



STRATEGIC PROCUREMENT POLICY MANUAL

APRIL 2, 2024 Edition

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INTRODUCTION

Welcome to the Strategic Procurement Policy and Procedures Manual for the City of Fredericksburg. This manual was written to establish uniform policies and procedures for obtaining goods and services that are consistent with legally mandated purchasing requirements under State and Federal law. The application of a comprehensive procurement policy across City Departments is critical to ensure that our citizens' funds are expended in a responsible and legal manner by all City of Fredericksburg personnel, officials and stakeholders.

The goal of this manual is to ensure equal access for all through competitive processes for the acquisition of goods and services for all vendors, including HUBS; ensure compliance with state, local, and federal laws applicable to procurement; provide an ongoing supply of quality goods and services to all City offices; and enforce responsible spending of public funds; and protect the interests of the City of Fredericksburg and the community it serves.

I. GENERAL STATEMENT OF POLICY

It is the policy of the City of Fredericksburg that all procurement shall be conducted strictly on the basis of economic and business merit to best promote the interest of the citizens of Fredericksburg, Texas. The City of Fredericksburg encourages free and unrestricted competition on all acquisitions, ensuring the taxpayers best possible return on each dollar. All contracts and purchases shall be handled in accordance with state and federal laws to obtain the lowest price, best value and/or most qualified for the City as applicable under law. Invitation for bids, request for proposals, requests for qualifications, requests for quotes and the like shall be solicited in accordance with all state and federal laws and this policy.

The Procurement Division of the Finance Department has been established to assist municipal officials, personnel and stakeholders to procure necessary goods and services. It shall be the policy of the City of Fredericksburg, Texas to fully comply in all aspects with the laws, policy and procedures contained herein.

II. PURCHASING AND CONTRACTING AUTHORITY OF MUNICIPALITIES

A. AUTHORITY

Texas Local Government Code (TLGC) §252 outlines the competitive bidding requirements and the exceptions to competitive bidding. It also provides that certain municipal charter provisions prevail over the statute. It covers areas such as awarding bids, time warrants, changes to plans and specifications, alternative competitive bidding for goods and services, and criminal penalties for violation of the chapter.

As with the afore mentioned code, *Texas Local Government Code (TLGC) §271, Subchapter H*, outlines competitive bidding requirements, and exceptions to competitive bidding. It also regulates the alternative delivery methods for certain projects. When entering into a contract for the construction of a facility or public work, the City may use alternative methods that provide best value for the City. However, the City must first determine the method that provides best value prior to advertising a solicitation.

III. PURCHASE METHODS

A. PURCHASE ORDERS (PO)

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

B. VENDOR CHARGE ACCOUNT

Expenses may be billed through an Account set up with the vendor by Accounts Payable. Payment will not be made until the Department Head or Director confirms goods have been received or services have been performed. Unless otherwise specified on the invoice or statement, invoices are paid within 30 days of the invoice or statement date.

C. PURCHASE CARD PROGRAM (P-CARDS)

A City issued purchase card (P-card) through JP Morgan Chase Bank is an approved payment method for all non-contracted purchases \$4,999.99 or less. It is a low cost, fast payment method to vendors and accommodates the City's participation in a rebate program. All City procurement policies requirements apply. The Purchase Card Program Policy is addressed in a section further down in this manual.

IV. PURCHASE AMOUNTS AND APPROVALS

A. BUDGETING

A sufficient and unencumbered, appropriated balance must be available to pay for supplies, materials, equipment, or contractual services for all transactions.

B. AUTHORITY

The City Manager is generally authorized to approve expenditures of not more than \$50,000.

C. DETERMINE PRICE THRESHOLD

The lowest responsive bid/quote the department intends to use for purchase determines which price threshold regulations apply. If the department starts the process and the lowest responsive bid is \$50,000 or more, the quotes must be disregarded, and the Procurement Division must be contacted to begin the appropriate process.

D. INTERLOCAL COOPERATION CONTRACTS

Municipalities may utilize *Interlocal Cooperation Contracts* under *Texas Local Government Code §271.102* and *§271.103* in lieu of seeking competitive bids.

E. OPEN MARKET PURCHASES

1. At times, the purchase of goods or services may be most effective in the open market. The City may use the open market purchase procedure and the purchase may be made without advertising for goods or services if the amount is estimated at less than \$50,000.
2. As feasible and practical, open market purchases will be based on (3) three competitive bids unless otherwise specified in this policy. The bidder offering the best value for the City will be awarded. *Texas Government Code §2155, §2156, §2157 and §2158*
3. Municipalities may contact vendors directly for quotes for goods, equipment, software and services.
4. Purchases estimated at \$50,000 or more must follow competitive bidding requirements as set forth in *Texas Local Government Code §252.021*.

F. PURCHASES LESS THAN \$50,000.00

1. One quote is permissible for expenses less than \$5,000 as long as the best value for the City is taken into consideration.
2. As feasible and practical, three (3) or more quotes/bids are required for expenses of \$5,000 or more.
3. Purchase requisitions and purchase orders are not required for purchases less than \$10,000.
4. Purchase requisitions and purchase orders are required for purchases of \$10,000 or more. See diagram Appendix A.
5. A purchase order must be issued prior to authorizing the vendor to order goods or begin a project or service.

6. A purchase order is not required for existing subscription services that renew on an annual basis or renew at the end of a term longer than one year.
Note: A purchase order should've been obtained in the first year of the term to implement the new subscription service.
7. Quotes may not be expired or older than 30 days, whichever comes first.
8. Purchases may be made by Department Heads or their designees without further approval of the Finance Department.
9. Quotes/bids will be received in writing from the vendor by mail, E-mail or fax. Verbal quotes will not be accepted.
10. Municipalities may use vendors that participate in *Interlocal Cooperation Contracts* under *Texas Local Government Code §271.102* and *§271.103* (aka: purchasing cooperatives). Municipalities may obtain one (1) quote/bid from a participating vendor in lieu of seeking three (3) or more quotes/bids from a non-participating vendor.

G. PURCHASES OF \$50,000 OR MORE

1. *Texas Local Government Code §252.021* provides that all purchases and contracts estimated at greater than \$50,000 require advertising which requests sealed bids or proposals. The Department or Procurement Division is responsible for the advertisement and distribution of the requests for bids or proposals. Criminal penalties may apply to those who fail to comply with competitive bidding requirements as set forth in *Texas Government Code §252.062*.
 - a. Solicitations must be advertised for a minimum of two weeks.
 - b. At minimum, solicitations must be advertised:
 - in the local newspaper, and
 - on the City website*Texas Government Code §2269.052*
 - c. Solicitations may be advertised through other outlets such as:
 - newspaper outlets in other cities (e.g. Austin, Boerne, Kerrville, Llano, San Antonio, etc),
 - web outlets like Bid Net Direct, or TX Smart Buy, and
 - sending the solicitation to potential vendors directly.
2. Departments will collaborate with the Procurement Division concerning purchases of \$50,000 or more.
3. Only City Council has the authority to approve and award bids, proposals and contracts that exceed \$50,000.
4. A purchase order is required and must be issued prior to authorizing a vendor to start a project, or service or order goods. See diagram Appendix A.
5. A purchase order is not required for existing subscription services that renew on an annual basis or renew at the end of a term longer than one year.
Note: A purchase order should've been obtained in the first year of implementing the new subscription service.
6. City officials and personnel must comply with all federal and state purchasing laws, as well as procurement procedures and requirements adopted by the City Council.
Note: Separate, component, or sequential purchases made in order to avoid the competitive bidding requirements are prohibited by Texas Local Government Code §252.062

V. TYPES OF FORMAL SOLICITATIONS (\$50,000 OR MORE)

A. INVITATION FOR BIDS (IFB OR RFX)

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

a. 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).

b. 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 IFB.

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

- Price
- Record of federal, state or local governmental entity suspension, termination or debarment
- References
- Safety record
- Vendor’s past relationship with the City
- Any relevant criteria specifically listed in the IFB

c. Best Value

Texas Local Government Code §252.043

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

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

B. REQUEST FOR PROPOSALS (RFP OR RFX)

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.

C. REQUEST FOR QUALIFICATIONS (RFQ OR RFX)

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, firm or individual that provides pricing or cost information in their solicitation response will be disqualified.

VI. SPECIFIC PURCHASE TYPES

Texas Government Code §2269

A. CONSTRUCTION

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.

The Procurement Division can assist in selecting the best method for each project.

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.

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.

3. 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.

4. Design-build

Design-build is a project delivery method by which the City contracts with a single entity to provide both design and construction services for the construction, rehabilitation, alteration, or repair of a building or associated structure.

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.

B. CONSTRUCTION PROJECT BONDING REQUIREMENTS

Texas Government 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.

1. 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 Finance Director or their designee approves its form prior to contract award.

2. 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 Finance Director or their designee.

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.

3. Maintenance Bonds

A maintenance bond is a surety bond issued by an insurance company or bank to protect the contractor or property owner from financial liability due to defects found at the completion of a project. The City requires the bond as protection from financial losses for a specified period of time once the project is complete. It safeguards the City against potential shortcomings in workmanship, ensuring the contractor remains accountable for their obligations after the project completion.

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.

