



Purchasing Manual

FY 2023

ACKNOWLEDGEMENT FORM

PURCHASING MANUAL

I _____ hereby acknowledge receipt of the Town of Addison's Purchasing Manual. As an employee of the Town of Addison, I agree to comply with all purchasing policies and procedures

I understand that violations of purchasing policies and procedures are causes for disciplinary action up to and including termination.

I acknowledge that I have received information regarding the Code of Ethics as stated in Chapter 1, Section 4 of the Purchasing Manual and I understand that:

- No employee of the Town shall accept or solicit any money, property, service or thing of value by the way of gift, favor, loan or otherwise when he/she knows or should know that this is being offered or given with the intent to unlawfully influence such person in the discharge of official duties or in return of having exercised or performed official duties.
- No employee shall use his/her position to gain special privileges or exemption for himself/herself or others
- No employee shall grant special consideration or treatment to any individual or organization beyond that which is available to every other person or organization
- No employee shall transact business with an entity that he/she has a financial interest in

I understand that a copy of this acknowledgement form will be placed in my official personnel file.

Employee Name

Date

Department

FOREWORD

Throughout the manual there are references to actions requiring the approval of the City Manager. It should be noted that the “City Manager”, as far as this manual is concerned, refers to either the City Manager, Deputy City Manager or Assistant City Manager. The City Manager has delegated the authority to the Deputy City Manager or Assistant City Manager to act in the City Manager’s behalf with regard to purchasing or procurement matters.

Even though the City Council’s approval is sought for Purchasing Policy, procedural changes – not changes in policy – will be made with the approval of the City Manager (and without further approval of the City Council) as may be needed for the City’s procurement practices to maintain efficiency, to comply with any changes to state law, and to keep current with management’s directions. This also includes delegation of Expenditure Authority for Directors, department heads, and Purchasing Manager, at the City Manager’s discretion, not to exceed the City Manager’s expenditure authority.

Please feel free to contact Purchasing and let us know how we can better serve as a resource for your department.



MISSION STATEMENT

The Purchasing Department strives to create the best value for the Town of Addison by managing all procurement needs. Its responsibility includes purchasing of supplies and services, coordinating the bid process, maintaining vendor information, complying with State legislature, managing the disposal and sale of surplus materials, and providing expertise in the procurement process.

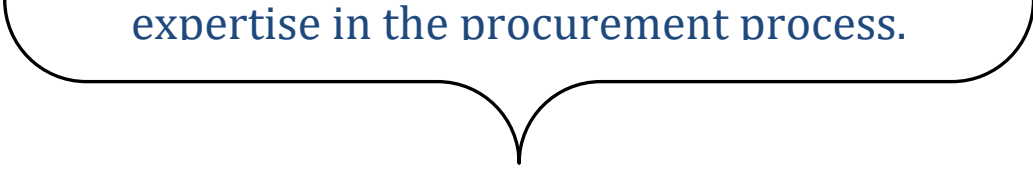


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Chapter 1
PROCUREMENT POLICY

SECTION 1 PROCUREMENT POLICY

INTRODUCTION

This Policy and Procedure manual (“manual”) outlines the rules and regulations for purchasing goods and services and the disposition of salvage/surplus property for the Town of Addison. The purpose is to provide guidance and instruction for all City employees regarding the purchasing process.

The Town of Addison, Texas (“City”) is a Home Rule Town, operating pursuant to Article 11, Section 5 of the Texas Constitution, State law and the City’s Home Rule Charter. In determining purchasing practices, the City is guided by the City Charter, State law, and City ordinances, supplemented from time to time by City Council resolution and City administrative policies and procedures.

PROCUREMENT POLICY

It is the policy of the City to conduct procurement functions efficiently, effectively, and in full compliance with applicable State laws, City Charter, and Ordinances. The authority to contract for all goods and services and make all sales rests with the City Manager and those employees to whom he/she delegates that responsibility. The Purchasing Manager has been delegated by the City Manager to contract for the City in accordance with this manual. Additionally, selected personnel in the City’s requesting departments are authorized to make purchases as provided herein.

Unauthorized personnel who attempt to contract in the name of the City, or personnel making unauthorized purchases outside of the scope of this manual, may be subject to disciplinary action, legal action, and personal financial liability.

If a person fails to comply with the competitive bidding or competitive proposal procedures required by Statute, that person may be convicted of a Class B misdemeanor. This includes a situation in which a person makes or authorizes separate, sequential, or component purchases in an attempt to avoid competitive bidding requirements.

REFERENCES

A. State Law

1. Texas Local Government Code, Chapter 204, 205, 252 and Chapter 271
2. Texas Government Code, Chapter 2252, Chapter 2253, Chapter 2254, Chapter 2269
3. Texas Labor Code, Chapter 406
4. Texas Insurance Code, Chapter 1811

B. City Charter

1. Article XI, Section 11.01, 11.02, and 11.14 – Conflict of Interest

C. City Ordinances

1. Chapter 2, Article III, Division 1, Section 2-73, 2-74 – Travel & Entertainment
2. Chapter 2, Article III, Division 2, Section 2-93 and 2-94 – Code of Ethics
3. Chapter 2, Article VI, Section 2-301, 2-302, and 2-307 - Disposal of Unclaimed or Surplus Property

SECTION 2 RESPONSIBILITY & EXPENDITURE AUTHORITY

RESPONSIBILITY

- A. **City Manager** – The City Manager establishes the rules and regulations for the purchase of all goods and services by means of this manual. The Manager has delegated to the Purchasing Agent the authority to procure all goods and services and dispose of all salvage/surplus and seized property for any department or any using agency that derives its support wholly or in part from the City. The Purchasing Agent shall administer the purchasing rules and regulations as established by Texas State and Local Government Codes.
- B. **Purchasing Manager** – The Purchasing Manager performs or oversees compliance with all procurement requirements for goods and services as prescribed in the Texas Local Government Code, and the City Policy and Procedure. The Purchasing Manager ensures that all procurement activities are conducted with the highest level of ethical standards, provide suppliers a fair opportunity to compete for City business and protect public funds.
1. Solicitations \$50,000 or greater will be managed through the Purchasing department in collaboration with the responsible department
 2. Approval of required rating for bonds and insurance
 3. The Purchasing Manager will determine and implement the most appropriate method of disposal of salvage/surplus and seized property in accordance with applicable laws.
- C. **Requesting Departments**
1. City Manager is responsible for ensuring reporting department's compliance with all policies and procedures outlined in this manual.
 2. Directors
 - a. Plan purchase requirements in order to allow sufficient time to obtain bids or proposals.
 - b. Ensure adequate funds are appropriated.
 - c. Expenditures not included in the budget must have approval of the City Manager before quotes are obtained and a Purchase Order commitment.
 - Evidence of the approval shall be in the form of either: 1) A memo issued by the City Manager or, 2) An approval of a memo to the City Manager requesting approval
 - d. Manage department P-Cards users.
 - e. Department solicitations under \$50,000 may be issued through the BidSync electronic bid system by the department or through an informal bidding process to be determined by the Purchasing Manager. Purchasing is always available to assist or perform such solicitations. *Exception: goods or services requiring vendor insurance/indemnification or a pre-bid conference will be managed and solicited by the Purchasing Manager.*
 - f. Ensure Historically Underutilized Business (HUB) participation(LGC 252)
 - g. Provide specifications for goods or services requested.
 - h. Delegate as needed within the department authority to prepare requisitions, Purchase Orders and specifications.
 3. Department Assistants
 - a. Delegated individuals within a department who have been properly trained to prepare and issue requisitions, specifications, solicitations, Purchase Orders, Request for Checks, and manage P-Card reconciliation in accordance with this manual.

- b. Provide complete documentation of any vendor's failure to perform as contracted. Please refer to Exhibit G: Vendor Problem Notification.
- c. Maintain records per retention schedule.

EXPENDITURE AUTHORITY

- A. Agreements/contracts obligating City funds shall not be signed by any City employee unless authorized by the City Manager.
- B. City Council
Expenditure approval for all Purchase Awards and/or Contracts with an
 1. Anticipated annual expenditure over \$50,000 and
 2. Change Orders greater than either \$50,000 or 25% of the original Contract.
- C. City Manager or designee
 1. Purchase awards and/or Contracts up to \$50,000.
 2. For Council approved expenditures, Change Orders up to \$50,000 and up to 25% of the original Contract.
 3. Non-Council approved expenditures, Change Orders up to 25% of the original contract
 4. Items not budgeted
 5. Approval of all procurement documents needing Council action
 6. Executing all contracts/agreements approved by Council
 7. Delegation of purchasing authority and amounts are at the sole discretion of the City Manger
- D. Directors/ Department Head Expenditure Authority
 1. Purchase awards and contracts with an anticipated annual expenditure up to \$25,000
 2. Change Orders up to 25% of the original contract
 3. To initiate and approve any purchase approved by Council
- E. Delegation of Purchasing Authority:
City Manager or designee or Directors are responsible for notifying Purchasing of:
 1. Names of all individuals authorized to approve requisitions and purchase orders and ensuring the approval process is maintained within Munis workflow system.
 2. Any changes in delegation of such authority.

Permanent authorization will remain in effect until notification of change is received in writing (see Exhibit F: Delegation of Purchasing Authority) or updated through workflow in Munis.
- F. Purchasing Manager has delegated authority to:
 1. Execute all Interlocal or Cooperative Purchasing Agreements
 2. Purchase budgeted goods or services from a cooperative or off another entities competitively bid contract without further Council approval.
 3. Town
 4. -Wide purchase awards and contracts with an anticipated annual expenditure up to \$25,000 with change orders up to 25% of the original contract
 5. Execute approved contracts, awards and change orders
 6. Determine which method of procurement provides best value for the City
 7. To reject any and all bids, in concurrence with requesting department, when in the best interest of the City.

SECTION 3 BONDS, INSURANCE, AND INDEMNIFICATION

BOND POLICY

- A. Bidders may be required to provide certain bonds for Public Works Contracts. This ensures that if the bidder attempts to withdraw after the bid is accepted, the government will not suffer loss. More importantly, it ensures the bidder is bondable. The term Public Work is not defined by statute; however, it is generally understood to mean construction, repair, or renovation of a structure or other improvement or addition of real property and civil engineered projects. The types of bonds that are typically used are: Bid Bonds, Payment Bonds, Performance Bonds, and Maintenance Bonds. The City will only accept corporate sureties duly qualified and authorized by the City. Personal sureties are not accepted. All required bonds must be approved by qualified personnel prior to contractors or vendors commencing work.
- B. The City may require bonding on other projects to mitigate risk such as large software implementation.
- C. The Town of Addison requires payment, performance, and maintenance bonding to be provided on City approved forms. These forms can be found at [S:\Purchasing\Purchasing Forms](#)

TYPES OF BONDS (Government Code Chapter 2253.021)

- A. **Bid Bonds** – The Bid Bond ensures that the awarded vendor will be able to secure any additional bonds required. The Bid Bond minimum limit is five percent (5%) of the total amount bid and would typically apply to construction contracts. It is the City's option whether or not to require bidders to provide a Bid Bond. Certified or cashier's checks will NOT be accepted in lieu of a Bid Bond. Bid Bonds are provided on the surety forms. Bid Bonds will be returned to issuing vendor upon request.
- B. **Payment Bonds** are required for Public Works Contracts in excess of fifty thousand dollars (\$50,000) and must be written for one hundred percent (100%) of the total bid price. The Payment Bond is for the protection of those performing work as subcontractors or suppliers for the prime vendor/contractor.
- C. **Performance Bonds** are required for all Public Works Contracts when the vendor's bid exceeds one hundred thousand (\$100,000), and they must be written for one hundred percent (100%) of the total bid price. These bonds are solely for the protection of the City in the event of a contractor/vendor default under Contract terms and conditions.
- D. **Maintenance Bonds** can be written for a term of twelve (12) to twenty-four (24) months. These are typically included with the Performance Bonds. The coverage provided by a Maintenance Bond is a guarantee against defective workmanship and materials. Twelve month maintenance bonds are standard however; twenty-four months maintenance bonds may be prudent in specific circumstances.

INSURANCE AND INDEMNIFICATION POLICY

- A. Contractors performing work on Town of Addison property or public right-of-way shall provide the City indemnification and certificate of insurance or a copy of their insurance policy(s) including a copy of the endorsements necessary to meet the requirements, hold harmless, and defense clauses which will be required in a final contract. The required language is inserted in solicitation documents by the Purchasing Department or owner of the specifications.

- B. Contractual agreements must contain a provision that transfers the risk of the project from the City to the contractor. Because the contractor may not have the financial resources to handle the risks that are transferred in the contract, the City requires that insurance be purchased and maintained by the contractor for financial security.
- C. Workers' Compensation Insurance – By State law, contractors and subcontractors hired for building and construction projects must provide Workers' Compensation Insurance for their employees regardless of the project's cost. (Texas Labor Code, Chapter 406, Section 096)
- D. Purchasing must approve and verify all insurance documents prior to the contract, purchase order, or commencement of work to be performed.
- E. The approved insurance and indemnification requirement forms can be found at [S: purchasing/purchasing forms.](#)

SECTION 4 PROCUREMENT CODE OF ETHICS

Suppliers who transact business with the Town of Addison will be dealt with equally and in a manner that is consistent with good business practices, professional ethics, and the requirements of law. All prospective bidders shall be given identical information. The specifications, terms, and conditions of all bids and quotations will be prepared in a language familiar to the trade, and in a manner that will encourage competitive bidding. The Town of Addison follows a policy of fair, open and transparent actions in all procurement activities.

IMPROPRIETARY- Prevent the intent and appearance of unethical or compromising conduct in relationships, actions and communication.

- Honest and fair-minded conduct in relationships or communications between external customers and suppliers.
- Must maintain a business relationship and avoid communication via social media.
- Avoid actions that appear to, or actually diminish ethical conduct.
- Avoid business relationships with personal friends. Request a reassignment if the situation arises.
- Avoid noticeable displays of affection, which may give an impression of impropriety.

CONFLICT OF INTEREST- Ensure that any personal, business and other activities do not conflict with the lawful interests of the Town of Addison.

- **Code of Ordinances, Article III – Sections 2.92** Employees shall have no interest, direct or indirect, or engage in any business transaction or professional activity or incur any obligation of any nature which is in conflict with the proper discharge of his/her duties in the public interest.
- Employees must fully comply with state statutes, as amended, concerning conflicts of interest.
- **Code of Ordinances, Article III – Sections 2.93** Receive any fee or compensation for his/her service as an officer or employee of the City from any source other than the City, except as may be otherwise provided by law. This shall not prohibit his/her performing the same or other services for a public or private organization that he/she performs for the City if there is no conflict with his/her City duties and responsibilities.
- Potential conflict of interest shall be discussed with the department head and the responsibilities reassigned to another employee.
- Avoid engaging in personal business with any of the City's suppliers.
- Avoid lending or borrowing money from any of the City's suppliers.

INFLUENCE- *Avoid behaviors or actions that may negatively influence, or appear to influence supply management decisions.*

- **City Charter, Section 11.01** – *No officer or employee to accept gift, etc.* No officer or employee of the Town of Addison shall ever accept directly or indirectly, any gift, favor, privilege or employment from any public utility corporation, or other company, contractor or individual which currently has a grant, franchise, or contract with said City during the term of office or such officer, or during such employment of the provision of this section shall be guilty of a misdemeanor and may be punished by any fine that may be prescribed by Ordinance for this offense, and forthwith be removed from office.
- **City Charter, Section 11.02** – *Officers or employees of the Town shall not have financial interest in any contracts of the Town.* No officer or employee of the City shall have a financial interest, direct or indirect, in any contract with the City, or be financially interested, directly or indirectly, in the sale to the City of any land, materials, supplies or services, except on behalf of the City as an officer or employee. Any knowing or willful violation of this section shall constitute malfeasance in office, or any officer or employee guilty thereof shall thereby forfeit his office or position. Any violation of this section, with the knowledge, expressed or implied, of the person or corporation contracting with the City Council of the City shall render the contract involved voidable by the City Council. The restrictions contained in this section shall be cumulative of those required and provided by state law.
- **City Charter, Section 11.14** – *Nepotism.* No officer of the City may use his position to influence or to promote the approval of a contract that supports to hire as an independent contractor any person relating within the second degree by affinity or within the third degree by consanguinity to such office of the City.
- Sources of influence can be introduced into relationships between employees and external customers/vendors including:
 - Employer policies
 - Gifts, gratuities or entertainment
 - Business meals
 - Relationships
 - Product samples
 - Political matters
 - Advertising
 - Market power
 - Specifications and standards

Some guidelines that may be helpful in determining whether or not a gift/meal is an expression of friendship or goodwill or when the giver has another motive include:

- How would acceptance of this gift/meal look to other employees?
- Is it possible to share the gift/meal with co-workers?
- How frequently has something been received from the same person or organization?

RESPONSIBILITIES TO THE CITY- *Uphold fiduciary and other responsibilities using reasonable care and granted authority to deliver value to the Town of Addison.*

- Follow the letter and spirit of all City policies, procedures and Council Policy.
- Know and obey the letter and spirit of State and Federal Laws. Interpretation of the law should be left to legal counsel.
- Use reasonable care and granted authority to deliver value for the City.
- Must apply sound judgment and consideration of both legal and ethical standards.

- Obtain maximum value for the City.
- Avoid using purchasing power to make purchases for non-business use.
- Avoid acquisition of unnecessary or duplicative items.
- **Employee Handbook Section 7. 01 B- Prohibited Activities-** It is impossible to list all the forms of behavior that are considered unacceptable in the workplace. The following are some examples of conduct that will likely result in disciplinary action, up to and including termination of employment:
 - Violation of local, state or federal law;
 - Participation in a crime that violates the laws of the State of Texas or the United States of America, either felony or misdemeanor (Class A or B) that results in a conviction of the crime, a plea of nolo contendere or deferred adjudication;
 - Failure or refusal to follow lawful orders;
 - Violation of any provision of the City Charter;
 - Unsatisfactory performance or conduct;
 - Inefficiency, incompetence or neglect of duty;
 - Insubordination or other disrespectful or unprofessional conduct;
 - Unauthorized disclosure of confidential information;
 - Making or publishing false, vicious or malicious statements about the City, a City employee, citizens, or others;
 - Discourteous treatment of the public;
 - Outside employment that conflicts with, or potentially conflicts with, City interests;
 - Acceptance of payment of any kind for activities related to City employment;

SUPPLIER AND CUSTOMER RELATIONSHIPS- *Promote positive supplier and customer relationships*

- Adhere to and protect the supplier's business and legal rights to confidentiality for trade secrets and other proprietary information.
- Purchase without prejudice, striving to obtain the maximum value for each dollar of expenditure in a fair and competitive manner.
- Encourage prompts and fair problem resolutions.
- Avoid unreasonable demands.
- Actively strive to attain the City and State policies and laws regarding purchases from small businesses and those owned by minorities and other disadvantaged groups.

SOCIAL RESPONSIBILITY AND SUSTAINABILITY- *Champion social responsibility and sustainability practices in supply management*

- Anti-Corruption, Corruption in all of its forms, including extortion and bribery, will not be tolerated.
- Promoting ethical conduct throughout the supply chain.
- Financially responsible supply management is characterized by integrity and transparency in all supply-related dealings and decisions.

RECIPROCITY- *Avoid improper reciprocal actions.*

- The results of an improper or perceived to be improper reciprocal actions is both a legal and ethical issue which may result in legal sanctions against the City.
- Understand suppliers that are also customers may not be a problem if the customer/supplier is the best source.
- Apply and obtain accounting, legal and ethical guidance when potential issues of reciprocity arise.
- Do not give preference to suppliers because they are also customers.

SECTION 5 ADDITIONAL PURCHASING POLICIES

CONTRACTS

- A. A contract is an obligation to do or abstain from doing some act. Essential elements of a contract are:
 - 1. An offer and an acceptance of that offer;
 - 2. The capacity of the parties to contract;
 - 3. Consideration to support the contract;
 - 4. A mutual identity of consent;
 - 5. Legality of purpose;
 - 6. Sufficient certainty of terms; and
 - 7. A legally binding promise, enforceable by law.

- B. A PURCHASE ORDER IS A CONTRACT. Purchase orders are written and approved before goods or services are ordered and received. This ensures purchases are approved and within budget. Purchase Orders/Contracts are **required** when insurance and indemnification is required.

- C. The contractor must perform and meet the requirements of the contract. All guidance provided to a contractor must be within the scope of the contract.

ITEMS AND SERVICES ACQUIRED THROUGH ANNUAL/TERM CONTRACT

- A. Purchases of items or services may be readily quantified (such as a fixed hourly rate or a fixed price per linear foot) will be accomplished through annual contracts that are awarded on a competitive sealed bid or competitive sealed proposal (CSP) basis and approved according to expenditure authority.

- B. Once an annual contract has been awarded and approved, the responsible department(s) will create an annual or term contract Purchase Order and request the items or services under the Purchase Order number generated from the system. Once approved, no further approvals are needed for purchases against the contract.

Requested items should be detailed by description and unit cost on the P.O. or an attached document, with the remarks section stating that the items are under contract to the specified vendor. Releases will then be reconciled with invoices.

- C. Annual contracts for the purchase of items or services where the price and quantity does not change from one month to another is initiated by issuing one annual purchase order, if the system in place permits such activity.

CAUTION: Items or a service purchased from a vendor other than the awarded is a direct violation of purchasing procedures unless such purchase is an emergency purchase. An emergency as defined in Chapter 2, Subchapter A, section 6 entitled "Emergency Purchases" and can't be readily furnished by the contractor awarded the annual contract.

RECURRING SPECIAL SERVICES

- A. Recurring special services are services provided to the City by attorneys, engineers, accountants, auditors, public utilities, public relations and marketing companies that involve recurring fees which cannot be reasonably determined until after the service has been performed. These may be paid with a Purchase Order or Request for Check but there may be a preference. Contact Purchasing for clarification.
- B. Recurring services do **NOT** include maintenance, repair, operating (MRO) services or goods or services that have been bid and awarded. Sometimes called Indefinite Delivery Indefinite Quantity (IDIQ) contracts.
- C. Request for Check may be used when PO's are not needed such as payments for insurance, IRS, TMRS, deferred comp, refunds, purchases under \$3000 bidding threshold.
- D. The Director of Finance, or designee, is responsible for ensuring the procedures for approving payment for recurring special services are not abused and may revoke the privilege to any department head, based on evidence that the objective and intent of using a Request for Check was to circumvent purchasing procedures.

INFORMATION TECHNOLOGY PURCHASES

All IT-related purchases, including software, hardware, copier and printer purchases, rentals, and leases, must be initiated by the Information Services Department to ensure proper security controls are met.

