid dark grey rectangle with white text and a white diamond shape on the right edge.

# PROCUREMENT

## PRESENTATION OBJECTIVE

To familiarize the Mayor, Councilmembers and the public with the basic processes required for procurement at the City.

# WHAT THE CITY BUYS

Commodities: Supplies, Equipment, Materials, and Apparatus



Construction, Repair and Maintenance: Architecture and Engineering Professional Services (A.R.S. Title 34)



Services: Operational and Specialized Professional Services



Technology: Hardware, Software, Software-As-A-Service, Consulting Services, Licenses, Maintenance and Support, Network, Infrastructure, and Security



# CITY'S FY 24/25 SPEND STATISTICS

- LOCAL SUPPLIERS \$29,408,326.99 spent = 41% of total spend with 333 Suppliers
- ARIZONA SUPPLIERS (excluding Local) \$19,490,419.60 spent = 27% of total spend with 408 Suppliers
- OUT-OF-STATE SUPPLIERS \$22,660,590.49 spent = 32% of total spend with 802 Suppliers
- ACTIVE CONTRACTS 342
- CAPITAL IMPROVEMENT PROJECTS \$15,157,973 Total Spend  
\$5,167,376 Local Spend = 34%  
(includes both Contractors & Subcontractors)

# Private Sector –vs- Public Sector Procurement

## PUBLIC SECTOR PROCUREMENT

- Bound by law: Every expenditure must be explicitly authorized by legislation, regulation or code.
- Transparency and accountability are paramount due to use of taxpayer funds.
- Procurement officials must follow strict procedures (e.g., competitive bidding).
- If it is not allowed by law, it cannot be done – even if it seems reasonable.

## PRIVATE SECTOR PROCUREMENT

- More flexibility: Companies can spend money in any way that supports their business goals, as long as it is legal.
- Decisions are often driven by efficiency, profitability, and strategic value.
- Internal policies and control still apply, but they are generally less restrictive than public sector rules.

# Private Sector –vs- Public Sector Procurement

CONTINUED...

- COMPETITION REQUIREMENTS
  - Private Entities
    - None by law, only by company practice to achieve favorable pricing and terms
  - Public Entities
    - Competition required by law, unless exceptions as authorized by law or code.
- CHANGES IN CONTRACT SCOPE
  - Private Entities
    - No limitations, governed by company practice.
  - Public Entities
    - Strictly regulated; changes require legal compliance, adherence to original bid terms, and formal approvals to ensure transparency and proper use of public funds.
- BONDS (BID, PERFORMANCE & PAYMENT)
  - Private Entities
    - None by law, only by company practice
  - Public Entities
    - Required by law for construction contracts

## HOW THE CITY BUYS: COMPLIANCE WITH FEDERAL, STATE AND LOCAL LAWS

As stewards of public funds and public trust, our city must follow federal, state, and local laws, respect established spending limits and use competitive procurement methods. This isn't just about rules – it's about making smart, responsible decisions that support city growth, strengthen services, and improve the quality of life for everyone in our community.

### ARIZONA STATE - A.R.S. TITLES

Title 34 - Construction / Technical Registrants

Title 32 - Professions and Occupations / Technical Registrants

Title 41 - Procurement Code

Title 38-501 - Conflict of Interest

Title 39 - Public Records

Title 28-8413 - Transportation-Airport, FAA Grants procurement must comply with Federal laws and regulations

#### Public Notices

Title 28-8425, 30-Days (Lease land authority; Airport)

Title 34-103, 30-Days (RFSQ-A/E/CMS)

Title 41-2533, 2-Weeks (all other requirements of notice)

### LOCAL - CITY CODES

Procurement - Title 3: Revenue and Finance, §3.10

Employment of Unauthorized Aliens, §3.30

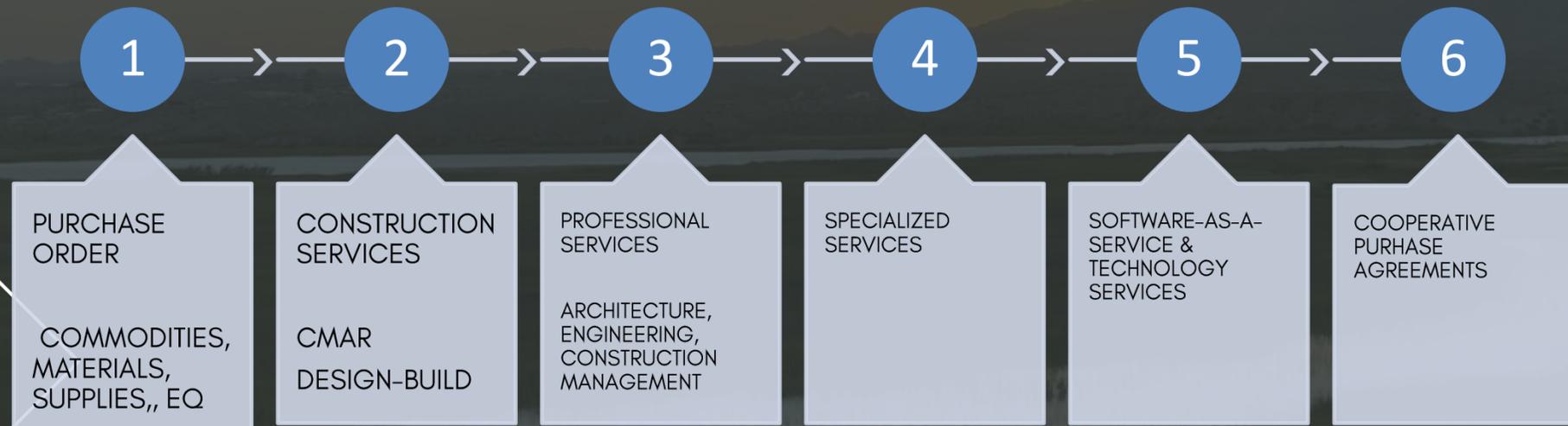
Business License - Title 5: Business Licenses and Regulations, §5.04