VII. ARCHITECT, ENGINEERING, AND LAND SURVEYING PROCUREMENT POLICY

A. ENGINEERING, ARCHITECTURAL, AND LAND SURVEYING SERVICES

All Engineering, Architectural, and Land Surveying Services will be procured in accordance with *Chapter 2254, Professional Services Procurement Act*. The code states that contracts for procurement of professional services as defined by the *Texas Occupations Code* may not be awarded on the basis of competitive bids. The contract must be awarded on the basis of demonstrated competence and qualifications so long as the professional fees are consistent with, and not higher than the published recommended practices and fees of professional associations, and do not exceed maximums as prescribed by law.

B. CRITERIA FOR EVALUATION

The following criteria will be used for the evaluation of architect, engineering and land surveying firms. The criteria used will be specific to each RFQ solicited and may not include every listed criterion. Weighting factors may be utilized to identify the relative importance placed upon these items.

1. The competence and qualifications of the individual who will be directly responsible for the proposed work, based upon education and experience pertinent to the work considered.
2. Technical adequacy of the personnel and sub consultants to be utilized for the proposed work, based upon education and experience pertinent to the work considered.
3. Demonstrated experience of the prime firm based upon previous work similar to that of the type considered.
4. Demonstrated success of the prime firm based upon the record of performance for City and other projects.
5. Demonstrated commitment of the prime firm to their continued involvement in project success throughout the entire period of the project life.
6. Prime firm's history of accuracy of cost estimates and ability to perform within budget constraints.
7. Prime firm's workload capability and current workload as well as the firm's history of performing work within a specified schedule.
8. The approach proposed for the design project or study.
9. Knowledge of the City of Fredericksburg administration, contracting, local contractors, codes, adopted design criteria and specifications, and local site conditions.
10. Consideration for the utilization of a prime firm or individuals that have prior experience with an existing project that is proposed for continuation or modification.
11. Demonstrated ability of key team personnel to work with City staff and/or other project managers in relation to the schedule and budget requirements, comments, suggestions, design rationale, and project alternatives.

C. AVAILABILITY OF FUNDS

No contracts may be entered into unless a sufficient and unencumbered, appropriated balance is available to pay for the project.

D. APPROVAL AUTHORIZATION

1. Contracts for engineering, architectural or land surveying services with a total fee amount exceeding the approval authorization granted by the Council to the City Manager requires Council approval.

2. Contracts for engineering, architectural or land surveying services with a total fee not exceeding the approval authorization granted by Council to the City Manager can be negotiated at the staff level with approval by the City Manager.

E. REQUEST FOR QUALIFICATIONS (RFQ) PROCESS

1. The RFQ process is required for engineering, architectural or land surveying services only under the following conditions:
 - a. For architect and engineering services on construction projects with an estimated construction cost greater than or equal to \$1,000,000.
 - b. For planning and analysis projects or studies where the professional services fee is estimated to be greater than or equal to \$50,000.
 - c. If any portion of the scope of work of a project includes architect/engineering services, a Request for Qualifications (RFQ) is required subject to the provisions provided in this policy.
 - d. Projects may be grouped allowing for a single RFQ process to be used to hire multiple projects.
 - e. A single consultant can be hired for a group of projects or multiple firms can be selected and assigned projects from the list. The consultant list obtained by this process cannot be used for projects not stated at the time of the RFQ.
 - f. The RFQ process may be used to hire a program or project manager for a group of projects.
2. The RFQ process can be waived in cases where a proposed project is the extension or expansion of a previous project, and it is in the best interest of the City to use the same architect, engineer or land surveyor because of his/her familiarity with the project.

F. SELECTION OF QUALIFIED FIRMS

In procuring architectural or engineering services, the City shall:

1. First select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and
2. Then attempt to negotiate with that provider a contract at a fair and reasonable price.
3. If a satisfactory contract cannot be negotiated with the most highly qualified provider, the City shall formally end negotiations in writing with that provider and begin negotiations with the next most highly qualified provider.
4. The City shall continue this process to select and negotiate with providers until a contract is entered into.

VIII. HIGH TECHNOLOGY AND TECHNOLOGY-RELATED PURCHASES

Texas Local Government Code §252.001 & §252.021

A. REQUIREMENTS

High technology and technology-related purchases are subject to federal and state purchasing laws and the policies and procedures contained within this manual.

B. INFORMATION AND TECHNOLOGY DEPARTMENT RESPONSIBILITIES

1. Review and evaluate purchase requests for high technology goods, information technology commodity items, automated information systems and other technology-related purchase requests.
2. Review purchase requests for copiers, printers, and any device that accesses or uses the City network resources.
3. Review agreements and/or contracts prior to purchasing software or technology-related services and equipment.
4. Send agreements and/or contracts to legal for review prior to purchasing software or technology-related services and equipment.

5. Provide copy of signed agreements and/or contracts to the Purchasing Division and the City Secretary's office.

C. PRE-APPROVED EXPENSES

The IT Department will provide a list to the Finance Director and Procurement Division for technology purchases that are pre-approved by City Council for purchase. The list will not require further consultation or recommendation from the IT Department. An updated list will be provided if City Council approves additional expenditures during the budget year.

IX. EVALUATION AND SELECTION COMMITTEE

A. PURPOSE

The purpose of the committee is to bring together City personnel, officials and stakeholders to evaluate solicitation responses to ensure accountability, consistency and transparency in the selection process.

B. COMMITMENT

Serving on the Evaluation and Selection Committee is a commitment to the City and stakeholders to evaluate responses to RFP's and RFQ's in a fair and unbiased manner.

C. FORMING THE COMMITTEE

1. Selecting the Committee Members

- a. Select, at minimum, 3-4 members to participate on the committee. Additional committee members may be selected if needed.
- b. Members of the Committee may be employees and Officials of the City, and stakeholders in the community that have relevant experience or expertise related to the solicitation.

2. The committee may consist of, at City Staff discretion:

- b. The primary contact for the solicitation,
- c. Department Head/Superintendent,
- d. A member of the Procurement Division,
- e. Other City personnel with relevant experience,
- f. A stakeholder in the community, if appropriate.

3. Reference Appendix B – Evaluation and Selection Committee Diagram

D. DUTIES

1. Committee members have the following duties:

- a. Complete a Conflict of Interest Form.
- b. Attend all committee meetings.
- c. Read the RFX and all addenda to acquaint yourself with the nature of the requested goods, equipment or services.
- d. Read all vendor responses fully.
- e. Render a fair and impartial evaluation based exclusively upon the evaluation criteria as published in the RFP/RFQ utilizing:
 - i. The contents of the vendors' proposals;
 - ii. Information gained from clarification of proposals;
 - iii. Oral presentations; and
 - iv. Other legitimate sources of reference.
- f. Keep all information contained in the submission or obtained during the evaluation process confidential.
- g. Refer public information requests to the City Secretary's office.

2. Reference Appendix B – Evaluation and Selection Committee Diagram

XI. GENERAL CONTRACT REQUIREMENTS

A. CONTRACT RENEWALS

Texas Local Government Code §271.005

1. Terms

Renewal terms for contracts subject to competitive bidding should be limited to two (2) renewals following the original term. Exceptions to this policy may be made on a case-by-case basis when in the best interest of the City.

2. Multiple Award Contracts

When multiple vendor awards occur, if all vendors do not agree to renew, the contract in its entirety should be rebid.

3. Contract Changes

The renewal must be under the same terms and conditions as the original contract, provided that the unit price bid under the original contract may, by mutual agreement of both parties, be increased by no more than twenty-five (25%) percent of the original contract price.

4. Vendor Performance

Texas Government Code §2253

- a. Vendor performance will be a critical decision factor when deciding whether or not to renew or rebid a contract. In addition to vendor performance, price and overall best value to the City will be critical in decision factor elements.
- b. If performance issues arise:
 - contact the Procurement Division and the City Attorney,
 - all actions taken (request for remediation, etc) must be documented,
 - the vendor shall be given the opportunity to correct any issues, and
 - the Vendor Performance Form should be completed and sent to the vendor (copies to Procurement and City Attorney).

B. CONTRACT REVIEW AND APPROVAL REQUIRED

1. Regardless of the procurement methodology, all written contracts require:

- a. Review by the City Attorney,
 - b. Approval by the City Manager or their designee.
 - c. A copy of all contracts will be retained by the City Secretary's office for Records Management Retention.
- #### 2. Contracts greater than or equal to \$50,000 must be presented to City Council for approval following the review by the City Attorney.

C. CHANGE ORDERS

1. After performance of a construction contract begins, City Council may approve change orders if necessary to:

- a. make changes in plans or specifications; or
- b. decrease or increase the quantity of work to be performed; or materials, equipment or supplies to be furnished.

2. The following limitations apply to a change order:

- a. The original contract price may not be increased by more than twenty-five (25%) percent; and,
- b. The original contract price may not be decreased by more than twenty-five (25%) without the written consent of the contractor.

3. Material changes in scope, quantities, or related work may not be made. A material change is defined as substantial revisions.

4. All change orders must include sufficient explanation or detail for the City Manager to make an informed consent to change the original contract. Such information should be communicated in a memorandum to the City Manager or their designee with the Change Order attached.
5. Change Order Approvals
Texas Local Government Code §252.048 & §271.060
 - a. Change Orders of \$50,000 or more must be approved by City Council.

