



# **2019 PURCHASING OFFICE CONTRACTOR SELECTION OVERVIEW**

Economic Prosperity Commission



# PURCHASING OFFICE

- Ensure purchasing policy and procedure compliance
- Ensure state law compliance
- Perform solicitations \$50,000.01 and above
- Perform solicitations for multi-year contracts
- Monitor department purchasing compliance

# PURCHASING POLICY AND PROCEDURE

As Procurement Specialists, we are expected to:

- Procure goods and services from the most responsive and responsible vendor(s)
- Obtain the most advantageous pricing for goods and services
- Use the appropriate procurement methodology
- Maintain the integrity of the solicitation process in a fair and open manner while ensuring Minority-Owned Business Enterprises/Women-Owned Business Enterprises (MBE/WBE) are given an equal opportunity to compete
- Ensure compliance with state law and purchasing policy and procedures
- Provide quality customer service that satisfies our customers and citizens

# SOLICITATION METHODS

## Informal Solicitation

- Aggregate contract value less than \$50,000,00
- Completed by the department or Purchasing Office
- Vendor selection is determined by the lowest responder who meets all the requirements for the scope.

## Formal Solicitation

- Aggregate contract value greater than \$50,000,00
- Completed by the Purchasing Office
- Vendor selection is determined by the requirements applicable to the procurement method used

# PURCHASING AT A GLANCE

Purchaser	Purchasing Type	Dollar Amount	# of Quotes/Bids/Proposals	Resulting Type
Department	Informal	≤ \$3,000.00	1	PO
Department	Informal	\$3,000.01 - \$5,000.00	3	PO
Department	Informal (single year)	\$5,000.01 - \$50,000.00	3	CT
Central Purchasing	Informal (multi-year)	\$5,000.01 - \$50,000.00	3	MA
Central Purchasing	Formal (single year)	> \$50,000.01	Follow Formal Solicitation Process. If Exceeds City Manager Authority, Council Approval is Needed	CT or MA
Central Purchasing	Formal (multi-year)	> \$50,000.01		

# SOLICITATION METHOD

Type	Description	Amount	Used
RFQ	Request for Quote	Up to \$50,000.00	Requests for Quotations are informal and are not subject to advertisement or a public bid opening.
IFB	Invitation for Bid	>\$50,000.01	An IFB is used to obtain bids from competing sources in response to a set of advertised specifications for goods and services. Price is the only evaluation factor.
RFP	Request for Proposal	>\$50,000.01	An RFP is used to solicit proposals from vendors for goods and services when a method to achieve a desired outcome cannot be clearly defined and where price is not the dominant evaluation factor.
RFQS	Request for Qualification	>\$50,000.01	An RFQS is used when qualifications are the main criteria rather than cost and in particular when procuring certain professional services. Cost is not included in the evaluation factor.
RFI	Request for Information	Any Amount	An RFI is a method used to obtain industry input prior to issuing of a solicitation when there is insufficient knowledge or information available to write a specification. An RFI cannot result in contract award.

# INFORMAL SOLICITATION GUIDELINES

- Purchasing Office Policies and Procedures
  - Requires a minimum of 3 informal quotes be obtained for purchases between \$3,000.01 to \$50,000.00.
- Local Government Code 252.0215 requires at least 2 historically underutilized businesses are contacted for quotes.
  - This can be satisfied by:
    - Emailing all vendors registered for the commodity code, which will include all eligible M/WBE Vendors
- Issue the solicitation by email, phone, or fax
- If at least three quotes cannot be obtained, a written justification is needed
- Once all the quotes have been received, submit all appropriate supporting documents to the assigned Procurement Specialist.

