



City of San Angelo
Purchasing Division

PURCHASING POLICY AND PROCEDURES MANUAL

Revised March 2025

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1. ABOUT PURCHASING

1.1. MISSION STATEMENT

To issue Purchase Orders, provide best value to citizens, ensure financially responsible purchasing decisions are made by City staff, and adhere to all federal, state, and local purchasing guidelines.

1.2. CODE OF ETHICS

The public must have confidence in the integrity of its government. The purpose of this Code of Ethics is to guide all employees engaged in the purchasing function so they may conduct themselves in an ethical manner that will represent the best interest of the City of San Angelo and its citizens.

Proper operation of the City Purchasing Division and City employees engaged in purchasing activities requires that:

- Actions of employees be impartial and fair.
- Decisions and policies are made in the proper channels of government structure.
- Public employment is not used for personal gain.
- Employees engaged in purchasing functions shall not solicit, accept, or agree to accept any gratuity for themselves, their families or others that results in personal gain that may affect their impartiality in making decisions on the job. Discounts or concessions realistically available to the general population, items received that do not result in personal gain, and samples for general City use are examples of items that are not considered gratuities.
- Personal judgment should be used. Any questions regarding particular scenarios should be referred to each employee's manager.

1.3. GOALS

To ensure compliance with federal, state and local purchasing laws.

To protect and enhance the reputation of the City of San Angelo and its employees.

To treat all citizens equally with courtesy and impartiality, and refrain from granting any special advantage to any citizen beyond what is available to all citizens.

To provide efficient, productive, and economic service to the public.

To avoid real or potential conflicts between private and public duties, remembering that the public interest must be the principal concern.

To keep confidential all information acquired by reason of one's position which may be used for personal or financial gain for the employee or other persons.

To refrain from securing special privileges or exceptions for themselves or other persons that are not available to all citizens.

To avoid receiving, soliciting or otherwise obtaining anything of value that is greater than "nominal intrinsic value" from any public official, employee, vendor, or citizen that is intended to influence the performance of official duties.

To disclose to the appropriate authority the nature and extent of any financial or personal interest in a City contract, legislation, or in any type of transaction involving the City, when participating in the development of, or giving an official opinion on, the item.

2. METHODS TO PURCHASE

2.1. PURCHASE ORDERS (PO)

A Purchase Order is a document that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding both parties. A Purchase Order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.

2.1.1. BLANKET PURCHASE ORDERS (BPO)

Blanket Purchase Orders are generally issued for small routine purchases, such as supplies. A Blanket Purchase Order can be issued for purchases of \$3,000.00 or less, to cover items necessary for repair of unforeseen damage to equipment, machinery or property.

If you need a Blanket Purchase Order, enter a requisition into NAVILINE In the requisition comments field, notate BPO, provide an explanation, and list the co-op details or bid/contract number, if available.

Note: If funding is to be encumbered, you should not use a Blanket Purchase Order. A BPO will not encumber funds.

2.1.2. INVERTED PURCHASE ORDERS

Inverted Purchase Orders are used for contracts where more than one payment will be made. For example, construction contracts, utilities, equipment leasing, etc. To create an Inverted Purchase Order, simply enter the contract value in the "QTY" field and \$1.00 in the "Unit Cost" field.

2.2. PURCHASING CARDS (P-CARDS)

Using a City issued P-card is approved as a payment method for all non-contracted purchases \$500.00 or less due to the low processing cost, faster payment to vendors, and rebate program. All City purchasing policies regarding quote/bid requirements apply. Proof of quote compliance must be attached to the monthly reconciliation packet. See P-card policy for complete details.

3. PURCHASE AMOUNTS AND APPROVALS

The lowest responsive quote that the department intends to use for purchase dictates which price threshold regulations apply. If the department begins the process and the lowest quote exceeds \$25,000.00, the quotes must be disregarded, and the Purchasing Manager must be contacted to begin the appropriate process.

3.1. QUOTE/BID REQUIREMENTS

	\$0-\$3,000.00	\$3,000.01-\$15,000.00	\$15,000.01-\$25,000.00	\$25,000.01-\$50,000.00	\$50,000.01+	\$100,000.01+
Quotes	1 Quote	3 Quotes 2 <i>HUB</i> (Verbal)	3 Quotes Vendor Signed 2 <i>HUB</i> (Written)	Contact Purchasing	Contact Purchasing	Contact Purchasing
Supporting Documentation				City Manager RQ Form	City Manager RQ Form Council Minutes	City Manager RQ Form Council Minutes
Naviline Approvals	Division Manager	Division Manager	Department Director	City Manager	City Council	City Council
Construction Bonds					Payment Bond	Performance & Payment Bonds

* All work on City property requires a contract signed by appropriate authorities (which requires certificates of insurance)

3.2. PURCHASES \$3,000.00 OR LESS

A Supervisor, Division Manager, Director, Assistant City Manager, or the City Manager may authorize expenditures up to \$3,000.00 under the following procedures:

- A. The Department Director or their designee should select the vendor who will afford the City the best price/value. If the approximate price of a purchase is unknown, multiple quotes should be solicited.
- B. A Purchase Order must be issued prior to purchase.

- C. P-cards are only approved for single transactions of \$500.00 or less.

3.3. PURCHASES \$3,000.01 TO \$15,000.00

A Division Manager, Director, Assistant City Manager, or the City Manager may authorize expenditures up to \$15,000.00 under the following procedures:

- A. Prices shall be solicited from three or more vendors, recorded on the Quote Form from the extranet, and included in the quote section of the NAVILINE purchase requisition. Quotations must include the cost of freight.
- B. The business name and name of the person giving the price quote must be recorded on the purchase requisition for in person, phone, or email quotes. Internet quotes should be entered into the comments section of the purchase requisition with the business name and company's web address. Quotation documentation must be kept on file by the department soliciting quotes.
- C. Quotes must be solicited from two or more historically underutilized businesses (HUBs) within Tom Green County for purchases from \$3,000.01 to \$50,000.00. If there are no HUB vendors, note that in the requisition comments.
- D. A Purchase Order must be issued prior to purchase.
- E. All other federal, state, and city purchasing laws, as well as, procedures and requirements adopted by the City Council, must be complied with by City staff.

