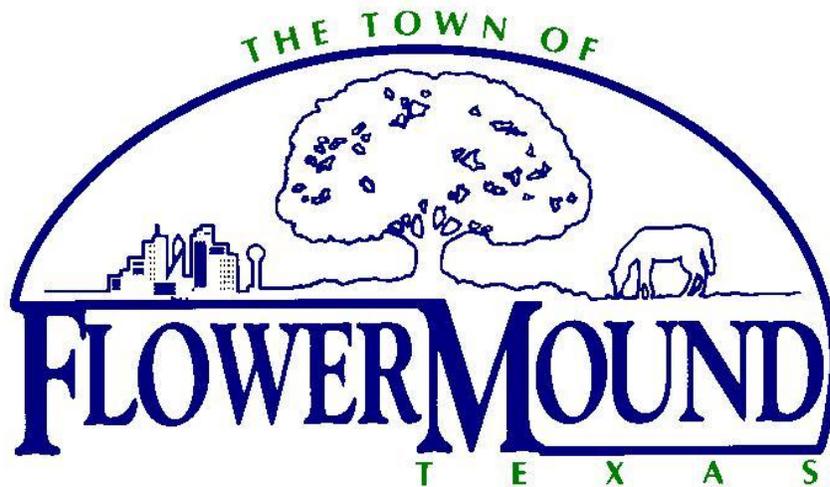


Town of Flower Mound Purchasing Procedures Manual



An Employee Guide to Understanding Town of Flower Mound Purchasing

Town of Flower Mound
Purchasing Procedures Manual

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Town of Flower Mound Purchasing Procedures Manual

Introduction

Purpose: To establish uniform procedures for the purchase of goods and services for the Town of Flower Mound, that are consistent with all applicable laws and Town policy, as set forth in the PARM Title II Chapter 12 Purchasing Policy.

Scope: These procedures apply to all material and service purchases and related activities.

Responsibility: It is the individual responsibility of each employee involved in the purchasing process to understand the policy upon which these procedures are based, and the meaning and intent of the procedures themselves.

If there are any questions or concerns relative to either the policy or procedures, or the ability of the employee to respond effectively to the requirements of the procedures, then it is the responsibility of the employee to bring such matters to the attention of the Purchasing Manager immediately.

The fundamental purpose of these procedures is not to restrict effectiveness of the individuals involved in the purchase of goods and services, but to provide a foundation for effective, consistent and complete consideration of all aspects of the task with the expected result being a positive, professional relationship between the employees of the Town and the suppliers who serve the Town.

Section 1. Purchasing Thresholds

This section applies to the purchase of all goods and services, except as follows:

1. Emergency Purchases: An emergency purchase that qualifies under one of the following conditions:
 - a. purchase necessary because of a public calamity that requires the purchase of goods or services to relieve the necessity of the municipality's residents, or to preserve the property of the municipality;
 - b. a purchase necessary to preserve or protect the public health or safety of the municipality's residents; or
 - c. a purchase necessary because of unforeseen damage to public machinery, equipment, or other property.
2. Personal Services: Services involving the personal, intellectual or manual labor of an individual; a service performed personally by a particular individual for the benefit of another.
3. Professional Services: Services performed within the scope of practice (or provided in connection with the employment of a licensed person in the areas of practice) of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising or professional nursing. Methods for procuring these services are set forth in the Texas Government Code, Chapter 2254, also known as the Professional Services Procurement Act.
4. Planning Services: Services primarily intended to guide governmental policy to ensure the orderly and coordinated development of municipal land areas.
5. Consulting Services: Service of studying or advising the Town under a non-employee/employer type contract.
6. Sole Source Purchases: The item is available from only a single source because of patents, copyrights, secret processes or natural monopolies; films, manuscripts, or rare books; electricity, gas, water and other utility services; captive replacement parts or components for equipment.
7. Cooperative Purchases: Supplies, equipment or services purchased through an approved cooperative purchasing program which meets all applicable laws and regulations.
8. Personal Property: Property sold a) at an auction by a state licensed auctioneer; b) at a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code; c) by a political subdivision of this state, a state agency of this state, or an entity of the federal government; or d) under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391, Local Government Code.

9. Retail Sale: Goods purchased for subsequent retail sale by the Town.
10. Advertising: Advertisements, other than legal notices.

A. Purchases \$3,000 and Under

Departments can purchase goods and services that fall within this dollar threshold based on a single quote. Competitive quotes are not required, but may be obtained for any purchase. A requisition is not required, but can be processed if a purchase order is required by the vendor. Departments are encouraged to utilize procurement cards for these purchases whenever possible.

B. Purchases Over \$3,000 and up to \$50,000

Departments can purchase goods and services that fall within this dollar threshold by one of the methods listed below. Competitive written quotes should be solicited from at least three vendors to ensure competition, including at least two Historically Underutilized Businesses (HUBs), if available. HUBs should be contacted on a rotating basis, based on information provided by the State Comptroller. If the list fails to identify a HUB in the county, the Town is exempt from this requirement. All purchases within this dollar threshold require a requisition, and will be processed through the Purchasing Office, unless otherwise exempted as listed in Section 3 of this manual.

1. Department Obtains Quotes or Proposals

The department can obtain quotes or proposals, but must comply with the State of Texas HUB law. Please contact the Purchasing Office to obtain a list of HUB vendors prior to obtaining quotes, in order to expedite the process.

2. Purchasing Obtains Quotes or Proposals

The Purchasing Office can obtain quotes or proposals on behalf of the department. Quotes can be obtained manually, or through the Town's e-procurement system. The Purchasing Office will work with the department to develop a specification, and will obtain quotes utilizing the pre-determined method. All quotes received will be forwarded to the department for evaluation and selection of a vendor.

