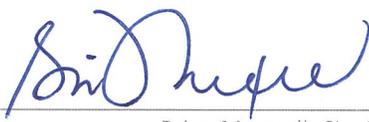




CITY OF GALVESTON PURCHASING POLICIES AND PROCEDURES MANUAL

Approved by: 
Brian Maxwell, City Manager

Effective Date: 7/11/18

Original Approval Date: 1/26/2017

PURCHASING POLICY COMMENTS

Re: Proposed Change #12 on Page 20 – We have always saved our files as “R180xxxx – Description of Document Text”. This makes them appear in requisition number order for viewing purposes. If we need to utilize a different format, I think it’s important that we, as a department, have the ability to edit our file names [or remove files once they are] in the Req_Docs folder which I think should be allowed for purposes such as this. I certainly understand that it helps to have folders organized all the same. I am willing to go back through our Req_Docs folder and rename everything as this change is currently proposed, however I would need editing capabilities to file names in that particular folder.

Response: The naming/saving requirements will not apply to previous files, only those going forward after the effective date of the policy change.

Re: Proposed Change #13 on Page 21 – Just for my own clarification purposes, we no longer need City Manager approval on purchases \$5,000-\$14,999 provided we have 3 quotes and/or meet the other guidelines in this section?

Response: It is from \$5,000 to \$15,000 that no approvals, other than Department Heads/Directors, are required for purchases.

Page 34 Under “Using The Card” – The fourth bullet point says “(Food purchases are restricted to department/board meetings only.) The exceptions are seminars, CEUs, and travel...” and then the last bullet point on the page says “Food may only be purchased by departments authorized to purchase food items for authorized City events and purposes.” – Could those two areas be combined somehow?

Response: For clarification purposes, the item in parentheses “(Food purchases are restricted to department/board meetings only.)” was removed from the page.

Re: Proposed Change #17 on Page 37 – The wording “One travel day away from regular duty, within the Galveston County area...” makes sense, but then the next section says “One day travel away from regular duty, more than 12 hours but less than 24 hours...” which seems to leave a gap for some locations. For example, what if traveling to Harris County or Houston for the day? That is “outside of the Galveston County area” and could still potentially take “less than 12 hours” so I’m just wondering for clarification purposes.

Response: For the purpose of the policy, any area outside of Galveston County, including Harris County will fall under the 12 hours to 24 hours criteria.

Page 21, “For purchases up to \$5,000, the department may take a quote by phone.” I recommend changing it to match the new policy of \$15,000.

Response: This section will be changed to reflect the new dollar threshold categories from \$5,000 to \$15,000.

“Note: For purchases up to \$5,000, the department may take a quote by phone. The department must then send a confirmation fax, or email to the vendor detailing the goods that will be procured and the price given by the vendor. If the quote, provided by the vendor, is incorrect or inaccurate, the vendor must notify the departments within 24 hours of issuance of the email or fax. (see Uniform Commercial Code 2-206)”

SUMMARY OF CHANGES APRIL 2018

Proposed change #1 - Page 12 – SECTION - LOCAL AND STATE LAWS GOVERNING PURCHASING - Separate, Sequential, or Component Purchases – Added the following note...“The above section applies only to the competitive procurement requirement of Texas Local Government Code Chapter 252, with a contract value of \$50,000 or greater. ”

Proposed change #2 - Page 21 – SECTION – PURCHASING PROCEDURES – Requisition Process - Purchases at State Law level and greater (require City Council Approval) Added paragraph...Separate, Sequential, and Component Purchases are not permitted at this level. “Component purchases” means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase. “Separate purchases” means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase. “Sequential purchases” means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

Proposed change #3- Page 28 – SECTION – GENERAL REQUIREMENTS – Contract Guidance Added new section...The City encourages user departments to use existing Council Approved vendor contracts that were procured using the formal solicitation process, or a Purchasing Cooperative for operational supplies and services. Contracts provide the City with stability of written terms, preferred pricing, and are approved by Council.

However, situations may arise that create a purchasing need outside of an existing contract. Any purchase that is based on an urgent need (not an emergency purchase), can save the City money, or increase the efficiency and effectiveness in delivering a public service. Those purchases are permissible, but must be done within the Purchasing Policy.

Upon discovery that a purchase(s) requires a contract and/or Council approval, normal purchasing will continue while a staff report and contract, or supporting documents are prepared for the next available Council Agenda.

Purpose of changes 1 through 3 – for clarification and guidance to user departments in order to facilitate the continuance of daily operations and to further clarify that Separate, Sequential, and Component purchases only apply to the \$50,000 State Law requirement.

Proposed change #4 - Page 16 - SECTION – POLICY STATEMENTS – Added new paragraph...Any agent of the City of Galveston that makes a purchase on behalf of the City of Galveston is required to attend an annual training on the Purchasing Policy, scheduled by the Purchasing Division. The City of Galveston Purchasing Policy will be available to agents acting on the City’s behalf and vendors contracted with the City, on the City of Galveston’s website. The City of Galveston shall train employees on the policy to prevent future offenses and periodically assess risks of criminal misconduct within the organization.

Proposed change #5 - Page 17 – SECTION – PURCHASING CODE OF ETHICS – Added additional comment...Any apparent breach of ethics will be referred to the Human Resources Department.

Proposed change #6 - Page 18 – SECTION – PURCHASING CODE OF ETHICS - Conflicts of Interest – Added paragraph...Local government officers must complete a Conflict of Interest Statement (CIS) if they become aware of a conflict within seven (7) days of discovery. The form is included in the policy in Appendix B; electronic fillable forms are available on the City’s intranet Purchasing section. See section in its entirety on page 15.

