



Exhibit A

CITY OF SANGER

Purchasing Policy & Procedures Manual

City Council Adoption:

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Section 1: POLICY

1.1 PURPOSE & POLICY

It is the policy of the City to conduct procurement functions efficiently, effectively, and in full compliance with all federal and state laws, the City Charter, and City policies and procedures.

The purpose of the Purchasing Policy is to provide guidance to all employees regarding procurement-related activities. Purchasing is a function of all departments. Department Directors, Assistant Directors, and Managers are responsible for ensuring that departmental purchases are in compliance with the City's Purchasing Policy and approved budget.

Purchasing procedures are subject to the following:

- All purchasing shall adhere to sound purchasing policies to ensure that Sanger taxpayers receive the best value for city purchases.
- All purchasing shall be made in accordance with the laws of the State of Texas, including Chapters 252 and 271 of the local government code, City Charter, and City administration policy and procedures.
- Purchasing activities will be managed with proper controls, and all requisitions will be processed in a timely manner to ensure sufficient practices.
- It is the policy of the City to obtain City Council approval on any expenditures of \$50,000 or greater in accordance with State Statutes.
- In accordance with the city charter, the city council shall have the right to reject any and all bids.

1.2 AUTHORITY

The City Council's authority to contract for all goods and services is delegated to the City Manager as outlined in this policy and to those employees to whom the City Manager delegates that responsibility.

The Chief Financial Officer interprets this policy. Any questions regarding the Chief Financial Officer's interpretation and/or application of the policy may be taken to the City Manager for review and consideration. The City Manager shall resolve any question about any interpretation and/or application of the policy when there is a conflict.

Policy administration rests with the City management, and City management reserves sole authority to administer City operations.

Amendments and/or updates to the City of Sanger Purchasing and Procedures Manual must be approved by resolution of the City Council. The City Manager, as authorized by the City Council, may amend, revise, and make certain changes to the Purchasing and Procedures Manual as deemed necessary in the event said changes do not have the effect of revising the original force and intent of the policy and procedures set forth and adopted by City Council.

1.3 ENFORCEMENT

It shall be the authority of the City Manager and Finance Director to enforce all procurement procedures.

A violation is defined as an employee's action or omission that indicates a disregard for purchasing laws, policies, or procedures. A violation also may be noted if the employee's action was unintentional but violates federal law, state law, city charter, policies, or procedures.

Personnel who attempt to contract in the name of the City, or make authorized or unauthorized purchases outside the scope of this policy, may be subject to disciplinary action up to and including termination, legal action, and personal financial liability.

If an officer or employee fails to comply with the competitive bidding or competitive proposal procedures required by law, that person may be charged with a Class B misdemeanor. This includes a situation where the officer or employee knowingly or intentionally authorizes separate, sequential, or component purchases to avoid competitive bidding requirements.

Texas Local Government Code §§ 252.062, 252.063, and 271.029 provide criminal penalties for officers and employees who knowingly violate state purchasing statutes.

1.4 LEGISLATIVE UPDATES

Any amendments to State or Federal law will automatically take effect on the date as stated in the legislation.

1.5 ADDITIONAL RESOURCES

For additional information, the following are listed for reference:

- Texas Local Government Code, Chapter 252
<https://statutes.capitol.texas.gov/Docs/LG/htm/LG.252.html>
- Texas Local Government Code, Chapter 271
<https://statutes.capitol.texas.gov/Docs/LG/htm/LG.271.html>
- TML – Municipal Procurement Made Easy
<https://www.tml.org/351/Purchasing>

Section 2: PURCHASING ETHICS

It is the policy of the City of Sanger that the following ethical principles govern the conduct of all employees involved, directly or indirectly, in the City's procurement process.

2.1 DEFINITIONS

Vendor is defined as a person or business that enters or seeks to enter into a contract with the City.

Family Member means a person related to another person within the third degree of consanguinity.

Family Relationship is a relationship between a person and another person within the second degree of affinity.

Gift means a benefit offered by a person, including food, lodging, transportation, and entertainment accepted as a guest.

2.2 PURCHASING CODE OF ETHICS

A special responsibility is imposed on all City of Sanger employees entrusted with allocating City funds. Employees are held to the highest degree of integrity in government procurement to secure the best financial results and comply with the procurement process.

Employees involved in purchasing and purchasing-related functions must remain independent, free of obligation or suspicion, and entirely fair and impartial. Credibility and public confidence are vital throughout the purchasing process. Every person employed by the City of Sanger and performing public purchasing and purchasing-related functions shall abide by this code of ethics.

- Refrain from holding business meetings with suppliers outside the office. If such a meeting is necessary, carefully choose the location so there will be no perception by others in the business community or your peers of impropriety.
- Adhere to lawful instructions, using reasonable care, and only granted authority. Strive
- to continually increase competition in supplier selection and endeavor to prevent any collusive activities among suppliers. Avoid soliciting or accepting money, loans, credits, and acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence or appear to influence supply management decisions.
- Handle confidential or proprietary information with due care and proper consideration. Receive consent from the originator of confidential information or proprietary ideas and designs before using them for competitive purchasing purposes.
- Treat supplies equitably, without preference or discrimination, and without imposing
- unnecessary constraints on the competitive market.
- Avoid the intent and appearance of unethical or compromising practices in relationships, actions, and communications with vendors.

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- Refrain from conducting any private business or professional activity that would result in a conflict of interest between the employee and employer.
 - Prohibit business relationships with persons with whom you are family member or with whom you have a family relationship.

2.3 NO EMPLOYEE INTEREST IN EXISTING CONTRACT

Employees may not have any financial or other interest, in any proposed or existing contract, purchase (materials & supplies), work, sale, or service to, for, with, or by the City.

- A. Use of City employment, authority, or influence for personal betterment, financial or otherwise, is prohibited.

2.4 CONFLICT OF INTEREST

City employees and officials must become familiar with the requirements in Texas Local Government Code Chapter 176, Disclosure of Certain Relationships with Local Government Officers; and Texas Local Government Code Chapter 171, Regulation of Conflicts of Interest of Officers of Municipalities; and the penalties provided therein.

If a conflict exists, the employee shall notify the Chief Financial Officer in writing and remove himself or herself from the City purchasing process.

2.5 GRATUITIES (GIFTS AND ENTERTAINMENT)

Employees shall not solicit or accept money, loans, gifts, favors or anything of value from current or potential vendors/contractors that might influence or appear to influence a purchasing decision or the City procurement process. If anyone is in doubt about whether a specific transaction complies with the policy, the person should disclose the transaction to the Chief Financial Officer for a determination of compliance.

