

# PURCHASING POLICY

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# PURCHASING POLICY

<b>SECTION 1:</b>	<b>Introduction</b>	<b>NUMBER:</b>	<b>06-02</b>
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## MISSION STATEMENT

To provide the best service possible to all City departments, procure the highest quality products at the lowest possible price, and to ensure an atmosphere of equality to all vendors without influence or political pressure.

## INTRODUCTION

The Purchasing Division is responsible for overseeing the purchase of all goods and services. The City operates as a centralized purchasing body.

The Purchasing Division is a service department and should be included in all stages of acquisition. This is not so the Purchasing Division may influence what is purchased, but to take full advantage of the knowledge and expertise of purchasing techniques and to ensure compliance with Texas Statutes and City policy.

The goal of the Purchasing Agent is to provide assistance to departments within the City for securing materials and services in the most efficient and economical manner. The goal is achievable through mutual cooperation with each City department, adequate planning and teamwork by all departments.

Each City employee responsible for the procurement of materials/services must be familiar with purchasing procedures and adhere to the procedures to obtain the best results. Proper understanding of City policy and procedure will save the City time and money.

## COMPLIANCE WITH POLICY

Failure to comply with all of the provisions of this policy may result in disciplinary action up to and including termination in addition to any criminal penalties.

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## PURCHASING CODE OF ETHICS

**Public employment is public trust. Public employees, especially those involved in the procurement process must conduct themselves in such a manner as to foster public confidence.**

To achieve this trust, employees involved in the procurement process agree to:

- Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
- Demonstrate loyalty to the City of Balch Springs by diligently following the lawful instructions of the employer, using reasonable care and only the authority granted.
- Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the City of Balch Springs.
- Refrain from soliciting or accepting (Kickbacks) money, loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence purchasing decisions.
- Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether as payment for services or not; and never accept for himself or herself or for family members, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of Governmental duties.
- Engage in no business with the City of Balch Springs, directly or indirectly, which is inconsistent with the conscientious performance of Governmental duties.
- Handle confidential or proprietary information belonging to employer or suppliers with due care and proper consideration of ethical and legal ramifications and regulations.
- Never use any information gained confidentially in the performance of Governmental duties as a means of making private profit.
- Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
- Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- Expose corruption when discovered.

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## VENDOR CODE OF ETHICS

The City of Balch Springs is committed to a procurement process which fosters fair and open competition, is conducted under the highest ethical standards and maintains the complete confidence of the public. To achieve these purposes, City requires each vendor who seeks to do business with the City to subscribe to this Vendor Code of Ethics.

- A Vendor's bid or proposal will be competitive, consistent and appropriate to the specification documents.
- A Vendor will not discuss or consult with other vendors intending to bid on the same contract or similar City contract for the purpose of limiting competition.
- Vendor will not make any attempt to induce any individual or entity to submit or not submit a bid or proposal.
- Vendor will not disclose the terms of its bids or proposal, directly or indirectly, to any other competing vendor prior to the bid or proposal closing date and time.
- Vendor will completely perform any contract awarded at the contracted price pursuant to the terms set forth in the contract.
- Vendor will submit timely, accurate and appropriate invoices for goods and/or services actually performed under the contract.
- Vendor will not offer or give any gift, item or service of value, directly or indirectly, to a City employee, employee family member or other vendor contracted by the City.
- Vendor will not cause, influence or attempt to cause or influence, any City employee or City Official, which might tend to impair his/her objectivity or independence of judgment; or to use, or attempt to use, his/her official position to secure any unwarranted privileges or advantages for that vendor or for any other person.

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Funds are entrusted to the City of Balch Springs by the public. It is imperative that all transactions committing City of Balch Springs funds observe the highest standard of ethics throughout the procurement process to ensure public trust.

## Definitions

*Corruption* means the offering, giving, receiving or soliciting, directly or indirectly of anything of value to influence the action of staff in the procurement process or contract execution.

*Fraud* means the intentional, false representation or concealment of a material fact for the purpose of inducing another to act up on it to his/her disadvantage.

*Collusion* means a scheme or arrangement between two or more vendors / contractors, with or without knowledge of the City of Balch Springs, designed to establish prices at artificial, non-competitive levels.

*Coercion* means harming or threatening to harm, directly or indirectly, persons, or their property, to influence their participation in the procurement process, or affect the execution of a contract.

*Gratuity* means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.

*Financial interest* means anything of monetary value including, but not limited to:

- An interest in a business consisting of any stock, stock option, or similar ownership interest in such business, but excluding any interest arising solely by reason of investment in such business by a mutual, pension, or other institutional investment fund over which the staff member does not exercise control; or
- Receipt of, or the right or expectation to receive, any income in one or more of the following forms: a consulting fee, salary, allowance, forbearance, forgiveness, interest in real or personal property, dividend, royalty derived from the licensing of technology or other processes or products, rent, capital gain; or

*Personal or professional* interests include, but not limited to:

- Any organization, or enterprise over which the staff member, alone or together with an immediate family member exercises a controlling interest; or
- Any executive position or membership on the Offeror's board regardless of compensation.

## Standard Practice

The City of Balch Springs procurement process must allow vendors/contractors to compete for business on a fair, equal and transparent basis. Staff associated with the procurement function, therefore are responsible for protecting the integrity of the procurement process and maintaining fairness in the treatment of all vendors/contractors.

The standard of conduct for all staff involved in procurement is to safeguard against conflicts of interest which may compromise the integrity and objectivity of the City of Balch Springs.

- During the pre-solicitation phase, staff must not allow vendors/contractors access to information, whether technical, financial or any other nature before such information is available at large.
- Further staff may not use unnecessary restrictive specifications, statements of work or terms of reference that may discourage competition;

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- Staff having a financial interest in a solicitation, are prohibited from any involvement in the procurement process.
- Staff having a personal or professional interest, are prohibited from any involvement in the procurement process.
- Staff may not disclose proprietary, quote or bid information, tabulation results to any individual other than such authorized to receive information, at any time prior to the selection and award process.
- Staff maintaining a conflict of interest or potential conflict should notify the Purchasing Agent prior to starting the bid process.

### **Conflict of Interest**

Chapter 176 of the Texas Local Government Code requires that any vendor or person considering doing business with a local government entity disclose on form CIQ, their company name, person's affiliation or business relationship that might cause a conflict of interest with a local government entity.

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This policy is based on Texas Statutes as found in the Texas Local Government Code Sections 252, 271, and 2269. Any changes in state law will automatically supersede City Purchasing policy. The Texas Local Government Code is available online at: <http://www.statutes.legis.state.tx.us/>.

## **DEFINITIONS, Local Government Code, §252.001**

1. **Component Purchase** – purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
2. **High Technology Procurement** – the procurement of equipment, goods, or services of a highly technical nature, including:
  - a. Data processing equipment, software and firmware used in conjunction with data processing;
  - b. Telecommunications equipment and radio and microwave systems;
  - c. Electronic distributed control systems, including building energy management systems and technical services related to those items.
3. **Separate Purchases** - purchases made separately, of items that in normal purchasing practices would be purchased in one purchase.
4. **Sequential Purchases** – purchases made over a period of time, of items that in normal purchasing practices would be purchased in one purchase.

## **QUOTES/BIDS THRESHOLD. Local Government Code, Chapter §252.021**

Cities must competitively bid or accept sealed proposals for any goods or services over \$50,000.

## **PAYMENTS, Government Code, §2251.021-2251.030**

A payment by a governmental entity under a contract executed on or after September 1, 1987, is overdue on the 31st day after the later of:

- a. the date the governmental entity receives the goods under the contract;
- b. the date the performance of the service under the contract is completed; or
- c. the date the governmental entity receives an invoice for the goods or service.

Interest accrues at 1%/month + prime rate listed in the Wall Street Journal on July 1 of the previous year;

Departments are encouraged to take advantage of prompt or early payment discounts.