3.4. PURCHASES \$15,000.01 TO \$25,000.00

A Department Director, Assistant City Manager, or the City Manager may authorize expenditures up to \$25,000.00 under the following procedures:

- A. Three or more written quotes signed by the vendor must be received and recorded in the "Quote" section of the NAVILINE purchase requisition. Quotations must include the cost of freight.
- B. The business name and name of the person giving the price quote must be recorded on the purchase requisition for in person, phone, or email quotes. Internet quotes should be entered into the comments section of the purchase requisition with the business name and company's web address. Quotation documentation must be kept on file by the department soliciting quotes.
- C. Quotes must be solicited from two or more HUBs within Tom Green County for purchases from \$3,000.01 to \$50,000.00. If there are no HUB vendors, note that in the requisition comments.
- D. A Purchase Order must be issued prior to purchase.
- E. All other federal, state, and city purchasing laws, as well as, procedures and requirements adopted by the City Council, must be complied with by City staff.

3.5. PURCHASES \$25,000.01 TO \$50,000.00

An Assistant City Manager or the City Manager may authorize expenditures up to \$50,000.00 under the following procedures:

- A. Signed price quotations must be solicited by Purchasing in writing from three or more vendors for purchases in this price range. All quote documentation must be retained by the Purchasing Division pursuant to the City of San Angelo record retention program.
- B. Quotes must be solicited from two or more HUBs within Tom Green County for purchases from \$3,000.01 to \$50,000.00. If there are no HUB vendors, note that in the requisition comments.
- C. No purchase subject to this subsection shall be authorized until the CMO Requisition Approval Form (on the extranet) is signed by the Purchasing Manager, Finance Director, and City Manager's Office.
- D. A Purchase Order must be issued prior to purchase.
- E. All other federal, state, and city purchasing laws, as well as, procedures and requirements adopted by the City Council, must be complied with by City staff.

3.6. FORMAL PURCHASES (\$50,000.01 OR MORE)

The City Council must vote to authorize purchases \$50,000.01 or more under the following procedures:

- A. All formal competitive bids, proposals, and qualifications must be processed through the Purchasing Division.

- B. Solicitations must be advertised in the local newspaper.
- C. All formal bid and proposal documentation must be retained by the Purchasing Division pursuant to the City of San Angelo record retention program.
- D. No purchase subject to this subsection shall be authorized until the CMO Requisition Approval Form (on the extranet) is signed by the respective Department Director, Purchasing Manager, Finance Director, and City Manager's Office.
- E. A Purchase Order must be issued prior to purchase.
- F. All other federal, state, and city purchasing laws, as well as, procedures and requirements adopted by the City Council, must be complied with by City staff.

Note: Separate, component, or sequential purchases made in order to avoid the competitive bidding requirement are prohibited by Texas law.

The responsibilities for the bidding process are shared by Purchasing and the department requesting goods or services.

3.6.1. DIVISION RESPONSIBILITIES

1. Determine the need.
2. Verify budget funding. If necessary, obtain and complete a budget amendment. Contact the Budget Division for assistance.
3. Complete and submit an online RFx Request Form (from the extranet) to Purchasing with the following attachments:
 - a. Scope of work
 - b. Special terms and conditions
 - c. Selection criteria and weighting (RFP and RFQs only)
 - d. Specifications
 - e. Drawings (if applicable)
 - f. Liquidated damages worksheet
 - g. Proposed bid form
 - h. Potential vendors
4. Perform final review of RFx documents and be prepared to answer questions from vendors routed by Purchasing via email while RFx is published.
5. Attend pre-bid conferences, if applicable, to answer vendors' questions.
6. Once submissions are opened, begin following the steps in Finalizing the RFx Process (on the extranet). Sample bid award and other letters are included in this document.
 - a. Review responses; make a selection with review committee using Bonfire
 - b. Ensure all committee members complete a Conflict of Interest Form (included on Bonfire)
 - c. Ensure the vendor is not debarred on www.sam.gov and print results
 - d. Prepare the item for City Council
 - e. Send the vendor a Notice of Intent to Award
 - f. Work with Purchasing to finalize a contract
 - g. For new vendors, contact Accounting to create a vendor number
 - h. Enter in Requisition for Purchase before Submitting Council Item in CivicPlus.
7. Following approval by City Council, continue following the steps in Finalizing the RFx Process.
 - a. Submit a purchase requisition (with CMO Requisition Approval Form)
 - b. Send the vendor a Notice of Award and assist if needed obtaining Form 1295
 - c. Obtain vendor's Certificate of Insurance
 - d. Collect bonds
 - e. Send the vendor a Formal Notice to Proceed
8. Administer bid for the life of the contract
 - a. Set up a preconstruction meeting
 - b. Monitor price increase requests, lapses in insurance coverage, bonding, etc.
 - c. Work with vendor for any Task Order or Change Order requests; forms available on the extranet
 - d. Monitor vendor performance through progress meetings/status reports

- i. If performance issues arise, contact Purchasing and the City Attorney. All actions taken (requests for remediation, etc.) must be documented. The vendor shall be given the opportunity to correct any issues, and if necessary, the Vendor Performance Form located on the extranet should be completed and sent to the vendor (copies to Purchasing and City Attorney).