Proposed change #7 - Page 22 – SECTION – TYPES OF PURCHASES – Sole Source Purchase Added comment...A Sole Source Justification Form, see Appendix B – page 41, must be included with the manufacturer letter and signed by Purchasing.

Proposed change #8 - Page 23 – SECTION – TYPES OF PURCHASES – Competitive Sealed Proposal modified language...A public proposal opening will be conducted at City Hall by the Purchasing Division; price information is only read aloud if it is a construction, public work project, as defined in Texas Government Code Chapter 2269.

Proposed change #9 - Page 24 – SECTION – TYPES OF PURCHASES – Competitive Sealed Proposal Added a paragraph...*Note: A cost, or price, analysis procedure for the bid of construction or consumable commodities, as well as the request for proposals for a personal or professional service is performed by the user department for purchases in excess of \$150,000 or other required amount per contract for pass-through grant funds. See City of Galveston Independent Estimate Determination Form in Appendix A – page 45.*

Proposed change #10 - Page 28 – SECTION – GENERAL REQUIREMENTS - Contracts with a Governmental Entity Added new section...The City of Galveston may not enter into contract with companies engaged in business with Iran, Sudan, or any other Foreign Terrorist Organization as listed on the State of Texas Comptroller's website. (See Texas Government Code 2252, Subchapter F, Sections 2252.151-154. Effective September 1, 2017). See section in its entirety on page 26.

Proposed change #11 - Page 30 – SECTION – GENERAL REQUIREMENTS – Conflict of Interest – Vendors Added new section...Vendors must complete a Conflict of Interest Questionnaire (CIQ) in accordance with Texas Government Code Chapter 176 and any City of Galveston solicitation package, which include the following: Invitation to Bid, Request for Proposal, Request for Qualifications, Informal Request for Bid, and Informal Request for Proposal. If there is no conflict, "Not Applicable" must be written on the form if returning with a solicitation. See section in its entirety on page 30.

Purpose of changes 4 through 11 – added to clarify and address changes to State and Federal Laws and to ensure compliance with those laws.

Proposed change #12 - Page 20 – SECTION – PURCHASING PROCEDURES – Requisition Process Added paragraph...In order to assure that purchase orders are processed timely, supporting documents required for requisitions must be placed in the City's Shared Drive prior to entering a requisition. Files supporting requisitions should be saved in the following format: Vendor Name – Description of purchase/service. The vendor name must reflect the exact name shown in the financial system used for entering requisitions, not the "Doing Business As" name. Description of the purchase/service should reflect that of the document text.

Proposed change #13 - Page 21 – SECTION – PURCHASING PROCEDURES – Requisition Process – Purchases \$3,001 - \$15,000 The City Manager approval has been removed as a requirement in this section. Added a requirement to submit an Internal Quotation Form.

Proposed change #14 - Page 22 – SECTION – TYPES OF PURCHASES – Open Market Purchasing Added comment...Open market purchasing is defined as buying goods without negotiating or signing contracts usually in small quantities or an emergency. For example, a one-time purchases of materials, supplies, or services under one thousand dollars (\$1,000) for a particular purpose specific to the requesting departments' needs.

Proposed change #15 - Page 24 – SECTION – TYPES OF PURCHASES – Competitive Sealed Proposal modified the amount of time in which to contact the Purchasing Division regarding the expiration of a contract from three months to four months.

Proposed change #16 - Page 31 – SECTION – GENERAL REQUIREMENTS – Information on the City’s Intranet Added new section...The following items are available on the City’s Intranet, under the tab labeled “City Forms”, “Purchasing”:

- Purchasing Policies and Procedures Manual – including the Travel and Purchase Card Policies
- Purchasing Policies and Procedures Manual – Forms in Appendix B
- Travel Forms
- Purchase Card Forms
- How To Write A Specification
- Federal Transit Administration Circular 4220.1F – Appendix C of the Purchasing Policies and Procedures Manual

<http://intranet.cityofgalveston.org/city-forms>

Purpose of changes 12 through 17 – to have a more uniform, easily accessible file search and viewing of supporting documents for requisitions, to make a more concise and consistent policy, to assist Purchasing in viewing and understanding quotes, and that quotes comply with State Law requirements for Historically Underutilized Businesses. Clarification of the definition open market, to ensure no lapse in contracts, assist employees in finding documents.

Proposed change #17 - Page 37 – SECTION – APPENDIX A – TRAVEL POLICY – Reimbursable Travel Expenses

One day travel away from regular duty, within the Galveston County area, will be reimbursed for the actual expense, not to exceed the GSA rates. Receipts are required for reimbursement and must be turned in with a travel form to department supervisor. The form must be sent to the Finance Department after obtaining all required signatures. One day travel away from regular duty, more than 12 hours but less than 24 hours, and does not require lodging, is eligible for a travel advance, or reimbursement according to the GSA Travel Schedule. (example destinations: Woodlands, Conroe, Spring)

Purpose of change – this was an approved amendment to the 2017 policy to further clarify which travel circumstances allow for meal reimbursement versus meal per diem.

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INTRODUCTION

The City of Galveston, in its goal to operate efficiently and effectively has developed and published this Purchasing manual. It recognizes and presents existing requirements from the State law, the City Charter, and the City policy established through City Council approval that govern different types of major purchases. The remainder of the manual provides direct information and instructions by which the City Manager and his or her designees conduct their administrative authority in a cost effective, legal fashion.

State law governs the major parameters that control procurement by cities in Texas. These requirements are found in Texas Local Government Code Chapters 252 and 271 and Texas Government Code Chapters 2254 and 2269. These laws control the formal bidding limits, define the basis for procuring different types of goods and services, and regulatory standards to ensure compliance with the competitive bidding laws. This includes Chapter 418 of the Texas Local Government Code that governs emergency management. Every purchase over \$50,000 is governed almost totally by State law, with the exception of certain kinds of construction agreements that do not satisfy the City Charter for three written bids.

