

**CITY OF  
WEST UNIVERSITY PLACE  
PURCHASING POLICY**

**March 22, 2021**



**City of West University Place**  
**Purchasing Policy**  
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## City of West University Place Purchasing Policy

### I. Introduction and Purpose

The City of West University Place (the “City”) Home Rule Charter establishes Purchasing and Contracting guidance in Article VII, Section 7.13.<sup>1</sup> This policy is intended to inform and instruct each department, division and its staff of the many methods of procurement and duties and responsibilities of all those involved in the purchasing process. Additionally, this policy is a guide to the proper procurement procedures to be used by designated purchasing personnel. It is not intended to answer all questions or provide a procedure for every situation. There will be exceptions requiring handling on an individual basis. This policy cannot address every situation; and, when an unusual situation occurs the final authority for City purchasing procedures is the law itself.

It is the policy of the City that all purchasing shall be conducted strictly on the basis of economic and business merit to best promote the interest of the citizens of the City. The City encourages free and unrestricted competition on all bid requests and purchases, ensuring the taxpayers the best possible return on each dollar. All contracts and purchases shall be handled so as to obtain the best value for the City, with bids, proposals or quotations solicited whenever practical. The Texas State Legislature has passed and made Chapter 252 a part of the Local Government Code and it shall be the policy of the City to fully comply in all aspects with the rules, regulations and procedures contained therein.

### II. Duties and Responsibilities

Finance Department – The Finance Department is responsible for assisting all departments and divisions in understanding established purchasing policies and procedures in order to ensure they are consistently followed. The Finance Department shall recommend to the City Council and/or City Manager any policies and procedures needed to ensure that goods are acquired, stored, disbursed, utilized and disposed of in a uniform and economical manner.

Departments/Requisitioner – Each department operates as the primary agent for its purchases. Working in coordination with the City Secretary, each Department Director or designee shall be responsible for legal advertising, receipt and opening of bids, quotes, and proposals. Each Department Director or designee shall be responsible for presentation of bids, quotes and proposals

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#### <sup>1</sup> Section 7.13. - Purchases and Contracts.

a. The City shall make purchases and execute contracts only in accordance with the Constitution and the laws of the State of Texas. However, (i) for purchasing insurance or employee benefits, the City shall use the request-for-proposals process described in subsection "b," below, in those instances when the use of competitive sealed bidding would otherwise be required, and (ii) when letting contracts, the City shall always have the right to reject any and all bids and determine the most advantageous bid for the City. This section controls over general state law, as allowed by Section 252.002 of the Texas Local Government Code.

b. The request-for-proposals process is as follows: (i) A request for proposals must solicit quotations and must specify the relative importance of price and other evaluation factors. (ii) Discussions may be conducted with proposers determined to be qualified. (iii) Such qualified proposers shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. (iv) To obtain the best final offers, revisions may be permitted after submissions.

for their respective department as well as be responsible for the purchase and receiving of all supplies, materials, equipment and services attributable to their department. Each department shall be responsible for promoting the safety, health and general well-being of the citizens of the City within the bounds of fiscal responsibility, while preserving and advancing the quality of life for its citizens. The department and requisitioner shall allow sufficient time for the Finance Department to issue a purchase order and the vendor to make delivery. The department/requisitioner shall not obligate the City without a purchase order, except for an emergency or expedited purchase, as outlined in this policy.

### III. Purchasing Code of Ethics

The City's objective is to promote a high standard among the personnel designated to perform the purchasing function within their department, herein called "Purchasing employees." The goal of the City is to obtain the maximum value for each dollar of expenditure in an open and competitive manner. An ethical code of conduct has been established as a guideline. This code is in addition to ethics policies that may be established in other City policies. These ethical standards require hard work, courage and difficult choices. In the end, however, employees and citizens will always be better served by doing what is right, rather than what is expedient.