PERSONAL USE PROHIBITIONS AND PERMISSIONS

- A. Employees in the City Manager's Office and the Finance Department are prohibited from purchasing City items at the auction. In addition, an employee(s) who determines that an item is surplus is prohibited from purchasing that item.
- B. If an employee acquires merchandise or services for the employee's personal use from a vendor doing business with the City, such merchandise or services may not be delivered to the employee or another City employee unless the acquisition is paid directly by the employee. No personal invoices are to be mailed to an employee (or another City employee for or on behalf of the employee) at the employee's (or other employee's) place of work. Employee is responsible for applicable sales tax.
- C. Employees may purchase merchandise or services from a vendor doing business with the City provided that the price at which the item is purchased is the same price charged to all officers and employees of the City. Employees can't use the City's business accounts for personal purchases. Employees that are involved in contract negotiations should not purchase merchandise or services for personal use with a vendor that is currently working, seeks to work or has worked for the City.
- D. Employees shall **NOT** use the Town of Addison tax exemptions forms for personal use.

ENFORCEMENT OF PURCHASING PROCEDURES

- A. Violations of purchasing procedures are causes for disciplinary action or termination as noted in Section 7.01 of the Town of Addison Employee Handbook.
- B. It shall be the responsibility of the Director of Finance, or designee, to enforce all purchasing procedures.

- C. A violation is defined as an employee's action or omission that indicates an intentional or reckless disregard for purchasing laws, policy or procedures. A violation also may be noted if the employee's action was unintentional but violates Federal, State, City, or other applicable or law policies or procedures.
- D. Violations of purchasing procedures will be noted to the appropriate Director in a memorandum from the Director of Finance with a copy to Human Relations Department.
- E. Repetitive violations of purchasing/asset recovery procedures by one department or individual will be communicated to the City Manager in a memorandum from the Director of Finance with a copy to the appropriate Department Director.
- F. As a method for enforcing purchasing procedures, the Director of Finance or designee, with approval of the City Manager, may revoke the privilege of issuing department Purchase Orders or use of the City's procurement card for any offending employee for an established period of time.
- G. Local Government Code 252.062 and 252.063 provide criminal penalties for officers and employees who knowingly violate state statutes.

NON-PERFORMING VENDORS

When a vendor fails to perform according to the Agreement (Purchase Order, Annual Agreement, Contract, and/or Specification), the Department Director or designee will document the issues in writing to the vendor and arrange a meeting to discuss the issues. The resolutions to the issues, as agreed upon by the requesting department and the vendor, shall be documented in writing and signed by the department and the vendor and a copy forwarded to the Purchasing Manager.

If a vendor's performance remains non-compliant or otherwise unsatisfactory, the department will notify the Purchasing Manager who will attempt to facilitate a resolution. If Purchasing cannot resolve the issues, the Purchasing Manager and the Department Director will make a joint determination to cancel the contract per the terms and conditions. Purchasing will then work with the department to obtain a substitute vendor or issue a new solicitation in accordance with purchasing policy.

Desk Top Procedures located in Exhibit G and Exhibit H.

- Vendor/Contractor Problem Notification Procedure
- Vendor Disqualification Procedure

DISPOSAL OF GOODS

As governed by Code of Ordinances, Administration, Article VI, Sec. 2-301 through 2-307. (See Appendix B)

- A. The Director of Finance and/or the Purchasing Manager shall make all necessary arrangements for the disposal of surplus/salvage/impounded and material, and real estate. See Code of Ordinances, Administration, Article VI, Sec. 2-301 through 2-307h.

- B. Employees in the City Manager’s Office and the Finance Division are prohibited from purchasing City items at the auction. Employee(s) who determines that an item is surplus is also prohibited from purchasing these items. In addition to other penalties, a person who violates this section forfeits his employment.

REGARDING IDENTICAL BIDS

- A. If the City is required to accept bids on a contract and receives two or more bids from responsible bidders that are identical in nature and amount, as the lowest and best bids, the City Council must enter into a contract with only one of the bidders and must reject all other bids. If only one of such bidders is a resident of the City, the City must select that bidder.
- B. If two or more of the bidders submitting identical bids are residents of the City, the City must select one of those bidders by the cast of lots (e.g. shall be selected by drawing numbers and the lowest number wins).
- C. In all other cases, the City must select the identical bids by the casting of lots. For example, identical bids submitted by non-resident bidders shall be selected by drawing numbers, with the lowest number winning. The drawing of number will be done in the presence of the Director of Finance.

SECTION 6 PUBLIC WORKS PROJECTS

DEFINITION

Public Works projects are those projects that require the construction, repair, or renovation of a structure, building, street, highway, bridge, park, water and wastewater distribution facility, airport runway or taxiway, drainage project, or other improvement or addition to real property.

The State Legislature for Public Works Projects can be found in Texas Local Government Code Chapter 2269 except otherwise noted within this chapter.

SPECIFIC STATUTES

- A. The State Legislature has passed specific statutes related to Public Works projects, not necessarily applied to other expenditures or purchases by a municipality. The statute requires the payment of a prevailing wage rate for laborers and mechanics and applies to both contractors and subcontractors. Wages for workers on construction projects shall not be paid less than the schedule of general prevailing rates of per diem wages as mandated.

To determine the prevailing wage rate, a survey can be conducted complying with Information Resources Management Act or shall adopt the rate determined by the U.S. Department of Labor defined by the United States Department of Labor Davis and Bacon Wage Determination at <http://www.wdol.gov/dba.aspx>

- B. The prevailing wage rate or a link to the wage rates shall be included in public works projects.
- C. Please contact the Purchasing Manager to obtain additional information regarding prevailing wages.

BONDING REQUIREMENTS (Government Code Chapter 2253.021)

- A. Bidders will be required to submit a Bid Security (Bid Bond), made payable to the Town of Addison in an amount not less than five percent (5%) of the Bidders total bid price for performance, payment, or maintenance bonds. The Bid Bond must be issued by a corporate surety authorized and admitted to do business in the State of Texas and licensed by the State of Texas to issue surety bonds. Cashiers or certified checks will NOT be accepted in lieu of a Bid Bond.
- B. The Bid Security of the successful bidder will be retained until such Bidder has furnished a signed contract and an appropriate insurance certificate. Bonds should be furnished within ten (10) days of the Notice of Award. If the Bidder fails to furnish the required Bonds within the prescribed time, the Owner may annul the Notice of Award and the Bid Security of that Bidder may be forfeited. The Bid Security of any Bidder whom the City believes to have a reasonable chance of receiving the award may be retained by City until the Contract is awarded. Bid Bonds will be returned to unsuccessful bidders upon request.
- C. For contracts in excess of one hundred thousand (\$100,000), a performance bond must be executed in the full amount of the contract. The bond must be executed by a corporate surety in accordance with the law on Town of Addison forms, the corporate surety must be licensed by the State of Texas to issue surety bonds and appear on the U.S. Treasury List of acceptable sureties.
- D. For contracts in excess of fifty thousand dollars (\$50,000), a payment bond must be executed in the full amount of the contract. The bond must be executed by a corporate surety in accordance with the law on Town of Addison forms, and the corporate surety must be licensed by the State of Texas to issue surety bonds and appear on the U.S. Treasury List of acceptable sureties.
- E. For contracts in excess of one hundred thousand (\$100,000), for contracts with a tangible product, a maintenance bond must be executed in the full amount of the contract and shall be for a period of at least one year from the date of acceptance. The bond must be executed by a corporate surety in accordance with the law on Town of Addison forms, and the corporate surety must be licensed by the State of Texas to issue surety bonds and appear on the U.S. Treasury List of acceptable sureties. Maintenance bonds may be for one or two years.

INSURANCE AND INDEMNIFICATION REQUIREMENTS

- A. The minimum insurance required will be specified by the Town of Addison. The Purchasing Manager, City Engineer, Consulting Engineer, or Architect may increase the amounts of insurance required for any project. See Exhibit K: Insurance Requirements
- B. For construction and construction-related projects, all contractors and sub-contractors, including those delivering equipment or materials, performing service on a Public Works project, shall provide workers' compensation for all employees. All contractors shall provide proof of coverage satisfactory to the City. General contractors are responsible for seeing that sub-contractors carry the same or higher insurance amounts as those required of the prime contractor. Contractors shall post required signs at job site(s) informing all workers of their right to workers' compensation coverage.

AWARD OF CONTRACT

- A. The City Council is entitled to reject any and all bids.

- B. Facility contracts, as defined the LGC 2269, may be awarded according to specific statutes for each type of construction delivery method.
- C. For contracts in excess of \$50,000, vendors must specify in their bid if they request a payment schedule other than full payment at the completion of the project. Partial payment will not be considered for projects that are less than \$50,000.

ALTERNATIVE PROJECT DELIVERY METHODS FOR CONSTRUCTION SERVICES

- A. The City has alternate tools available for the procurement of public works projects. These alternate methods have varying statutory requirements. Departments desiring to learn more about each method may visit with the Purchasing Department.
- B. Sealed bids are the preferred method for procuring construction if the procurement cost is estimated to be over \$250,000.
- C. See Matrix Below.

ALTERNATIVE PROJECT DELIVERY METHODS FOR FACILITIES: Government Code 2269

“Facility” means unless otherwise specifically provided, an improvement to real property. The term does NOT include: roads, streets, bridges, utilities, water supply projects, water plants, wastewater plants, water and wastewater distribution or conveyance facilities, drainage projects or related types of projects associated with civil engineering construction; or buildings or structures that are incidental to projects that are primarily civil engineering construction projects.

Exemption: Sec. 2269.004.Texas Department of Transportation and Highway projects funded by the State or the Federal highway fund. Sec.2269.006 Regional Tollway Authorities. Sec. 2269.007 Certain Local Government Corporation Improvement projects. Sec. 2269.008 Regional mobility authorities. Sec. 2269.009 County Toll Authorities. Sec. 2269.010 Coordinated County Transportation

Requirement	Competitive Bid	Competitive Sealed Proposal	Construction Manager Agent	Construction Manager Risk One-Step Process	Construction Manager Risk Two-Step Process
First	2269.056 Determine which method provides the best value for the governmental entity 2269.101 Award contract to the lowest responsive bidder	2269.056 Determine which method provides the best value for the governmental entity 2269.151 Request, Rank, Negotiate, Contract	2269.056 Determine which method provides the best value for the governmental entity 2269.201 Construction manager agent provides consultation during & manages multiple contracts	2269.056 Determine which method provides the best value for the governmental entity 2269.253 Prepare a single request for proposals. State the selection criteria. May request in the proposal proposed fees and prices.	2269.253 An initial request for qualification that includes: A statement for a one step or two steps, general information, and other helpful information. May not request fees or prices. May request five or fewer offerors selected solely on the basis of qualifications
Architect/Engineer	2269.102 Select or designate an architect or engineer in accordance with Chapter 1051 or 1001, Occupations Code, as applicable, to prepare the construction documents required for a project	2269.152. Select or designate an architect or engineer to prepare construction documents for the project	2269.205 Select or designate an architect or engineer They may not serve, alone or in combination with another person, as the construction manager-agent unless the architect or engineer is hired to serve as the construction manager-agent under a separate or concurrent selection process conducted in accordance with this subchapter.	2269.252 Before or concurrently with selecting CM-R, select or designate A/E full responsibility for complying with statutes May not serve, alone or in combination with another person, as the construction manager-agent unless the architect or engineer is hired to serve as the construction manager-agent under a separate or concurrent selection process.	Same as One-Step Process

Requirement	Competitive Bid	Competitive Sealed Proposal	Construction Manager Agent	Construction Manager Risk One-Step Process	Construction Manager Risk Two-Step Process
Inspection/Testing	2269.058 Provide or contract for the construction materials engineering, testing, and inspection services and the verification testing services necessary for acceptance of the facility by the governmental entity. Shall select the services in accordance with 2254.004	2269.058 Provide or contract for the construction materials engineering, testing, and inspection services and the verification testing services necessary for acceptance of the facility by the governmental entity. Shall select the services in accordance with 2254.004	2269.058 Provide or contract for the construction materials engineering, testing, and inspection services and the verification testing services necessary for acceptance of the facility by the governmental entity. Shall select the services in accordance with 2254.004	2269.058 Note: Independently of the contractor, construction manager-at-risk, or design-build firm Provide or contract for the construction materials engineering, testing, and inspection services and the verification testing services necessary for acceptance of the facility by the governmental entity. Shall select the services in accordance with 2254.004	Same as One-Step Process
Legal Ads	Sec. 2269.052 Once each week for at least two weeks before the deadline.	Sec. 2269.052 Once each week for at least two weeks before the deadline.	Sec. 2269.052 Once each week for at least two weeks before the deadline.	Sec. 2269.052 Once each week for at least two weeks before the deadline.	Same as One-Step Process
Ad requirements	Time, place, or the response to a request will be received and opened.	Time, place, or the response to a request will be received and opened.	Time, place, or the response to a request will be received and opened.	Time, place, or the response to a request will be received and opened.	Same as One-Step Process
Specification Document Criteria	2269.103 Prepare a request for that includes construction documents, estimated budget, project scope, estimated project completion date, and other information that a contractor may require to submit a bid.	2269.153 weighted value for construction documents, selection criteria, estimated budget, project scope, completion date, + evaluation criteria and weights, other information the contractor may require to respond	2269.056 Evaluation criteria and weights 2269.202 may require CM-A to provide admin personnel, equipment necessary to perform, on-site management + other services 2269.204 CM-A represents entity in a fiduciary capacity. 2269.208 maintain professional liability or errors and omission for at least \$1 million	2269.056 Evaluation criteria and weights 2269.253 An initial RFQ and Proposal may request proposed fees and prices for fulfilling the general conditions Note: at each step, publicly open, and read aloud the names of the offerors for both one-step and two-step process	2269.253 Statement determine if one-step or two step process. General information on the project site, scope, schedule, selection criteria and the weighted value for each criterion, estimated budget and the time and place for receipt of proposal, plus any additional information. Shall state the selection criteria in the RFP or RFQ. May not request fees or prices in step one. Step two: may request 5 or less offerors
Requirement	Competitive Bid	Competitive Sealed Proposal	Construction Manager Agent	Construction Manager Risk One-Step Process	Construction Manager Risk Two-Step Process

Bonding			2269.206 Contractor (general or trade) serving as prime contractor provides performance or payment bonds	2269.258 No GMP CM-R either P&P bonds in amount of equal to project budget or bid bond that ensures CM-R will furnish required P&P bond when GMP is established. Must deliver the bonds not later than the 10th day after the date of the contract	Same as One-Step Process
Opening	2269.104 publicly open, and read aloud the names of the offerors and their bids	2269.154 publicly open – read aloud names and prices.		2269.253 publicly open, and read aloud the names of the offerors for both one-step and two-step process	Same as One-Step Process
Selection of Offerors		2237.056 base its selection on applicable criteria published 2269.154 (b) not later than 45 th day after opening evaluate and rank the offerors, negotiates as prescribed, and then contract with a general contractor.		2237.056 base its selection on applicable criteria published 2269.256 Entity/CM-R team review bids/proposals in confidence. ===== 2269.256 entity will compensate CM-R if Cm-R recommendation for trade award not accepted by entity. <u>2269.257 trade/sub defaults, CM-R may fulfill – without advertising – by doing work itself or selecting another trade/sub.</u>	2269.253 (g) not later than 45 th day after opening evaluate and rank proposal per selection criteria
Award		2269.155 award to best value based on published selection criteria and ranking. May negotiate. If unable to agree, formally end in writing and go to second etc.	2269.207 Selected on basis of demonstrated competence and qualifications per 2254.004	2269.254 Select the offeror that submits the best value based on the criteria Negotiate a contract and if unable to negotiate a satisfactory contract, shall formally in writing end negotiations and proceed to the next offer	Same as One-Step Process
After Award	2269.105 Not later than the seventh day after the date the contract is awarded, document the basis of its selection and shall make the evaluations public.				2269.254 No later than 7th day, make the rankings public

E. March 2013

F. 2269.055. Criteria to consider: price, experience and reputation, quality of goods or services, impact on to comply with rules relating to HUBs, safety record, proposed personnel, financial capability, other factors in the bid/proposal/qualifications

SECTION 7 PROCUREMENT OF PROFESSIONAL SERVICES

PURPOSE OF POLICY AND PROCEDURES

- A. The following policies and procedures are designed to assist the City's staff in the selection of individuals or firms to perform professional services. The desire is to establish fairness and consistency in the selection process while obtaining the best value (quality services at a reasonable price) for the City in accordance with the applicable legal requirements.
- B. Departments are asked to seek qualifications for professional services at least every five years to help ensure the greatest and fairest competition in the selection of professional services by the Town of Addison.

DEFINITION OF PROFESSIONAL SERVICES

- A. Professional services generally refer to those services performed by an individual or group of individuals where education, degrees, certification, license and/or registration is required for qualification to perform the service. The service is usually based on intellectual qualifications as opposed to craftsmanship. According to the Texas Attorney General's Office, professional services include "members of disciplines requiring special knowledge or attainment and a high order of learning, skill and intelligence." (Attorney General Opinion No. JM-940 (1988))
- B. Certain Professions are specifically named in the Professional Services Procurement Act (ACT), Chapter 2254, Subchapter A, Texas Government Code. This includes services with the scope of the practices or services provided in connection with the profession employment:
 - 1. Accountant
 - 2. Architect
 - 3. Landscape Architect
 - 4. Land Surveyor
 - 5. Physical, including a Surgeon
 - 6. Optometrist
 - 7. Professional Engineer
 - 8. State Certified or State Licensed Real Estate Appraiser
 - 9. Registered Nurse
- C. If a department is not sure if a service is a "professional service", the department should contact the Purchasing Manager before securing these services.

REQUEST FOR QUALIFICATIONS

- A. A Request for Qualifications is the approved method for procurement of professional services. The City may **not** award a Professional Services Contract based on competitive bids, but it shall make the selection and award based on the provider's demonstrated competence and qualifications to perform the services and for a fair and reasonable price.

- B. The same bid notification requirements, advertising requirements, and emergency exemptions apply for Request for Qualifications.
- C. No additional services qualify as professional services under the Act. All other services must be procured through a competitive process, such as Request for Proposal (RFP).

PROCUREMENT OF ARCHITECTURAL, ENGINEERING, OR LAND SURVEYING SERVICES (Government Code Section 2254.004)

- A. When procuring architectural, engineering or land surveying services, the City shall use a two-step selection process:
 - 1. First, the City shall select the most highly qualified provider or those services and on the basis of demonstrated competence and qualifications; and
 - 2. Second, attempt to negotiate with that provider on a contract at a fair and reasonable price.
- B. If the City is unable to negotiate a satisfactory contract with the most highly qualified provider of architectural, engineering or land surveying services:
 - 1. First, the City shall formally end negotiations with that provider,
 - 2. Second, select the next most highly qualified provider, and
 - 3. Third, attempt to negotiate a contract with that provider at a fair and reasonable price. The City must continue this process to select and negotiate with providers until a contract is entered into.

PROCUREMENT OF ARCHITECTURAL, ENGINEERING, OR LAND SURVEYING SERVICES - FEES ESTIMATED TO BE UNDER \$50,000 PER YEAR.

- A. The City's staff shall solicit proposals from qualified professionals and the director of the using department will select an individual or firm capable of performing the service, on the basis of demonstrated competence and qualifications. The department director will enter negotiations with the selected individual or firm and follow the procedures established by the Professional Services Procurement Act.
- B. A Purchase Order is recommended as a formalized terms and conditions of proposed fees. It will allow the City to manage and track the monetary component.

PROCUREMENT OF ARCHITECTURAL, ENGINEERING, OR LAND SURVEYING SERVICES - FEES ESTIMATED TO BE OVER \$50,000 OR GREATER PER YEAR.

- A. The solicitation process will be managed by the Purchasing Agent. An advertisement may be placed with a newspaper, normally used for legal advertising, soliciting Request for Qualifications (RFQ) from all qualified professionals interested in providing the needed services.

- B. The RFQ shall contain sufficient information to inform potential architects, engineers, or land surveyors as to the type of project, scope of services to be performed, and the selection criteria to be used. The RFQ will give the relative importance, or weighting, assigned to each of the criteria to be used in the selection process. The following criteria may be used, but the RFQ is not necessarily limited to these criteria:
1. The provider's experience in successfully performing similar assignments, scope and size, for others.
 2. The provider's current staff, both size and related experience, is qualified to provide the desired services.
 3. Whether or not, sufficient finances and other resources are available to accomplish the assignment, within the time to be allowed by the City, and whether or not the provider will be able to provide continuing service if required by the City.
 4. How previous clients of the provider, for similar projects, express satisfaction with the provider's work.
 5. Whether or not the provider's response, as perceived by the City's staff, is complete and of acceptable quality.
- C. A professional engineer, architect, or land surveyor may be selected after the evaluation of submitted Requests for Qualifications or it may be necessary (as determined by the Purchasing Department in conjunction with the using department) to interview several of the firms and further evaluate them on the basis of the interview or a presentation, narrowing the field until one firm is selected for negotiations.
- D. When negotiations are concluded, a recommendation will be made to the City Council that a contract be awarded to the firm(s) that the using department has determined is the most high qualified provider. A selected provider may be used for a period not to exceed **five years**, except as otherwise determined by the City Council.
- E. A Purchase Order is recommended as a formalized terms and conditions of proposed fees. It will allow the City to manage and track the monetary component.

PROCUREMENT OF OTHER PROFESSIONAL SERVICES

- A. Professional services, other than those named in the Professional Services Procurement Act, may be contracted through the use of Request for Proposals (RFP) or Competitive Sealed Proposal (CSP) and selection should be made on the basis of criteria similar to those for professional engineers, architects, and land surveyors; however, cost is additional criterion.
- B. Services with fees under \$50,000 per year may be solicited, evaluated, and awarded by the using department's director and/or City Manager. Purchase Orders or Contract Module are recommended for budget tracking purposes.

- C. Over \$50,000, the solicitation process will be managed by the Purchasing Manager. The solicitation should be advertised in two editions of the newspaper to run at least two weeks prior to the due date for RFP or CSP.
- D. The selection process will be similar to that used for professional engineers, architects, and land surveyors, and after negotiations are successfully concluded the City Council shall be asked to award a contract.
- E. To determine the best solicitation process to use when procuring “other” professional services or if the service is considered “members of disciplines requiring special knowledge or attainment and a high order of learning, skill and intelligence” contact the Purchasing Agent.

SECTION 8 CHANGE ORDER POLICY

The Town of Addison Purchasing Manual (Chapter 2, Subchapter B, Section 4) outlines the City’s procedures with regards to change orders. A change order is the written documentation and approval process that must be performed when changes in the scope of a project are proposed after the performance of a contract has begun. Such changes may include a significant change in the quantity of work to be performed, the cost of work to be performed, or of the materials, equipment, or supplies to be furnished. A change order is usually written for a construction contract but may be necessary in other types of contracts.

The State Legislature for Change Orders can be found in Texas Local Government Code Chapter 252 and 271.

THRESHOLD FOR CHANGE ORDERS

- A. A “threshold” is defined as a financial limit on the amount of financial changes which can be authorized by the City Manager (or the City Manager’s designee) on a construction project before requiring City Council approval. (LGC 252 & 271)
- B. Change Orders up to \$50,000 or 25% – If the change order is less than \$50,000 or 25% (whichever is less) of the contract it may be approved by the City Manager (or the City Manager’s designee).
- C. Change Orders Greater than \$50,000 or 25% – If the change order is greater than \$50,000 or 25% of the contract it must be approved by the City Council.
- D. Once the threshold has been met or exceeded, any subsequent change orders will be required to be approved by the City Council before proceeding with the change order.

