

CITY OF UHLAND

PURCHASING POLICY

I. GENERAL

It is the policy of the City that all purchasing activities will be accountable, competitive, transparent, fair, and carried out with integrity and in the best interests of the City

A. Application – This Policy applies to all purchases of goods and services by the City of Uhland, on or after March 3rd, 2010.

B. Definitions – In this Policy:

1. City means the City of Uhland.
2. Board means the Board of Aldermen, of the City; sometimes also known as the City Council.
3. City Administrator means the person responsible for managing day-to-day administrative services for the City. The City Administrator may be an employee of the City or a person performing management services under contract.
4. Construction includes reconstruction, repairs and remodeling.
5. Facilities include the Uhland Community Center, storage facilities, roads, and permanent improvements to real property, such as buildings.
6. Goods means all types of personal property, including commodities, materials, supplies, and equipment.
7. Professional services means services provided by licensed professionals such as accounting, architecture, land surveying, professional engineering, legal services, and land appraisal services.
8. Purchaser means a person who makes purchases on behalf of the City.
9. RFP means request for proposals.

C. Purposes – The purposes of this Policy are:

1. To ensure that sound business judgment is used in all purchasing transactions;
2. To acquire needed goods and services, and the construction and repair of facilities, efficiently, economically, and in compliance with applicable laws; and
3. To ensure that purchasing transactions are conducted in a manner that provides for competition to the extent allowed by law.

D. Authority to Make Purchases – The persons holding the following positions are the only persons authorized to make purchases under this Policy:

1. The City Administrator;
2. The City Mayor;
3. Any other persons who are specifically authorized by the Board to make purchases under this Policy;

E. Records – The purchaser will maintain the following information for a period of three years after a purchase is completed, unless a longer period of time is required under the City's records retention schedule:

1. The documents comprising the purchase contract between the City and the vendor.
2. Information indicating the rationale for the method of purchase.
3. Information indicating the basis for the purchase price.
4. Where quotes, bids or proposals are required for a purchase, the basis for the selection of the vendor from which the purchase is made.

II. PURCHASE METHODS

Purchase Approval Requirements Summary Table – All City purchases of goods or services will be made in accordance with the City’s current Purchasing Policy and within State law. City purchases shall be made through a small purchase, informal bid, sealed bid, or sole source/emergency purchase process. The following table illustrates the application of these methods:

PURCHASE APPROVAL REQUIREMENTS

Purchase Method	Applies to	\$ Amount	Approval Authority
Small Purchase	Goods and services, including construction and professional services	<\$200	City Mayor
Informal Bid Process	Goods and services, including construction and professional services	>\$200 and ≤\$5,000	Board of Aldermen
Sealed Bid Process	Goods and services, including construction services; not professional services	>\$5,000	Board of Aldermen
Sole Source and Emergency Purchase Process	Goods and services, including construction and professional services	<\$2,000	City Mayor
Sole Source and Emergency Purchase Process	Goods and services, including construction and professional services	>\$2,000	Board of Aldermen

- A. Split Purchases Prohibited – Where a dollar limit applies to a purchasing method, the purchaser is prohibited from splitting a purchase that normally would constitute a single purchase into two or more purchases to avoid the use of the applicable purchasing method.
- B. City Approval Prior to Work Start – An agreement shall be established with each vendor such that estimates for projects and efforts are obtained and approval by the City given prior to the purchase being made or the work started.
- C. Small Purchases –
 1. Description – The small purchase process is a simple, informal method of fulfilling routine goods and services needs of the City.
 2. Procedure – Purchasers may make small purchases using purchase orders or procurement cards (pre-paid credit cards, debit cards, non pre-paid credit cards). Although price quotes are not required, the purchaser should pay attention to local market conditions and make purchases at the lowest available cost.
- D. Informal Bid Process –