- Purchasing employees will act impartially and with the highest degree of integrity to foster public confidence in City government, and to ensure open, fair and unrestricted competition of available City business in accordance with the City Charter, Ordinances, City Policies and State law.
- Purchasing employees will not accept, directly or indirectly, tangible benefits including, but not limited to, money, gift cards, gifts, favors, entertainment, discounts, passes, transportation, accommodation, hospitality, or offers of employment that may influence or give the appearance of influencing procurement-related decisions. De Minimis benefits, as defined by the Internal Revenue Service are excluded from this prohibition. See <https://www.irs.gov/government-entities/federal-state-local-governments/de-minimis-fringe-benefits>. Provided, however, no employee may accept (1) cash or gift cards regardless of monetary value or (2) any other gift if the value is \$50 or greater.
- In the event that a Purchasing employee learns the City is conducting or intends to conduct business with a vendor with which they or a member of their family or friends have a financial interest, the Purchasing employee will immediately disclose this potential conflict of interest to the Finance Director and refrain from all activity with respect to this vendor. In cases involving the Finance Director, the Purchasing employee shall immediately report the potential conflict to the City Manager.
- Purchasing employees shall conduct themselves in a courteous and professional manner with the Department's internal customers, vendors and citizenry with whom they come in contact, striving always to act objectively and without discrimination or bias of any form.
- Purchasing employees will not utilize confidential or sensitive information acquired in the course of their duties for personal gain or for the benefit of family or friends, and they shall act only within the official level of their authority.
- Purchasing employees shall immediately inform their respective Department Director upon learning of a potential or existing situation in violation of the Purchasing Code of Ethics.

They will strive to ascertain all relevant facts in a timely manner as well as analyze all possible solutions, and present what they believe to be the best solution to the Finance Director.

- Purchasing employees will not willfully or unlawfully conceal, remove, mutilate, falsify or destroy any government document or record, nor will they make any false or fictitious statements in connection with any official matter, document or record.
- Purchasing employees are prohibited from placing bids in a City auction or from purchasing any item of City surplus, abandoned or police confiscated property.
- Purchasing employees are not authorized to make a purchase for their personal use through the City's purchasing process nor with petty cash.
- Unless approved by City Council, the City will not purchase from a business or organization if a City employee or any member of a City employee's immediate family has a financial interest in the business or organization.
- Unless approved by City Council, the City will not purchase from a business or organization if a City employee or any member of a City employees' immediate family is negotiating or has an arrangement concerning employment with the business or organization.
- Purchasing employees will not obtain bids from unqualified suppliers to be evaluated as "approved equals" against a responsible bidder in order to gain a price or any other advantage.
- Purchasing employees will not attempt to influence a supplier by leaving copies of bids, or other confidential correspondence, where a supplier may see them.
- Purchasing employees will not allow a supplier to have information on a competitor's quotation or allow a supplier to re-quote.
- Purchasing employees will not allow personal preference to enter into the supplier selection process.
- Purchasing employees will not lie or mislead a salesperson in a negotiation.
- Interpretations regarding ethics may consider intent.

#### IV. Basic Guidelines

The following guidelines should be adhered to ensuring the prompt purchase of supplies and equipment, and facilitating the efficient operation of the accounts payable process. Pursuant to Section 151.309 of the Texas Tax Code, the City is a governmental entity and is not subject to the Sales and Use tax. **No Sales and Use tax shall be paid by the City.** Purchasing employees shall provide the City's Texas Sales and Use Tax Exemption Certification to the vendor to prevent Sales and Use tax from being charged.

Pursuant to Local Government Code Section 176.006, a vendor shall file a completed conflict of interest questionnaire if the vendor has a business relationship with the City and either 1) has an employment or business relationship with an officer of the City or a family member of an officer; has given an officer of the City, or a family member of an officer, one or more gifts with an

aggregate value specified in Section 176.003, Local Government Code; or has a family relationship with an officer of the City, all as defined by Section 176.001, Local Government Code.

**Purchasing Requirements Based on the Amount of Purchase**

Purchase Amount	HUB Contract Required?	Required to be Advertised?	Council approval of Contract?	Petty Cash?	Procurement Card?	Requisition/PO Needed?
< \$50	No	No	No	Yes	Yes	No
>\$50, <\$1,000	No	No	No	No	Yes	No
>\$1,000	No	No	No	No	Yes, within P-card limits	No
>\$3,000, <\$50,000	Yes	No	No	No	Yes, within P-card limits*	Yes
>\$50,000	No	Yes	Yes	No	No	Yes

\*Only for emergency purchases

1. Purchases of materials with a cost of \$50 or less may be made with petty cash or with the procurement card. Fifty dollars (\$50) is the maximum dollar value for any one purchase from petty cash. Exceptions not to exceed \$100 may be approved by the Finance Director or designee. Any exception must be noted on the receipt or attached documentation explaining the reason for the exception.
2. Purchases of \$3,000 or less but in excess of \$50 may be made without a purchase order (PO) or with a procurement card. Emergency purchases (as defined in Emergencies Section VI) in excess of \$50 but not over \$50,000, may be made without a PO or with a procurement card if within the assigned limits for the purchaser. For annual contracts, a purchase order is required.
3. Purchases of materials or services with a cost in excess of \$3,000 may be made with a purchase order (PO) or procurement card within the assigned limits for the purchaser. A purchase requisition with the quote information shall be entered into the financial management software. The source documentation for the quotes shall be uploaded and attached to the requisition in the financial management software.