Federal law adds one requirement to State law where federally funded purchases are concerned. Competitive requests for proposal are required for personal or professional services procurements associated with federally funded construction projects. Federal law also requires that the City Charter be followed in situations where it is more restrictive than Federal law.

The City Charter includes additional local requirements that proscribe the technical basis for purchases above \$1,000, the limits on the City Manager's purchasing authority, the Mayor's emergency purchasing authority, and the threshold for City Council approval of purchased items.

City Council has authority to authorize purchases over \$15,000 and all items that are a solicitation (Bid, Request for Proposal, or Request for Qualification). See City of Galveston Charter Article VII. – Finance. Section 17, Item 3. Ordinance 17-007 (see next page) provides and applies standards for City Council approved items over \$15,000 and up to \$50,000.

City Manager can authorize specific operations, including policy and procedure manuals and can approve purchases up to \$15,000. See City of Galveston Charter Article VII. – Finance. Section 17, Item 3.

Contracts are managed in the user department according to the manual, General Requirements Section, page 14. User departments are responsible for the daily management of contracts and renewals. Purchasing is responsible for execution of contracts.

This manual contains the policies and procedures for purchasing related activities. Its purpose is to provide guidance and instruction for all employees new to the purchasing process as well as a reference for staff and management.

The primary function of the purchasing program is to provide cooperative assistance that is efficient and effective in obtaining the supplies and services needed. The intention of the program is to buy these items at the lowest economical cost consistent with quality and time.

Legal and organizational changes as well as data processing improvements will bring about policy and procedural changes. Revisions will be issued that reflect these changes in order to keep this manual current.

ORDINANCE NO. 17-007

AN ORDINANCE OF THE CITY OF GALVESTON, TEXAS AMENDING CHAPTER 2, "ADMINISTRATION", DIVISION 4 OF THE CITY CODE OF THE CITY OF GALVESTON, 1982 AS AMENDED BY INCREASING THE PROCUREMENT LEVEL FOR NEWSPAPER ADVERTISEMENTS FOR FORMAL COMPETITIVE SEALED BIDS FROM TWENTY-FIVE THOUSAND (\$25,000.00) TO FIFTY THOUSAND (\$50,000.00) DOLLARS; REAFFIRMING THAT PROCUREMENTS OVER FIFTEEN THOUSAND DOLLARS (\$15,000.00) ARE SUBJECT TO THE COMPETITIVE SEALED BIDDING PROCESS AS DETAILED BY STATE AND LOCAL LAW; AMENDING CHAPTER 2, "ADMINISTRATION", DIVISION 7 OF THE CITY CODE OF THE CITY OF GALVESTON, 1982 AS AMENDED, CHANGING THE AMOUNT REQUIRED FOR THE CITY MANAGER'S AND FINANCE DIRECTOR'S MANUAL SIGNATURE FROM TEN THOUSAND DOLLARS (\$10,000.00) TO TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00); MAKING VARIOUS FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on November 12, 1998, the City Council adopted Ordinance No. 98-107 amending Chapter 2, "Administration" of "The Code of the City of Galveston 1982, as amended" by adopting a "Purchasing Policies and Procedures Manual ("Purchasing Manual") to provide that all purchasing and bidding shall be done in accordance with policies and procedures set forth in the Manual in accordance with Federal, State, and local law; and,

WHEREAS, currently the Purchasing Manual provides that if the procurement for a contract reaches twenty-five thousand (\$25,000) dollars the City must follow a formal competitive sealed bid process to include newspaper advertisement; and,

WHEREAS, State law requires the formal competitive sealed bid process to begin at fifty thousand (\$50,000) dollars; and,

WHEREAS, it is cost effective and the standard among local governments in Texas to use the \$50,000 limit as the basis for newspaper advertisement of formal sealed bids in accordance with State law; and,

WHEREAS, the City Council must approve all procurements that exceed \$15,000; and

WHEREAS, it is cost effective and will encourage competition among bidders to use formal sealed bids for purchases between \$15,000 and \$50,000 without formally advertising but still requiring formal sealed bids in accordance with good procurement management practices;

WHEREAS, the City Manager must approve all procurements up to \$15,000

WHEREAS, Staff recommends increasing the minimum procurement contract level to \$50,000 in accordance with State law to expedite procurements and reduce advertising costs; and,

WHEREAS, the City Charter confers upon the City Manager the power and authority to manage all purchases under \$15,000, including updating the Purchasing Policies and Procedures Manual, including amendments that are required by the City Charter and/or State Law to facilitate necessary changes and amendments on an expedited basis; and

WHEREAS, on October 12, 2006, the City Council approved the Travel Regulations and Entertainment Policies for use by City of Galveston Employees and other authorized officials to provide a standard and uniform method of reimbursing authorized persons for reasonable expenses incurred while traveling on approved official trips; and

WHEREAS, the City Manager is charged with the power and authority to update the Travel Regulations and Entertainment Policies, as are allowed by State law and/or the City Charter to facilitate necessary changes and amendments on an expedited basis.

WHEREAS, currently the City Code Requires the Finance Director and City Manager to manually sign all checks, vouchers, or warrants for withdrawal if the amount on the instrument exceeds \$10,000.00; and

WHEREAS, staff recommends increasing that amount to \$25,000.00.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GALVESTON, TEXAS:

SECTION 1. The findings and recitations set out in the preamble to this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

SECTION 2. The City Council of the City of Galveston, Texas hereby increases the requirement to formally advertise formal competitive sealed bids from \$25,000 to \$50,000 in accordance with State competitive sealed bidding laws.