- E. Once the total of all approved change orders on a project (including the contingency amount) total more than \$50,000 or 25% of the contract, all subsequent change orders must be approved by the City Council.
- F. Change orders shall be listed in number sequence on the Purchase Order.

CONTINGENCY FUNDS

The City Council may establish a contingency fund or amount for a construction project at the time of award of a bid to be used during the course of a project. A contingency fund or amount can be established at any dollar amount above the bid award provided that is reasonable and prudent.

APPROVAL FOR CHANGE ORDERS

- A. In the event it becomes necessary to make changes in the plans or specifications after performance of a contract is begun, or if it is necessary to decrease or increase the quantity of work to be performed, or of the materials, equipment, or supplies to be furnished, the City Council may approve change orders making these changes. If the change order involves an increase of more than \$50,000, the City Council needs to approve the change order. If the change order involves an increase of \$50,000 or less, the City Manager or the City Manager's designee may approve a change order.
- B. If a change order is greater than \$50,000 and is extremely time sensitive and qualifies as an emergency, the City Manager (or the City Manager's designee) may approve such a change order prior to Council approval. However, such change order still must be brought to the Council as soon as approval. Emergency conditions are defined in the Town of Addison Purchasing Manual.
- C. The original contract price may not be increased by more than twenty-five percent (25%) without Council approval.
- D. The original contract price may not be decreased by more than twenty-five percent (25%) without the consent of the contractor.

CHANGE ORDER PROCEDURES

Please see the Change Orders Procedures located in Chapter 2, Subchapter B, Section 4 for specific procedures and forms related to Change Orders.

Chapter 2, Subchapter A
PROCEDURES

SECTION 1 PROCEDURE FOR PURCHASE TOTALS LESS THAN \$3000

Purchases that total less than \$3000 (also known as low dollar or micro-purchases) may be made by the Department Head or the Department Head's authorized representative via Procurement Card (P-Card). These purchases are not routed through the Finance Division for approval. As such, the Department Head is the final authorization within the system. **Any reoccurring payments cannot be purchased using the P-card without Purchasing pre-approval.** Acquisition of supplies or services, the aggregate dollar amount of which does not exceed the \$3000 threshold can be awarded without soliciting competitive quotations if the Town considers the price to be reasonable. To the extent practicable, the Town must distribute low-dollar/micro-purchases equitably among qualified suppliers.

DEPARTMENT PROCEDURES

- A. Departments should try to obtain two (2) or more quotes if item purchased has competitive vendors. Documents kept per records retention laws. (Addison P-Card retention is 5 years).
- B. The preference is for Departments to use the P-Card but may issue a purchase order if the vendor does not take P-Cards.
- C. Once the items have been received;
 - 1. Cardholder provides receipt, account code and explanation of purchase
 - 2. Department Director will review and approve the purchase
 - 3. Department representative will code transaction in the P-Card system.
 - 4. The coding or payment process should be entered within three (3) working days of receipt.
 - 5. Maintain records per retention schedule.
 - 6. See [P-Card Guide](#) for further details

CAUTION: The issuance of sequential or repetitive department P-Cards or Purchase Orders to circumvent the ceiling amount is a direct violation of purchasing procedures and cause for disciplinary action.

PROCUREMENT CARD

The Town of Addison's P-Card Program is a program that is part of an ongoing effort to continuously improve City processes, reduce cycle times and empower employees. This program is designed as a cost-effective alternative to the existing purchasing process. This program also assists employees in more quickly and easily obtaining the goods and services needed to get the job done.

Definition of Procurement Card

- A. The procurement card is similar to a credit card used by individuals; however, the card is owned by the Town of Addison and can only be used by authorized individuals for authorized purchases. The card offers another method for paying the retailer for goods and services.
- B. The procurement card purchasing process allows individuals to procure low-value maintenance, repair, and operational goods and services quickly. Each department director or manager selects those individuals that can perform their duties more efficiently through the use of a procurement card. Finance or the user department may identify additional opportunities to use a pcard. In these instances, approval by CFO must be granted. Departments should contact the CFO or Purchasing Manager for review of additional opportunities.

Card Privileges

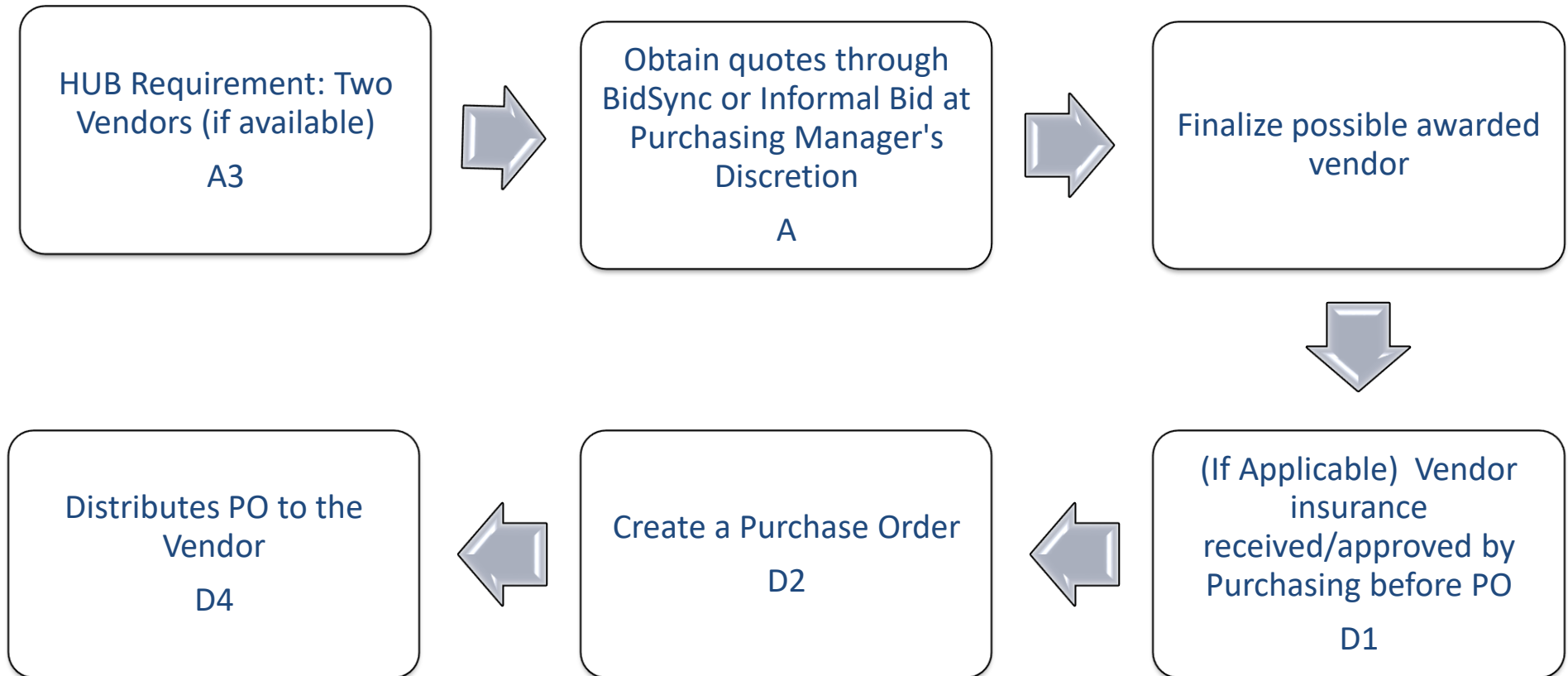
- A. Card privileges are granted to those who conform to program policies and guidelines. Abuse of these privileges cannot be tolerated due to the financial exposure that can result from reckless or careless use of the card. The P-Card Administrator may suspend privileges at any time; however, only the City Manager, Deputy City Manager, Assistant City Manager or Director of Finance may permanently revoke an individual's privileges.
- B. *The Procurement Card should not be used as a tool to circumvent any of the City's policies. The card is to be used only for authorized expenditures, within the cardholder's limit of authority, and not to avoid required approvals.*

SECTION 2 PROCEDURES FOR PURCHASES OF \$3,000 UP TO \$50,000

All departments should endeavor to promote fair, open, and transparent competition for every purchase and to secure the best value, and the highest quality merchandise at the lowest possible cost.

FLOWCHART OF PROCEDURES

According to Addison Retention Schedule, Exhibit C, keep bid records for FE + 3 Years.



DEPARTMENT PROCEDURES FOR SOLICITATIONS BETWEEN \$3,000 AND \$50,000

- A. The Department Head, or the Department Head's designee, is responsible for soliciting quotations through BidSync using the Quick Quote process (refer to BidSync section) or informal bid process as determined by the Purchasing Manager. These solicitations shall be for one-time purchases. Solicitations for an annual/term contract with renewals or if a pre-bid is desired, the solicitation will be handled as described in Chapter 2, Subchapter A, Section 5.
1. The Department shall solicit quotations thru BidSync, informal bid process, cooperative or Inter-Local Agreement as in agreement with the Purchasing Manager.
 2. Requisitions should be used for most dollar levels below \$50,000 as a best practice for internal controls. Exceptions to this are noted in Purchasing manual (ex: Request for Check; Contract Module).
 3. At least two Historically Underutilized Businesses (HUBs) in Dallas County shall be given the opportunity to respond to the solicitation, if available, (based on information provided by the Texas Comptroller of Public Accounts), for any purchase more than \$3,000 but less \$50,000. (Local Government Code Section 252.0215). If the Texas Comptroller of Public Accounts (<http://www.window.state.tx.us/procurement/cmb1/cmb1hub.html>) fails to identify a HUB in Dallas County, the City is exempt from this requirement. The search and search result must be documented and retained with bid documentation.
- B. An Interlocal or Cooperative agreement may be used in lieu of the solicitation process. These agreements are established for the purpose of maximizing savings to the City through pooling of economic buying power. A purchase from an approved Cooperative or Interlocal Agreement satisfies the requirement for competitive bidding.
1. For a list of commonly used Interlocal and Cooperative Agreements please refer to Exhibit B:
- C. Only a password-enabled purchasing employee will be able to post electronic solicitations and open the electronic responses after the established closing time and date.
1. Quotations received from vendors shall not be divulged to other bidders until after the award has been made and in accordance with and subject to the Texas Public Information Act.
 2. The vendor must have the proper insurance and indemnification for work done on city property. Attach forms to BidSync, Munis or informal bid. See Exhibit J & Exhibit K.
 3. The bid will be awarded to the most **responsive and responsible bidder** offering best value and conforming to the specifications and delivery requirements.
 4. Bid documents and responses shall be maintained at the department per Records Retainage requirements.
- D. Upon Award

A Purchase Order is written documentation to a vendor formalizing all the terms and conditions of a proposed transaction. It is acceptance of an offer. A Purchase Order contains vital information including the **name of the vendor, description of the requested items or services, amount of the purchase, delivery, payment terms etc.**

1. Before a Purchase Order, insurance (if applicable) will be received/approved by Purchasing. The awarded vendor response is incorporated by attachment and made part of the contract.
2. The using department will create a PO in the system.
3. On the face of the PO the following should be included:
 - Note the Bidsync/Purchasing Dept bid number and include any Standard Comments as appropriate.
 - Awarded from Bid # XX-XXX
 - Response is incorporated and made part of this contract
 - Included as applicable:
 - Council Agenda Item Caption (>\$50k)
 - Purchase Award Recommendation (up to \$50k)
 - Insurance/indemnification effective entire period of contract
 - Emergency Purchase
 - Sole Source
 - BuyBoard agreement # xxxxxxxxxxxx copy sent to BuyBoard (rebate)
 - HGAC agreement # xxxxxxxxxxxx
 - TXMAS agreement # xxxxxxxxxxxx
 - DIR agreement # xxxxxxxxxxxxxxxxx

Note: These are examples. Include on the face of the PO any and all applicable information for vendor compliance. Document as if this will be the first time the vendor is aware of your order.
4. The department distributes the PO to the vendor and any other applicable parties.
5. Appendix C outlines the general procedures to create Purchase Orders.
6. Records retention for Purchasing documents if current fiscal year plus three additional years.

CAUTION: The issuance of sequential or repetitive department Purchase Orders to circumvent the ceiling amount is a direct violation of purchasing procedures and cause for disciplinary action.

SECTION 3 ELECTRONIC SOLICITATION PROCEDURES

It is the City's policy that all bids and proposals greater than \$3000 use BidSync as the formal bid notification system. The receiving and opening process for competitive bids must be done correctly and ethically in order to ensure no possibility of even the appearance of favoritism exists. BidSync has the capability to receive bids electronically as well as enter paper bids into their database. Electronic responses are the City's preference.

CREATING A BID

- A. The department designee or may create a Quick Quote in BidSync. Questions concerning bid type can be referred to the Purchasing Manager. Other bid types will be routed through Purchasing.

A Quick Quote is a solicitation for goods or services under the sealed bid limit. It does not require advertising.

- B. The bid should be open long enough to solicit proper competition.
- C. The bid question and answer duration can be set to close on a specific day and time.
- D. The pre-bid conference is an option in order to create a forum for vendors to discuss their concerns about the bid or the bidding process. The pre-bid conference does not have to be mandatory. Pre-bid conferences are typically rare and used only in unusual circumstances for solicitations under \$50,000. If a pre-bid is desired, solicitations will be handled through Purchasing.
- E. Bid Information. Please refer to Chapter 3, Section 3 on types of specifications.
- F. Standard Bid Documents to be included in solicitation packet as required or needed
 1. Insurance requirements
 2. Indemnification
 3. Instruction and Information form (I&I)
 4. Qualification and Reference Statement
 5. Addison General Terms and Conditions
 6. Scope of work
 7. Specifications
- G. Classification

1. NIGP Class-Item Codes: A five-digit code, (three digit class code and two digit item number) that allows the capable vendors to be notified of the City's procurement needs. The NIGP Class-Item Codes are used to suggest and select suppliers as well as find Historically Underutilized Businesses (HUBs). The department shall use the Texas Comptroller of Public Accounts' website: <http://www.window.state.tx.us/procurement/tools/comm-book/>
2. Bids may list multiple classifications on BidSync/Munis under the Classification section.

H. Suppliers

1. Suggested Suppliers- Suppliers that have NOT been explicitly selected by the City, but due to matching classifications, regions, and agency types BidSync/Munis will attempt to notify the supplier about this bid via Email or Fax. (note: If the bid is private no Suggested suppliers will be notified. If the bid is regional then only the suppliers whose zip code falls within the specified region will be notified.)
 2. Selected Suppliers- Suppliers that have been explicitly selected by the City. BidSync will attempt to notify these suppliers via Email or Fax.
- I. Revising a bid will issue an addendum that will notify all participating vendors
1. An addendum may result from a change of dates, documents and/or other bid information.
- J. Closing of the Bid
1. Once the bid closes, it moves to the "To Be Awarded" tab
 2. The department must *Decrypt* the bid in order to review the tabulated report.

- a. Open the bid and access the vendor responses by clicking on the title/description. This will *Decrypt* the bid. Now you can review the tabulated reports.
- b. Click on the speeding envelope icon next to the bid of interest. Then customize the report you wish to create. Now *Generate* the report, and once it is completed BidSync will send you an email. The department is now able to print and review the bids.

AWARDING A BID

- A. Once the bid closes, it must be Awarded
1. First, click on the bid title.

2. Then, click on the vendor or vendors you wish to award the bid to.
- B. The department will have the option to award to a single or multiple vendors. The department also has the ability to reject any bids.
 - C. Ethics of Award
 1. The department shall provide justification for awarding to a vendor other than the lowest bid.

HISTORICALLY UNDERUTILIZED BUSINESS

Competitive bidding in relation to Historically Underutilized Business (HUB) requires certain procedures for expenditure of more than \$3,000 but less than \$50,000. State law requires contact of at least two HUB's on a rotating basis in the county in which the municipality is situated. If the state list fails to identify a HUB in Dallas County, then the Town of Addison is exempt from requirement.

Please refer to Exhibit A: [Inclusion of HUB Vendors](#) for desktop procedure.

SECTION 4 PROPOSALS FOR HIGH TECHNOLOGY PROCUREMENTS

COMPETITIVE SEALED PROPOSAL

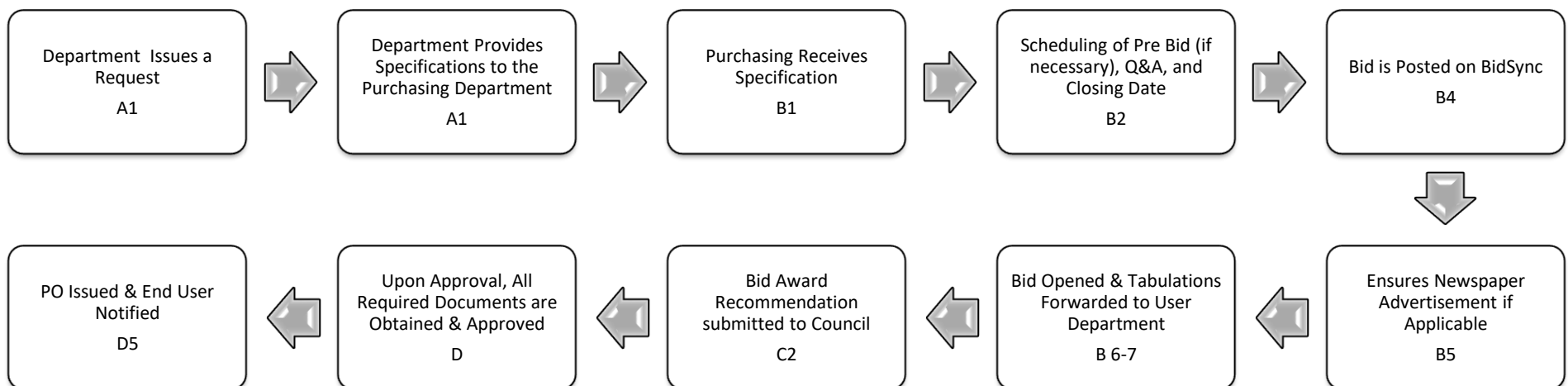
A solicitation requesting submittal of a proposal in response to the required scope of services that includes some form of a cost proposal. An RFP requires published evaluation criteria. Price may be negotiated with firms to ensure the best value for the organization. It may include a provision for the negotiation of Best and Final Offers. It may be a single step or a multi-step process.

- A. High Technology Procurements are defined as purchases of equipment, goods or services of a highly technical nature, including but not limited to: data processing equipment, software and firmware used in conjunction with data processing equipment, telephone, radio and microwave systems, electronic distributed control systems (including building energy management systems) as well as technical services related to such equipment and goods.
- B. Public notice shall be made in the same manner as sealed competitive bid with the exception that proposals shall be opened and **only** the name of the responding vendors will be read aloud. This is to avoid disclosure of contents to competing offerors and kept confidential during the process of negotiation.

1. All proposals submitted will be open for inspection after award, subject, however to the proprietary rights of any person or entity submitting an offer and the terms and provision of the Texas Public Information Act, Chapter 552, Texas Government Code.
2. Trade secrets and confidential information contained in the proposal, shall be so clearly identified as such, and will not be open for public inspection.
3. Discussions may be conducted with offerors who submit proposals determined to be reasonably qualified for selection of award.
4. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submissions and prior to award for the purpose of obtaining the best and final offers.
5. If the competitive sealed proposal requirement applies to the contract, the contract must be awarded to the responsible offeror whose proposal is determined to be the most advantageous to the City considering the relative importance of price and the other evaluation factors included in the RFP or CSP.

SECTION 5 PROCEDURES FOR \$50,000+ SOLICITATIONS

FLOWCHART OF PROCEDURES



SOLICITATION PROCEDURE OUTLINE

A. Requesting Department Responsibility

1. Specifications/Scope of Work/Items/Details
2. Evaluation (in collaboration with Purchasing)
3. Council recommendation/agenda

B. Purchasing

1. Collaborates with department on specifications
2. Schedules applicable dates (in collaboration with dept)
 - a. Pre-bid
 - b. Q&A deadline
 - c. Opening/Closing date
3. Ensures newspaper advertisement as applicable
4. Posts on Electronic Bid Distribution site
5. Open Bid
6. Tabulates and forwards documents to requesting department

C. Recommendation of Award

Requesting Department and Purchasing

1. Concur on recommendation of award
2. Department forwards memo of recommendation through the online agenda software to place on Council Agenda.

D. Purchasing

1. Upon Council approval prepares award documents
 2. Obtains and approves insurance/indemnification/bonds/contract document as applicable
 3. Forwards to awardee/department/other parties as applicable
 4. Tracks valid/active insurance and any renewal options.
 5. Retains all records per records retention terms
-

PURCHASES IN EXCESS OF \$50,000

- A. Purchases in excess of \$50,000 will be referred to the City Council for approval of recommended award. Electronic solicitation (BidSync) shall be the preferred method of distribution. Solicitations in excess of \$50,000 shall be the responsibility of the Purchasing Agent.
- B. All goods and services, except as otherwise provided herein, when the estimated cost approaches or exceeds Council award level shall be solicited by Purchasing and awarded to the responsible bidder or bidder offering best value for the City. Notice shall be given inviting bids or proposals as prescribed by State law. Optional methods of procurement as adopted per State statute will be used to full advantage to receive the best value for the City.

SOLICITATION PROCEDURE

Requesting Department Responsibility

The process refers to the creation of a formal request for goods or services. Purchasing is informed of a requesting department's needs. The process includes a system of authorizations and safeguards so that improper or illegal purchasing is difficult to initiate and to conceal.

A. Requesting Process

1. The requesting department must contact Purchasing for solicitations over \$50,000 or any request made to Purchasing to issue a solicitation. The request includes the department's requirements and any additional information.

Such as:

- a. Complete description of goods or services needed
 - b. Estimated expenditure
 - c. Notify if Federal dollars are being used
 - d. Desired date of receipt of goods or services
 - e. Pre-Bid information if applicable
 - f. Department contact, phone, email
 - g. Reference to specifications (Specification can be used for the more detailed information such as pre-bid information)
 - h. Suggested vendors contact information (attached or sent separately)
 - i. Any further information needed
- B. If a specification is to be used, the requesting department will provide the most current specification in electronic format, preferably in Microsoft Word® with spreadsheets in Excel®.
 - C. If the requesting department has contacted vendors for price estimates and/or product information, all information obtained should be forwarded to the Purchasing Department to help facilitate the purchase.
 - D. Written quotes should not be obtained from vendors by the requesting departments prior to the bid process; however, a budgetary price estimate may be obtained for budget purposes.
 - E. If the requesting department has a list of potential bidders, the list shall be forwarded to the Purchasing Department for inclusion in the bid process. Include the company name, address, phone number, contact name, phone number and email.
 - F. Requests should be prepared far enough in advance to avoid "emergencies." This allows the Purchasing time to review the documentation submitted by the using department and obtain any additional documentation necessary to solicit fair and open competition.
 - G. Once the solicitation closes, work with Purchasing to tabulate, evaluate and recommend award
 - H. The bid award recommendation is made by the department in concurrence with Purchasing and posted on the online agenda software for inclusion on the Council agenda. (See Chapter 3, Section 2, Best Value and Evaluating Best Value)

SPECIFICATIONS

Specifications are the responsibilities of the requesting department. The specification is the single most important document the department can provide with the solicitation request. The clarity and accuracy of the specification determines the ease or difficulty of the procurement process and the quality of goods or services received. Specifications should establish the minimum requirements needed. The Purchasing Department can assist with research and development of specifications.