A purchase order (PO) must be issued by the Finance Department before any merchandise can be ordered or service can be performed. After a PO is issued by the Finance Department, the respective Department may place the order with the vendor. PDFs of the PO may be obtained in the Purchase Order section of the financial management software. These PDFs can be e-mailed to the vendor.

4. For expenditures of more than \$3,000 but less than \$50,000, the City must contact at least two historically underutilized businesses (HUB) on a rotating basis. Local Government Code, Section 252.0215. A list of these businesses is available from the Texas Comptroller of Public Accounts at [www.window.state.tx.us/procurement](http://www.window.state.tx.us/procurement). Additionally, the City of

Houston website includes a list of local HUBs in the MWDBE/SBE Directory on the Business Menu <https://houston.mwdbe.com/FrontEnd/VendorSearchPublic.asp>. If either list fails to identify a HUB in Harris County, the City is exempt from this requirement. Further, when making a purchase through one of the procurement programs listed above, additional quotes are not required.

5. All purchases over \$50,000 shall be made by sealed formal bids (unless there is an exception) and presented to the City Council for approval.

Pursuant to Government Code Section 2252.908, before entering into a contract with the City, a business entity, other than a publicly traded business entity or its wholly owned subsidiary, must complete a Certificate of Interested Parties (Form 1295) and print a copy of the completed form, which will include a certification of filing that will contain a unique certification number. The unique certification number to be used should be identified in the Request for Qualifications (RFQ), Request for Proposal (RFP), or Request for Bid (RFB). The business entity must sign the printed copy of the form and have the form notarized. The completed Form 1295 with the certification of filing must be filed with the City.

The City must notify the Texas Ethics Commission, using the Commission's filing application, of the receipt of the filed Form 1295 with the certification of filing not later than the 30th day after the date the contract binds all parties to the contract. The Commission will post the completed Form 1295 to its website within seven business days after receiving notice from the City.

6. All contracts for services that have an annual fee payable one time, quarterly or monthly shall be entered on a single requisition for the 12-month period of January 1 through December 31, the City's fiscal year. The original executed contract shall be attached to the requisition in the financial management software and/or on file with the City Secretary's office, to be maintained electronically in Laserfiche. Those filed in Laserfiche should include the requisition comment "Docs in Laserfiche".

Contracts for services for which a final fiscal year cost is not easily determined shall be entered on a single requisition for the 12-month period of January 1 through December 31. A reasonable estimate shall be made by the Department for the total amount needed. The requisition comments should include "Blanket PO" to signal the Finance Department to ensure the blanket PO selector field is marked on the purchase order. Changes shall be made to the PO as deemed necessary after the Finance Department receives a written request from the originating department.

7. Any expenditure outside these procedures will be considered an unauthorized, personal purchase. The person making this purchase may be held liable for payment of such purchase and subject to the City's disciplinary procedures.

## V. Exemptions from Competitive Bidding

Some of the most commonly used exemptions from competitive bidding are listed below. Refer to Local Government Code Section 252.022 for a more complete list of general exemptions allowed.