SECTION 3. The City Council of the City of Galveston, Texas (a) requires that formal sealed bids will still be taken for purchases between \$15,000 and \$50,000, (b) waives the newspaper advertisement requirement for these purchases, and (c) requires that bids will still be solicited from interested and capable firms using all practical means short of newspaper advertisement including but not limited to website posting and email distribution.

SECTION 4. The City Council of the City of Galveston recognizes the “City of Galveston, Texas Purchasing Policies and Procedures Manual” satisfies the requirement to have such a manual as set forth in “The City Code”, Chapter 2, “Administration”, Division 7, “Purchasing Agent”, Section 2-117, “Purchasing policies and procedures manual.” The City

Council of the City of Galveston recognizes the “City of Galveston Texas Purchasing Policies and Procedures Manuel” includes the Travel Regulations and Entertainment Policies.

SECTION 5. Chapter 2, Administration, Division 4 – City Manager, is hereby amended to read and provide as follows:

Sec. 2-71. - Authority to enter upon purchases, contracts and change orders.

The city manager is hereby authorized to enter upon purchases and contracts without further action of the city council where the expenditure is specifically provided in the budget and does not exceed fifteen thousand dollars (\$15,000.00). The city manager is further authorized to approve change orders on construction contracts calling for a decrease or an increase of fifteen thousand dollars (\$15,000.00) or less without the approval of the city council. All other expenditures and change orders must have the express approval of the city council, in advance.

The city manager is further authorized to designate those purchases, contracts, and change orders as current year-end encumbrances provided that the designation is made prior to fiscal year end and that such designations are reported to city council.

Formal sealed bids will be taken for purchases between \$15,000 and \$50,000, but no newspaper advertisement will be required for these purchases. Bids for purchases between \$15,000 and \$50,000 will be solicited from interested and capable firms using all practical means short of newspaper advertisement including but not limited to website posting and email distribution

SECTION 6. Chapter 2, Administration, Division 7 –Purchasing Agent, is hereby amended to read and provide as follows:

Sec. 2-115 – Use of facsimile signatures.

All checks, vouchers or warrants for the withdrawal of money from the city depositories shall be signed by the director of finance or his deputy and countersigned by the city manager. Provided that the use of machine-imprinted facsimile signatures of said director of finance and city manager on such checks, vouchers or warrants is hereby authorized for amounts not to exceed nine thousand nine hundred ninety nine dollars and ninety nine cents (\$9,999.99) twenty-four thousand nine hundred ninety nine dollars and ninety nine cents (\$24,999.99).

SECTION 7. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this Ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance should be declared invalid by the final judgement or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

SECTION 8. ALL Ordinances or parts thereof in conflict herewith are repealed to the extent of such conflict only.

SECTION 9. In accordance with the provisions of Sections 12 and 13 of Article II of the City Charter this Ordinance has been publicly available in the office of the City Secretary for not less than 72 hours prior to its adoption; that this Ordinance may be read and published by descriptive caption only.

SECTION 10. This Ordinance shall be and become effective from and after its adoption and publication in accordance with the provisions of the Charter of the City of Galveston.

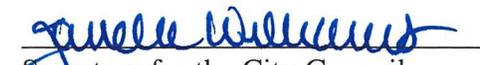
APPROVED AS TO FORM:



MEHRAN JADIDI
ASSISTANT CITY ATTORNEY

I, Janelle Williams, Secretary of the City Council of the City of Galveston, do hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the City Council of the City of Galveston at its regular meeting held on the 26th Day of January, 2017, as the same appears in records of this office.

IN TESTIMONY WHEREOF, I subscribe my name hereto officially under the corporate seal of the City of Galveston this 30th day of Jan, 2017.



Secretary for the City Council
of the City of Galveston



LOCAL AND STATE LAWS GOVERNING PURCHASING

General Information

The City of Galveston operates under a Home Rule form of City government. The City's Charter is included in the Purchasing Policies. The policies are based on the City of Galveston Charter and Texas State Law. Any purchases involving federal or state funding shall be made in accordance with applicable federal or state procurement requirements.

All purchasing shall be in accordance with the laws of the State of Texas including chapters 252, 271 of Texas Local Government Code and chapters 2254 and 2269 of the Texas Government Code and , and the City of Galveston Charter, Codes, and Ordinances pertaining to purchasing.

Local Laws

City Charter – Purchasing Authority

City of Galveston Charter – Article VII, Section 17. Purchase Procedure

All purchases made by the City, and contracts executed which will require the expenditure of City funds, shall be made pursuant to a requisition from the head of the office or department whose appropriation will be charged. No order shall be given, nor contract made, and neither shall be binding upon the City, unless appropriation to be charged a sufficient unencumbered balance to pay therefore.

It shall be the policy of the City to obtain written competitive bids on purchases or contracts involving the expenditure of City funds, and such bidding shall be required when the amount involved is more than One Thousand Dollars (\$1,000). When bids are received the purchase or contract shall be awarded to the lowest and best bid excepting that the City shall reserve the right to reject any and all bids for cause stated.

The Council may by ordinance confer upon the City Manager the power and authority to enter upon such purchases and contracts without further action of the Council where the expenditure is provided the budget and does not exceed Fifteen Thousand Dollars (\$15,000). All other expenditures must have the express approval of the Council, in advance. In the event of a declared local state of disaster or emergency, the City Manager shall have the authority to enter upon purchases and contracts in an amount not to exceed ten (10) percent of the City's current annual budget in accordance with state and federal procurement laws, provided a quorum of Council is unable to be present at a meeting.