1. Description – The informal bid process is a method for purchasing goods and services in which competition is ensured by securing informal price quotes from vendors.
 2. Procedure – The Purchaser will:
 - a. Secure at least three price quotes (written or telephone) from vendors;
 - b. Keep a record of the quotes on a City informal bid form, or the like;
 - c. Secure approval from the Board of Aldermen before making the purchase; and
 - d. Make the purchase from the vendor offering the lowest quote, unless the purchaser notes a significant difference in grades of quality justifying an award to a different vendor. Any applicable delivery/shipping and installation costs should be included in determining the amounts of quotes.
- E. Sealed Bid Process –
1. Description – The sealed bid process is a method for purchasing goods and services in which competition is ensured by allowing all qualified vendors to submit bids.
 2. Procedure – The Purchaser will:
 - a. Prepare a bid packet including specifications, bid terms, and a bid calendar;
 - b. Advertise for bids;
 - c. Make bid packet information available to potential bidders. The bid packet should contain at least:
 - Requirements and specification for the product or service, including schedule and quality requirements.
 - Schedule for bid responses, questions, award, and performance.
 - Sole City contact for receiving proposals and responding to supplier questions.
 - Opportunity for bidders to ask questions and answering of all questions to all bidders.
 - Disclosure that cost is a major factor, but the award may consider other offsetting factors that could cause the lowest bidder to not receive the award. Accordingly, bidders are encouraged to include in their proposal, any features (whether requested or not) that could add value to their product or service;
 - d. Receive bids and prepare a tabulation of the bids;
 - e. Prepare a recommendation to the Board of Aldermen for approval of the purchase from the responsible bidder who submits the lowest bid;
 - f. Secure approval from the Board of Aldermen before making the purchase. Any applicable delivery/shipping and installation costs should be included in determining the amounts of bids.
- F. Sole Source Purchases and Emergency Purchases –
1. Description – A purchase of goods that are available from only one source, such as items that subject to patents, copyrights, secret processes, or natural monopolies, or gas, water, or other utility services, or captive replacement parts or components for equipment, can be made using a sole source purchase process instead of an informal bid, sealed bid, or competitive proposal process. A purchase of goods or services that are needed in connection with a bona fide, unforeseen emergency can be made using an emergency purchase process instead of an informal bid, sealed bid, or competitive proposal process.
 2. Procedure – The purchaser will prepare a written justification for the use of a sole source purchase or emergency purchase. The purchaser will secure the applicable approval for a sole source purchase before making the purchase. The purchaser will secure the applicable approval for an emergency purchase before making the purchase, if possible; otherwise, the purchaser will secure the applicable ratification of an emergency purchase after it is made. The purchaser will use City contracting forms (i.e., purchase order terms and conditions,

service contract terms and conditions, or construction contract terms and conditions) to the maximum extent possible in making sole source and emergency purchases.

III. OTHER CONSIDERATIONS

- A. Purchases on Behalf of the Mayor – When the approval for a purchase is given by the City Mayor to make a purchase on behalf of the City Mayor (to the City Administrator, for example), that approval should be given in written form (email or fax are acceptable).
- B. Methods of Advertising – When advertising for bids or proposals is required, the purchaser should arrange for a notice of the City’s intent to receive bids or proposals to be published once a week for two consecutive weeks in a newspaper of general circulation in Hays County and in a newspaper of general circulation in Caldwell County. The date of the first publication must be at least 15 days before the deadline for the submission of bids or proposals.
- C. Construction Contracts – Contracts for the construction of facilities (including reconstruction, repairs and remodeling) in an amount more than \$20,000 involve a variety of legal requirements under State law, including the following:
 - 1. Design Professional – The City must provide for a licensed architect or engineer, as appropriate to the type of work, to design and oversee construction of the project.
 - 2. Prevailing Wage Rates – The City must require the contractor and subcontractors to pay at least the prevailing levels of wages for persons working on the project.
 - 3. Worker’s Compensation Insurance – The City must require the contractor and subcontractors to provide workers compensation insurance coverage for persons working on the project.
 - 4. Bonds – The City must require the contractor to provide payment and performance bonds for the project.
 - 5. Real Property Acquisitions – The City must complete acquisitions of real property, easements and rights-of-way in a timely manner to allow the project to proceed on schedule.
 - 6. Change Orders – Change orders may not result in a cumulative increase of more than 25% in the contract amount, and may not result in a cumulative decrease of more than 25% in the contract amount without the consent of the contractor.
- D. Invoices; Payments
 - 1. Checking Invoices – The City Administrator will ensure that each invoice received by the City is checked for compliance with applicable provisions of this Policy, and to determine whether payment is due, before the invoice is approved for payment.
 - 2. Prompt Payment Act – State law requires the City to make payments to vendors no later than the 45th calendar day on which the City received supplies, materials, or equipment, or the day on which performance of services was completed, or the day on which the City received an invoice, whichever is later. This deadline does not apply if there is a bona fide dispute over an invoice; however, the purchaser should ensure the basis for the dispute is documented before withholding payment. The purchaser must promptly handle an invoice once it has been received. Vendors may charge interest on outstanding payments that exceed the 45 day period.
- E. Exemption from Taxes – City purchases are exempt from sales and use taxes. The purchaser will take all steps necessary to ensure that sales taxes are not charged on purchases made for the City.
- F. Prompt Payment – All invoices approved for payment by the proper City authorities shall be paid within thirty (30) calendar days of receipt of goods or services or invoice date, whichever is later in accordance with State law. The City **will** take advantage of all purchase discounts, when possible.

- G. Equal Opportunity – It is the policy of the City to provide equal opportunity to all parties without regard to race, religion, color, natural origin, age, sex, handicapped or veteran status, and to comply with all relevant federal and state equal opportunity statutes, executive orders, rules and regulations.
- H. Supplier Preferences – The City will give preference to local vendors. The City may choose a local vendor if the bid is within 5% of the lowest bid price received from a bidder which is not located within the City limits.

