

**RESOLUTION NO. R-2018-105**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, APPROVING THE CITY OF BASTROP PURCHASING POLICY WITH THE ADDITION OF SECTION III, SUBSECTION D – FLEET PURCHASES AND ADDITIONAL MINOR EDITS, WHICH IS ATTACHED AS EXHIBIT A; PROVIDING FOR A REPEALING CLAUSE; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Bastrop Purchasing Policy was last adopted by Council in September 2014; and

**WHEREAS**, Section 6.12 of the Home Rule Charter of the City of Bastrop provides for the adopting of purchasing policies by the City Council of the City of Bastrop; and

**WHEREAS**, at the October 9, 2018, Council Meeting, Staff presented a revised Purchasing Policy adding Section III, Subsection D – Fleet Purchases; and

**WHEREAS**, the City Attorney has reviewed the City of Bastrop Purchasing Policy and found it to be in compliance with State procurement laws; and

**WHEREAS**, the City Council requests that the Purchasing Policy be reviewed by Staff and adopted annually by Council as a part of the budget adoption process to ensure this policy is current with State Law and appropriately addresses operational needs.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS:**


**Section 1.** The City Council hereby approves the City of Bastrop Purchasing Policy, which is attached as **Exhibit A**, and requests that it be reviewed by Staff and adopted annually by Council as a part of the Budget adoption process.

**Section 2.** All orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

**Section 3.** This resolution shall take effect immediately from and after its passage, and it is duly resolved.

**DULY RESOLVED AND ADOPTED** by the City Council of the City of Bastrop this 11<sup>th</sup> day of December 2018.

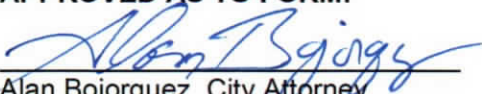
**APPROVED:**

  
\_\_\_\_\_  
Connie B. Schroeder, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Ann Franklin, City Secretary

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Alan Bojorquez, City Attorney



**The mission of the City of Bastrop is to continuously strive to provide innovative and proactive services that enhance our authentic way of life to achieve our vision.**



# **Purchasing Policy**

# **City of Bastrop Purchasing Policy**

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## **I. PURPOSE**

It is the policy of the City of Bastrop that all purchasing shall be conducted strictly on the basis of economic and business merit. This policy is intended to promote the best interest of the citizens of the City of Bastrop, Texas.

The City of Bastrop intends to maintain a cost-effective purchasing system conforming to good management practices. The establishment and maintenance of a good purchasing system is possible only through cooperative effort. It must be backed by proper attitudes and cooperation of not only every department head and official, but also every supervisor and employee of the City of Bastrop.

The purchasing process is not instantaneous. Time is required to complete the steps required by State law and local rules. In order to accomplish timely purchasing of products and services at the least cost to the City of Bastrop, all departments must cooperate fully. Prior planning and the timely submission of requisitions are essential to expedite the purchasing process and to assure that the process is orderly and lawful.

This Policy reaffirms the City of Bastrop's commitment to strengthen purchasing and property controls to reasonably assure that the taxpayer dollars are spent efficiently and effectively..

## **II. CODE OF ETHICS**

It is important to remember that when employees are participating in the purchasing process, they represent the City of Bastrop. By participating in the purchasing process, employees of the City of Bastrop agree to:

- A. Avoid the intent and appearance of unethical or compromising practices in relationships, actions, and communications.
- B. Demonstrate loyalty to the City of Bastrop by diligently following the lawful instructions of their employer, using reasonable care and only authority granted to them by the City.
- C. Refrain from engaging in any private business or professional activities that would create a conflict between personal interests and the interest of the City of Bastrop.
- D. Will not except soliciting or accepting money, loans, credit, or prejudicial discounts with a value over \$25Will not accept gifts, entertainment, favors, or services from current or potential suppliers that might influence, or appear to influence, purchasing decisions with a value over \$25.
- E. Handle confidential or proprietary information belonging to the City or its suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
- F. Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
- G. Expose corruption and fraud wherever discovered.

Texas Law prohibits *component purchasing, separate purchasing and sequential purchasing* of any kind. An employee commits an offense by intentionally or knowingly making or authorizing component, separate or sequential purchasing to avoid the competitive bidding requirements.

Adherence to the City's Ethics Ordinance is mandatory. If there is a conflict between the City's Ethics Ordinance and this Purchasing Policy, the stricter of the two applies.

### III. **COMPETITIVE PURCHASING REQUIREMENTS**

The City of Bastrop Purchasing Policy requires obtaining three quotes for purchases over \$3,000. The only exceptions to this rule are for items purchased under a cooperative contract, items awarded through sealed bids, sole source purchases, or purchases for an emergency situation.