Contracts for supplies, equipment or contractual services to be furnished the City shall only be made upon competitive bidding and the period of such contracts may not exceed thirty-six (36) months unless a longer term, not to exceed sixty (60) months, is approved by five members of City Council.

The requirement of competitive bidding shall not extend to contracts for personal or professional services.

The requirement of competitive bidding shall not apply to purchases made at publicly advertised auctions if the items purchased do not exceed Ten Thousand Dollars (\$10,000) each, and items may be purchased at such auctions for amounts in excess of Ten Thousand Dollars (\$10,000) with the prior approval of the Council.

City Charter – Surplus Property

Article XIV, Section 16. Sale of Property

No City property shall be sold or otherwise disposed of without prior approval of the Council. The Council may, by ordinance, give authority to the City Manager for the routine sale or other disposition of personal property without further action by the Council where the value of the property does not exceed one thousand dollars (\$1,000) and provided that the sale or disposition is reported the next meeting of the Council.

City Manager – Sale of city property**Article II. Division 4. Section 2-73.**

The city manager is hereby authorized to sell and otherwise dispose of personal property of the city without further action of the city council where the value of the property does not exceed one thousand dollars (\$1,000) and provided that the sale or other disposition is reported at the next meeting of the city council.

City Code – Purchasing Manual**Section 2-117. Purchasing policies and procedures manual.**

All purchasing and bidding shall be done in accordance with applicable state and federal law and in accordance with policies and procedures set forth in the document entitled "City of Galveston, Texas Purchasing Policies and Procedures Manual," a true and correct copy to be kept on file by the city secretary and the purchasing agent.

State Laws**Historically Underutilized Business**

Texas Local Government Code Section 252.0215. COMPETITIVE BIDDING IN RELATION TO HISTORICALLY UNDERUTILIZED BUSINESS.

- A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code.
- If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.

Separate, Sequential, or Component Purchases

Texas Local Government Code Section 252.062. CRIMINAL PENALTIES.

(a) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor.

(b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021, other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.

(c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor. See Purchasing Code of Ethics section, page 13, for definitions and examples of separate, sequential, and component purchases.

Note: The above section applies only to the competitive procurement requirement of Texas Local Government Code Chapter 252, with a contract value of \$50,000, or greater.

General Exemptions to Local Government Code Chapter 252

Texas Local Government Code Section 252.022 exempts certain items from competitive bidding.

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, a procurement necessary because of unforeseen damage to public machinery, equipment, or other property,
3. A procurement for personal, professional, or planning services.
4. A procurement for work that is performed and paid for the day as the work progresses.
5. A purchase of land or right-of-way.
6. A procurement of items that are available from only one source, including: items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies; films, manuscripts, or books; gas, water, and other utility services; captive replacement parts or components for equipment; books, papers, and other library materials for a public library that are available on from the persons holding exclusive distribution rights to the materials; and

- management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits.
7. A purchase of rare books, papers, and other library materials for a public library.
 8. 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.
 9. A 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.
 10. A payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212.
 11. Personal property sold, either at an auction or, by a state licensed auctioneer. Property sold at a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code. Property sold by a political subdivision of this state, a state agency of this state, or an entity of the federal government or under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391.
 12. Services performed by blind or severely disabled persons.
 13. Goods purchased by a municipality for subsequent retail sale by the municipality.
 14. Electricity or advertising, other than legal notices.
 15. This chapter does not apply to bonds or warrants issued under Subchapter A, Chapter 571.
 16. This chapter does not apply to expenditures by a municipally owned electric or gas utility or unbundled divisions of a municipally owned electric or gas utility in connection with any purchases by the municipally owned utility or divisions of a municipally owned utility made in accordance with procurement procedures adopted by a resolution of the body vested with authority for management and operation of the municipally owned utility or its divisions that sets out the public purpose to be achieved by those procedures. This subsection may not be deemed to exempt a municipally owned utility from any other applicable statute, charter provision, or ordinance.
 17. This chapter does not apply to an expenditure described by Section 252.021(a) if the governing body of a municipality determines that a method described by Chapter 2269, Government Code, provides a better value for the municipality with respect to that expenditure than the procedures described in this chapter and the municipality adopts and uses a method described in that chapter with respect to that expenditure.
 18. Please note that the sole source procurement which has been created because of copyrights or "natural monopolies" has not been reviewed by the Texas courts or the attorney general's office.

Professional Services

Texas Government Code Title 10, Chapter 2254. Professional Services are defined as the following: accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing. Or; provided in connection with the professional employment or the practice of a person licensed or registered as a certified public accountant, architect, landscape architect, land surveyor, a physician (including a surgeon), an optometrist, a professional engineer, state certified or state licensed real estate appraiser, or registered nurse.

Contracting and Delivery Procedures for Construction Projects

Texas Government Code Title 10, Chapter 2269. This chapter applies to governmental entities engaged in public works and contracts made by those entities, including municipalities. This chapter describes the methods for competitive bidding and requests for proposals for contracts for facilities, including the construction, alteration, rehabilitation, or repair of a facility. Please see the exemptions under this chapter. Due to conflicting laws in the City's Charter, the design-build and construction manager-at-risk methods are not allowable methods of procuring public works or facilities contracts. In a Home Rule municipality the City's Charter prevails over State Law.

Uniform Commercial Code

2-206. Offer and Acceptance in Formation of Contract.

(1) Unless otherwise unambiguously indicated by the language or circumstances

- (a) an offer to make a contract shall be construed as inviting acceptance in any manner and by any medium reasonable in the circumstances;
- (b) an order or other offer to buy goods for prompt or current shipment shall be construed as inviting acceptance either by a prompt promise to ship or by the prompt or current shipment of conforming or non-conforming goods, but such a shipment of non-conforming goods does not constitute an acceptance if the seller seasonably notifies the buyer that the shipment is offered only as an accommodation to the buyer.