XII. GENERAL

A. NOTICE REQUIREMENTS

A governmental entity shall advertise or publish notice requests for bids, proposals, or qualifications in the manner prescribed by law. Notices are, at a minimum, required to be advertised in the local newspaper once a week for two (2) consecutive weeks with the submission date no earlier than 14 days from the first publication date. *Texas Government Code §2269.052*

B. SOLE SOURCE VS SINGLE SOURCE PURCHASES

1. Sole Source Purchases

When a good or service that is only available from one vendor anywhere, a bid or quote requirements may not be required due to purchasing from a sole source vendor. These purchases will be addressed on a case-by-case basis. There may be just one vendor because of patents or copyrights, or simply because the vendor is the only one that supplies the good or service. These purchases are exempt from the standard bidding requirements and must qualify as outlined in *Texas Local Government Code §252.022(7)*.

1. Single Source Purchases

A procurement decision whereby purchases are directed to one source because of standardization, or warranty, even though other competitive sources may be available.

C. RESTRICTIONS ON COMMUNICATIONS

Formal solicitations 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 primary contact for the solicitation or Procurement 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.

D. INSURANCE REQUIREMENTS

1. Where the City contracts with an outside party (contractor, consultant, vendor, or concessionaire) for goods or services, the contract should include indemnity and hold harmless provisions that appropriately transfer the project risks from the City to the contractor. Because the contractor may or may not have the financial resources to account for the risks, the City requires the contractor to purchase and maintain valid insurance to help ensure the financial security required by the City. The insurance types and amounts are as follows:
 - a. Workers Compensation covering all employees per the state statutory requirement is required on all contracts.
 - b. Liability Insurance is required on all contracts over \$15,000:
 - c. Employer's Liability of \$100,000;

- d. Comprehensive General Liability and Bodily Injury & Property Damage \$1,000,000, per occurrence and \$2,000,000 general aggregate; and
- e. Business Automobile Liability covering owned vehicles, rented and non-owned vehicles, and employee non ownership Bodily Injury Property Damage \$1,000,000 (per occurrence and aggregate).
- f. Reasonable Coverage: Although insurance coverage is not required for every project, and limits will vary by exposure, understanding insurance is important to assure that all of the City's potential liabilities and exposures from a project are properly and reasonably protected. Where questions arise about the types of insurance or amounts the Department should contact the City's Procurement Division.

E. DISQUALIFICATIONS

Texas Local Government Code §252.0436

- 2. Vendors may be disqualified from the bidding process for any of the following reasons:
 - a. The vendor is indebted to the City*.
 - b. The vendor is involved in any litigation against the City;
 - c. The vendor is in arrears on any existing contract or has defaulted on a previous contract with the City;
 - d. The vendor is debarred, suspended, terminated, or otherwise excluded from or ineligible covered transactions by any federal, state, or local government entity or agency;
 - e. The bid is not received by the bid submittal deadline;
 - f. The bid is not executed by a person authorized to enter into a contract binding on the vendor; or,
 - g. The Bid Bond is not submitted by the bid submittal deadline or is not in the name of the vendor submitting a bid.

F. PROTEST, REVIEW, AND APPEAL

- 1. 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.
- 2. Unsuccessful respondents that wish to protest an award are required to furnish sufficient evidence to challenge the decision within five (5) business days of the award of the bid by City Council.
- 3. Review of the bid challenge will be made by the City Manager and City Attorney's office. Their decision will be final.
- 4. The City can continue with the bid award while awaiting a final decision on the appeal process.

G. SPECIAL CONSIDERATIONS

Texas Local Government Code §271.905 and §271.9051

- 1. Local Business Preference Consideration
 - a. 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:

 - i. the lowest bidder; or
 - ii. 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.
 - b. Goods and Services of \$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:

- i. the lowest bidder; or
- ii. 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.

c. 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

- i. the lowest bidder; or
- ii. 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.

H. FORMAL PURCHASES (RFX) – AWARD OF CONTRACT

1. For RFX, 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:

- a. For Request for Proposals relating to construction projects, if pricing is requested in the published material, the prices must be publicly read aloud.
 - b. It does not apply when a single individual or entity is seeking a contract as there are no “competitors” for the contract.
 - c. Any portions of submissions that contain trade secrets or other commercial or financial information must be withheld and kept confidential by law.
 - d. Invitation for Bids, the bid tabulation is posted prior to the award by Council.
2. When a selection committee is used, all scoring sheets, summary sheets, committee worksheets, etc. must be kept by the departments and available to the public following the bid award.
3. All requests for information, before and after the award of contract, will be referred to the City Secretary’s office as a formal Public Information Request.

I. REQUESTS FOR INFORMATION

1. Contents of RFX’s will be kept confidential so as not to inadvertently reveal trade secrets, proprietary information, financial records, and work product. *Texas Government Code §2267.066(c)*

2. Requests for information about RFX's will be subject to the policies and processes of the *Public Information Act, Texas Government Code §552*
3. All requests for information will be directed to the City Secretary's office.

J. INTERLOCAL COOPERATION CONTRACTS (AKA: COOPERATIVE PURCHASES)

1. Contracts for Purchases

- a. A local government, including a council of governments, may agree with another local government or with the state or a state agency, including the comptroller, to purchase goods and services.
- b. A local government, including a council of governments, may agree with another local government, including a nonprofit corporation that is created and operated to provide one or more governmental functions and services, or with the state or a state agency, including the comptroller, to purchase goods and any services reasonably required for the installation, operation, or maintenance of the goods. This subsection does not apply to services provided by firefighters, police officers, or emergency medical personnel.
- c. A local government that purchases goods and services under this section satisfies the requirement of the local government to seek competitive bids for the purchase of the goods and services.
- d. Competitive bidding 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. Listed below is a list of cooperatives the City is a member of. Please contact the Procurement Division for further information. *Texas Government Code §791*

2. Purchasing Cooperatives the City utilizes

- a. BuyBoard
- b. Sourcewell
- c. Omnia Partners
- d. Texas Interlocal Purchasing System (TIPS)
- e. Texas SmartBuy
- f. Texas Department of Information Resources (TXDIR)
- g. Texas Multiple Award Schedules (TXMAS) Contracts
- h. MiCTA
- i. Pavilion
- j. PACE

K. HISTORICALLY UNDERUTILIZED BUSINESSES (HUBS)

At least two historically underutilized businesses (HUBs) must be contacted on a rotating basis when making expenditures of \$3,000 or more, but less than \$50,000. A list of HUBs may be found on the State of Texas Procurement and Support Services Website, which can be found at <https://mycpa.cpa.state.tx.us/tpasscmlsearch/tpasscmlsearch.do>. If the list fails to identify a HUB located in Gillespie County that provides the goods or services needed by the City, then the City is exempt from this requirement. *Texas Local Government Code §252.0215 and Texas Government Code §2161*

L. MUNICIPAL GOVERNMENTS ARE TAX EXEMPT

1. Sales & Use Taxes

The City of Fredericksburg is exempt from Sales & Use Taxes. Personnel and officials must present a Texas Sales & Use Tax Exemption Certificate at the time of purchase for goods, equipment or services.

XIII. CITY DEPARTMENTS RESPONSIBILITIES

The responsibilities for the procurement for projects, goods, equipment, software and services will be shared by the Finance Department, Procurement Division and City Departments.

A. PLANNING, BUDGETING AND SOLICITATIONS (RFX)

1. Determine need.
2. Verify budget funding.
3. Complete and email the New Project, Equipment or Services Request Form, as applicable, to the Procurement Division with the following attachments/information:
 - a. Scope of work
 - b. Special terms and conditions
 - c. Selection criteria and weighting (RFPs and RFQs only)
Note: Invitation for Bids require selection of a vendor based on price using the lowest bidder, or lowest responsible bidder criteria.
 - d. Specifications
 - e. Drawings (if applicable)
 - f. Liquidated Damages Worksheet
 - g. Proposed RFX Form
 - h. Potential vendors
4. Select meeting dates for evaluation and selection of RFX responses
5. Select an Evaluation and Selection Committee to review and evaluate formal RFX responses and documents
6. Prepare to answer questions from vendors
7. Attend pre-bid conferences, as needed, to answer vendors' questions.
8. Once submissions are opened, begin following the steps in Finalizing the RFX Process.
 - a. Review responses; make a selection with input from the Evaluation and Selection Committee.
 - b. Ensure all committee members complete a Conflict of Interest Form.
 - c. Ensure the vendor is not debarred on www.sam.gov and print or scan results.
 - d. Contact the vendor's references.
 - e. Prepare the agenda item for City Council.
 - f. Send the vendor a Notice of Intent to Award and Form 1295 for Ethics Commission.
 - g. Work with the City Attorney's office to finalize contract.
 - h. For new vendors, obtain a W-9 and contact Accounts Payable to create a vendor account.
 - i. Following approval by City Council, continue following the steps in Finalizing the RFX Process.
 - Send the vendor a Notice of Award,
 - Obtain the vendor's certificate of insurance,
 - Collect bonds, and
 - Send vendor Formal Notice to Proceed.
9. 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 the vendor for any Change Order requests
 - d. Monitor vendor performance through progress meetings/status reports.
 - If performance issues arise:
 - notify the Procurement Division
 - contact the City Attorney,
 - all actions taken (Requests For Remediation, etc) must be documented using the Vendor Performance Form,
 - the vendor shall be given the opportunity to correct any issues, and

- the Vendor Performance Form should be completed and sent to the vendor (copies to Procurement Division and City Attorney).

10. Verify project status, quality, milestones and completeness.
11. Verify goods, equipment, and services are received in their entirety.

