

City of Dripping Springs

Purchasing Policy

Approved: _____, 2024

City of Dripping Springs

PURCHASING POLICY

I. PURPOSE

This policy establishes guidelines and procedures for procurement for the City of Dripping Springs, Texas (“City”). In accordance with the public trust placed upon the City, it is essential that all City officials and employees adhere to the procedures set forth by this policy. The City Administrator may establish policies and procedures and approve change orders subject to the limitations set by state law, and is authorized to maintain and enforce all purchasing policies to assure they comply with all applicable laws, regulations, and ordinances that protect the Dripping Springs citizens. The City Council shall, from time to time, evaluate the effectiveness of such policies.

II. DEFINITIONS

Unbudgeted Purchase: a purchase where the funding was not approved or where insufficient funding was approved and which must be sent to City Council as a budget amendment.

HUB: Historically Underutilized Business, (1) Vendor must be (a) at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, American woman and/or Service-Disabled Veteran, (b) an entity with its principal place of business in Texas, and (c) has an owner residing in Texas with a proportionate interest that actively participates in the control, operations, and management of the entity's affairs.

City Administrator: City Administrator or Deputy City Administrator.

Department Head: the Deputy Public Works Director, Public Works Director, Parks and Community Services Director, Planning Director, City Attorney, City Secretary, Building Official, People & Communications Director, Information Technology Director, Emergency Management Coordinator, Visitors Bureau Manager, and the Dripping Springs Ranch Park Manager.

Sole Source: items that are available from only one source, including:

- (A) items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies;
- (B) films, manuscripts, or books;
- (C) gas, water, and other utility services;
- (D) captive replacement parts or components for equipment;
- (E) books, papers, and other library materials for a public library that are available

only from the persons holding exclusive distribution rights to the materials; and

- (F) management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits.

Purchase Order: the document created and approved by City Administration for use as a purchase order as listed below.

III. PROCEDURE

A. Responsibilities in Purchasing Process

- (1) All expenditures must be in accordance with an annual budget approved by the City Council. Unbudgeted purchases must be approved in advance by the City Council. For budgeted expenditures, the City Council delegates to the City Administrator the authority to approve and execute contracts and purchases under \$50,000.00.
- (2) The City will not be legally bound by verbal agreements for materials, parts, equipment, supplies, or services. All purchases, unless otherwise excepted in this Policy, must be made by written agreement or purchase order signed by the City Administrator, Deputy City Administrator, Department Head, Mayor, or Mayor Pro Tem.
 - The Dripping Springs Ranch Park Board may approve expenditures in accordance with the approved budget and shall submit such expenditures to the Dripping Springs Ranch Park Manager or the Parks & Community Services Director, as appropriate, for completion of a purchase order or agreement as required by the City of Dripping Springs Purchasing Policy.
- (3) No matter the expenditure amount, multi-year purchasing commitments require written City Administrator approval.
- (4) **FORMAL SOLICITATION PROCEDURE:** To initiate a bid, contact the Finance Department. The Finance Department will arrange a time to collaborate and develop a detailed specification or statement of work with the requesting department to assure the exact requirements are being communicated to the responding vendors.
 - 4.1. Specification and Announcement Procedures – The Finance Department will issue the correct type of solicitation (Invitation for Bid-IFB, Request for Proposal-RFP, or Request for Qualifications-RFQ); place an advertisement in the official newspaper and any other media appropriate for the type of solicitation. The requesting department will coordinate with the Finance Department to send

the package to the vendors on available distribution lists and vendors recommended by the requesting department. While the solicitation is in the vendor's hands no communication between any responding vendor and any City staff or City Council member, except as listed in the solicitation. The person listed in the solicitation will be the primary contact for all solicitations. Any contact concerning the solicitation with staff or city council may be grounds for disqualification of a vendor's response. Communication for business not concerning the solicitation is acceptable.

Answers to questions received or changes to the specification will be addressed in an addendum posted to the city's website.

4.2. Bid Opening, Evaluation and Award – The Finance Department in coordination with the requesting department will execute the bid opening. A tabulation of the responses will be created and the requesting department will meet with the Finance Department to jointly determine the response containing best value for the City.