PURCHASING RESPONSIBILITIES

- A. Assist with the departments in establishing clear, concise and competitive specifications with department head or designee.
- B. Scheduling all pre-bid vendor meetings for the purpose of developing or reviewing specifications and answering questions.

- C. Scheduling all bid openings and for setting the time and date thereof. Bid opening dates will be scheduled to allow for proper review and analysis of all pertinent information prior to request for placement on the Council agenda.
- D. Prepare and publish the Advertisement for Bids. The Town of Addison bid advertisement will be published in the Dallas Morning News local newspaper complying with statute requirements, as well as on the City's website and www.bidsync.com. Solicitations over \$50,000 shall be advertised. The advertisement shall be posted in the manner prescribed by law and will include:
 - 1. Notify all interested parties of the date, time and location of the bid opening;
 - 2. Be published once a week for two consecutive weeks; and
 - 3. The date of the first publication must be at least 14 days prior to the opening.
- E. Sealed bids must be submitted to the office of the Purchasing Department by the time and date set for the opening. Bids submitted after this opening time and date will be returned unopened.
- F. Publicly open and read out loud as applicable. Such opening shall correspond to the date, time, and location as outlined in the advertisement for bids unless an addendum is issued delaying the date and time for the opening of bids.
- G. All bids, with the exception of some construction bids, shall be tabulated by the Purchasing Department, with the assistance of the requesting department, and copies shall be made available to all interested parties. The Purchasing Department, City Engineer, or Consulting Engineer/Architect may tabulate bids for construction.
- H. The bid award recommendation is made by the department in concurrence with Purchasing and posted on the online agenda software for inclusion on the Council agenda.
- I. Original bid documents and related material will be maintained according to retention schedule in the Purchasing division of the Finance Department.

RECOMMENDATION OF AWARD

- A. A "Recommendation of Award" for inclusion on the City Council agenda will be submitted through the online agenda process after the department and Purchasing concurs that all necessary information has been received and properly tabulated.
 - 1. The Department Head will forward the necessary information to the City Manager, in accordance with the agenda filing procedures defined by that office, with a request that the item be placed on the next appropriate agenda for Council approval.
 - 2. The City Manager requires all items which are over-budget or when the Department Head desires to accept the bid which is not the lowest price (when the competitive sealed bidding requirement applies) be presented to his/her office, prior to inclusion on the agenda,
 - 3. No individual or department will place a purchasing item on the agenda unless specifically authorized by the City Manager, or the City Manager's designee.

4. The Department head shall write a memo of recommendation to the City Manager, which will focus on the following points:
 - a. The Purchasing Manager and requesting Department Director will agree the recommendation meets the needs of the requesting department and is in the best interest of the City.
 - b. All applicable statutes, laws regulations and procedures have been properly followed.
 - c. In those situations where the item is over-budget, the Department Head should be prepared to explain to the City Manager and/or City Council why the item is over budget.
 5. With approval of the City Manager, the item shall place the item on the Council agenda.
 6. It is the responsibility of the Department Head making the request, or the Department Head's authorized representative, to attend the City Council meeting to answer any questions the Council may have.
- B. When a bid, other than the low monetary bid, is recommended:
1. The Department head includes justification.
 2. Upon approval by the City Manager, the item will be forwarded to the City Secretary's office for inclusion on the Council agenda.
- C. After City Council approval, Purchasing along with the using department shall complete the procurement process.

CONTRACT/ PURCHASE ORDERS

- A. Procedures
1. The Department will create a requisition and Purchasing will issue a purchase order/contract if applicable upon award by Council and receipt/approval of required documents (bonds and insurance) and the department will issue a purchase order.
 2. The contract should have been signed by vendor prior to Council approval. After approval City Manager or designee shall sign contract and City Secretary will distribute to requesting department and copy Purchasing and any other applicable parties (electronic or hard copy).
 3. The awarded vendor response is incorporated by attachment and made part of the contract.
 4. There are times when a supplementary document, commonly called Standard Contracts for Construction or Standard Contract for Services, is issued. This document will be in addition to the Purchase Order.
- B. Insurance (Insurance Code Title 10, Subtitle A, Chapter 1811)-
The City shall have approved insurance in place and effective the requirements must be made clear in the solicitation language. It is vital such requirements are clearly identified up front. Before work can start on City property or right-of-way, Purchasing must approve the Certificate of Insurance. Approved insurance will be distributed to applicable parties.
- C. IDIQ – Indefinite delivery/indefinite quantity (term or annual) Purchase Orders, also known as Blanket Purchase Orders, are used when delivery is unspecified, and quantity is unknown. The price of the goods or services is established by awarding an annual or term contract for a fixed period of time. Releases are

made by placing orders with the contractor and issuing partial receipts from the Purchase Order for payment.

- D. Whenever the Purchasing and the department requesting the purchase wish to reject any and all bids submitted, such a recommendation shall be submitted to the City Council. Only the City Council has the authority to reject all bids. (Local Government Code Section 252.043 f)
- E. All responsible parties maintain records per retention schedule. See Exhibit C.

SECTION 6 EMERGENCY PURCHASES

CONDITIONS ESTABLISHING AN EMERGENCY – more than \$3,000.00

- A. Definition: Section 252 of the Texas Statutes provides exemptions to the bidding laws for emergencies as follows:
 - 1. When there is unforeseen damage to public property, machinery, or equipment, and when such breakdown would significantly disrupt the operation of the City or significantly increase the cost of operations.
 - 2. When it is necessary to preserve or protect the public health or safety of the City's residents.
 - 3. When it becomes necessary to preserve the property of the City or to relieve the necessity of the City's residents as a result of a public calamity that requires the immediate appropriation of money.
- B. Qualifications: The purchase must qualify as an emergency purchase under the definitions above.
- C. Designation: The designation of emergency purchase indicates a situation of such urgency that the normal purchasing procedure must be modified in the interest of speed.

PROCEDURES FOR MAKING AN EMERGENCY PURCHASE

- A. During normal office hours (Monday through Friday, 8:00 a.m. - 5:00 p.m.):
 - 1. The Department head, or authorized representative, shall notify the City Manager's Office and Purchasing of the emergency providing as much information as possible
 - 2. Purchasing will either obtain quote(s), authorize the owner department to obtain quote(s), or accept quote(s) department has already obtained.
 - 3. Insurance and indemnification shall be required and approved by Purchasing as applicable.
 - 4. As soon as reasonably possible, the Department Head, or authorized representative shall create a requisition within Munis as soon as possible noting the emergency purchase in the remarks section and including a Purchase Award Recommendation (as applicable).
 - 5. If equipment must be dismantled in order for vendor to make an estimate, only one quotation is required. This information shall be forwarded to Purchasing as soon as it becomes available.
 - 6. If under \$50,000, the using department shall note on the P.O. that the purchase was an emergency.
 - 7. Over \$50,000, the Department will create a requisition and Purchasing will issue the purchase order

8. The Department shall attach all available details as appropriate describing the emergency to the P.O.
 9. At the next available Council meeting, Department Head will take emergency purchase to Council for explanation. The City Council must be notified of all emergency purchases of more than \$50,000. The emergency purchase must be ratified by the City Council.
 10. Not all emergencies have complete information up front. The Department Head or designee will make every effort to document and communicate progress with CMO and Purchasing until completion of emergency purchase. An example is lightning strikes an electrical box, damage or repair/replace parts, cost, timeline may not be available until job is complete.
- B. Evenings, weekends, and holidays: If an emergency occurs during a time when Purchasing is closed, an immediate purchase may be made. However, the following procedures shall be followed:
1. The responsible department head takes whatever steps are necessary to procure needed goods, services, or equipment to relieve the emergency situation. If insurance is required, proof of insurance must be obtained from the vendor and approved by Purchasing as soon as possible, preferably before work begins.
 2. CMO and Purchasing shall be notified of the emergency purchase the next working day as if such notice is not made in writing, it shall be reduced to writing and submitted to the Purchasing Department.
 3. As soon as reasonably possible, the Department Head, or authorized representative shall create a requisition within Munis as soon as possible noting the emergency purchase in the remarks section and including a Purchase Award Recommendation (as applicable).
 4. As needed, a confirming purchase order will be issued to cover the emergency purchase by the Purchasing Department.
 5. If the purchase will cost more than \$50,000 or more, documentation of an oral approval must be obtained from the City Manager's Office. If the City Manager's Office is not available, approval must be obtained from the person designated to act in the City Manager's Office behalf. Purchasing Department and requesting department will prepare the documentation necessary to have the Emergency Purchase approved by City Council as soon as possible, even if it is after the emergency has been remedied.
 6. The City Council must be notified of all emergency purchases of more than \$50,000. The emergency purchase must be ratified by the City Council.

CAUTION IN USING EMERGENCY PURCHASES

- A. Emergencies created through negligence of an employee must be avoided.
- B. Apparent abuse of the Emergency Purchase Order procedure will be considered a major violation of policy and will be brought to the attention of the Director of Finance or to the attention of management.

SECTION 7 ROLLOVER FOR PROJECT AND CAPITAL ASSET PURCHASES

At the discretion and approval of the CFO, funding for multiple year project(s) and capital asset(s) may rollover from the current fiscal year to the next fiscal year.

Chapter 2, Subchapter B

PROCEDURES

SECTION 1 CONTRACT ADMINISTRATION

PURCHASING RESPONSIBILITIES

A. Upon notification of approval:

1. Approves Contract (as needed) or PO in Munis for awarding vendor with specific bid number
2. Attached copy of approved insurance, bonding and signed indemnification, and vendor bid response to the Contract/PO and forwards to responsible parties (Department Head or designee).
3. Assist department with administration of contract/PO
4. Facilitate resolution of problems

B. Purchasing will contain master file with:

Note: Keeping one complete master contract administration file is critical. The file provides a basis for settling claims and disputes if they arise in administrative or court actions.

1. A copy of the current contract and all modifications, (or City Secretary/Dept)
2. A copy of the agenda request(s), (or City Secretary)
3. A copy of all specifications, drawings or manuals incorporated into the contract by reference,
4. The solicitation document, the contractor's response, evaluation determination, and the notice of award document (if applicable),
5. A list of contractor submittal requirements,
6. A list of City furnished property or services,
7. A copy of the pre-award conference summary, if applicable,
8. A copy of all general correspondence related to the contract,
9. The originals of all contractor data or report submittals, (or electronic copies)
10. A copy of notices to proceed, to stop work, to correct deficiencies, change orders as applicable,
11. The records or minutes of all meetings, both internal and external, including sign-in sheets and agendas,
12. A copy of the original bidders list, and
13. Any other information required by the standard contract file checklist

DEPARTMENT CONTRACT ADMINISTRATOR RESPONSIBILITIES

A. Prepare project file with following information:

1. Project Name
2. Administrator(s) and Vendor contact
3. Attach Purchase Order/Contract
4. Attach copy of approved insurance, bonding, and indemnification. *Note: Expiration dates of insurance. Insurance must be valid throughout the length of the contract. If project extends past valid date of insurance, the department and Purchasing work with the contractor to have updated and approved insurance in place at all times until completion of contract.*

- B. Contract Completion: The Department can complete performance evaluation upon completion of project.
- C. Draws: (If Allowed)
1. Be sure approved bonding is in place.
 2. Obtain signed Affidavits of Bills paid before submitting payment documents
 3. Have written method for evaluation of work completed. *Note: Share with the contractor.*
 4. Keep chronological records of each draw documentation.

SECTION 2 VENDOR DISQUALIFICATION AND PROBLEMS PROCEDURES

VENDOR DISQUALIFICATION PROCEDURE

SUMMARY:

When all appropriate avenues have been taken and have failed (i.e. Vendor/Contractor Problem Notification Policy/Procedure) to satisfactorily resolve a vendor's problem(s) and/or corrective action has not been implemented, disqualification of the vendor may be necessary. This procedure establishes the guidelines to follow when disqualifying a vendor.

Please refer to the Vendor Disqualification form located in [Exhibit H](#).

VENDOR/CONTRACTOR PROBLEM NOTIFICATION PROCEDURE

SUMMARY:

Procedure for all department personnel to follow when requiring a Vendor or Contractor to take corrective action to resolve parts, material and/or performance problems.

BACKGROUND:

At times situations arise when a vendor is not performing in accordance with the terms and conditions, specifications and/or other contractual requirements of the formal contract/purchase order or is otherwise not performing satisfactorily. This procedure is intended to ensure that Addison notifies the vendor immediately and properly documents all contractual issues, substandard performance and/or other vendor problems to give the vendor adequate time and information to respond to and correct all issues promptly.

Please refer to the Vendor/Contract Problem Notification Procedure form located in [Exhibit G](#).

DOCUMENTATION OF PERFORMANCE AND NONCOMPLIANCE

Documentation of specific noncompliance must be available to enforce contractual terms. Documentation includes:

- A description of specific dates, locations, examples, etc. of non-performance and any contact or communication with the contractor about non-compliance.

USER DEPARTMENT

The user department has primary responsibility for monitoring and documenting contractor performance and compliance.

The user department must provide copies of all documentation of non-compliance to Purchasing. Copies may be sent by e-mail to the Purchasing Manager.

PURCHASING

Purchasing maintains all documents about events during the term of the contract including:

- Contract performance and documents related to clarification of expected performance. The user department does not need to provide copies of documentation about clarification of expected performance standards with which the contractor complied after clarification. The user department should contact the Purchasing if there is any question about what should or should not be documented.
- If the user department observes poor performance or non-compliance with the contract, Purchasing communicates with the contractor and initiates any corrective action.

SECTION 3 PROCEDURES FOR EXECUTING CHANGE ORDERS

Change orders are primarily but not necessarily, issued for construction contracts. The following procedures shall be followed when executing a change order

(See Exhibit I flow chart for a chart of the change order process):

- A. Proposal by Contractor – The Contractor shall submit a written proposal to the Project Manager detailing the changes proposed and providing justification.
- This proposal shall be submitted as soon as it is determined changes may be needed to the original project and before any proposed work is completed or proposed materials, equipment, or supplies are ordered or purchased
 - The Contractor shall provide the City a reasonable amount of time to approve and process change orders. The Contractor’s proposal shall include a complete description of the scope of the change and list all changes in price, quantities, and/or time.
 - Upon receipt of the Contractor’s proposal, the proposal must be stamped with the time and date of receipt by the Department.
- B. Proposal Review –The Project Manager shall review the proposal submitted by the Contractor and determine the appropriateness of the requested change and research contract documents to verify the change order is needed and not in the original scope of the project. Per the Texas Local Government Code (Sec 252.048) change orders may be approved if it becomes necessary to:
- Change the plans and/or specifications of the contract;
 - Significantly change the quantity of work to be performed or of the materials, equipment, or supplies to be furnished if the contract was not awarded by line item.
- C. Preparation of the Change Order Form – Once it is determined the Contractor’s proposed change is necessary and meets the criteria established in the Texas Local Government Code regarding change

orders, the Project Manager shall complete the City's standard Change Order Form. Change order numbers must be sequential within each project.

A separate form must be completed for each individual change order. Completed forms are sent to the appropriate Department Director.

D. Review by the Department Director –The Department Director shall review the Change Order Form. Once the Department Director has ensured the following criteria are met and agrees the proposed change order is necessary, he or she will sign and date the Change Order Form.

- The Change Order Form has been completed correctly and the Contractor's proposal is attached.

The reason for the change order meets one of the conditions set forth in the Texas Local Government Code (Sec 252.048).

- The proposed change will not increase or decrease the total contract amount (original approved contract price plus any previous change orders) by more than twenty-five percent (25%) or \$50,000. If the total contract amount is decreased by more than twenty-five percent (25%) written approval from the Contractor must be submitted with the Change Order Form.

E. Review by Finance–The Director of Finance (or his or her designee) shall review the Change Order Form to confirm funding is available. Once the Director of Finance (or his or her designee) has confirmed funding is available for the change order, he or she will sign the Change Order Form.

F. Revision of Purchase Order – the department will complete the change order process for the Purchase Order/Contract in Munis. Each change order shall have an individual line and be numbered in sequence.

G. Procedures for Submission- The following procedures shall be followed when submitting proposed change orders for the consideration of the City Manager or City Council.

1. Procedures for Submission to the City Manager – If it is determined the City Manager may approve a change order, the Change Order Form with the appropriate signatures and attachments shall be sent to the City Manager (or the City Manager's designee) for review, approval, signature, and date.
2. Procedures for Submission to the City Council – If it is determined the City Council must approve a change order, the applicable department must request the City Council to authorize the City Manager to execute the change order. The Department Director shall request the item to be placed on the agenda in accordance with the agenda filing procedures defined by the City Manager's Office. No department shall place a change order item on the agenda unless authorized by the City Manager (or the City Manager's designee). The agenda item shall include a completed agenda item cover transmittal memorandum and a copy of the Change Order Form including the Contractor's proposal and all other attachments. Sample language for an agenda caption for change orders may be:

“Consideration and approval of Change Order Number ____ in the amount of \$ ____ for (enter description of additional work to be performed) on the (enter name of contract/project).”

Procedures for Allocating Contingency Resources – If a contingency fund/amount has been established for the project and has been approved by Council, a change order can be approved solely by the City Manager (or the City Manager’s designee) if the amount of the change is within the total project amount including contingency. Procedures outlined in this document, including proposal submission by the Contractor, review by the Project Manager and submission of a completed Change Order Form, and approval by the Department Director, will still be required. Once the total project amount including contingency has been met, any subsequent change orders will be required to be approved by the City Manager or Council according to the 25%/50,000 amounts.

H. Approval of the Change Order – Once the City Manager approves the change order (if the change order is less than \$50,000) or is authorized by vote of the City Council to execute the change order (if the change order is more than \$50,000), the City Manager (or the City Manager’s designee) will sign and date the Change Order Form and complete the change order approval process.

The Change Order Form shall be executed and distributed as follows:

- Two copies to the Contractor,
- One copy to the applicable department,
 - One original copy to the City Secretary to be filed with the project’s original contract,
- And one copy to the Purchasing Manager to become part of the permanent file of the project.

I. Post Approval Process – Once the change order is approved the proposed change can be implemented. The following procedures shall be followed upon change order approval:

1. Contractor Notification – Once the change order has been approved the Project Manager will coordinate the implementation of the change order with the Contractor at this time.
2. Bonding Company Notification – If applicable, the Contractor’s bonding companies shall be sent a Notice of Executed Change Order including the revised contract amount.
3. Revision of Purchase Order – the department will complete the change order process for the Purchase Order. Each change order shall have an individual line and be numbered in sequence. Payment will be initiated through draws on the Purchase Order amount.

SECTION 4 RECEIVING AND PAYMENT PROCEDURE

The departments must be diligent in paying for only goods or services received.

Receiving documents are necessary to determining whether materials, supplies, services and capital assets ordered are actually received in accepted.

Once received and accepted, payments must be made no later than 30 days after the goods or services are received or the date of the invoice is received, whichever is later (Prompt Payment Act, GC 2251.025 Law Appendixes). Payments will be made from current funds. Payments are contractual obligations.

RECEIVING

It shall be the responsibility of the using department to inspect all equipment, supplies, services performed, and to initiate the payment process.

- A. All deliveries should be inspected promptly and in the presence of the vendor or shipper, whenever possible. The individual inspecting the merchandise or service performed should pay particular attention to the following:
 - 1. That the quantity shipped is consistent with the quantity ordered.
 - 2. Note any damaged or defective merchandise on both the receipt (loading) ticket and/or the Purchase Order.
 - 3. Verify that merchandise received meets the specifications defined on the Purchase Order, contract or annual contract agreement.
 - 4. Verify that the scope of services detailed on the Purchase Order/Contract has been performed to the using department's satisfaction.
- B. After verifying that the materials received are accurate and in good condition, or that services have been performed, the using department shall create a receipt for the goods or services in the system.
- C. A Receiving Report should be filled out for all goods and services. The original receipt, packing slip, invoice, etc. must be attached. This form is available on the Finance Common Drive.

PARTIAL DELIVERIES

- A. When partial deliveries are made, the using department shall create a receipt in the system, noting the items and quantities received.
 - 1. Using departments should not hold any paperwork pending delivery of back-ordered merchandise.
 - 2. Creating a partial receipt will authorize the Finance Department to make a partial payment.
 - a. Finance will process payment for quantities delivered.
 - b. Payment for back-ordered items will be processed after a receipt is created within the system indicating that delivery is complete.

DEFECTIVE OR DAMAGED MERCHANDISE

- A. When an item is defective, damaged, or does not meet specifications, the vendor shall be notified by the receiving department to arrange return of the merchandise.
- B. Returns for orders placed by the using departments will be the responsibility of the department

PAYMENT GUIDELINES

- A. All partial or full receipt claims, purchase orders released for payment, etc., should be processed in the following manner:

Upon receipt of invoice, the Accounts Payable Clerk will stamp invoice "Date Received" and distribute to the appropriate department by scanning and e-mailing the invoice to them.

Upon receiving the invoice back for the department with the PO and/or Contract and all related documentation (packing slips/quotes) Accounts Payable will verify documentation is complete and correct. If complete, the Accounts Payable Clerk will process for payment only if the below has been provided and the invoice has been correctly received on if a PO exists.

Accounts Payable needs the following information to enter the invoice:

- Vendor number or exact name as it appears in Munis
 - General ledger account number and any appropriate project strings
 - Amount to pay
 - Description if not clearly stated on the invoice
 - Department that is handling the approval of invoice
 - Remittance address if not clearly stated on the invoice
 - If at year-end, clear distinction between which fiscal year this invoice belongs in
- NOTE: if Accounts Payable does not receive the necessary information to process an invoice, they will reach out to the responsible department.

If any discrepancy exists on an invoice:

The responsible department will be notified in writing via e-mail and will be responsible for advising Accounts Payable, within the 30-day deadline for payment, of any changes in the amount to be paid.

The responsible department must notify the vendor immediately of any discrepancy.

If the vendor is correct, the original payment deadline applies.

If the City is correct, a new invoice should be issued. If the vendor is unable to issue a new invoice in a timely manner, the department will change the original invoice to the correct pricing, initial and date, and return to Accounts Payable to pay. The payment period starts when the new or corrected invoice is received.

Departments should allow approximately 2 weeks for check processing.

Departments are to appoint an individual to process payments so that time off for vacation or illness, by the department's primary individual, will not cause payments to be delinquent.

Chapter 3

GENERAL INFORMATION

SECTION 1 TYPES OF PURCHASES

Goods and services may be purchased in a variety of methods. The following is a brief explanation of each method. For more information contact the Purchasing Agent or follow below links.

