



CITY OF HUNTSVILLE

PURCHASING POLICY

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FORWARD

This manual contains the policies for purchasing related activities. Its purpose is to provide guidance and instruction for all employees as well as a reference for staff and management.

The purpose of the Purchasing Department is to provide a systematic and efficient procurement and surplus disposition for all City operations, enabling staff to have the necessary equipment and supplies needed to be as efficient as possible in their service to the citizens of Huntsville.

Legal and organization changes, as well as, operational improvements will bring about policy and procedural changes and revisions to this policy. Updates will be issued that reflect these changes in order to keep this policy current. This policy is provided as a white paper in the purchasing office as well as available on the City of Huntsville's internet and intranet.

If you cannot find an answer to your questions(s) or need additional information not found in the policy, please stop by the Purchasing Office or contact us and we will be of assistance. This policy cannot address every situation. When an unusual situation or a difficult legal problem occurs, the City Manager may approve exceptions to this Policy.

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CITY OF HUNTSVILLE PURCHASING POLICY

1.0 Governing Authority

The primary governing authority for the City of Huntsville's Purchasing Policy shall be the City Charter in conjunction with the Local Government Code. All procurement activity shall be governed by the City of Huntsville Purchasing Policy, City Charter, City Fiscal and Budget Policies, and in accordance with applicable state and local government codes.

All purchase approval(s) of the City vest in the City Council, for purchases of \$50,000 or more. Authority for purchasing of goods and services is delegated to the City Manager provided the purchase does not exceed \$50,000.

To ensure proper oversight, all purchases and requisitions in excess of \$25,000 but not more than \$50,000 shall be reported to City Council, reference Ordinance 2010-9.

2.0 Purchasing Code of Ethics

We Will:

- Eliminate personal aggrandizement this is dishonest and a misuse of public trust;
- Eliminate all conflicts of interest;
- Conduct ourselves in a manner that maintains personal honor and professional integrity;
- Maintain transparency by communicating all of our operations and actions;
- Attend technical and professional training to maintain government compliance with all federal, state, and local statutes, rules, and regulations;
- Eliminate tasks or processes that create a lack of fairness or displays partiality; and
- Eliminate the acceptance of gifts or making personal purchases based on business relationships, because it is considered dishonest and a misuse of our professional position.

3.0 Objectives

The Purchasing Department is responsible for assisting and consulting with City Departments in complying with federal, state and local statutes regulating competitive sealed bids, competitive sealed proposals, professional services, cooperative purchases, emergency and sole/one source purchases. The Purchasing Department shall assist all departments in solicitations in which the total

project or individual purchase is in excess of \$50,000. The user departments shall make recommendations to the Mayor and City Council.

The Purchasing Department is a functional support department and should be included in all pre-purchase planning meetings for purchases less than \$50,000. This is to ensure compliance with the State of Texas competitive bid statutes and the City's purchasing policies. The Purchasing staff issues solicitations and purchase order (PO's) in a timely manner. The Purchasing Department will assist at any stage of the purchasing process as requested.

3.1 General Duties of the Purchasing Department

- Observe and enforce the policy and procedures outlined in the City of Huntsville Purchasing Policy or as directed by the City Manager or his/her designee;
- Support, organize and assist departments in the specification writing, so that specifications are written concisely and are not written in an exclusive manner;
- Join with other governmental agencies in cooperative purchasing plans when it is in the best interest of the City;
- Attend formal solicitation pre-opening and opening meetings and assist as requested;
- Act in an advisory role as a non-voting member on evaluation committees;
- Assist in preparing and coordinating solicitation results, with user department director reporting recommended award of competitive solicitations to City Council;
- Combine purchase of similar items whenever possible and practical, to allow for better pricing and establish a more competitive atmosphere;
- Assist department heads in the disposition of scrap materials and properly dispose of City assets and/or property;
- Conduct regular training sessions for staff involved in the purchasing process;
- To recommend to the Director of Finance, City Manager and City Council those policies and/or procedures which are required to safeguard public funds while acquiring goods and services necessary to provide the citizens and vendors with a complete trust of the purchasing process; and
- To ensure responsible vendors are given a fair opportunity to compete for the City's business by using transparent methods and/or practices and by using specifications which encourages competition.

4.0 Competitive Purchasing Requirements

Under no circumstances shall multiple requisitions be used in combination to avoid other applicable bidding requirements or City Council approval.

Historically Underutilized Business, (HUBs) Local Government Code Chapter 252.0215 - Competitive bidding in relation to HUB vendors states that a municipality in making an expenditure of more than \$3,000 but less than \$50,000 shall contact at least two historically underutilized

business on a rotating basis, based on information provided by the comptroller pursuant to Texas Government Code, Chapter 2161. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.

Refer to Local Government Code 252.0215

4.1 Procedures for Purchases less than \$1,000

The user Department Director and/or designee approves all purchases. Purchases can be made utilizing a procurement card, direct billing or with a purchase order.