B. BUDGET AMENDMENTS

1. Follow the steps outlined above for goods, equipment and services.
2. The Budget Amendment Request Form should be completed and emailed for:
 - a. Budgeted goods, equipment and services that increase in price during the budget year.
 - b. Unbudgeted goods, equipment and services that were not included in the current fiscal year budget.
3. The New Project, Equipment or Services Form is not needed if:
 - a. one has already been completed, or
 - b. budgeted goods, equipment or services have increased in price.

XIV. PROCUREMENT DIVISION RESPONSIBILITIES

- A. Assist Departments with questions or issues that may arise.
- B. Ensure that purchases are processed within guidelines established by Federal and State Law and the Strategic Procurement Manual.
- C. Receive New Project, Equipment or Services Request Form, Budget Amendment Request Form, solicitation responses, quotes and other documents from Departments.
- D. Verify a sufficient unencumbered, and appropriated balance is available to pay for projects, equipment, goods and services.
- E. Compose and issue Purchase Orders to Departments for projects, equipment, goods and services.
- F. Obtain insurance coverage.
- G. Obtain the City Attorney's approval of draft contract and agreements.
- H. Advertise RFX in the newspaper, City website and other outlets.
- I. Distribute RFX invitations to potential vendors.
- J. Facilitate and collaborate with vendors and Departments about questions/responses and otherwise.
- K. Publish any required addenda.
- L. Participate on the Evaluation and Selection Committee for RFX.
- M. Review City Council Agenda item and related attachments.
- N. Provide support to Departments at City Council Meetings during the contract award proceedings.
- O. Prompt Department to request Form 1295 for Ethics Commission from the selected vendor.
- P. Review purchases to ensure the amount invoiced does not exceed the amount budgeted for the expense.
- Q. Receive vendor/supplier invoices from Departments for projects, goods and services that will be purchased through Lease/Purchase Financing.

XV. ACCOUNTS PAYABLE RESPONSIBILITIES

- A. Assist Departments with questions or issues that may arise.
- B. Review invoices, statements and other documentation for accuracy and to ensure the purchase does not exceed the amount budgeted.
- C. Process invoices for payment in accordance with the Prompt Payment Act, *Texas Government Code §2251*.
- D. Manage the Electronic Accounts Payable (EAP) System.

XVI. ELECTRONIC ACCOUNTS PAYABLE (EAP) SYSTEM

- A. Every Department shares responsibility for entering expenditures in the EAP System.
- B. Collaborate and coordinate with AP Clerk regarding any questions or issues that may arise.

- C. Vendor invoices for goods and services purchased through Lease/Purchase Financing will not be entered in EAP. Please provide invoices to the Procurement Division.
- D. Invoices and/or statements
 - 1. Upload invoice and/or statement,
 - 2. Attach PO (if applicable) and other supporting documentation,
 - 3. Enter the description of goods and services purchased,
 - 4. Provide the correct GL number(s) for the expense.

XVII. UNBUDGETED EXPENSES

A. AUTHORITY

- 1. The City Manager is authorized to approve expenditures of not more than \$50,000, provided that:
 - a. The original price has not increased by more than twenty-five (25%) percent.

B. UNBUDGETED EXPENDITURES OF \$50,000 OR MORE

- 1. These purchases must go through City Council for approval unless it is a qualifying Emergency purchase under *Texas Local Government Code §252.022(7)(A)*.
- 2. Non-emergency purchases are subject to formal competitive bidding requirements.

C. UNBUDGETED EXPENDITURES OF LESS THAN \$50,000:

- 1. Must go through the City Manager for approval unless it is a qualifying Emergency purchase under *Texas Local Government Code §252.022(7)(A)*.
- 2. Purchases for non-emergency situations must use a vendor in a purchasing cooperative or obtain 3 quotes.
- 3. A Purchase Approval Form will be completed to:
 - a. Document unbudgeted expenditures, and
 - b. Obtain City Manager approval.

D. URGENT VS. EMERGENCY PURCHASES

- 1. *Urgent Purchases of not more than \$50,000*
 - a. These purchases may occur when a situation arises that could not be foreseen. For example, A/C or heat unit needs to be repaired or replaced.
 - b. These purchases may occur when expenses are not pre-planned during the mid-year or annual budgeting process. For example, a subscription for services that renews annually but was not included in the budget.
 - c. These purchases are not exempt from either using a vendor in a purchasing cooperative or obtaining 3 quotes.
 - d. When an urgent purchase is requested, the purchase will be presented to the City Manager for approval using the Purchase Approval Form.
- 2. *Urgent Purchases of \$50,000 or more*
 - a. These purchases will go before City Council prior to making the purchase.
 - b. These purchases will follow competitive sealed bidding requirements.
- 3. *Emergency Purchases of Any Dollar Amount*
 - a. Under *Texas Local Government Code §252.022(7)(A)*, 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; or
 - Unforeseen damage to public machinery, equipment or other property.

- b. The purchase must meet the criteria for emergency purchases as specified in Texas Local Government Code *Texas Local Government Code §252.022(7)(A)*.
- c. When an emergency purchase is made under one of the above stated conditions, the purchase will go before City Council to be ratified.

XIII. EXEMPTIONS FROM COMPETITIVE PURCHASING REQUIREMENTS

B. CERTAIN EXEMPTIONS APPLY

The competitive purchasing requirements do not apply to items exempted from the competitive purchasing provisions under *Texas Local Government Code §252.022*. These exemptions are:

1. Purchases made because of public calamity that requires immediate appropriation of money to relieve the needs of the citizens or to preserve city property.
2. Necessary to preserve or protect the public health or safety of the city's residents.
3. Necessary because of unforeseen damage to public machinery, equipment, or property.
4. Personal, professional, or planning services.
5. Work performed and paid for by the day as the work progresses (day labor).
6. A purchase of land or right-of-way.
7. A procurement of items that are available from only one source, including:
 - Items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies, copyrights, secret processes, or natural monopolies;
 - Films, manuscripts or books;
 - Electric power, gas or other utility services;
 - Captive replacement parts or components for equipment;
 - Books, papers, other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and
 - Management services provided by a non-profit organization to a municipal museum, park, zoo or other facility which the organization has provided significant financial or other benefits;
8. A purchase of rare books, papers and other library materials for a public library;
9. Paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements;
10. A public improvement project, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voters;
11. A payment under a contract by which a developer participates in the construction of a public improvement (Texas Local Government Code §212 Municipal Regulation of Subdivisions and Property Development)
12. Personal property sold:
 - At a public auction by a licensed auctioneer;
 - At a going out of business sale as defined by Texas Government Code §17.81 and in compliance with Chapter 17 Deceptive Trade Practices of the Business & Commerce Code;
 - By another political subdivision of the state, a state agency of Texas or the federal government, or;
 - Under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391 Regional Planning Commissions.
13. Services performed by blind or severely disabled persons;
14. Goods purchased by a municipality for subsequent retail sale by the City;

- 15. Electricity; or
- 16. Advertising, other than legal notices.

XIX. LEGAL

A. CITY ATTORNEY APPROVAL REQUIRED

The City Attorney shall review all documents, contracts, agreements and legal instruments in which the City may have an interest, unless otherwise determined by the City Attorney. Equipment, materials, supplies and service contracts bearing any special terms and conditions, other than administrative provisions, not previously approved by the City Attorney, shall be submitted for such approval and must receive approval prior to issuance.

B. PREVIOUSLY REVIEWED TERMS AND CONDITIONS

Written agreements and contracts having been approved by the City Attorney are considered to have been reviewed by the City Attorney for renewal or re-use purposes, unless substantial changes to the terms and conditions have been made.

C. PROMPT PAYMENT ACT

The City shall pay all payments owed not later than 30 days after the goods or services are received, or the date that the invoice is received and approved, whichever is later. This act also requires that when payment is not made as required, the City shall automatically add interest to the payment at the rate of one percent per month. *Texas Government Code §2251*

D. PENALTIES

Texas Local Government Code §252.062 states, a municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of *Texas Local Government Code §252.021 (Competitive Requirements for Purchases)*. An offense under this section is a Class B Misdemeanor. Class B misdemeanor's may be punished by a fine of up to \$2,000, confinement in jail for up to 180 days, or both the fine and confinement.

Texas Local Government Code 252.063 states, the final conviction of a municipal officer or employee for an offense results in the immediate removal from office or employment of that person.

XX. ELECTRONIC PROCUREMENT POLICY

Electronic sealed bids or proposals shall be in accordance with *Texas Local Government Code §252.0415(a)* which requires the identification, security, and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.

Electronic reverse auctions shall be in accordance with *Texas Local Government Code §271.906 and §2155.062(d)*, which requires a real-time bidding process taking place during a previously scheduled Internet location with multiple suppliers, anonymous to each other, submitting bids to provide goods or services.

XXI. PURCHASE CARD PROGRAM POLICY

A. INTRODUCTION

The City Purchase Card Program is a purchase card (p-Card) used as a credit card set up through JP Morgan Chase Bank. It offers an alternative purchasing tool in addition to the existing City of Fredericksburg's

procurement processes. The p-Card provides an efficient and effective method of purchasing and paying for goods and services with a value of \$4,999.99 or less. In most cases, the purchase card will replace submitting statements or invoices via the EAP System, paper check requisitions, reimbursement requests, or other associated paperwork.