Under no circumstances shall multiple requisitions be used in combination to avoid otherwise applicable bidding requirements or City Council approval.

#### **A. Who is authorized to make purchases?**

Purchases will only be processed if authorized by a Department Head or an approved representative in an employee's direct chain of command.

#### **B. Instructions for Soliciting Bids**

When soliciting bids, City of Bastrop buyers must:

1. Give the same exact specifications to each vendor.
2. Give each bidder the same deadline for turning in bids.

City of Bastrop buyers must inform vendors that bids submitted are all inclusive. Any charges for freight and handling, fuel fees, or other costs must be included in the bid.

#### **C. Purchasing Control**

Authorization levels established within INCODE for appropriations previously approved by the City Council are as follows:

Directors or their designee	not to exceed \$9,999.99
Chief Financial Officer or designee	between \$10,000.00 and \$14,999.99
City Manager or designee	exceeding \$15,000.00

All purchases requiring a purchasing summary must have an approved purchase order before placing the order.

#### **D. Fleet Purchases**

The Finance Department will create a Fleet Appropriations List at the beginning of every fiscal year based on the adopted budget. A unit number will be assigned to each vehicle and piece of equipment included on this list. This list will be distributed to each department with vehicles and equipment on the list.

Each department will complete and submit their Purchasing Summary(s) which should include the unit number assigned to each vehicle and piece of equipment, to the Finance Department as close to October 1<sup>st</sup> as possible. The Purchasing Summary(s) will be checked against the Fleet Appropriations List and reviewed for accuracy and completeness. Once reviewed by the Finance Department, the summaries will go to the City Manager for approval.

Upon approval by the City Manager, a purchase order will be created and authorized by the Finance Department for each approved purchasing summary. At the time of issuance of the purchase order, budgeted funds will be encumbered to prevent the funds from being reallocated.

Approved purchase orders will be sent to each department with authorized vehicles and equipment on the Fleet Appropriations List. Once the department has received the approved purchase order, fleet orders can be placed with the selected vendor.

### **E. Dollar Limitations**

The following dollar limitations should be used as a guideline. These limitations may not apply in all cases. ***Dollar limitations refer to total purchase or invoice total, not single item cost.*** It is the Department Director's responsibility to ensure adherence to purchasing policies.

**\$0.01-\$3,000:** Quotations are recommended but not required for purchases of non-contract goods or services totaling \$3,000 or less.

If invoices for a single vendor or service contractor total more than \$3,000 in a fiscal year, the city will use the requirements applicable to the total amount of all of the invoices received in the fiscal year. As stated in Section II., Code of Ethics (above), state law prohibits *component purchasing, separate purchasing, and sequential purchasing* of any kind. An employee commits an offense by intentionally or knowingly making or authorizing component, separate, or sequential purchasing to avoid the competitive bidding requirements.

**\$3,001-\$49,999:** Except when exempt under state law, purchases totaling \$3,001 to \$49,999 require three written quotes attached to a Purchasing Summary Form and a purchase order provided to the Finance Department.

No purchase orders of non-contract goods or services will be issued in excess of \$15,000 without prior approval from the City Manager or the City Manager's designee.

If the vendor or contract service provider offering the lowest quote is not selected by the department, an explanation must be provided on the Purchasing Summary Form, and approval by the City Manager is required, no matter the dollar amount. Only the City Manager or the City Manager's designee may determine "Best Value." The City Manager may elect to accept fewer than three quotes from a Director if due diligence has been documented by the Director in trying to adhere to the purchasing policy. A memo will be required from the Director providing a reason for their inability to obtain three written quotes, and describing the scope of services being provided, if applicable.

The memo must be approved and signed by the City Manager and attached to each Purchasing Summary Form and purchase order provided to the Finance Department.

State law requires that two Historically Underutilized Businesses (HUBs) are to be contacted on a rotating basis for all purchases totaling \$3,001 to \$49,999. A list of HUB vendors is available from the Texas Comptroller of Public Accounts website. If the list does not identify a HUB vendor in the county in which the municipality is situated, the municipality is exempt from this requirement. If you need assistance in complying with this requirement, contact the Finance Department.

If purchasing through a cooperative purchasing alternative (e.g., BuyBoard, DIR, or TXMAS), only one written quote is required, provide proof or identification that the quote is from a cooperative source, and complete a Purchasing Summary Form and a purchase order. Any vendor specific contracts should be on file with the Finance Department prior to final approval being given, if applicable. It is the Department Director's responsibility to ensure that the cooperative information is on file with the Finance Department.

