



CITY OF OLMOS PARK

PURCHASING POLICY AND PROCEDURES MANUAL

ISSUED: AUGUST 2009

TABLE OF CONTENTS

Forward	1
Glossary of Terms	2
Policy Statements	5
Purchasing Procedures	6
1. Purchases Less than \$500.00	6
2. Purchases Greater than \$500.00, but Less Than \$3,000.00	6
3. Purchases \$3,000.00 or More, but Less than \$50,000.00	6
4. Purchases \$50,000.00 or More	7
Accounts Payable Process	8
Appendix	9
1. Certification of Available Funds	10
2. Telephone Quote Sheet	11

Forward

This manual has been prepared to inform and instruct each department, division, and their staff members of the various methods of procurement and duties and responsibilities of all those involved in the purchasing process.

The goals of the City's Purchasing Policy Manual include the following:

- Purchasing quality goods and services;
- Obtaining the best possible price for goods and services
- Encouraging and promoting interlocal cooperation among area agencies
- Accepting delivery of goods and services when and where they are needed
- Assuring a continuing supply of needed goods and services
- Guarding against misappropriation of any assets procured

Additionally, we are committed to ensuring that:

- Responsible bidders are given a fair opportunity to compete for the City's business
- Public funds are safeguarded
- The best value is received for the public's dollar

This is done partially by the statutory requirements for competitive bids and proposals, and partially by the City's own purchasing procedures.

Each employee should ask him/herself whether or not the following criteria are met before a purchase is made:

1. Does the purchase provide the best value for the public's dollar?
2. Is the purchase needed?
3. Is the procurement method legal, and does it meet the guidelines in this manual?

If the answer to all these questions is, "Yes," then the purchase should be made. If the answer to any of these questions is, "No," then the purchase should not be made.

This manual cannot address every situation, and when an unusual situation occurs or a difficult legal question arises, the final authority for the City purchasing procedures is the law itself.

Glossary of Terms

The following definitions are intended to assist you in understanding the language used throughout this manual. When using this manual, if you find a word or words that you may not clearly understand, and that is not defined in this section, you should contact your Department Head for clarification and/or interpretation.

Award – Approval by the City Council, or the City Manager or his/her designee, under whose authority a purchase is made.

Bid advertisement – A public notice put in a newspaper of general circulation, containing information about an Invitation to Bid or a Request for Proposal/Qualification.

Bid list – A list of vendors who have indicated in writing an interest in submitting bids for particular categories of goods and services. This list is a compilation of recommended vendors from the department and a listing of vendors maintained by the City.

Bonds –

Bid bond – A bond required of a contractor that ensures that the contractor will enter into the contract for which he has submitted a formal written bid and/or proposal.

Payment bond – A bond required that ensures that all suppliers and subcontractors of the contractor will be paid for work and/or materials supplied in the course of the contract.

Performance bond – A bond required that guarantees vendor performance during the execution of the contract.

Capital equipment – Property with a useful life of three or more years, and a purchase cost of at least \$2,500.

City Council – The elected officials of the City of Olmos Park, given the authority to exercise such powers and jurisdiction of all City business as conferred by the State Constitution and Laws.

City Manager's Approval Form – This form must be used for all expenditures greater than \$3,000 but below \$50,000 and for all contracts below \$50,000. It is intended to provide the City Manager with enough information to make an informed decision regarding the approval of requested purchases. At a minimum, this information must include: summary information for the purchase request, background information, number of quotes or estimates received, funding source, budget vs. actual cost analysis, and a summary tabulation if necessary.

Competitive bidding – The process wherein a vendor openly competes with other vendors, through a formal or informal process, for the City's business.

Contract – An agreement between the City and a Supplier to furnish supplies and/or services over a specified period of time, during which purchases are made of the commodity requested.

Contractor – The successful vendor(s) awarded a contract by the City of Olmos Park.

Delivery Date – The date by which goods or services are needed.

Emergency – Purchases that are made to meet a critical, unforeseen need of the City, where the City's ability to serve the public would be impaired if the purchase is not made immediately. Emergency purchases are exempt from standard purchasing procedures and must qualify for exemption as outlined in LGC 252.022.

Expedite – When the purchasing process is accelerated through normal procedures in order to prevent work stoppage or loss of money.

Goods – A generic term that includes all types of property to be purchased by the City: equipment, supplies, materials, component and repair parts.

Invitation to Bid – This is a formal written document that requests from bidders a firm price and delivery details for specified merchandise. An Invitation to Bid is always required when the anticipated level of expenditure will be greater than \$50,000. It may be used any time the Department Head or City Manager believes it is justified.