3.6.2. PURCHASING RESPONSIBILITIES

1. Receive RFx Request Form and other required documents from division
2. Obtain the required insurance coverage amounts from the Risk Management Division
3. Assemble bid/proposal package
4. Establish pre-bid date and location and opening date
5. Place ads in newspaper and upload all documents to Bonfire
6. Distribute RFx invitations to potential vendors via Bonfire
7. Coordinate any questions/responses from vendors and division and publish any required addenda
8. Conduct RFx opening
9. Tabulate bid results and verify responsiveness
10. Review City Council agenda item and related attachments
11. Provide support to divisions at City Council during contract award proceedings
12. Request Form 1295 from the selected vendor
13. Assist divisions with issuance of Purchase Order, Inverted Purchase Order, or Blanket Purchase Order. Regular Purchase Orders must be used for one-time payment contracts and Inverted Purchase Orders must be used when a contract requires payments over time. Blanket Purchase Orders should not be used for most contracts as they do not encumber budgeted funds. Multiyear contracts may require multiple annual Purchase Orders.

3.6.3. GENERAL

3.6.3.1. NOTICE REQUIREMENTS

Tex. Gov't Code § 2269.052

A governmental entity shall advertise or publish notice of requests for bids, proposals, or qualifications in a manner prescribed by law. Notices are, at a minimum, required to be advertised in the local newspaper once a week for two consecutive weeks with the submission date no earlier than 14 days from the first publication date.

3.6.3.2. RESTRICTIONS ON COMMUNICATIONS

Requests for bids/proposals will contain a "Restrictions On Communications" section requesting vendors not to communicate with: 1) elected City officials and their staff regarding the solicitation from the time it has been released until the contract is posted as a City Council agenda item; and 2) City employees from the time the solicitation has been released until the contract is awarded. These restrictions extend to "thank you" letters, phone calls, emails, and any contact that results in the direct or indirect discussion of the solicitation or response submitted by the vendor. All communications should be directed to the Purchasing Division to ensure all vendors are treated equally. Changes or clarifications to the original publicized documents are only binding when communicated through a written addendum.

3.6.3.3. DISQUALIFICATIONS

**Loc. Gov't Code § 252.0436*

Vendors may be disqualified from the bidding process for any of the following reasons:

- The vendor is indebted to the City*;
- The vendor is involved in any litigation against the City of San Angelo;
- The vendor is in arrears on any existing contract or has defaulted on a previous contract with the City;
- The vendor is debarred, suspended, terminated, or otherwise excluded from or ineligible covered transactions by any federal, state, or local government entity or agency;
- The bid is not received by the bid submittal deadline;
- The bid is not executed by a person authorized to enter into a contract binding on the vendor; or,
- The Bid Bond is not submitted by the bid submittal deadline or is not in the name of vendor submitting a bid.

3.6.3.4. EVALUATION / SELECTION COMMITTEES AND DUTIES

Serving on an evaluation committee is a commitment to the City to evaluate a proposal in a fair and unbiased manner. Committee members have the following duties:

- Complete a Conflict of Interest Form
- Attend all committee meetings
- Read the RFX and all addenda to acquaint yourself with the nature of the requested goods or services
- Read all vendor responses fully
- Render a fair and impartial evaluation based exclusively upon the evaluation criteria as published in the RFP/RFQ utilizing:
 - The contents of the vendors' proposals;
 - Information gained from clarification of proposals;
 - Oral presentations; and
 - Other legitimate sources of reference.
- Keep all information contained in the submission or obtained during the evaluation process confidential (all information must be available publicly upon award of the contract)

3.6.3.5. SPECIAL CONSIDERATIONS

3.6.3.5.1. LOCAL BUSINESS PREFERENCE CONSIDERATION (BIDS)

Loc. Gov't Code § 271.9051

3.6.3.5.1.1. GOODS AND SERVICES LESS THAN \$500,000.00

In purchasing any real property, personal property that is not affixed to real property, or services, if a municipality receives one or more bids from a vendor whose principal place of business is in the City and whose bid is within **five percent (5%)** of the lowest price received from a vendor who is not a resident of the City, the City may enter into a contract with:

- (1) the lowest bidder; or
- (2) the bidder whose principal place of business is within the City Limits if the governing body determines, in writing, that the local bidder offers the best combination of contract price and additional economic development opportunities created by the contract award, including the employment of residents of the City and increased tax revenues to the local government.

3.6.3.5.1.2. GOODS AND SERVICES \$500,000.00 OR MORE

In purchasing any real property, personal property that is not affixed to real property, or services, if a municipality receives one or more bids from a vendor whose principal place of business is in the City and whose bid is within **three percent (3%)** of the lowest price received from a vendor who is not a resident of the City, the City may enter into a contract with:

- (1) the lowest bidder; or
- (2) the bidder whose principal place of business is within the City Limits if the governing body determines, in writing, that the local bidder offers the best combination of contract price and additional economic development opportunities created by the contract award, including the employment of residents of the City and increased tax revenues to the local government.

3.6.3.5.1.3. AWARDS FOR CONSTRUCTION CONTRACTS LESS THAN \$100,000.00

In purchasing any real property, personal property that is not affixed to real property, or services, if a city receives one or more bids from a vendor whose principal place of business is in the city and whose bid is within **five percent (5%)** of the lowest price received from a vendor who is not a resident, the City may enter into a contract for construction services in an amount of less than \$100,000 with:

- (1) the lowest bidder; or
- (2) the bidder whose principal place of business is within the City Limits if the governing body determines, in writing, that the local bidder offers the best combination of contract price and additional economic development opportunities created by the contract award, including the employment of residents of the City and increased tax revenues to the local government.

LOCAL PREFERENCE SUMMARY

Contract Amount	Goods	General Services	Construction Contracts
< \$ 100,000.00	5%	5%	5%
\$ 100,000.00 - \$ 499,999.99	5%	5%	see below
\$ 500,000.00+	3%	3%	see below

3.6.3.5.2. TEXAS VS. OUT-OF-STATE VENDORS

Tex. Gov't Code § 2252.002

Texas law requires that out-of-state vendors, who reside in states that grant their residents a preference for in-state purchases, be evaluated in the same manner that a Texas vendor would be evaluated in the other vendor's home state.