4.2 Procedures for Purchases of \$1,000 to less than \$8,000

The Departments are to gain three quotes, either verbal or written. The Department Director must approve all purchase requisitions. The requisition is sent to the Purchasing Department for issuance of a purchase order. Once a purchase order is issued, the user department places the order and/or picks up the materials. The Purchasing Department shall assist at any stage of the process as requested.

4.3 Procedures for Purchases of \$8,000 to less than \$50,000

The user Department Director and/or designee gains three written quotes. The Department Director and City Manager approves all purchase requisitions. The requisition is sent to purchasing for issuance of a purchase order. Once a purchase order is issued the user department places the order and/or picks up the materials. The Purchasing Department shall assist at any stage of the process as requested.

4.4 Procedures for Purchases of \$50,000 and over

Unless otherwise exempted by applicable State Law, solicitation whose aggregate total cost is \$50,000 or more, must be processed as a competitive solicitation. The purchasing process for all purchases of \$50,000 and over must begin with a conference between the Department Director and the Purchasing Manager. Texas Local Government Code, Subchapter B, Section 252.021 defines the requirements for competitive bids. Purchases of \$50,000 and over will be taken to City Council as a Financial Transaction. The user Department Director shall be responsible for recommendation and preparation to City Council.

Texas Local Government Code, Section 252.062, states:

- (a) 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 Section 252.021. An offense under this subsection is a Class B Misdemeanor.
- (b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021 other than by conduct described by Subsection (a). An offense under this subsection is a Class B Misdemeanor.
- (c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by subsection (a) or (b). An offense under this subsection is a Class C Misdemeanor.

4.5 Award of Contract

The City of Huntsville shall award based on criteria deemed in the best interest/value of the City.

Texas Local Government Code, Section 252.043, states in part:

- (a) If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.
- (b) Before awarding a contract under this section, a municipality must indicate in the bid specifications and requirements that the contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.

4.6 Professional Services

Personal and professional services are exempted from the competitive bidding process, and are procured through the use of Request for Qualifications (RFQ) documents. The Purchasing Department is available to consult with departments regarding the preparation of information; however, the presentation of technical and qualifications aspects of personal and/or professional services included in the RFQ documents is the sole responsibility of the requesting department.

- (a) Texas Government Code, Chapter 2254, Professional and Consulting Services: states in part that contracts for the procurement of defined professional services may not be awarded on the basis of competitive bids. Instead they must be awarded on the basis:
 - Of demonstrated competence and qualifications to perform the services;
 - For a fair and reasonable price; and
 - May not exceed any maximum provided by law.
- (b) Professional Services for the purposes of Texas Government Code, Chapter 2254 are defined as those services within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing, or provided in connection with the professional employment or practice of a person who is licensed or registered as a certified public accountant, an architect a landscape architect, a land surveyor, a physician, including surgeon, an optometrist or a professional engineer, a state certified or stated licensed real estate appraiser or a registered nurse.

4.7 Information Technology

All requests for computer equipment, software, telecommunications and/or related services or supplies should be submitted to the Information Technology (IT) Director for review or technical evaluation. The IT Director will determine compatibility, best source or investigate alternatives and will recommend purchase. No purchase for computer related equipment or supplies are allowed without the IT Director's approval.

4.8 Grant Funding

All requests for grants are to be approved by the Neighborhood Resources Director, City Manager and/or City Council. The awarded department is encouraged to contact the Neighborhood Resources Director prior to beginning the purchasing process.

4.9 Cooperative Purchases

Cooperative purchasing occurs when two or more governmental entities coordinate some or all purchasing efforts to gain the best overall value for the entities. Cooperative purchasing can occur through inter-local agreements, state contracts, and/or joint purchases. The Purchasing Department will assist the user departments to determine best method/cooperative for the purchase.

Refer to Local Government Code 271 Subchapter D

5.0 General Exemptions

The State Legislature has exempted certain items from sealed bidding.

5.1 Emergency Purchases

Valid emergencies are those that occur as a result of an unforeseen breakdown or damage of equipment, procurement necessary to protect the public's safety, health, and/or procurement made due to public calamity. When this situation occurs, the department shall contact the Purchasing Department and conduct the procurement of supplies and services in accordance with the City's Purchasing Policy, City Charter and Texas Local Government Code.

5.2 Sole Source Purchases

Sole-source purchases are items that are available from only one source because of patents, copyrights, secret process or natural monopolies as defined by the local government code.

When a department has identified a specific item with unique features or characteristics essential and necessary to the requesting department and no alternative products are available, a detailed written justification must be included with the purchase requisition along with the Department Director approval.

Refer to Local Government Code 252.022 (a) 7 for sole source purchases.

Refer to Local Government Code 252.022 for a complete listing of General Exemptions.

6.0 Sale or Lease of Real Estate

(a) Statutory and other authority

Local Government Code Section 272
City Charter Section 14.12, 14.13(a) & (b)

(b) Purpose

To provide procedures and guidelines for the sale or lease of real estate for members of the City Council, City Management and the public.

