



# **PURCHASING PROCEDURES MANUAL**



**Adopted on July 18, 2023**

## MEMORANDUM

**From:** Bobby Salinas, City Manager  
**To:** All City Departments  
**Subject:** Purchasing Procedures Manual  
**Date:** July 18, 2023

The Purchasing Department provides assistance to all City departments by securing the best material or service of the right quality at the best price. This objective can be best accomplished if all departments become familiar with proper purchasing policies and procedures as required by law and local processes.

Each Department Head is responsible for the proper administration of these purchasing procedures within his/her department. Internal controls must be established within each department to avoid abuse of the procurement system.

With compliance and adequate planning, all departments can help save the City both time and taxpayers money.

The Purchasing Office has the responsibility and the authority to reject purchase order requests that violate City Policy or State Law. In addition, the Purchasing Office has the responsibility to question purchases which appear to violate the spirit of the law, or create an appearance of impropriety, or if there seems to be a conflict of interest.

Should the need arise, interpretation of policies and procedures will be brought to my attention for discussion and resolution. The office of the City Manager reserves the right to make any final determination of purchasing policy conflicts inconsistent with State Law or Federal Law or local procurement legislation.

On behalf of the Board of Commissioners and all Alamo tax payers, Management expresses its appreciation to your consistent compliance with these sanctioned procurement policies and procedures.

## **1.0 PURCHASING PROCEDURES - PURPOSE AND OBJECTIVE**

### **1.1 PURPOSE**

The purpose of the Purchasing Procedures is to ensure that the City of Alamo complies with all City Ordinances as well as State and Federal Laws and regulations pertaining to procurement and contracting; and to assist Department Heads with the necessary task of purchasing by centralizing the purchasing and contracting functions of the City into one department for the purpose of cost savings and efficiency.

### **1.2 OBJECTIVE**

The objectives of the Purchasing Department are to primarily expedite the operation of the City's Departments in serving the public; to ensure fair and open competition among buyers; and to acquire the highest quality merchandise at the best price to operate within the most cost effective, efficient, and ethical manner possible while ensuring compliance with the city's annual budget.

This Purchasing Procedures Manual has been prepared as a general guide to acquaint and/or clarify for prospective bidders and staff with the city's purchasing and contracting procedures. This Manual will be revised periodically to keep it updated with any change in procedure(s) that may come about in the future. For matters not clearly addressed in this Manual, nothing herein shall be deemed to restrict the City from making fair decisions based on common sense, and reasonable and customary management practices which are deemed to be in the best interests of the City of Alamo.

## **2.0 DUTIES AND RESPONSIBILITIES OF THE DEPARTMENT HEAD**

- 2.1** Department Head must familiarize themselves with the Purchasing Procedures Manual. They should not obligate the City without a Purchase Order. (Emergency Purchases are exempt under emergency situations, as outlined in this Manual).
- 2.2** It is the responsibility of the Department Heads to clearly communicate their purchasing needs to the Purchasing Agent in both general and specific terms; and to provide product and pricing information when available in their area of specialization.
- 2.3** Department Heads must ensure that his/her department is fully complying with all relevant sections of the Purchasing Procedures Manual.

A "*separate purchase*" is a purchase, made separately, of items that in normal purchasing practices would be made in one purchase.

A “*sequential purchase*” is a purchase, over a period of time, of items that in normal purchasing practices would be made in one purchase.

A “*component purchase*” is a purchase of the component parts of an item that in normal purchasing practices would be made in one purchase.

Department Heads should ensure that no *separate, sequential or component* purchases are made in order to avoid the provisions in the purchasing manual related to telephone quotes, written quotes or sealed bids.