C. Purchases Over \$50,000

Unless otherwise specified by law, all purchases in excess of \$50,000 shall be awarded by competitive bidding or reverse auction procedures, pursuant to the competitive bid laws of the State of Texas. All competitive bids and reverse auctions will be issued by the Purchasing Office. The Town may not split purchases to circumvent the competitive bid limit. Split purchases are defined as follows:

1. Component Purchases: Purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
2. Separate Purchases: Purchases made separately of items that in normal purchasing practices would be purchased in one purchase.
3. Sequential Purchases: Purchases made over a period, of items that in normal purchasing practices would be purchased in one purchase

Section 2. Methods of Procurement

The Purchasing Manager will determine the allowable methods of procurement to purchase goods and services, and will discuss options with the department to select the appropriate method. The methods of procurement utilized by the Town are as follows:

A. Competitive Sealed Bid (CSB) or Request for Bid (RFB), Non-Construction

Bids are utilized to purchase goods and services over \$50,000, and are subject to the competitive bid laws of the State of Texas. Bids at this dollar threshold are processed by the Purchasing Office. Bids are utilized for one-time purchases or for the establishment of an annual contract if there is a continuous need to purchase 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 Town. Negotiations are not permitted. Please allow eight weeks at a minimum to complete the process. The process includes, but is not limited to the following steps:

1. Department will submit a written request to the Purchasing Office, to include a description of goods or services, the estimated expenditure, the account number funding the purchase, and the required delivery date.
2. Pre-acquisition meeting between department and the Purchasing Office to develop a specification.

3. Upon completion of the specification, the Purchasing Office will process the bid as follows:
 - a. Assign a bid number.
 - b. Coordinate with department to determine dates for the following:
 - 1) Legal advertisements. Legal advertisements must run at least once per week for two consecutive weeks.
 - 2) Pre-bid meeting, if applicable.
 - 3) Questions deadline.
 - 4) Bid due date. The bid due date is required to be no earlier than 15 days from the first legal advertisement date.
 - c. Schedule legal advertisements with the Town's official newspaper.
 - d. Schedule meeting space for pre-bid meeting and bid opening as appropriate.
 - e. Compile the bid packet.
 - f. Distribute the bid on the Town's e-procurement system.
 - g. Issue addendums if required.
 - h. Receive all bids in the Purchasing Office.
 - i. Conduct public bid opening.
 - j. Provide bid tabulation to the department for evaluation purposes, and publicly post the bid tabulation.
 - k. For best value bids only: Provide individual scoring sheets to the evaluation team.
4. Department will evaluate bids, to include checking supplier qualifications and references, and provide a recommendation of award to the Purchasing Office.
5. After receipt of recommendation of award, the Purchasing Office will complete the following:
 - a. Check debarments listings and delinquent tax listings as applicable.
 - b. Conduct a pre-award meeting with the recommended supplier to verify bid prices, and to verify suppliers' understanding of the specifications.
 - c. Request insurance certificate with required provisions, if applicable.
 - d. Work with the Town Attorney to develop a service contract, if applicable.
 - e. Coordinate contract execution with the selected supplier, if applicable.
 - f. Prepare Council Agenda Item.
6. Upon Council approval and receipt of executed contract where applicable, the following steps will be followed:
 - a. The Purchasing Office will complete the necessary steps to add the supplier to the financial system.

- b. If a service contract was not required, the Purchasing Office will issue an award letter to the supplier.
- c. The department will submit a purchase requisition to the Purchasing Office for processing as follows:
 - 1) If the bid was for a one-time purchase, the department will submit a requisition to the Purchasing Office for processing.
 - 2) If the bid was to establish an annual contract, the department will 1) submit a requisition to the Purchasing Office to establish a blanket purchase order; or 2) submit requisitions to the Purchasing Office for processing on an as-needed basis.
- d. The Purchasing Office will issue the purchase order to the supplier.

B. Competitive Sealed Bid (CSB) or Request for Bid (RFB), Construction

Bids are utilized to purchase one-time construction services over \$50,000, and are subject to the competitive bid laws of the State of Texas. Bids at this dollar threshold are processed by the Purchasing Office. Award is made to the lowest responsive and responsible bidder (Please refer to Section D if award determination will be based on other factors besides price). Negotiations are not permitted. Please allow eight weeks at a minimum to complete the process. The process includes, but is not limited to the following steps:

- 1. The Purchasing Office will assign a bid number to a construction project upon request.
- 2. The Project Manager and the Purchasing Office will coordinate to determine dates for the following:
 - a. Legal advertisements. Legal advertisements must run at least once per week for two consecutive weeks.
 - b. Pre-bid meeting, if applicable.
 - c. Questions deadline.
 - d. Bid due date. The bid due date is required to be no earlier than 15 days from the first legal advertisement date.
- 3. In order for a construction bid to be processed, the following documents and information will be provided to the Purchasing Office in accordance with issued deadlines:
 - a. Engineer's estimate.
 - b. Verification from CIP Manager that funds are available to bid the project, based on the Engineer's Estimate.
 - c. Account number funding the project. Indicate if grant funds will be utilized.