The contract, after review and approval by the City Attorney, if necessary, must be awarded to the lowest responsible bidder or to the bidder who provides goods and services at the best value for the city. The terms and conditions of the solicitation must indicate the criteria and corresponding weight for each criterion that will be used in the evaluation.

After final negotiation, if necessary, has been completed the purchase and contract must be approved by the City Council. The Requesting Department shall prepare the Staff Report to present to the City Council.

B. Purchasing Procedures

(1) Any purchases that are not budgeted for must be brought to the City Council for approval.

(2) Purchases up to \$4,999.99.

- No quotes are required, but best value should be sought.
- Local purchases of under \$2,000.00 can be made without written agreement pursuant to Section C.
- Department-approved designees may authorize, without further approval of the City Administrator.

(3) Purchases between \$5,000.00 and \$15,999.99.

- The applicable City staff, department, or other authorized purchaser shall attempt to obtain a minimum of three (3) proposals for all contract work.

- Written Agreements are required.
- Purchases must be approved by the City Administrator or Deputy City Administrator.

(4) Purchases between \$16,000.00 - \$49,999.99.

- The applicable City staff, department, or other authorized purchaser shall obtain a minimum of three (3) proposals for all contract work.
- The City Administrator may approve administratively, or may place such purchases on a City Council agenda for Council approval.
- Written Agreements are required.
- This section includes purchases over \$50,000 where there is an exception to the bidding requirements including emergency purchases.

(5) Purchases of \$50,000.00 and more.

- Purchases must be accomplished through a formal solicitation process. All such purchases, work orders, and expenditures, must be approved by City Council.
- Approval for such a purchase shall be requested for the one response received that provides the **best value** for the City and meets any pre-determined criteria. The intent is to purchase equipment, materials, supplies and services at the lowest total cost to the City from the best responsible sources.
- Considerations for “best value” include: the lowest and most responsible source-price, quoted delivery, vendor reliability and other factors and criteria explicitly outlined during the formal solicitation process.
- Written Agreements are required.

(6) Exceptions. An exception can be made by the City Administrator on a case-by-case basis, dictated by Local Government Code §252.022, by allowing:

- A minimum of two accepted bids rather than three, or
- Approval of a purchase where services or goods are only available from a single source. “Sole Source Purchases” are defined in Local Government Code §252.022(a)(7).
- No bidding process for exempt purchases listed in Local Government Code §252.022.
- Non-compliance with this policy in the event of emergency with written City Administrator approval.

(7) Other Requirements.

- All written quotes should be attached to the purchase order or Agreement. Emails, or written quotes are acceptable.
- A W-9 is required from all contractors and must be on file before

payment can be processed for purchases over \$600.

- All conflicts disclosures required by State law or City ordinance shall be on file before payment can be processed.
- All purchases related to services of any amount, and all purchases of goods that require maintenance, training, or delivery, shall be finalized by written agreement as described above.
- All written agreements shall be sent to the City Attorney for review and approval prior to submission to the appropriate city official for execution.
- All executed agreements shall be sent to the City Secretary for proper filing and retention.

C. Change Orders. After the award of the contract, if circumstances change which will alter the scope of work, a change order may be issued to the contract that involves and increase or decrease to the scope of work or amount.

- (1) A change order is required if, after the contract has been executed, one or more of the following events occur:
 - (a) Changes in plans or specifications are necessary;
 - (b) It becomes necessary to increase or decrease the quantity of work, materials, equipment or supplies to be furnished.
- (2) Material changes in the scope, quantities, or related work may not be made. “Material change” is defined as substantial revisions.
- (3) The City Administrator must approve written change orders to all contracts less than \$50,000 where the original agreement is required to be approved by the City Administrator. Written change orders of more than \$50,000 must be approved by City Council.
- (4) The sum of all approved change orders per contract may not exceed 25% of the original total contract amount. Any change greater than 25% requires a new solicitation. *See* Local Government Code § 252.048(d).