### FEDERAL GRANTS

2CFR Part-200 Requirements for Federal Awards

## HOW THE CITY BUYS: PROCUREMENT THRESHOLDS AND METHODS

# TYPES OF CONTRACTS



## BIDDER NOTIFICATIONS – INFORMAL SOLICITATIONS

### LAKE HAVASU AREA CHAMBER OF COMMERCE

- Email contact at [info@havasuchamber.com](mailto:info@havasuchamber.com)
- Forwards notification to membership

### INTERNET SEARCH ENGINES

- Email notifications, if available on websites
- Website Contacts Fillable Form, if available
- Phone call, if no Email address is readily available

### DEMANDSTAR, IF REQUESTED BY INTERNAL CITY DEPARTMENT

- Web-based electronic procurement sourcing platform

## BIDDER NOTIFICATIONS – FORMAL SOLICITATIONS

- NEWSPAPER – LEGAL NOTICE SECTION
  - Compliance with A.R.S. 34-103 for RFSQ
  - Compliance with A.R.S. 41-2533 for other formal solicitations
  - Havasu Area – Today’s News-Herald (local-daily)
  - Arizona Business Gazette (statewide-weekly)
- LAKE HAVASU CHAMBER OF COMMERCE
  - Email contact at [info@havasuchamber.com](mailto:info@havasuchamber.com)
  - Forwards notification to membership
- LHC WEBSITE BIDS & RFPS
  - <https://www.lhcaz.gov/business-resources>
  - SUBSCRIBE FREE TO RECEIVE NOTIFICATIONS TWICE A WEEK (Tuesday and Thursday late afternoons)
- DEMANDSTAR (is becoming EUNA OpenBids)
  - FREE REGISTRATION to Basic Plan
  - Web Video on How to Submit a Free and Fast eBid Response is available on the website. The URL is also listed on the Resources Slide in this presentation.
  - Free registration is for a single subscription to a single agency (Lake Havasu City)