- d. Legal approval of documents, approved as to form (as needed).
- e. Electronic copy of Notice to Bidders.
- f. Electronic copy of contract document and specifications, and construction plans.
- g. A pre-determined number of document sets for public sale.
4. Upon receipt of all required documents and information, the Purchasing Office will process the bid as follows:
 - a. Schedule legal advertisements with the Town's official newspaper.
 - b. Schedule meeting area for pre-bid meeting and bid opening as appropriate.
 - c. Distribute the bid on the Town's e-procurement system.
 - d. Issue addendums if required.
 - e. Receive all bids in the Purchasing Office.
 - f. Conduct public bid opening.
 - g. Verify unit price extensions, provide bid tabulation to the department for evaluation purposes, and publicly post the bid tabulation.
5. Department will evaluate bids, to include checking contractor qualifications and references.
6. Upon completion of the evaluation process, the department will prepare the Agenda Item and handle the contract process. The Agenda Item will be routed through the Purchasing Office for review. The review will include checking debarments listings and delinquent tax listings as applicable.
7. Upon Council approval, the following steps will be followed:
 - a. Department will provide the Purchasing Office with a copy of the fully executed contract. The contract will include all required bonding and an insurance certificate meeting the Town's provisions.
 - b. If the supplier is not in the financial system, the department will complete the necessary steps to add the supplier.
 - c. Department will submit a purchase requisition to the Purchasing Office for processing.
 - d. The Purchasing Office will issue the purchase order to the supplier.
 - e. Department will provide the Purchasing Office with a copy of the Notice to Proceed.

C. Competitive Sealed Proposal (CSP) or Request for Proposal (RFP), Non-Construction

The proposal process is utilized to purchase goods and services at all purchasing thresholds, taking into consideration other factors besides price. A

pre-determined set of evaluation criteria is established, and all proposals are evaluated against the criteria and scored accordingly. The proposal process is utilized for one-time purchases, or for the establishment of an annual contract. Negotiations are permitted in order to obtain the best value for the Town. The CSP method of procurement requires pre-approval by Town Council. The process includes, but is not limited to the following steps:

1. Department will submit a written request to the Purchasing Office, to include a description of the goods or services, the estimated expenditure, the account number funding the purchase, and the required delivery date.
2. Pre-acquisition meeting between department and the Purchasing Office to develop a specification and establish evaluation criteria.
3. Upon completion of the specification, the Purchasing Office will complete the following:
 - a. Assign a proposal number.
 - b. Coordinate with department to determine dates for the following:
 - 1) Legal advertisements, if applicable. Legal advertisements must run at least once per week for two consecutive weeks.
 - 2) Pre-proposal meeting, if applicable.
 - 3) Questions deadline.
 - 4) Due date.
 - a) If legal advertisement is required, the proposal due date is required to be no earlier than 15 days from the first legal advertisement date.
 - b) If legal advertisement is not required, proposals should remain open for an adequate amount of time to allow suppliers to provide a good proposal.
 - c. Schedule legal advertisements with the Town's official newspaper, if applicable.
 - d. Schedule meeting space for pre-proposal meeting and proposal opening as appropriate.
 - e. Compile the proposal packet.
 - f. Distribute the proposal to specific suppliers, or on the Town's e-procurement system as appropriate.
 - g. Issue addendums if required.
 - h. Receive all proposals in the Purchasing Office.
 - i. Conduct public proposal opening.
 - j. Provide proposal summary to the department for evaluation, and publicly post the proposal summary.
 - k. Provide evaluation forms to the evaluation team.

4. Department will evaluate proposals and score accordingly against the established evaluation criteria, to include checking supplier qualifications and references as applicable. The following options are available during the evaluation process:
 - a. The Purchasing Office can schedule evaluation team meetings as needed.
 - b. The Purchasing Office can schedule supplier interviews as needed.
 - c. The Purchasing Office can request additional information and clarifications from suppliers as needed.
 - d. The Purchasing Office can request Best and Final Offers (BAFO) from suppliers.
5. Upon completion of the evaluation process, the department will provide a recommendation of award to the Purchasing Office.
6. Upon receipt of recommendation of award, the Purchasing Office will proceed with the award process as appropriate based on the dollar threshold of the purchase. This may include contract development, obtaining an insurance certificate, and preparing a Manager Communication or Council Agenda Item.
7. Upon award and receipt of executed contract where applicable, the following steps will be followed:
 - a. The Purchasing Office will complete the necessary steps to add the supplier to the financial system.
 - b. If a service contract was not required, the Purchasing Office will issue an award letter to the supplier.
 - c. The department will submit a purchase requisition to the Purchasing Office for processing as follows:
 - 1) If the proposal was for a one-time purchase, the department will submit a purchase requisition to the Purchasing Office for processing.
 - 2) If the proposal was to establish an annual contract, the department will 1) submit a purchase requisition to the Purchasing Office to establish a blanket purchase order; or 2) submit purchase requisitions to the Purchasing Office for processing on an as-needed basis.
 - d. The Purchasing Office will issue the purchase order to the supplier.

D. Competitive Sealed Proposal (CSP), Construction

The proposal process is an alternative method to purchase one-time construction services over \$50,000, taking into consideration other factors besides price, and is subject to the competitive bid laws of the State of Texas. 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 Town. The CSP method of procurement requires pre-approval by Town Council. The process includes, but is not limited to the following steps:

1. The Purchasing Office will assign a proposal number to a construction project upon request.
2. The Project Manager and the Purchasing Office will coordinate to determine dates for the following:
 - a. Legal advertisements. Legal advertisements must run at least once per week for two consecutive weeks.
 - b. Pre-proposal meeting (if applicable).
 - c. Questions deadline.
 - d. Due date. The due date is required to be no earlier than 15 days from the first legal advertisement date.
3. In order for a construction proposal to be processed, the following documents and information will be provided to the Purchasing Office in accordance with issued deadlines:
 - a. Engineer's estimate.
 - b. Verification from CIP Manager that funds are available to let the project, based on the Engineer's Estimate.
 - c. Account number funding the project. Indicate if grant funds will be utilized.
 - d. Legal approval of documents, approved as to form (as needed).
 - e. Notice to Proposers.
 - f. Electronic copy of contract document and specifications, and construction plans.
 - g. A pre-determined number of document sets for public sale.
4. Upon receipt of all required documents and information, the Purchasing Office will process the proposal as follows:
 - a. Schedule legal advertisements with the Town's official newspaper.
 - b. Schedule meeting area for pre-proposal meeting and proposal opening as appropriate.
 - c. Distribute the proposal on the Town's e-procurement system.
 - d. Issue addendums if required.
 - e. Receive all proposals in the Purchasing Office.
 - f. Conduct public proposal opening.
 - g. Verify unit price extensions, provide proposal summary to the department for evaluation purposes, and publicly post the proposal summary.
 - h. Provide evaluation forms to the evaluation team.
5. Department will evaluate proposals and score accordingly against the established evaluation criteria, to include checking contractor

qualifications and references. The following options are available during the evaluation process:

- a. The Purchasing Office can schedule evaluation team meetings as needed.
 - b. The Purchasing Office can schedule supplier interviews as needed.
 - c. The Purchasing Office can request additional information and clarifications from suppliers as needed.
 - d. The Purchasing Office can request Best and Final Offers (BAFO) from suppliers.
6. Upon completion of the evaluation process, the department will handle the award process. This will include contract development, obtaining an insurance certificate, and preparing a Council Agenda Item. Any resulting contract document must be approved as to form by the Town Attorney.
 7. The Agenda Item will be routed through the Purchasing Office for review. The review will include checking debarments listings and delinquent tax listings as applicable.
 8. Upon Council approval, the following steps will be followed:
 - a. Department will provide the Purchasing Office with a copy of the fully executed contract. The contract will include all required bonding and an insurance certificate meeting the Town's provisions.
 - b. If the supplier is not in the financial system, the department will complete the necessary steps to add the supplier.
 - c. Department will submit a purchase requisition to the Purchasing Office for processing.
 - d. The Purchasing Office will issue the purchase order to the supplier.
 - e. Department will provide the Purchasing Office with a copy of the Notice to Proceed.

E. Statement of Qualifications (SOQ)

The SOQ process detailed below may be used to select the most qualified firm to perform a pre-determined scope of professional engineering, architecture, or land surveying services. At a minimum, the selection of engineering, architectural, or land surveying services, shall comply with the requirements of the Professional Services Procurement Act (Texas Government Code Chapter 2254, as amended).

The SOQ process is not required for other professional services, but can be utilized to select a firm. 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 qualified firm only. Negotiations will continue until terms, conditions, and a fair and reasonable price are agreed upon. If negotiations with the most qualified firm are not successful, negotiations will cease with the current firm and begin with the next most qualified firm. Once negotiations have ceased with a firm, re-opening negotiations with that firm is not allowed. The process includes, but is not limited to the following:

1. Department will submit a written request to the Purchasing Office, to include a description of goods or services, the estimated expenditure, the account number funding the purchase, and the required delivery date.
2. Pre-acquisition meeting between department and the Purchasing Office to develop a scope of work and establish evaluation criteria.
3. Upon completion of scope of work, the Purchasing Office will complete the following:
 - a. Assign an SOQ number.
 - b. Coordinate with department to determine dates for the following:
 - 1) Legal advertisements. Not required, but can be advertised at the department's discretion.
 - 2) Pre-submission meeting, if applicable.
 - 3) Questions deadline.
 - 4) Due date. The SOQ process should remain open for an adequate amount of time to allow firms to provide a good response.
 - c. Schedule legal advertisements with the Town's official newspaper, if applicable.
 - d. Schedule meeting space for pre-submission meeting, if applicable.
 - e. Compile the SOQ packet.
 - f. Distribute the SOQ to specific firms, or on the Town's e-procurement system as appropriate.
 - g. Issue addendums if required.
 - h. Receive all submissions in the Purchasing Office.
 - i. Provide SOQ summary to the department for evaluation, and publicly post the SOQ summary.
 - j. Provide evaluation forms to the evaluation team.
4. Department will evaluate submissions and score accordingly against the established evaluation criteria. The following options are available during the evaluation process:
 - a. The Purchasing Office can schedule evaluation team meetings as needed.
 - b. The Purchasing Office can schedule interviews with firms as needed.

- c. The Purchasing Office can request additional information and clarifications from firms as needed.
5. Upon completion of the evaluation process, the department will submit scoring sheets to the Purchasing Office.
6. The department will begin negotiations with the most qualified firm only.
7. Upon successful negotiation of terms, conditions, and a fair and reasonable price, the department will handle the award process as appropriate, based on the dollar threshold of the purchase. This may include contract development, obtaining an insurance certificate, and preparing a Manager Communication or Council Agenda Item. Any resulting contract document must be approved as to form by the Town Attorney.
8. The Manager Communication or Agenda Item will be routed through the Purchasing Office for review. The review will include checking debarments listings and delinquent tax listings as applicable.
9. Upon Town Manager or Council approval, the following steps will be followed:
 - a. Department will provide the Purchasing Office with a copy of the fully executed contract and the firm's insurance certificate meeting the Town's requirements and provisions.
 - b. If the firm is not in the financial system, the department will complete the necessary steps to add the firm.
 - c. Department will submit a purchase requisition to the Purchasing Office for processing.
 - d. The Purchasing Office will issue the purchase order to the supplier.