This policy describes the procedures for appropriate purchase card use. By signing the Cardholder Agreement Form, the employee promises to comply with program rules and regulations. A purchase card will be issued to an employee upon management approval and after the employee executes a signed agreement form. Upon receipt of the card, the employee should immediately sign the back of the card and keep it in a secure place.

The purchase card is issued to one employee only. No other person is permitted to use another employee's card. As a cardholder, the employee is responsible for the appropriate use of City funds. Although the card is issued to the employee, it remains City property and may be rescinded at any time. The employee should use the card only for the types of purchases described in this guide.

Each employee should document any questions, suggestions or difficulties he/she or the suppliers have regarding the purchase card program. This feedback will provide vital information to our program during evaluations. Also, the employee should notify the Finance Director or their designee of any suggestions for improvements or changes.

B. POLICY

Usage of the City's purchase card is allowed at the discretion of the City Manager or Finance Director to current employees who are granted City purchasing authority. Delegation of City purchasing authority governs the use of the purchase card as a tool for purchasing materials and services. Use of this card is restricted to the purchasing of those goods or services that **cannot** be procured through normal procedures. All goods and services purchased by the City should be acquired through credit extended by the City's vendors to the City whenever possible and paid by approved check requisition and invoice within the agreed credit terms of the vendor.

The City purchase card will not circumvent the City's Strategic Procurement Policy & Procedures manual. It is designed to streamline smaller purchases that are made on-site, via Internet, telephone, fax or mail. Each employee's card has been assigned an individual credit limit based on the department director's approval. If that limit becomes too low to accommodate monthly requirements, the employee may request an increase through their department director.

The use of the purchase card does not justify the payment of any sales and use taxes for which the City is exempt. As in all other purchases, the merchant shall be given a copy of the Texas Sales and Use Tax Exemption Certificate issued to the City and accordingly, state and local sales tax should not be charged. This is also applicable to all telephone and internet orders. If the cardholder fails to provide the Texas Sales and Use Tax Exemption Certificate to the merchant, the cardholder will be responsible for requesting a refund of sales tax or paying the amount of sales tax out of their own pocket.

Purchase Card Responsibilities Include:

- Using the card responsibly and in accordance with this policy.
- Purchasing items for City of Fredericksburg business use only.
- Never lending or sharing the purchase card or card account number with unauthorized users.
- Purchasing only goods and services that have received prior authorization through following the City's Strategic Procurement Policy and Procedure Manual.
- Knowing the purchase card limitations and restrictions as provided by the City Finance Department.

- Returning the purchase card to the Finance Department, as appropriate.
- Obtaining your Department Head's signature on your purchase card statement PRIOR TO forwarding it to the Finance Department. Including proof of purchase documents, such as sales receipts and invoices with your purchase card statement for your Department Head to review.
- Providing invoices, receipts and other supporting documentation with their credit card statement, to the Finance Department.
- Submitting their credit card statement with invoices, receipts and other supporting documentation to the Finance Department no later than three (3) business days after the 15th of the month.

C. AUTHORIZATION

City employees must receive written permission from their Department Head to use the City's purchase card. The City Manager and/or Finance Director will have final approval for City employees to use the City's purchase card. Each department is responsible for notifying the City Finance Department of their authorized users of the City's purchase card.

The purchase card may be used only by City authorized users who have authority to buy goods and services on behalf of the City of Fredericksburg. Each user is responsible for ensuring the purchase card information is protected.

The Finance Director helps ensure the proper use of purchase card by overseeing the City implementation and use of the card and/or account number.

D. PURCHASE CARD ISSUANCE

A purchase card will be issued to a City employee upon the approval of the department director. An individual will only receive the card after completing the application form and receiving purchase card instruction from the Director of Finance or their designee.

In addition to the above, the cardholder is required to read and sign the Purchase Card Policy Agreement form and adhere to all policies and procedures of the City and his/her department. Once an employee receives his/her card, it should be signed and kept in a secure place. Although the card has been issued to the employee, it is City property and may only be used for the purchases outlined in this manual.

E. OWNERSHIP AND CANCELLATION OF THE PURCHASE CARD

The purchase card remains property of the City. It may not be transferred to, assigned to, or used by anyone other than an authorized user of the City. Users of the purchase card are accountable for the activity on the card. The issuer or City may suspend or cancel user privileges at any time for any reason. If the user is in possession of a card, the user will surrender the card upon termination of employment (i.e. retirement, voluntary or involuntary termination), or at any time when requested to do so by their supervisor, department head, Director of Finance or City Manager.

F. RECEIPTS

It is the responsibility of each purchase card user to obtain transaction receipts from the merchant each time the card is used, including telephone and internet charges. These are to be forwarded to the City Finance Department with the cardholder statement for review and to ensure eligibility for payment each month. Failure to provide the required documentation for payment processing may subject the user to loss of purchase card privileges and may cause the amount charged to be classified as a personal purchase and payable by the card user. The City shall keep statement data and proof of reconciliation, including receipts and packing slips, on file for a period consistent with the record retention requirements of the law.

Failure to provide receipts and allow for timely payment of the purchase card purchase will also subject the users department to finance charges.

G. DISPUTED CHARGES

It is each user's responsibility to follow-up on any erroneous charges, returns or adjustments to ensure proper credit is given on subsequent statements.

H. SAFEGUARDING AN ISSUED PURCHASE CARD

An issued purchase card or card account number should always be treated with utmost care and should be kept in a secure location and protected from misuse by unauthorized users. When using the purchase card for internet purchases, users should ensure that the site utilizes industry recognized encryption transmission tools.

I. LOST OR STOLEN PURCHASE CARDS

It is the responsibility of the cardholder to immediately report a lost or stolen purchase card by calling the issuing bank at 1-800-316-6056. The employee cardholder must also report the lost or stolen card to the department head and the Finance Department as soon as practicable, orally and in writing. Unauthorized use of the card will be reported to the City of Fredericksburg Police Department or other appropriate authority.

J. FINANCE DEPARTMENT RESPONSIBILITIES

The Finance Director and/or designee is responsible for:

- Implementation of this policy,
- Timely reconciliation of purchase card accounts,
- Appropriate record keeping,
- Handling purchase card administration,
- Knowing the purchase card limitations and restrictions,
- Developing and implementing internal procedures that govern City use of the purchase card,
- Sharing new program information with authorized users answering questions about the use of purchase card,
- Monitoring card usage to ensure that City policies, and internal policies and procedures are being followed,
- Assigning purchase card privileges to authorized users,
- Communicating with the City Manager when new or modified cards are necessary and requesting new cards from an approved issuer, and
- Communicating with the City Manager when card cancellations are necessary and terminating accounts and individual authority to use purchase card.

K. COMPLIANCE WITH POLICY, VIOLATIONS AND CONSEQUENCES

Card user violations of this agreement or of any policy regarding the purchase of goods or services will be investigated and may result in any or all of the following actions, but not limited to: written warning, revocation of purchase card privileges, cancellation of delegation of purchasing authority, disciplinary action, termination and/or criminal prosecution. Human error and extraordinary circumstances may be taken into consideration when investigating any violation of this agreement.

The City Manager, Finance Director or their designees have the authority to investigate and to determine whether a violation of procurement or purchase card policy has occurred and to determine action deemed most appropriate pursuant to applicable law and/or City policy.

Violations of purchase card usage include but are not limited to:

- Purchase of items for personal use,
- Purchase of items in violation of the City's travel policy,
- Use of the purchase card for cash advances,

- Failure to return the purchase card when card user is reassigned, terminated or upon request,
- Failure to turn in invoices, receipts or other back up documentation with the purchase card statement to the City Finance Department no later than three (3) business days after the 15th of the month, and
- Sharing the purchase card or card account number with unauthorized users.

L. CONCLUSION

The City purchase card should be used responsibly. Since the card is issued in the employee’s name, all purchases are assumed to be made by the employee. Each employee should be aware that improper use might result in disciplinary action, up to and including termination and criminal prosecution. The department may maintain a purchase card log, but the original sales receipts shall be forwarded to the Finance Department. The cardholder may be randomly audited to track purchasing and record keeping activity.

By using the purchase card for business transactions, the employee will help save the City of Fredericksburg both time and money. We welcome your feedback and suggestions for improvement. If you have any questions, or need further assistance, please contact the Finance Department or Procurement Division.

XXII. TRAVEL EXPENDITURES

A. INTRODUCTION

It is the policy of the City of Fredericksburg that officials and employees are fully reimbursed for necessary and reasonable job-related expenses incurred in the authorized conduct of City business. All requests for reimbursement of expenses are subject to requirements of documentation and reasonableness and will be honored in conformance with adopted policies and procedures.

B. PURPOSE

This policy establishes guidelines for administering and accounting for travel expenses incurred by those representing the City of Fredericksburg on authorized travel for City business.

C. ADMINISTRATION

All officials and employees who travel on City business, and managers who approve travel, are responsible for administration of this policy. All individuals traveling for City business have the option to make travel accommodations using the State of Texas TPASS contract for hotels, rental cars, and airlines at <https://www.gsa.gov/plan-book> or <https://www.comptroller.texas.gov/purchasing/programs/travel-management>.

Expenses incurred during business-related travel are defined in this policy. Appropriate forms will need to be completed for travel reimbursement. It is the responsibility of the individual to reflect expenditures related to travel accurately on the Travel Reimbursement form. The Travel Reimbursement Form is located on the City’s Employee Intranet website.