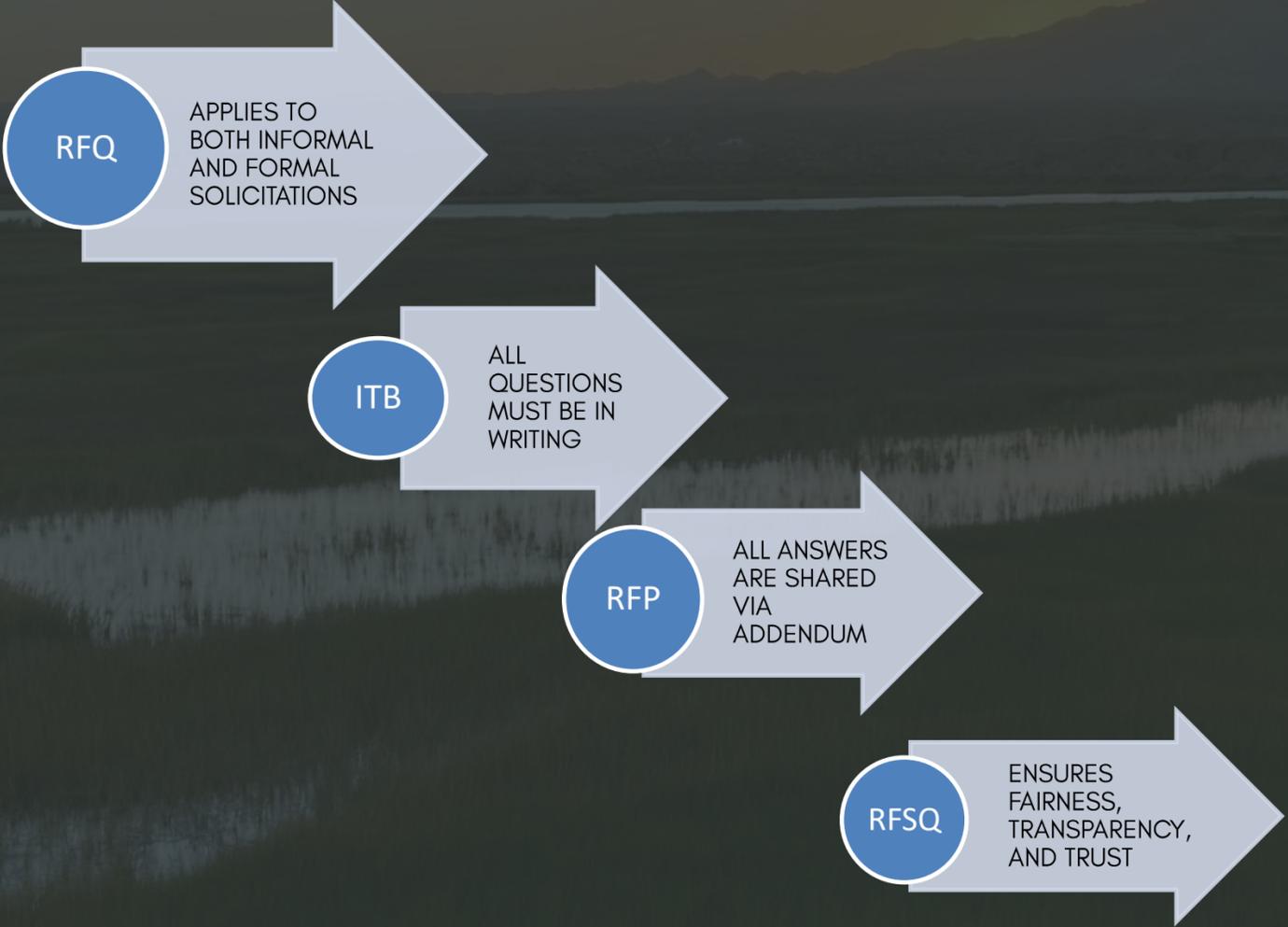
# PRE-BID AND PRE-PROPOSAL MEETINGS AND SITE VISITS

## Understanding Solicitation Requirements: Supplier Learning Opportunities

### INFORMAL REQUEST FOR QUOTE

- Departments notify potential bidders for informal quotes.
- Determine if a site visit is needed for accurate quotes.
- Schedules a pre-bid meeting with ALL potential bidders.
- Questions suggest a meeting would be beneficial.

# PRE-BID AND PRE-PROPOSAL MEETINGS AND SITE VISITS CONTINUED...



# PRE-BID AND PRE-PROPOSAL MEETINGS AND SITE VISITS

CONTINUED...

- FORMAL SOLICITATIONS
  - Project Manager decides if a Pre-Bid meeting or Site Visit is needed
  - Questions with Material Impact must be submitted in writing
  - Deadlines allow time for response and addendum
  - Bid Deadlines may be extended if needed
- COMMUNICATION RULES
  - Send questions to both the Project Manager and Procurement
  - Procurement issues all Addenda
- NO CONTACT POLICY
  - All communication must go through authorized contacts
  - No contact with other city staff involved in evaluation and selection
  - This includes the selection committee members, leadership, Mayor and Council members
- CONFIDENTIALITY
  - All documents are confidential until award notification.

# CLARIFYING THE SIZE OF SOLICITATION PACKAGES

## CIP Construction Solicitations

- CIP Construction ITBs – Avg. 190 pages (mostly technical specs & drawings)
- Complex Example: South Intake Influent Screens ITB – 345 pages
- Bidders Information & Bid Forms – Avg. 30 pages

## Other Solicitation Documents

- RFQs – Avg. 9 pages (excluding attachments, i.e. feasibility study)
- RFPs – Avg. 29 pages (excluding attachments, grant requirements)
- ITBs – Goods/Materials/Supplies – Avg. 26 pages

# EVALUATION AND AWARD CRITERIA

As a best practice,  
the City evaluates and awards contracts  
utilizing a number of criteria methods.

# EVALUATION AND AWARD CRITERIA

CONTINUED...

## Local and Arizona Preference

- City Code - Procurement §3.10.030.2
- A.R.S. §§ 34-241 and 34-242

### Overview

Preference given to vendors with:

- A business location within Lake Havasu City limits
- A valid city business license for 12+ months prior to award

### Quote or Bid Evaluation

Local quote or bid wins if:

- Quality & suitability are equal
- Price is within the city's transaction privilege tax difference (currently 2%)

Tax is excluded from local bids and included in non-local bids for comparison only. Tax still gets paid on the product or service, if applicable.

# EVALUATION AND AWARD CRITERIA

## Local and Arizona Preference

CONTINUED...

### Informal Quotes & Formal Bids

- Local preference applied in evaluation
- Documented only if it changes the award outcome

### Requests for Proposals (RFPs)

- If price is a factor: local preference affects scoring
- If price is not an evaluation factor: preference may be used as a non-price criterion

Example: Outdoor Pool RFQS – up to 5 points based on firm proximity

### Construction Contracts (A.R.S. Title 34)

- §34-241: 5% price adjustment for plant or equipment bids from AZ-taxpaying licensed contractors (2+ years)
- §34-242: 5% preference for AZ-produced or manufactured materials

### Federal Solicitations

- Local preference NOT ALLOWED under federal funding rules

# EVALUATION AND AWARD CRITERIA

CONTINUED...



# A.R.S. Title 34 Procurement Models: Pricing Differences

## Design-Bid-Build

### Pricing Basis:

- Complete, sealed design documents
- Lump-sum construction bid
- Award to lowest responsive, responsible Bidder
- Negotiation Prohibited

### Characteristics:

- Prescriptive scope and specifications
- Limited pricing flexibility after award
- Change orders require formal approval

## Key Takeaway

DBB = Finished design + low bid | DB = Partial design + best value

## Design-Build

### Pricing Basis:

- Design not fully complete at proposal
- Cost integrated with qualifications & technical approach
- Best-value selection
- Negotiated

### Characteristics:

- Collaborative design development
- Pricing refined through preconstruction (e.g., GMP)
- Open-book transparency and shared risk
- Unable to negotiate, terminate, cannot recommence. Negotiate with next firm on list or cancel solicitation determination