Lowest Responsible Bidder – This is the vendor who offers the lowest bid that meets all the specifications, requirements, terms and conditions of the Invitation to Bid. It is expressly understood that the lowest responsible bid includes any related costs to the City, using a total cost concept. The term "responsible" refers to the financial and practical ability of the bidder to perform the contract. The term is also used to refer to the experience or safety record of the vendor.

Purchase – An act that includes the acquisition of goods or services, to include the act of leasing personal or real property. Separate or sequential purchases shall be treated as single purchases.

Purchasing – The act, function, and responsibility for the acquisition of goods and services.

Request for Proposal – A formal written document requesting that potential vendors make an offer for services to the City. The offer allows for negotiations after the proposals have been received, but before a contract is awarded. This process is normally used for the acquisition of contract services (i.e. auditing services, janitorial services, etc.).

Request for Qualifications – A formal written document requesting that potential vendors make an offer for professional services to the City. The offer allows for negotiations after the proposals have been received, but before a contract is awarded. This process is normally used for the acquisition of professional services (i.e. engineering, architecture, attorneys, etc.).

Separate Purchases – Purchases made separately, of items that in normal purchasing practices would be purchased in one purchase.

Sequential Purchases – Purchases made over a period of time, of items that in normal purchasing practices would be purchased in one purchase.

Services – A blanket term, to include all work or labor performed for the City on an independent contractor basis, including maintenance, construction, manual, clerical, or professional services.

Sole Source – Purchase of goods or services that are available from only one supplier. There may be just one vendor because of patents or copyrights, or simply because the vendor is the only one which supplies the good or service. These purchases are exempt from the standard bidding requirement and must qualify as outlined in LGC 252.022.

Specifications – Statements containing a detailed description of the terms of the contract, as well as specific details for the goods and/or services. The details or specifications should be descriptive, but not restrictive.

State Contract Purchase – An item available through the State of Texas General Services Commission Cooperative Purchasing Program, or other similar cooperative purchasing programs. The State has publicly advertised and received qualified bids for specific items. These appear on a listing periodically published by the State. The City of Olmos Park has elected to participate in the cooperative purchasing program for governmental subdivisions and other state agencies.

Surplus – Item(s) no longer needed by a department, regardless of its value or condition.

Vendor – A generic term applied to individuals and companies alike, who provide goods and services to the City.

Policy Statements

I. GENERAL STATEMENT OF POLICY

It is the policy of the City of Olmos Park that all purchasing be conducted strictly on the basis of economic and business merit to best promote the interest of the citizens of Olmos Park. The City encourages free and unrestricted competition on all bid requests and purchases, ensuring the taxpayers the best possible return on each dollar. All contracts and purchases shall be handled so as to obtain the best value for the City, with bids or quotes solicited whenever practical. These Purchasing Policies have been established to assist each department head, division manager and their staff to procure necessary goods and services at the best possible price within all Federal, State and Municipal purchasing laws. The Texas State Legislature has passed and made Chapter 252 a part of the Local Government Code and it shall be the policy of the City of Olmos Park to fully comply in all aspects with the rules, regulations and procedures contained therein, as well as all other State purchasing laws.

II. ARCHITECT AND ENGINEERING PROCUREMENT POLICY

The City of Olmos Park shall follow the applicable purchasing laws and procedures in Chapter 2254 of Texas Government Code for all Engineering and Architectural Services.

III. BEST VALUE OPTION POLICY

The City of Olmos Park shall use the "best value" option whenever allowable by State purchasing laws and requirements.

IV. FUNDS AVAILABILITY POLICY

Before any purchase over \$500 may be made, an individual employee must verify that funds are available to make the required purchase by coordinating the purchase through his or her Department Head.

PURCHASING PROCEDURES

VI. WORK FLOW SEQUENCE FOR PURCHASES LESS THAN \$500

- A. At the discretion of the Department Head, individual employees who are allowed access to procurement cards are authorized to purchase small dollar items without verification of fund availability from the Department Head. However, they must follow all purchasing procedures, document the purchase and submit all corresponding paperwork.
- B. Any procurement cards will be checked out through the City Secretary and subsequently returned to the City Secretary after the purchase is made.

VII. WORK FLOW SEQUENCE FOR PURCHASES GREATER THAN \$500, BUT LESS THAN \$3,000

- A. Department Head determines if sufficient funds are budgeted for the purchase in the appropriate account.
- B. If funds are not available, permission must be obtained to take the request to the City Council.
- C. If funds are available, the Department Head initiates the purchase.
- D. The Department Head ensures the purchase was charged to the appropriate account when they receive the Department's invoices.
- E. Any purchase over \$2,500 must have the Mayor's signature on the check.