D. IRS REGULATIONS

The City travel policy must follow specific rules relating to travel expense. As such, this policy is designed to meet all IRS requirements. Therefore, all travelers must adhere to the following three rules:

1. Expenses must be paid or incurred while performing services as a representative of the City of Fredericksburg and must not exceed the per diem allowed for the destination city.
2. Expenses must be adequately accounted for, and travel settled, within five (5) business days.

3. Excess reimbursement must be returned within five (5) business days.

Failure to follow the procedures in this policy violates the rules under the IRS's regulations, which may result in travel expenses and mileage reimbursements being classified as taxable income.

E. TAXES

The City is exempt from sales and use taxes. If sales tax is paid, it must be reimbursed to the City by the vendor or the traveler.

The City is NOT exempt from hotel, restaurant, or rental car tax.

F. ALLOWABLE EXPENSES

The City of Fredericksburg will pay expenses incurred in the course of authorized City travel. Individuals shall be entitled to accommodations and services which are reasonable, economical, and meet quality standards for convenience, safety, and comfort. Individuals are expected to exercise good judgment in distinguishing between comfort and extravagance. This is intended as a general guide and is not necessarily all-inclusive. Discretion remains with the individual's supervisor in approving expenses for unusual circumstances.

All expenditures must be authorized by your Department Head, Director or City Manager as applicable.

Travel out of state must be pre-approved by the City Manager's Office.

To be reimbursed, reasonable travel expenses must be properly documented, receipted, and approved. Expenses incurred beyond the per diem rate allowed for the destination city of travel will not be reimbursed. Each individual is responsible for adhering to this policy when incurring expenditures on behalf of the City.

Purchase cards cannot be used to purchase meals or incidentals during an individual's travel if the official or employee received the Meals & Incidentals per diem for their travel.

City vehicles or vehicles used for City business should be fueled at the Consolidated Warehouse fuel pumps prior to departure out of town on City business.

Personal vehicles are eligible for mileage per diem rates unless the employee receives a stipend/allowance for their vehicle. Mileage will be reimbursed in accordance with the current IRS standard mileage rate.

G. TRANSPORTATION

1. *City Vehicle*

Individuals are encouraged to use City vehicles for out-of-town travel. Those employees with an assigned City vehicle should get authorization from their Department Head or Director to take their assigned vehicle out of town. It is generally preferred for officials and employees to use a City vehicle for travel outside the City limits and employees to carpool.

A copy of all fuel receipts must be attached to the [Travel Reimbursement Form](#) or credit card statement.

2. *Rental Vehicle*

If a City vehicle is unavailable, the individual should consult the TPASS website for pricing on rental cars through Enterprise/National, Avis, or Hertz. If the cost of a rental car exceeds the cost of the

current mileage rate, a personal vehicle may be used. The quote must include the cost of rental insurance. A copy of all fuel receipts must be attached to the Travel Reimbursement Form; Rental cars must be paid for via City Purchase card per the existing TPASS contract.

3. *Personal Vehicle*

If a City vehicle is not available and a rental vehicle is cost prohibitive, the City will reimburse out-of-town travel at the current mileage rate authorized by the IRS. Travel reimbursements will be based on miles from departure city to destination city plus five percent (5%) for "in town" driving at the destination city. Google Maps (www.maps.google.com) will be used for directions in order to provide accurate mileage. Driving from home to work is not considered a reimbursable expense according to IRS Guidelines.

Fuel and other vehicle related receipts cannot be submitted for reimbursement when requesting mileage reimbursement.

Employees who receive a vehicle stipend/allowance are not eligible to receive mileage reimbursement. Vehicles should be fueled at the Consolidated Warehouse or purchased on your City Purchase Card for out-of-town travel related to City business.

4. *Commercial Airline*

Air travel can be utilized for trips when the cost (including local transportation and parking) does not exceed the amount that would be paid for vehicle mileage-based reimbursement. Tickets should be purchased with as much advance notice as possible and only coach accommodation will be allowed to ensure the best price.

Air travel must be pre-approved by the City Manager when circumstances place time constraints on the traveler.

A proper receipt shows dates of travel, destination city, payment method and payment amount. An internet reservation printed from a computer is not an adequate receipt for travel expenses. If ground travel is preferred, the individual must provide the cost of airline travel. The traveler will only be reimbursed for the lesser cost of the two modes of transportation unless the individual can provide documented travel receipts for rental fees, etc. and receive authorization from the City Manager.

(For example: A flight from San Antonio to Washington Reagan costs \$351 with 21-day advance notice and rental car is a total of \$300. Mileage for roundtrip – including 5% in town allowance – would be \$1,933.21. If traveler prefers to drive, they will be reimbursed for the lower cost alternative of \$651- the cost of the flight and rental car.)

5. *Rental Cars or Taxis*

When air travel is used, expenses for rental cars, taxis, or public transportation will be reimbursed if transportation is necessary to conduct City business. Proper receipts must be submitted with the Travel Reimbursement Form or credit card statement.

6. Employees will not operate vehicles and drive while under the influence of alcohol or illegal substances. Violation of this policy may result in disciplinary action and may include termination of employment.

H. LODGING

The City will pay for the cost of lodging necessary for out-of-town travel. Luxury/resort accommodations will not be allowed unless the conference or convention is hosted at the resort. Individuals should request a government rate when making reservations and make such accommodations based on the best value for the City. An exit receipt is required from the hotel/motel and must be attached to the Travel Reimbursement Form or credit card statement.

I. MEALS AND INCIDENTAL EXPENSES (M&IE)

1. The IRS defines expenses in this category to include food, beverage, laundry, cleaning and pressing of clothing, and fees/tips for services. Incidental expenses do not include taxicab fares, lodging taxes, or the cost of faxes, telephone calls, or internet charges.

2. Overnight Travel

A per diem will be paid for meals and incidental expenses incurred while traveling away from home overnight. Travelers are required to use per diem rates rather than itemized receipts for each purchase. Costs of meals and incidentals over the per diem rate will not be reimbursed.

To determine if a full or partial day applies, consider the start time of the event.

For example, an out-of-town seminar in Austin starts at noon on Wednesday and runs until noon on Friday. Meals are not provided for this example. The City will pay for lunch and dinner on Wednesday, breakfast, lunch and dinner on Thursday and breakfast and lunch on Friday.

Wed – \$50.00 (partial day)

Thu – \$64.00 (full day)

Fri – \$50.00 (partial day)

3. Day Travel

The City will pay the per diem rate for meals during day trips that do not require an overnight stay. Meals must not exceed the per diem rate for the destination city. Travelers are required to use per diem rates rather than itemized receipts for each purchase. Costs of meals and incidentals over the per diem rate will not be reimbursed.

Officials and employees should be aware that food expenses incurred on a day trip are not considered reimbursable under IRS Guidelines. This is considered taxable income (fringe benefit) under IRS regulations.

Per diem rates are updated each fiscal year on the U.S. General Services Administration website. To get the per diem rate for the destination city, visit www.gsa.gov/perdiem.

J. REGISTRATION

The City will pay registration fees for an approved conference, convention, seminar, meeting, classes, or event. If the individual fails to arrange payment prior to the event, they must obtain an itemized receipt to be reimbursed for the expense. The receipt must be attached to the Travel Reimbursement Form or credit card statement. Entertainment events, such as golf and tennis tournaments priced separately from basic registration, are not allowed.

K. SPOUSES OR OTHER GUESTS

The City will not pay for, or reimburse the individual for, any travel expenses of his or her spouse, children, or other guests including, but not limited to, registration, activity fees, lodging, meals, etc.

L. DIGNITARIES AND SPECIAL GUESTS

City personnel, officials or authorized representatives of the City must get prior written approval from the City Manager prior to inviting a dignitary or special guest to participate in a City Program or Event when the City is expected to pay travel expenses.

Expenses incurred by the dignitary or special guest will be considered and are subject to the discretion of the City Manager and this policy.

Any expenses incurred for the spouse, companion, children, family, or friends of the dignitary or special guest will not be considered eligible travel expenses.

M. TELECOMMUNICATIONS

Phone calls, facsimile communications, Wi-fi, and internet connection fees directly related to City business will be reimbursed. City-issued phones should be used for communications related to City business when possible. Fees for Wi-fi and internet connection on airplanes and public transit will not be reimbursed.

N. OTHER EXPENSES

Tolls, parking expenses, public transportation, and luggage fees incurred will be reimbursed. Valet parking is not eligible for reimbursement unless it is the only parking offered by the hotel/motel. Receipts and valid explanation are required.

Entertainment expenses and alcoholic beverages are not allowed. For example, tickets to sporting events, concerts, etc. would be considered entertainment and would not be allowed.

Parking violations and other traffic tickets are not a reimbursable expense.

GLOSSARY OF TERMS

Amendment – An agreed in addition to, deletion from, correction, or modification of a document or contract. See also Authorized Deviation, Change Order, Contract Modification.

Appropriated – The City Council appropriates funds through the adoption of the annual budget and subsequent amendments. Appropriated funds are funds that are able to be used for the purchase of goods and services. Another way of saying this would be to say funds are budgeted and authorized for the intended purchase.

Architect – An individual registered as an architect under Chapter 1051 of the Occupations Code for Texas Board of Architectural Examiners; General Provisions Affecting Architects; Landscape Architects; and Interior Designers; Provisions affecting only Architects.