**Payments will only be made to vendors that have a valid purchase order or through use of a procurement card (pcard). Violations will be dealt with as follows:**

1. **A form letter (Invoice Payments) will be sent to the vendor notifying of policy requirements.**
2. **Employee will be sent a statement of non-compliance form to be completed.**

**Vendors / Contractors** must pay any subcontractor or supplier who supplies good/services for which payment is made within ten days.

**Subcontractors** must pay any person who supplies good/services which payment is made within ten days.

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## **CRIMINAL PENALTIES, Local Government Code, Chapter §252.062**

- a) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor.
- b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021, other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.
- c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described in Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

## **Removal / Ineligibility, Local Government Code, Chapter §252.063**

- a) The final conviction of a municipal officer or employee for an offense under Section 252.062 (a or b) results in the immediate removal from office or employment of that person.
- b) For four years after that date of the final conviction, the removed officer or employee is ineligible:
  - 1. to be a candidate for or to be appointed or elected to a public office in this state;
  - 2. to be employed by the city with which the person served when the offense occurred; and
  - 3. to receive any compensation through a contract with that city.

## **INSURANCE REQUIREMENTS, Labor Code, §406.096**

All contractors and subcontractors shall have insurance coverage including worker's compensation. Proof of coverage must be provided prior to any work beginning. *Certificates must be submitted to purchasing.*

Required Insurance: Workers Compensation, General Liability, and Auto Liability.

Other types of insurance may be required depending on the type of work or service requested.

"Building or construction" includes:

- (A) erecting or preparing to erect a structure, including a building, bridge, roadway, public utility or facility; or
- (B) remodeling, extending, repairing, or demolishing a structure; or
- (C) otherwise improving real property or an appurtenance to real property through similar activities.

## **PUBLIC RECORDS**

A vendor or a member of the public may request a copy of a Bid Tabulation Sheet that is compiled when bids are opened in accordance with Chapter 552 of the Texas Government Code.

The City will not release copies of bids or the bid evaluations until after the contract has been awarded in accordance with Chapter 552.104 of the Texas Government Code. This is not a waiver of any exception to the requirements of public disclosure contained in the Texas Public Information Act including, but not limited to, trade secrets or other commercial or financial information that is made confidential by law.

**PURCHASE APPROVAL & REQUIREMENTS** The Purchasing Agent shall have the authority to procure all supplies, equipment and services for the City either on an individual basis or through annual contracts. These purchases will be in compliance with the Texas Local Government Code.

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Dollar Value	Authorized to Make Purchase	Approval of Purchase	Approval PO	Approval Invoice	Approval Contract
\$500 -3000	Authorized Staff Purchasing Agent	Supervisor or Director	Finance Director or ACM	Supervisor or Director	City Manager
\$3000-\$20,000	Authorized Staff Purchasing Agent	Supervisor and Director	Finance Director or ACM & City Manager	Director Finance Director City Manager	City Manager
Over \$20,000	Purchasing Agent	Director, Finance Director City Manager City Council	Finance Director City Manager City Council	City Council	City Council

### Authorized Staff

Staff must have attended purchasing training and be authorized by their respective Supervisor/Director.

### PURCHASE REQUIREMENTS

All purchases must be made through a purchase order or through use of a purchasing card. **A PO must be obtained prior to placing an order.** PO line items must be **detailed**.

Dollar Value	Requirement
\$500-3000	1. Quotes are not required, but are suggested. 2. A PO is required or P-Card/PO Combination
\$3000-\$20,000	1. Three written/verbal quotes with two of the three from HUB/MWBE 2. A Purchase Order issued
Over \$20,000	1. Sealed Bid or RFP Process by Purchasing Agent

### GENERAL EXCEPTIONS to bid requirement of statute §252.022

Following is a summary of the types of purchases that are exempted from competitive bidding or RFP requirements under by law under §252.022, Local Government Code. Any proposed purchase that is believed to be exempt should be reviewed by the Purchasing Department or the City Attorney's office for confirmation of exemption.

**For a complete description, see Texas Local Government Code Chapter 252.022 GENERAL EXEMPTIONS**

1. Public calamity to “relieve the necessity of the municipality’s residents or to preserve the property of the municipality”.
2. Public health or safety.
3. Unforeseen damage to public property.
4. Personal, planning, or professional services.
5. Day laborers paid for by the day.
6. Land or right of way purchases.
7. Sole source purchases such as items with patents, copyrights, secret processes, or natural monopolies.
8. Library materials such as films, manuscripts, and books available from vendors holding exclusive distribution rights.
9. Public improvements or related matters, at least 1/3 of which are paid for by special assessment levied on benefited property.

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10. Deficiency of funds in voter approved project.
11. Contracts with developer participation in capital improvements.
12. Personal property sold at auction by state licensed auctioneer, at going out of business sale, by a political subdivision or state agency of Texas or an entity of the federal government, or under an inter-local agreement for cooperative purchasing administered by a regional planning commission established under Chapter 391.
13. Services performed by blind or severely disabled persons.
14. Goods purchased for retail sale.
15. Electricity

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## **Competitive Bidding in Relation to Historically Underutilized Business (HUB), Local Government Code, Chapter §252.0215:**

A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.

The goal of the Procurement Inclusion Program is to include **certified** Minority or Women owned businesses (M/WBE's) in every possible segment of the procurement process by affording M/WBE's an opportunity, on a competitive basis to be considered for and awarded City business.

### **DEFINITIONS**

#### **Minority/Women Business Enterprise (M/WBE) as defined by the Small Business Administration**

A M/WBE is any legal entity organized to engage in commercial transactions which is at least 51 percent owned, controlled and operated by one or more minorities or women.

#### **Veteran-owned small business as defined by the Small Business Administration**

Veteran-Owned Business means:

1. A small business that: is at least 51% unconditionally owned by one or more veterans (as defined at 38 U.S.C. 101(2)); or
2. A publicly owned business with at least 51% of the stock of which is unconditionally owned by one or more veterans; and whose management and daily business operations are controlled by one or more veterans.

#### **Small disadvantaged business as defined by the Small Business Administration**

Small Disadvantaged Business means a small business that: (i) has received certification as a small disadvantaged business consistent with 13 CFR part 124, Subpart B; (ii) no material change in disadvantaged ownership and control has occurred since its certification; (iii) where the is owned by one or more individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000, after taking into account the applicable exclusions set forth at 13 CFR 124.104©(2); and (iv) is identified, on the date of its representation, as a certified small disadvantaged business in the database maintained by the Small Business Administration

#### **Historically underutilized business as defined by the State of Texas**

Historically Underutilized Business means a business that is owned at least 51 percent owned, controlled and operated by one or more minorities or women; has its principal place of business in Texas, and has an owner residing in Texas with a proportionate interest that actively participates in the control, operations and management of the entity's affairs.

#### **Certification:**

The process by which a business is initially determined to be a bona-fide minority or woman owned business.

#### **Certified:**

A certified company is a minority or woman owned business that has met the requirements established by an authorized agency of the State of Texas or Federal Government.

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## Sourcing:

Sourcing is the process of identifying qualified and certified M/WBE suppliers.

## OBJECTIVES

The Procurement Inclusion Program will increase the awareness and sensitivity of employees to M/WBE's and assures fair and non-discriminatory consideration when competing with other suppliers.

## POLICY STATEMENT

It is the policy of the City of Balch Springs to actively encourage and seek qualified and certified HUB/MWBE's to participate in all phases of the procurement process. In this effort, the City will take appropriate measures to assure that HUB/MWBE's have knowledge of, access and equal opportunity to compete for the goods and/or services required by the City of Balch Springs. The participation shall include all procurement within the City for goods and services purchased from the lowest responsible bidder or to the bidder who provides goods or services at the best value for the City that exhibits the best combination of price, quality and service.

## PROGRAM COMMITMENT

It is in the best interest of the City of Balch Springs to stimulate the growth of HUB/MWBE's. The growth of such businesses can be encouraged through their full participation in all phases of City of Balch Springs procurement opportunities. Therefore, the City Council and executive management of the City of Balch Springs have endorsed this program.

The City shall, where economically and reasonably prudent, reach out into the community through minority business organizations, chambers of commerce, seminars, trade shows, and special programs to enhance the program credibility.