## Increasing Local and Statewide Supplier Participation

- Participation is a supplier's business decision
- Our commitment: Increase local and Arizona-based engagement
- 2026: Expanded outreach through key initiatives

## Key Outreach Initiatives – 2026

- **Community Workshop, Meet and Greet** providing sessions on how to do business with the City
- **New eSourcing System:** Supplier registration required
  - **Updated Documents:** Best-in-Class templates and terms
  - **Launch targeted for 2026**
- **Marketing Videos:** Supplier education via new website

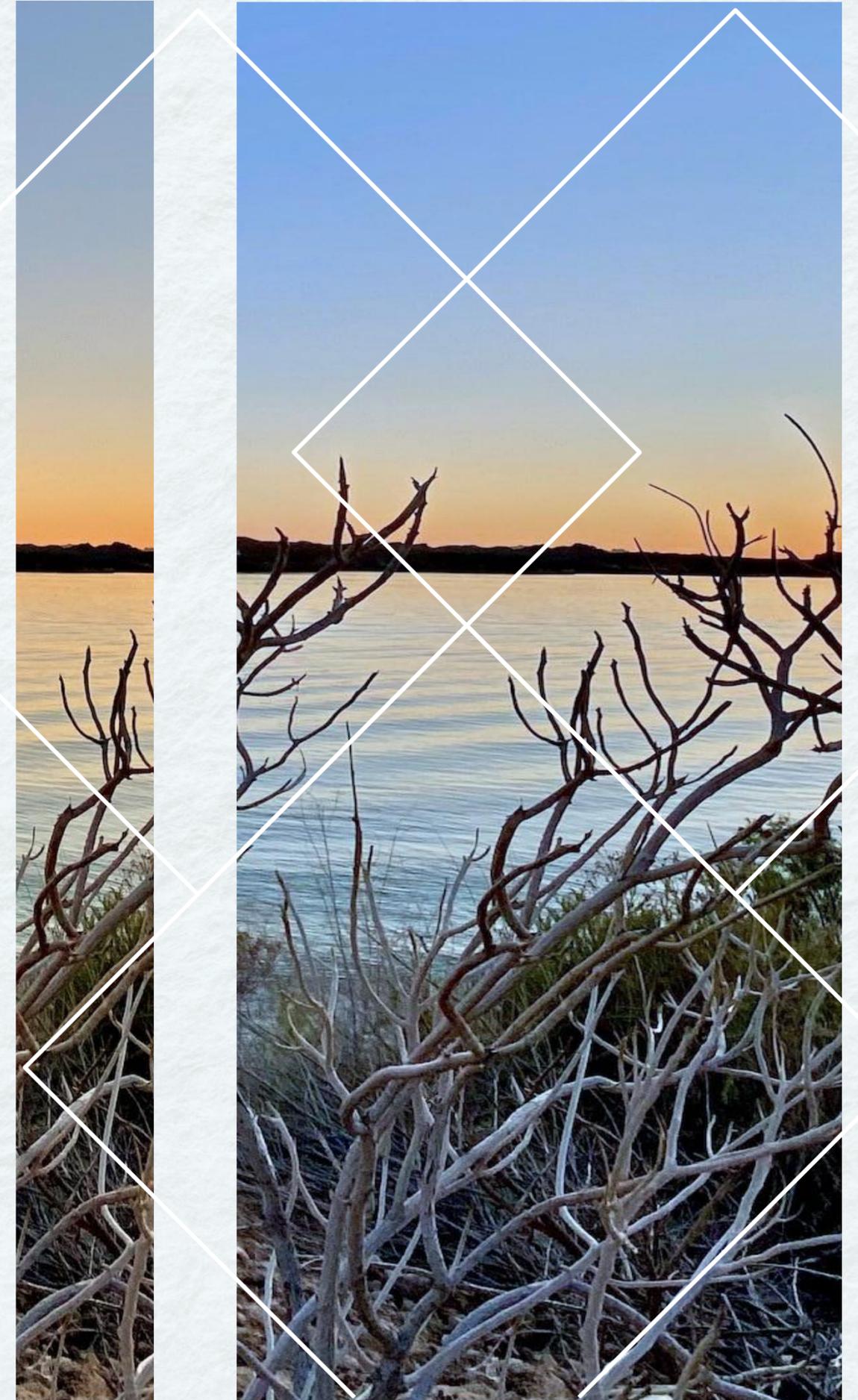
# Communication & Accessibility

- One-on-one calls and “how-to” conversations available
  - Scheduled meetings preferred
- Department line: 928-453-4188
- Group email: [purchasing@lhcaz.gov](mailto:purchasing@lhcaz.gov)
- Response by next business day
- Business hours: Mon-Fri, 8 AM – 5 PM
- Website: [lhcaz.gov/budget-and-finance/bids-rfps](http://lhcaz.gov/budget-and-finance/bids-rfps)
- Business Cards available at City Hall Front Counter at Development Services

# Why Compliance Matters

- Protects public funds and ensures fair competition.
- Promotes transparency, accountability, and trust.
- Reduces risk of audit findings and project delays due to supplier protests or lawsuits.
- Maintains eligibility for state and federal funding.