- A. The purpose of the policy governing gifts to public employees is to regulate attempts to influence employees to use their authority or discretion to the advantage of the person making the gift and prevent criminal conduct per City policy.
- B. No officer or employee of the City shall accept, directly or indirectly any gifts, privileges or employment from any corporation, business or entity enjoying business from the City. The City recognizes that food items may be received from citizens and vendors as a 'thank you' for service during holiday time and on other occasions. Such offerings, including gift donations, are permissible and should be made for the enjoyment of everyone as available in that particular department, division, or worksite.

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- C. Items that are not consumable on the premises shall be returned, donated to a City program or community organization, or used as a door prize at a City event.
 - D. This policy is not intended to prohibit the employee or department from accepting discounted values when carrying out departmental (non-personal) business or accepting courtesy generally extended to business or governmental organizations within reason.
 - E. Employees can attend events, meals, and sponsored events from citizens and vendors at the discretion of the employee's supervisor.
 - F. The City, as a whole, may accept consumable products as stated in item C above if the items are provided by a vendor that is not currently under evaluation through a procurement process.
 - G. Questions regarding the acceptance of gifts should be channeled through the Chief Financial Officer.

2.6 SUPPLIER/VENDOR RELATIONS

Employees of the City must:

- A. Promote positive vendor relations through courtesy and impartiality in all phases of the procurement process;
- B. Handle confidential or proprietary information belonging to the City, fellow employees, or vendors with care and proper consideration of ethical and legal ramifications and governmental regulations;
- C. Never use information gained confidentially in the performance of duties for profit;
- D. Exhibit a friendly, cooperative, and yet objective relationship with all suppliers; this will help avoid the appearance of partiality in business dealings; and
- E. Actively strive to comply with City policies and federal and state laws regarding purchases from small businesses and those owned by minorities and other disadvantaged groups.

City employees must discharge their duties impartially to ensure suppliers have fair and competitive access to government procurement. City employees must conduct themselves in such a manner as to foster public confidence in the integrity of the City of Sanger procurement opportunities. Each employee must report any potential violations to the proper authorities.

Section 3: PURCHASING PROCEDURES

3.1 DEPARTMENT RESPONSIBILITIES

It is the responsibility of the Department Director and/or Authorized Designee to ensure the following:

- A. The appropriate budget has been identified and is available;
- B. The appropriate method of purchase has been identified. For any purchases expected to exceed \$50,000, the Finance Department should be consulted on ensuring the appropriate method of purchase is selected;
- C. City management and/or City Council approves of the purchase;
- D. City policy is being followed;
- E. State and Federal laws are being enforced;
- F. Documentation for the purchase is attached to the PO as requested
- G. Invoices are submitted within five (5) days of receipt to adhere to the provisions of the Prompt Payment Act as defined in section 9.

3.2 PURCHASING THRESHOLDS

Purchasing thresholds are established to ensure fair competition among available, responsible vendors. To effectively expedite and control purchases of goods and services that are subject to Local Government Code, Chapter 252, the City of Sanger has adopted the following purchasing thresholds. Employees should be aware that Chapter 252 of the Texas Local Government Code prohibits the use of “separate, sequential, or component purchases” to avoid competitive bidding requirements:

Component Purchase is a purchase of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

Separate Purchases are purchases made separately of items that in normal purchasing practices would be purchased in one purchase

Sequential Purchases are purchases made over a period of items that in normal purchasing practices would be purchased in one purchase.

At no time, shall purchases be broken down into smaller quantities or specialized activities so as to avoid the requirements stated below. This practice is against State law and City policy.

PURCHASES \$2,999.99 OR LESS

- A. An approved department representative may source these items directly.
- B. Multiple quotes are recommended, but not required for this threshold.
- C. Purchases must be made with the purchasing card, under an authorized vendor charge account, or by obtaining a purchase order prior to placing the order. The following documentation is required:

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- Quote or proposal
 - Contract executed by City Manager, if applicable. Insurance is required if the supplier is performing work on City property.
 - Insurance certificate, if applicable.

PURCHASES \$3,000 TO \$49,999.99

- A. Requires three written quotes.
- B. Requires a documented attempt to contact two Historically Underutilized Businesses (HUBs) from HUB vendors within Denton County.
- C. A purchase must be made by obtaining a purchase order prior to placing the order. The following documentation is required:
 - 1. All quotes/proposals obtained for this purchase (minimum of three)
 - 2. HUB vendor information, if applicable. Indicate which HUB vendors were contacted. If no HUB vendors were identified, please indicate so.
 - 3. Contract executed by the City Manager, if applicable.
 - 4. Insurance certificate, if applicable. Insurance is required if the supplier is performing work on City property.

PURCHASES \$50,000+

Purchases in amounts of \$50,000 or greater are generally subject to requirements of the competitive bid process unless specifically exempted by State Law.

Exceptions to the \$50,000 Bid Threshold:

- E. Professional Services
- F. Emergency Purchases
- G. Disaster Purchases
- H. Sole Source Purchases
- I. Cooperative Purchases
- J. Other Exemptions as outlined in the Texas Local Government Code Chapter 252

APPROVAL AUTHORITY

AMOUNT	Approval Requirements				
	Level 1	Level 2	Level 3	Level 4	Review & Issuance
\$2,999.99 or less	Authorized Staff	Director			Finance
\$3,000 - \$24,999.99	Authorized Staff	Director			Finance
\$25,000 - \$49,999.99	Authorized Staff	Director	City Manager		Finance
\$50,000 +	Authorized Staff	Director	City Manager	City Council	Finance

3.3 EMERGENCY PURCHASES

Texas statutes generally allow the local government to make “emergency or exempted purchases” without competitive bidding as per Texas Local Government Code 255.022 “General Exemptions”. A political subdivision is generally exempted from competitive bidding or contacting Historically Underutilized Businesses (HUB) if one of the following occurs:

Public Calamity – In the case of a public calamity, the prompt purchase of items is required to provide for the needs of the public or to preserve the property of the political subdivision.

Preservation or Protection – The item is necessary to preserve or protect the health or safety of residents of the political subdivision.

Unforeseen Damage – The item is made necessary by unforeseen damage to public property. 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, a written explanation must be indicated on the Statement of Compliance for Irregular Purchases

- A. If the product or service is over \$3,000 and under \$50,000, obtain the City Manager’s authorization. Once authorization has been received, submit a requisition to obtain a purchase order, then call the vendor to initiate repair services or order the needed materials. The Purchase Order should be prepared and approved by both the Department Director and the City Manager. Immediately, or as soon as feasible, submit a copy of the invoice to Purchasing.
- B. In the event the emergency expenditure exceeds \$50,000, follow the same procedures outlined in item A above, and prepare an agenda item and/or resolution for City Council approval to declare it an emergency and ratify payment for the products or services purchased.