1. Emergency Purchases – Competitive bids and advertising for all bids shall be required, except in the case of an emergency. The Finance Director or City Manager shall report to Council any emergency purchases \$50,000 or more as soon as possible. Emergencies are defined in Section VI.
2. Cooperative Purchases – Purchases through a cooperative purchasing program that has complied with the State’s competitive bidding requirements are exempt from the City’s competitive bidding requirements.
3. Sole Source Purchases – Purchases available from only one supplier or manufacturer are exempt from competitive bidding requirements. The Department declaring a sole source purchase may be required to certify that other reasonable sources of supply do not exist. Some sole source items might include:
  - a. Items that are patented, copyrighted, secret processes, or natural monopolies;
  - b. Films, manuscripts, or books;
  - c. Gas, water, and other utility services;
  - d. Captive replacement parts or components for equipment;
  - e. Books, papers, and other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and
  - f. Management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits.
4. Personal, Professional and Planning Services
  - a. Procurements for personal, professional, or planning services are exempt from competitive bidding requirements. Local Government Code, Section 252.022(a)(4).
  - b. The Request for Proposal (RFP) process is encouraged as time and the situation permits.
  - c. The selection of professional services must be made on the basis of demonstrated competence and qualifications for a fair and reasonable price. Professional fees under the contract must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations; and may not exceed any maximum provided by law. Professional services that are covered:
    - a. Accounting;
    - b. Architecture, including landscaping;
    - c. Land surveying;
    - d. Medicine;
    - e. Optometry;
    - f. Professional engineering;
    - g. Real Estate appraising; and
    - h. Professional nursing.

5. Certain Construction Contracts – With respect to contracting and delivery of construction projects, the City Council may determine that a selection method described in Government Code Chapter 2269 provides a better value for the City.

## **VI. Emergencies**

For purposes of this policy, an emergency is defined as:

1. A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality; or
2. A procurement necessary to preserve or protect the public health or safety of the municipality's residents.

Emergencies between \$3,000 and \$50,000 that occur when three (3) competitive bids cannot be received and a purchase order (PO) cannot be issued, must be declared an "Emergency" by the Department Director. In this situation a purchase can be made without an advance purchase order so that the emergency can be remedied. The department with the emergency must notify the City Manager and Finance Director of the occurrence as soon as possible and no later than the next regular working day. The Finance Department will then issue a PO for the occurrence upon receipt of documentation of the purchase and the qualifying emergency.

Emergencies over \$50,000 that occur when three (3) competitive bids cannot be received and a PO cannot be issued, must be reported to the City Council no later than its next regular meeting.

## **VII. Invoices**

An invoice is an itemization by the supplier of merchandise purchased or services provided. Invoices generally contain the same information that is on the purchase order (PO). Vendors are to submit invoices as follows:

City of West University Place  
Attn: Accounts Payable  
3800 University Blvd.  
West University Place, TX 77005

E-mail: [accountspayable@westutx.gov](mailto:accountspayable@westutx.gov)

All invoices shall be sent directly to Accounts Payable by the supplier. It is the responsibility of the applicable department to ensure that the vendor sends the invoice directly to Accounts Payable by utilizing the "Bill to" address. The "Sold to" address should indicate the department or person to which goods or services were sold.

## **VIII. Credit Memo**

If a purchase order has been issued, a credit memo from the supplier shall be issued on goods returned to the supplier by the user departments. The user department should submit a written request for a change order to the Finance Department, noting the goods returned, and those received in exchange where applicable. The credit memo from the supplier will be entered into the

financial management system to facilitate an electronic record of the credit on the returned goods. The system will apply the credit when future purchases are made with that supplier. After the department has verified that purchases will no longer be made with that vendor, Finance will contact the supplier to remit payment for any remaining credit balances.

**Exchange for goods not listed on, or adding items to, the purchase order (PO) is not permitted. A written request for a change order is required to be submitted to the Finance Department.**

## IX. Procurement Cards

This policy establishes the procedures for procurement card use. The procurement card is provided to City employees based on their need to purchase business related goods and services and is provided to employees solely for the City's convenience. **The card is not an entitlement nor reflective of title or position and may be revoked at any time. Personal charges shall not be made on the card.** Cardholders must comply with internal control procedures to protect the City's assets. These procedures include keeping receipts, reviewing monthly statements and following proper security measures. All related purchasing policies and procedures must be followed when using the procurement card.

### 1. Procurement Card Definitions

Department Director – Includes the City Manager, City Secretary, Public Works Director, Finance Director, Police Chief, Fire Chief, Human Resources Director, Information Technology Director, and Parks and Recreation Director

Division Manager – Includes all other Managers not listed as a Department Director

Program Administrator – Finance Department staff designated by the Finance Director

*Note: The hierarchy established by these definitions and the use of these titles within this policy is not intended to mirror the nomenclature used in the career progression program.*

### 2. Procedures

Card Issuance – A card will be issued to a City employee upon the Finance Department's receipt of a written request or approval from the applicable Department Director. An approved individual will receive the card after signing a Procurement Cardholder Agreement Form (Appendix C) acknowledging receipt of this Purchasing Policy and the assigned credit card.