F. Request for Quotes (RFQ)

Quotes are utilized to purchase goods and services up to \$50,000. 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 by the department or by the Purchasing Office, for one-time purchases or for the establishment of an annual contract. Award is made to the vendor providing the lowest bid or the best value, as pre-determined by the Town. Negotiations are not permitted. If the Purchasing Office is obtaining quotes, the process includes, but is not limited to the following:

1. Department will submit a written request to the Purchasing Office, to include a description of goods or services, the estimated expenditure, the account number funding the purchase, and the required delivery date.

2. Pre-acquisition meeting between department and the Purchasing Office to develop a specification.
3. Upon completion of the specification, the Purchasing Office will process the RFQ as follows:
 - a. Assign a RFQ number.
 - b. Coordinate with department to determine dates for the following:
 - 1) Questions deadline.
 - 2) Due date. The RFQ process should remain open for an adequate amount of time to allow suppliers to provide a good quote.
 - c. Compile the RFQ packet.
 - d. Distribute the RFQ to specific suppliers, or on the Town's e-procurement system.
 - e. Issue addendums if required.
 - f. Receive all quotes in the Purchasing Office.
 - g. Provide quote tabulation to the department for evaluation purposes.
 - h. For best value only: Provide individual scoring sheets to the evaluation team.
4. Department will evaluate quotes, to include checking supplier qualifications and references, and provide a recommendation of award to the Purchasing Office.
5. Upon receipt of recommendation of award, the Purchasing Office will proceed with the award process as appropriate based on the dollar threshold of the purchase. This may include contract development, obtaining an insurance certificate, and preparing a Manager Communication.
6. Upon award and receipt of executed contract where applicable, the following steps will be followed:
 - a. The Purchasing Office will complete the necessary steps to add the supplier to the financial system.
 - b. If a service contract was not required, the Purchasing Office will issue an award letter to the supplier.
 - c. The department will submit a purchase requisition to the Purchasing Office for processing as follows:
 - 1) If the proposal was for a one-time purchase, the department will submit a purchase requisition to the Purchasing Office for processing.
 - 2) If the proposal was to establish an annual contract, the department will 1) submit a purchase requisition to the Purchasing Office to establish a blanket purchase order; or 2) submit purchase requisitions to the Purchasing Office for processing on an as-needed basis.

- d. The Purchasing Office will issue the purchase order to the supplier.

G. Cooperative Purchases

The Town has entered into various interlocal agreements, which authorize the Town to utilize contracts with certain governmental entities, and certain cooperative programs for the purchase of goods and services at any dollar threshold. Purchasing through cooperative contracts satisfies all competitive bid requirements, which means additional quotes are not required. However, if a department utilizes a cooperative contract, the contract terms and conditions of that contract must be adhered to. A list of interlocal agreements with other entities is on file in the Purchasing Office. The cooperative programs that are available to the Town include, but are not limited to the following:

1. BuyBoard
www.buyboard.com
User Name: TOFM
Password: 75028
2. Department of Information Resources (DIR)
www2.dir.state.tx.us/ict/contracts/Pages/ProductsServices.aspx
3. Houston-Galveston Area Council (HGAC)
www.hgacbuy.com
Password: 90-019
4. Texas Multiple Award Schedule (TXMAS)
www.window.state.tx.us/procurement/prog/txmas
5. The Cooperative Purchasing Network (TCPN)
www.tcpn.org
6. State of Texas Term Contracts
www.window.state.tx.us/procurement/contracts/all_term
7. U.S. Communities
www.uscommunities.org

If utilizing a contract through an interlocal agreement or a cooperative program, please obtain a quote from the supplier. The quote should reflect the contract number and contract pricing. If the contract pricing is based on a guaranteed percentage discount, the quote should reflect the list price and discounted price.

Section 3. Purchase Requisitions

This section applies to the purchase of all goods and services over \$3,000, unless otherwise exempted as follows:

- when prepayment is required
- maintenance fees paid on an annual basis
- catered event fees
- election fees
- insurance premiums
- membership or professional association dues and fees
- periodicals
- postage
- referee fees
- registration fees
- regulatory fees
- subscriptions
- travel expenses
- tuition
- utilities
- other fees as approved by the Purchasing Manager

Items that do not have to be submitted on a requisition can be paid with a procurement card, by completing a check request, or approved for payment in the manner prescribed by Accounting Services.

A. Preparing Purchase Requisitions

The PO Description section of the purchase requisition should be reserved for information specific to the order, such as instructions to the supplier, item details, delivery instructions, points of contact, etc. Anything entered into this section will print on the purchase order.

The Internal Notes section of the purchase requisition should be reserved for internal Town communications, such as project information, purpose, instructions to the Purchasing Office, etc. Anything entered into this section is for internal purposes only, and will not print on the purchase order.

1. Contracted Goods and Services

If purchasing goods or services at any dollar threshold utilizing an existing annual contract, a quote is not required unless the contract is

for time and/or materials, a guaranteed percentage discount, or through a cooperative venue. The purchase requisition process is as follows:

- a. Enter a purchase requisition in Incode (see Attachment 1 Purchase Requisition Instructions). Purchase requisitions should be itemized whenever possible.
- b. Verify that the items listed on the purchase requisition are available under the contract, and that the correct contract prices are listed.
- c. Annotate the contract number in the PO Description section of the purchase requisition: i.e. "In accordance with terms and conditions of Contract Number 32-11-A".
- d. Include the contact person and contact information in the PO Description section of the purchase requisition.
- e. Include the date of Town Manager/Council approval in the Internal Notes section of the purchase requisition, if applicable.
- f. Attach the following documentation:
 - 1) Quote/Proposal (only required for contracts that are for time and materials, a guaranteed percentage discount, or through a cooperative venue).
 - 2) Insurance certificate if applicable. Insurance is required if the supplier is performing work on Town property.
- g. Submit the purchase requisition to the Purchasing Office for processing. Unless the department notes alternate instructions in the Internal Notes section of the purchase requisition, the Purchasing Office will issue the purchase order to the supplier.