## CERTIFICATION

Staff shall identify certified minority/women owned companies to eliminate companies that appear to be M/WBE, but are not actually owned or controlled by a minority group.

The City of Balch Springs may accept certification from the following agencies:

- State of Texas – Historically Underutilized Business Program
- North Central Texas Regional Certification Agency (NCTRCA).
- South Central Texas Regional Certification (SCTRCA)
- Texas Department of Transportation
- Any other certifying agency deemed acceptable by the City of Balch Springs

## SOURCING

Sourcing is the heart of a successful inclusion program. It is the process of identifying M/WBE suppliers. To be effective, sourcing requires time and coordination to locate qualified, certified M/WBE suppliers by required commodity.

- Sourcing is an ongoing, never ending search to include new suppliers entering into the market place. Techniques for sourcing the M/WBE shall include:
- Networking with the local chamber of commerce and M/WBE organizations.
- Utilize the City's website to communicate procurement opportunities.
- Membership directories by business/commodity type on the local and national levels.
- Attendance at special programs, trade fairs and other programs to meet potential M/WBE suppliers.
- Requesting and sharing supplier information with other governmental entities.

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- Access to the North Central Texas Regional Certification Agency (NCTRCA) and State of Texas qualified, certified bid lists.
- Requests for referrals from current M/WBE.

Employees should use the following link to search for HUB/MWBE vendors:

<https://mycpa.cpa.state.tx.us/tpasscdblsearch/>

## ANNUAL CONTRACTS

Annual Contracts are established by the Purchasing Agent through a formal procurement process. Pricing is locked for a specific period of time.

Annual contract purchases must be made with a purchase order. This process allows the Purchasing Agent to track expenditures authorized in the contract.

All contract information will be sent electronically to employees. Until notice is received, contracts are not in effect.

## AUTHORIZATION TO PURCHASE

Employees authorized to conduct purchasing related business for the City must be listed on an authorized list. A list must be submitted to the Purchasing Agent annually or as personnel changes occur.

A spreadsheet will be sent yearly to verify authorized purchases. A memorandum or email consisting of the following is sufficient for changes during the year.

1. Department Director's authorization allowing employees to purchase;
2. Name of employee
3. Employee ID
4. Authorized Limits

## BID PROTESTS

All protests regarding the bid solicitation process must be submitted in writing to the Purchasing Agent within five (5) working days following the opening of bids. This includes all protests relating to advertising of bid notices, deadlines, bid opening, and all other related procedures under the Local Government Code, as well as protests relating to alleged improprieties or ambiguities in the specifications.

The limitation does not include protests relating to staff recommendations as to award of a bid. Protests relating to staff recommendations may be directed to the City Council by contacting the City Secretary PRIOR to Council Award.

## BUDGETED FUNDS

Funds must be available and in the proper account prior to issuance of a purchase order and before the use of a purchasing card.

## CHECK REQUEST

The check request is used for the following purchases.

Refunds – Include the reason for request and attach documentation indicating the person or organizations name; date of original purchase, contract date or class date; and reason for refund.

Contract Labor – Include the reason for request and attach as backup, a copy of the employee contract for a one-time payment, jury duty, or for instructors. Submit proper documentation such as a copy of the instructor contract.

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# PURCHASING POLICY

<b>SECTION 5:</b>	<b>General Information</b>	<b>NUMBER:</b>	<b>06-02</b>
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Reimbursements – Include copy of detailed invoice or receipt.

## DEBRIEFING

A debriefing is a review of the vendor's quote, bid, or proposal. It usually provided to unsuccessful vendors. Debriefings are normally requested during the proposal process, but may be done for any type of solicitation that evaluates factors other than price. The process may be formal (face-to-face) or informal (over the phone/email).

Outline the vendor's strengths and weaknesses. This provides detailed information for the vendor to learn from and to better prepare for future proposals. Items to remember with debriefings:

1. Do not discuss competing proposers
2. Do not let it become a gripe session

## EXEMPTION FROM SALES TAX

The City is exempt from sales, excise and use taxes under Tax Code, 151.309. The City is NOT exempt from food related purchases for employee meals during travel or hotel/motel tax.

## FREIGHT CHARGES AND FEES

Include freight costs and fees in the total cost when obtaining quotes. Note that freight costs must be considered in determining an award vendor(s).

All freight should be requested as FOB Destination (delivery address) freight pre-paid and allowed.

## NEW VENDORS

A W9 is required for all new vendors. The authorized purchaser should request the vendor to complete the form and submit it with their quote or invoice. Purchase orders cannot be issued or payments processed until a W9 is received in Accounts Payable and the vendor is set up.

Authorized users should encourage all potential vendors to register as a supplier at [www.bidnet.com](http://www.bidnet.com).

## PLACING ORDERS

When placing orders, provide the vendor with the PO Number or a hard copy if requested, name of person placing the order, department name, and the City's billing address.

Billing Address:       The City of Balch Springs  
                              Accounts Payable  
                              13503 Alexander Rd.  
                              Balch Springs, TX 75181-3401  
Billing Email:         [scluse@cityofbalchsprings.com](mailto:scluse@cityofbalchsprings.com)  
                              [abraden@cityofbalchsprings.com](mailto:abraden@cityofbalchsprings.com)

Instruct vendors to clearly display the name of person placing the order, the department, and the Purchase Order Number on all invoices, delivery slips, cases, cartons, boxes, packing slips and bills of lading.

## RECEIVING OF MATERIALS

The authorized purchaser is responsible for verifying that all materials/services are received in working order and meet specifications. Once materials/services have been received and verified to be correct, indicate

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# PURCHASING POLICY

<b>SECTION 6:</b>	<b>Emergency Purchases</b>	<b>NUMBER:</b>	<b>06-02</b>
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receipt of materials by completing the receiving section *for each product in the electronic Purchase Order (STW)*.

If the quantity received does not agree with the vendor's packing slip or the material does not conform to specification, the vendor must be notified immediately.

When a partial shipment is received, indicate the quantity in the electronic Purchase Order (STW).

## **EMERGENCY PURCHASES §252.022**

An emergency condition creates an immediate and serious need for materials, services, or construction that cannot be met through normal procurement methods and that seriously threatens the functioning of the City or the protection of property or the health or safety of any person.

Emergency purchases are for critical, unforeseen government 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 purchasing procedures.

True emergencies almost always occur as a result of parts and labor needed for unforeseen repairs to equipment that must be kept operational. When an emergency occurs, the need for quotes will be eliminated. However, written explanation must be indicated on the Statement of Compliance for Irregular Purchases.

1. If the product or services is over \$3,000 and under \$20,000, obtain the City Manager's authorization. Once authorization has been received, submit a requisition to Purchasing and obtain a purchase order, call the vendor to initiate repair services or order the needed materials. Immediately or as soon as feasible, submit a copy of the invoice, delivery ticket and the irregular purchase form.
2. In the event the emergency exceeds \$20,000, follow the same procedures outlined in item 1 above prepare an agenda item and resolution to Council prior to payment for the products or services purchased.

In extreme cases involving a disaster, an emergency declaration will be made by the Mayor. All purchases must be documented through proper State & Federal forms and emergency purchase orders issued.

Emergency purchase orders are maintained at City Hall and at the EOC.

### **An emergency created through neglect will not be processed as an emergency.**

#### **Typical examples are:**

- a. Depletion of stock due to lack of planning.
- b. Building or equipment needing repairs for some time, suddenly becoming an emergency overnight.
- c. Orders of materials for projects most of which must be planned weeks or months ahead of time, and requested just before desired use.

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# PURCHASING POLICY

<b>SECTION 7:</b>	<b>Sole Source Purchases</b>	<b>NUMBER:</b>	<b>06-02</b>
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## SOLE SOURCE PURCHASES

Sole source purchases are goods and services available from only one supplier. There may be one vendor because of patents, copyrights or simply because the vendor is the only one which supplies the good or service.

Example: Patented products, monopolized items, books, captive replacement part or component for equipment, and software with exclusive distribution rights. **Items that are only available from one manufacturer are not a sole source, if the items can be purchased from distributors.**

The City is responsible for obtaining and retaining documentation from the vendor that clearly states the reasons the purchase must be made on a "sole source" basis.