PROCUREMENT CARD (P-CARD)

- A. The P-Card is the preferred method of payment low value-high or one-time transaction purchases that total up to \$3,000.00. Cardholders are responsible for securing their City issued card and ensuring its use for only approved goods or services. Each card is limited by single transaction amount, monthly transaction amount and merchant category codes.
- B. The procurement card purchasing process allows individuals to procure low-value maintenance, repair, and operational goods and services quickly. Each department director or manager selects those individuals that can perform their duties more efficiently through the use of a procurement card. Finance or the user department may identify additional opportunities to use a pcard. In these instances, approval by CFO must be granted. Departments should contact the CFO or Purchasing Manager for review of additional opportunities.
- C. The Procurement Card should not be used as a tool to circumvent any of the City's policies. The card is to be used only for authorized expenditures, within the cardholder's limit of authority, and not to avoid required approvals.

DECENTRALIZED PURCHASING BY DEPARTMENTS

- A. Limits – Departments may make purchases up to \$25,000. A Purchase Order is typically required for purchases exceeding \$3,000. **All purchases between \$3,000 and \$50,000 must the satisfy State Historically Underutilized Business (HUB) requirement.** See [Exhibit A](#) and Chapter 2, Subchapter A, Section 2 for HUB Procedure. LGC 252.0215

FORMAL SOLICITATIONS

- A. A solicitation that must be submitted in a sealed envelope and in conformance with a prescribed format, to be received and opened on a specific date and at a specified time. Formal bids must be used for purchases greater than \$50,000 that are not specifically exempt. See [Chapter 2, Subchapter A, Section 5](#).

INFORMAL SOLICITATION

- A. A competitive offer conveyed electronically through BidSync, phone or email as determined by the Purchasing Manager and under conditions different from those required for formal bidding. State statutes classify informal solicitations as purchases less than \$50,000.

SOLE SOURCE

- A. Functional requirements that can be satisfied by only one source such as:
 - 1. Patents, copyrights, secret processes, or monopolies.

2. Films, manuscripts, or books.
 3. Gas, water, and other utility services.
 4. Captive replacement parts or components for equipment.
 5. Books, papers, and other library materials for a public library that is available only from the persons holding exclusive distribution rights to the materials.
- B. If the requesting department determines that a product or service is sole source as defined in the Local Government Code, the requestor must include supporting justification with the Purchase Award Recommendation. Supporting justification may include a letter from the vendor or manufacturer attesting to the fact that they are a sole source provider. See [Exhibit E](#).
- C. The Purchasing Department may, at its sole discretion, issue Intent to Sole Source letter to the vendor community to further document the need for a Sole Source purchase. The Intent to Sole Source letter is typically open for 7 days.

EMERGENCY PURCHASES

- A. Statutes provides exemptions to the bidding laws for emergencies as follows:
1. Procurement made because of a public calamity that requires immediate action to relieve the municipality's residents or to preserve the property of the municipality.
 2. Procurement necessary to preserve or protect the public health or safety of the municipality's residents.
 3. Procurement necessary because of unforeseen damage to public machinery, equipment, or other property.
- B. Use caution when declaring an emergency. Emergencies are not created due to poor planning or employee negligence. Apparent abuse of the Emergency Purchase Order procedure will be considered a major violation of policy and will be brought to the attention of the Director of Finance.

INTERLOCAL OR COOPERATIVE PURCHASING

- A. Interlocal Agreements (ILA) allow one or more local government entities to "piggy-back" off locally awarded contracts or to make joint purchases.
- B. Cooperative purchasing occurs when two or more entities (state, federal, regional or local governments) coordinate some or all of their purchasing efforts to the mutual benefit of all participants in the purchasing process.
- C. These agreements are established for the purpose of maximizing savings to the City through pooling of economic buying power. A purchase from an approved Cooperative or Interlocal Agreement satisfies the requirement for competitive bidding.
- D. For either an Interlocal with a sister entity or a cooperative membership, and Interlocal or Cooperative Agreement must be executed prior to use of contracts.
- E. The Purchasing Manager will manage the process of executing such agreements.
- F. For a list of Interlocal and Cooperative Agreements contact the Purchasing Agent.

STATE AND FEDERAL CONTRACTS

- A. The City may purchase from the State of Texas Contracts and certain General Services Administration (GSA) Contracts without the need for competitive bidding. The Purchasing Department is the designated representative authorized to process purchases through these Contracts.

PUBLIC WORKS (LGC 252, 271, GC 2269)

- A. Public Works projects are those projects that require the construction, repair, or renovation of a structure, building, street, highway, bridge, park, water and wastewater distribution facility, airport runway or taxiway, drainage project, or other improvement or addition to real property. There are specific state process statues for Public Works projects, not necessarily applied to other expenditures or purchases by a municipality. For information on how to solicit refer to Chapter 1, Section 6 for more detail or contact Purchasing.

PROFESSIONAL SERVICES

- A. Professional services generally refer to those services performed by an individual or group of individuals where education, degrees, certification, license and/or registration is required for qualification to perform the service. For information on what specifically qualifies as a professional service and how to solicit refer to Chapter 1, Section 7 for more detail or contact Purchasing.

ALTERNATIVE CONSTRUCTION DELIVERY METHODS

- A. Legislation has created separate statutes for construction, repair, or renovation of a facility. Please refer to the Public Works section of this manual for details or contact the Purchasing Manager.

Note:

Formal and Informal Solicitations – Dollar limits vary per City policy from the manner prescribed in law.

Exemptions (LGC 252.022) - Some purchases may be exempt from the competitive bid requirements. Some are discretionary and may be obtained through a competitive process. Some have specific statutory requirements. The Purchasing Agent can advise processes that would be in the best interest of the City.

SECTION 2 SOLICITATION AND EVALUATION METHODS DRAFT

All the solicitation methods below, with the exception of Quick Quotes, may be used regardless of the dollar amount. To determine the best method for a specific need consult with the Purchasing Manager.

Quick Quote or Informal Bid	Solicitation for goods or services under the statutory sealed bid limit. Does not require advertising. Awarded to the lowest responsible bidder or bidder providing best value. This method will be used by departments for needs under \$50,000.	Opening Procedure: Does not have to be publicly opened.
RFQ – Request for Qualifications	Request for demonstrated competence and qualifications, usually but not limited to statutory professional services. The RFQ process gives the opportunity to select the firm that best meets the using department’s needs without price being the deciding factor in the initial phase of the selection process.	Opening Procedure: Does not have to be publicly opened. Release only names .

	RFQ evaluation process is detailed in Chapter 1 Section 7 Procurement of Professional services	
RFP – Request for Proposal	<p>Request for information and pricing that specifies the relative importance of price and other evaluation factors. Usually used for services not specifically listed statutorily.</p> <ul style="list-style-type: none"> • Terms and conditions may be negotiated • Best and final offers (BAFO) may be requested from responses determined by the evaluation committee to be qualified and available to be considered for award. <p>See below for the best value evaluation process.</p>	<p>Opening Procedure:</p> <p>Publicly opened and read aloud only the names.</p>
RFI – Request for Information	<p>A research tool for gathering information when the requirements/specifications cannot be clearly identified. Would not be used as a basis for award.</p>	<p>Opening Procedure:</p> <p>Publicly opened and read aloud.</p>
RFB – Request for Bid - Formal	<p>A bid that must be submitted in a sealed envelope and in conformance with a prescribed format, to be received and opened on a specific date and at a specified time. Awarded to the lowest responsible bidder or bidder providing best value. Formal bids must be used for purchases greater than \$50,000 and have specific advertising requirements.</p> <ul style="list-style-type: none"> • Bids are considered best and final, neither negotiations nor changes are allowed by either party • Pricing offered is firm and fixed for the term of the agreement. 	<p>Opening Procedure:</p> <p>Publicly opened and read aloud.</p>
CSP – Competitive Sealed Proposal	<p>Similar to RFP. Award must be made to the vendor submitting the most advantageous offer considering the relative importance of price and other evaluation factors. May be used for goods, services and Facility construction.</p> <ul style="list-style-type: none"> • Terms and conditions may be negotiated • Best and final offers (BAFO) may be requested from responses determined by the evaluation committee to be qualified and available to be considered for award. <p>See below for the best value evaluation process</p>	<p>Opening Procedure:</p> <p>Publicly open and read aloud.</p>
Alternative Construction Delivery Methods	<p>Legislation has created separate statutes for construction, repair, or renovation of a facility. Please refer to the Public Works section of this manual for details or contact the Purchasing Manager. GC 2269</p>	<p>Opening Procedure:</p> <p>Varies depending on which construction method chosen.</p>
Bid	<p>Term usually meaning a RFB but can be used interchangeably with all of the above. Be specific about the solicitation method requested.</p>	
Job Order Contract (JOC)	<p>Use for minor construction:</p> <ul style="list-style-type: none"> • Maintenance, repair, renovations • Work of recurring nature • Indefinite delivery times 	

	<ul style="list-style-type: none"> • Indefinite Quantity • Prescribed and Prepriced task 	
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BEST VALUE

Best value is a term used to award RFP and CSPs on criteria other than just pricing. Best Value Criteria employs qualitative factors that an evaluation committee will use to evaluate/score a solicitation and select the most qualified proposer. Factors may include (LGC 252):

1. Purchase price
2. The reputation of the bidder and of the bidder's goods or services;
3. The quality of the bidder's goods or services;
4. The extent to which the goods or services meet the municipality's needs;
5. The bidder's past relationship with the municipality;
6. The impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities; (n/a - Addison does not have goals or quotas)
7. The total long-term cost to the municipality to acquire the bidder's goods or services; and
8. Any relevant criteria specifically listed in the request for bids or proposals.

Bids can be awarded to the lowest responsible bidder or the bidder providing goods or services at the best value for the City. Best value criteria in BIDS do not have to specify the relative importance of the criteria. Bids are NOT negotiable.

Proposals and Competitive Sealed Proposals (CSP) must specify the relative importance of price and other evaluation factors. CSPs may be used for:

- Goods
- Services (including professional services not listed in GC2254)
- High Technology
- Insurance
- Civil Engineered Construction projects \$1.5 million or less
- Facilities Construction.

Proposals and CSPs are negotiable.

Professional services as defined in Government Code Chapter 2254 are NOT addressed in this section.

EVALUATING BEST VALUE CRITERIA

The evaluation of a RFP or CSP is potentially a problem area. There are many opportunities to stray from a “fair, open and transparent” process. The Chair of the evaluation committee should be aware of possible conflict of interest when developing the committee and ensure strict confidence of the proposal content and the evaluation process.

Evaluation Committee

The evaluation committee should be formed as the proposal is being written. The project will determine who is on the committee. This may include experts, end users, negotiators, and a representative from Purchasing who will facilitate the evaluation, scoring, negotiation, and award process. All members commit to be available during the entire process. If this is not possible an alternate is named.

The criterion is created by the evaluation committee, in conjunction with Purchasing, as part of the proposal package. Criteria must reflect requirements stated in the proposal.

SIMPLE SAMPLE PROPOSAL EVALUATION

Selection Criteria	Value	Vendor A	Vendor B	Vendor C
Pricing	0-50			
Experience and Expertise with similar projects. Past performance	0-30			
Pre-bid meeting attendance	0-5			
Completion Date	0-10			
Past Relationship with Addison	0-5			
Total	100			

Scoring can be weighted; each criterion could have sub-criteria with points etc. A total score of 100 with no more than five (5) selection criteria is suggested. More detailed samples are available from Purchasing.

Evaluation Process

1. After the proposals have been received, Purchasing will distribute responses and evaluation matrix to all committee members.
2. The committee evaluates proposals individually to gain a variety of perspectives. Committee members scoring and evaluating responses shall not discuss their evaluations and scores with others until the entire committee meets to select a vendor. During this meeting, each committee member will disclose their scores and will be free to discuss any differences. After committee members collaboratively finalize their scores, a composite score will be calculated.
3. If a clear single finalist is not selected through this process, the committee may select the top ranked finalists (usually two to three but possibly more at the discretion of the chair and the committee) for further evaluation.
4. The chair, perhaps with assistance from a committee member(s) shall check the references listed and/or other parties not listed as references but provided in the experience record or known by the chair or a committee member.
5. Oral interviews or demonstrations of the top-ranked firms may be requested. The intent is to ensure a common understanding of the required product or service and affirmation that the company is qualified and able to meet the City’s needs. This process is an opportunity for both the City and proposer to ensure common understanding and have any unanswered questions or concerns addressed. The possibility of such presentations would have been included in the solicitation. A second set of rankings would be performed by the committee.
6. At the direction of the committee, the Purchasing representative may ask for written clarification from the top-ranked firms either before presentations, after presentations or both. A list of questions or points to expand upon may be prepared for each finalist. The questions should be similar for each finalist in order to promote fairness among all participants. Complete records should be kept that indicate

results of any committee voting and any other information that supports the final award recommendation.

7. Negotiation may be conducted with the top ranked firm(s). The negotiators must be familiar with the project and the specialty area of the finalists. Negotiations shall include the Purchasing representative. If a successful contract cannot be negotiated with the highest ranked firm then the staff will begin negotiations with the next highest ranked firm, and continue this process until successful negotiations are completed.
8. Proposers shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. To obtain the best final offer, revisions may be permitted in the negotiation process after submissions and before the award recommendation. The Purchasing Department will issue the Best and Final Offer letter. Once a BAFO is issued there can be no more negotiations.
9. All negotiations must be completed before the Contract is signed, and both parties must agree to all negotiations in writing.

Committee Member Responsibilities

1. Responses to all RFPs and RFQs are to be held in strict confidence. No information contained in the responses, other than the name of the respondents, is released until the Contract is awarded or proposals are formally rejected.
2. Individual evaluators should not contact any of the proposers for additional information or clarification. If it is determined that additional information or clarifications are required, the evaluation committee should work with the assigned Purchasing representative to request a written clarification.
3. Participants in the evaluation process are not authorized to change the weight of any evaluation criteria or to add or delete any criteria during the evaluation process.
4. Purchasing is responsible for assuring that rankings, proposals, evaluation forms, and other pertinent documents are maintained in the procurement file.

NEGOTIATIONS

Many items besides price are negotiable. They include but are not limited to:

- Alternate source
- Amendment process
- Arbitration
- Assignment
- Audit
- Bankruptcy
- Breach of contract
- Communication methods
- Confidentiality
- Consolidation of shipments
- Cost controls
- Delivery dates
- Delivery locations
- Delivery methods
- Design rights
- Disclaimers
- Disclosure
- Extension
- Inspection methods
- Inspection processes
- Inspection timing
- Insurance
- Intellectual property rights
- Inventory levels
- Invoicing
- Labeling requirements
- Learning curves
- Maintenance
- Packaging
- Patent rights
- Performance incentives

- Performance payments
- Performance standards
- Price changes
- Product liability
- Quality standards
- Quantity
- Record keeping
- Reject procedures
- Renewal
- Research and development expenses
- Samples
- Service parts
- Specifications
- State of jurisdiction
- Term of agreement
- Termination rights
- Training
- Transfer rights
- Warranties

SECTION 3 SPECIFICATIONS AND SCOPE OF WORK GUIDE

Specifications and scope of work are the responsibility of the requesting department. The specification is the single most important document the department can provide with the requisition/request. The clarity and accuracy of the specification determines the ease or difficulty of the procurement process and the quality of goods or services received. Specifications should establish the minimum requirements needed. The Purchasing Department can assist with research and development of specifications.

TYPES OF SPECIFICATIONS

- A. **Standard Specifications-** Standard specifications include a single specification for one or more goods or services ordered on a recurring basis with the same general purpose. The same specification is used each time an order is placed or bids are advertised. Examples include office supplies, paper, janitorial supplies and copier service contracts. Standardized specifications will usually be more detailed than one-time specifications.
- B. **Performance Specifications-** Performance specifications have terms of required performance that describes the goods and/or services. They may include required power, strength of material, test methods, standards of acceptability and recommended practices.
- C. **Design Specifications-** Design specifications are detailed descriptions of a good or service, including details of construction or production, dimensions, chemical composition, physical properties, materials, ingredients and all other details needed to produce an item of minimum acceptability. Design specifications are usually required for construction projects, custom-produced items and many services.
- D. **Combination Specifications-** Combination specifications contain elements of both design and performance specifications. Some features of each are included to allow a vendor some freedom in meeting the performance needs of the government and to require certain necessary design characteristics. This is probably the most common type of specification.
- E. **Brand-Name Specifications-** Brand-name specifications list a good or service by brand name, model and other identifying specifications to limit the bidding to a single preferred product. This type of specification discourages competition and should be avoided unless the item is the only one that will satisfy the department's requirement. It is useful for purchasing replacement parts where only the brand name item will work. It should be noted that a local government might have to explain in a court of law why another brand will not work, so this type of specification should be used judiciously.
- F. **Brand-Name or Equal Specifications-** Brand-name or equal specifications are similar to brand-name specifications, except that equal products are acceptable in place of the named brand.

SPECIFICATION: WRITING GUIDE

- Choose the appropriate type of specifications for the identified requirement.
- Clearly identify the supplier's obligations according to the type of specification chosen.
- Include essential characteristics and a clear statement of intended use (Scope of Work).
- Explain all terms and conditions and compliance obligations.

- Provide a clear and consistent methodology for determining if all the requirements have been met.
- Write plainly and concisely, avoiding acronyms and the use of clichés.
- Try to avoid assumptions. If any assumptions are made they must be clearly stated in the specification so that the potential suppliers can accept or reject them.

SCOPE OF WORK: WRITING GUIDE

The scope of work needs to outline and communicate to the vendor what is expected in terms of performance for the duration of the contract. Critical contractual items to cover may include but is not limited to:

- Detailed description of the services and performance levels
- Milestones
- Consequences for not meet the standards
- Address possible changes in scope of work
- Specific outline for process authorizing changes in scope
- Process for reaching pricing agreement for change
- Cost
- Delivery
- Process for resolving difference
- Retention of the right to bid out additional work
- Insistence on approval of vendor subcontractors
- Addressing omissions from services (see sample clause)
- Process for pricing (or not) omission services
- A good dispute resolution procedure
- Require vendor to continue to provide services during the dispute resolution
- Contingency for the unexpected

Examples of Sample Clause:

Vendor acknowledges that the Town of Addison has expended great efforts in preparing the specifications and in attempting to describe as thoroughly and precisely as possible the scope of its operations, capacities, activities, performance levels and commitments to its customers, which are detailed in the specifications. However, despite these efforts, it is possible that some components of these operations, capacities, activities, performance levels or commitments, might have been involuntarily or inadvertently omitted from the specifications. Addison and vendor agree that: (1) any operation, practices, activity, performance levels or commitments of the City that relates to, is similar to, is complementary to, or is generally consistent with, any operation, capacity, proactive, activity, performance level, or commitment set forth in the specifications will be deemed incorporated by this reference into the relevant portions of this agreement and will be subject to the terms and conditions of this agreement; and that (2) vendor will perform or fulfill these involuntarily or inadvertently omitted operations, capacities, practices, activities, performance levels, or commitments to the same extent and in the am manner as if they had originally been described or listed in the specifications, at no additional charge to Addison.

The following clause is included in Addison’s terms and conditions:

SILENCE OF SPECIFICATIONS: The apparent silence of these specifications as to any detail or to the apparent omission from it of a detailed description concerning any point, shall be regarded as meaning that only the best commercial practices are to prevail. All interpretations of these specifications shall be made on the basis of this statement.

SECTION 4 DISPOSAL OF SURPLUS MATERIALS AND EQUIPMENT

TRANSFER OF SURPLUS PROPERTY WITHIN THE CITY

There is no state law for municipalities controlling how to dispose of surplus and salvage materials with the exception of real estate. Using the following guidelines, fair market value will be the standard used for sale or disposal. Some items potentially offered at auction may have a nominal value (if not zero).

The responsible department Director and Purchasing will determine the proper procedure based on the status of the item and if the cost of auctioning surplus/salvage equipment or materials exceeds the fair market value of those items.

Responsible department will complete Disposal Form (Exhibit E), as needed, retain one copy and forward the original and any other applicable information to:

- 1) Town Hall for City Manager or designee signature. Town Hall forwards to;
- 2) CFO or Purchasing Agent.

Disposal forms and any backup are to be retained by the owner department and Purchasing for FE +3.

GUIDELINES

DISCARD	Item does not have any value and is considered junk. Document and trash. Director informs Fixed Asset Specialist if applicable by filling out the Surplus Property Form. Director and a second employee co-sign the discard list (Surplus Property Form) and maintain in department files for three (3) years.
Cannibalize	Item will be dismantled, and spare parts used internally. Inform Fixed Asset Specialist if applicable. Director and a second employee co-sign the discard list (Surplus Property Form) and maintain in department files for three (3) years.
Sell or Transfer	Director shall advise the Purchasing Manager, in writing, of any equipment or supplies which are no longer needed by their department and will be transferred to another department or offered for sale.

Note: IT is responsible for determining the usefulness of Town CPUs, laptops, peripherals, such as monitors, tape racks, keyboards, mice, printers, cables, etc. The exception is impounded property which is the responsibility of the Police Chief. Disposal status will follow the above guidelines.

As appropriate, the responsible department will notify city departments of the availability of surplus equipment or supplies that may be used for departmental purchases. If another department wishes to utilize these surplus items, the Purchasing Manager will make a written recommendation to the Director of Finance those certain items shall not be sold, but used accordingly. The Fixed Asset Specialist will be notified of the transfer.

TRANSFER OF PROPERTY TO ANOTHER GOVERNMENTAL ENTITY

- A. LGC 252.022 General Exemptions states “This chapter does not apply to the expenditure (12) (c) for personal property sold by a political subdivision of this state, a state agency of this state, or an entity of the federal government. The Town may sell property to another governmental entity.

SECTION 5 COMPLIANCE WITH UNIFORM GUIDANCE – FEDERAL GRANTS

Procurement of goods and/or services using federal grants requires specific elements. Elements in addition to already required by State and Local laws, or may be more strictly defined are:

- Element 3: The entity must avoid acquisition of unnecessary or duplicative items.
- Element 5: The entity must award contracts only to the responsible contractors possessing ability to perform successfully under the terms and conditions of the proposed procurement, taking into account contractor integrity, compliance with public policy, past experience with the contractor, and/or financial and technical resources. They should check suspension & debarment list for contracts more than \$25,000.
- Element 8: The entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference.
- Element 10: The entity must ensure that all prequalified lists of persons, firms or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the entity must not preclude potential bidders from qualifying during the solicitation period.
- Element 11: The micro-purchase threshold was increased to \$10,000 and must be included in the entities’ policies. Acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold can be awarded without soliciting competitive quotations if the entity considers the price to be reasonable. To the extent practicable, the entity must distribute micro-purchases equitably among qualified suppliers.
- Element 13: Sealed bids should be the preferred method for procuring construction if the procurement cost is over the simplified acquisition threshold (\$250,000).
- Element 15: Competitive Proposals require RFP to be publicized and identify all evaluation factors and their relative importance; solicit an adequate number of qualified sources, where the entity defines adequate number; written method for conducting technical evaluations; must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; qualification-based procurement allowed for architectural/engineering professional services whereby most qualified competitor is selected.
- Element 16: Noncompetitive proposals are allowed for a sole source supplier; public exigency or emergency and will not permit any delays; federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals; after a number of solicitations, competition was determined to be inadequate.
- Element 18: The entity and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation & Recovery Act: Procurement and use of goods that contain the highest percentage of recycled materials.
- Element 19: Profit as a separate element of the price must be negotiated for each contract in which there is no price competition and in all cases where cost analysis is performed. Cost or price analysis must be performed for every procurement action in excess of \$250,000. Method and degree of analysis depends on the situation, but the entity must make independent estimates before receiving bids or proposals.