2. One-Time Purchases \$3,000 and Under

Requisitions are not required for purchases \$3,000 and less, but can be processed if a purchase order is required by the supplier, or at the department's discretion. The process is as follows:

- a. Enter a requisition in Incode (see Attachment 1 Requisition Training).
- b. Enter the quote/proposal information in the PO Description section of the purchase requisition: i.e. "In accordance with terms and conditions of Supplier Quote No. XX".
- c. Include the contact person and contact information in the PO Description section of the purchase requisition.
- d. Attach the following documentation:
 1. Quote or proposal.
 2. Insurance certificate if applicable. Insurance is required if the supplier is performing work on Town property.

- e. Submit the purchase requisition to the Purchasing Office for processing. Unless the department notes alternate instructions in the Internal Notes section of the purchase requisition, the Purchasing Office will issue the purchase order to the supplier.

3. One-Time Purchase Over \$3,000 and up to \$50,000

For one-time purchase of goods and services in this dollar threshold, the purchase requisition process is as follows:

- a. Enter a requisition in Incode (see Attachment 1 Purchase Requisition Instructions).
- b. Enter the quote/proposal number in the PO Description section of the purchase requisition: i.e. "In accordance with terms and conditions of RFQ No. 2-11-A".
- c. Include the contact person and contact information in the PO Description section of the purchase requisition.
- d. Attach the following documentation:
 - 1. All quotes/proposals obtained for this purchase (minimum of three).
 - 2. HUB vendor information provided by the Purchasing Office. Indicate which HUB vendors were contacted.
 - 3. Executed contract/agreement if applicable.
 - 4. Insurance certificate if applicable. Insurance is required if the supplier is performing work on Town property.
- e. Submit the purchase requisition to the Purchasing Office for processing. Unless the department notes alternate instructions in the Internal Notes section of the purchase requisition, the Purchasing Office will issue the purchase order to the supplier.

4. One-Time Purchase Over \$50,000

For one-time purchase of goods or services in this dollar threshold, the purchase requisition process is as follows:

- a. Enter a purchase requisition in Incode (see Attachment 1 Purchase Requisition Instructions). Purchase requisitions should be itemized whenever possible.
- b. Annotate the bid/proposal number in the PO Description section of the purchase requisition if applicable: i.e. "In accordance with terms and conditions of Bid No. 2-11-B".
- c. Include the contact person and contact information in the PO Description section of the purchase requisition.
- d. Include the date of Council approval in the Internal Notes section.

- e. Submit the purchase requisition to the Purchasing Office for processing. Unless the department notes alternate instructions in the Internal Notes section of the purchase requisition, the Purchasing Office will issue the purchase order to the supplier.

5. Exempt Purchases

For one-time purchase of goods or services at any dollar threshold that is exempt from competitive bid/quotes, the purchase requisition process is as follows:

- a. Enter a requisition in Incode (see Attachment 1 Purchase Requisition Instructions).
- b. Enter the quote/proposal number in the PO Description section of the purchase requisition: i.e. "In accordance with terms and conditions of Supplier Quote No. XX".
- c. Include the contact person and contact information in the PO Description section of the purchase requisition.
- d. State the exemption in the Internal Notes section of the purchase requisition: i.e. "Sole Source", "Professional Service", etc.
- e. For sole source only: Include justification explaining why this particular good or service is required in the Internal Notes section.
- f. Include the date of Town Manager/Council approval in the Internal Notes section of the purchase requisition if the purchase price exceeds \$50,000.
- g. Attach the following documentation as applicable:
 - 1. Quote/Proposal.
 - 2. Sole source letter, on company letterhead, proving a sole source environment exists.
 - 3. Executed contract/agreement.
 - 4. Insurance certificate if applicable. Insurance is required if the supplier is performing work on Town property.
- h. Submit the purchase requisition to the Purchasing Office for processing. Unless the department notes alternate instructions in the Internal Notes section of the purchase requisition, the Purchasing Office will issue the purchase order to the supplier.

6. Emergency Purchase Requisition

If the purchase qualifies as an emergency purchase under one of the conditions listed in Section 12.04 B. of the PARM Title II Chapter 12 Purchasing Policy, the process is as follows:

- a. Notify the Purchasing Office of the emergency as soon as possible.
- b. Enter a purchasing requisition into the financial system and provide the purchase order number to the supplier.
- c. Proceed with the work.
- d. After work is completed, revise the purchase requisition accordingly and upload a copy of the invoice.
- e. After the purchase requisition is approved at the appropriate levels, the Purchasing Office will issue the purchase order to the department.
- f. Department will code and submit invoice for payment after receipt of the purchase order.

B. Requisition Processing

Upon receipt of a requisition, the Purchasing Office shall:

1. Check the requisition for completeness, to include verification that all supporting documentation is attached. If any of the supporting documentation is missing, the department will be contacted to make the necessary corrections.
2. Verify compliance with HUB law.
3. Verify pricing for accuracy.
4. Verify contract provisions, if purchasing goods or services from an existing contract.
5. Generate and issue purchase order to the supplier after online approvals by requesting department and Budget Services are completed.

Section 4. Receipt of Goods and Services

A. Inspection

1. Upon receipt of goods or services, it is the department's responsibility to ensure that the order is complete as to quality and quantity, and to report any discrepancies to the Purchasing Office or directly to the vendor.
2. If the shipment is complete and undamaged, the packing slip or delivery ticket should be signed and retained until the invoice for payment is received.
3. Should the department receive only a partial shipment, or return part of a shipment due to damage or delivery of the wrong items, this must be noted on the packing slip or delivery ticket, and noted on the invoice in order to prevent improper payment.

