

Purchasing Rules and Regulations

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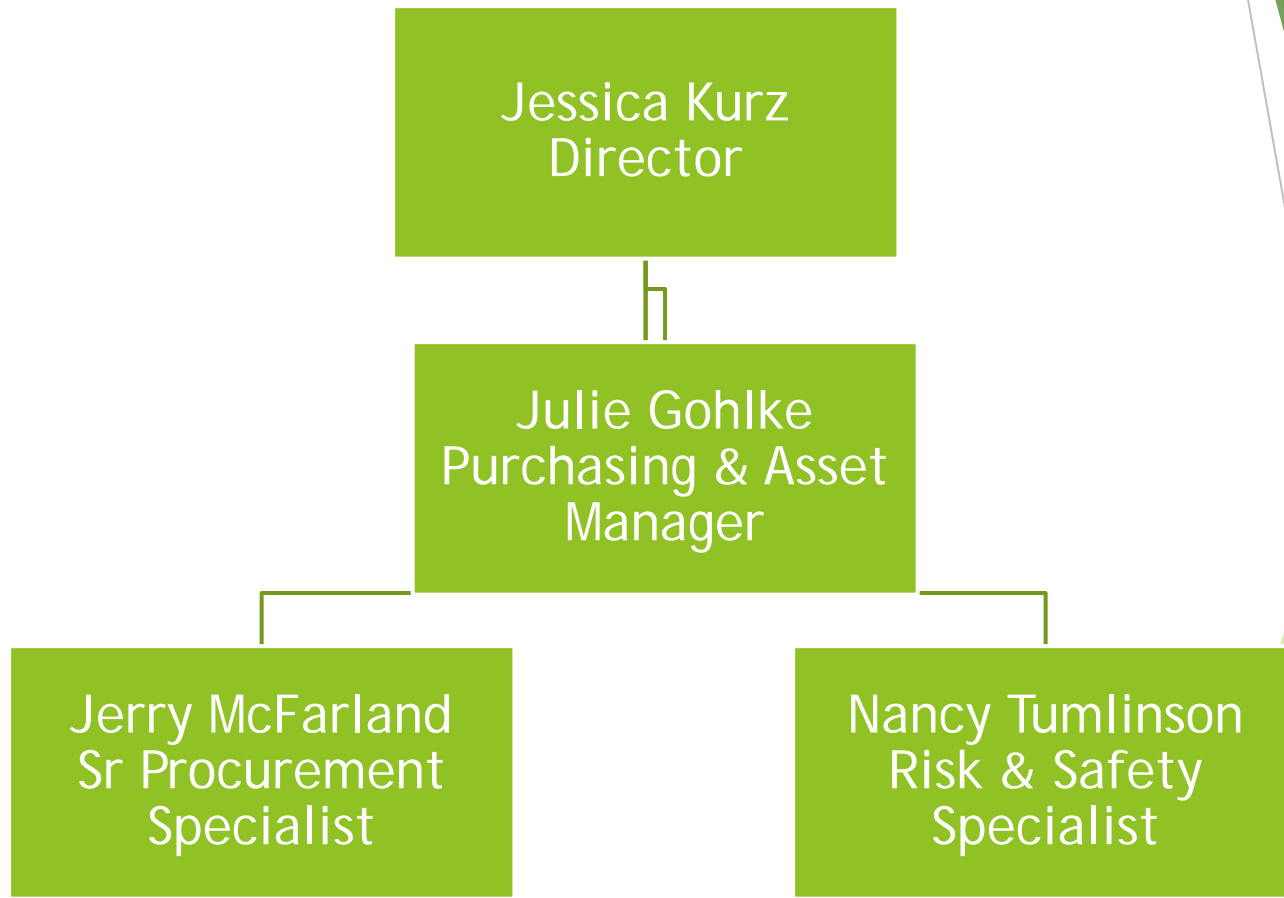
Purchasing and Asset Manager

Purchasing and Asset Management Department

Agenda

- ▶ Introduction
- ▶ Purpose and Mission
- ▶ Governing Law
- ▶ Ethics
- ▶ Procurement Process
- ▶ Contracts
- ▶ Questions and Answers
- ▶ Contact Information

Purchasing and Asset Management Department



Who are we?

- ▶ A little about me.....
- ▶ Now, a little about you...
 - ▶ Department
 - ▶ Length of Time with City
 - ▶ Something unique about you

Purchasing's Mission Statement

Mission Statement:

To provide goods and services to City staff members, vendors, and taxpayers in a timely manner, of high quality, and cost effective while complying with all city ordinances, state laws, and federal regulations.

Translation:

Best BANG for the BUCK without **JAILTIME**.

How We Help?