A vendor's home state is determined by the location of its principal place of business. A vendor whose ultimate parent company or majority owner has its principal place of business in Texas would be considered a Texas vendor. Chapter 2252 does not apply to contracts involving federal funds.

In order to be awarded a contract as low bidder, an out-of-state vendor must bid at an amount lower than the lowest Texas resident vendor by the same amount that a Texas resident vendor would be required to underbid a comparable contract in the state in which the out-of-state vendor's principal place of business is located.

In summary, the City must give a preference to in-state vendors if there is an out-of-state vendor that has bid on the contract, if that vendor is located in a state that discriminates against out-of-state vendors in its bid awards. In a bidding situation, if an out-of-state vendor's home state grants a **preference** to its resident vendors, an equal **penalty** is added to the nonresident vendor's proposal when bidding in Texas. The action is opposite, a preference becomes a penalty, but the amount is equal.

3.6.3.6. AWARD OF CONTRACT (FORMAL PURCHASES)

For Request for Proposals/Qualifications, the details of submissions received are not released to the public until after the contract is awarded by the City Council. This is to protect the interests of the City in situations where staff may wish to withhold information in order to obtain more favorable offers during negotiations. It is not designed to protect the interests of private parties that submit information.

The following are exceptions:

1. For Request for Proposals relating to construction projects, if pricing is requested in the published material, the prices must be publicly read aloud.
2. It does not apply when a single individual or entity is seeking a contract as there are no "competitors" for the contract.
3. Any portions of submissions that contain trade secrets or other commercial or financial information must be withheld and kept confidential by law.
4. For Request for Bids, the bid tabulation is posted prior to the award by Council.

When a selection committee is used, all scoring sheets, summary sheets, committee worksheets, etc. must be kept by the divisions and available to the public following the bid award.

All requests for information, before and after the award of contract, should be referred to the City Clerk's office as a formal Public Information Request.

3.6.3.7. PROTEST, REVIEW, AND APPEAL

When awards are not made to the lowest bidder, the facts and the basis for the award decision must be well documented and such documentation must remain available for public review.

Unsuccessful vendors wishing to protest an award are required to furnish sufficient evidence to challenge the decision within five business days of the award of the bid by the City Council. Review of the bid challenge will be

made by the City Manager and their decision will be final. The City can continue with the bid award while awaiting a final decision on the appeal process.

4. EXCEPTIONS TO QUOTE REQUIREMENTS

4.1. WAIVER OF BID OR QUOTE REQUIREMENTS

Loc. Gov't Code § 252.022

The following items do not require bids/quotes to be obtained:

- A. Advertising, other than legal notices.
- B. Items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies.
- C. Films, manuscripts, or books.
- D. Gas, water, and other utility services.
- E. Captive replacement parts or components for equipment.
- F. Books, papers, and other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials.
- G. 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.
- H. Products that are purchased to be resold to the public.
- I. Services and goods produced by blind or disabled persons.

4.2. SOLE SOURCE PURCHASES

Loc. Gov't Code § 252.022

On a case-by-case basis, bid or quote requirements may be waived due to a purchase being sole source. A sole source is a good or service that is only available from one vendor in the marketplace.

A sole source purchase may be approved if the vendor completes and returns the Sole Source Affidavit stating that they satisfy one of the following requirements:

- A. An item for which competition is precluded because of the existence of a patent, copyright, secret process, or monopoly;
- B. A film, manuscript, or book;
- C. A captive replacement part or component for equipment.

Sole Source Affidavits (on the extranet) must be renewed annually and follow the regular approval flow established by the City.

4.3. COOPERATIVE PURCHASES

Bid or quote requirements may be waived if the purchase is made through a purchasing cooperative. City Council has the authority to approve admission into a new cooperative by resolution. Below is a current list of cooperatives the City is a member of, please contact Purchasing for further information:

- BuyBoard
- General Services Administration (GSA) (some federal restrictions apply)
- Houston-Galveston Area Council of Governments (HGAC)
- Sourcewell
- National Purchasing Partners (NPP)
- Texas Cooperative Purchasing Network (TCPN)/ National Intergovernmental Purchasing Alliance (National IPA)
- Texas Department of Information Resources (DIR)
- The Interlocal Purchasing System (TIPS)
- Texas Multiple Award Schedule (TXMAS)
- Texas SmartBuy
- Omnia Partners (Formerly National IPA, US Communities, TCPN)
- Equalis Group

4.4. INTERGOVERNMENTAL PURCHASES

The Texas Local Government Code permits the City to utilize other entities' contracts without going to bid, when the following criteria are met:

- An Interlocal Agreement, approved by the City Council and signed by both parties, must be on file in the City Clerk's Office.
- The contract must have an active period of performance.
- The purchase was advertised and competitively bid.
- The governmental entity, and the vendor, must be willing to share their contract pricing.
- A copy of the contract relating to the purchase, if applicable, must be reviewed by the City Attorney's office.

83rd Legislature House Bill 1050

- The purchase must not be construction-related goods or services in an amount greater than \$50,000.00 unless a person designated by the City certifies in writing that: (a) the project for which the construction-related goods or services are being procured does not require the preparation of plans and specifications by an architect or engineer under current law; or (b) the plans and specifications required by an architect or engineer under current law have already been prepared.
- If \$50,000.01 or more, the purchase must be approved by City Council.
- The current contract number, entity, and expiration date must appear on the purchase requisition and Purchase Order.

5. TYPES OF FORMAL SOLICITATIONS

5.1. REQUEST FOR BIDS (RFB)

State Law allows municipalities to utilize various methods of procurement to obtain the services or products that we may require. Those methods are:

5.1.1. LOWEST BID

This is the traditional method of obtaining goods and services where price is the only factor used to determine the contract award. This method should only be used for non-complex specifications (simple products).

5.1.2. LOWEST RESPONSIBLE BIDDER

This method is commonly used for the purchase of goods and services in order to make a selection based on factors other than pricing. The “Lowest Responsible Bidder” is one who submits the lowest bid and who has proven themselves capable of performing a contract and/or appears financially and technically capable of adequately performing the contract. The selection criteria must be published in the RFB.