B. Damages/Defects

Goods and services should be checked at the time of receipt to detect any damages or defects. This inspection should also include assuring that the material is in compliance with the specifications. When it is apparent that the extent of the damage causes the goods to be of little worth, they should not be accepted.

1. Visible Damage: One of the major reasons for inspection at the time of receipt is to detect any visible damage. It is important that all damage be completely described on the receiving paperwork.
2. Concealed Damage: Any evidence of concealed damage should be documented to support the filing of damage claims against the carrier. The carrier should be notified immediately, and a joint inspection should be scheduled with the carrier's representative.
3. Claims: If the shipment is "F.O.B. destination", the vendor is responsible for assisting with the settlement of the claim and for full replacement of the damaged items. Payment should be withheld until the claims are settled.

Section 5. Contract Administration**A. Contract Renewals**

The Purchasing Office tracks many annual contracts with renewal options. Contract files are pulled approximately 120 days prior to the expiration date and processed as follows:

1. Verify the department's intent to renew the contract.
2. Run expenditure report for the current contract period to determine if annual expenditure is in-line with contract award.
3. Consider any request for price increase submitted by supplier at the time of contract renewal, with department input.
4. Issue renewal letter to the supplier.
5. Upon receipt of renewal letter executed by the supplier:
 - a. Update contract database.
 - b. Provide notice of renewal to the department.

If there are no renewal options available, the department will work with the Purchasing Office to rebid the contract if there is a continuing need for the goods or services.

If the department no longer has a need for the contracted goods or services, the contract should not be renewed.

B. Contract Amendments and Change Orders

Contract amendments and change orders for additions to the contract are only allowed in a total amount not to exceed 25% of the original award amount, if the purchase is subject to the competitive bid laws of the State of Texas. Additionally change orders for construction contracts cannot be decreased by more than 25% of the original award without the contractor's consent. Any changes to an executed contract document should be processed as a contract amendment or change order, as appropriate, in accordance with the following:

1. Amendments and Change Orders to One-Time Contracts

Amendments and change orders to contract documents for one-time purchases should be processed by the department as follows:

- a. The department will develop the contract amendment or change order. The amendment document or change order must be approved as to form by the Town Attorney, if applicable.
- b. The department will obtain the appropriate signatures and approval of the amendment or change order. This may include preparing a Manager Communication or Agenda Item, and will be routed through the Purchasing Office for review.
- c. Upon approval and execution, the department will enter a purchase requisition for the additional work, if applicable, and submit to the Purchasing Office for processing.

2. Amendments to Annual Contracts

Amendments to annual contract documents will be processed by the Purchasing Office as follows:

- a. The Purchasing Office will work with the department and supplier to determine the conditions of the contract amendment.
- b. The Purchasing Office will work with the Town Attorney to develop the contract amendment, if necessary.
- c. The Purchasing Office will obtain appropriate signatures and approval of the amendment. This may include preparing a Manager Communication or Agenda Item.
- d. Upon approval and execution, the department will enter a requisition for the additional work, if applicable, and submit to the Purchasing Office for processing.

C. Performance Issues

Any supplier/contractor performance issues should be documented and reported to the Purchasing Office immediately. It is extremely important to document details of non-compliance and provide documentation for the file. The department has two options to cure as follows:

1. Department to Cure

The department will make initial efforts to cure the issue. If efforts are successful, the department will continue to monitor supplier performance to ensure compliance. If performance is not cured, the Purchasing Office should be notified immediately for further action.

2. Purchasing Office to Cure

The department will provide the Purchasing Office with details of non-compliance. The Purchasing Office will take action in order to cure the issue by issuing a formal cure notice. If non-compliance continues, the Purchasing Office will confer with the Town Attorney in regards to any legal recourse that may be available.

Section 6. Glossary of Terms

This glossary further defines terms that are contained in, or related to the Purchasing Policy and Purchasing Procedures Manual. Any process or procedure outlined in this glossary is incorporated as part of the Purchasing Procedures.

Addendum: A written change, addition, alteration, correction or revision to a bid or proposal. An addendum may be issued following a pre-bid/pre-proposal conference, or as a result of a specification or work scope change to the solicitation. All addendums to a formal bid/proposal processes will be issued by the Purchasing Office.

Agreement: An understanding, usually in writing, between two or more competent parties, under which one party agree to certain performance as defined in the agreement and the second party agrees to compensation for the performance rendered in accordance with the conditions of the agreements. Agreements and contracts are sometimes used synonymously. Generally agreements are approved by an attorney "as to form" and legal sufficiency prior to execution.

Amendment: 1) An agreed addition to, deletion from, correction or modification of a document or contract; and 2) To revise or change an existing document; a formal revision, improvement or correction.

As To Form: Documents and agreements that are approved by an attorney for legal sufficiency prior to their execution while not commenting on the business merits of their contents.

Auction: A public sale in which property or items of merchandise are sold to the highest bidder. Many governments will auction off government property and may contract with a private auctioneering firm to handle the complete transaction including advertising, the sale and collection of funds.

Award: After completion of the evaluation process, award will be made to the lowest responsible/responsive bidder, unless award is based on best value as indicated in pre-determine evaluation criteria published in the bid/proposal document. If the award amount is in excess of \$50,000, or if there is an associated formal agreement/contract in excess of \$15,000, Council must award the bid/proposal, or reject all submissions. A notice of award is sent to the successful bidder or proposer, and award notification is sent to all unsuccessful bidders or proposers.