- 2.4** If backorders are not received by the required date, the Purchase Order shall automatically be canceled to avoid delay in payment and speedup the handling of invoices. The applicable Department will initiate cancellation and re-issuance of purchase orders, and coordinate this action with and through the Purchasing Department. The Purchasing Agent may grant to a vendor, due to conditions beyond vendor control, a reasonable extension for delivery. The extension shall be in writing with notice given to the requesting department and the Finance Department.
- 2.5** The following functions of City Department Heads are essential to aid the Purchasing Agent in obtaining the best goods and services at the most reasonable prices:

  - A.** Planning work in advance, thus keeping “*rush orders*” and “*emergencies*” to a minimum. Requisitions should be submitted from seven days to two weeks in advance of the need, depending on the appropriate bid formalities and delivery.
  - B.** Suggesting to vendors that have access to particular items, especially those of a technical nature, to assist the Purchasing Department in obtaining bids quickly and thus save time. The Purchasing Agent is in no way confined to the list of vendors suggested, but this effort by the requesting department will certainly be of assistance to the Purchasing Agent.
  - C.** No employee of the City, nor any member of any decision-making board appointed by the Board of Commissioners, shall have a financial interest, directly or indirectly, in the Procurement Process.
  - D.** Departments are not permitted to use equipment or accessories on a trial basis without prior written or emailed approval of the City Manager. Departments will assist the Purchasing Agent in determining the specifications to be used for items approved in the fiscal year budget. The Purchasing Department will place these items on bid in an attempt to secure quality products at a reasonable cost. Department Heads may inspect equipment, and get assistance from vendors in writing specifications to guarantee the equipment or material will perform the expected needed functions. Departments should not expect the Purchasing Department to use a vendor because of the assistance tendered in writing the specifications. Acquisition of quality merchandise at a reasonable price is the

primary responsibility of purchasing, and any vendor assistance in the preparation of specifications will not obligate the City to a specific vendor.

- E.** No City employee has the authority to make a purchase of supplies, materials, or equipment through the Purchasing Department for personal use.
- F.** No City employee is authorized to make a purchase, nor is a vendor authorized to make a sale to the City, except by purchase order delivered at or before the time of purchase.
- G.** A department shall submit all requisitions for Purchase Orders with complete specifications and description, seven days to two weeks in advance of its intended need. Specifications shall not be written too specific nor written around one specific brand; however, brand names, catalog number, etc., may be submitted as a guide to the vendor as to the type and quality of merchandise needed. The wording “*or equivalent*” will be added to these types of specifications since the City of Alamo has no desire to discriminate against any vendor’s merchandise. All specifications should be written so as to encourage maximum competitive bidding among vendors.
- H.** No equipment or accessory components shall be rented without an approved requisition and purchase order.
- I.** Misuse of government funds and abuse of the Purchasing Procedures shall not be tolerated. All Department Heads are expected to review their purchases and the procedures they and/or their staff follow. Failure to abide by established purchasing guidelines and policies will lead to suspension of purchasing authority, and may even lead to disciplinary action depending on the severity of the circumstances.

### **3.0 PURCHASING POLICIES AND PROCEDURES**

The City of Alamo’s Purchasing Department is directed to meet its function by State Law, and City Charter Rules and Regulations.

- A. Purchase Orders under \$499.99-No Quotes Required.**
- B. Purchase Orders ranging in value from \$500.00 to \$3,000.00.**  
Requesting departments must obtain telephone quotes, emails, website pricing on goods from (3) three vendors for purchases in this dollar range; purchasing quotation form must be filled out completely. The Purchasing Department must receive requisition and completed quote form before approving the requisition for further processing.

**C. Purchase orders ranging in value from \$3,001.00 to \$14,999.99.**

Department must obtain (3) three written quotes from vendors, if written quotes are not received, the requesting department shall clearly state the reason for the lack of quotes on the requisition form.

**D. Single Source Purchases for items ranging from \$500.00 and above should be accompanied by a written memo explaining the conditions which make the supplier a single source vendor. The Purchasing Department will attach a copy of the memo to the purchase order.**

**E. Purchases ranging from \$15,000 to \$49,999.00.**

The Board of Commissioner's approval is required prior to advertising for bids or soliciting proposals on purchases exceeding \$15,000.00 but only on items not budgeted in the current City of Alamo's appropriations. All other items and projects would have had prior commission approval at the time of adopting the annual budget and its appropriations.