In determining if a bidder is “responsible” the following may be considered:

- A. Price
- B. Record of federal, state or local governmental entity suspension, termination or debarment
- C. References
- D. Safety record
- E. Vendor’s past relationship with the City
- F. Any relevant criteria specifically listed in the RFB

5.1.3. BEST VALUE

In determining best value, the following criteria may be considered:

- A. Purchase price.
- B. Reputation of the vendor and vendor’s goods and services.
- C. Quality of the vendor’s goods and services.
- D. Extent to which goods and services meet the City’s needs.
- E. Vendor’s past relationship with the City.
- F. Impact on the City’s ability to comply with laws and rules relating to contracting with HUBs and nonprofit organizations employing persons with disabilities.
- G. Total long-term cost to the City to acquire the vendor’s goods and services.

5.2. REQUEST FOR PROPOSALS (RFP)

A procurement method where the City requests proposals based on the scope of work provided, ranks the vendors, negotiates a contract, and then awards the project to the vendor that offers the best overall proposal. The selection criteria must be published and should include specific factors for selecting vendors, e.g., pricing, references, financial stability, local experience, etc.

5.3. REQUEST FOR QUALIFICATIONS (RFQ)

A procurement method where the City requests vendor qualifications based on the scope of work provided (no pricing/cost information can be requested), ranks the vendors, negotiates a contract, and then awards the contract to most qualified vendor. The selection criteria must be published and should include specific factors for selecting vendors, e.g., qualifications, references, financial stability, local experience, etc. Any vendor that provides pricing/cost information will be disqualified.

6. SPECIFIC PURCHASE TYPES

6.1. CONSTRUCTION

Tex. Gov't Code § 2269

All work on City property requires a contract signed by the City Manager and certificates of insurance. The department must prove that using an alternative method is the best value for the City. Unless prior authorization is given by City Council to use an alternative method, the City must use the Lowest Responsible Bid method for construction purchases. If a variance is approved by City Council, the City may use the construction manager-agent, construction manager-at-risk, design-build, job order contract, or request for competitive sealed proposal methods in lieu of standard competitive bidding.

These alternative delivery methods have some advantages over traditional competitive bidding since subjective considerations can be taken into account. When subjective criteria is used in the selection process, the City has greater flexibility to choose vendors that can provide maximum quality on every project. Further, alternative delivery systems are advantageous on projects where time, flexibility, and/or innovation is critical. The downside is that the selection process usually takes longer.

Purchasing can assist in selecting the best method for each project.

6.1.1. CONSTRUCTION MANAGER-AGENT (CMA)

The construction manager-agent method allows the City to employ an agent to oversee a project on its behalf. The “agent” which is hired by the City is known as the CMA. Typically, the CMA will be a general contractor, architect, or engineer with experience constructing the type of project the City is building. The CMA manages the project for the City during the design and construction phase.

6.1.2. CONSTRUCTION MANAGER-AT-RISK (CMAR)

Construction manager-at-risk is a delivery method by which the City contracts with an architect or engineer for design and construction phase services and also contracts with a construction manager-at-risk to serve as the general contractor.

The CMAR provides consultation during the design, construction, rehabilitation, alteration, or repair of a facility. Under this method of procurement, the contractor assumes the risk for any expenditures/work above the contracted price. The contracted price may be a guaranteed maximum price.

Once awarded the contract, the CMAR must publicly advertise for bids from trade contractors or subcontractors for the performance of all major elements of the work, as outlined by state law. The CMAR may only perform minor work itself unless it submits a bid/proposal in the same manner as others and is chosen by the governmental entity as the best value.

6.1.3. DESIGN-BUILD

Design-build is a project delivery method by which the City contracts with a single entity to provide design and construction services. The City must also assign either a city architect, engineer, or contract separately from the design-build firm to provide oversight. This type of procurement method is normally used for building construction, but can also be used for some limited public works contracts. After the passage of H.B. 1050 in 2013, the use of design-build for civil projects is limited to cities whose population is between 100,000 and 500,000 (limited to four projects per fiscal year) and greater than 500,000 (limited to six projects per fiscal year).

6.1.4. JOB ORDER CONTRACTING

Job order contracting is a procurement method used for maintenance, repair, alteration, renovation, remediation, or minor construction of a facility when the work is of a recurring nature, but the delivery times, type, and quantities of work required are indefinite. This method applies only to a facility that is a building governed by accepted building codes, or a structure or land, whether improved or unimproved, that is associated with a building. Indefinite quantities and orders are awarded substantially on the basis of pre-described and pre-priced tasks. The solicitation must establish the maximum aggregate contract price when advertised. The job order method cannot be used for civil engineering construction projects or a building or structure that is incidental to a project that is primarily a civil

engineering construction project. City Council must approve each job, task, or Purchase Order that exceeds \$50,000.00.

6.1.5. REQUEST FOR COMPETITIVE SEALED PROPOSAL

Request for Competitive Sealed Proposal is a procurement method that allows the City to award construction contracts based on project relevant weighted factors other than selecting a company on price alone. The selection criteria should be consistent with weighting for traditional bids and be a balanced approach between pricing options, vendor qualifications, vendor experience, and local economic support. The City Council proposed the following Local Preference weighting criteria for use in construction related projects over \$100,000.00 pursuant to Tex. Gov't Code § 2269.051 at meetings held August 6 and November 5, 2013:

LOCAL PREFERENCE WEIGHTING (CONSTRUCTION PROJECTS)

Projected Contract Amount	%
\$ 100,000.01 to \$ 500,000.00	5%
\$ 500,000.01 to \$ 1,500,000.00	4%
\$ 1,500,000.01 or more	3%

6.1.6. CONSTRUCTION PROJECT BONDING REQUIREMENTS

Tex. Gov't Code § 2253.021

Payment and Performance Bonds are required for construction projects to protect the City's interests. The project's dollar value determines which bond(s) are needed.