Purchasing Contract Requirements per Uniform Guidance (Contracts for federal grant funded items):

The entity's contracts must contain the applicable provisions described in Appendix II to Part 200-Contract Provision for Nonfederal Entity Contracts Under Federal Awards:

1. Contracts for more than \$250,000 must address administrative, contractual or legal remedies in instances where contactors violate or breach contract terms and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 must address termination for cause.
3. Equal Employment Opportunity (applicable to all contracts that meet the definition of "federally assisted construction contracts")
4. Davis-Bacon Act (applicable to all prime construction contracts in excess of \$2,000 awarded by non-federal entities)
5. Contract Work Hours and Safety Standards Act (applicable to all contracts awarded by the entity in excess of \$100,000 that involve the employment of mechanics or laborers)
6. Rights to Inventions Made under a Contract or Agreement
7. Clean Air Act (applicable to contracts and subcontract & subgrants of amounts in excess of \$150,000)
8. Debarment & Suspension
Byrd Anti-Lobbying Amendment (applicable to contractors that apply or bid for an award exceeding \$100,000)

Disposal of Materials or Equipment Purchased with Federal Grant Funds:

Town staff will identify any disposal requirements outlined in the grant and follow accordingly. If no such disposal requirements exist, staff will follow the disposal process outlined in Chapter 3, Section 4 Disposal of Surplus Materials and Equipment.

APPENDIX

APPENDIX A: GLOSSARY

Advertisement (Notice Requirement) – To make a public announcement of the intention to procure goods or services. The Local Government Code requires certain expenditures be published in newspaper published in the municipality at least once a week for two consecutive weeks. The date of the first publication must be before the 14th day before the date set to publicly open the bids and read them aloud. Must state notice of time and place at which bids will be publicly opened and read aloud. (LGC 252.041)

Award – The act of accepting a bid, proposal, or offer; thereby resulting in a contract between the state and a vendor.

Best Value – Bidder providing goods or services at the best value for the City.

Bid – (noun) The response submitted by a bidder to a Request for Bids (RFB). Sometimes the completed document may be referred to as “the bid”. The response to a Request for Proposal (RFP) is called a proposal or offer.

Bid- (Verb) To submit a bid response. By submitting a bid response, one person (the vendor/ contractor) gives the buyer the legal power to create a contract with the responding seller in accordance with the bid response.

Bid Bond – An insurance agreement, accompanied by a monetary commitment, by which a third party (the surety) accepts liability that the bidder will proceed with the contract and will replace the bid bond with a performance and payment bonds. The bid bond is an instrument used to stop low bidders from underbidding and then withdrawing their bid. A bid bond is not statutorily required, but is generally used by the City on public works contracts

Bidder – One who submits a response to an invitation for bid or informal quote.

Bond –Written instrument executed by a bidder or contractor and a second party to assure fulfillment of their periodic interest payment until the date of maturity and a fixed sum of money on the designated maturity date to the City.

Centralized Master Bidder’s List (CMBL) – A mailing list, maintained by the Texas Comptroller of Public Accounts, of vendors who have expressed interest and registered to receive notice of bid or proposal opportunities based on the products or services they provide.

Change Order – A change in plans or specifications after the performance of a contract is begun, or if it is necessary to increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished. In reference to construction contracts, it relates primarily to changes caused by unanticipated conditions encountered during construction not covered by the drawings, plans, or specifications of the project.

Commodity – A tangible item that can be turned to commercial advantage; anything that can be processed and resold.

Competitive Sealed Bidding- Preferred method for acquiring goods, services, and construction for public use in which award is made to the lowest responsive and responsible bidder, based solely on the response to the criteria set forth in the RFB; does not include discussions or negotiations with bidders.

Competitive Sealed Proposal- A procurement method by which a city requests proposals, ranks the offerors, negotiates as prescribed, and awards. CSPs may be used for: goods, services including professional services not listed in GC2254, high technology, insurance, civil engineered construction projects \$1.5 million or less and facilities construction.

Component Purchases - purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

Conflict of Interest- A situation wherein an individual as part of his/her duties make a decision or take action that will affect his/her personal interest.

Contract- A contract is an obligation to do or abstain from doing some act. Essential elements of a contract are: an offer and an acceptance of that offer; the capacity of the parties to contract; consideration to support the contract; a mutual identity of consent; legality of purpose; and sufficient certainty of terms.. a legally binding promise, enforceable by law.

Cooperative Buying Agreement (Cooperative Contracts, COOPs) – Competitively awarded contracts in accordance with State of Texas statues, rules, policies, and procedures, and have been extended for the use of other state agencies and active CO-OP members. A cooperative buying agreement satisfied any state law requiring a local government to seek competitive bids.

Emergency Procurement/Purchase – A situation requiring a department to make a purchase more quickly in order to prevent hazard to life, health, safety, welfare, or property or to avoid undue additional costs.

Evaluation Criteria- Generally used in the Request for Proposal method. Qualitative factors that an evaluation committee will use to evaluate/score a proposal and select the most qualified proposer/offeror. May include such factors as past performance, references, management and technical capability, price, quality and performance requirements.

Evaluation of Bids and Proposals – The process of examining a bid after opening to determine the bidder’s responsibility, responsiveness to requirements, and to ascertain other characteristics of the bid that relate to determination of the successful bidder and will meet the needs of the requesting and using department.

Formal Bid –A bid that must be submitted in a sealed envelope and in conformance with a prescribed format, to be received and opened on a specific date and at a specified time. Formal bids must be used for purchases greater than \$50,000 that are not specifically exempt.

Historically Underutilized Business (HUB) – “Is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American and/or American woman and has its principal place of business in Texas, and has an owner residing in Texas with a proportionate interest that actively participates in the control, operations and management of the entity's affairs”. (Texas Comptroller of Public Accounts)

Indemnification- This is a “hold harmless” agreement between the contractor and the City. It is a part of the insurance requirements and must be signed by the contractor before work can begin.

Informal Bid- An unsealed competitive bid conveyed by BidSync, phone or email and under conditions different from those required for formal bidding. Informal bids may be used for purchases less than \$50,000.

Interlocal Agreement- An agreement between 2 or more legally constituted political subdivisions of the state (county, municipality, school district, etc.) to participate, on voluntary basis, in the procurement of goods and services. Purchases made under an interlocal agreement satisfy any state law requiring the local government to seek competitive bids. Interlocal agreements must be legally executed before procurement begins.

Insurance- A contract between an insurance company and a person or group which provides for a monetary payment in case of a covered loss, accident, death or other insurable exposure. A form of risk mitigation.

Invoice- Document showing the character, quantity, price, terms, nature of delivery and other particulars of goods sold or of services rendered; a bill.

Lowest Responsive and Responsible Bidder: The bidder who fully complied with all of the bid requirements and whose past performance, reputation and financial capability is deemed acceptable and has offered the most advantageous pricing or cost benefit, based on the criteria stipulated in the bid documents.

Maintenance Bond – Guarantees defects in workmanship and/or materials for a specific time period. An extended warranty guaranteed by a surety. (Business, 2002)

National Institute of Governmental Purchasing (NIGP) Commodity/Service Codes – Standardized national classification codes that identify goods and services.

Negotiations – A consensual bargaining process in which multiple parties attempt to reach an agreement on a disputed, or potentially disputed, matter.

Non-resident Bidder– A person who is not a resident of the state.

Notice of Award- A written notification from the public entity to the successful bidder, or offeror stating that there is an award of a contract in accordance with bid or proposal previously submitted, and that effective with receipt the vendor or contractor shall proceed with performance; allows work to start while contract is printed and readied for distribution.

Notice Requirement – See Advertisement

Offer- A response to a solicitation that if accepted, would bind the Offeror to perform the resulting contract.

Offeror- A person or entity who submits a response to a solicitation.

Payment Bond- A financial or contractual instrument, issued by a surety that guarantees that subcontractors will be paid for labor and materials expended on the contract.

Performance Bond- An instrument executed, subsequent to award, by a successful bidder that protects the public entity from loss due to the bidder's inability to complete the contract as agreed. A risk mechanism that secures the fulfillment of all contract requirements.

Personal Property – Tangible or intangible property, other than real property. Moveable property subject to ownership, with exchangeable value.

Personal Services – Services other than professional services as defined by Government Code 2254. Personal services may be exempt from the competitive bid process.

Planning Services – Services primarily intended to guide governmental policy to ensure the orderly and coordinated development of the state or of municipal, county, metropolitan, or regional land areas.

Pre-Bid/ Pre-Proposal Conference (Meeting)- A meeting held by the buyer with potential bidders/offerors, prior to the opening of the solicitation for the purpose of answering questions, clarifying any ambiguities and responding to general issues in order to establish a common basis for understanding all of the requirements of the solicitation. May result in the issuance of an addendum.

Prevailing Wage Rate- The rate of wages, including fringe benefits, paid to a majority of the workers in a geographic area for the same type of work on similar projects. (Nash, Schooner, O'Brien, 1998)

Procurement- The procedures for obtaining goods or services, including all activities from the planning steps and preparation and processing of a requisition, through receipt and acceptance of delivery and processing of a final invoice for payment. The acts of preparing specification, evaluation bids or proposals, making awards and administering contracts are involved.

Procurement Card (p-Card) A payment method whereby internal customers (requisitioners) are empowered to deal directly with suppliers for purchases using a credit card issued by a bank or major credit card provider. Generally a pre-established credit limit is established for each card issued. The cards enable e-Procurement and facilitate on-line ordering, frequently from pre-approved supplies under blanket contacts.

Professional Services – (GC 2254) Services within the scope of the practice, as defined by state law, of: accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising; or professional nursing; or services provided in connection with the professional employment or practice of a person who is licensed or registered as: a certified public accountant, an architect, a landscape architect, a land surveyor, a physician, including a surgeon, an optometrist, a professional engineer, state certified or state licensed real estate appraiser, or a registered nurse.

Proposal – An offer submitted by a supplier in response to a Request for Proposal (RFP) intended to be used as a basis to negotiate a contract.

Public Bid Opening- The process of opening and reading bids at the time and place specified in the solicitation and in the presence of anyone who wishes to attend.

Public Works (GC 2253) – A contract for constructing, altering, or repairing a public building or carrying out or completing any public work.

Purchase Manager/Agent- An official in charge of the procurement operation, from the determination of needs to follow-up, ensures timely delivery.

Purchase Order –A purchaser’s written document to a vendor formalizing all the terms and conditions of a proposed transaction, such as a description of the requested items, delivery schedule, terms of payment, and transportation.

Purchase Requisition- A document created by a requestor authorizing the commencement of purchasing transaction. Typically will include a description of the need and other information that is relative to the transaction. May be submitted in hard copy or via eProcurement software.

Purchasing Procedure- A mode of conducting purchasing activities.

Quick Quote - A small order amount purchasing method. Generally used for small orders under a certain dollar threshold. A request is sent to suppliers along with a description of the commodity or services needed and the supplier is asked to respond with price and other information by a pre-determined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, deliver, service, past performance and reliability.

Reciprocity- The act of buying from or selling to another business in return for sales or purchases from the first organization. A mutual or cooperative interchange of favors (ISM, 2000).

Reciprocity (in bid evaluation) – If a nonresident bidder’s home state grants a preference to its resident bidders, an equal penalty is added to the nonresident bidder’s proposal when bidding in Texas. The action is opposite; a preference becomes a penalty, but the amount is equal.

Request for Bid (RFB) – A solicitation requesting submittal of a bid in response to the required specifications. RFBs are awarded to the lowest responsible bidder meeting the specifications. Price may not be altered or negotiated.

Request for Information (RFI) – An information gathering tool used to obtain comments, feedback or reactions from potential suppliers (contractors) prior to the issuing of a solicitation. Generally price or cost is not required. Feedback may include best practices, industry standards, technology issues, etc.

Request for Proposal (RFP) – A solicitation requesting submittal of a proposal in response to the required scope of services that usually includes some form of a cost proposal. An RFP requires published evaluation criteria. Price may be negotiated with firms to ensure the best value for the organization. May include a provision for the negotiation of Best and Final Offers. May be a single step or a multi-step process.

Request for Qualifications (RFQ) – The RFQ is used to allow firms and individuals the opportunity to propose demonstrated competence and qualifications for the type of professional services to be performed at fair and reasonable prices. The RFQ process gives the City of Denton the opportunity to select the firm that best meets the using department needs without price being the deciding factor in the initial phase of the process.

Requisition – An internal document the end user completes to request goods or services.

Resident Bidder– A person whose principal place of business is in this state, including a contractor whose ultimate parent company or majority owner has its principal place of business in this state.

Respondent – A person or entity which submits a response to a solicitation.

Responsible – See Bidder, Responsible or Offeror, Responsible

Responsible Bidder/ Offeror – A bidder who has the capability in all respects to perform fully the contract requirements, and the experience, integrity, perseverance, reliability, capacity, facilities, equipment and credit which will also assure good faith performance.

Responsive – See Bidder, Responsive or Offeror, Responsive

Responsive Bidder/Offeror- A contractor, business entity or individual who has submitted a bid or proposal that fully conforms in all material respects to the RFB/RFP and all of its requirements, including all form and substance.

Responsive Bidder- A bidder who has submitted a bid that fully conforms in all material respects to the RFB and all of its requirements, including all form and substance.

Retainage – Part of a public works contract payment withheld by the City to secure performance of the contract usually under a construction contract. Upon completion of all contract requirements, retained amounts must be paid promptly. (Harney, 1992)

Reverse Auctions – A real-time bidding procedure that is conducted at a pre-scheduled time and Internet location in which multiple suppliers, anonymous to each other, submit bids for designated goods and services.

Sealed Bid- A formal submission from a bidder/offeror submitted in response to an invitation to bid. It is submitted in a sealed envelope to prevent its contents from being revealed before the time and date set for the bid opening.

Schedule – A list of multiple award contracts from which agencies may purchase goods and services.

Scheduled Purchase – A purchasing method used for ordering goods in bulk.

Scope of Work (SOW) – A written description of the contractual requirements for materials or services contained within a Request for Proposal. The SOW can be compared to specifications within an Invitation for Bid. SOW should establish a clear understanding of what is needed, encourage competition, satisfy the departmental need, and provide the best value for the citizens.

Separate Purchases: Purchases, made separately, of items that, in normal purchasing practices, would be purchased in one purchase.

Sequential purchases: Purchases made over a period, of items that in normal purchasing practices would be purchased in one purchase.

Single Source – A procurement in which there are other products that perform the same function, but a single source is necessary for a particular justifiable reason. Usually, multiple distributors can provide

competitive quotes for the single sourced product. For example, there are numerous brands of computers; however the Panasonic Toughbook may be a single source due to a particular function that is not offered by competitors. A single source will require written justification as to the business need for the single source. *Experience is not an acceptable justification.*

Sole Source – A good or service available from one source. The procurement is usually protected by patents, copyrights, secret processes or natural monopolies.

Solicitation – The process of notifying prospective vendors of an opportunity to provide goods or services to the state. Solicitations may be conducted via telephone, fax, mail, e-mail, or in person.

Specification – Any description of the physical, functional, or performance characteristics, or of the nature of a supply, service or construction item. A specification includes, as appropriate, requirement for inspecting, testing, or preparing a supply, service or construction item for delivery.

Statement of Work – A statement outlining the specific services a contractor is expected to perform, generally indicating the type, level and quality of service, as well as the time schedule required.

Subrogation- The substitution of one person in the place of another with reference to a lawful claim, demand, or right, so that the one substituted succeeds to the rights of the other in relation to the debt or claim and its rights, remedies, and securities. (Blackis Law Dictionary, 1427, 1990).

Supplier (Vendor) – A seller of commodities and/or services.

Surplus Property – A designation that applies to property no longer needed and is designated for disposal.

Tabulation of Bids/ Responses- The recording of responses to bids and proposals for the purposes of comparison, analysis, and record keeping.

Terms and Conditions- Standard boilerplate language that includes standard clauses and rules which apply to bids and offers formally solicited that maybe incorporation into the final contract.

Term Contract- A type of contract in which a source of supply is established for a specified period of time for specified services or supplies; usually characterized by an estimated or definite minimum quantity, with the possibility of additional requirements beyond the minimum, all at a predetermined unit price.

Vendor (Supplier) – A supplier/seller of commodities and/or services.

Sources: NIGP Public Procurement Dictionary of Terms (Revised for 2010), Institute of Supply Management Glossary of Key Supply Management Terms, and Texas Comptroller of Public Accounts website (www.window.state.tx.us)

APPENDIX B: LAWS, STATUTES, ADDISON REQUIREMENTS GOVERNING PURCHASING

GENERAL INFORMATION

The Town of Addison, Texas (“City”) is a Home Rule city, operating pursuant to Article 11, Section 5 of the Texas Constitution, State law and the City’s Home Rule Charter. In determining purchasing practices, the City is guided by the City Charter, State law, and City ordinances, supplemented from time to time by City Council resolution and City administrative policies and procedures.

REFERENCES

D. State Law

5. Texas Local Government Code, Chapter 204, 205, 252 and Chapter 271
6. Texas Government Code, Chapter 2252, Chapter 2253, Chapter 2254, Chapter 2269
7. Texas Labor Code, Chapter 406
8. Texas Insurance Code, Chapter 1811

E. City Charter

2. Article XI, Section 11.01, 11.02, and 11.14

F. City Ordinances

4. Chapter 2, Article III, Division 1, Section 2-73, 2-74
5. Chapter 2, Article III, Division 2, Section 2-93 and 2-94
6. Chapter 2, Article VI, Section 2-301, 2-302, and 2-307

BIDDING REQUIREMENTS, Local Government Code, 252.021, 252.041

- A. As a general rule, before a municipality may enter into a contract that requires an expenditures of more than \$50,000 from one or more municipal funds, the municipality must (i) comply with the procedures of Chapter 252 Subchapter C for competitive sealed bidding or competitive sealed proposals; (ii) use the reverse auction procedure as defined by Section 2155.062 (d), Texas Government Code, or (iii) comply with a method prescribed by Chapter 2269, Government Code (alternative project delivery methods for certain projects). Electronically submitted bids or proposals shall be in accordance with Section 252.0415(a) of the Texas Local Government Code requiring the identification, security, and confidentiality of electronic bids or proposals and that electronic bids or proposals shall remain effectively unopened until the proper time.
- B. If the competitive sealed bidding or competitive sealed proposals requirement applies, notice of the time and place at which bids or proposals (as the case may be) will be publicly opened and read aloud must be published at least once a week for two consecutive weeks in a local newspaper, with the date of the first publication being before the 14th day before the date set to publicly open the bids or proposals and read them aloud.
- C. If the competitive sealed bidding requirement applies, a contract for goods or services must be awarded to the lowest responsible bidder or the bidder who provides good or services at the best value for the municipality.

LEGAL ADVERTISING REQUIREMENTS, Local Government Code 252.041

- A. If the competitive sealed bidding requirement applies, notice of the time and place at which bids will be publicly opened and read aloud must be published at least once a week for two consecutive weeks in a local newspaper, with the date of the first publication being before the 14th day before the date set to publicly open the bids and read them aloud.

- B. If the competitive sealed proposal requirement applies notice of the time and place at which the proposals will be due must be published at least once a week for two consecutive weeks in a local newspaper, with the date of the first publication being before the 14th day before the date set to receive proposals.

EXCEPTIONS FROM COMPETITIVE BIDDING, Local Government Code, 252.022

Some purchases are exempt from the competitive bid requirements they include:

- A. A procurement due to an emergency which include a public calamity; the preservation or protection of public health or safety; and unforeseen damage to public machinery, equipment, or property;
- B. A procurement for personal, professional, or planning services;
- C. A procurement for work that is performed and paid for by the day as the work progresses;
- D. A purchase of land or a right-of-way;
- E. A procurement of items that are available from only one source;
- F. A purchase of rare books, papers, and other library materials for a public library;
- G. Paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements;
- H. Public improvement project, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voters;
- I. A payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212;
- J. Personal property sold:
 - 1. At an auction by a state licensed auctioneer;
 - 2. At a going out of business sale held in compliance with Subchapter F, Chapter 17, Business and Commerce Code;
 - 3. A political subdivision of this state, a state agency of this state, or an entity of the federal government; or
 - 4. Under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;
- K. Services performed by blind or severely disabled persons;
- L. Goods purchased by a municipality for subsequent retail sale by the municipality;
- M. Electricity; or

N. Advertising, other than legal notices.

SOLE SOURCE PURCHASING -Local Government Code, 252.022

- A. Procurement where the functional requirements of the City can be satisfied by only one source.
 - 1. By way of example without limitation, this shall apply to procurement where competition is precluded because of the existence of patents, copyrights, secret processes or natural monopolies; purchase of films, manuscripts, or books; gas, water, and other utility services and the purchase of captive replacement parts; books, paper and other library materials; management services provided by a nonprofit organization to a municipal facility.
- B. Purchase Orders of any sole source materials or services must be accompanied by a written memo fully explaining the conditions that make the supplier a sole source.
 - 1. The Strategic Services Division of the City's Department of Finance ("Strategic Services Division") will refer this memo to the Director of Finance or Assistant Director of Finance for approval.
 - 2. The memo to the Director of Finance or Assistant Director of Finance will then be attached to the permanent accounting records for later review by the auditors.

CONTRACT PRICE INCREASES, Local Government Code, 252.048, 271.060

- A. If changes in plans or specifications are necessary after the performance of a contract is begun, or if it is necessary to increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, the City Council can approve a change order making the changes; however, a change order cannot increase the original contract price by more than twenty-five percent (25%).

RECIPROCAL LAW, Government Code, 2252.002

- A. Texas Government Code Section 2252.002, relates in part to bids by nonresident bidders for contracts awarded by a municipality for general construction, improvements, supplies, services, a public work project or for purchase of supplies, materials or equipment.
 - 1. This statute states in part that a municipality may not award a contract for general construction improvements, services, or Infrastructure Operations and Services projects or purchases of supplies, materials or equipment to a nonresident bidder unless the nonresident bid underbids the lowest bid submitted by a responsible Texas resident bidder an amount that is not less than the amount by which a Texas resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located. This requirement does not apply to a contract involving federal funds.

AWARD OF CONTRACT, Local Government Code, 252.043

- A. If the competitive sealed bidding requirement applies to a contract for goods and/or services, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.
-
- B. The utilization of an award based upon best value must be determined prior to bid solicitation and notice of same must be included in the specifications. The criteria for award must include a relative value for each evaluation factor.
- C. If the request for proposal requirement applies to a contract for goods or services, the contract may be awarded to the supplier/contractor providing the “best value” to the City based upon evaluation criteria published in the specifications. The evaluation criteria must include a relative value for each factor. The City may solicit best and final offers (B.A.F.O), or conduct formal negotiations, from respondents in a fair and equitable manner; to arrive at an overall best valued solution.