Authorized Deviation – A change or deviation specifically allowed by the contracting entity. See also Amendment, Change Order, Contract Modification.

Automated information system – Includes A) the computers and computer devices on which an information system is automated, including computers and computer devices, B) a service related to the automation of an information system, including computer software or computers, C) a telecommunications apparatus or device that

serves as a component of a voice, data, or video communications network for transmitting, switching, routing, multiplexing, modulating, amplifying, or receiving signals on the network, and services related to telecommunications, D) service provided by a telecommunications provider. *Texas Government Code §2157.001*

Award – Approval by the City Council, City Manager, Director of Finance or their designee, under whose authority a purchase order is issued.

Best Value – If the sealed competitive bidding requirements applies to the contract for goods or services, the contract may be awarded to the lowest, responsible bidder (see definition on page 5) or to the bidder who provides goods or services at the best value for the City. In determining the best value for the City, we may consider:

- the purchase price;
- the reputation of the bidder and of the vendor’s goods or services;
- the quality of the vendor’s goods or services;
- the extent to which the goods or services meet the City’s needs;
- the bidder’s past relationship with the City;
- the impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses (HUBs) and non-profit organizations employing persons with disabilities;
- the total long-term cost to the City to acquire the bidder’s goods or services, and
- any relevant criteria specifically listed in the Invitation for Bids or proposals.

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

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.

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 database of vendors maintained by the Finance Department.

Bond Funds – Money in the treasury received from the sale of bonds and includes the proceeds of bonds that have been voted but have not been issued delivered.

Capital Asset – Property with a useful life of three years and a purchase cost of at least \$10,000.

Captive replacement part – A dealer supplied Original Equipment Manufacturer (OEM) part.

Change Order – A written modification or amendment to a contract. See also Amendment, Modification, Authorized Deviation, Change Order Authority, Contract Modification.

Change Order Authority – The power or right of a public entity to unilaterally modify a contract without express consent of the contractor. See also Amendment, Modification, Authorized Deviation, Change Order, Contract Modification.

City Council – The elected officials of the City of Fredericksburg, Texas.

Commodity Code – A specific group of goods or services categorized into distinct classes that have been assigned a numerical reference number within the purchasing and inventory system.

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

Component Purchases – Purchases of component parts of an item that in normal purchasing practices would be purchased in one purchase.

Consortium – A partnership, association, or society of suppliers. See also Cooperative Procurement (Purchasing).

Consulting Services – The service of studying or advising the City under a contract that does not involve the traditional relationship of employer or employee.

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

Contract Modification – Any written alteration in specifications, delivery point, frequency of delivery, period of performance, price, quantity, or other provisions of the contract, accomplished by mutual agreement of the parties to the contract. See also Amendment, Authorized Deviation, Change Order, Contract Amendment.

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

Cooperative Purchasing – The action taken when two or more entities combine their requirements to obtain the advantages of volume purchases, including administrative saving and other benefits. A variety of arrangements, whereby two or more public procurement entities purchase from the same supplier or multiple suppliers using a single Invitation for Bids (IFB) or Request for Proposals (RFQ). Cooperative procurement efforts may result in contracts that other entities may “piggyback.” See also Consortium. *Texas Local Government Code §271.102 and §791.025*

Current funds – Money in the treasury, taxes in the process of being collected in the current tax year, and all other revenue that may be anticipated with reasonable certainty in the current tax year.

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

Department(s) – All departments within the City of Fredericksburg. e.g. Administration, Police, Fire, Street, Parks & Recreation, Development Services, Gillespie County Health Division, Information and Technology, Municipal Court, Engineering, Electric, Water, LBJ Golf Course, Sanitation, Emergency Medical Services, Tourism, Storm Water Vegetation Management, Emergency Management.

Emergency Purchase – Emergency purchases occur when a situation arises that was unforeseen, must be remedied immediately, and has a potential public safety impact. Emergency purchases are exempt from standard purchasing procedures and must qualify for exemption as outlined in *Texas Local Government Code §252.022*. Examples of emergency purchases 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; or
- Unforeseen damage to public machinery, equipment or other property.

Encumbrance – The process wherein the City reserves funds for the purchase of supplies, goods, services and equipment in one budgetary – accounting period and pays for the purchase in another budgetary – accounting period.

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

Finance Department – Responsible for assisting departments with budgeting, managing expenses and capitalizing assets.

FOB Destination Point – Free on Board (FOB); the vendor pays freight charges to the destination; title to goods passes to buyer at his receiving dock; freight claims must be filed and handled by buyer.

FOB Shipping Point – Free on Board (FOB); shipment becomes “collect” from seller’s shipping dock; freight charges may be prepaid and added to the invoice; City pays freight charges; title to goods passes to buyer at the shipping dock of seller; freight claims must be filed and handled by buyer.

Goods – A generic term that includes all types of property to be purchased by the City. This includes, but is not limited to software, equipment, supplies, materials, technology, components and repair parts.

Government entity – A Federal or State agency or department; a district, authority, county, municipality, or other political subdivision of the state; a local government corporation or another entity created by or acting on behalf of a political subdivision in the planning and design of a construction project; or a publicly owned utility.

High technology procurement – The procurement of equipment, goods or services of a highly technical nature, including:

- A. Data processing equipment and software and firmware used in conjunction with data processing equipment;
- B. Telecommunications equipment and radio and microwave systems;
- C. Electronic distributed control systems, including building energy management systems; and
- D. Technical services related to those items.

Information resources – The procedures, equipment, and software that are employed, designed, built, operated, and maintained to collect, record, process, store, retrieve, display, and transmit information, and associated personnel including consultants and contractors.

Information Technology Commodity – Commercial software, hardware, or technology services, other than telecommunications services, that are generally available to businesses or the public; the term includes seat management in which the governmental entity transfers its personal computer equipment and service responsibilities to a private vendor to manage the personal computing needs for each desktop of the entity, including all necessary hardware, software, and support services. *Texas Government Code §2157.068*

Invitation for Bids – This is a formal written document that requests from bidders a firm price and delivery details for specified merchandise listed on a purchase requisition. 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 Director of Finance, the Department, or the City Manager feels it is justified.

Lowest Responsible Bidder – This is the vendor who offers the lowest bid which 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. *Texas Local Government Code §271.0275*

Nonprofessional Service – Any service not specifically identified as a professional service. See also *Texas Local Government Code §2254.002 of the Professional Services Procurement Act*.

Original Equipment Manufacturer (OEM) – The company that produces parts, materials, or equipment, or authorized reseller of such parts, materials, or equipment.

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

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

Personal Services - Services provided to the City personally by a particular individual. Any contribution of machinery and equipment compared to total cost must be substantially less than the contribution of wages.

Planning Services - Services primarily intended to guide the City to ensure the orderly and coordinated development of land areas.

Procurement – Purchasing, renting, leasing, or otherwise obtaining any supplies, equipment, services, or construction; includes all functions that pertain to the procurement, including description of requirements, selection, and solicitation of sources, preparation and award of contract, and all phases of contract administration. The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, storekeeping, salvage and disposal of operations.

Professional Service - A service rendered by members of a recognized profession or possessing a special skill.. Such service generally acquired to obtain information, advice, training, or direct assistance. See also *Texas Local Government Code §2254.002 of the Professional Services Procurement Act*.

Public Work Contract – A contract for constructing, altering, or repairing a public building or carrying out or completing any public work.

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

Purchase Approval Form – This form should be used for routing all written 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 should include: summary information of purchase request, background information, number of bids solicited, number of bids received, funding source, budget vs. actual cost and summary tabulation.

Purchasing - The act, function, and responsibility for the acquisition of goods and services. See also Procurement.

Procurement Division - A division of the Finance Department that is responsible for assisting all departments with the acquisition of goods and services to support their departmental mission.

Purchase Order - A formal, binding, legal agreement issued by the City's Purchasing Coordinator. A purchase order is requested by a departmental requisition that details the merchandise or services required. When accepted by a vendor without qualifications within a specified time period, the agreement becomes a contract. A Purchase Order grants the vendor the authority to deliver the goods or services and invoice for the same. It is the City's commitment to accept the goods or services and pay for them at the agreed price.

Purchase Requisition – A document created by the requestor authorizing the commencement of a purchasing transaction; typically will include a description of the need and other information relative to the transaction.

Real property – Land, improvement, or an estate or interest in real property, other than a mortgage or deed of trust creating a lien on property or an interest securing payment or performance of an obligation in real property.

RFx – An abbreviation used to describe Invitation for Bids, request for proposals, requests for qualifications requests for quotes, or solicitation. See also *solicitation*.

Request for Proposal (RFP) - A formal written document requesting that potential vendors make an offer for services to the City. The Request for Proposal method of procurement may be used for goods or services including

high technology and insurance when it is determined that the proposal process provides the best value to the City. When the RFP is used for the selection of professional services as allowed in the *Texas Local Government Code §252.022(a)(4)*, the City shall comply with *Texas Government Code §2254.003* in the procurement of these services. The City shall not award a contract for these services based on competitive bids but shall make the selection and award on the basis of demonstrated competence and qualifications for a fair and reasonable price. Fees 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(s) provided by law.