6.1.7. PAYMENT BONDS

A Payment Bond is a surety bond issued by an insurance company or bank to guarantee that a vendor will pay fees owed for labor and materials necessary for construction of a project. Construction contracts over \$50,000.00 require a Payment Bond. The Risk Manager approves its form prior to contract award.

6.1.8. PERFORMANCE BONDS

A Performance Bond is a surety bond issued by an insurance company or bank to guarantee satisfactory completion of a project by a vendor. A Performance Bond is required for construction contracts over \$100,000.00. The bond must be in the full amount of the contract price, conditioned that the vendor will faithfully perform the contract, executed by a surety company authorized to do business in the state, payable to the City, and its form must be approved by the Risk Manager.

A bond required by this section must be executed by a corporate surety in accordance with Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959 (Article 7.19-1, Vernon's Texas Insurance Code).

Under this section, the following must be clearly and prominently displayed on the bond or on an attachment to the bond:

- A. the name, mailing address, physical address, and 10-digit telephone number of the surety company to which any notice of claim should be sent; or
- B. the toll-free telephone number maintained by the Texas Department of Insurance under Insurance Code 521.051, and a statement that the address of the surety company to which any notice of claim should be sent may be obtained from the Texas Department of Insurance by calling the toll-free telephone number.

The City does not require a vendor for any public building, or other construction contract, to obtain a surety bond from any specific insurance or surety company, agent, or broker.

6.2. PROFESSIONAL AND PERSONAL SERVICE CONTRACTS

All services require a contract signed by the City Manager if equal to or over \$25,000.01. If equal to or under \$25,000, the Department Directors and Managers are authorized to sign.

Tex. Gov't Code § 2254

Texas law states that **all** contracts, regardless of the dollar amount, must be reviewed by the City Attorney's Office and approved in accordance to standard approval thresholds. The professional fees under the contract must be consistent with, and not higher than, the recommended practices and fees published by the applicable professional associations and may not exceed any maximum provided by law.

6.2.1. PROFESSIONAL SERVICES

The City is prohibited from using competitive bidding procedures to obtain professional services. Instead, the City must first select the most highly qualified provider and then attempt to negotiate a fair and reasonable price. If the City is unable to negotiate a contract with the most highly qualified provider, the City must then formally end negotiations with that provider. After negotiations have formally ended, the City must select the next most highly qualified provider and attempt to negotiate a contract with that provider. If necessary, the City must continue the process of formally ending negotiations with one provider and selecting another provider for negotiations until a contract is obtained, or all qualified providers have been eliminated.

Professional Services are considered as:

- A. within the scope of the practice, as defined by state law, of:
 - (i) accounting;
 - (ii) architecture;
 - (iii) landscape architecture;
 - (iv) land surveying;
 - (v) medicine;
 - (vi) optometry;
 - (vii) professional engineering;
 - (viii) real estate appraising;
 - (ix) professional nursing; or
- B. provided in connection with the professional employment or practice of a person who is licensed or registered as:
 - (i) a certified public accountant;
 - (ii) an architect;
 - (iii) a landscape architect;
 - (iv) a land surveyor;
 - (v) a physician, including a surgeon;
 - (vi) an optometrist;
 - (vii) a professional engineer;
 - (viii) a state certified or state licensed real estate appraiser; or
 - (ix) a registered nurse.

Note: If the professional services desired by the City do not fall explicitly under the Professional Services Procurement Act, they may generally be obtained with or without the use of competitive bidding, as the City desires.

6.2.2. ENGINEER

If public health, safety, or welfare and professional engineering issues are involved, the engineering plans, specifications, and estimates for the construction of a public work generally must be prepared by a licensed professional engineer. Further, the engineering for construction usually must be executed under the direct supervision of a licensed professional engineer.

There are two circumstances in which the above requirements do not apply to the construction of a public work by the City.

1. A public work that involves a total expenditure of \$8,000.00 or less, even if the work involves structural, electrical or mechanical engineering.

2. A public work that does not involve structural, electrical or mechanical engineering, as long as the total contemplated expenditure on the project will not exceed \$20,000.00.

6.2.3. ARCHITECT

A registered architect must prepare the architectural plans and specifications for constructing a new city building if the building will be used for education, assembly, or office occupancy and the construction costs will exceed \$100,000.00.

Also, for any alteration or addition to an existing city building, a registered architect must prepare the architectural plans and specifications if the building is used or will be used for education, assembly, or office occupancy, the construction costs for the alteration or addition will exceed \$50,000.00, and the alteration or addition requires the removal, relocation, or addition of any walls or partitions, or requires the alteration or addition of an exit.

6.2.4. PERSONAL SERVICES

Loc. Gov't Code, § 252.022 (a) 4

Texas law exempts contracts for personal services from the competitive bidding requirements. The Texas Supreme Court has defined personal services to include only those services that are performed personally by the individual who was contracted to perform them. For a contract to qualify as a contract for personal services, the compensation in the contract should mainly pay for the labor of the individual providing the service, not for such things as insurance or materials.

Some examples are:

- Artistic Designers
- Referees
- Class Instructors

6.3. ASSET CAPITALIZATION

6.3.1. CAPITAL ASSETS

Capital assets are classified as specific pieces of real or personal property that meet the characteristics outlined by the City's Capital/Fixed Asset Policy which is available from Accounting.

6.3.1.1. COMPUTER PURCHASES

Most computer purchases are considered a capital purchase.

To initiate a Dell computer purchase, obtain a quote from IT. Enter all quote information into a purchase requisition and submit to Purchasing via Naviline. Once processed by Purchasing you will receive a PO and the eQuote will be ordered through Dell on your behalf. When the Invoice is received by Purchasing it will be sent to you and must be paid promptly as soon as all items are delivered.

For other technology purchases, including technology purchases on the P-card, reach out to IT for guidance prior to purchase.