(2) Where the beginning of a requested performance is a reasonable mode of acceptance an offeror who is not notified of acceptance within a reasonable time may treat the offer as having lapsed before acceptance.

POLICY STATEMENTS

Purchasing is a function of all Departments. Department Directors and their designees are responsible to follow the Purchasing Policy; and are encouraged to contact Purchasing if they have questions or concerns. Purchasing procedures are guided by several established policies. These policies are:

All purchasing shall be in accordance with the laws of the State of Texas including Chapters 252 and 271 of the Texas local Government Code, and the City of Galveston Charter and Codes pertaining to purchasing.

All purchasing shall adhere to sound purchasing policies to ensure that Galveston taxpayers receive the best value for city purchases.

Purchasing activities will be managed with proper controls and all requisitions will be processed in a timely manner to ensure efficient practices.

When required, or preferred, a competitive bidding process, in the form of a Bid, Request for Proposal, or Request for Qualifications, will be utilized to obtain purchases at the lowest possible cost, and to provide for an open and fair process for all interested vendors.

Any agent of the City of Galveston that makes a purchase on behalf of the City of Galveston is required to attend an annual training on the Purchasing Policy, scheduled by the Purchasing Division. The City of Galveston Purchasing Policy will be available to agents acting on the City's behalf and vendors contracted with the City, on the City of Galveston's website. The City of Galveston shall train employees on the policy to prevent future offenses and periodically assess risks of criminal misconduct within the organization. Apparent policy violations shall be reported to the City Manager's office.

PURCHASING CODE OF ETHICS

The City of Galveston is committed to the highest ethical standards. Therefore, it is a serious breach of the public trust to subvert the public purchasing process by directing purchases to certain favored vendors, or to tamper with the competitive bidding process. Misuse of the purchasing power of a local government carries criminal penalties and can be caused by a lack of understanding or clear guidelines about what constitutes abuse of office. Therefore the standards below must be strictly adhered to by employees.

It is also essential for vendors doing business with the City of Galveston to observe the ethical standards in the policy.

Employees are required to follow all applicable rules set forth in the City Charter and City Code as well as the ethical guidelines below. Any apparent breach of ethics will be referred to the City Manager's office.

Ethics Statement – Public employment is a public trust. All employees must discharge their duties impartially so as to assure fair competitive access to governmental procurement by responsible contractors. They should conduct themselves in such a manner as to foster public confidence in the integrity of the City of Galveston.

General Ethical Standards

It shall be a breach of ethics to attempt to realize personal gain through public employment with the city of Galveston by any conduct inconsistent with the proper discharge of the employee's duties.

No person or entity doing business with the City shall influence any City employee to violate the ethical conduct set forth in these procedures, the City Charter, or City Code.

It shall be a breach of ethics for any employee of the City of Galveston to participate directly or indirectly in a procurement when the employee knows the following:

- The employee or any member of the employee's immediate family related by affinity or consanguinity within the first degree has a financial interest pertaining to the procurement.
- A business or organization in which the employee, or any member of the employee's immediate family related by affinity or consanguinity with the first degree has a financial interest pertaining to the procurement; or
- Any other person, business or organization with which the employee or any member of the employee's immediate family related by affinity or consanguinity in the first degree is negotiating or has an arrangement concerning prospective employment is involved in the procurement.
- It shall be a violation of ethics for any employee or former employee of the City of Galveston to knowingly use confidential information for actual personal gain, or for actual or anticipated gain of any other person, business, or enterprise.

Nepotism

It is unethical and a violation of Texas State Law, City Charter, and Purchasing Policies for any City employee who knowingly initiates a procurement with a vendor business who is related by affinity or consanguinity with the first degree of the City employee.

Gratuities

No person or entity doing business with the City of Galveston, or any agent, employee, representative, or subcontractor of such person or entity shall offer any payment, gratuity, or inducement of any kind to any City employee for any reason, including but not limited to an attempt to obtain a contract or other benefit from the City for any person or entity. The Purchasing Division shall ensure that this prohibition is conspicuously set forth in every contract and solicitation.

Kickbacks

It shall be a breach of ethics for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under contract to the prime contractor or higher tier subcontractor for any contract for the City of Galveston, or any person associated therewith, as an inducement for the award of a subcontractor or order.

Contract Clause

The prohibition against gratuities and kickbacks prescribed above shall be conspicuously set forth in every contract and solicitation by the City of Galveston.

Sequential Purchasing

Purchasing of the same items or type of items over the course of a fiscal year may exceed the city's or state's competitive procurement requirements. Although some sequential purchasing is intentional, it usually results from needs that could not be anticipated, or from a lack of centralization of the purchasing function.

Component Purchasing

This type of purchase is typically an attempt to circumvent bid or proposal laws or other requirements by buying an item through the issuance of multiple purchase orders for the component parts of the item versus issuing a single purchase order for the entire item. Repeated purchases of additional optional equipment or parts after an initial purchase may create the perception of component purchasing.

Sequential Purchase Orders

If items or services would be bought from the same provider in a single purchase under normal purchasing procedure, the purchases may not be made under separate purchase orders to avoid the need for council approval. For example, it is not consistent with the City charter to issue a \$50,000 purchase order to the ABC Consulting Company to perform a study of fleet management in the police department and a subsequent purchase order for an amount under \$50,000 to the same company to do a study of fleet management in the solid waste department. Nor can a department issue a \$50,000 purchase order to a software vendor to buy Phase I of a document management system and a subsequent \$50,000 purchase order to buy Phase II of the same system from the same vendor. In each of the examples, it would be necessary to go to council for approval of the second purchase order. If there is any doubt about whether a purchase is considered sequential, contact the Purchasing Division.