*Every purchase reflects our integrity in public service*



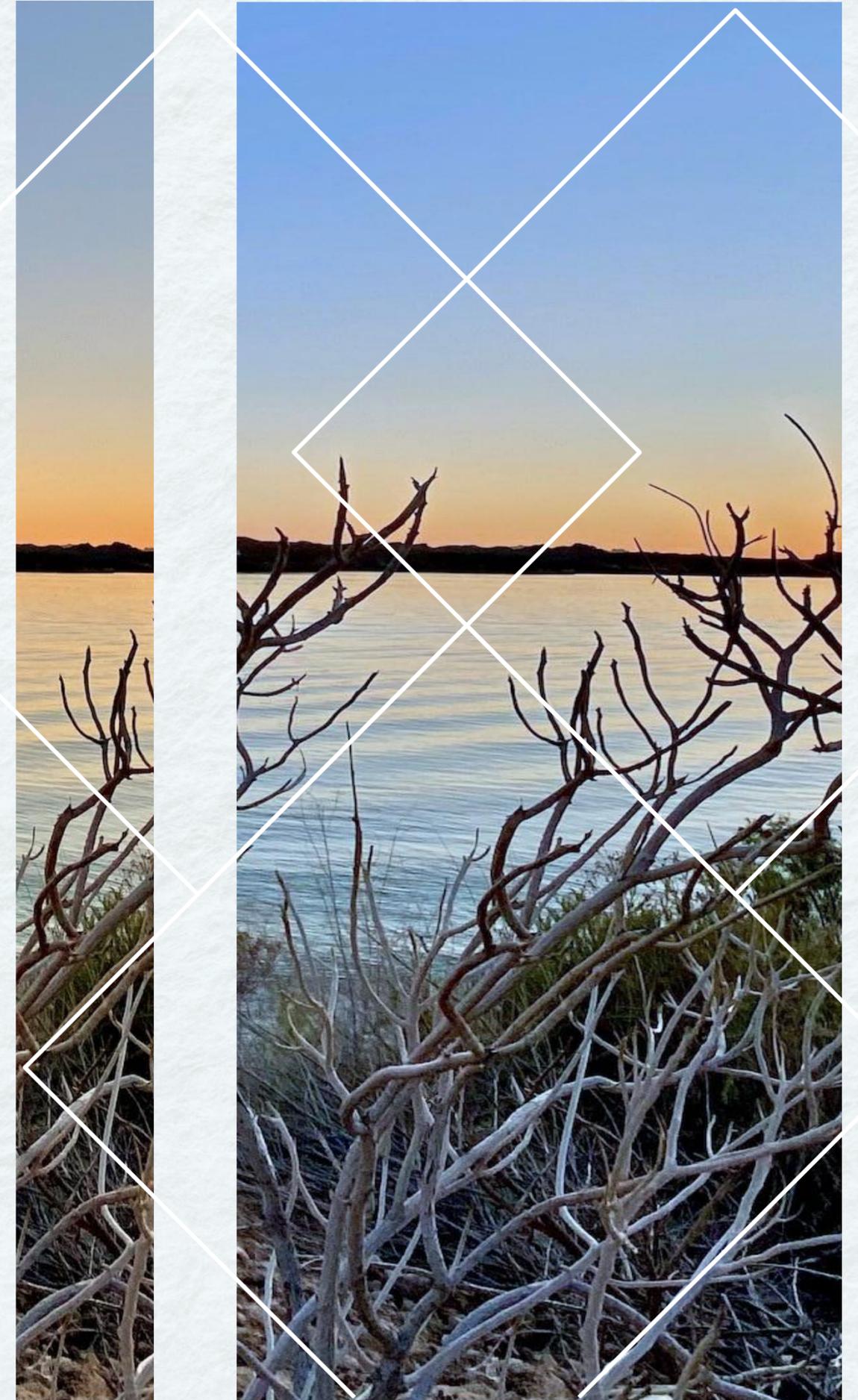
# Noncompliance

## Legal Consequences

Civil  
Penalties: Contract  
cancellation,  
repayment of grant  
funds

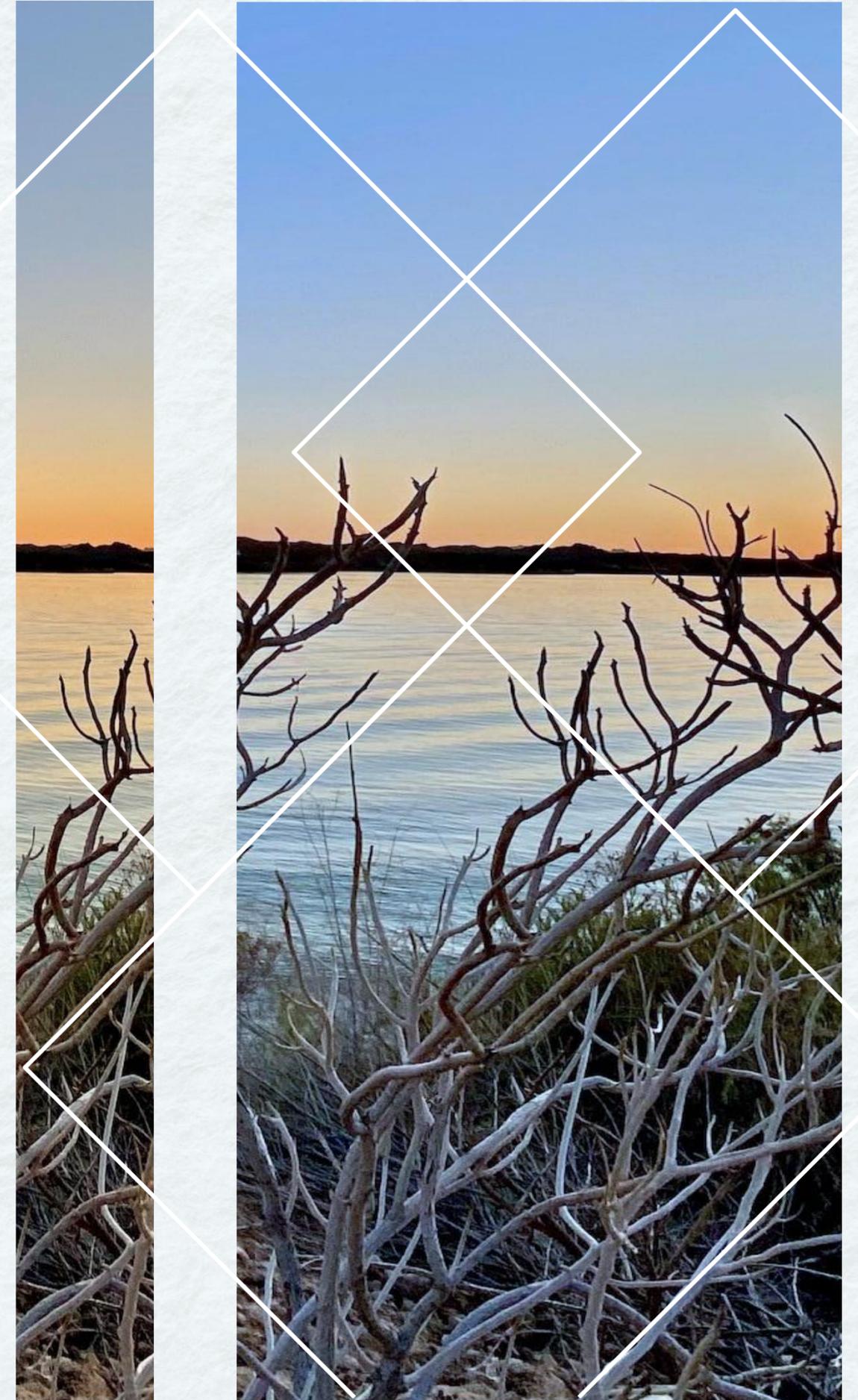
Criminal  
Charges: Fraud,  
bribery, felony  
convictions