Request for Qualifications (RFQ) - a formal written document used when soliciting providers of architectural, engineering or land surveying services. The City shall comply with *Texas Government Code §2254.004* in the procurement of these services. The City must first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications. After a firm has been selected based on qualifications and experience, then a fair and reasonable fee shall be negotiated. If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the City shall formally end negotiations with that firm and select the next most highly qualified firm and begin negotiations with that provider for a fair and reasonable price.

Reverse Auction - Single or multiple-item, open, descending-price auction. The initiator specifies the opening bid price and bid decrement. Each bidder submits a successively lower bid and at the end of the auction, bidders with the lowest bid win. Each winning bidder sells at a price equal to the bid he/she made.

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

Single Source – A procurement decision whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.

Solicitation – An Invitation for Bids, Request for Proposals, Request for Qualifications, Request for Quotes, telephone call or any document used to obtain bids or proposals for the purpose of entering into a contract, or acquiring goods or services. *See also RFX.*

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. 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 Fredericksburg has elected to participate in the cooperative purchasing program for governmental subdivisions and other state agencies. *Texas Local Government Code §271.102*

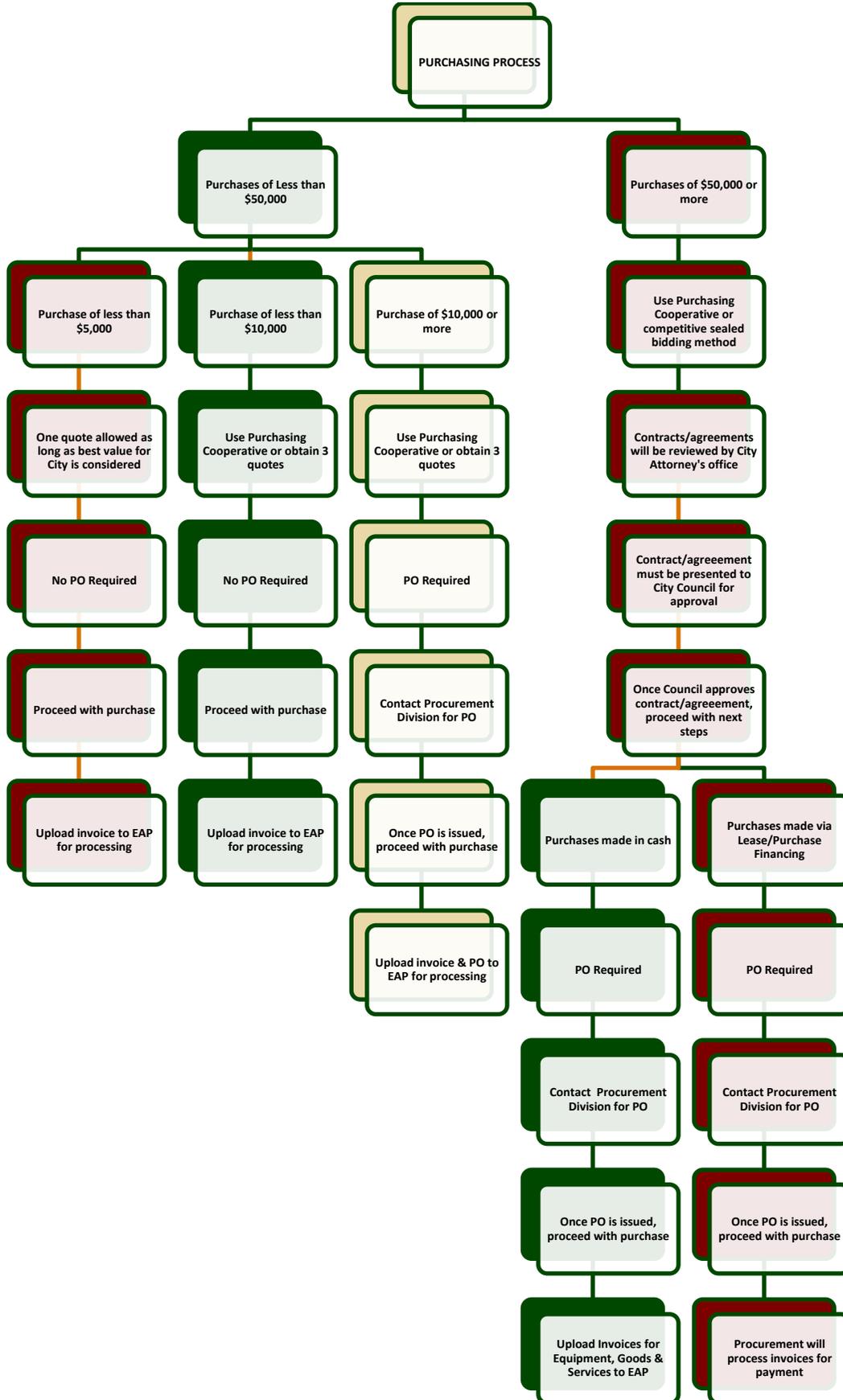
Surplus – Item(s) no longer needed by a department, regardless of its value or condition.

Unbudgeted purchases – An expense that was not identified and approved by City Council in the approved Annual Budget.

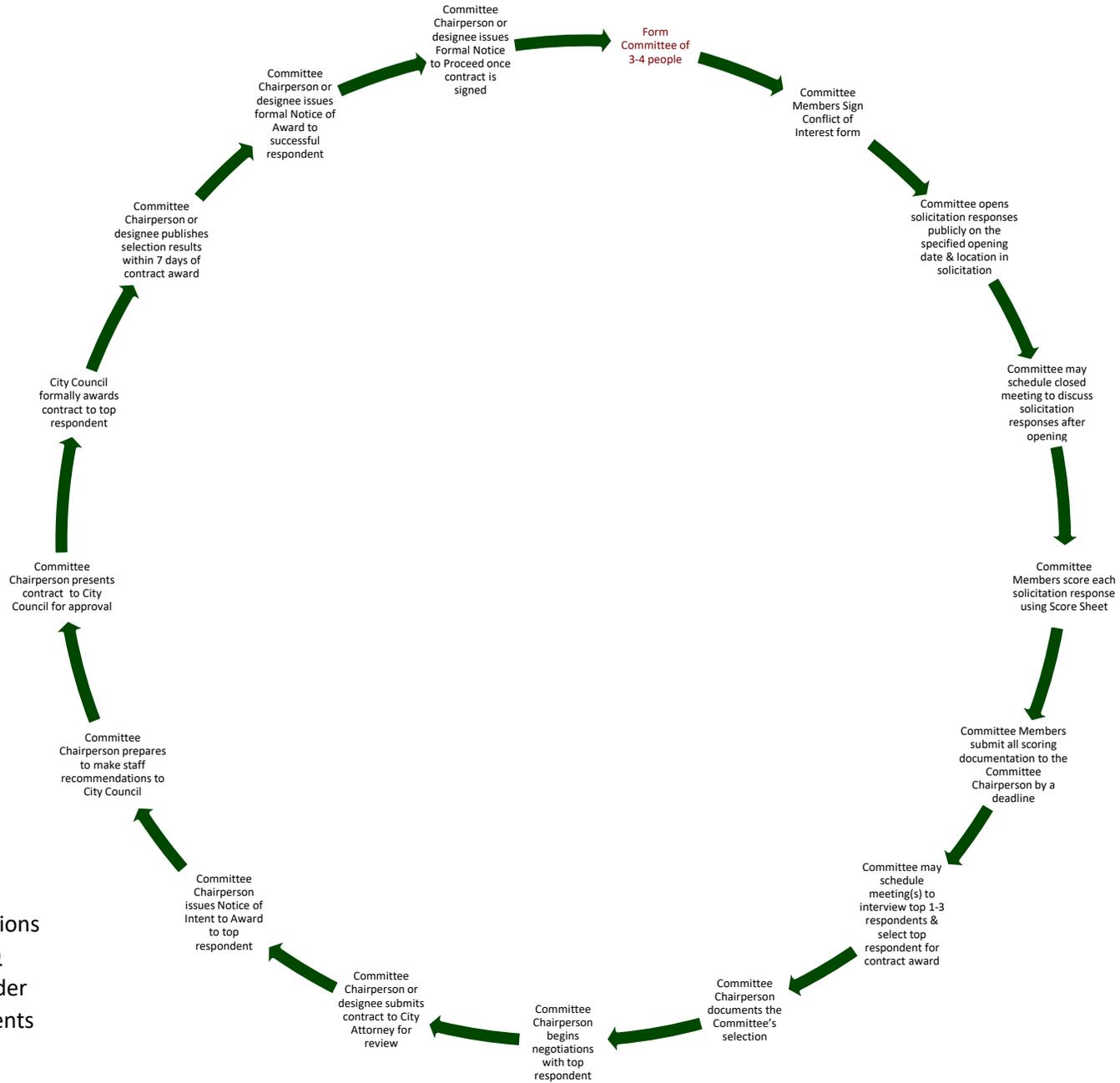
Urgent Purchase – These purchases occur when a situation arises that should have been anticipated or pre-planned during the mid-year or annual budgeting process and does not have a potential public safety impact. These purchases are subject to competitive bidding processes.

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

APPENDIX A – PURCHASING PROCESS DIAGRAM



APPENDIX B – EVALUATION AND SELECTION COMMITTEE DIAGRAM



Key

IFB – Invitation for Bids

RFP – Request for Proposal

RFQ – Request for Qualifications

Solicitation – IFB, RFP & RFQ

Respondent – proposer, bidder

Contract – includes agreements