IV. TRAVEL

The guidelines and standards in this section will apply to expenses for travel by City employees, representatives, or agents on City business.

A. Expenses Subject to Reimbursement –

1. Registration will be reimbursed at actual cost. Direct payment to the program sponsor is preferable to reimbursement to an attendee. Full advantage should be taken of any such preregistration discounts.
2. Transportation arrangements should be based on what is the most economical total cost to the City. Personal vehicle mileage reimbursement will be based upon actual mileage at the rate per mile set by the IRS. Airfare should be paid by the City directly to the carrier whenever possible. Airfare should be at the coach rate, and full advantage should be taken of all prepaid special or discount fares. Public carrier fares will be reimbursed based on receipts and prevailing fares in the area. Car rental should occur only when needed and when economical compared with public carrier rates.
3. Hotel expenses should be incurred only when needed. Reimbursement will be based on standard room rates. Personal items such as telephone calls and movies are not reimbursed.
4. Actual meal and tip expenses will be reimbursed. The maximum total of reimbursement for each day will not exceed \$50.00.

B. Documentation for Reimbursement –

1. A completed City travel expense reimbursement form must be submitted to the City, accompanied by receipts for all expenses. No expense will be reimbursed if a receipt is not submitted for it.

V. ETHICS CONSIDERATIONS

State law prohibits City employees, representatives, or agents from involvement in purchasing decisions where a City employee, representative, or agent has a conflicting personal interest in the decision. Any transaction of business between the City and City employees, representatives, or agents is prohibited without full disclosure to the Board of the relationship and a determination that the transaction is in the best interests of the City. In addition, City employees, representatives, or agents are prohibited from:

- Doing any act in violation of a binding obligation of the City;
- Doing any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the City;
- Receiving an improper personal benefit from the operation of the City;
- Using the assets of the City, directly or indirectly, for any purpose other than carrying on the business of the City; or
- Wrongfully transferring or disposing of City property.

VI. DISCLOSURE OF INFORMATION BY VENDORS

State law (Local Government Code Chapter 176) requires certain persons and firms to file a conflict of interest questionnaire with the City. All persons and firms that meet the criteria listed by the State Ethics Commission must submit a completed questionnaire no later than the 7th business day after the date the person or firm:

- A. Begins contract discussions or negotiations to enter into a contract with the City, or
- B. Submits to the City an application, response to a request for proposals or bids, correspondence, or another writing related to a potential contract with the City, or
- C. Becomes aware of a reportable employment or other business relationship with an officer or family member of an officer of the City, or
- D. Becomes aware that the person has given one or more reportable gifts to a person connected with the City.

The criteria and questionnaire forms are available on the State Ethics Commission website, which at the time of the creation of this policy, is found at <http://www.ethics.state.tx.us/forms/CIS.pdf>.

Approved by the City's Board of Aldermen and effective as of 3/3/10

If this policy conflicts with any prior approved policies, this policy shall prevail

Daniel Heideman

Daniel Heideman
Mayor, City of Uhland

CITY OF UHLAND

ADDITIONAL PROPOSED FINANCIAL RECOMMENDATIONS

- Budgeting – Designate when the Committee will be formed and who should be involved (Finance Director, Mayor or Pro Tem if Mayor not available for whole process, the Secretary, and a council member or a volunteer to represent commercial part of the community). Maybe scheduling a public meeting before the committee meets to find out what residents want. Maybe they are willing to have taxes go up a little to pay for it. We need verbiage to show we comply with the state time lines for this process.
- AP – Use only computer generated checks. Process checks every two weeks, which should fall into Karen's pay cycle. City's bills and her payroll can be done at the same time and limit the time she spends getting signatures. Is it necessary or prudent to have every Council member as signers on the account? Maybe 3 people in case one is unavailable. Especially if there is a set time for the check runs, it is likely that at least 2 of them would be available. Maybe regular monthly bills such as utilities should be paid online instead which would reduce the cost of check writing and postage. When the budget is prepared we know about how much these expenses will be. The Secretary should be authorized to pay them this way unless there is an increase of \$X. She should then present it to the 2 check signers before proceeding to pay. Have all signers be bonded.
- Have a prepaid credit card in the City's name with a limit of \$250 to use for incidental office expenses such as post office, janitorial supplies, etc. It can be replenished per the receipts of things purchased.
- Municipal Court & Community Center – Currently, no cash is being accepted. This should be confirmed.
- Monthly Financial Report to be presented at Meetings should include current balances of all accounts, discussions of any upcoming major expenses expected. Recommendations from the Financial Director.
- Annual Audit – We need to have it scheduled at the same time every year. Our fiscal year ends September 30 and an audit should be started within 60 days. A committee should be selected (unless we plan to start paying a professional).

Approved 3/3/10

X Daniel Healdman

Mayor, City of Uhland