6.3.2. NON-CAPITAL ASSETS

The following items are not considered Capital Assets:

1. Inventory – must be held for resale
2. Replacement/Spare Parts – cannot materially alter the asset

6.4. EQUIPMENT LEASES

The procedure for leasing equipment is to determine the type of equipment needed, analyze all types of equipment/machinery available, develop specifications, and follow all quote/bid requirements established for purchases at the anticipated whole life dollar value of the lease. To calculate the whole life dollar value of the lease, include down payments, buyout costs (lease to own, option to purchase, balloon payment, etc.), and sum of routine payments for the life of the lease. Prior to a Purchase Order award, all leases must be processed through the City Attorney's Office and signed by the City Manager.

6.5. UNIFORMS

The City has contracted with a uniform vendor to provide leased or purchased clothing items for eligible departments. Clothing items purchased outside of the contracted vendor must be reimbursed to the City. P-cards cannot be used for clothing purchases. For more details, see the complete Uniform Policy available on the extranet.

7. DISPOSAL OF SURPLUS PROPERTY

Surplus property can be any tangible, movable (not permanently affixed) item owned by the City for which there is no foreseeable use or need for continued ownership.

7.1. OVERVIEW

- A. When a Department Director determines that City property is no longer useful to the City but may be useful to another entity, they may offer the items for sale or donation.
- B. The Director must determine the salvage and surplus value of the property. Property with no value can be donated, but for all other property, the City should receive something of value in return.
- C. Each conveyance document must be signed by a person with adequate authority and be reviewed by the City Attorney's Office before being placed on the agenda for approval by City Council.

7.2. DISPOSING OF SURPLUS PROPERTY BY AUCTION

- A. The Director should compile a list of property to be auctioned, a complete description of the property, estimated value, asset number, and photographs (if possible) should be provided. All fleet items should be forwarded to the Fleet Services Division while non-fleet items should be forwarded to the Accounting Division.
- B. Prior to the auction, Fleet Services will distribute a listing of all available items to the City. If a department is interested in a surplus item, they must notify Fleet Services in writing. Items will be given to the first interested party.

7.3. DISPOSING OF SURPLUS PROPERTY OUTSIDE OF AUCTION

City Attorney Memo March 22, 2001

There is no legal requirement to put personal property out for bid before sale. However, the City is required to sell used property at fair market value, even to other governmental or volunteer groups. Situations may arise where a director wishes to sell or donate items outside of the auction process. Directors must contact the Legal Department before donating any items as Council approval is needed.

8. GENERAL GUIDELINES

8.1. CHANGE ORDERS

Loc. Gov't Code § 271.060

A Change Order cannot be made until after a contract has been awarded and performance of the contract has begun.

If changes to plans or specifications, the quantity of work to be performed, or changes to the materials, equipment, or supplies to be furnished are necessary, the City may approve Change Orders.

The original contract price may not be increased by more than 25% of the amount awarded by the City Council. The original contract price may not be decreased under this section by more than 25% without the consent of the vendor. Should a Change Order be needed that increases the original contract value by more than 25%, the requested changes must be re-bid using City procedures.

Directors may approve Change Orders up to \$25,000.00, the City Manager may approve Change Orders \$25,000.01 to \$50,000.00, City Council must approve Change Orders \$50,000.01 or more. Change Orders \$25,000.01 or more require a CMO Change Order Approval Form available on the extranet.

8.2. HISTORICALLY UNDERUTILIZED BUSINESSES (HUB)

When making an expenditure of \$3,000.01 or more but less than \$50,000.00, the City must contact at least two (2) HUB vendors for quotes. If there is not a certified HUB in Tom Green County, the City is exempt from this section, which must be noted in the purchase requisition.

The list of HUB vendors for Tom Green County can be found on the Texas Comptroller of Public Accounts website: <https://mycpa.cpa.state.tx.us/tpasscmlsearch/index.jsp>

8.3. CONFLICT OF INTEREST

Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that any vendor or person considering doing business with a local government entity make certain disclosures concerning any affiliation or business relationship that might cause a conflict of interest with the local governmental entity. The provisions of Chapter 176 and the Form CIQ questionnaire that a vendor must complete to comply with this law, are available on the Texas Ethics Commission website at: <https://www.ethics.state.tx.us/forms/conflict/>

Departments are required to provide any vendor that is currently doing business with, or is seeking to do business with, the City a copy of the "Notice to Vendors". It is the vendor's responsibility to complete the Form CIQ and file it with the City Clerk of the City of San Angelo no later than the seventh business day after the vendor becomes aware of the facts that require the form to be filed.

8.4. CERTIFICATE OF INTERESTED PARTIES (FORM 1295)

In 2015, the Texas Legislature adopted [House Bill 1295](#), which added section 2252.908 of the Government Code. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency. The law applies only to a contract of a governmental entity or state agency that either (1) requires an action or vote by the governing body of the entity or agency before the contract may be signed or (2) has a value of at least \$1 million. The disclosure requirement applies to a contract entered into on or after January 1, 2016.

Filing Process:

On January 1, 2016, the ethics commission made available on its website a new filing application that must be used to file Form 1295. A business entity must use the application to enter the required information on Form 1295 and print a copy of the completed form, which will include a certification of filing that will contain a unique certification number. **An authorized agent of the business entity must sign the printed copy of the form.** The completed Form 1295 with the certification of filing must be filed with the governmental body or state agency with which the business entity is entering into the contract.

Information regarding how to use the filing application and the application are both available at <https://www.ethics.state.tx.us/filinginfo/1295/>. Instructional videos are available under the heading Instructional Videos for Business Entities.

The Form 1295 must be signed digitally within thirty (30) days of Council award or the contract may be voided.

8.5. CERTIFICATES OF INSURANCE

Before any vendor is allowed to work on City property, department personnel must contact Risk Management to determine the insurance coverage required. Coverage and limits are determined by how much risk is involved. If required, the vendor must furnish the City with a current Certificate of Insurance, naming the City as an additional insured and waiver of subrogation prior to commencement of work.