**\$50,000+:** Except when exempt under state law, requisitions for item(s) whose aggregate total cost is \$50,000 or more must be processed as competitive solicitations (e.g., sealed bids, request for proposals, or request for offers). Texas Local Government Code, Subchapter B, Section 252.021 defines the requirements for competitive bids.

State law requires that sealed bids and requests for proposals (RFP) be advertised in a local newspaper for two consecutive weeks prior to the bid opening. All bids or proposals must be received sealed and turned in to the City Secretary's Office by the date and time listed in the solicitation (invitation to bid or RFP). Any bids or proposals received after the stated time will be returned unopened. The bid opening process is open to the public and all vendors are invited to attend. Questions concerning pricing will not be addressed at the opening.

If purchasing through a cooperative purchasing alternative (e.g., BuyBoard, DIR, or TXMAS), provide only one written quote, proof or identification that the quote is from a cooperative source, and complete a Purchasing Summary Form and a purchase order. All cooperative vendor specific contracts should be on file with the Finance Department prior to final approval being given if applicable. It is the Department Director's responsibility to ensure that the cooperative information is on file with the Finance Department. City Manager written approval is required.

## **F. Personal or Professional Services**

Under the Professional Services Procurement Act, a contract for the purchase of a personal or professional service is exempt from competitive bidding requirements. The City also provides an exemption for the purchasing of planning services.

The City may not select providers of professional services based on competitive bids. In these situations, the City must make the selection and award based on demonstrated



competence and qualifications for performing the services for a fair and reasonable price.

Professional services include:

- Accounting;
- Architecture;
- Landscape architecture;
- Land surveying;
- Medicine;
- Optometry;
- Engineering;
- Real estate appraisal;
- Nursing;

According to the Texas Attorney General's Office professional services may include "members of disciplines requiring special knowledge or attainment and a high order of learning, skill and intelligence."

### **G. Other Exemptions**

State law authorizes other categories of exempt purchases. Purchases from other governments, some auctions and going-out-of-business sales, and certain other purchases are exempt under provisions of the Texas Local Government Code.

The following is a list of other types of contracts that are exempt from competitive bidding requirements:

1. The purchase of land or a right-of-way.
2. Items that can be obtained from only one source, including:
  - a. items for which competition is precluded because of the existence of patents, copyrights, secret processes or monopolies;
  - b. films, manuscripts, or books;
  - c. electric power, gas, water, and other utility services; and
  - d. captive replacement parts or components for equipment.
3. Food.
4. Personal property sold:
  - a. at an auction by a state licensed auctioneer;
  - b. at a going-out-of-business sale; or
  - c. by a political subdivision of the state, a state agency, or an entity of the federal government.
5. Any work performed and paid for by the day.
6. Work performed under a contract for community and economic development made by a county designed to reasonably increase participation by historically underutilized businesses in public contract awards by establishing a contract percentage goal for HUB businesses.

### **H. Sole Source Purchases**

Sole Source purchases must be preapproved by the City Manager. A sole source purchase may be appropriate when the purchase involves compatibility of equipment,

accessories, or replacement parts; when the goods or services are one-of-a kind or protected by a patent, copyright, or secret process; If the good or service is only available from a regulated or natural monopoly; or if the product is a component or repair part that may only be purchased from the original supplier. The following items are necessary to provide sufficient justification for sole source purchase:

1. A memorandum to the City Manager with a statement attached to the Purchasing Summary Form stating that a sufficient number of vendors have been contacted to determine that only one practical source of supply exists or providing the reasons that only one source exists. This memorandum should include the City Manager's signature signifying his approval.
2. A bid from the sole source provider on company letterhead.
3. A letter from the vendor stating they are the sole supplier of the good.

A Purchasing Summary Form and purchase order are still required with the above information attached.

### **I. Change Orders**

According to purchasing law, the City of Bastrop may make changes to plans, specifications or quantities after awarding the contract, if necessary. However, no change may exceed 25% of the original contract amount and any decrease of 25% or more must have the consent of the contractor.

Increases that cause a change in dollar limitations or purchasing law may supersede the 25% rule:

Example: If a contract is awarded for \$45,000, the allowable increase under the 25% rule would be \$11,250, resulting in a total contract price of \$56,250. However, this would cause the new price to exceed \$50,000, which by State law requires sealed bids and advertising. The allowable increase would be limited to below \$50,000.

Any change in a purchasing contract that exceeds 25% of the original amount will void the original contract.