PROMPT PAYMENT ACT, Government Code, 2251.025

- A. Chapter 2251 of the Texas Government Code, sometimes referred to as the Prompt Payment Act, establishes a time period for payment by the City of goods and services and the payment of interest on late payments.
- B. A payment under a contract on or after September 1, 1987 is overdue on the 31st day after the later of:
 - 1. The date the City receives the good under the contract; or
 - 2. The date the performance of the service under the contract is completed; or
 - 3. The date the City receives an invoice for the goods or service.
- C. Interest starts accruing on the date the payment becomes overdue.
- D. The rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue. The rate in effect on September 1 is equal to the sum of:
 - 1. One percent; and
 - 2. The prime rate as published by the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.
- E. Interest stops accruing on the day payment is mailed or electronically transmitted.
- F. Payment of interest must be made automatically and at the same time the bill (principal) is paid. The City must submit the interest payment with the net amount due for the goods or service.
- G. Government Code 2251.027 (e) The City may not require a vendor or sub contractor to agree to waive the vendor’s or subcontractor’s right to interest under this chapter as a condition of the contract between the parties. The City may not require a vendor to petition bill, or wait an additional day to receive the interest due.
- H. Departments will not be responsible for interest payment caused by the Finance Department.

- I. To minimize the amount of interest the City must pay, departments must keep Accounts Payable informed regarding the receipt of merchandise, returns and cancellations, back orders, etc.

BOND REQUIREMENTS, Government Code Chapter 2253.021

The bonding requirements of the Town of Addison are intended to protect the Contractor, the Service Provider and the City.

- A. Performance Bonds - A performance bond secures the performance and fulfillment of all the undertakings, covenants, terms, conditions and agreements contained in the contract and specifications. For contracts in excess of \$100,000, a performance bond must be executed in the full amount of the contract that covers the time period the project will be allowed for construction. The City's policy is to require 110% of the contract amount for a performance bond. The bond must be executed by a corporate surety in accordance with the law, the corporate surety must be licensed by the State of Texas to issue surety bonds and appear on the U.S. Treasury List of acceptable sureties. (Government Code 2253.021). Though not statutorily required, the City extends the performance bond for two years from final acceptance. This provides a bond for defects in workmanship and/or materials.
- B. Payment Bonds - A Payment bond protects beneficiaries who supply materials or labor to the public works project and have a direct contractual relationship with the contractor. A payment bond is required because materials suppliers and laborers do not enjoy the same lien rights on public projects as they do on private projects. The payment bond requirements essentially replace the protections afforded by lien rights with protections guaranteed by a surety. For contracts in excess of \$50,000, a payment bond must also be executed in the full amount of the contract that covers the time period the project will be allowed for construction. The City's policy is to require 110% of the contract amount for a payment bond. "A bond required by this section must be executed by a corporate surety in accordance with Section 1, Chapter 87, Acts of the 56th Legislature, Regular Session, 1959 (Article 7.19-1, Vernon's Texas Insurance Code)." (Government Code 2253.021)
- C. Bid Bonds - A bid bond is submitted with a bid and is a guarantee that the bidder will proceed with the contract and will replace the bid bond with a performance and payment bonds. The bid bond is an instrument intended to prevent bidders from underbidding and then withdrawing their bid. A bid bond is not statutorily required, but is generally used by the City on public works contracts. If a department prefers not to use a bid bond or to utilize an alternate method, please inform the assigned buyer before the bid is released. Ultimately, the decision of whether or not to use a bid bond is at the discretion of the using department and Purchasing.

Government Code 2253 defines a "public work contract" as "a contract for constructing, altering, or repairing a public building or carrying out or completing any public work."

RETAINAGE, Government Code 2252.031, 2252.032, and 2252.033

- The City is required to withhold retainage for public works contracts in which the total contract price estimate at the time of execution is more than \$400,000; however, this requirement is typically applied by the City for all public works contracts in excess of \$50,000. The City may require varying

percentage withholding amounts; however, the City typically requires five percent. For retainage percentages in excess of five percent, the City must deposit the retainage into an interest-bearing account and pay the interest earned to the contractor on completion of the contract. Under this statute, "public works" is defined as including "the construction, alteration, or repair of a public building or the construction of a public work." Refer to Chapter 1, Section 6 for a discussion of how this provision applies to public works projects.

PROFESSIONAL SERVICES, Government Code 2254

A governmental entity may not select a provider of professional services or a group or association of providers or award a contract for the services on the basis of competitive bids submitted for the contract or for the services, but shall make the selection and award:

- A. On the basis of demonstrated competence and qualifications to perform the services;
- B. For a fair and reasonable price.

The professional fees under the contract may not exceed any maximum provided by law.

PUBLIC WORKS, Government Code 2269

This chapter applies to a public work contract made by a governmental entity authorized by state law to make a public work contract.

WORKERS COMPENSATION INSURANCE COVERAGE, Labor Code 406.096

- A. Building or construction contracts shall require the contractor to certify in writing that the contractor provides workers' compensation insurance coverage for each employee of the contractor employed on the public project.
- B. Each subcontractor on the public project shall provide such a certificate relating to coverage of the subcontractor's employees to the general contractor, who shall provide the subcontractor's certificate to the City.
- C. A contractor who has a contract that requires workers' compensation insurance coverage may provide the coverage through a group plan or other method satisfactory to the City.

CITY CHARTER PROVISIONS

- A. No officer or employee of the City shall ever accept, directly or indirectly, any gift, favor, privilege or employment from any public utility corporation, or other company, contractor or individual which currently has a grant, franchise, or contract with the City during the term of office of such officer, or during such employment of such employee, except as authorized by law or ordinance. (Section 11.01 of the City Charter)
- B. No officer or employee of the City shall have a financial interest, direct or indirect, in any contract with the City, or be financially interested, directly or indirectly, in the sale to the City of any land, materials, supplies or services, except on behalf of the City as an officer or employee. (Section 11.02 of the City Charter)
- C. No officer of the City may use his position to influence or to promote the approval of a contract that purports to hire as an independent contractor any person relating within the

second degree by affinity or within the third degree by consanguinity to such office of the City. (Section 11.14 of the City Charter)

DISPOSAL OF UNCLAIMED OR SURPLUS PROPERTY, Code of Ordinances Articles VI, Section 2-301, 2-302, 2-307

Authority to Sell, Deposit of Cash

- A. The following property may be sold by the City in the manner provided in this article:
 - 1. Abandoned, stolen or recovered property, except motor vehicles, or perishable property which may be sold immediately, that remains unclaimed with the City for 60 days, whether or not the owner is known;
 - 2. Abandoned, stolen or recovered motor vehicles that remain unclaimed with the City for 30 days, whether or not the owner is known; and
 - 3. Personal property owned by the City that has been declared surplus, obsolete, worn out or useless by the head of a department and that is no longer needed for public use.

- B. Items of personal property, the sale of which is restricted by criminal law, are not subject to the provisions of this section. Personal property which is conveyed, after council approval, for a public purpose for less than the fair market value in accordance with law, is not subject to the provisions of this article.

- C. Cash money that is abandoned, stolen, or recovered, that remains unclaimed with the police department for 60 days, and that is not being held for evidence, whether or not the owner is known, shall be deposited in the general fund of the City unless the money is of collector quality. Money of collector quality may be sold as other personal property.

- D. For the purpose of this article, abandoned property includes personal property that the fire marshal, health inspector or building inspector has ordered removed from a structure to be demolished. For purposes of this article, "fire marshal" means the City's fire chief or the fire chief's designee.

Delivery of unclaimed property to director of purchasing; use for City purposes.

- A. The chief of police or the director of the department holding property shall give the director of purchasing of the City a list of all unclaimed property subject to sale under this article and may deliver the listed property, except motor vehicles, to the director of purchasing before the date of sale. The director of purchasing shall give the chief of police or other department director a receipt which indicates in detail all property delivered. The chief of police shall retain custody of motor vehicles until a sale is made. If the chief of police shall determine that a motor vehicle has only salvage value, he is authorized to allow the vehicle to be sold by the method provided for by state law.

- B. If, in reviewing the list of unclaimed property subject to sale, the director of purchasing determines that certain items of property could be used by the City, he may recommend to the city manager that the items be used for City purposes rather than sold. If the city manager believes that it is in the best interests of the City, he may authorize the director of purchasing to remove specific items

from the list of property subject to sale and to convert the items to use for City purposes, including, but not limited to, using the item as a trade in and trading the property with other governmental agencies.

Purchases by certain persons prohibited.

- A. The following persons shall not, directly or indirectly, submit a bid for, purchase or acquire ownership of, personal property sold pursuant to the provisions of this article:
 - 1. City employees who work in the city manager's office or the department of purchasing.
 - 2. The person who determines that the property is surplus, obsolete, worn out or useless.

- B. In addition to other penalties, a person who violates this section forfeits his employment

NON DISCRIMINATION POLICY

- A. It is the policy of the Town of Addison to afford all people an equal opportunity to bid on any contract being let by the City.

- B. The Town of Addison has a policy that prohibits discrimination against any person because of race, color, sex, religious, age, disability or national origin, in the award or performance of any contract.

- C. The Town of Addison will require its officers, employees, agents, and contractors to adhere to this Policy.

- D. The Town of Addison encourages participation by Historically Underutilized Businesses (HUB's) to bid on City contracts. The Town of Addison works to notify these businesses of bidding opportunities.

RECORDS RETENTION

The Town of Addison follows Records Retention laws in accordance to the Texas State Library and Archives Commission. Records Retentions laws concerning procurement documents are located in Exhibit C.

APPENDIX C: HOW AND WHEN TO USE THE PURCHASE ORDER

- A. A Purchase Order is written documentation to a vendor formalizing all the terms and conditions of a proposed transaction. It is acceptance of an offer. A Purchase Order contains vital information including the name of the vendor, description of the requested items or services, amount of the purchase, delivery, payment terms etc. Purchase Orders are typically used for purchases that are over \$3,000 or for purchases which cannot be paid for by procurement card or other methods.

- B. Creating a Purchase Order is the first step within the system. A Purchase Order is entered by the end user and then routed for approval through approval authorization steps as outlined in the system for delivery to the Supplier. ***Although there are instances where it is not possible, such as emergency purchases, a Purchase Order should be entered into the system before goods and services are ordered.***

INFORMATION INCLUDED ON THE PURCHASE ORDER

The system will prompt the user as to required entry of information.

An adequate description of the goods or services requested must be furnished. The description will enable the supplier to process the order without having to call for additional information. Include any known stock numbers, brand names, sizes, colors, etc.

SELECTING YOUR OWN VENDOR

- A. Departments may secure quotations for purchases under \$3,000.00, as noted in Chapter 2, Subchapter A, Section 1.
- B. Competitive Quotes - if you do your own pricing, enter the name, address, phone number, contact, and price for each quotation this paperwork should be maintained by the using department until forwarded to Accounts Payable to be attached with hardcopy record of the Purchase Order.
- C. Quotes may also be scanned and attached to the P.O. within the system, if not scanned and attached the end user should be sure to supply the supplier name and quote amount within the remarks section of the P.O.
- D. Requisitions for any sole source materials or services must be accompanied by Sole Source documentation, fully explaining the conditions that make the supplier a sole source. (See Chapter 3, Section 1 of this Manual for further clarification on laws governing sole sources).
- E. Prices shall include all known or estimated freight charges either included in the unit cost or as a separate line item. If not known they can be added by Accounts Payable at time of payment processing or added by end user through a change order process prior to payment by Accounts Payable.

COMPUTERIZED PURCHASE ORDER SYSTEM OVERVIEW

- A. The current Enterprise Resource Planning (ERP) system, Munis, automates the handling of Purchase Orders. The system automates and tracks the purchase from the inception through the issuance of the check to the vendor.
- B. In addition to the above, the system stores and arranges data so that departments will have information available for budget tracking and development.
- C. User Departments are authorized to enter data for Purchase Orders in the amount of \$50,000 or less and over \$50,000 after approval by City Council.

D. All P.O.'s are routed for required approval based on the following:

1. Up to \$3,000 the Department head has final approval
2. If greater than \$3,000 and equal to or less than \$25,000, a Purchase Order is first routed to the department head, then routed to Purchasing for final approval
3. If greater than \$25,000, a requisition is required at the department level. Then a Purchase Order should follow the routes as noted above in this subsection and should then be routed to the City Manager's Office for final approval.

EXHIBITS

TEXAS STATE LIBRARY AND ARCHIVES COMMISSION

(Revised Fourth Edition)

EXHIBIT A INCLUSION OF HUB VENDORS BID \$3000 +

SUMMARY: Local Government Code 252.0215 Competitive bidding in Relation to Historically Underutilized Business requires certain procedures for expenditure of more than \$3,000 but less than \$50,000. This procedure insures compliance

WHO	DOES WHAT
	<p>State law requires contact of at least two HUB's on a rotating basis in the county in which the municipality is situated. If the state list fails to identify a HUB in Dallas County, then the Town of Addison is exempt from requirement.</p>
<p>Department Head - \$3,000 to \$25,000</p> <p>Purchasing over \$25,000</p>	<p><u>Follow these steps on any applicable procurement over \$3000</u></p> <ol style="list-style-type: none"> 1. BidSync – include all HUB vendors registered for applicable commodity 2. Search State CMBL/HUB list <p>To find State HUBS vendors, go to Website:</p> <p>http://www.window.state.tx.us/procurement//cmb/cmbhub.html</p> <p>When you save the Website to your favorites, the name will show up as "Search the Centralized Master Bid List" so you will probably want to rename it by typing in a name you will recognize.</p> <p>Search: Hubs on CMBL</p> <p>Scroll down to: Section 1, Class Code</p> <p>To find commodity code, click on "Class code" to see Search by Commodity Book Alpha Code. Find class number by using the keyword search feature. This will bring up a list of Class (3 digits) and Item (2 digits) and a description. If none of the descriptions are applicable, use the 3-digit class code in the Search by Class field. This will display all items and descriptions for that class. Choose one to three class/item (write them down). Return to the CMBL/HUB Search and type in the chosen class/item(s).</p> <p>To search Dallas, Collin and Denton counties use District 18 for broader coverage OR Scroll down to "County", type in Dallas, click on RESULTS "Return first 20" from the drop down box and click "Submit Search".</p> <p>The next page is "Select Fields for Detail List", check off what you need and click on "GO"</p>

	<p>At a minimum select; Contact person Company Name Address 1 City, State, Zip Phone Email Business description <i>DE-SELECT VID and Address 2</i> (if you set the page up to print landscape most of this information will be on one page</p> <p>Results should give you HUBs Vendors for the commodity you selected.</p> <p>Important: Read the description before selecting vendors to solicit. Vendors may sign up for commodities that do not really fit your needs. If none of the descriptions apply to your solicitation use a different keyword search. Document what you find.</p>
	<p>Print the page(s) of the bid list containing the vendors to be contacted. Highlight selected vendors. Write the bid number on the page. Find or enter the selected vendors in the BidSync system before the solicitation is released File HUB page(s) with the bid packet.</p>
	<p>These same steps will be taken on bids over \$50,000.</p>

EXHIBIT B: COMMONLY USED INTERLOCAL AND COOPERATIVE AGREEMENTS

Name	Contact Name	Description	How to purchase from them
BuyBoard		Automotive Parts, Carpet and Flooring, Custodial Supplies, First Aid/Medical Supplies, Fuel, Landscape Maintenance Supplies, Office Furniture, Public Safety Supplies, Recreation Supplies & Equipment, Sewer/Water Supplies, Tools, Vehicles	www.buyboard.com Please ask Purchasing to be added to the list of users.
HGAC	Tammy	Custodial Supplies and Vehicles	Go to: http://www.hgacbuy.org/login/ Please ask Purchasing to be added to the list of users. Password: 91-205
US Communities	Eric Gould	Automotive Parts, Carpet and Flooring, Office Furniture, Recreation Supplies and Equipment, Vehicles	www.uscommunities.org Please ask Purchasing to be added to the list of users.
TCPN		Operations, food service, maintenance, construction, etc.	www.tcpn.org
TIPS	Kim Thompson	Automobile parts, asphalt, Computers, Copiers, Custodial Equipment, Floor Coverings, Food Service, Furniture, Janitorial Services, Lighting, Office Supplies, Athletic Equipment, Promotional Products, Roofing, Signage	www.tips-usa.com 1-866-839-8477
Interlocal Agreement with Tarrant County	Varies by responsible Buyer	Electrical Services, Janitorial Services, Mechanical & Plumbing Services, Automotive Parts, Carpet and Flooring, First Aid/Medical Supplies, Landscape Maintenance Supplies, Office Furniture, Sign Shop/Traffic control, Tools, Vehicles	Patricia Page, Bid Secretary (817) 884-2428
Interlocal Agreement with Fort Worth	Jack Dale	Chase P-Card Fuel	
Interlocal Agreement with Frisco	Daniel Ford	All goods and services	dford@friscotexas.gov
Interlocal Agreement with Garland	Gary L. Holcomb	All goods and services	gholcomb@garlandtx.gov 972-205-2425
Interlocal Agreement with Coppell	Christa Christian	All goods and services	

State of Texas (TxSmartBuy, DIR, etc.)	Bryant R. Clayton		TxSmartBuy system Please ask Purchasing to be added to the list of users.
Interlocal Agreement with Farmers Branch	Lee Hammock	Library Services	Lee.hammock@farmersbranch.info
Interlocal Agreement with Carrollton	Vince Priolo	All goods and services	Vince.priolo@cityofcarrollton.com 972-466-3115
Interlocal Agreement with North Richland Hills	Jerry	All goods and services	
Interlocal Agreement with Plano	Diane Palmer-Boeck		dianep@plano.gov 972-941-7136
Interlocal Agreement with Rowlett	Allyson Wilson	All goods and services	awilson@ci.rowlett.tx.us
Interlocal Agreement with Cedar Hill	Greg Pervis	All goods and services	Gregory.pervis@cedarhilltx.com 972-291-5100
Interlocal Agreement with Allen	Mindy Gallegos	All goods and services	mgallegos@cityofallen.org
Interlocal Agreement with Grand Prairie	Angi Mize	All goods and services	amize@gptx.org
Choice Partners Coop	Arlita Kyles	www.choicepartners.org Facilities, technology, food, furniture, HVAC, Janitorial supplies, medical supplies, moving services, office supplies, painting services, playground equipment, promotional items, roofing, signage, etc.	Username: addisonpurchasing Password: 5350 ecatalog@hcde-texas.org 713-696-8241
Interlocal Agreement with Lewisville	Todd White	All goods and services	awhite@cityoflewisville.com

TEXAS STATE LIBRARY AND ARCHIVES COMMISSION

(Revised Fourth Edition)

EXHIBIT C: PURCHASING RECORDS RETENTION

Record Number	Record Description	Retention Period	Responsibility	Remarks
Record Number	Record Name	Record Description	Retention Period	Responsibility
1000-21	Affidavits of Publication	Published legal notices	2 Years	Purchasing
			Noted as FYI only	
1000-25	Contracts, leases and agreements	Includes reports, correspondence, performance bonds and similar records relating to their negotiation, administration, renewal or termination, except construction.	4 years after the expiration or termination of the instrument according to its terms	User Department
1000-34	Public Information Request	Open Records Request, including correspondence and other documentation relating to the request for the records under the Public Information Act	Date request for records fulfilled + 1 year (exempt from destruction request requirement)	Purchasing (our requests only)
1025-05a	Capital Assets Records	Disposal of Rolling Stock & Impounded Property Equipment or property history cards or similar records containing data on initial cost, including disposal authorizations when disposed of.	FE + 3 years (exempt from destruction request requirement)	Purchasing (our records only)
1025-05d	Capital Assets Records	Property sale, auction, or disposal records of government-owned equipment or property.	1 year	Purchasing
1025-26a	Accounts Payable	Invoice, P-Card statements and backup	FE + 3 years	Purchasing/ Warehouse (our payables only)
1025-27a	Accounts Receivable	Auction/sales documentation Money owed to or received by a local government and its collection or receipt.	FE + 3 years	Purchasing/ Warehouse
1050-11	Employee Selection Records	Interview notes, ranking sequence, offer letters, etc	2 years from creation (or receipt) of the record or the personnel action involved, whichever later	Purchasing/Warehouse

1075-01a	Bids and Bid Documentation	Successful bids and requests for proposals, including invitations to bid, bid bonds and affidavits, bid sheets, and similar supporting documentation.	FE + 3 years	Purchasing Purchasing to City Secretary office. City Secretary maintains.
1075-01b	Bids and Bid Documentation	Unsuccessful bids.	2 Years	Purchasing
1075-01c	Bids and Bid Documentation	Requests for informal bid estimates, quotes, or responses from providers for the procurement of goods or services for which state law or local policy does not require the formal letting of bids.	1 Year	Initialing Department
1075-01d	Bids and Bid Documentation	Requests for information (RFI) preliminary to the procurement of goods or services by direct purchase or bid.	As long as administratively valuable After date of direct purchase, issuance of request for bids, or decision not to proceed with the procurement, as applicable.	
1075-02	Inventory Records	Parts and Supplies	1 year	Warehouse
1075-03a	Purchase orders and receipt records	Purchase orders, requisitions, and receiving reports.	FE + 3 years	Purchasing and Initial Department
1075-03b	Purchase orders and receipt records	Purchasing log, register, or similar record providing a chronological record of purchase orders issued, orders received, and similar data on procurement status.	FE + 3 years	Purchasing (on-line)
1075-03c	Purchase orders and receipt records	Packing slips and order acknowledgments.	AV (exempt from destruction request requirement)	Initiating Department

1075-03d

Purchase orders and receipt records

Vendor and commodity lists

Until Superseded
(exempt from
destruction request
requirement)

Purchasing

EXHIBIT D



PURCHASE AWARD RECOMMENDATION

Date:

To: Purchasing

From: Director of

Bid Number:

Description:

Recommended Vendor(s)	Item Number(s)	Amount
	Total	

ACCOUNT INFORMATION:

Account #(s)	Item #(s)	Grant Funded: Yes/No
		Select:
		Select:
		Select:
		Select:

AWARD BASED ON: Make a Selection:

<p>ADDITIONAL AWARD INFORMATION:</p>

APPROVALS:

_____	_____
Director (<i>up to \$25K</i>)	Date

_____	_____
Purchasing Manager	Date

_____	_____
City Manager or Designee (<i>up to \$50K</i>)	Date

Exhibit E: Disposal Form

Directions: Director and Employee will sign the Disposal Form and forward the original and any other applicable information to **1)** CFO or Purchasing Agent.

Before the item can be discarded, cannibalized, or sold/transferred, this form **must** be completed and signed. Please attach a **picture** of the item. (Please fill out one form per item.)

Once the form is completed and signed by all parties. The purchasing agent will send a copy to the Department for its records. Disposal forms and backup are to be retained by the owner department and Purchasing for FE + 3.