C. In extreme cases involving a disaster, an emergency declaration will be made. All purchases must be documented through proper state and federal forms and authorized by the Emergency Operations Center designated employee(s).

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

Typical examples of such neglect are:

A. Depletion of stock due to lack of planning.

B. Building or equipment needing repairs for some time suddenly becomes listed as an emergency overnight within a short period with no substantial reason or facts.

C. Orders of materials for projects, most of which must be planned weeks or months ahead of time and requested just before desired use.

3.4 DISASTER PROCUREMENT

3.4.1 PURPOSE

This policy modifies the City of Sanger's normal procurement practices to assure that, in both emergency and exigent circumstances caused by a proclaimed disaster or emergency, the City of Sanger is able to acquire the goods and services required to address an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improve public and private property through cost-effective measures while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws. Where the City is included in a major disaster or emergency declared by the President of the United States, this policy also assures that City purchases comply with Federal regulations applicable to FEMA disaster grant reimbursement as defined in Title 2 of the Code of Federal Regulations, Part 200. (2CFR Part 200)

3.4.2 DEFINITIONS

For the purposes of this policy, a proclaimed disaster or emergency exists if:

A. The Governor has declared a state of emergency for an area that includes the geographic territory of the City of Sanger, or

B. The Mayor of the City of Sanger has declared an emergency in the City.

Exigent circumstances are situations in which:

C. A disaster or emergency has been proclaimed, and

D. The public exigency for goods and services required to address an immediate threat to life, public health, or safety or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures will not permit competitive solicitation.

Emergency Operations Center (EOC) is the centralized location of emergency response and recovery support operations during incidents.

Emergency Management Coordinator (EMC) is the employee delegated by the Mayor.

3.4.3 DELEGATIONS OF PURCHASING AUTHORITY IN EXIGENT CIRCUMSTANCES

- A. Delegation - If the City Manager determines that goods and services must be procured before the City Council is able to assemble and approve purchases, the City Manager has the authority, subject to the limitation set forth in subparagraphs 3.4.3 B and 3.4.3 C, to approve the immediate rental or purchase of any equipment, supplies, services or other items necessary to respond to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures.
- B. Limits of Single Purchase Authority - The City Manager or designee shall have the authority to make individual purchases up to \$10,000 on his or her signature alone. The City Manager shall have the authority to make purchases above \$10,000 up to a maximum of \$250,000 when countersigned by the Mayor or in the Mayor's absence countersigned by the Mayor Pro-tem, and in his or her absence, another council member.
- C. Limits of Aggregate Purchase Authority - The City Manager or designee shall have the authority to make aggregate purchases up to \$10,000 on their signature alone. The City Manager shall have the authority to make purchases in excess of \$10,000 up to a maximum of \$250,000 when countersigned by the Mayor or in the Mayor's absence countersigned by the Mayor Pro-tem, and in his or her absence, another council member.

3.4.4 DELEGATION OF AUTHORITY

Sub-Delegation: At any time that the City Manager is not available, his or her designee shall approve purchases as allowed in this section.

Sub-Delegation of Purchasing Authority: If neither the City Manager nor his or her designee is available, the following department heads have the authority to rent or purchase from the nearest available source any equipment, supplies, services, or other items necessary to respond to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures, up to a maximum of \$10,000.

Department Heads include:

- Assistant City Manager
- Chief Financial Officer
- Police Chief
- Fire Chief

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- Assistant Fire Chief
 - Public Works Director

Administrative Procedures:

- A. As soon as possible, after purchases are made under this section, the City Manager, his or her designee, or department head shall submit to the Finance Director a requisition and a notation that the commodity has been ordered on an emergency basis from the vendor designated.
- B. The Chief Financial Officer will inform the City Manager and City Council of any individual purchase under this section with a contract amount greater than \$10,000 and also whenever the aggregate of purchases under this section is greater than \$250,000.
- C. Finance staff will obtain the City Manager's or the City Manager's designee approval prior to any purchase by a department head if the amount is \$10,000 or more.
- D. If the City Manager or his or her designee is unavailable, and the delay in getting his/her signature would imperil life, safety, or improved property, the department heads as listed in 3.4.4 above may approve the emergency purchase of \$10,000.
- E. The Chief Financial Officer shall have the authority to approve all disaster-related purchases under \$250,000.
- F. The Chief Financial Officer will expedite the verification of funds available and complete the preparation of the purchase order.

3.4.5 PROCUREMENT PROCEDURES IN EXIGENT CIRCUMSTANCES

Upon receipt of requisitions under Section 3.4, the Chief Financial Officer shall prepare purchase orders for the emergency equipment, supplies, services, or other items in accordance with the requirements of this section.

- A. Exempt Purchases are those less than \$250,000 and do not require a formal bid.
- B. Purchases greater than \$250,000 may be made following the procedures specified in this section. The signature(s) of the City Manager, Chief Financial Officer, and/or Department Head are required.

Justification of Sole Source or No-bid Contracts, where exigent circumstances require immediate Procurement from the nearest available source,

- A. The Chief Financial Officer shall use the "Justification Form for Emergency Sole Source or No-Bid Purchase."
- B. Procurement should be limited to that portion of the work that must be performed

immediately, allowing subsequent Procurement by competitive proposals of the remainder of the work.

- C. “Sole source” or “no-bid” acquisitions shall be necessary for one of the following reasons: placement of emergency protective measures, procurement of a scarce commodity, goods, or services or purchase or rental of emergency equipment, emergency consulting services, emergency road clearance or other emergency requirements.

Provision for Alternate Bid Solicitation Procedures: The City’s normal requirements for sealed bids shall not apply to acquisitions under this section. However, the Department Head shall conduct telephonic or other electronic bid solicitation from potential vendors or suppliers in lieu of written and/or sealed bids in an effort to obtain multiple competitive proposals when and if time allows in light of the exigent circumstances.

Locations of Postings for Request for Proposals or Invitation to Bids: The Chief Financial Officer may waive standard requirements for public posting of requests for proposals or solicitation of bids. Notices soliciting bids or requests for proposals shall be posted at the City’s designated Emergency Operations Center.

Length of Time for Posting Requests: The Chief Financial Officer may shorten the normal bid period from fourteen days to expedite the award of contracts for emergency equipment, goods, or services. The Procurement Officer should seek to ensure that the shortened bid period allows multiple suppliers to submit bids.

Number of Bids Required: Solicited bids that are non-responsive shall count towards the minimum number of bids required when there is a declared emergency or disaster in the Jurisdiction. All such no-bids must be documented as to the time, date, and person/company contacted, with a reason for no-bid, if possible.