All sole source purchases require written justification in the form of an affidavit which must be completed by the vendor and notarized. This form must be submitted and approved by the Purchasing Agent prior to the purchase being made.

Be sure that the function the user department is asking for is a "need" and not a "want". For example, only one vendor sells equipment with the special function. Other vendors have a similar function but not exactly the same. Ask the question, do we need the specific function and why would a similar function not work.

### Notice of Intent to Award a Sole Source Procurement

All purchases in excess of \$20,000 shall be made in conjunction with the Purchasing Agent who will post a Notice of Intent to purchase a sole source item in the e-pro system.

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# PURCHASING POLICY

<b>SECTION 8:</b>	<b>Capital / Fixed Asset Purchases</b>	<b>NUMBER:</b>	<b>06-02</b>
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## CAPITAL / FIXED ASSETS

### Definitions:

**Capital Purchase** – Any item with a purchase value of \$5,000 or more.

**Fixed Asset** – Any items with a purchase value of \$5,000 or more and with a useful life greater than two years.

**Account** – Capital and Fixed Assets are charged to the budget object lines.

All items purchased with a price of \$5,000 or greater and a useful life exceeding two years will be placed on the fixed asset list. Each department will be required to monitor their inventory and be accountable for the location of the asset.

Asset tags will be issued after payment has been processed.

All capital and fixed assets purchases, regardless of the dollar amount, are to be purchased through Purchasing. Departments should submit a requisition with purchase details.

Departments that track asset information must forward the information to Purchasing to include in the Fixed Asset listing. For example, vehicles and equipment tracked and issued a unit (tracking) number. This information will be used in the Fixed Asset module to assist in tracking the equipment.

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## PURCHASING POLICY

<b>SECTION 9:</b>	<b>Cooperative Purchasing</b>	<b>NUMBER:</b>	<b>06-02</b>
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### COOPERATIVE PURCHASING

Government Code, Chapter 791 and Local Government Code, Chapter 271 authorizes the use of cooperative purchasing programs. The Chapters authorize the City to use (“piggyback”) on another entity’s bid or to use a cooperative contract from an established cooperative agency.

The bids completed by the entity or agency must have an Inter-local clause in the specifications or contract, the awarded vendor must agree to the cooperative clause and an Inter-local agreement must be in place between the City and the issuing entity/agency.

The City has established memberships and inter-local agreements in place and promotes participation in cooperative purchasing programs. A complete list of all inter-local agreements is maintained in the contract module.

These agencies can provide great pricing and quick turn-around time for items such as vehicles, software, hardware, and heavy equipment.

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## PURCHASING POLICY

<b>SECTION 10:</b>	Petty Cash	<b>NUMBER:</b>	06-02
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### PETTY CASH

Petty cash is a service available to employees for reimbursement of miscellaneous small dollar expenditures. These expenses can be reimbursed at the Utility Billing payment counter.

The employee must bring the signed voucher and the detailed receipt to Utility Billing. Present it to the cashier and the expense will be refunded. The signed voucher must be approved by Department director and signed off by City Manager or Finance Director.

Petty cash is limited to expenditures under \$200.00 to all departments other than the Recreation Center. The Recreation Center will be allowed Petty Cash of up to \$500 to pay referees at sporting events.

A petty cash voucher and detailed receipts are required for reimbursement.

Sales tax will not be reimbursed.

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# PURCHASING POLICY

<b>SECTION 11:</b> Types of Procurement	<b>NUMBER:</b> 06-02
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Competitive bidding allows vendors to compete with each other to provide goods and/or services to the City. This process serves two purposes.

The first is to ensure that public monies are spent properly, legally, and that the best possible value is received for the money. The second is to give qualified and responsible vendors who desire to do business with the City a fair and equitable opportunity to do so. The use of a standard bidding procedure gives the public assurance that their monies are properly safeguarded.

Competitive bidding can be accomplished in two ways, formal or informal.

## DEFINITIONS

**Invitation to quote** (ITQ) is an informal or formal process used to purchase items over \$3,000 and less than \$50,000.

**Invitation to bid** (ITB) is a formal process used to purchase goods and services over \$50,000.

**Request for Information** (RFI) is a formal process in which information is requested from vendors prior to a bid or proposal to assist in writing specifications.

**Request for Qualifications** (RFQ) is a formal process used to select a vendor to perform a professional service.

**Request for Proposal** (RFP) is a formal process used to purchase a good or service with specific criteria set that is used to evaluate the submittal.

**Specification** is a set of criteria used by vendors to submit pricing, information, or qualifications.

**Professional services** is defined by AG Opinion MW 344 as "services rendered by a person or firm that requires years of education and service for one to attain competence and which calls for a high order of intelligence, skill and learning" (mental or intellectual skills, rather than physical or manual). (Opinion MW 344 and DM 347)

A professional is a member of a discipline with widely accepted standards of required study or specified attainments in special knowledge as distinguished from mere skill.

**Personal Service** is defined as a service that is performed by an individual.

A contract is for a personal service if a specific individual person is required to perform the service. The service must be performed by the individual named in the contract. (Attorney General JM-890 and JM 486)

**Planning services** means services primarily intended to guide governmental policy to ensure the orderly and coordinated development of the municipality 252.001 (5)

## DETERMINING THE PROCUREMENT METHOD

It is important to determine the procurement method as it will be a major factor in the planning process. For example, the procurement lead time for an Invitation for Bid and a Request for Proposal differ significantly.

**Invitation to Bid (ITB)** - The ITB uses the competitive sealed bid method. This method is used when the requirements are clearly defined, negotiations are not necessary and price is the major determining factor for selection. Best value considerations can also be used with the ITB method.

**Request for Information (RFI)** - Requests for Information are used primarily as a planning tool. The RFI is an optional method that may be used to gather information in order to prepare a complete and accurate solicitation document when an agency does not have the necessary information to prepare a

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# PURCHASING POLICY

<b>SECTION 11:</b> Types of Procurement	<b>NUMBER:</b> 06-02
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complete and accurate solicitation document. RFIs are used to identify industry standards, best practices, potential performance measures, and cost or price structures or to generally ascertain the level of interest of prospective respondents. A preliminary solicitation document which provides an initial description of the program objectives and specifications usually accompanies an RFI for review by potential respondents. Agencies may use the information derived from the responses to finalize their solicitation document. Agencies are not required to incorporate any or all of the comments or suggestions made by the contractor, but the hope is that the contractor will provide useful information in the RFP development process.

**Request for Proposal (RFP)** – Used when competitive sealed bidding is not practicable or advantageous. Generally this is when factors other than price are to be considered or when objective criteria cannot be defined. One of the key differences between an ITB and an RFP is that negotiations are allowed in an RFP. Discussions are allowed with the respondents and best and final offers are solicited.

**Request for Qualifications (RFQ)** – Generally used for Professional Services wherein the respondents are evaluated based solely on their qualifications. Price is not considered until after selection is made by the agency based on qualifications. Professional Services are covered under Texas Government Code, Section 225.

## PRE-BID/PROPOSAL MEETINGS:

A pre-bid meeting is generally held for bids and proposals that are requesting a service or that may be controversial. The meeting allows staff to review the specifications with potential vendors at one time and provides vendors the opportunity to ask questions or attend a site preview.

The meeting may be mandatory or non-mandatory and must be specified in the bid documents. The meeting may be part of the best value criteria.

## SPECIFICATION

A specification is an accurate description of the material or equipment to be purchased. All specifications shall be clear, definite, and shall permit competitive bidding except for those items that may be noncompetitive due to patent or distribution rights. The using department, with the advice of the Purchasing Agent, has the primary responsibility for drafting or revising specifications.

### A good specification should be:

**Simple** – details are specific enough that a loophole will not allow a bidder to evade any of the provisions and take advantage of the City.

**Identifiable** – a comparison with a brand or specification already on the market, in order to avoid confusion. Care should be used, however, to ensure that the specification does not arbitrarily exclude other viable products.