Conflicts of Interest

Local government officers must complete a Conflict of Interest Statement (CIS) if they become aware of a conflict within seven (7) days of discovery. The form is included in the policy in Appendix B, page 43; electronic fillable forms are available on the City's intranet Purchasing section.

Local government officers are agents of the local government entity who exercise discretion in the planning, recommending, selecting, or contracting of a vendor, a member of the governing body, or an executive officer. Agents of the government entity include employees, consultants, the Mayor, and City Council. The Mayor and City Council are also members of the governing body. Executive officers are City Managers.

A family member is anyone related to the Local Gov't Officer within first degree of affinity (marriage) or consanguinity (blood)

- *Parent, biological or adopted child*
 - *Spouse, step-child, parent-in-law, spouse of child*
- All of these apply to former marital relationships if there is a surviving child of the marriage

A family relationship is a relationship between a Vendor and Local Gov't Officer or anyone within the third degree of consanguinity (blood) or second degree of affinity (marriage) of the local government officer or vendor.

Local Government Officers must fill out a form if:

- Local Gov't Officer exercises discretion in the planning, recommending, selecting, or contracting of a vendor, AND
- Local Gov't Officer has a family relationship with the vendor, OR
- Local Gov't Officer or family member works for a vendor who wants to do business with the City:
- Local Gov't Officer / family member has received more than \$2500 taxable income (other than investment income) from vendor in past 12 months, OR
- Local Gov't Officer / family member received gifts totaling \$100 or more from vendor in the 12 months prior to becoming aware of the vendor's relationship with the City
Gifts include transportation, lodging, and entertainment as a guest
Gifts do not include food as a guest

Local government officers commit a crime if they knowingly fail to file the CIS form by 5:00 PM on the seventh business day on which they become aware of the facts that made it necessary to file a disclosure. Any failure to disclose a conflict of interest will be referred to the Department of Human Resources.

Penalties for failing to file a Conflict of Interest Statement are as follows: (per Texas Government Code Section 176.013 Enforcement)

- Contract less than \$1M = Class C Misdemeanor
- Contract \$1M - \$5M = Class B Misdemeanor
- Contract \$5M or more = Class A Misdemeanor
- The City may terminate the contract

See Texas Government Code Chapter 176. Updated by the 84th Legislature House Bill 26, effective September 1, 2015.

PURCHASING PROCEDURES

General

A staff member authorized to make purchases on behalf of the City of Galveston shall determine the most appropriate and effective method of purchasing services or commodities for the City of Galveston. The staff will have a variety of options to select from when making a purchase; these options include: state contracts, purchasing cooperatives, inter-local agreements, and City contracts. If the above options are not available the Purchasing Division will assist the department or staff member with other options and/or methods. Factors in determining how to acquire commodities or services are: a.) meeting the needs of the department while ensuring that the method selected achieves best value, b.) conforming to standards of ethical conduct, and c.) complying with all applicable laws, rules, and regulations.

Purchasing Authority

Authority to obligate City of Galveston funds for the purchase of supplies, materials, equipment and services (including repairs and maintenance agreements) has been granted to the City Manager. The primary purchasing document used by the City to secure supplies and/or equipment is the City of Galveston Purchase Order (PO).

Obligation of Funds

The purchase order represents a binding written agreement between the City and a seller. It obligates the City to pay for specific goods or services when delivered in accordance with the purchase order terms and conditions. The Purchasing Division issues all purchase orders.

Any other commitments, written or verbal, are considered unauthorized purchases and the individual making the commitment might incur a personal obligation to the vendor. The only exception are Purchase Card (P-card) Purchases.

Requisition Process

Departments shall input requisitions into the financial system, designated by the Finance Department, for all purchases of materials, supplies, and services based on the following criteria:

In order to assure that purchase orders are processed timely, supporting documents required for requisitions must be placed in the City's Shared Drive prior to entering a requisition. Files supporting requisitions should be saved in the following format: Vendor Name – Description of purchase/service. The vendor name must reflect the exact name shown in the financial system used for entering requisitions, not the "Doing Business As" name. Description of the purchase/service should reflect that of the document text.

Purchases \$1,000 or less

- The individual buyer/department/department representative may exercise discretionary purchasing and acquisition of these purchases.
- They will be accomplished through the use of a submitted requisition and issuance of a purchase order by the Purchasing Division.
- P-card purchases are allowed for this amount.
- Quotes are recommended, but not required for this threshold.

Purchases \$1,001 to \$3,000

- Requires three quotes obtained by user department via email, telephone (call must be documented with vendor name, phone number, person spoken with, and amount quoted), or written.
- Written documentation provided to Purchasing through the use of the Shared Drive, prior to requisition.
- P-card purchases allowed only with written approval of City Manager or designee.

Purchases \$3,001 to \$15,000

- Requires three quotes obtained by user department via email, telephone (call must be documented with vendor name, phone number, person spoken with, and amount quoted), or written.
- Written documentation provided to Purchasing through the use of the Shared Drive, prior to requisition. A quote form must accompany the three quotes. (see Appendix B)
- A documented, good faith effort must be made to obtain two written quotes for purchases over \$3,000 from Historically Underutilized Businesses. You can search for vendors in Galveston County on the State Comptroller's website listed below. As required by statute. If there are no vendors in Galveston search results must be documented and included in the quotes obtained by the user department. See §252.0215 Texas LGC.
<https://mycpa.cpa.state.tx.us/tpasscmlsearch/index.jsp>
- No P-card purchases allowed at this level.