Once an employee receives his/her card, it shall be signed and kept in a secure place. The employee whose name appears on a card (the "Cardholder") is the only person entitled to use the card. That person is responsible for all charges made with the card. Improper use of the card may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination. Although the card is issued to the employee, it remains City property and may be rescinded at any time. A Cardholder must surrender his/her card upon request and/or termination of employment. The employee should use the card only for the types of purchases established by this policy.

Procurement Card Purchases – The procurement card program does not circumvent the City's purchasing policies and procedures. Instead, it is designed to streamline smaller purchases that are made directly with vendors.

The procurement card is NOT to be used for the following commodities and services:

- Alcoholic beverages;
- Capital equipment;
- Cash advances/travelers checks;
- Personal items;
- Split Purchases which are multiple purchases of less than \$3,000 from a single vendor for similar purchases adding up to more than \$3,000;
- Items available through established annual contracts;
- Fuel, fluids and repair for personal vehicles;
- Computer hardware & peripherals not coordinated with the Information Technology Management Department (IT); or
- Software or software subscriptions not coordinated with IT.

Qualified card purchases include, but are not limited to, the following:

- Advertising;
- Freight and shipping charges (FedEx, UPS, etc.);
- Subscriptions (not IT related), books;
- Seminars, training, memberships, registration, travel (*All travel related expenses must comply with the City's Travel Policy*);
- Catering and delivery services;
- Goods and Services not exceeding \$3,000; and
- Payment for city utilities (i.e., electricity, natural gas, cable, internet). This method of payment for utilities shall be coordinated with and set up by the Finance Department.

Each employee's card has been assigned an individual credit limit based on the established spending limits table shown below. If that limit is not sufficient to accommodate monthly requirements, the employee may request an increase through their Department Director. Written authorization by a Department Director is required before a Program Administrator will change the credit limit, including temporary increases to the credit limit.

The following is a table of the spending limit levels established by this policy.

<b>Level</b>	<b>Monthly Card Limit</b>	<b>Single Transaction Limit</b>
A	\$10,000	\$3,000
B	\$7,500	\$3,000
C	\$5,000	\$1,000
D	\$1,500	\$500

Certain merchants are blocked from the program, and purchases through them will be declined. If the employee feels that his/her purchase has been mistakenly declined, the employee should contact a Program Administrator.

Receipt of and Return of Goods & Services – The Cardholder is responsible for ensuring receipt of goods and services and shall follow-up with the vendor to resolve any delivery problems, discrepancies or damaged goods.

Items should be returned directly to the vendor by whichever means the vendor requires. The Cardholder is responsible for seeing that proper credit is posted to his or her procurement card account for any returned items.

Proof of Purchase Documentation and Reconciliation – With the authority to purchase specific goods and services comes the responsibility to maintain adequate documentation at the source of the transaction. Documentation must support the legitimate business purpose of all transactions made with the procurement card. Examples of supporting documentation include receipts, packing slips, and copies of order forms or applications.

Cardholders or a Department Director designee must create an invoice in the financial management software and attach supporting documentation, assigning charges to the appropriate account number(s), project code(s), and work order/job number(s) if applicable. The invoice date shall be the statement date for the transactions. The vendor invoice number format shall be the statement date (mmddyyyy) and the Cardholder's last name (i.e., 04052020smith). The vendor invoice number format may be changed as determined by the Finance Department.

If entire card account numbers are printed on any receipts, the Cardholders are required to conceal the first twelve (12) digits of their account number, leaving the last four (4) digits exposed, prior to turning in their purchase documentation.

Cardholders will receive a monthly statement after each billing cycle ends. These statements identify all procurement card purchases and the total dollar amount charged during the billing cycle. Cardholders are required to review their statements for accuracy and to ensure that all the goods and services have been received for which there is a charge. If Cardholders wish to keep their statements, they must keep them secure. If Cardholders wish to discard their statements, they must do so properly by shredding the documents. Please do not forward Cardholder statements to Finance.

Discrepancies and Dispute Procedures – The Cardholder is responsible for following up with a vendor for any erroneous charges, disputed items, or returns. The Cardholder should contact the vendor first to resolve any outstanding issues. However, a Cardholder may dispute a charge that appears on their account statement. Disputed charges can result from failure to receive goods or services, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc.

