



City of Palestine Texas

Purchasing Policy

Proposed:
July 11, 2016



Purchasing Policy

Policy

DPM 310

Page 2 of 5

Date: 07/11/2016

Purpose:

Purchasing serves the citizens of Palestine by sourcing the best material or service of the optimal quality and price, exercising good stewardship, supporting quality service delivery across all city departments.

Policy:

The Purchasing procedures of the City of Palestine shall conform to the City Charter, City Code and State Law (see Texas Local Government Code Ann., Section 252.001, et. Seq). The City of Palestine shall utilize competitive bidding for the contracting of goods and services unless exempted by Local Government Code or through Inter-local agreement. The city of Palestine is an equal-opportunity agency.

Guidelines:

1. The City Manager establishes administrative procedures for approving and monitoring purchases; the Finance Department has responsibility for implementing and reporting purchasing activity.
2. Quotation Levels - purchases where the total purchase including shipping is:
 - a. Less than \$5,000 – no quotes required, but competitive pricing prior to Department Director approval is recommended.
 - b. Greater than \$5,000, less than \$25,000 – three written, faxed or published quotes required.
 - c. Greater than \$25,000 – subject to requirements of the competitive bid process (unless specifically exempted by State Statute). Contract awards will be approved by City Council.
3. Purchase Orders will be issued for requisitions over \$5,000 with purchase authorizations by appropriate levels.
 - a. Purchase orders may be issued in emergencies only with City Manager approval, with subsequent documentation of circumstances.
 - b. Purchase Orders are to be issued prior to purchase; exceptions made after a purchase must be documented and approved by the Finance Director.
4. Purchase Authorization Levels:
 - a. Less than \$1,000 - Department Director approval required on or attached to the invoice or receipt.
 - b. Greater than \$1,000 less than \$10,000 - Department Director and Finance Director approvals required.
 - c. Greater than \$10,000, less than \$25,000 - Department Director, Finance Director, and City Manager approvals required.
 - d. Greater than \$25,000 – Department Director, Finance Director, City Manager and City Council approval required.
5. Formal Bidding Process General Guidelines
 - a. Under Section 11.8 of the Charter of the City of Palestine, any bid involving an anticipated outlay in excess of one-tenth percent of the annual city budget shall follow formal bidding procedures.
 - b. Any bid involving an expenditure of more than \$25,000 from one or more municipal funds, the municipality must comply with the procedure prescribed by this chapter for competitive sealed bidding or competitive sealed proposals. (Texas Local Government Code §252.021)
 - c. Purchases may be made without bids if they are purchases through one of the following approved co-ops:

- i. Buy Board
 - ii. Texas Department of Information Resources (Texas DIR)
 - iii. Texas Cooperative Purchasing Network (TCPN)
 - iv. Houston Galveston Area Council Buy (HGACBuy)
 - v. Choice Partners
 - d. Bid selection will be made on the basis of “best value,” factoring delivery promptness, discounts, administrative costs, storage, handling and other costs, service and follow-up, availability of verifiable references, staff time requirement, ancillary costs to city, purchasing locally and other factors impacting overall cost and quality.
6. Bidding Exemptions – the following circumstances do not require 3 competitive bids:
- a. Emergency
 - b. Inter-local Agreement
 - c. Pre-Defined
 - i. Subscriptions
 - ii. Government Publications
 - iii. Claims
 - iv. Medical Payment
 - v. Advertisements and Legal Notices
 - vi. Dues to Organizations
 - vii. Payments to other Governmental Units
 - viii. Utility Payments
 - ix. Travel Advances
 - x. Reimbursement of travel and training expenditures
7. Council’s Authorization to Advertise
- a. The Approval of the City budget shall act as authorization for staff to advertise and receive bids for budgeted items. Purchases not included in an approved budget must be authorized by council action.
8. Bidding Elements
- a. Legal Notice
 - i. A notice must be advertised in a local newspaper at least one week for two consecutive weeks. The date of the first publication must be before the 14th day prior to opening bids. The notice should contain the following information:
 1. Bid Number
 - a. Description of the item(s)
 - b. Closing date and time
 - c. The location where bids will be received
 - d. How specifications may be obtained
 - e. Disclaimer statement
 2. The Bid List
 - a. A bid list is a list of vendors managed by purchasing that will receive a written request for a bid. A vendor may be removed from the bid list for the following reasons:
 - i. Three Consecutive “no-bids”
 - ii. Two consecutive no response
 - iii. Refusal to honor bid after bid opening
 - iv. Refusal to honor an awarded contract or lease
 - v. Poor performance on contract
 - vi. Collaboration between parties for the purpose of price fixing, product fixing and rigging of any bidding situation



Purchasing Policy

Policy

DPM 310

Page 5 of 5

Date: 07/11/2016

14. Emergency purchases in excess of \$5,000 under urgent and unforeseen circumstances:
 - a. The City Manager is to be informed of the circumstances in writing before obligating the City.
 - b. Only the City Manager may approve emergency purchases without securing multiple bids.
 - c. Upon approval by the City Manager, the user department is to issue a requisition to Purchasing.
 - d. For purchases above \$10,000, the Department Director is to forward a City Council communication to the City Manager's Office detailing the emergency.
 - e. The City Manager will put the communication on the next available City Council agenda for ratification by Council.