3.4.6 Notification and Ratification

Posting of Contracts and Awards – Under this section, all contracts awarded that exceed \$50,000 shall be presented to City Council for ratification and publicly posted within sixty (60) days.

Authority to Cancel Emergency Procurements: The City has the absolute authority to rescind a contract for non-performance within 24 hours when a contractor or vendor, once awarded a contract, is unable to perform under the terms of the contract and the resulting delay or non-performance presents an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures.

1. Notification Requirement for Emergency Purchases: For any purchase in excess of \$50,000, the Chief Financial Officer shall report all such purchases to City Council within thirty (30) days of the onset of the disaster.
2. Requirement for Separate Invoicing: All purchases or rentals made during proclaimed emergency or disaster conditions shall require separate invoicing from routine (non-disaster related) purchases. All invoices shall state the goods, services, or equipment

provided and shall specify where the goods or services were delivered. All invoices shall specify the locations where the goods or services were used if at all possible.

3. Auditing of Invoices for Debris Clearance Prior to Payment: All invoices for debris clearance and removal shall be audited by the City prior to payment to the vendor. Vendors shall be notified of this requirement before the award of any contract for debris clearance and/or removal. Audits shall be in accordance with procedures for debris removal monitoring specified in FEMA's Publication 325, Debris Management Guide.
4. Limitations of Disaster Purchasing Policy: For the purposes of this section, an emergency or disaster shall be deemed to exist when a condition exists that presents an immediate threat to life, public health, or safety or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures and a local emergency or disaster has been proclaimed. Any purchases that do not meet the standard of being necessary for responding to an immediate threat to life, public health, or safety or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures shall follow the City's regular purchasing provisions.
5. Notwithstanding the terms of this policy, nothing contained herein shall conflict with Federal procurement regulations as currently defined in 2 CFR Part 200.

3.5 Sole Source Purchases

Quotes are not required if the materials, goods, or supplies can only be purchased from a sole vendor, in other words, a sole source. Reasonable efforts must be made to ensure purchases from sole sources are correctly classified as such. Materials, goods, and/or supplies cannot be requested so as to remove other suitable alternative vendors/sources. The department must attach justification to validate the sole source procurement meets one of the requirements listed below.

- The good/service is one-of-a-kind or patented, copyrighted, secret process or unique item;
- The product is only available from a regulated or natural monopoly; or
- The product is a component of an existing system that is only available from one supplier.
- Sole source purchases are approved only after the lack of alternate sources has been determined and proof of sole source is documented. The written justification should include one or more of the following:
 - Statement on company letterhead from vendor attesting to the fact that the item(s) being requested are only available from that vendor.
 - A statement from the Department Director or authorized designee providing information concerning previous attempts to obtain competitive bids on the item(s) requested including the name of the company and person contacted, in an effort to find other sources.

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- If the purchase is \$50,000 or greater, it must be found to be a sole source by the City Council before the purchase or contract is executed.

3.6 Cooperative Purchases

Texas Government Code, Chapter 791, and Texas Local Government Code, Chapter 271, authorize the use of cooperative purchasing programs. These chapters authorize the City to use another entity's bid and likewise allow another entity to use the City's contracts. Additionally, the statutes allow the City to use a cooperative contract issued by an established cooperative agency.

The following must be included and established to utilize a cooperative contract.

- A. The bid specifications/contract must have cooperative language.
- B. The awarded vendor must have agreed to the terms.
- C. An Inter-local agreement must be in place between the City and the issuing entity.

The City has established memberships and entered into inter-local agreements which promote participation in cooperative purchasing programs. Purchasing Inter-local Agreements will not be executed to merely avoid the competitive process. The Finance Department shall manage and oversee all Purchasing Inter-local Agreements. Departments should contact the Finance Department for assistance with cooperative purchases and any reporting requirements.

3.7 Procurement of Professional Services

Professional services generally refer to those services performed by an individual.

Cities are prohibited by law from awarding a contract by competitive bidding for some professional services, including architects, interior designers, engineers, or certified public accountants. The Professional Services Procurement Act established a set of procedures that must be followed to contract for these services.

The selection of these providers shall be based on demonstrated competence, experience, and qualifications of the firm. If a department is not sure if a service is a "professional service," the department should contact the Finance Department before securing such services.

3.8 Public Works/Construction Procurement

Public Works projects are those projects that require the construction, repair, or renovation of a structure, building, street, highway, bridge, park, water and wastewater distribution facility, airport runway or taxiway, drainage project, or other improvements or additions to real property.

- A. Bid Type: Several processes are defined in the Texas Government Code Chapter 2269. The Department Head shall consult with the Chief Financial Officer to determine which method will provide the best value for the City.

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- B. Prevailing Wage Rates: Texas Government Code Chapter 2258 mandates that any Public Works contract awarded by the City include the requirement to pay prevailing wage. The statute requires the payment of a prevailing wage rate for laborers and mechanics and applies to both contractors and subcontractors. Wages for workers on construction projects shall not be paid less than the schedule of general prevailing rates of per diem wages as mandated. The prevailing wage rate or a link with the wage rates with the date shall be included in public works projects. Rates may be accessed at: <http://www.wdol.gov/dba.aspx>.
- C. Bonding Requirements: Bonds shall be executed in accordance with the Texas Government Code Chapter 2253.
- The bond must be executed by a corporate surety in accordance with the policies of the City.
 - The corporate surety must be licensed by the State of Texas to issue surety bonds and appear on the U.S. Treasury List of acceptable forms.
 - A Power of Attorney must be included.
 - Bonding shall be verified prior to the start of any project.
- D. Insurance and Indemnification Requirements:
- The minimum insurance required will be specified by the City of Sanger.
 - For construction projects, all contractors and sub-contractors, including those delivering equipment or materials or performing a service shall provide workers' compensation for all employees. General contractors are responsible for ensuring that sub-contractors carry the same or higher insurance as those required.
 - All contractors shall provide proof of coverage satisfactory to the City. Contractors shall post required signs at the job site(s) informing all workers of their right to workers' compensation coverage. Texas Labor Code §406.096.

3.9 Change Orders

A change order is the written documentation and approval process that must be performed when changes in the scope of a project are proposed after the performance of a contract has begun. Such changes may include a significant change in the quantity of work to be performed, the cost of work to be performed, or the materials, equipment, or supplies to be furnished. A change order is usually written for a construction contract but may be necessary for other types of contracts. Refer to Texas Local Government Code Chapters 252 and 271.

Threshold for Change Orders

A "threshold" is defined as a financial limit on the amount of expenditures that can be authorized by the City Manager on a construction project before requiring City Council approval. See Texas Local

Government Code Chapters 252 and 271.