*Remember: by law, vendors are not permitted to bill a credit card for purchases until the items have been shipped.*

Finance – Each Department is responsible for ensuring the correct account number, project code, work order number and job number is entered for each transaction. If the Cardholder

does not have authorized financial management system access to the account number to which the charge has been authorized, the Cardholder is to contact the Finance Director or Treasurer to change the account number on the financial system invoice.

Lost, Stolen or Compromised Procurement Cards – It is the responsibility of the Cardholder to immediately report a lost, stolen or compromised procurement card. The City is liable for all transactions if the card is not immediately reported to the card issuer. A Cardholder must report, in writing, a lost or stolen procurement card to a Program Administrator at the time of the occurrence. The Program Administrator will request a replacement card from the card issuer.

Misuse of the Procurement Card – The procurement card reflects the City's trust in the employee and his/her empowerment as a responsible employee of the City to safeguard and protect its assets. As a Cardholder, each employee assumes the responsibility for the protection and proper use of the procurement card, including timely reconciliation.

The following are a few examples of "Misuse" of the procurement card; this list is not exhaustive, and is included for illustrative purposes only:

- **Personal Misuse**
  - Purchases using the card for the sole benefit of the employee; clothing and food not authorized by the employee's department;
  - Assignment, transfer, or "loaning" of an individual card to another employee or person;
  - Failure to submit receipts for all purchases on a timely basis; or
  - Use of a procurement card by a suspended or terminated employee.
- **Administrative Misuse**
  - Lack of proper and timely reconciliation of individual Cardholder account;
  - Card use in direct violation of acquisition goals (use of the procurement card for commodities available, through established annual contracts or local suppliers who provide the best value);
  - Failure to comply with State code requirements to notify Historically Underutilized Businesses; or
  - Failure to comply with the City's Insurance Policy and the State code requirements for obtaining insurance certificates for public works contracts.

Allegations of misuse of the procurement card will be investigated promptly. The following procedures shall be observed:

- Via e-mail, the Cardholder, Supervisor and the Division Manager will be advised of any instances of non-compliance as they occur. The Division Manager is required to immediately respond to the email and provide assurances that the matter has been properly addressed.
- If the Finance Department does not receive a response from the Division Manager or designee within three (3) business days, an e-mail will be sent to the Cardholder's Manager with a CC to the Department Director.
- If a response is not received within three (3) business days of the second e-mail, an e-mail will be sent to the Department Director with a CC to the City Manager.

**Each employee should be aware that misuse of the procurement card may result in disciplinary action, up to and including termination and criminal prosecution.**

Procurement Card Audits – To ensure the continued success of the Procurement Card Program, periodic audits will be performed by the Finance Department. The purpose of the audits is to ensure that authorized policies and procedures are being adhered to by the Cardholders and their respective departments.

## Appendix A

### Definitions

The following definitions are intended to assist the reader in understanding the language used throughout this policy. When using this policy, if there is a word or words that are not clearly understood and if is not defined in this section, please do not hesitate to contact the Finance Department for clarification and/or interpretation.

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

**Best Value** – If the sealed competitive bidding requirement applies to the contract for goods or services, the contract may be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the City. In determining the best value for the City, the City may consider:

- the purchase price;
- the reputation of the bidder and of the bidder's goods or services;
- the quality of the bidder'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 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 other relevant criteria specifically listed in the request for bids or proposals.

If awarding the contract based on the best value, the bid documents must specify the relative importance of price and the other evaluation factors.

**Bid Advertisement** – A public notice put in a newspaper of general circulation, containing information about a Notice to Bidders, Request for Proposal or Request for Qualifications. Bid, RFP, and RFQ notices may also be posted electronically on the City website at [www.westutx.gov](http://www.westutx.gov).

**Bid List** – A list of vendors who have indicated in writing an interest in submitting bids for particular categories of goods and services. Due to decentralized purchasing, the City currently does not maintain a bid list.

#### **BONDS**

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

**Payment Bond** – A bond required that ensures that all suppliers and subcontractors of the contractor will be paid for work and/or material supplied in the course of the contract. Chapter 2253.021 (a)(2)(B) of the Government Code requires a payment bond for any public work contract that exceeds \$50,000.

**Performance Bond** – A bond required that guarantees vendor performance during the execution of the contract. Chapter 2253.021 (a)(1) of the Government Code requires a performance bond for any public work contract that exceeds \$100,000.