**Verifiable** -a description of the verification is included to ensure the specification has been met.

**Capable** – allows responses from multiple bidders.

**Clear and consistent-** Inconsistent and unclear specifications lead to misunderstandings, which can be costly in price and time.

**Flexible** - allows the City to take advantage of new or green products when feasible.

**Defensible** - Arbitrary specifications (need versus want) that do not have a valid business purpose should be avoided.

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**Measurable** - Bids must be awarded to the lowest responsive (responsible) bidder meeting all specifications.

## Where to Obtain Specifications

Departments are encouraged to contact the Purchasing Agent to discuss obtaining specifications from another source. Specifications may be obtained from the following sources.

- City Purchasing Division
- Purchasing Databases
- Other Government Entities
- Cooperative Agencies

## TIE BIDS

If all factors and conditions relating to the bids are equal, then the tie bid will be awarded to the local vendor. If more than one vendor is local, then a coin toss will be conducted by the Purchasing Department with one witness from outside the Purchasing Department.

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## PURCHASING POLICY

<b>SECTION 12:</b>	<b>QUOTES</b>	<b>NUMBER:</b>	<b>06-02</b>
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### QUOTES

A minimum of three quotes are required for all purchases between \$3,000 and \$20,000.

Written quotes or verbal quotes obtained through the e-procurement system are required.

At minimum, two of the three quotes must be from MWBE / HUB sources. Use of the e-procurement system and public notification satisfies the requirement.

All quotes must be written or verbal and copies must be scanned into the requisition system (STW). This includes non-responsive quotes. If the e-procurement system is used to obtain quotes, the quote number must be referenced in the requisition.

If the quote is verbal, please provide the following information:

Vendor Name, Contact Name, Contact Phone Number, Date & Time Called (and or copy of quote correspondence), pricing, item/service description type and Hub Vendor Status if applicable.

Larger dollar quotes, especially those for construction must be processed with the quote template or through the e-procurement system.

Purchases less than \$20,000 may require the use of competitive bidding procedures when it is in the best interest of the City.

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# PURCHASING POLICY

<b>SECTION 13:</b>	<b>Invitation to Bid</b>	<b>NUMBER:</b>	<b>06-02</b>
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## INVITATION TO BID

**Formal Bid** A written bid submitted in a sealed format to the City in accordance with the required specifications. This process is required for all commodity purchases of \$20,000 or more. The process may also be used for lower dollar purchases when in the best interest of the City.

**Informal Bid** An unsealed, competitive bid submitted to the City in accordance with the specifications.

**Best Value** Local Government Code, chapter 252.043(b) allows a municipality to award a bid based on the best value criteria.

- (1) the purchase price;
- (2) the reputation of the bidder and of the bidder's goods or services;
- (3) the quality of the bidder's goods or services;
- (4) the extent to which the goods or services meet the municipality's needs;
- (5) the bidder's past relationship with the municipality;
- (6) the impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and non-profit organizations employing persons with disabilities;
- (7) the total long-term cost to the municipality to acquire the bidder's goods or services; and
- (8) any relevant criteria specifically listed in the request for bids or proposals.

### General Guidelines

1. All requests for bids should be sent to Purchasing at least two weeks before the first advertising date.
2. A list of suggested vendors should be sent to the Purchasing Agent; especially if you have worked with vendors in obtaining specifications, or have tested / completed a demonstration of their product.

### Evaluation and Award

Bid awards for items exceeding \$20,000 must be approved by City Council. Awards that require a formal written contract and are \$20,000 or less must be approved by the City Manager.

Bid awards are processed as follows:

1. Bids will be evaluated by Purchasing and the requesting department(s). Upon completion, the bid recommendation form is completed.
2. Once authorization is received, Purchasing will issue a Notice of Award to the vendor(s). Contracts will be processed and the bid file closed and the electronic contract file created, if needed.
3. Work may not be started until a Notice to Proceed is received by the vendor and staff has received notification that the contract can be started by Purchasing.

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# PURCHASING POLICY

<b>SECTION 14:</b>	<b>Request for Qualification</b>	<b>NUMBER:</b>	<b>06-02</b>
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## REQUEST FOR QUALIFICATIONS (RFQ)

The request for qualifications (RFQ) is the process used to hire a professional service. The following services are defined by statute professional.

Accounting	Real Estate Appraising	Engineer	Architect
Optometry	Medical Professionals	Professional Nursing	

Chapter 252.022 (a)(4) provides exemptions to procurement for personal, professional or planning services. Chapter 271 provides guidance for selecting these services and should be followed.

Municipalities may procure services through a competitive process even if such services qualify for an exemption under Local Government Code section 252.022. (Attorney General SM 106)

A government entity may not select a provider of professional services or a group or association of providers or award a contract for these services on the basis of competitive bids, but shall make the selection and award based on the following:

1. Demonstrated competence and qualifications to perform the services; and
2. Fair and reasonable price;

If considerations are equal, preference shall be given to a consultant whose whole principal place of business is in the state or who will manage the contract wholly from an office in the state.

The professional fees under said contract must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations; and may not exceed any maximum provided by law.

The request for qualification process is similar to the sealed bid process except it is used to obtain vendor information that is used to evaluate the vendor's ability to provide service. The process is not used to obtain pricing, but rather in obtaining information regarding vendor availability and experience or when seeking highly technical information.

This process must be used when securing engineering or architectural services per Texas Statute 2254.004.

Qualifications are treated differently than a bid in that there are additional steps that have to be completed before the proposals are ready for final consideration and approval. Qualifications are received publicly, but not open for inspection. Proposals/qualifications are evaluated individually according to the evaluation criteria set in the specifications, and then initially ranked. A group of three to five finalists are selected from the ranking and then interviewed. Once a top candidate is selected, a scope of service and fee schedule is requested. Both items are negotiable.

Purchasing must be included in all aspects of the evaluation process; including review and interviews. Purchasing will assist with the agenda recommendation and will process the contract.

Work may not be started until a Notice to Proceed is received by the vendor and staff has received notification that the contract can be started by Purchasing.

### Reference:

**The Brooks Act; Section 902 [40 U.S.C. 542]**

**Professional Services Procurement Act; Section 2254.004, Texas Code**

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# PURCHASING POLICY

<b>SECTION 15:</b>	<b>Request for Proposal</b>	<b>NUMBER:</b>	<b>06-02</b>
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## REQUEST FOR PROPOSAL (RFP)

The request for proposal (RFP) is the process used to obtain goods and services in which price is not the only determining factor.

The City may use the request for proposal for the purchase of goods or services per Local Government Code 252.021. The following criteria must be discussed and included in the proposal specifications.

### 252.042 (a) Requests for Proposals for Certain procurements

- (a) Requests for proposals made under Section 252.021 must solicit quotations and must specify the relative importance of price and other evaluation factors.
- (b) Discussions in accordance with the terms of a request for proposals and with regulations adopted by the governing body of the municipality may be conducted with Offeror's who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offeror's shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offers, revisions may be permitted after submissions and before the award of the contract.

Proposals are treated differently than a bid in that there are additional steps that have to be completed before the proposals are ready for final consideration and approval. Proposals are received publicly, but not open for inspection. Proposals are evaluated individually according to the evaluation criteria set in the specifications, and then initially ranked. Once a candidate is selected, a best and final offer is requested.

Purchasing must be included in all aspects of the evaluation process; including review and interviews. Purchasing will assist with the agenda recommendation and will process the contract.

Work may not be started until a Notice to Proceed is received by the vendor and staff has received notification that the contract can be started by Purchasing.

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# PURCHASING POLICY

<b>SECTION 16:</b>	<b>Disposal of Surplus Property</b>	<b>NUMBER:</b>	<b>06-02</b>
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## DISPOSAL OF SURPLUS PROPERTY

Surplus property is equipment owned by the City that is no longer needed. There are multiple formats for the disposal process such as: auction, trade-in, recycling, and destruction. All methods require written approval.

### General Information

- Departments should contact the Purchasing Agent prior to disposal of any property over \$3000.
- Any item that is still operable and has a potential value at auction, please hold for auction.
- Disposition forms / Fixed Asset Forms are available from Finance.