- ▶ Overall responsibility for COS Purchasing
- ▶ Ensure Compliance with laws
- ▶ Certified staff familiar with varied options for procurement
- ▶ Ability to purchase using GPO's (Group Purchasing Organizations)
- ▶ Assistance for departments in resolution of vendor conflicts
- ▶ Consolidation of purchases to achieve greater savings

Procurement Gone Wrong

- ▶ Crystal City, Texas officials sentenced to federal prison in bribery, kickback scheme
 - ▶ All but One Council Member Indicted
 - ▶ Mayor sentenced to 8 years in federal prison and \$24k in restitution
 - ▶ City Attorney /City Manager sentenced to 35 years in federal prison and \$1.04 million in restitution

Risks Outweigh Reward

- ▶ “Former UTSA Project Manager Sentenced to Prison for Bribery”
 - ▶ 38 Month Federal Prison Sentence
 - ▶ \$71k in Restitution
 - ▶ According to the indictment, from approximately August 2011 through September 2012, contractors “the defendants” allegedly conducted a scheme to bribe a the project manager in order to secure UTSA construction contracts. The indictment further alleges that the defendants colluded in the submission of fraudulent, inflated bids to UTSA under the names of sham companies, GNZ Enterprise LLC and Vista Contracting, and fixed at least 40 UTSA contracts. Authorities estimate the submitted bids totaled more than \$200,000.
 - ▶ The Project Manager received cash, as well as improvements to his residence for his role in ensuring these contract awards.

Governing Law

What governs how the city makes purchases?

- ▶ City of Schertz Charter
 - ▶ Purchase Procedure 7.08
- ▶ Code of Ordinances
 - ▶ Chapter 2
 - ▶ Sections 7-9
- ▶ State Law
 - ▶ Local Government Code
 - ▶ Chapters 252
 - ▶ Chapter 271 - 272
 - ▶ Chapter 2253-2254
- ▶ Federal Law
 - ▶ Determined based on Funding Source

Ethics in Purchasing

- ▶ DO keep competition fair and open
- ▶ DO observe strict truthfulness in all transactions and correspondence
- ▶ DO report any potential conflicts of interest
- ▶ DON'T participate in transactions where you can financially benefit
- ▶ DON'T accept gifts or gratuities

Perception is everything!

Procurement Process

I need to buy something.....now what?

- ▶ Determine Need
- ▶ Choose method of procurement
- ▶ Obtain necessary approvals
- ▶ Finalize Contract (if necessary)
- ▶ Issue Purchase Order
- ▶ Place Order / Provide Notice to Proceed
- ▶ Receive and place into use / Have service completed
- ▶ Submit Invoice to finance

Determine Need

- ▶ Department recognizes need to purchase a good and/or service.
- ▶ Develop specification(s) based on need
 - ▶ Think: Who, What, When, Where & How
- ▶ Obtain a budgetary quote

Choose Method of Procurement

- ▶ Things to consider:
 - ▶ Commodity Classification
 - ▶ Materials & Non-Professional Services
 - ▶ Professional Services
 - ▶ Public Works Construction
 - ▶ Insurance and High Technology Procurement
 - ▶ Cost of Good or Service/Procurement Threshold
 - ▶ Usage Frequency (How often do you buy similar)
 - ▶ Availability

If unsure, give us a call, we are happy to help!!

Procurement Thresholds

Aggregate Contract Value

\$0.00 - \$1,000.00

Department Head Purchasing Threshold

Competitive quotations, formal bidding, bid tabulation sheets are not required

\$1,000.01 - \$24,999.99

Assistant City Manager Purchasing Threshold

Minimum of three (3) informal telephone, email, fax, or online quotes required

Bid Tabulation Sheet Required

\$25,000.00 - \$49,999.99

Minimum of three (3) formal quotes required

Bid Tabulation Sheet Required

**Services require a written contract be prepared by Purchasing

\$50,000.00 +

Purchasing Office Threshold

Requires City Council Approval

*Aggregate contract value means the total value of the contract over all possible years.

Procurement Methods

- ▶ What are the different procurement methods?
 - ▶ Small Dollar (Prime Source) Purchase
 - ▶ Informal Bid
 - ▶ Group Purchasing Cooperative Contract
 - ▶ Formal Bid
 - ▶ Request for Proposal
 - ▶ Sole Source / Emergency Purchase

Small Dollar (Prime Source)

- ▶ Purchases Under \$1,000
- ▶ Approval from Department Head
- ▶ Multiple Quotes Encouraged not required
- ▶ HUB Usage Encouraged

Informal Bid

- ▶ **Purchases between \$1,000 - \$24,999.99**
- ▶ Requires Three (3) Quotes
 - ▶ Two (2) HUB must be notified
- ▶ Evaluation based solely on price and delivery
- ▶ Bid Tabulation showing Price and Delivery Schedule
- ▶ Purchase Request entered by Department
- ▶ Approval from Assistant City Manager
- ▶ Department responsible for placing order with vendor and processing procurement packet