The Purchasing Agent will obtain sealed written quotes from vendors. If at least (3) three sealed written quotes are not received, the Purchasing Agent shall state the reason for the lack of quotes on the Requisition Form. The Purchasing Department must be allowed ample time to process. Please take into consideration that bidders are allowed (7) seven working days to provide a sealed written quote.

**F. Purchases that total \$50,000.00 require Board of Commissioner's Approval and/or Competitive Sealed Bids or Proposals.**

Purchases that total \$50,000.00 and over are governed by state law (Chapter 252, Texas Local Government Code). The City reserves the right to seek competitive bidding below the State's threshold. Therefore, any purchase over \$15,000.00 must be timely presented to the Board of Commissioners for approval.

**G. EMERGENCY PURCHASES**

Texas Statue (Texas Local Government Code 252.022) generally allows local governments to make emergency or exempt purchases without competitive bidding. The *Emergency Purchase Order form* is to be used only in emergency situations where a purchase is necessary or services need to be contracted including the hours between 5:00 p.m. and 8:00 a.m. on weekdays, weekends, or holidays. Emergency purchasing protocol should occur only as a result of unforeseen circumstances which requires immediate action. When the emergency purchase or repair exceeds \$500.00, the Department Head will authorize the purchase then after the Emergency Purchase order takes place of the requisition, it shall be processed in the same procedural manner. The City employee directly involved with the Emergency Purchase must sign the form in the space provided. Emergency purchases should be kept to a minimum because some vendors will charge a premium cost for its labor/supplies.

- H. Contractual purchase of materials, supplies, or services which are constantly needed for City operations will be awarded by the Board of Commissioners for a 12-month period or less when possible. These awards will be granted to the lowest responsible bidder after a formal bidding process. Examples of these yearly contracts include chemicals, water pipes, water meters, etc.

#### **4.0 TIE BREAKERS**

When two or more vendors submit identical bids:

- A. If only one vendor is a resident of the City, the City will accept the bid from the local vendor pursuant to Texas Local Government Code 271.901. However, if two or more of the bidders (or none of the bidders) are residents of the City, the City must select one of the bidders by the casting of lots.

#### **5.0 PURCHASE ORDER REQUISITIONS**

- 5.1 The purchase order request form is to inform the Department Head of the needs of the department and to identify the material requested by an employee of the department. Requisitions will be prepared far enough in advance of the time materials are needed to avoid emergency purchases. This allows the Department Head to secure competitive quotes, and grant the vendor adequate time for the delivery of items. Used properly, it can save the City money and eliminate duplication of effort.
- 5.2 All requisitions **\$500.00** or more should be submitted at least seven days to two weeks in advance of its intended use. Delivery time for many products will demand early orders, especially if the item must be purchased from outside the State of Texas.
- 5.3 All other purchases under **\$500.00** shall require a purchase order number. A purchase order is issued to vendors for the purchase of goods obtained by the department director or designee.

#### **6.0 CHANGE ORDERS TO PURCHASE ORDERS OR CONTRACTS**

All change orders or modification requests to purchase orders or contracts must be submitted in a memorandum to the Purchasing Office. The City Manager has the authority to approve changes in the plans or specifications of a contract award after the performance of the contract has commenced or to decrease or increase the quantity of work to be performed, or materials, equipment, or supplies to be furnished. The City Manager has been authorized to approve change orders, subject to the following conditions:

- The original contract price shall not be increased more than 25%.
- The original contract price shall not be decreased more than 25% without the written consent of the contractor;
- Any change order shall be approved by the Board of Commissioners prior to final payment to the contractor, even if previously executed and approved by the City Manager (Texas Local Government Code, Sec.252.048).