After approval by the Purchasing Agent, equipment should be stored until the property can be removed for auction. If the item is broken – it should be placed in the trash. This does not apply to heavy equipment.

### **Miscellaneous Equipment**

- Broken equipment such as a calculator, desk accessory, or chair, please place in the trash.
- Complete the Disposition of Equipment form and forward to purchasing
- A picture of each item should be sent electronically.
- Items will need to be stored by the current using department.
- A receipt will be sent to the person requesting disposition.
- The buyer will pick up auction items, by appointment only, directly from the requesting department.

### **Vehicles and Heavy Equipment**

- Complete the Vehicle Information Sheet (Obtain from Finance)
  - Please detail damage or broken aspects of the equipment. If you know what's wrong with it, indicate so on the form.
- Multiple pictures are needed. Please include front, back and both sides as well as any features or dings/dents.
- The equipment will need to be stored at the requesting department location.
- The item will then be placed on the auction website for 14 days.
- A receipt will be sent to the person requesting disposition.
- The buyer will pick up auction items, by appointment only, directly from the requesting department.

### **Scrap Metals**

1. A letter of authorization is required.
2. Department representatives will take the items authorized to the designated recycling facility.
3. The recycling facility will weigh and issue a weight slip (receipt) and payment for the recycled items.
4. Funds must be brought to the Purchasing Agent or Finance on the same day for deposit.
5. Must be signed off by City Manager.
6. Picture of scrap metal is required.

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# PURCHASING POLICY

<b>SECTION 17:</b> Purchasing Cards	<b>NUMBER:</b> 06-02
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## INTRODUCTION

The Purchasing Card (P-Card) is a credit card that can be used for small purchases and travel related expenses. It is a fast and flexible tool which offers an alternative to the existing purchasing processes and provides an extremely efficient and effective method for purchasing and paying of small dollar items with a total value of \$1,000 or less per transaction. Dollar limits are programmed on an individual basis as set and approved by the Department Director.

The card works just like your personal credit card, except all charges are paid in full by the City of Balch Springs. It is to be used only for the purchase of small dollar items. City of Balch Springs spending limits are set per individual at the request of the Department Director. Single transaction limits may not exceed \$1000.

The City of Balch Springs requires that certain types of vendors be blocked from Purchasing Card use. Among these are entertainment, beer and wine stores, gambling establishments, and cash transactions. Transactions will be blocked at the point-of-sale level.

## DEFINITIONS

**Card Issuer** – Citi Financial

**Purchasing Card Administrator** – Purchasing Agent

The Administrator coordinates the Purchasing Card program for the City and acts as the City's contact with the card issuer.

**Department Director** is the City official that authorizes issuance of cards to employee's and is responsible for all transactions made by the authorized employee.

**Department Coordinator** is the designated employee responsible for reviewing transactions of individual Cardholders and provides the necessary accounting codes for purchases. This person is the designated contact to the Purchasing Card Administrator.

**Cardholder** - An employee of the City of Balch Springs that is approved by his/her Department Director to use the Purchasing Card to execute transactions on behalf of the City.

**Vendor** - The merchant from whom a Cardholder makes a purchase.

## ACCOUNT NUMBER SECURITY AND STORAGE

Cardholders should always treat the City of Balch Springs Purchasing Card with at least the same level of care as one does their own personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

All other documentation concerning the Purchasing Card program will be maintained by the Purchasing Card Administrator. This documentation includes, but is not limited to, applications, Cardholder Agreements, reconciliation of accounting statements, and copies of transmittals and correspondence with the card issuer.

## CARDHOLDER LIABILITY

The Purchasing Card is a corporate charge card and will not affect personal credit. It is each cardholder's responsibility to ensure that the card is used within the guidelines of this Program. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and disciplinary action in accordance with City Policy relating to disciplinary action and termination.

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# PURCHASING POLICY

<b>SECTION 17:</b> Purchasing Cards	<b>NUMBER:</b> 06-02
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## LOST, MISPLACED OR STOLEN PURCHASING CARDS

Report lost or stolen cards immediately to the card issuer. A representative is available to assist you 24 hours a day, 365 days a year. In addition, cardholder must notify the Department Coordinator and the Card Administrator of the lost or stolen card.

PHONE NUMBER: 800-248-4553

## ERRONEOUS DECLINES

There may be certain situations when a vendor receives a decline message when processing your Purchasing Card transaction. If you do not know the reason for the decline, contact the card issuer for an explanation. If the decline was in error, the Cardholder should immediately contact the Purchasing Card Administrator for assistance. Note: as a security feature, the card will deactivate on the third attempt to process and is declined.

## EMERGENCY TRANSACTIONS

Emergency transactions over \$1,000 may not be handled with the Purchasing Card. For any transaction that does not meet the spending controls assigned to the card, the Cardholder must contact the Purchasing Agent for assistance.

During the declaration of a disaster, credit limits may be increased as need arises as long as transactions are authorized in accordance with EOC policies.

## CREDITS

Vendors must issue a credit to your card account for any item they have agreed to accept for return. This credit will appear on a subsequent statement. **Do not accept cash in lieu of a credit to the Purchasing Card account.**

## DISPUTES & BILLING ERRORS

Always attempt to resolve any disputes or billing errors directly with the vendor. In most cases, the vendor will issue a credit to the card account. If an agreement cannot be reached with the vendor, please contact the card issuer. See the attached Dispute Form which may be required by the card issuer for disputed transactions. Nearly all issues can be resolved using this process.

## SALES TAX

The City of Balch Springs is exempt from most forms of sales tax. Even though the Purchasing Cards will state that we are exempt, **it is the responsibility of the cardholder to remind all merchants of our tax-exempt status.** All cardholders should carry with them a tax-exempt certificate verifying our status in case the merchant is a new vendor to the City. These certificates are available from the Purchasing Agent.

## DIRECTOR RESPONSIBILITIES

The Director is responsible for selecting the option of how the program is monitored and processed in each department / division.

Option 1: Director assigns a single coordinator that is responsible for all cardholders including monitoring for sales tax, unauthorized transactions processing transactions into the STW including the upload of receipts. Additionally, the coordinator is the primary contact to the Card Administrator.

Option 2: Director assigns a coordinator and cardholders as an intermediate. Cardholders are responsible for processing transaction into STW, including the upload of receipts. The coordinator is

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# PURCHASING POLICY

<b>SECTION 17:</b> Purchasing Cards	<b>NUMBER:</b> 06-02
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responsible for monitoring sales tax and unauthorized transactions and ensuring statements are monitored in a timely manner. The coordinator is the primary contact to the Card Administrator.

## DEPARTMENT COORDINATOR RESPONSIBILITIES

- Review receipts for sales tax and unauthorized charges.
- Retain all charge slips and receipts until statement arrives.
- Match receipts to transactions/statement and code individual receipts for payment.
- Notify Purchasing Card Administrator in 3 to 5 days of any unresolved disputes.
- Notifying Purchasing Card Administrator of lost or stolen cards.
- Requesting Purchasing Card Administrator to cancel a Cardholder's card (e.g., terminated or transferred employees, and loss of purchasing card privileges) as approved by Department Director.
- Collect canceled cards from Cardholders and forwarding to Purchasing Card Administrator.

## CARDHOLDER RESPONSIBILITIES

The Purchasing Card may not be used for personal expenses, entertainment, cash and other blocked merchant codes.

The Cardholder must:

- Ensure the card is used for legitimate business purposes only.
- Maintain the Purchasing card in a secure location at all times.
- Not allow other individuals to use the card.
- Adhere to the purchase limits and restrictions of the Purchasing Card.
- Items listed on price agreements that are the result of bid awards cannot be purchased using the Purchasing Card without the issuance of an open purchase order.
- The city is exempt from sales tax. Staff must request tax exemption prior to the purchase.
- Obtain and reconcile all sales slips, register receipts, and/or Purchasing Card slips.
- Give above receipts to Department Coordinator for reconciliation in a timely manner.
- Assist coordinator in resolving disputes or billing errors.
- **Not accept cash in lieu of a credit to the Purchasing Card account.**
- Agree not to use another Cardholder's card to circumvent the purchase limit.
- Immediately report lost/stolen card.
- Return the Purchasing Card to the Purchasing Agent upon terminating employment.
- Report erroneous transactions to the Purchasing Agent.
- Process transactions, if designated by Department Director.