### **J. Making the Purchase**

City of Bastrop buyers are responsible for making sure that the purchased good or service is received as specified. Under no circumstance should a buyer accept more goods or services than ordered. Employees are only authorized to purchase items that have been approved by their Department Head. A purchase over the original amount requires additional approval.

### **K. 30-Day Accounts Payable Cycle**

Texas law requires municipalities to pay invoices within 30 days or be subject to the payment of interest.

It is the responsibility of each department to make sure the signed invoices, purchase orders, and any other required documents are submitted to the Finance Department as soon as the product is received, or the service is rendered.

It is the responsibility of Accounts Payable to pay all vendor invoices within 30 days of the invoice date. Any variance between the purchase order and the vendor invoice must be reconciled. Vendor payments can only be made for the original or modified purchase order amount.

#### **L. Emergency Procedures**

Texas Local Government Code Section 252.022(a) exempts certain items from sealed bidding, including, but not limited to:

1. *A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality;*
2. *A procurement necessary to preserve or protect the public health or safety of the municipality's residents;*
3. *A procurement necessary because of unforeseen damage to public machinery, equipment or other property.*

The following steps must be taken when making emergency purchases:

1. Employee must receive approval from the City Manager or the City Manager's designee;
2. Employee will make every effort to solicit bids unless circumstances prevent employee from doing so; and
3. The employee must provide a written statement explaining the emergency following the incident to provide necessary documentation in Accounts Payable. This statement must be signed by the City Manager or the City Manager's designee.

### **IV. ASSET CONTROL**

#### **A. Inventory Control**

The purpose of inventory control is to create and maintain a record/inventory of all fixed assets of the City of Bastrop. Fixed Assets include all Capital Asset items over \$5,000 with a life expectancy of two or more years, and "Minor Capital Outlay" items which include assets purchased for \$1,000 to \$4,999.

When a fixed asset is received by the city, it is tagged with a City of Bastrop property tag and added to the Department's master list by the Finance Department.

Each Department shall keep an inventory list of all fixed assets permanently assigned to each employee.

An inventory of all fixed assets shall be performed every year. The Finance Department will provide each department with their fixed asset list by September 30<sup>th</sup> annually. The

Director or their designee will conduct the inventory and make a note for items that can't be located. The Director will sign the list, once the inventory is complete, indicating their review of the inventory. Once signed, the list will be returned to the Finance Department, no later than October 15<sup>th</sup>, so that the master list can be updated. It is recommended that Departments perform an annual fixed assets inventory of equipment permanently assigned to each employee.

## **B. Use of Property**

City of Bastrop employees should be aware that the use of City property for personal purposes is strictly prohibited. City vehicles should only be used for official City business. City Personnel Policies list theft and unauthorized use of City property as grounds for immediate dismissal.

In addition, employees are not to use personal property for the performance of their job or at their work site. Personal items such as radios, coffee pots, picture frames, books, etc. are permissible; however, the City of Bastrop is not responsible for damage to or theft of these items.

## **C. Disposal of Surplus Materials and Equipment/ Donations**

City surplus materials and equipment (a/k/a "surplus items") include any City owned personal property such as furniture, fixtures, equipment, computers, vehicles, tools, clothing, or other such items, which have lost useful value to the City, have become non-functional, or are obsolete. Such surplus items may be disposed of by one of the following methods:

- Sold competitively, by accepting sealed bids or by public auction;
- Traded in for acquisition of new equipment;
- Donated by the City to a recognized charitable organization;
- Provided to other governmental entities (donation or exchange);
- Sold as 'scrap' (for cash), if the items have no value except for salvage and the City Manager or his designee has authorized the sale for scrap; or
- Disposed of through solid waste collection services, if the item has no salvage or other value and the City Manager or his designee has authorized such disposal.

Trade-In or Donation: Before *trading-in* and/or *donating* surplus items, the Department Head must prepare a memorandum to the City Manager and remit a copy to the Finance Department stating: 1) the identity of the surplus items to be disposed of, traded-in, or donated; 2) the reasons for the surplus items being declared surplus; 3) the original purchase price (if ascertainable) of the surplus items; and 4) the value of proposed "trade-in" or "donation", in the estimation of the Department Head. If the Department Head receives approval from the City Manager to proceed, the Department Head must coordinate the *trading-in* and/or *donating* of surplus items with the Finance Department to ensure a Disposed Fixed Asset Form is completed along any other necessary paperwork.

Note: All property is owned in the name of the City of Bastrop and is not vested in any specific department.