8.6. FEDERAL FUNDING

Purchases requiring an expenditure of federal funds shall be reviewed by the Purchasing Division and Grant Administrator to ensure compliance with Federal Regulations (Grant Assurances). Grants awarded to the City generally have specific requirements that must be included in the bid/proposal documents. If these requirements are not met, it is possible that funding can be revoked or a substantial penalty applied. The responsibility of ensuring that all required provisions are met lies with the department receiving the grant funds.

8.6.1. PREVAILING WAGES

Tex. Gov't Code § 2258

The Prevailing Wage Law requires that workers be paid certain hourly wages and benefits for all public works contracts regardless of the dollar amount. This chapter applies only to the construction of public works including a building, highway, road, excavation, and repair work or other project development or improvement, paid for in whole or in part from public funds, without regard to whether the work is done under public supervision or direction. Wage and Hour decisions can be viewed at the following web address: [Home | U.S. Department of Labor \(www.dol.gov\)](http://www.dol.gov). Projects for construction of public works or demolition of property tied to construction shall include a Prevailing Wage Decision as part of the bid specifications and it is the division's responsibility to ensure that wages for each labor class are paid according to the applicable Prevailing Wage Law.

An officer, agent, or representative of the City and vendor commits an offense if the person willfully violates or does not comply with the prevailing wage and benefit requirements. An offense under this section is punishable by:

- (1) a fine not to exceed \$500.00;
- (2) confinement in jail for a term not to exceed six months; or
- (3) both a fine and confinement.

As a part of the terms and conditions of a City contract, prime and subcontractors will be required to submit certified payrolls on a weekly basis to the City's representative. Certified payrolls list the workers on the job site, along with title/function in the particular week on the job site, and the wages paid to the worker. The City representative is responsible for monitoring the payrolls and conducting field audits and on-site interviews to verify information. If contractors are found to be in violation, a penalty may be assessed pursuant to state law.

8.6.2. FEDERALLY FUNDED PROCUREMENT PROJECTS

The City agrees to follow all Federal Guidelines as mentioned in CFR 200 Part D (<https://www.ecfr.gov/current/title-2/part-200/subpart-D>). The City will also follow Federal Guidelines as mentioned in CFR 200.318 ([§§ 200.318](#)) through CFR 200.327 ([200.327](#)).

8.7. URGENT AND EMERGENCY PURCHASES

8.7.1. URGENT PURCHASES

Urgent purchases occur when a situation arises that should have been anticipated and pre-planned but does not have a potential public safety impact.

These purchases are not exempt from the standard quote and bid processes.

8.7.2. EMERGENCY PURCHASES

Loc. Gov't Code § 252.022

Emergency purchases occur when a situation arises that was unforeseen, must be remedied immediately, and has a potential public safety impact. Examples of this are:

- Acts of God.
- Unforeseen repairs to machinery critical to City operations.
- Items/services needed to preserve and protect the health and safety of the City's residents.
- Unforeseen damage to public machinery, equipment or other property.

Emergency purchases are exempt from competitive bidding, though quotes should be obtained if practical.

8.7.2.1. EMERGENCY PURCHASES UNDER \$50,000.00

If a department recognizes that an emergency has developed, they must do the following:

1. Estimate the cost of correcting the emergency.
2. Identify potential vendors to perform service and/or supply materials. Prevailing wages, insurance, and contract requirements are still required. Contact the City Attorney's Office and Purchasing with questions.
3. Enter a requisition into NAVILINE, clearly marked as "Emergency." Fully document the reason for the emergency purchase in the comment section of the purchase requisition. Email SAPurch@cosatx.us to notify the Purchasing Division of the request.
4. The Purchasing Division will review the validity of the emergency request and issue a Purchase Order.

8.7.2.2. EMERGENCY PURCHASES OVER \$50,000.00

If an emergency occurs that requires a purchase over \$50,000.00, contact Purchasing for assistance.

While emergency purchases are exempt from procurement law requirements, the City Charter requires all purchases in excess of \$50,000.00 be approved by the City Council. If Council approval cannot be obtained prior to purchase, the department must prepare an agenda item and request the purchase be ratified at the next Council meeting. It should be noted that until Council approves the item, the vendor is working at risk.

8.8. FREIGHT

8.8.1. SHIPPING

Purchases must be shipped FOB destination, freight pre-paid. This means the carrier owns the merchandise until it reaches its destination and there will not be a separate invoice for freight. If anything should happen to the merchandise during shipping, the carrier is responsible for the filing of claims, instead of the City.

8.8.2. RECEIVING FREIGHT AND SHIPMENTS

It is the responsibility of the individual who signs the carrier's delivery receipt to properly receive all cartons they are signing for. Anyone who signs for receipt of goods acknowledges the item was received and accepted as delivered.

When receiving a shipment:

- A. Confirm the package or carton is being delivered to the proper location.
- B. Verify the number of cartons, crates, or pieces is correct according to quantities on the packing slip.
- C. Open packages and verify the order is correct.
- D. Sign the delivery slip legibly to ensure readability should a tracking issue arise.

8.8.2.1. DAMAGED CARTONS

Visible Damage - Any person receiving freight must make a notation on the carrier's delivery receipt of apparent damage to packages. The specific type of damage should be stated on the delivery receipt. The driver should sign (not just initial) your copy of the receipt legibly to verify they acknowledge the damage.

Concealed Damage - If the shipment of goods received shows no sign of damage upon receipt, but damage to the contents is found upon opening, concealed damage exists.

To address damaged cartons:

- A. Call the carrier immediately upon discovery of the damage and request an inspection. When making a request for an inspection, advise the carrier of the value of the damaged goods. If the value is less than \$50.00, most carriers will likely waive inspection. Notate the date and the person contacted.
- B. All shipping cartons should be retained for inspection.
- C. When inspection is made, specific damages should be notated by both parties and signed by both on the inspection report.