Informal Bid

- ▶ **Purchases between \$24,999.99 - \$49,999.99**
- ▶ Requires Three Written (3) Quotes
 - ▶ Two (2) HUB must be notified
- ▶ Evaluation based solely on price and delivery
- ▶ Bid Tabulation showing Price and Delivery Schedule
- ▶ Purchase Request entered by Department
- ▶ Purchase Order issued for Goods
- ▶ **Service Agreement required for Services**
- ▶ Department responsible for placing order with vendor and processing procurement packet

Group Purchasing Cooperative

- ▶ Competitively Procured Contracts by Outside Organizations
- ▶ Multiple Quotes Encouraged
- ▶ Department Issues Purchase Order
 - ▶ Include GPO Reference
 - ▶ This purchase order is being issued in accordance with BuyBoard Contract 123-12
 - ▶ This purchase order is being issued in accordance with TIPS Contract 12345
- ▶ Purchasing Thresholds still Apply for Approvals

GPO's Continued

The following are samples of GPO's to use:

- ▶ Buyboard
- ▶ TASB - Region 20
- ▶ US Communities
- ▶ TxMAS
- ▶ DIR -Department of Information Resources
- ▶ HGAC
- ▶ TIPS

Links to these GPO's are available on the Purchasing Website

Formal Bid (Lowest Qualified Bid)

- ▶ \$50,000.00 +
- ▶ Conducted by Purchasing Office
- ▶ Typically used for purchase of goods with exact specifications
- ▶ Publicly Posted and Advertised
- ▶ Evaluation based solely on price
- ▶ Negotiations of price and specifications not allowed
- ▶ CC Approval Required

Request for Proposal (RFP)

- ▶ Conducted by the Purchasing Office
- ▶ Typically used for purchase of services with varied approach
- ▶ Evaluation based on Best Value (LGC 252.043.b)
- ▶ Publicly Posted and Advertised
- ▶ Negotiation Allowed
- ▶ CC Approval Required for Contracts exceeding \$50k aggregate spend

Sole Source

Items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies where said items are not available from multiple distributors. (LGC 252.022)

- ▶ Sole Source Purchases require Submission of the Sole Source Justification Form (Available from Purchasing)
- ▶ All Sole Source Purchases must be approved by Purchasing prior to order being placed.

Emergency Purchases

Code of Ordinances Section 2-9

- ▶ City would suffer severe Financial and/or Operational Damage
- ▶ Requires written justification approved by City Manager
 - ▶ Reason for Emergency
 - ▶ Financial or operational damage possible
 - ▶ Why standard purchasing policy cannot be followed
 - ▶ Justification for vendor selection
 - ▶ Itemized account of all expenditures

Procurement Packet Contents

All orders over \$1,000 and under \$50,000 require a completed procurement packet. The contents of the packet must include:

- ▶ Copy of Completed Purchase Order
- ▶ Copy of Fully Executed Agreement (if applicable)
- ▶ Bid Tabulation Sheet showing all responses
- ▶ Copy of each quote and/or no-bid response
- ▶ Copy of Specifications / Scope of Services
- ▶ Copy of vendor notices (if applicable)

Note: Do not provide vendor approval to begin a project or place an order without having a fully approved purchase order or fully executed agreement.

Just creating the requisition packet is NOT enough!

Contracts

What is a contract?

A contract is an agreement with specific terms between two or more persons or entities in which there is a promise to do something in return for a valuable benefit known as consideration

Who can sign a contract?

Only an individual with written delegation of authority may execute and deliver contracts on behalf of the City of Schertz. This delegation currently lies with the City Manager.

In laymen's terms - if you aren't the City Manager, don't sign the contract

Forms of Contracts

- ▶ Service Agreement
- ▶ Construction Agreement
- ▶ Interlocal Agreement (ILA)
- ▶ Franchise Agreements
- ▶ Purchase Order

Wait...you mean a purchase order is a contract?

- ▶ Yes!! A Purchase Order is a legally binding agreement between the City and a Contractor (vendor)
 - ▶ A purchase order must contain an accurate and definitive description of goods and/or services being purchased
 - ▶ If multiple items are being purchased, the PO should include multiple distribution lines for payment purposes.
 - ▶ A purchase order must define the quantity being purchased
 - ▶ A purchase order must define the purchase price for each item being purchased
 - ▶ A purchase order should define the delivery expectations

City Council Approval

When is City Council Approval Required before proceeding?

- ▶ All Interlocal Agreements (ILA)
- ▶ All purchases exceeding \$49,999.99
- ▶ When the aggregate spend for any vendor will exceed \$49,999.99
- ▶ When a formal procurement was completed and no award will be made

Council approval must be obtained prior to entering into an agreement or issuing a purchase order

This is NOT a comprehensive list. If in doubt....ASK!!

Purchasing Policy

- ▶ Revised March 2018
- ▶ Applies to all expenditures of City Funds
- ▶ Purchasing Policy Acknowledgement Form



City of Schertz Purchasing and Asset Management

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