- Change Orders Greater than \$50,000 – If the change order is greater than \$50,000 it must be approved by the City Council.
- Change Orders Less than \$50,000 – If the change order is less than \$50,000 it may be approved by the City Manager.
- A change order or cumulative total of project change orders may not exceed 25% of the original contract amount.
- Once the total of all approved change orders on a project (including the contingency amount) totals more than \$50,000, all subsequent change orders must be approved by the City Council.
- The original contract price may not be decreased by more than 25% without the consent of the contractor.
- Change orders shall be listed in number sequence on the Purchase Order.

Approval for Change Orders

If a change order is greater than \$50,000 and is extremely time sensitive and qualifies as an emergency, the City Manager may approve such a change order prior to City Council approval; however, such change order still must be brought to the City Council as soon as possible for approval. Emergency conditions are defined in this policy.

Contingency Funds

The City Council may establish a contingency fund for a construction project at the time of the award of a bid to be used during the course of a project. A contingency fund may be established at any dollar amount above the bid award provided that is reasonable and prudent. (10% or less as determined by staff/budget.)

3.10 Purchasing Card

The Purchasing Card (PCard) program is intended to streamline and simplify the purchasing and accounts payable functions for small purchases. The Purchasing Card is a tool that reduces transaction costs, facilitates the timely acquisition of materials and supplies, automates data flow for accounting purposes, and offers flexible controls to help ensure proper usage.

The Program is designed as an alternative to various processes, including petty cash and purchase orders for small purchases. The Program is not intended to avoid or bypass appropriate procurement of payment procedures. Instead, the Program complements the existing processes available. The Purchasing Card is a MasterCard credit card issued by Citibank. Some record-keeping is essential to successfully use the Purchasing Card.

This Cardholder Guide provides information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle, and a variety of other Program information.

Employees commit city funds each time they use the Purchasing Card. This is a responsibility that should not be taken lightly. Employees are responsible for all charges made to the card issued to them. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal.

The card will have no impact on the Cardholder's personal credit. Although the card lists an individual's name, the card is issued to the City of Sanger.

Definitions

For the purposes of the Purchasing Card Program and Cardholder Guide, the following words shall have the meaning designation as follows:

Cardholder refers to an employee who:

- Has been approved by the department director to receive a purchasing card.
- Has read the Cardholder Guide, signed the Purchasing Card Agreement, and has been issued a card in their name.
- Is authorized to purchase items for their work group in accordance with purchasing guidelines of the city and with this Cardholder Guide.

Department Coordinator (optional) is the person designated by a department director to administer the purchasing card accounts at the department level.

Program Administrator is the designated person assigned by the Finance Department who administers the program for all departments, responsible for setting up, overseeing, and maintaining the Purchasing Card Program.

Obtaining a card

Only full-time employees of the City of Sanger are eligible to receive a Purchasing Card. Employees will only be issued a Purchasing Card at the request of their department director to the Program Administrator. Requests are to be made using the Purchasing Card Request form.

Employees are required to read the Cardholder Guide, understand the procedures outlined, and sign and date the Cardholder Agreement before being issued a Purchasing Card.

Upon receipt of a Purchasing Card, the Cardholder must sign the back of the card(s) and always keep it in a secure place. The Cardholder is responsible for the security of the card(s) issued in their name

and the transactions made against the card(s).

Although each Purchasing Card is issued in the employee's (Cardholder's) name, it is the City of Sanger's property and is only used for city purchases as defined in this guide.

Purchasing Card Restrictions

- A. The Card is NOT to be used for personal purchases. Other restrictions include, but are not limited to:
 - Alcohol or liquor
 - Entertainment, such as theater, movies, golf, etc
 - Services such as contracts and agreements
 - Cash refunds or advances
 - Fuel purchases
- B. The Purchasing Card is NOT to be used for single purchases over \$3,000.00.
- C. Under no circumstances should a transaction be split into two separate receipts to bypass the single transaction dollar limit.
- D. Each card requires a monthly total limit, which will deny further transactions in that month.

Using the Card

Purchases with the necessary approval are initiated using the Purchasing Card. Cardholders must contact the supplier and agree to the price, quantity, and delivery date. When ordering, Cardholders should inform the supplier that the purchase is for City business, a tax-exempt entity, and should not be charged sales tax. If the purchase is via phone or mail, the Cardholder should ask the supplier to include the receipt with the goods when the product is shipped. This receipt is the only original documentation specifying whether or not sales tax has been paid against the purchase. The Cardholder is required to retain all receipts for purchases. An original, itemized receipt for every purchase must be obtained from the vendor when the card is used. Restaurant purchases must include the credit card receipt with the total, including tip, in addition to the itemized receipt.

Sales Tax

As a tax-exempt government agency, the City of Sanger does not pay sales tax. Cardholders are responsible for ensuring that the City is not charged sales tax by alerting the merchant in advance that the transaction is tax-exempt. If tax is included, the cardholder is responsible for correcting the charge.

Cardholder Duties and Responsibilities

- Cardholders, or an assigned liaison, are responsible for reconciling the statement monthly.

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- The cardholder must ensure transactions are completed within the assigned limits and guidelines, sales tax was not applied, and the original “detailed” receipt is included.
 - The cardholder is responsible for processing returns, verifying credits are received, tracking card balances, and disputing charges directly with the vendor.

If a cardholder finds a discrepancy, they should contact the vendor and attempt to resolve the problem directly.

- A. The transaction in dispute must be noted in the item’s description.
- B. Cash refunds for returns are not allowed.
- C. The cardholder must verify the credit is received and attach documentation such as a return receipt or email from the vendor to the expense report.

If a cardholder cannot resolve a disputed item directly with a vendor, the cardholder should contact the Program Administrator for assistance.

Purchasing Card Transaction Flow

Purchase

The cardholder makes a purchase using the purchasing card; the Cardholder obtains an itemized receipt, and Cardholder forwards the itemized receipt to the Department Coordinator (if any). Departments may require Cardholders to record all Purchasing Card transactions on a Purchasing Card Transaction Log.

Reconciliation

Every month, the Cardholder will receive a statement from Citibank. The Cardholder (or Department Coordinator) shall review the statement and prepare a single Accounts Payable Voucher for all items on the statement. The A/P Voucher, monthly statement, and all individual purchase receipts shall be submitted to the Finance Department within five business days of the statement date. Photographs of receipts are not acceptable and should not be used. If the Department Coordinator has assigned General Ledger account codes, the Department Director must review and approve the charges. Photographs of receipts are not acceptable and should not be used. If a Department Coordinator has entered the General Ledger account codes, the Department Director must review.