Sales: If the surplus items are to be sold, the Department Head must prepare a memorandum to the City Manager and remit a copy to the Finance Department. The memo should include: 1) the identity of the items to be sold (including the year, make, model, or any other identifying characteristics) and 2) a brief explanation of why it is necessary to dispose of the item. The Department Head, having received approval to sell a surplus item, may then utilize one of the following options: 1) sell through an approved on-line public auction provider, 2) donate to a non-profit organization, 3) donate to another political subdivision, or 4)

Preferred Disposition: Whenever reasonably feasible, it is the City's preference that the Department Head dispose of the surplus equipment by means of a public auction or sale held in cooperation with other City departments and surrounding government entities.

Procedures: The City Manager shall have the authority to approve the disposal, sale, trade-in, or donation of surplus items when the value of the items is less than \$50,000 in total. If the total value is \$50,000 or more, then the City Manager shall obtain Council approval of the proposed disposal, sale, trade-in or donation of surplus items.

Once approved by either the City Manager or Council, as appropriate, a Disposed Fixed Asset Form must be prepared and submitted to the Finance Department in addition to providing the license plates for any vehicles or equipment being disposed. The Finance Department manages the change of ownership and the receipt of funds.

City decals must be removed from all surplus City vehicles, machinery, and equipment before disposal, donation, trade-in, or sale.

#### **D. Lost Property**

If, after conducting an annual inventory, property is discovered to be lost, an explanation for the loss must be provided immediately to the Department Head using the Fixed Asset Form. Property losses that come to the attention of the employee before the annual inventory should be reported within 24 hours using the Fixed Asset Form.

All thefts are to be reported to a supervisor or Department Head immediately. Once a theft is reported to a Supervisor or Department Head, he or she must notify the City of Bastrop Police Department immediately so a crime report generated. Stolen fixed assets must be removed from the Master Inventory List and a copy of the police report must be attached to the Fixed Asset Disposal Form.

#### **E. Security Measures**

All equipment must be kept in a secure area when not in use. Access to this area will be limited to the employees assigned to the secure area. In case of theft, the security of the area should be evaluated to determine if changes or re-keying of locks is necessary.

## V. RESPONSIBILITIES OF PARTIES

### A. Department Heads

1. Monitor and approve overall purchases to ensure that funds are spent judiciously and that budgeted resources are within their control and available for all procurements.
2. Reject requests for purchases that do not have proper authorization or are missing required documentation.
3. Approve all purchases up to \$9,999, excluding budgeted capital.
4. Adhere to the Purchasing Policies and the Code of Ethics.
5. Place cooperative agreements and RFPs on file with the Finance Department and monitor purchases to ensure that supply agreements are used.
6. Ensure that sole source requests meet the guidelines and include required documentation.
7. Verify that goods and services are received as ordered before approving payment.
8. Annually inventory equipment assigned to each employee.
9. Keep records of losses to detect patterns of theft.

### B. Supervisors

1. Maintain security of equipment on-site
2. Keep a log of equipment issued to employees on a long-term basis.
3. Keep a log of equipment issued to employees on a short-term basis.
4. Forward all receipts and invoices to Department Head as soon as possible.
5. Verify that equipment and supplies are returned upon termination of an employee.

### C. City of Bastrop Accounts Payable

1. Pay bills in an accurate and timely manner.
2. Reject requests for purchases that do not have proper authorization or include required documentation.
3. Monitor purchases to ensure that supply agreements are used.
4. Ensure that purchasing policy requirement guidelines are met and required documentation included.

### D. City of Bastrop Accounting

1. Maintain the master fixed asset property list.
2. Assign inventory tags for fixed assets.
3. Provide Fixed Assets Forms.
4. Produce Master Inventory List as needed.
5. Process fixed asset transfers and retirements.
6. Review, approve, and enter all purchase orders for budgeted fleet purchases.

## VI. DEFINITION OF TERMS

**Component Purchases** – Purchases of component parts of an item that in normal purchasing practices would be accomplished by one purchase. (For example, purchasing parts separately to avoid bidding requirements and then assembling the item.)

**Fixed Assets** - An item with a value of \$5,000 or more and a life expectancy of two years or more is a capital asset. An item with a value of \$1,000 to \$4,999 is a minor capital outlay. Both tracked for inventory purposes.

**Purchasing Summary** – A form required for purchases over \$3,000 in total that documents the adherence of this purchase to the Purchasing Policy (i.e. quotes documented or exemptions utilized).

**Separate Purchases** – Purchases made separately of items that in normal purchasing practices would be accomplished by one consolidated purchase. (For example, issuing multiple purchase orders of similar items to avoid bidding requirements.)

**Sequential Purchases** – Purchases made over a period of time, of items that in normal purchasing practices would be combined and bid as one purchase. (Similar to separate purchases but made over a period of time to avoid bidding requirements.)