(c) Glossary

Real Estate: Land and its permanently affixed buildings or structures.

(d) General provisions

1. Delegation of Authority: Except as otherwise provided in the policy, the City Council delegates to the City Manager authority to manage and maintain all real estate owned or controlled by the City.

2. The City Manager or designee is responsible for ensuring care, maintenance, safekeeping, deeds and/or inventory of all real estate.

3. No public park shall be sold or any part thereof, until the question of such sale has been submitted to a vote of qualified voters of the City and approved by a majority of the votes cast at such elections. (Reference City Charter Section 14.13 (a))

4. Only City Council can approve the sale or lease of real estate.

(e) Sale of real estate

1. The City Manager shall present to City Council notification of intent to sell real estate Twenty-one (21) calendar days prior to beginning procedures for sale of real estate. Should a City Council member have objection, the City Manager is to be notified in writing. A Council Member agenda item may be placed for council consideration and action at the next available council meeting. Should there be no written objections the City Manager has authority to implement procedures for sale on the 22nd calendar day.

2. All real estate must be sold at no less than fair market value. Fair Market Value is determined by an independent appraisal.

3. The solicitation must be an Invitation for Bid with the award based on highest price/offer.

4. The Purchasing Department shall place notice for the sale of real estate in the City's official newspaper, on the City's Website and when possible place for sale signs on the property. This notice shall be published each publication day for two consecutive weeks in the City's official newspaper. The sale cannot be completed until after the 14th day after the date of the last publication. This does not prohibit the City from sending notifications via email or delivery service. (Reference City Charter 14.13 (b))

5. The notice for sale of real property shall include description of property, location of property, procedures for sealed bids to be received, opening procedures, date, time, and location of opening.

6. Procedures for acceptance of response which must be outlined in the Invitation for Bid are: 1) The City reserves the right to accept or reject any or all responses. 2) All responses must be received in a sealed envelope addressed to Attention City Secretary, City Hall. Electronic responses will not be accepted. 3) Must include date, time and location of opening. 4) Should less than 2 responses be received by the published date and time of opening, the opening shall be automatically extended for a minimum of 24 hours. Notification of date and time extension shall be issued by an addendum as soon as possible. At no time during the extension period shall any responses be opened until all time has expired. After the revised opening date and time the City Manager has the authority to issue a 2nd extension addendum or open responses. 5) This does not prohibit sale of property to take place during a live auction.

7. All mineral rights are to be retained by the City and shall not be sold unless approved by City Council.

8. The City Manager will recommend final sale or rejection of all responses to City Council for action.

(f) Lease of real estate

1. The City Manager shall present to City Council notification of intent to lease of real estate twenty-one (21) calendar days prior to beginning procedures for lease of real estate. Should a City Council member have objection, the City Manager is to be notified in writing. A Council Member agenda item may be placed for council consideration and action at the next available council meeting. Should there be no written objections the City Manager has authority to implement procedures for lease on the 22nd calendar day.

2. The solicitation must be a Request for Proposal with the award based on the best value for the City.

3. The Purchasing Department shall place notice for the lease of real estate in the City's official newspaper, on the City's Website and when possible place for lease signs on the property. This notice shall be published each publication day for two consecutive weeks in the City's official newspaper and the lease cannot be completed until after the 22nd day after the date of the last publication. This does not prohibit the City from sending notifications via email or delivery service. (Reference City Charter 14.13 (b))

4. The notice for lease of real estate shall include description of property, location of property, procedures for seal proposals to be received, opening procedures, date, time, and location of opening.

5. Procedures for acceptance of response which must be outlined in the Request for Proposal are: 1) The City reserves the right to accept or reject any or all responses 2) All responses must be received in a sealed envelope addressed Attention City Secretary, City Hall. Electronic responses will not be accepted. 3) Must include date, time and location of opening. 4) Should less than 2 responses be received by the published date and time of opening, the opening shall be automatically extended for a minimum of 24 hours. Notification of date and time extension shall be issued by an addendum as soon as possible. At no time during the extension period shall any responses be opened until all time has expired. After the revised opening date and time the City Manager has the authority to issue a 2nd extension addendum or open responses.

6. The City Manager is to recommend acceptance or rejection of all responses to City Council for action.

(g) Lease of mineral rights

1. No City owned property or any part thereof shall be leased for the purpose of prospecting for mining, drilling or producing oil, gas, or other minerals unless such lease agreement specifically provides that the City shall retain a royalty interest equivalent to at least one-eighth of the total production of such oil, gas, or other minerals. (Reference City Charter section 14.12)

2. The City Manager is to negotiate and recommend all mineral rights leases to City Council for action.

7.0 Purchasing Procedures Handbook

The Purchasing Procedures Handbook contains expanded explanation and procedures for accomplishing the procurement of goods and services in accordance with this policy. The Purchasing Manager maintains responsibility for updating the Purchasing Procedures Handbook in accordance with the applicable State and Local Government Codes, City Charter and Purchasing Policy as approved by City Council.