Administrative  
Actions: Employee  
discipline, loss of  
public trust



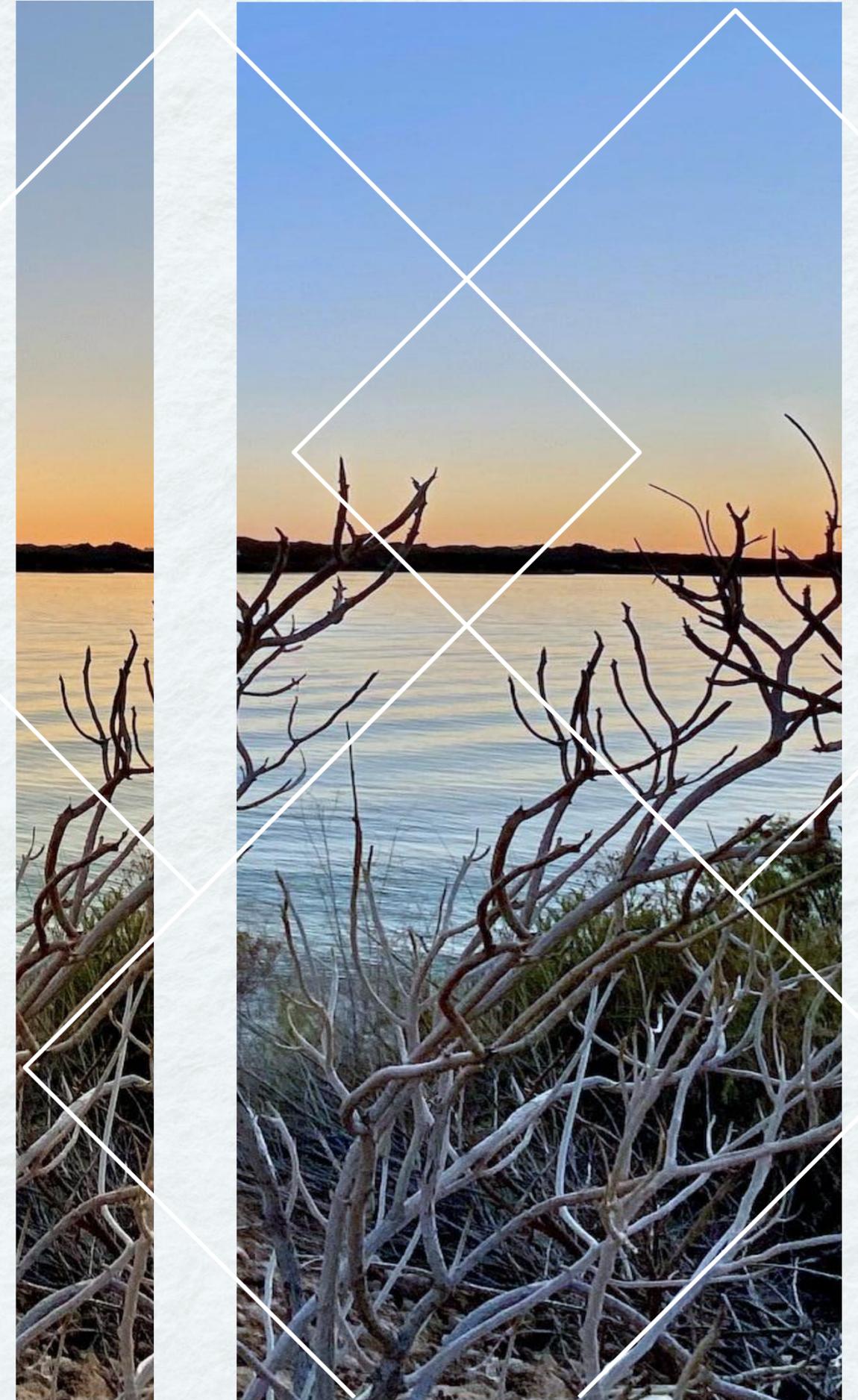
# Noncompliance Prevention

- Staff training on procurement policy, procedures and laws
- Regular internal audits
- Transparent bidding and contracting
- Public access to procurement records



# Role of City Council

- Approving contracts and budgets
- Asking questions and ensuring accountability