VIII. WORK FLOW SEQUENCE FOR PURCHASES GREATER THAN \$3,000, BUT LESS THAN \$50,000

- A. Department Head determines if sufficient funds are budgeted for the purchase in the appropriate account.
- B. If funds are not available, permission must be obtained to take the request to the City Council.
- C. If funds are available, the Department Head obtains at least three written quotes from three different vendors. If one is available for the commodity or service being purchased, at least two of the quotes must be from a Historically Underutilized Business (HUB) in Bexar County. Quotes may be taken over the phone, provided

that the Telephone Quote Sheet (attached) is completed. A current list of HUBs in Bexar County is available from the Texas Building and Procurement Commission's HUB Directory Website (<http://www2.cpa.state.tx.us/cmb1/hubonly.html>).

- D. The completed Telephone Quote Sheet or quotes written by vendors on vendor-specific letterhead is reviewed by the Department Head. The vendor who will offer the best value to the City of Olmos Park is selected and this recommendation is then forwarded to the City Manager for review and approval. All documentation must be sent to the City Manager as an attachment to the City Manager Approval Form.
- E. All documentation is submitted to the City Secretary for payment.
- F. Any purchase over \$2,500 must have the Mayor's signature on the check.

IX. WORK FLOW SEQUENCE FOR PURCHASES \$50,000 OR MORE

- A. A purchase of \$50,000 or more must follow statutorily created competitive bidding and procurement requirements and must receive Council approval prior to the expenditure of funds or be subject to an exemption to the competitive bidding requirements – including, but not limited to State contract purchases. The vendor who will offer the best value to the City of Olmos Park is selected and this recommendation is then forwarded to the City Manager for review and approval. All documentation must be sent to the City Manager as an attachment to the City Manager Approval Form.
- B. The City Manager shall process all purchases \$50,000 or more. The City Manager shall follow all applicable State and Federal Laws in purchasing goods and services \$50,000 or more. At least one of the signatures on the check must be the Mayor's.
- C. In the event of an emergency, the City Manager may expend funds in the amount of \$50,000 or more without Council approval, provided that the Mayor and the City Manager agree in writing that the expenditure is an emergency affecting the safety and public welfare and that failure to expend the funds immediately would result in loss of life or property. The action shall be ratified by the City Council at the next regular or special-called City Council meeting.

Accounts Payable Process

Bills are generally paid once a week. The Accounts Payable process is as follows:

- 1) Invoice is received by City Secretary and forwarded to the purchasing department.
- 2) Department head reviews the invoice, ensures the items have been received and are billed at the proper amount.
- 3) The department head then assigns an account number and initials the invoice. Bills are forwarded to the A/P clerk, currently the Municipal Court Clerk.
- 4) Each invoice is stamped with the check number and the date, and the A/P clerk initials this stamp.
- 5) The A/P clerk checks the account number coding, creates a check for each invoice, and attaches the check to the invoice. If account number coding is incorrect, the A/P clerk corrects the coding at this point.
- 6) A folder is forwarded to the City Manager containing the current week's checks and corresponding invoices.
- 7) The City Manager reviews and initials each invoice, checks the account number coding, ensures that funds are coming out of the proper accounts, and reviews the checks to ensure they are made out to the proper vendor and that the proper GL number is on each check.
- 8) Initialed checks are returned to the A/P clerk, along with any corrections, if necessary.
- 9) Checks are then signed by the City Secretary and the A/P Clerk. All checks require two signatures. If a check exceeds \$2,500, one of the check signatures **must be** the Mayor's.

Appendix

(This page intentionally left blank.)

**CITY OF OLMOS PARK
CITY MANAGER APPROVAL FORM**



Summary of Purchase

Provide a brief description of the item to be purchased and why the purchase is necessary.

Best Value Analysis

Provide a brief description of the steps taken to verify the items to be purchased provide the best value to the City of Olmos Park.

Funding Source
(A-B=C)

		A	B	C
Account No.	Budget Total	Actual Total	Purchase Amount	New Actual Total
TOTAL AMOUNTS				

Attachments

Attach all forms, quotes, invoices, research or other background information associated with this purchase request that will help inform the City Manager as to the nature, need and purpose of this purchase.

Submitted by _____

Date _____

CITY OF OLMOS PARK

PURCHASING TELEPHONE QUOTE SHEET



DEPARTMENT INFORMATION	
DATE:	
DEPT:	
PREPARED BY:	
APPROVED BY:	

	Quote 1	Quote 2	Quote 3
VENDOR:			
ADDRESS:			
PHONE:			
SALES REP:			
HUB STATUS:			

ITEM NO.	QTY.	UNIT	DESCRIPTION (INCLUDE BRAND & MODEL)	UNIT TOTAL	ITEM TOTAL	UNIT TOTAL	ITEM TOTAL	UNIT TOTAL	ITEM TOTAL
SUBTOTAL									
GRAND TOTAL									