Best and Final Offer: In a competitive negotiation, the final proposal submitted after negotiations are completed that contains the proposer's most favorable terms for price, services and products to be delivered. Sometimes referred to as BAFO and

utilized during the Request for Proposal (RFP) or Competitive Sealed Proposal (CSP) method of procurement.

Best Value: An assessment of the return which can be achieved based on the total life cycle cost of the item; may include an analysis of the functionality of the item; can use cost/benefit analysis to define the best combinations of quality, services, time, and cost considerations over the useful life of the acquired item. A procurement method that emphasizes value over price. The best value might not be the lowest cost. Generally achieved through the Best Value Bid, Request for Proposal (RFP), or Competitive Sealed Proposal (CSP) method of procurement.

Bid (noun): The response submitted by a bidder to a competitive sealed bid or request for bid. Sometimes the completed bid document may be referred to as “the bid”. The response to a Request for Proposal (RFP) is called a proposal or offer.

Bid (verb): To submit a bid response. By submitting a bid response, one person (the supplier) gives the Purchasing Office the legal power to create a contract with the responding supplier in accordance with the bid response.

Bid/Proposal Evaluation: A comprehensive review of all bids/proposals received as a result of a competitive process usually for the purpose of comparing strengths and weaknesses of the bids/proposals received based on the requirements and criteria set forth in the request for bids/proposals. In determining whether the bid/proposal is responsive, designated personnel should decide whether the bid/proposal is responsive, check to see whether it is provided on the form furnished, and see that it contains no exceptions to specifications or plans.

Bid-Opening: The official process in which sealed bids are publicly opened, usually in the presence of one or more witnesses, at the time and place specified in the invitation for bid. The Purchasing Manager, or an authorized designee, will preside over bid openings for the Town. The envelope will be checked to determine that all required documents are enclosed, and the amount of each bid will read aloud. The pricing is recorded by a Town representative, and bids are made available for public inspection after award. Per LGC 252.041 the due date for the bid cannot be less than 15 days from the first legal advertisement date.

Bid Tabulation: A public document listing all vendors who responded to a request for bid, with a list of all items contained in the bid, and showing unit prices for each item for each bidder. All unit prices, extensions, and total dollar amounts will be checked and any errors corrected. In the event of a discrepancy, the unit price will prevail.

Blanket Purchase Order: A purchase order for the total estimated amount to purchase contracted goods or services over a specified period of time, usually one

year. Quantities are not always specified on the purchase order, but the contract establishes prices, terms, conditions, and the period covered. Goods or services are ordered on an as-needed basis.

Change Order: A written alteration that is issued to modify or amend a contract or purchase order. A change order directs the contractor to make changes to the contracted scope of work or specifications. In reference to construction contracts, it relates primarily to changes caused by unanticipated conditions encountered during construction not covered by the drawings, plans or specifications of the project.

Clarification: A communication with a bidder/offeror for the sole purpose of eliminating minor irregularities or apparent clerical mistakes in a bid/proposal; may be initiated by either bidder/offeror or purchaser; does not give bidder/offeror an opportunity to revise or modify its bid/proposal, except to the extent the correction of apparent clerical mistakes results in revision.

Contract: A contract is a legally binding document between the Town and a supplier, outlining the terms and conditions of the purchase of goods or services offered by the supplier, and accepted by the Town. A contract is enforceable by law.

Cure Notice: A notice that must be issued prior to termination for default of a supply or service contract. The cure notice will outline the non-conformance, and will typically include an opportunity for the supplier to cure the issue. The notice will also state the consequences for continued non-conformance, and the grounds for termination.

Historically Underutilized Business (HUB): A "Historically Underutilized Business" is a for-profit entity that has not exceeded the size standards prescribed by 34 TAC §20.23, and has its principal place of business in Texas, and is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, American woman and/or Service Disabled Veteran, who reside in Texas and actively participate in the control, operations, and management of the entity's affairs. The State Comptroller's Office handles the HUB certification process, and maintains a HUB vendor database.

Legal Notice: A public notice required by law, per Texas Local Government Code Chapter 252.041, to be published in the Town's official newspaper. Legal notice must be advertised once a week for two consecutive weeks, and should identify the type of work involved, where the work is to be accomplished, bid bond requirements, how to obtain bid documents, dates for pre-bid conferences, site visits, and questions deadline, and specify the date, time, and place for receiving bids. The legal notice should also state that the Town has the right to reject any or

all bids/proposals, to waive informalities, and to accept the bid/proposal that is deemed to be in the best interest of the Town.

Negotiations: A procurement method for obtaining goods, services and construction in which discussion and negotiations may be conducted with responsible offerors who submit responsive proposals.

Pre-Bid/Pre-Proposal/Pre-Submission Meeting: A meeting to discuss with potential respondents, technical, operational and performance specifications, and/or the full extent of financial, security and other contractual obligations related to a solicitation before the closing date. The meeting will provide information to potential respondents to ensure responses are submitted with the best understanding of conditions or circumstances surrounding the project. Meetings are recommended for complex construction projects, or any other projects as deemed appropriate by the department.

Purchase Order: A written document issued to a supplier, formalizing all the terms and conditions of the purchase of goods or services such as a description of the items, delivery schedule, and terms of payment. The purchase order serves as a contract between the Town and the supplier, when a formal written contract does not exist, and is enforceable upon the supplier acceptance of the purchase order.

Purchase Requisition: An internal document that is entered into the financial system by the department outlining details of goods or services to be ordered, after completing the appropriate purchasing process. The requisition should be accompanied by all required documentation.