Item	<input type="text"/>
Description of the item	<input type="text"/>
Discard/ Cannibalize/ Sell or Transfer	<input type="text"/>

If discarded, please check the following reasons: Choose an item.

If other, please state a reason

If cannibalized, please list the departments who will be using the spare part(s).

If the item is to be sold or transferred, please advise the Purchasing agent in writing and attach to this form.

Employee Date

Director Signature Date

CFO or Purchasing Agent Date

GUIDELINES

DISCARD	Item does not have any value and is considered junk. Document and trash. Director informs Fixed Asset Manager if applicable by filling out the Surplus Property Form. Director and a second employee co-sign the discard list (Surplus Property Form) and maintain in department files for three (3) years.
Cannibalize	Item will be dismantled and spare parts used internally. Inform Fixed Asset Manager if applicable. Director and a second employee co-sign the discard list (Surplus Property Form) and maintain in department files for three (3) years.
Sell or Transfer	Director shall advise the Purchasing Agent, in writing, of any equipment or supplies which are no longer needed by their department and will be transferred to another department or offered for sale.

Note: IT is responsible for determining the usefulness of Town CPUs, laptops, peripherals, such as monitors, tape racks, keyboards, mice, printers, cables, etc. The exception is impounded property which is the responsibility of the Police Chief. Disposal status will follow the above guidelines.

The Purchasing Agent will notify city departments of the availability of surplus equipment or supplies that may be used for departmental purchases. If another department wishes to utilize these surplus items, the Purchasing Agent will make a written recommendation to the Director of Finance those certain items shall not be sold, but used accordingly. The Fixed Asset Manager will be notified of the transfer.

TRANSFER OF PROPERTY TO ANOTHER GOVERNMENTAL ENTITY

LGC 252.022 General Exemptions states "This chapter does not apply to the expenditure (12) (c) for personal property sold by a political subdivision of this state, a state agency of this state, or an entity of the federal government. The Town may sell property to another governmental entity.

EXHIBIT F DELEGATION OF PURCHASING AUTHORITY FORM

**TOWN OF ADDISON
DELEGATION OF PURCHASING AUTHORITY**

Department: _____ Date: _____

This completed form is to be signed by the Department or Division Director before forwarding it to the Finance Department. Use a separate form for each individual receiving authority.

The following individual has been delegated the responsibility and authority for purchasing within the scope and time frame indicated below:

LENGTH OF DELEGATION PERIOD:

- Permanent (Until further notice)
- Temporary - From: ___/___/___ through ___/___/___ during absence of the Department Director.

Employee Name: _____

Employee Position: _____

PARAMETERS OF PURCHASING AUTHORITY

- P-Card up to \$3,000 - Department Director
- Purchase Orders and Request for Checks \$3,000 - \$25,000 - Department Director
- Change orders, requisition or purchasing service request

APPROVED BY

Employee Signature and Date

Department Director Signature and Date

EXHIBIT G: VENDOR/CONTRACTOR PROBLEM NOTIFICATION PROCEDURE

SUMMARY:

Procedure for all department personnel to follow when requiring a Vendor or Contractor to take corrective action to resolve parts, material and/or performance problems.

BACKGROUND: At times situations arise when a vendor is not performing in accordance with the terms and conditions, specifications and/or other contractual requirements of the formal contract/purchase order or is otherwise not performing satisfactorily. This procedure is intended to ensure that Addison notifies the vendor immediately and properly documents all contractual issues, substandard performance and/or other vendor problems to give the vendor adequate time and information to respond to and correct all issues promptly.

WHO	DOES WHAT
Department	<p>Vendor Notification:</p> <ul style="list-style-type: none"> • Notify vendor within 24 hours, verbally and in writing after it has been determined that a vendor is not in compliance with the terms and conditions, specifications, technical requirements or has delivered nonconforming parts and/or material(s) or is otherwise not performing satisfactorily or in accordance with acceptable business standards of conduct. • The vendor may be notified via telephone, e-mail, fax, letter or verbally as discussed below. • Notification must include a specified reasonable cure period. • Document all vendor contact
Department	<p>Defective or Nonconforming parts and Materials:</p> <ul style="list-style-type: none"> • When the receiving department determines that a vendor <ol style="list-style-type: none"> 1. has delivered the wrong parts/material 2. delivered defective parts/material 3. delivered parts/material that doesn't comply with the technical or specification requirements 4. is of poor quality 5. is damaged 6. Otherwise unacceptable. <p>The department should notify the vendor of the problem(s) as soon as possible by one of the methods mentioned above. The notice should clearly identify the rationale for rejecting the parts/material and identify the corrective action required by the city. The required documentation for the initial vendor notice and for all follow up communications with the vendor is defined below under documentation requirements.</p>
Department	<p>Service Contracts:</p> <ul style="list-style-type: none"> • When a vendor is performing under a service contract in a city facility, on city property, or at any other venue that may be required by the city and the vendor is not performing in accordance with the contractual requirements, or is not performing in accordance with acceptable business standards of conduct, the responsible city project manager or supervisor shall immediately notify the vendors onsite manager or person of responsibility of the problems(s). The verbal notice must be

	documented in writing in accordance with the documentation requirements listed below.
WHO	DOES WHAT
User or Receiving Department	<p>Documentation Requirements:</p> <ul style="list-style-type: none"> • Generating and maintaining thorough, accurate, complete and timely written documentation when attempting to resolve contractual matters, disputes, or problems associated with a vendor's parts/materials and/or performance is <u>extremely important</u> especially if the issues become serious and result in vendor disqualification or legal action. • When a vendor is notified of a problem by telephone or verbally, at the site where the work is being performed, complete details of the discussion should be documented in writing and include the date and time, the person(s) was contacted, any commitments made by the vendor or city personnel and all other pertinent facts. A copy of the written documentation should be signed by the city employee and forwarded to the vendor with a copy to the purchasing department • If the vendor is initially notified in writing i.e. e-mail, fax or letter, a copy of the notification should be forwarded to the purchasing department. Likewise all follow up communications to and/or from the vendor whether written, by telephone or verbally should also be documented as described above and copies sent to the purchasing department.
Purchasing Department	<p>Documentation Requirements:</p> <ul style="list-style-type: none"> • The purchasing department will maintain a master documentation file of all correspondence. The purchasing department will also assist the user department as required, with vendor notification documentation requirements, and/or meeting with the vendor, or taking any other appropriate action that may be deemed necessary to help resolve the issues.
Purchasing Department	<p>Notification to Finance Department:</p> <ul style="list-style-type: none"> • When appropriate, the purchasing department shall notify and request the Finance Department to stop all further payments against the contract/purchase order in question and also inquire if there are any current billings or payment problems with the vendor that should also be addressed and resolved.
User and Purchasing Department	<p>Unresolved Issues:</p> <ul style="list-style-type: none"> • When all problems and issues cannot be amicably resolved between the city and the vendor, or if the vendor's problems persist on other contract/purchase orders, consideration for disqualification of the vendor may be necessary. When the user department and purchasing department agree that a vendor should be disqualified, the desktop Vendor Disqualification policy/procedure should be followed.

EXHIBIT H: Vendor Disqualification Procedure

SUMMARY:

When all appropriate avenues have been taken and have failed (i.e. Vendor/Contractor Problem Notification Policy/Procedure) to satisfactorily resolve a vendor's problem(s) and/or corrective action has not been implemented, disqualification of the vendor may be necessary. This procedure establishes the guidelines to follow when disqualifying a vendor.

Vendor Disqualification Form: as attached

WHO	DOES WHAT
User Department and Purchasing Department	<p>Completion of Vendor Disqualification Form:</p> <ul style="list-style-type: none"> • When the user department and Purchasing Department both agree to proceed with disqualification of a vendor, the attached "Vendor Disqualification Form" must be completed and submitted for approval. • The form should address the reason(s) why the vendor should be disqualified and include all of the relevant documentation and correspondence. • The vendor disqualification form and supporting data must be reviewed and approved by the user and purchasing departments, Director and any other individuals deemed necessary. • When all appropriate signatures have been obtained the purchasing department will process the necessary paperwork internally to formally disqualify the vendor.
Purchasing Department	<p>Notification of User Departments</p> <ul style="list-style-type: none"> • The Purchasing Department shall notify the finance department and all potential user departments of the vendor's disqualification. All potential user departments shall be instructed not to use the vendor when purchasing goods or services with a P-Card or by any other means. The vendor's name shall be disqualified from all active vendor lists.
Purchasing Department	<p>Notification of Vendor</p> <ul style="list-style-type: none"> • The purchasing Department shall also notify the vendor in writing that it has been disqualified as a Town of Addison vendor and the reason(s) for the disqualification decision. The vendor shall remain disqualified for a period of at least 360 days after which the vendor may apply for reinstatement. In order to be reinstated the vendor must submit written justification explaining why it should be considered for reinstatement. Reinstatement must be approved by the Purchasing Agent whose decision is final.

Vendor Disqualification Form

Purchase Order No: _____

Bid No. _____

Vendor No: _____

Vendor Name: _____

Street Address: _____

City/State: _____

Zip Code: _____

Tel. No. _____

Reason(s) for Disqualification: _____

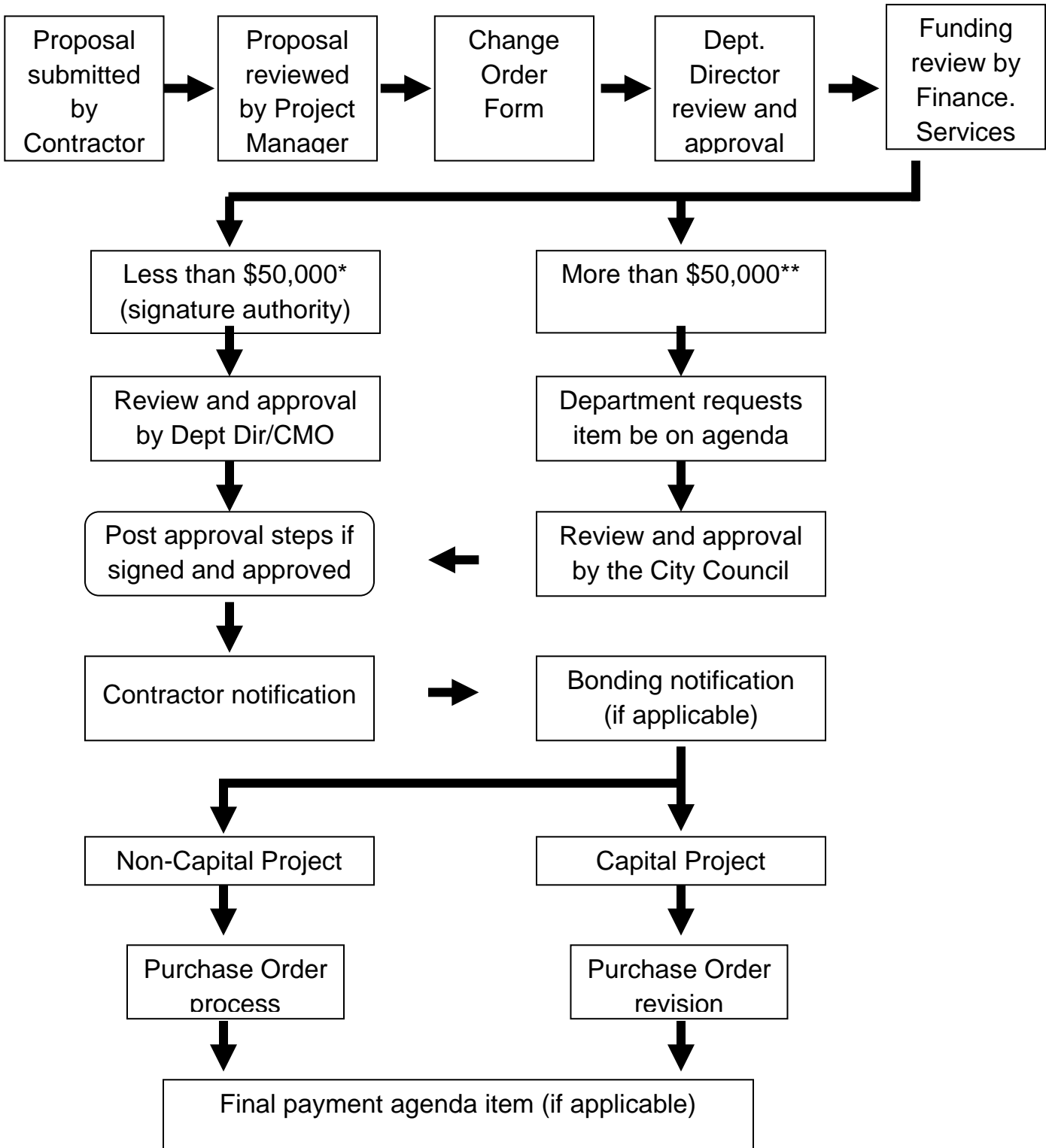
Recommended By: _____ Department: _____ Date: _____

_____ Department: _____ Date: _____

Approved By: _____ Department: _____ Date: _____

_____ Department: _____ Date: _____

EXHIBIT I: Change Order Approval Process



*Less than \$50,000 approval based off signature authority

**Greater than \$50,000

Exhibit J: Town of Addison Indemnification Agreement

Contractor's Indemnity Obligation. Contractor covenants, agrees to, and shall DEFEND (with counsel reasonably acceptable to Owner), INDEMNIFY, AND HOLD HARMLESS Owner, its past, present and future elected and appointed officials, and its past, present and future officers, employees, representatives, and volunteers, individually or collectively, in both their official and private capacities (collectively, the "Owner Persons" and each being an "Owner Person"), from and against any and all claims, liabilities, judgments, lawsuits, demands, harm, losses, damages, proceedings, suits, actions, causes of action, liens, fees (including attorney's fees), fines, penalties, expenses, or costs, of any kind and nature whatsoever, made upon or incurred by Owner and/or Owner Person, whether directly or indirectly, (the "Claims"), that arise out of, result from, or relate to: (i) the services to be provided by Contractor pursuant to this Agreement, (ii) any representations and/or warranties by Contractor under this Agreement, (iii) any personal injuries (including but not limited to death) to any Contractor Persons (as hereinafter defined) and any third persons or parties, and/or (iv) any act or omission under, in performance of, or in connection with this Agreement by Contractor or by any of its owners, directors, officers, managers, partners, employees, agents, contractors, subcontractors, invitees, patrons, guests, customers, licensees, sublicensees, or any other person or entity for whom Contractor is legally responsible, and their respective owners, directors, officers, directors, officers, managers, partners, employees, agents, contractors, subcontractors, invitees, patrons, guests, customers, licensees, sublicensees (collectively, "Contractor Persons"). SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF OWNER OR ANY OTHER OWNER PERSON, OR CONDUCT BY OWNER OR ANY OTHER OWNER PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.

Contractor shall promptly advise Owner in writing of any claim or demand against any Owner Person related to or arising out of Contractor's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Contractor's sole cost and expense. The Owner Persons shall have the right, at the Owner Persons' option and own expense, to participate in such defense without relieving Contractor of any of its obligations hereunder. This defense, indemnity, and hold harmless provision shall survive the termination or expiration of this Agreement.

The provisions in the foregoing defense, indemnity and hold harmless are severable, and if any portion, sentence, phrase, clause or word included therein shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, void, or unenforceable in any respect, such invalidity, illegality, voidness, or unenforceability shall not affect any other provision thereof, and this defense, indemnity and hold harmless provision shall be considered as if such invalid, illegal, void, or unenforceable provision had never been contained in this Agreement. **In that regard, if the capitalized language included in the foregoing indemnity is so determined to be void or unenforceable, the parties agree that:**

- (i) the foregoing defense, indemnity, and hold harmless obligation of Contractor shall be to the extent Claims are caused by, arise out of, or result from, in whole or in part, any act or omission of Contractor or any Contractor Persons; and**
- (ii) notwithstanding the provisions of the foregoing subparagraph (i), to the fullest extent permitted by law, Contractor shall INDEMNIFY, HOLD HARMLESS, and DEFEND Owner and Owner Persons from and against all Claims arising out of or resulting from bodily injury to, or sickness, disease or death of, any employee, agent or representative of Contractor or any of its**

subcontractors, regardless of whether such Claims are caused, or are alleged to be caused, in whole or in part, by the negligence, or any act or omission, of Owner or any Owner Persons, it being the expressed intent of Owner and Contractor that IN SUCH EVENT THE CONTRACTOR'S INDEMNITY, HOLD HARMLESS, AND DEFENSE OBLIGATION SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF OWNER OR ANY OTHER OWNER PERSON, OR CONDUCT BY OWNER OR ANY OTHER OWNER PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. The indemnity obligation under this subparagraph (ii) shall not be limited by any limitation on the amount or type of damages, compensation, or benefits payable by or for Contractor under workers compensation acts, disability benefit acts, or other employee benefit acts.

I understand that the indemnification provisions are required of all Town of Addison Contracts. I have read the provisions and agree to the terms of these provisions.

Project/Bid#: _____

Company Name: _____

Signature: _____ Date: _____

Exhibit K: TOWN OF ADDISON, TEXAS
CONTRACTOR INSURANCE REQUIREMENTS & AGREEMENT

REQUIREMENTS

Contractors performing work on TOWN OF ADDISON property or public right-of-way shall provide the TOWN OF ADDISON a certificate of insurance or a copy of their insurance policy(s) (and including a copy of the endorsements necessary to meet the requirements and instructions contained herein) evidencing the coverages and coverage provisions identified herein within ten (10) days of request from TOWN OF ADDISON. Contractors shall provide TOWN OF ADDISON evidence that all subcontractors performing work on the project have the same types and amounts of coverages as required herein or that the subcontractors are included under the contractor's policy. Work shall not commence until insurance has been approved by TOWN OF ADDISON.

All insurance companies and coverages must be authorized by the Texas Department of Insurance to transact business in the State of Texas and must have a A.M. Best's rating A-:VII or greater.

Listed below are the types and minimum amounts of insurances required and which must be maintained during the term of the contract. TOWN OF ADDISON reserves the right to amend or require additional types and amounts of coverages or provisions depending on the nature of the work.

TYPE OF INSURANCE	AMOUNT OF INSURANCE	PROVISIONS
1. Workers' Compensation Employers' Liability to include: (a) each accident (b) Disease Policy Limits (c) Disease each employee	Statutory Limits per occurrence Each accident \$1,000,000 Disease Policy Limits \$1,000,000 Disease each employee \$1,000,000	TOWN OF ADDISON to be provided a <u>WAIVER OF SUBROGATION AND 30 DAY NOTICE OF CANCELLATION</u> or material change in coverage. Insurance company must be A-:VII rated or above.
2. Commercial General (Public) Liability to include coverage for: a) Bodily Injury b) Property damage c) Independent Contractors d) Personal Injury e) Contractual Liability	Bodily Injury/Property Damage per occurrence \$1,000,000, General Aggregate \$2,000,000 Products/Completed Aggregate \$2,000,000, Personal Advertising Injury per occurrence \$1,000,000, Medical Expense 5,000	<u>TOWN OF ADDISON to be listed as ADDITIONAL INSURED and provided 30 DAY NOTICE OF CANCELLATION</u> or material change in coverage. Insurance company must be A-:VII rated or above.
3. Business Auto Liability to include coverage for: a) Owned/Leased vehicles b) Non-owned vehicles c) Hired vehicles	Combined Single Limit \$1,000,000	<u>TOWN OF ADDISON to be listed as ADDITIONAL INSURED and provided 30 DAY NOTICE OF CANCELLATION</u> or material change in coverage. Insurance company must be A-:VII-rated or above.

Certificate of Liability Insurance forms (together with the endorsements necessary to meet the requirements and instructions contained herein) may be **faxed** to the Purchasing Department: **972-450-7087** or **emailed to: purchasing@addisontx.gov.** Questions regarding required insurance should be directed to the Purchasing Manager.

With respect to the foregoing insurance,

1. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions applicable to the claims of the Town of Addison.

2. All insurance policies shall be endorsed to require the insurer to immediately notify the Town of Addison, Texas of any material change in the insurance coverage.
3. All insurance policies shall be endorsed to the effect that the Town of Addison, Texas will receive at least thirty (30) days' notice prior to cancellation or non-renewal of the insurance.
4. All insurance policies, which name the Town of Addison, Texas as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.
5. Insurance must be purchased from insurers that are financially acceptable to the Town of Addison and licensed to do business in the State of Texas.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Upon request, Contractor shall furnish the Town of Addison with complete copies of all insurance policies certified to be true and correct by the insurance carrier.

This form must be signed and returned with your quotation. You are stating that you do have the required insurance and if selected to perform work for TOWN OF ADDISON, will provide the certificates of insurance (and endorsements) with the above requirements to TOWN OF ADDISON within 10 working days.

A CONTRACT/PURCHASE ORDER WILL NOT BE ISSUED WITHOUT EVIDENCE AND APPROVAL OF INSURANCE.

AGREEMENT

I agree to provide the above described insurance coverages within 10 working days if selected to perform work for TOWN OF ADDISON. I also agree to require any subcontractor(s) to maintain insurance coverage equal to that required by the Contractor. It is the responsibility of the Contractor to assure compliance with this provision. The Town accepts no responsibility arising from the conduct, or lack of conduct, of the Subcontractor.

Project/Bid# _____

Company: _____

Printed Name: _____

Signature: _____ **Date:** _____

EXHIBIT L
Auction Procedure
DISPOSAL OF UNCLAIMED OR SURPLUS MATERIALS

Responsibility	Action
Department	Notifies Purchasing of available auction items by: <ol style="list-style-type: none"> 1. Grouping items into logical lots or listing as individual items. The goal is to make the item(s) attractive to the bidders. 2. Take digital photographs of each lot or individual item. 3. Create a listing for each disposal classification (see Exhibit G) with a description you would want to see if you were the buyer. 4. Name each picture to correspond with each item/lot on the list. 5. Obtain signatures from City Manager or designee 6. Deliver listing and matching pictures to Purchasing. (email is fine)
Purchasing	<ul style="list-style-type: none"> • Will submit list(s) to on-line auctioneer • Determine auction closing date • Inform owner department of closing date • Field questions about available items • Coordinate previews with owner department • Maintain closed auction information
Bidder	Winning bidders will contact owner department directly
Department	Schedule pickup – making sure bidder takes ALL of the items they won. The goal is to get all auction property off city property.
Purchasing	<ul style="list-style-type: none"> • Manage payment receipts received from auctioneer • Contact bidder who have not picked up by specified date, arrange for pickup • Forward auction proceeds to Finance • Close out auction folder

Exhibit M: P-Card Lost Receipt/Phone Transaction Report

This form should be used when a receipt is lost or when making a phone transaction and is intended to replace the receipt. Please submit this form to your P-Card Supervisor.

_____ Lost Receipt _____ Phone Transaction

Merchant Name: _____

Transaction Date: _____

Transaction / Approval #: _____

<u>Items Purchased</u>	<u>Price</u>
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Transaction Total	\$ _____

Cardholder Signature: _____ Date: _____

Cardholder Printed Name: _____ Date: _____

For Lost Receipts Only

Director: _____ Date: _____