**Capital Equipment** – Generally, property with a useful life of two or more years and a purchase cost of at least \$5,000.

**Commodity Code or Merchant Category Code (MCC)** – 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, which in normal purchasing practices would be purchased in one purchase. See Local Government Code, Section 252.062 (separate, sequential, component purchases prohibited).

**Consulting Services** – The service of studying or advising the City under a contract that does not involve the traditional relationship of employer and 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. As deemed necessary, the City Attorney will review contracts prior to execution.

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

**Cooperative Purchase** – A procurement conducted by, or on behalf of, more than one public procurement unit, or by a public procurement unit with an external procurement unit. Examples include, but are not limited to Buy Board, GSA Cooperative Purchasing Program, Texas Department of Information Resources (DIR), Texas Procurement & Support Services (TPASS) and TxSmartBuy. See Government Code, Chapter 791 and Local Government Code, Section 252.022(a)(12).

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

**Department Director** – Includes the City Manager, City Secretary, Public Works Director, Finance Director, Police Chief, Fire Chief, Human Resources Director, Information Technology Director, and Parks and Recreation Director

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

**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 purchasing process is accelerated through normal procedures in order to prevent work stoppage or loss of government's money.

**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 the seller.

**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; 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; equipment, supplies, materials, component and repair parts.

**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. See Local Government Code, Section 252.0435 (Safety Record of Bidder Considered).

**Professional Services** – Services rendered by a person or firm that requires years of education and service for one to attain competence or that calls for high order of intelligence, skill, and learning as described in Government Code 2254.002 (Mental or intellectual skills, rather than physical or manual).

**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. See Local Government Code, Section 252.062 (separate, sequential, component purchases prohibited).

**Purchase Order** – A formal, binding, legal agreement issued by the City. 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.

**Request for Bid (RFB)** – 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 required when the anticipated level of expenditure will be greater than \$50,000. It may also be used if the Finance Director, the Department Director, or the City Manager feels it is justified.

**Request for Proposal (RFP)** – A formal written document requesting that potential vendors make an offer for services to the City. The RFP 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 Local Government Code 252.022(a)(4), the City shall comply with Government Code 2254.003 in the procurement of these services. The City shall not award a contract for these professional 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

**Request for Qualifications (RFQ)** – A formal written document used when soliciting providers of architectural, engineering, land surveying services, or other professional or personal services. The City shall comply with Government Code 2254.004 in the procurement of these services, if applicable. 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 the 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.

**Requisition** – The source document for all purchasing activity. This form communicates a department's needs to the Finance Department and authorizes the Finance Department to enter into a contractual relationship for delivery of the goods and/or services. A requisition is for communicating internal requirements and should not be used by the departments for the order and delivery of goods and/or services.

**Separate or Split Purchases** – Purchases made separately of items that in normal purchasing practices would be purchased in one purchase. See Local Government Code, Section 252.062 (separate, sequential, component purchases prohibited).

**Sequential Purchases** – Purchases made over a period of time for items that in normal purchasing practices would be purchased in one purchase. See Local Government Code, Section 252.062 (separate, sequential, component purchases prohibited).

**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.

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

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

**State Contract Purchase** – An item available through the State of Texas Procurement & Support Services (TPASS). The State has publicly advertised and received qualified bids for specific items. These appear on a listing periodically published by the State. The City has elected to participate in the cooperative purchasing program for governmental subdivisions and other state agencies. See Cooperative Purchase.

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

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

## Appendix B

# City of West University Place Cardholder Agreement

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### Participating Employee Acknowledgment of Responsibilities

By participating in the City of West University Place's procurement card program as a cardholder, you assume responsibilities pertaining to the operation and administration of the procurement card program as outlined in the City's Purchasing Policy.

You acknowledge receipt of your assigned credit card and the City's Purchasing Policy.

By signing below, I acknowledge that I have read and agree to the terms and conditions of this document. I certify that as a participating Cardholder of the City of West University Place procurement card program, I understand and assume the responsibilities listed above.

\_\_\_\_\_  
**Employee Signature**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Name (Print)**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Department Director Signature**

\_\_\_\_\_  
**Title**

\_\_\_\_\_  
**Name (Print)**

\_\_\_\_\_  
**Date**

### Cardholder and Department Director:

Retain one copy each and forward original to the Finance Department – Financial Analyst.