D. Local Purchases

There shall be a preference in the City’s procurement activities to *buy local*, to the extent reasonably possible and fiscally prudent, and within the confines of state law.

With the authorization of the City Administrator or Deputy City Administrator, authorized employees may make local purchases, not exceeding \$2,000.00 without the use of a purchase order or written agreement. For the purposes of this Policy, “local

purchases” are those made in the city limits.

If on any contract, the City received multiple identical bids, and one is a resident of the City and the other is not, the City will select the local bidder, pursuant to Local Government Code Section 271.901(b).

IV. Historically Underutilized Business (HUB) Procedures

- A. State law requires a City to attempt to contact at least two (2) historically underutilized businesses if the City makes an expenditure between \$3,000.00 and \$50,000.00. The requirements are found in [Local Government Code Section 252.0215](#).
- B. Requirements. Per Local Government Code Section 252.0215, when making an expenditure of more than \$3,000.00 but less than \$50,000.00, the City must contact at least two (2) HUBs on a rotating basis, based on information provided by the comptroller. If the comptroller list fails to identify a HUB in Hays County, the City is exempt. If the expenditure is for less than \$3,000.00 or for more than \$50,000.00, this special notification requirement does not apply.
- C. Procedure.
 - (1) To determine what businesses within the county are classified as HUBs, departments can access the comptroller’s website: <https://mycpa.cpa.state.tx.us/tpasscmblsearch/index.jsp>, select “HUBs Only” and enter the appropriate search criteria.
 - (2) Documentation must be kept to certify that the requesting department either made contact with available Hays County HUB vendors, or that no applicable HUB vendors were identified in Hays County for the particular commodity being ordered.

V. Equipment and Computer Purchases

- A. Equipment procurement requires staff to seek a minimum of three quotes for all purchases over \$2,500.00 unless the item is a single source item as defined by Local Government Code § 252.022(a)(7).
- B. All requests for computer equipment, software, telecommunications, and/or related services or supplies must be submitted to the Information Technology (IT) Director for review or technical evaluation. The IT Director will determine compatibility, best source, or investigate alternatives and will recommend purchase to City Administrator for approval. Requests that are not covered by the City’s budget, will require City Council approval.

VI. Purchase Orders

- A.** No Purchase orders will be processed without appropriate approvals. The Finance Department is responsible for verifying that all quotes accurately describe the materials, equipment, supplies or services to be purchased.
- B.** Purchase orders are numbered. The records should indicate the reason for any voided purchase order.
- C.** All invoices for contract work should be turned in with the purchase order for approval. Record purchase order numbers at the top of approved original invoices. After final approval of Administrator, Deputy City Administrator, Department Head, or City Council, the signed original with approved estimate and two copies should be distributed as follows:
- D.** The Original copy and original invoice should be maintained until work is completed and then final invoice attached and turned into the Finance Department for payment.
- E.** The second copy of purchase order with attached copy of approved estimate is for the vendor.
- F.** The third copy is to be kept in the Department records, those being City Administration, Building, Planning, Public Works, or Parks & Community Services.

G. Sales Taxes

As a municipal corporation, the City is exempt from paying sales taxes. Those persons making purchases on behalf of the City are obligated to make stores and vendors aware of this exemption.

H. Means of Purchase

To the extent possible, purchases shall be made utilizing the following hierarchy, with the preferred means listed first below:

- (1) Direct bill to the City.
- (2) City-issued credit card.
- (3) Check drawn on City's bank account.
- (4) Petty Cash.

VII. GUIDANCE DOCUMENT

This Policy shall be utilized as a guidance document, only. Failure to comply with the mandates of this Policy shall not be considered illegal, per se, or the violation of law. However, the City Council reserves the right to consider disregard of this Policy grounds for disciplinary action in employment situations.

This policy cannot address every situation. When an unusual situation occurs or a difficult legal problem arises, the City Administrator may approve exceptions to this policy, when in the best interests of the City, so long as the proposed exceptions are consistent with the local, state and federal law.

VIII. STATE LAW

Nothing in this Policy shall be construed as waiving or altering the mandates of state law.