# PURCHASE TYPES

## "EXEMPT" PURCHASES

Type	Policy	Governance	Requirements	Procedure
Emergency	Immediate and serious need for service.	Chapter 252	Certificate of Exemption is required	Dept/Buyer cooperation, RCA possible.
Sole Source	There is one and only one source of commodity or service.	Chapter 252.022	Certificate of Exemption and memo stating why there is sole source.	Process may involve Dept., Buyer, CA, manufacturer, ACM and RCA.
Professional Services	Includes personal, professional and planning.	Chap. 252.022 Chap. 2254 (PSPA)* City Charter, Chap. VII, Sec. 15	Certificate of Exemption and justification signed by Dept. Director or Officer.	Either exempt from competition or use of either RFQ or RFP.



# PURCHASE TYPES

## "EXEMPT" PURCHASES

Type	Policy	Governance	Requirements	Procedure
Interlocal	City contracts with other public entities for the other's goods/service.	Chap. 791 Interlocal Cooperative Contracts	City Council must approve all Interlocal agreements, except for AE.	Often the Dept. works directly with Legal to write contract.
Cooperative	City utilizes a contract that has been competitively derived from another government or purchasing alliance.	Texas Code, Chap. 791; Local Code, Chap. 271, Subchapter F. Texas Code, Chapters 2162 and 2054.	City Council must approve participation in each CPO. Buyer/Legal est. that City is authorized to utilize the Cooperative.	Dept./Buyer analyze* the extent to which utilizing a Cooperative purchase is advantageous to the City.

# COOPERATIVE

- Approved Cooperatives authorized by City Council include:
  - U.S. Communities
  - Houston-Galveston Area Council of Governments (HGAC)
  - Texas Local Government Purchasing Cooperative (BuyBoard)
  - The Cooperative Purchasing Network (TCPN)
  - Texas Procurement and Support Services (TPASS)
  - Texas Multiple Award Schedule (TXMAS)
  - Texas Department of Information Resources (DIR)
  - Texas Council on Competitive Government (CCG)
  - General Services Administrations (GSA) Schedule 70 and 84

# FORMAL SOLICITATION GUIDELINES

- **Unless exempt from competition**, aggregate purchases greater than \$50,000.01 require a formal solicitation
- Annual Purchases greater than City Manger authority (currently \$61,000 for FY18-19) require City Council approval
- Procurement Methods
  - Information For Bids (IFB)
  - Request for Proposals (RFP)
  - Request for Qualifications (RFQS)

# EVALUATION OF CONTRACTORS

- Multi-step process
  - Required documentation provided and completed appropriately
  - IFB - Lowest with the lowest All responses to a solicitation are reviewed for completions
  - RFP, RFQS - Evaluative Process
    - Submittals evaluated by evaluation team
    - Submittals evaluated based on strengths and weaknesses of specified criteria

# PURCHASING WITHOUT AUTHORITY

## Q – What does Purchasing Without Authority mean?

- A – If you do not have an encumbrance for the orders you place for goods and/or services, you are purchasing without authority
- A – If you wait to receive the invoice from the vendor before creating the Delivery Order (DO) or Purchase Order (PO), you are purchasing without authority.
  - Example – You call/email in an order with a vendor for a purchase. The vendor completes the request and two months later provides an invoice, which you then submit a DO for payment.
    - This is purchasing without authority because you did not encumber the order at the time the order was placed

## Purchasing Without Authority is a violation of City Charter

As always, it is critical for departments to enter ALL PO and DO transactions when the order is placed. This is the only way financial staffs can accurately track expenditures against budget. Orders should not be placed with suppliers without the proper “obligating document”. It is a violation of the City Charter to do so, and subjects employees to progressive discipline.

# PURCHASING WITHOUT AUTHORITY

- **Q – Why is Purchasing Without Authority prohibited?**
- A1 – Placing an order is a commitment by the City to the vendor to pay for the goods or services. If we order without verifying that the funding is available, we are violating the City Charter.
- A2 - If the order is a DO, other problems may occur. For instance, the MA may have expired at the time we placed the verbal order. Or, there may be a departmental limit in the Master Agreement that the order will exceed. These issues must be addressed BEFORE delivery of goods or services.
- A3 – Regardless of type of order, if the purchase is not recorded in the financial system at the time the order is placed, a financial manager cannot accurately manage the department budget. This is particularly problematic near fiscal year end.