The Finance Department

The Finance Department consolidates all statements received from departments and arranges payment.

Resolving Errors and Disputes

In the case of an error, the Cardholder is first to contact the supplier and try to reach an agreement. Most disputes can be resolved in this manner. If unable to settle with the supplier or vendor, the Cardholder is to report the error or dispute to their supervisor immediately.

Paying the Bill

Purchasing Card purchases will be charged to an expense account based on the department/account combination that has been established.

Lost or Stolen Cards

Purchasing Cards should be secured in the same way as personal credit cards. In the event of a lost or stolen Purchasing Card, Cardholder is to immediately contact Citibank via the toll-free number 800-248-4553 and notify the Purchasing Card Program Administrator.

Refusal of Card or Account

Should the Card be declined at the point of sale for any reason, Cardholder should contact the Purchasing Card Program Administrator. Every effort will be made to determine why the transaction was declined.

Purchasing Card Audit Activity

Purchasing Card activity is subject to random audits by appropriate personnel, including the City's external auditors. The random audits help ensure adherence to the Program's policies and procedures.

Merchants That Do Not Accept the Card

Merchants should be encouraged to become involved in the Purchasing Card Program. Merchants may contact their local bank or financial institution to become credit card capable. For those merchants that are unwilling to participate in the Program, alternative sources should be found.

Violations

Revocation Of The Purchasing Card

The purchasing card is subject to revocation at any time at the discretion of the City Manager. Each cardholder must acknowledge receipt of the purchase card, understand the rules of usage, and sign the Cardholder Agreement Form. Failure to abide by this policy will result in revocation of their card and disciplinary action up to termination of employment. The Chief Financial Officer will recommend to the Department Director that the card be revoked following any violation of the Procurement Card

policy.

The Finance Director is authorized to temporarily suspend use of the card if unauthorized use is discovered and poses a threat to internal financial controls.

- First Violation - revoke privileges for 30 days.
- Second Violation - suspend privileges/revocation at the discretion of the City Manager and/or disciplinary action including termination of employment.

Section 4: METHODS OF PROCUREMENT

4.1 Procurement Methods

The Department Head will consult with the Chief Financial Officer to determine the best method of procurement to purchase goods and services. The methods of procurement utilized by the City are as follows:

1. Quote Method

Quotes are utilized to purchase goods and services up to \$50,000. Examples include but are not limited to maintenance and repair items, cleaning supplies, furniture, and office equipment. Purchases over \$3,000 and up to \$50,000 are subject to the Historically Underutilized Businesses (HUB) law of the State of Texas. Quotes can be obtained for one-time purchases or for the establishment of an annual contract. The award is made to the vendor providing the lowest bid or the best value, as pre-determined by the City. Negotiations are not permitted.

2. Competitive Sealed Bidding Method/Invitation for Bid (IFB)

A bid is utilized to purchase goods and services over \$50,000 and is subject to the competitive bid laws of the State of Texas. A bid is utilized for one-time purchases or for the establishment of an annual contract if there is a continuous need to purchase the same goods or services totaling in excess of \$50,000 annually. Award is made to the lowest responsive and responsible bidder, or to the bidder providing the best value, as pre-determined by the City. Negotiations are not permitted.

In determining the best value for the municipality, the municipality may consider:

- (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 nonprofit 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.

3. Competitive Sealed Proposal (CSP) / Request for Proposal (RFP) Method

This method is used for the purchase of goods and services at any dollar threshold, where factors

other than price are considered in the award process. A pre-determined set of evaluation criteria is established, and all proposals are evaluated against the criteria and scored accordingly. Negotiations are permitted in order to obtain the best value for the City.

4. Request for Qualifications (RFQ) Method - Purchase of Professional Services

The RFQ process is utilized to procure professional services, as defined in Texas Government Code, Chapter 2254.

- (a) Cities are prohibited from using competitive bidding procedures to obtain the services of architects, engineers, certified public accountants, land surveyors, physicians, optometrists, landscape architects, geoscientists or state-certified real estate appraisers. Instead, for contracts involving architectural, engineering or land surveying services, a City must first select the most highly qualified provider and then attempt to negotiate a fair and reasonable price.
- (b) All Other Professional Services: The RFQ process is utilized to select a firm on the basis of demonstrated competence and qualifications to perform the services, and for a fair and reasonable price, for professional services other than those identified above, if the expenditure is anticipated to be in excess of \$50,000

A pre-determined set of evaluation criteria is established, and all qualifications are evaluated against the criteria and scored accordingly. Price cannot be disclosed or considered during the scoring process. Negotiations are permitted with the most highly qualified firm only. Negotiations will continue until terms, conditions, and a fair and reasonable price are agreed upon. If negotiations with the most highly qualified firm are not successful, negotiations will cease with the current firm and begin with the next most highly qualified firm. Once negotiations have ceased with a firm, re-opening negotiations with that firm is not allowed.

4.2 Awarding the Bid

Best Value - If best value is utilized, below are a list of items the department may utilize to make the determination of “best value” for the City.

- Purchase price;
- Reputation of the bidder;
- The bidder’s safety record;
- Warranties;
- The quality of the bidder’s goods or services;
- The extent to which the goods or services meet the City’s needs;

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- The bidder's past relationships with the City or Department;
 - The impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses (HUB) and nonprofit organizations employing persons with disabilities;
 - The total long-term cost to the City to acquire the bidder's goods or services; and
 - Any relevant criteria specifically requested in the bid or proposal.

In the event no bids are received, the Department may re-advertise or choose to not undertake a contract. If only one bid is received, the City Council may choose to accept the bid, reject the bid and re-advertise, or determine not to undertake the project.

Bids are opened and read aloud at the designated time and place. The bid/bids must then be presented to City Council. The City Council must then award the bid to the lowest responsible bidder or if previously determined, the bidder with the "best value". The City Council does have the option to reject all bids as well.

Once a bid has been opened, it may not be changed or altered to correct minor errors in the price. However, under some circumstances, a bidder may be able to withdraw a bid if it contains a substantial mistake that would cause a great hardship if enforced against the bidder.

Note: Preference will be given to products with recycled materials as long as the products meet applicable specifications.

4.3 Confidentiality of Information in Bids or Proposals.

- (a) Trade secrets and confidential information in competitive sealed bids are not open for public inspection.
- (b) If provided in a request for proposals, proposals shall be opened in a manner that avoids disclosure of the contents to competing offers and keeps the proposals secret during negotiations. All proposals are open for public inspection after the contract is awarded, but trade secrets and confidential information in the proposals are not open for public inspection. (Local Government Code, Chapter 252, Sec. 252.049)
- (c) Proposals must be made confidential until an award is made.

