

<b>Policy and Procedure Manual</b>	<b>Policy Date</b>	<b>Policy Number</b>
<b>Title: PURCHASING</b>		<b>Section 8-19</b>

## **POLICY**

The goal of the City's purchasing policy and procedures is to ensure that the City procures the best goods and services, in a timely manner, at the lowest possible cost to the City, and to also ensure that purchasing is conducted with strict adherence to applicable federal, state and local laws.

Purchasing is a major component of a City's operations and it is important that good controls be in place. Since public funds are being used, the City is accountable for all funds utilized.

The annual budget shall be used by the City as the basic control over purchases to ensure that funds are spent as planned and purchases are spent in categories approved by the City Council. Any violations of the City's purchasing policy and procedures should be reported to the mayor.

## **PROCEDURES**

Purchases are divided into several categories.

### **1. Purchases less than \$2,000.00**

A. Purchases will be made through Petty Cash, Credit Card or a Purchase Order and are included in the approved budget can be approved by City Administrator or Mayor.

### **2. Purchases from \$2,000 to \$5,000.00**

A. Purchases will be made through Petty Cash, Credit Card or a Purchase Order acknowledged or authorized by the mayor. Purchases over \$3,000 require contacting at least two (2) HUBs (Historically Underutilized Businesses). 252.0215\*.

### **3. Purchases of \$5000.00 to \$50,000.00**

A. Require contacting at least two (2) HUBs (Historically Underutilized Businesses). 252.0215\*.

B. These purchases shall require three (3) or more quotes from qualified vendors, which may include a HUB. These quotes may be received by telephone, email or fax.

C. Two (2) no quotes returned equal one quote.

D. All requisitions over \$5,000.00 will require approval by Council prior to purchase order being issued.

#### **4. Purchases over \$50,000.00**

A. Requisitions for item(s) whose aggregate total cost is more than \$50,000 must be processed as a competitive solicitation (e.g., sealed bids, request for proposal and request for offers). Texas Local Government Code, Subchapter B, Section 252.021 defines the requirements for competitive bids. The City Secretary/Administrator will be responsible for assuring proper steps are taken.

B. An invitation for bid is issued by the City Administrator's office upon approval of the Mayor or a request by the City Council. The general requirement for bidding by state law is that invitation for bids must be advertised in the newspaper once a week for two consecutive weeks. In cases of bidding, a public bid opening is scheduled no less than fifteen days after the first day of advertising. Exact notification requirements may vary according to the type of item or service being bid. The City Secretary must be present at the bid opening for a bid item. The invitation for bid must include the instruction that all bids must be addressed to the City Office. All bids will be opened and read aloud. Once the bid has been opened, bid prices and information is made public except information that is confidential or constitutes a trade secret.

C. Receiving competitive bids and proposals must be done in a manner that no possibility of favoritism or even the appearance of favoritism exists.

1. Each bid/proposal must be returned to the City Office in a separate sealed envelope and should be identified as such on the outside of the envelope.
2. The bid/proposal envelope shall be time and date stamped as soon as it is received at the City Administrator's office.
3. The bid/proposal envelope shall be filed unopened until the scheduled bid opening date.
4. Bids/proposals are opened and read aloud at the hour specified in the invitation/request in the City Council chambers and the public as well as the vendors/bidders are invited and encouraged to attend.
5. Any bid not received in time or not properly receipted will not be considered and will be returned, if possible.
6. Grounds for disqualification of a bid are:
  - (a) Unsigned bids or bids with unauthorized signatures;
  - (b) Bids received after the date and time for opening;
  - (c) Where prices are conditioned on the award of another bid, or when prices are subject to unlimited or unspecified escalation;
  - (d) Bid Tabulation-After opening, bids are tabulated and evaluated.

At this time, there is an apparent low bidder. The low dollar bid shall not be assumed to be the successful bid. There may be a number of other factors which may cause another bid to be selected. The most common factors are:

- (a). An item/service bid must conform to the specifications;

- (b) Bids may be evaluated on a combination of purchase price plus the cost to operate;
- (c) Bids may be evaluated on an entire life cycle of goods.

The City of Hilshire Village shall award contracts based on criteria deemed in the best interest of the City.

The final responsibility for bid evaluation rests with the requesting departments. The City Council, during a City Council meeting will take the action whether to accept or reject the bid/proposal. The award of the bid shall appropriately be noted in the minutes of the City Council meeting. Certain contracts for the construction, repair or renovation of a public structure, road, or improvement or addition to real property may be subject to additional statutory requirements and the Mayor, City Engineer and/or City Attorney should be consulted.

## **5. Exemptions from Competitive Bids.**

Competitive bids shall not be required for any purchase exempt from competitive bids by state law, including:

### **A. Professional Services**

Professional services are exempted from the competitive bidding process and are procured through the use of Request for Qualifications (RFQ) documents. The Texas Government code, Chapter 2254, Subchapter A, Professional Services, states that contracts for the procurement of defined professional services may not be awarded on the basis of competitive bids. Instead, they must be awarded on the basis:

- (a) Of demonstrated competence and qualifications to perform the services; and
- (b) For a fair and reasonable price;
- (c) The fees may not exceed any maximum provided by law.
- (d) Professional Services for the purposes of Government Code Chapter 2254 include services within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing, or provided in connection with the professional employment or practice of a person who is licensed, or registered as a certified public accountant, an architect, a landscape architect, a land surveyor, a physician, including a surgeon, an optometrist, a professional engineer, a state certified or state licensed real estate appraiser, or a registered nurse.

## **B. Emergency Purchases**

Valid emergencies are those that occur as a result of the breakdown of equipment which must be kept in operation to maintain the public's safety or health, or whose breakdown would result in the disruption of City operations. When this situation occurs, the City Secretary/City Administrator may conduct the procurement of supplies and services in accordance with the Purchasing Manual. Emergency procurements including but are not limited to:

- (a) A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality;
- (b) A procurement necessary to preserve or protect the public health or safety of the municipality's residents;
- (c) A procurement necessary because of unforeseen damage to public machinery, equipment or other property.

## **C. Sole Source purchases**

Sole Source purchases may not require bidding, e.g., where there is no competitive product or where the compatibility of equipment, accessories or replacement parts is the consideration and can only be supplied by one source.

## **D. Cooperative purchases**

Purchases through a cooperative purchasing program that has complied with the State's competitive bidding requirements are exempt from the City's competitive bidding requirements.

## **5. Disbursements:**

- A. After a vendor's invoice is received and reviewed by the City Secretary, and if all amounts, dates, prices, etc., are correct and appropriate approval is evident, then the invoice is put on the consent agenda and approved by Council. Utility bills, budgeted reoccurring invoices and contract accounts, e.g., police, fire, etc. do not have to be approved by Council monthly.

\*Texas Local Government Code

**Sec. 252.0215. Competitive Bidding in Relation to Historically Underutilized Business**

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 \(Historically Underutilized Businesses\)](#), 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.