- Supporting policies that promote compliance



# PROCUREMENT RESOURCES

American Bar Association  
Model Procurement Code  
(140 pages)

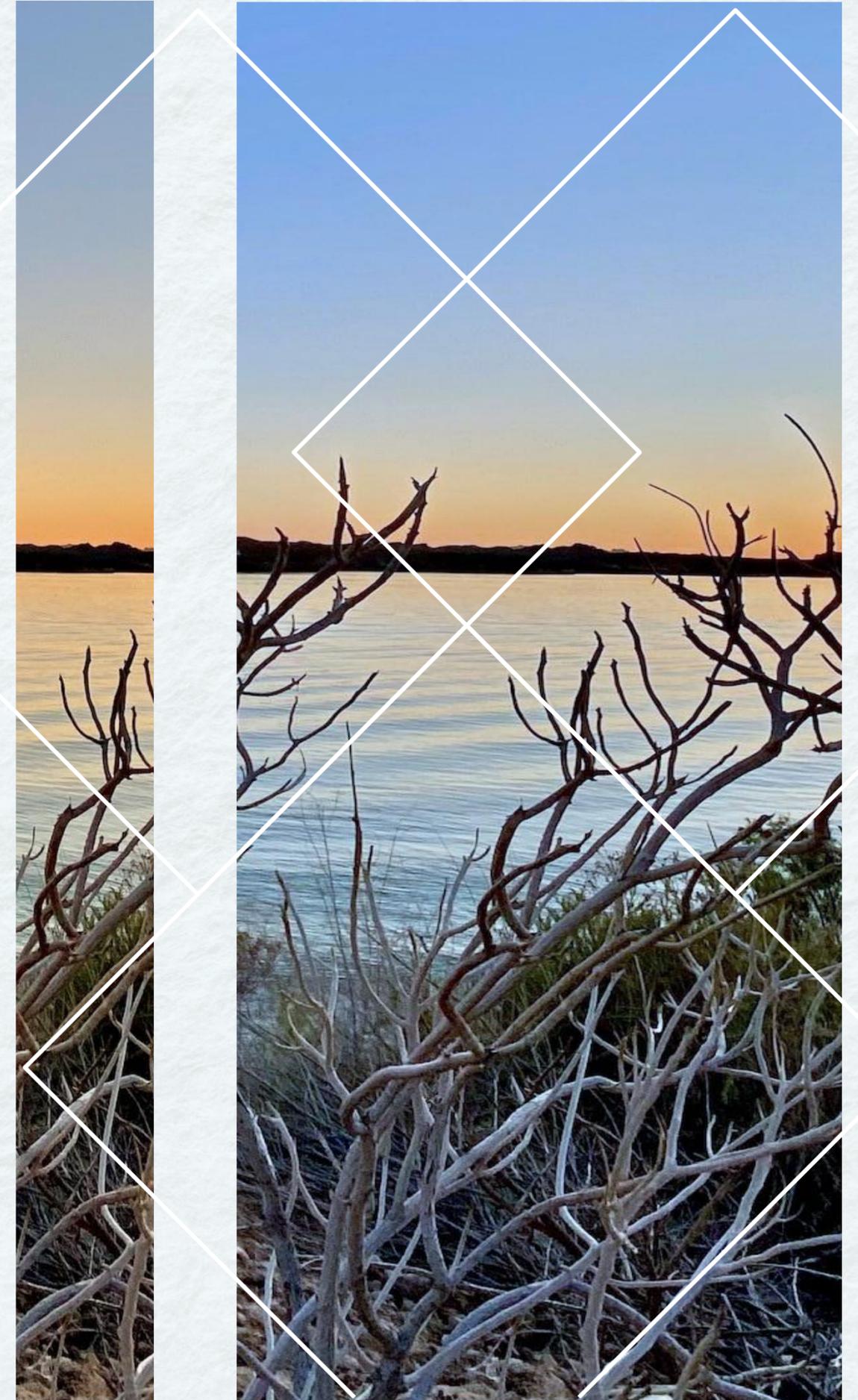
[https://www.americanbar.org/content/dam/aba/administrative/public\\_contract\\_law/pcl-connect/pcl-model-02-2000-code-procurement.pdf](https://www.americanbar.org/content/dam/aba/administrative/public_contract_law/pcl-connect/pcl-model-02-2000-code-procurement.pdf)