Section 5: BOND, INSURANCE, AND INDEMNIFICATION

Bond Policy

Bidders may be required (at the statutory limit or less) to provide certain bonds for Public Works/ Construction Contracts. This ensures that if the bidder attempts to withdraw after the bid is accepted, the City will not suffer loss. The City will only accept sureties duly qualified and authorized. Personal sureties will not be accepted.

The City may require bonding on other projects to mitigate risk. The City requires payment, performance, and maintenance bonding to be provided.

Types of Bonds

- A. Bid Bonds – The Bid Bond minimum limit is five percent (5%) of the total amount bid and would typically apply to construction contracts. It is the City's option whether or not bidders to provide a Bid Bond. Certified or cashier's check will not be accepted in lieu of a Bid Bond. Bid Bonds are provided on surety forms. Bid Bonds will be returned to the issuing vendor upon request. Bond must be requested within ten days of award.
- B. Payment Bonds are required for Public Works contracts in excess of \$50,000 and must be written for 100% of the total bid price. The Payment Bond is for the protection of those performing work as subcontractors or suppliers for the prime vendor/contractor.
- C. Performance Bonds are required for all Public Works contracts when the vendor's bid exceeds \$100,000, and they must be written for 100% of the total bid price. These bonds are solely for the protection of the City in the event of a contractor/vendor default under Contract terms and conditions.
- D. Maintenance Bonds can be written for a term relevant to the project. The coverage provided by a Maintenance Bond is to guarantee against defective workmanship and materials.

Bond Requirements

- A. All Bonds must be in the forms acceptable to the City Manager.
- B. All performance bonds must be executed by such sureties as are named in the current list of "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies", as published in Circular 570, as may be amended, by the Financial Management Service, Surety Bond Branch, U.S. Department of the Treasury.
- C. All performance bonds must be signed by an agent and must be accompanied by a certified copy of the authority for him or her to act.
- D. All performance bonds shall be obtained from surety or insurance companies that are duly licensed or authorized in the State of Texas to issue performance bonds for the limits and coverage required.
- E. Approval of bonding company as per ratings of the Texas Department of Insurance, or a successor agency.

Insurance and Indemnification Policy

- A. Contractors performing work on City property or public right-of-way shall provide indemnification and certificates of insurance listing the City as an additional insured or a copy of their insurance policy(s) including a copy of the endorsements necessary to meet contract requirements, and hold harmless and defense clauses.
- B. Contractual agreement must contain a provision that transfers the risk of the project for the City to the contractor. Because the contractor may not have the financial resources to handle the risks that are transferred in the contract, the City requires that insurance be purchased and maintained by the contractor for financial security.
- C. Workers' Compensation Insurance – Per Statute, contractors and subcontractors hired for building and construction projects must provide Workers' Compensation Insurance for their employees regardless of the project's cost. See Texas Labor Code, § 406.096.
- D. All insurance documents must be verified and approved prior to the contract, purchase order, or commencement of work to be performed.

INSURANCE

	City of Sanger							
	Minimum Insurance Requirements Summary							
Agreement Type	General Liability	Auto	Work. Comp.	Employers Liability	Prof. Liability	Installation Floater	Builder's Risk	Garage Liability
General Contract - Services	X	X	X	X				
Personal Services	X	X	X					
Professional Services	X	X	X	X	X			
Construction	X	X	X	X		X	X	
Special Events	X	X	X					
Min Coverage Amounts								
Minimum Standard Limit	\$1M Per Occurrence \$2M Aggregate	\$1M Combined Single Limit	Texas	\$500K Accident \$500K Employee \$500K Limit	\$1M Per Occurrence \$2M Aggregate	100% Project Completed Value	100% Project Completed Value	Total Value of Vehicles
Additional Coverages (in addition to standard requirements based on agreement type unless noted)								
Construction Contracts	Employers Liability Limit: \$1M/\$1M/\$1M; CGL Limit: \$2M per occurrence and \$4M aggregate							
Garbage Collection Services	CGL Limit: \$5M per occurrence and \$10M aggregate; Auto Limit: \$5M Combined Single Limit							
Pollution Exposure	\$1M Pollution Liability (or equivalent) - Required for vendors or contractors performing work with pollution exposure.							
Railway Exposure	\$1M Railroad Protective Liability (insuring the railroad) - Required if performing work within 50 feet of a railway.							
Liquor Exposure	\$1M Liquor Liability - Required for vendors who sell or distribute liquor.							
Cyber Exposure	\$1M Cyber Liability (or equivalent) - Required for vendors with access to City networks or handle sensitive data.							
<u>Footnotes:</u>	(1) Waiver of subrogation shall be provided with the Workers' Compensation coverage. (2) The City shall be covered as additional insured on the GL and Auto policies. (3) Policies of insurance shall not be canceled without a 30-day notice to the City. (4) Insurance carriers must meet A.M. Best financial rating of A-VI or better. (5) Combination of primary or excess policies that meet the required limits is acceptable. (6) Agreements may require additional coverage and/or higher limits at the City's discretion.							

Note: City Manager may waive any insurance requirements for low cost/low risk projects.

Section 6: CONTRACTS

DEFINITIONS

Contract is a written, legally binding document or obligation.

Purchase Order is an official written document issued by a buyer, which is a commitment to pay the seller (vendor) for the products ordered. The process ensures purchases are approved and within budget. A Purchase Order or Contract is required when insurance and indemnification are needed. A Purchase Order is a contract.

Annual contract is a contract for goods or services in which pricing is locked for a specific period of time.

Evergreen contract is one that automatically renews after its initial term expires. The parties agree that the contract rolls over automatically and indefinitely until one gives the other notice to terminate it.

CONTRACTS

Purchasing items from a vendor other than the awarded vendor is a violation of the purchasing policy. An exception may be granted due to extenuating circumstances and must be approved in writing by the Chief Financial Officer.

All purchases greater than \$50,000 must include a standard contract, insurance, bonds (if needed), and a purchase order.

CONTRACT MANAGEMENT

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

Section 7: SURPLUS PROPERTY

7.1 PURPOSE

The purpose of the policy is to ensure that the disposal of City-owned property is completed in a consistent manner throughout the organization.

7.2 DEFINITIONS

Disposal means the sale, trade, donation, or destruction of surplus property or equipment.
Item means surplus or obsolete movable assets such as vehicles and equipment, materials, and unclaimed property.

Surplus means all supplies, assets, materials, and unclaimed property that are either obsolete at the end of their life cycle or no longer required by operations.

Obsolete – lack of functional use or out of date.

7.3 GENERAL

There are multiple formats for the disposal process. These include auction, transfer, trade-in, recycling, and destruction. All methods require written approval.