## **7.0 STATE CONTRACTS & OTHER PURCHASING COOPERATIVES AND ANNUAL CONTRACTS**

In order to magnify savings and minimize costs in a more timely procurement manner, the City participates in the State of Texas Cooperative Purchasing Program (CO-OP). Cooperative purchasing occurs when two or more entities coordinate their purchasing efforts to reduce incidental administrative costs, take advantage of quantity discounts, share specifications, etc. Cooperative purchasing may occur through inter-local agreements or State contract purchases. The CO-OP process allows the City to make procurements through contracts established by the State with various vendors for a wide variety of products and services. Implementing this widely used purchasing protocol, the city does not have to go through the time-consuming advertising and bidding process when making purchases through the State's CO-OP program.

Where possible, the City of Alamo should take full advantage of the following types of cooperative purchases when deemed to be in the City's best interests:

- Inter-local Agreement Purchases
- State Contract Purchases

The City maximizes its participation with bona fide cooperative purchasing programs, which include but are not necessarily limited to the following:

Examples of cooperative purchasing programs are listed below;

- TASB-Buy Board Purchasing Cooperative
- DIR-Department of Information Resources
- HGAC-Houston-Galveston Area Council
- OMNIA Partners (formerly TCPN)
- TIPS-The Interlocal Purchasing System
- TX Smart Buy



## **7.1 HUB'S**

Local Government Code Chapter 252.0215 Competitive bidding in relations to historically underutilized Business vendors, states that a municipality, in making an expenditure of more than **\$5,000.00** but less than **\$50,000.00**, shall contact at least two Hubs' on a rotating basis. If the list fails to identify a disadvantaged business in the county in which the City is situated, the City is exempt from this section. The listing for HUB vendors is found on the Texas Comptroller of Public Accounts website.

*HUB*-Certified businesses that are at least 51% owned, operated, and controlled by the qualifying groups which include Asian Pacific Americans, Black Americans, Hispanic Americans, Native Americans, and American Women.

## **8.0 FEDERAL FUNDING**

When the City receives Federal Funds, all procurement and contracting protocols shall be in accordance with 2 CFR 200.318 through 200.37 and the contract provisions within Appendix II to Part 200. Such federal provisions, or as may be amended hereafter, shall supersede all local provisions should a conflict exist.

## **9.0 DISPOSAL OF SURPLUS/SALVAGE EQUIPMENT**

### **A. SURPLUS EQUIPMENT**

City property will occasionally outlast its usefulness, and become obsolete. Before a department removes any property from service, the Department Director shall first determine if it can be transferred to another department for possible continued use. If the property is found to be no longer viable or serviceable, or has become obsolete, it may be disposed of by any of the following methods:

- Sold at a Public Auction;
- Scrap Material may be taken to a recycling facility by the appropriate department; or
- Donate to an entity with the Board of Commissioners approval

### **B. SALVAGE MATERIAL**

Disposal of salvage materials or scrap materials may be sold or salvaged. The appropriate Director shall request such items to be so disposed of by first approaching the Board of Commissioners for its required approval.

## **10.0 INVOICES AND PAYMENTS**

All invoices should be mailed directly to the Finance Department per instructions. In the event that invoices are delivered to the receiving Department, they should be immediately forwarded to the Finance Department where they will be checked against the accounting copy of the purchase order. Any difference in the invoice and the receiving copy of the purchase order or of the partial receipt will be called to the attention of the vendor and the relevant Department Head if the amount is substantial. In the event of minor differences, adjustments may be made and approved of by the Purchasing Agent.

## **11.0 MISCELLANEOUS**

The City of Alamo is exempt from all Federal Excise Tax and the State of Texas Limited Sales Excise and User Tax; except that taxes in certain prescribed cases may be legally applicable such as hotel/motel taxes. The City of Alamo's Texas Taxpayer Identification Number is 74-6000004.