## PURCHASING CARD ADMINISTRATOR RESPONSIBILITIES

The Purchasing Agent is responsible for the Purchasing Card program.

Responsibilities include:

- Main contact between card issuer and City.
- Reviewing Department cardholder approved applications.
- Submit completed application to the card issuer and take receipt of Purchasing Card.
- Provide training to department coordinators and cardholders.
- Handle disputed charges/discrepancies not resolved by Cardholder or Department Coordinator.
- Secure revoked Purchasing Cards and submit information to the card issuer.

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- Receive, review and reconcile Purchasing Card statement.
- Download statement transactions to the financial software (STW).
- Review usage of Purchasing Card data.
- Ensure that lost or stolen cards have been closed by the card issuer.
- Submit cardholder requests.
- Assist the Department Coordinator with erroneous declines and emergency transactions.

## REQUIREMENTS FOR RECEIVING A PURCHASING CARD

Before receiving a Card, the requesting cardholder must attend training on the purchasing policy. The cardholder is required to sign Purchasing Card Cardholder Agreement. By signing the agreement, the employee acknowledges their attendance in a training class and indicates that they understand the intent of the program, and will comply with all guidelines of the Policy as well as all other City of Balch Springs Policies relating to the expenditure of funds.

## PURCHASING CARD MAINTENANCE AND CLOSURE

All contact with the card issuer for card set up, maintenance and closure (except for reporting lost or stolen cards) will be handled by the Purchasing Card Administrator.

The Purchasing Card Administrator is required to close an account if a Cardholder: (a) moves to a new job in which a Purchasing Card is not required, (b) terminates employment or (c) for any of the following reasons which will also subject Cardholder to disciplinary action in accordance with City of Balch Springs Policies relating to disciplinary action and termination for cause:

- The Purchasing Card is used for personal or unauthorized purposes.
- The Purchasing Card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the City of Balch Springs.
- The Cardholder allows the card to be used by another individual.
- The Cardholder splits a purchase to circumvent the limitations of the Purchasing Card or state law-bidding provisions.
- The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either Cardholder or the limitations of the Purchasing Card.
- The Cardholder fails to provide Department Coordinator with required detailed receipts.
- The Cardholder fails to provide, when requested, information about any specific purchase.
- The Cardholder does not adhere to all of the Purchasing Card policies and procedures.

## AUDIT ASSISTANCE

The Purchasing Card Administrator and/or an Auditor will perform periodic audits of compliance with the guidelines of the Purchasing Card program, City policy relating to the expenditure of organization funds, as well as Cardholder statements and other required documentation.

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# PURCHASING POLICY

<b>SECTION 18:</b>	<b>Contract Management</b>	<b>NUMBER:</b>	<b>06-02</b>
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## CONTRACT MANGEMENT

The City has purchased contract management software to assist in the management of all City contracts. The software shall be used by all departments to manage all City related contracts. Failure to manage and control changes can result in an unintentional modification to the scope of work, extension of the schedule, increase in the contract cost, circumvention of management controls and diminished contractor accountability.

## CHANGE ORDERS

An effective management process includes a formal change order process.

Change Orders must be processed on one of the two change order forms (construction/services or products/supplies) prior to and changes taking place.

## DOCUMENT MANAGEMENT

Purchasing will set up all contracts that are issued through a formal solicitation. The following documents will be added to the electronic file.

- Bid related documents
- Insurance
- General Terms & Conditions
- Bonds
- The Contract
- Notice to Proceed
- Blank Forms: Payment Request, Change Order Request, Release of Liens, etc.
- Payment requests that are signed by Purchasing
- Change Orders processed by Purchasing
- Lien Releases processed by Purchasing
- Correspondence Relating to the Contract

Staff will be responsible for uploading all documents relating to the following:

Monitoring	Meetings Minutes/Notes
Reporting	Request for Payments
Correspondence	Inspection / Testing
Acceptance	Site Visit Schedules
Correspondence Relating to the Contract	Change Orders
Lien Releases	Bonds
The Contract	Notice to Proceed

Staff will have access and the responsibility to set up and maintain all contracts that are not processed by Purchasing.

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# PURCHASING POLICY

<b>SECTION 19:</b>	<b>Grants</b>	<b>NUMBER:</b>	<b>06-02</b>
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## GRANT PURCHASES

All grant purchases must be properly approved, budgeted, and the accounts set up prior to a solicitation or purchase order being issued. It is the department's responsibility to inform Purchasing of any solicitation requirement. This includes:

- Code of Federal Regulation (CFR),
- Office of Management and Budget (OMB),
- Federal Aviation Authority (FAA) - (foreign object debris)
- State of Texas and agencies

All Federal grants and those distributed through the State, generally require compliance with 49 CFR Part 18), which is the standard for Uniform Administrative Requirements (Open and Fair Procurement).

In addition to the above, departments should specifically seek guidance with wage determinations and whether a cooperative contract can be used.

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# PURCHASING POLICY

<b>APPENDIX A</b>	<b>Definitions</b>	<b>NUMBER:</b>	<b>06-02</b>
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## DEFINITIONS

**Addendum:** An addition, change, or supplement to a solicitation document issued prior to the opening date.

**Advertise:** To make a public announcement of the intention to purchase goods or services.

**Agency:** The City of Balch Springs or another governmental office/entity.

**Amended:** A status change to an RFP, IFB, RFO, RFI, RFQ or Contract that indicates a modification to that document.

**Amendment:** Written addition or change to a contract.

**Assignment:** Transfer of contractual rights from one party to another party.

**Best Value:** Factors to be considered in determining lowest overall cost and value in making certain purchases.

**Bid:** An offer to contract with the City, submitted in response to a bid invitation.

**Bid Bond / Deposit:** A deposit required of bidders to protect the City in the event a low bidder attempts to withdraw its bid or otherwise fails to enter into a contract with the City. Acceptable forms of bid deposits are limited to: cashier's check, certified check, or irrevocable letter of credit issued by a financial institution subject to the laws of Texas and entered on the United States Department of the Treasury's listing of approved sureties; a surety or blanket bond from a company chartered or authorized to do business in Texas.

**Bid Opening:** The public opening of bids, in which the names of the bidders responding to a bid solicitation and prices of the bidders are publicly read and recorded.

**Bid Tabulation:** The recording of bids and bid data submitted in response to a solicitation. The bid tabulation is used for comparison, analysis and record keeping.

**Bidder:** An individual or entity that submits a bid. The term includes anyone acting on behalf of the individual or other entity that submits a bid, such as agents, employees and representatives.

**Bidders List:** A list of potential vendors who have expressed an interest in doing business with the City.

**Bond:** A document providing evidence of obligation issued in temporary or definitive form

**Change Order:** A document which is used when it becomes necessary that amends, clarifies, changes, or cancels contract issues and/or provisions. .

**Centralized Master Bidders List (CMBL):** The CMBL is a list maintained by the Texas Comptroller of Public Accounts (CPA) containing the names and addresses of prospective bidders.

**Competitive Sealed Bidding:** Process of advertising an invitation for bids (ITB), conducting a public bid opening and awarding of a purchase order/contract to the lowest responsive, responsible bidder in accordance with state law.

**Competitive Sealed Proposals:** Process of advertising a request for proposal (RFP), the evaluation of submitted proposals and awarding of the contract.

**Consultant:** A person that provides or proposes to provide a consulting service.

**Consulting Services:** The practice of studying and advising the City.

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**Contract:** A written agreement where a contractor provides goods or services and the agency pays for such goods and services in accordance with the established price, terms and conditions.