- A. Departments should contact the Finance Department prior to the disposal of any property over \$5,000. Departments should complete the required disposition forms.
- B. Any item that is still operable and has a potential value shall be auctioned or traded during the replacement process as it becomes obsolete.
- C. Scrap Metal – Staff shall obtain from Finance authorization to recycle specific items. Funds received for the recycling must be submitted to Finance and deposited. Written receipts from the recycling center must be provided with the payment.

7.4 PERSONAL USE PROHIBITIONS AND PERMISSIONS

City employees may purchase items from City issued (electronic) third-party auctions, provided that the employee making the purchase was not involved in the decision to dispose of said item(s).

	Steps	Responsibility
1	Identify surplus property	Department Director or designated Employee
2	Notify all departments of the availability of the surplus property. <ul style="list-style-type: none">Email to all departments/usersAllow a minimum of seven days	Designated Department employee

3	<p>If a department is interested, complete the City's Surplus Property Form and submit it to Finance.</p> <ul style="list-style-type: none"> • Requesting department must pick up the equipment within seven days. 	Designated Department employee
4	<p>If there is no interest, notify Finance. Complete Disposition form and send it to Finance</p>	Designated Department employee
5	<p>Finance will determine the best method of disposal through:</p> <ul style="list-style-type: none"> • Auction • Trade-In • Recycling • Donation • Destruction 	Finance
6	<p>Prior to Sale: Department must remove all City of Sanger identification, markings, or equipment (logo, department numbering, equipment that will be used on other equipment, etc.)</p>	Designated Department employee
7	Move item to a secure location	Designated Department employee
8	<p>Take pictures and submit them to Parks Director</p> <ul style="list-style-type: none"> • For vehicles & equipment, take a minimum of four pictures (one on each side). • Additional pictures of the inside, damage to exterior or interior, etc. • The more information/pictures provided will help with the sell and fewer questions will be generated by the public. 	Designated Department employee
9	Create a log with the identification, location, value, and date.	Finance/Parks Director
10	Proceed with auction. Auctions will be completed quarterly or sooner, If needed.	Finance/Parks Director
11	Receive funds and closeout auction.	Finance

Section 8: GRANTS

8.1 POLICY

This policy establishes the responsibility for ensuring compliance and provides a review process that shall be completed before signing any grant or award document and accepting said grant or award.

8.2 IDENTIFICATION AND APPLICATION

Departments seeking grants must provide advance notice in writing to Administration and the Finance Department. This ensures that those affected can review and understand grant requirements, including Budget, Procurement, and auditors.

- A. Submit grant requirements to Finance before application submittal.
- B. Submit copies of all award documents, applications, and funding agreements to Procurement and Finance before bidding.
- C. If a federal grant, comply with all federal procurement standards in 2 CFR § 200.318 including to those listed below.
 1. The City (Non-Federal entity) must use its own documented procurement procedures, which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.
 2. Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
 3. Conflict of Interest: No employee, officer, or agent may participate in selecting, awarding, or administering a contract supported by a Federal award if they have an actual, apparent conflict of interest. A conflict of interest arises when the employee, officer, agent, or any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated has a financial or other interest or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

Section 9: MISCELLANEOUS GUIDELINES

9.1 BID PROTESTS

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

9.2 DEBRIEFING

Debriefings and requests for information shall be in accordance with Texas Government Code, §552 Texas Public Information Act.

Discussion of competing proposals is prohibited.

9.3 NEW VENDORS

All new vendors are required to submit a completed vendor packet.

9.4 DISCRIMINATION

It is the policy of the City of Sanger to afford all suppliers an equal opportunity to bid on any contract. This policy prohibits discrimination against any person because of race, color, sex, religious affiliation, age, disability, or national origin, in the award or performance of any contract. The policy requires its officers, employees, agents, and sub-contractors to adhere to this policy.

9.5 PLACING ORDERS

Funds must be available and in the proper account before submission of requisition and before use of a purchasing card.

9.6 QUOTES - FREIGHT CHARGES AND FEES

Include freight costs and fees in the total price when obtaining quotes. Freight and fees must be considered in determining the award.

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

9.7 PURCHASING ORDERS

Purchase orders are required before placing the order and sent to the vendor when the order is placed.

A purchase order is required for any purchase not made on a City-issued credit card. In extenuating circumstances, a purchase order may not be required. All exceptions will be reviewed and approved by both the Chief Financial Officer and the Chief Financial Officer.

9.8 INVOICES

All invoices must be submitted to Accounts Payable within five days of receipt and include the following information

- A. Receiving information (received in full / received partial)
- B. Signature of department representative
- C. PO Number

The authorized purchaser is responsible for verifying that all materials/services are received in working order and meet specifications. Once materials/services are received and verified as correct, indicate receipt of materials on the invoice by noting “received in full” or “received partial” for each line item on the Purchase Order.

- A. Notify the vendor immediately if the quantity received does not agree with the vendor’s packing slip or the material does not conform to specification.

9.9 REVOLVING CREDIT ACCOUNTS

Credit accounts are available for the end user’s use; however, they may only be opened or closed by Finance.

9.10 SALES TAX EXEMPTION

The City is exempt from sales, excise, and use taxes under Texas Tax Code, § 151.309. End users are responsible for ensuring tax is not paid.

The City is NOT exempt from sales tax for food, lodging, or transportation-related purchases during travel.

9.11 TIE BIDS

If all factors and conditions relating to the bids are equal, the tie bid will be awarded to the local vendor.

9.12 VENDOR PERFORMANCE

The City does not have centralized receiving. Departments are responsible for receiving of goods and services. Departments must document in writing items such as shortages, late delivery, or damaged merchandise.

9.13 NON-PERFORMING VENDORS

When a vendor fails to perform according to the Agreement (Purchase Order, Annual Agreement, Contract, and/or Specification), the Department Director or designee will:

- A. Document the issues in writing to the vendor and to Purchasing.
- B. Schedule a meeting to discuss the issues.
- C. Document the resolution to the issue, as agreed upon by the department and the vendor.

Documentation shall be in writing, signed by the department and the vendor.

If a vendor's performance remains non-compliant or otherwise unsatisfactory, the Department Director in conjunction with the City Manager will make a joint determination to cancel the contract in accordance with the terms and conditions of the agreement.

9.14 Prompt Payment Act

Department shall ensure Purchase Orders, invoices, and the appropriate documentation is submitted to Finance within five (5) days, Invoices are to be paid no later than net 30 days.

Texas Government Code Chapter 2251 stipulates that all local governments shall pay for goods and services within thirty (30) days of the delivery or invoice date or interest is automatically imposed.