DEMANDSTAR - How to Submit a Free and Fast eBid Response

- <https://network.demandstar.com/business-support/how-to-submit-a-free-and-fast-ebid-response/>

Global Best Practice

- NIGP The Institute for Public Procurement
- Ethical Procurement;
  - <https://www.nigp.org/resource/global-best-practices/Ethical%20Procurement%20Best%20Practice.pdf>
- Transparency in Public Procurement
  - <https://www.nigp.org/resource/global-best-practices/Transparency in Public Procurement Best Practice.pdf>



# PROCUREMENT Resources

## ARIZONA STATE – A.R.S. TITLES

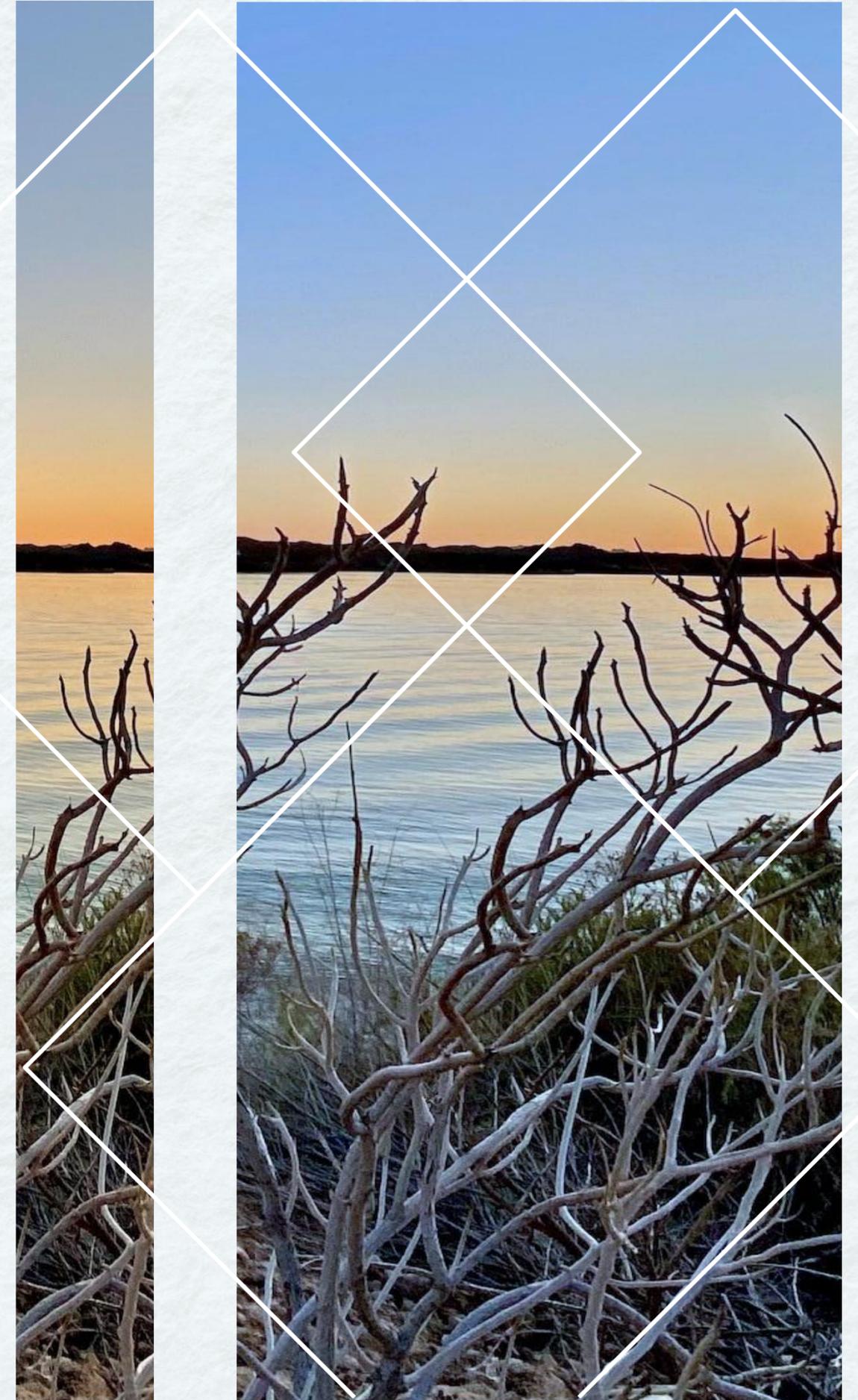
<https://www.azleg.gov/arstitle/>

- Title 34 – Construction / Technical Registrants
- Title 41 – Procurement Code
- Title 38-501 – Conflict of Interest
- Public Notices, Title 28-8425; 34-103; 41-2533
- Title 28-8413, FAA Grants exemption from Title 34 / must follow Federal Govt

## LOCAL – CITY CODES

<https://www.codelibrary.amlegal.com/codes/lakehavasu-city/latest/overview>

- Procurement - Title 3: Revenue and Finance, §3.10
- Employment of Unauthorized Aliens, §3.30
- Business License – Title 5: Business Licenses and Regulations, §5.04



**PROCUREMENT**

**Questions?**