**Contract Administration:** This generally refers to the processes that occur after a contract is signed.

**Contract Management:** This refers to the entire contracting process from planning through contract administration.

**Contract Manager:** A person who is: 1) employed by the City, 2) has significant contract management duties.

**Contractor:** A business entity or individual that has a contract to provide goods or services to the City. Used interchangeably with the term “vendor”.

**Deliverable:** A unit or increment of work required by the contract, including such items as goods, services, reports, or documents.

**Emergency:** A purchase made when unforeseen and/or a sudden unexpected occurrence creates a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services.

**Goods:** A transportable article of trade or commerce that can be bartered or sold. Goods do not include services or real property.

**Independent Contractor:** A person working for an entity under contract and not an employee of the contracting entity. The contracting entity does not pay unemployment, disability, or worker’s compensation insurance or withholding taxes from payments to the person. An independent contractor normally follows the contracting agency’s direction on the results of the work but not on the means of accomplishing the work.

**Invitation to Bids (ITB):** Procurement process used when the requirements are clearly defined, negotiations are not necessary and price is the major determining factor for selection. The IFB uses the competitive sealed bid method.

**Liquidated Damages:** A specified contract provision which entitles the City to demand a set monetary amount determined to be a fair and equitable repayment to the City for loss of service due to vendor’s failure to meet contract requirements.

**Negotiations:** A consensual bargaining process in which the parties attempt to reach agreement on a disputed or potentially disputed matter. In a contractual sense, negotiation means the “dealings conducted between two or more parties for the purpose of reaching an understanding.”

**Opening Date:** The day and time, after submission of proposals, when sealed bid responses are opened.

**Owner:** The City of Balch Springs.

**Payment Bond:** A bond executed in connection with a contract which secures the payment requirements of the contractor.

**Performance Bond:** A surety bond which provides assurance of a bidder’s performance of a certain contract.

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# PURCHASING POLICY

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**Professional Services:** Services directly related to professional practices as defined by the Professional Services Procurement Act. These include services within the scope of the practice of: accounting; architecture; optometry; medicine; land surveying; and professional engineering. Services provided by professionals outside the scope of their profession, e.g., management consulting services provided by accounting firms, are not considered professional services.

**Proposal:** An executed offer submitted by a respondent in response to a Request for Proposals (RFP) and intended to be used as a basis to negotiate a contract award.

**Proposal Opening:** The public opening of proposals, in which the names of the respondents to a solicitation are publicly read and recorded. No prices are divulged at a proposal opening as these types of solicitations are subject to negotiation.

**Proprietary Purchase:** A purchase request of a product that is proprietary to one vendor and does not permit an equivalent product to be supplied.

**Renewal:** When an existing contract is renewed for an additional time period in accordance with the terms and conditions of the original contract.

**Request for Information (RFI):** A general invitation to contractors requesting information for a potential future solicitation. The RFI is typically used as a research and information gathering tool for preparation of a solicitation.

**Request for Proposal (RFP):** A solicitation requesting submittal of a proposal in response to the required scope of services and usually includes some form of a cost proposal. The RFP process allows for negotiations between a proposer and the issuing agency.

**Request for Qualifications (RFQ):** A solicitation document requesting submittal of qualifications or specialized expertise in response to the scope of services required. No pricing is solicited with an RFQ.

**Request for Quote (RFQ):** An informal solicitation document requesting pricing on small dollar purchases.

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

**Respondent:** An entity submitting a proposal in response to a solicitation. (See Bidder)

**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 bidder or proposer is capable of satisfying the contract requirements.

**Service:** The furnishing of labor by a contractor which may not include the delivery of a tangible end product.

**Solicitation:** A document requesting submittal of bids or proposals for goods or services in accordance with the advertised specifications.

**Solicitation Conference:** A meeting chaired by state agency personnel which is designed to help potential bidders/respondents understand the requirements of a solicitation. Also known as a pre-bid or proposal conference.

**Specification:** Any description of the physical or functional characteristics or of the nature of supplies or service to be purchased. It may include a description of any requirements for inspecting, testing, or preparing supplies or services for delivery.

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# PURCHASING POLICY

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**Statute:** A law enacted by a legislature.

**Strategic Sourcing:** A concept of purchasing with the objective to purchase goods or services that will minimize costs, increase managerial effectiveness and improve operational efficiency.

**Surety:** A person or entity providing a bond to a contractor to indemnify the City against all direct and consequential damages suffered by failure of the contractor to perform the contract and to pay all lawful claims of subcontractors, materials suppliers and laborers as applicable.

**Term Contract:** A Contract that addresses the estimated requirements for a number of agencies for supplies or services that are used repeatedly or in significant quantities over a period of time. Also known as an annual contract.

**Vendor:** A business entity or individual that has a contract to provide goods or services to the City. Used interchangeably with the term “contractor.”

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# PURCHASING POLICY

<b>APPENDIX B</b>	<b>Acronyms</b>	<b>NUMBER:</b>	<b>06-02</b>
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## ACRONYMS

<b>CM:</b>	Contract Management
<b>CO-OP:</b>	Cooperative Purchasing Program
<b>CSB:</b>	Competitive Sealed Bid
<b>CSP:</b>	Competitive Sealed Proposal
<b>GSA:</b>	General Services Administration (Federal)
<b>ITB:</b>	Invitation to Bid
<b>ITQ:</b>	Invitation to Quote
<b>M/WBE:</b>	Minority/Women Business Enterprise
<b>NIGP:</b>	National Institute of Governmental Purchasing
<b>REQ:</b>	Requisition
<b>RFI:</b>	Request for Information
<b>RFP:</b>	Request for Proposal
<b>RFQ:</b>	Request for Qualifications
<b>SOW:</b>	Statement of Work

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## PURCHASING POLICY

<b>APPENDIX C</b>	<b>Procurement Methods</b>	<b>NUMBER:</b>	<b>06-02</b>
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### CHOOSING A PROCUREMENT METHOD

Procurement Method	Use When	Advantages	Disadvantages
<b>Invitation to Bid</b>	<p>Lots of competition exists.</p> <p>The product or service is available from more than one source.</p>	<p>Award process is simpler.</p> <p>Award is made to the lowest responsive, responsible bidder providing the best value to the State.</p>	<p>Defined specifications may be difficult to develop.</p> <p>Does not encourage innovative solutions</p>
<b>Request for Proposal</b>	<p>When factors other than price are evaluated.</p> <p>When negotiations are desired.</p> <p>Vendor is expected to provide innovative ideas.</p>	<p>Allows factors other than price to be considered.</p> <p>Allows for customized proposals suggesting different approaches to the same business need.</p> <p>Allows for negotiations in order to obtain the best value for the state.</p>	<p>Lead times for procurement are much greater.</p> <p>Evaluations are more complex and subjective.</p>
<b>Request for Information</b>	<p>There is insufficient information to write specifications for any procurement method</p>	<p>Provides information to prepare a complete bid or proposal document.</p> <p>Allows the business community to have input into the agency's solicitation document based on current industry practices and market factors.</p> <p>Informs agency of any potential problems early in the procurement.</p>	
<b>Request for Qualifications</b>	<p>Selection is made solely on the skills and qualifications of the contractor.</p> <p>Price is not a factor until after a vendor is selected.</p>	<p>Emphasizes the competency of the proposed contractors.</p>	<p>Contractor is selected before price is negotiated.</p>

Table courtesy of the State of Texas Contract Management Guide version 1.10.

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## PURCHASING POLICY

<b>APPENDIX D</b>	<b>Procurement Lead Time</b>	<b>NUMBER:</b>	<b>06-02</b>
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### SAMPLE LEAD TIME FOR A COMPLEX PROJECT

Task	Suggested Lead Time from Start of Contract Date	Example
Begin Preparation of Specification and contract.	180 days	March 1
Final approval of Specifications	150 days	April 1
Advertise and Issue Solicitation (Bid/RFP/RFQ)	120 days	May 1
Receipt of Responses	90 days	June 1
Evaluation of Responses	5 – 30 days	July 1
Contract Negotiation	30 days	August 1
Council Award	10 days	August 10
Contract Execution - City	3-10 days	August 20
Contract Execution / Bonding	Minimum 10 days	August 30
Contract Begins		September 1

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