Note: For purchases up to \$15,000, the department may take a quote by phone. The department must then send a confirmation fax, or email to the vendor detailing the goods that will be procured and the price given by the vendor. If the quote, provided by the vendor, is incorrect or inaccurate, the vendor must notify the departments within 24 hours of issuance of the email or fax. (see Uniform Commercial Code 2-206)

Purchases \$15,001 to \$50,000 (require City Council Approval)

- These purchases require formal (non-advertised) sealed bids or proposals.
- Purchases are required to be advertised on the City of Galveston's website for seven (7) consecutive calendar days, but are not required to be advertised in the local newspaper.
- The Purchasing Division determines the method for bidding and completes the bidding process.
- A documented, good faith effort must be made to obtain two written quotes for purchases over \$3,000 from Historically Underutilized Businesses. You can search for vendors in Galveston County on the State Comptroller's website listed below. As required by statute. If there are no vendors in Galveston search results must be documented and included in the quotes obtained by the user department. See §252.0215 Texas LGC.
<https://mycpa.cpa.state.tx.us/tpasscmlsearch/index.jsp>
- No telephone quotes or P-card purchases allowed at this level.
- A Staff Report, after the selection is made by user department, must be prepared, with the submittals, and put on the City Council Agenda for approval, prior to award of contract.

Purchases at State Law level and greater (require City Council Approval)

- Purchases at State Law level and greater require sealed bids or proposals, unless they are exempt by Article VII, section 17(5) of the City Charter and/or Texas LGC 252.022.
- City Council must approve all purchases \$15,001 and over, even if the purchase is exempt from sealed bids/proposals.
- The Purchasing Division shall be responsible for soliciting and opening all sealed bids/proposals.
- Department Head or department designee shall ensure that funds are available in the department's budget before requisitions are issued and before purchases are made for the department. The Budget Officer shall certify availability of funds before the Purchasing Division issues a purchase order number.
- Separate, Sequential, and Component Purchases are not permitted at this level. "Component purchases" means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase. "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase. "Sequential purchases" means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

Note: The Purchasing Division shall approve on-line requisitions and issue purchase order numbers at least twice a day. Employees shall not make any purchases without a purchase order number; the exceptions are listed in the Emergency Purchases section below and outlined in Texas LGC 252.022.

Types of Purchases

Sole Source Purchase

Departments shall make sole source purchases in accordance with applicable City, State, and Federal regulations.

A sole source purchase must be accompanied by a letter from the manufacturer of the product that is (a) only available from the manufacturer because of a patent or, a secret/proprietary process; (b) only available from a single distributor authorized by the manufacturer because of either of the above reasons. A Sole Source Justification Form, see Appendix B – page 41, must be included with the manufacturer letter and signed by Purchasing. Any other sole source purchase must be determined by the Purchasing Division. Prior to purchase the user department must contact Purchasing to determine the best method of purchasing or sourcing the product.

Examples of a sole source:

- Equipment for which there is no comparable competitive product.
- A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer and/or a manufacturer's distributor.
- An item where compatibility is the overriding consideration, such as computer operating software enhancements for an existing system.
- A supply, equipment, part, service or supplier that, due to technically constraining factors associated with scientific research, are needed to ensure the fairness and validity of the underlying research.
- Repair/replacement parts for non-competitive equipment
- Continuation of an existing contract when work is so closely related to that of the uncompleted basic contract that it would not be feasible to consider another potential contractor.

Sole Source Purchases with Federal Dollars

Departments shall perform price/cost analysis on all federal funded sole source purchases prior to the purchase, pursuant to FTA Circular 4220.1F, Chapter VI, 3. i. Departments must justify sole source or single source designation to Purchasing and must obtain approval from Purchasing before a purchase order number is issued authorizing the purchase. Such items may be purchased from a sole/single source without competitive bidding only after the department head obtains written documentation of the sole/single source justification.

Open Market Purchasing

Open market purchasing is defined as buying goods without negotiating or signing contracts usually in small quantities or an emergency. For example, a one-time purchases of materials, supplies, or services under one thousand dollars (\$1,000) for a particular purpose specific to the requesting departments' needs.

Land Acquisitions

Any land or right of way is exempt from the bidding process by state law, if City Council, by order, grants the exemption.

Personal and Professional Services

Personal and Professional Services contracts are exempt from the competitive bidding requirements. However, departments must comply with certain City procedures if federal funds are to be used for the purchase. These procedures are outlined in the Policy for Federally Funded Personal or Professional Services or Third Party Contracts, see the section on page 19. (See, also, Texas LGC 2254)

Professional services provided by, or within the scope of services provided by the following are exempt: licensed physicians, optometrists, architects, certified public accountants, registered engineers, appraisers, surveyors, and tax appraisal engineers. (See, also, Texas LGC 2254)

The selection of providers will be based on the competency of the firm and individuals working for the firm – not on competitive bidding. However, Request for Qualifications may be used to determine a selection of a Personal or Professional Service. Please contact the Purchasing Division if an RFQ is necessary for the selection process.

Sealed Competitive Bids/Proposals

These procurements are defined as a purchase of materials or services at or greater than state law level or greater than any city ordinance. The City may use either Competitive Sealed Bidding or Competitive Sealed Proposals for expenditures or procurements at city ordinance, state law level, or greater. However, before the competitive process begins the City Council, City Manager, or designee must determine which method provides the best value to the City. (See Texas LGC 252 & 271)

Competitive Sealed Bid – (formal bid)

- Notice to bidders must be publicly advertised in the newspaper for two (2) consecutive weeks, with the first date of publication being at least fourteen (14) days prior to the opening of the bid.
- All sealed bids must be submitted to the Purchasing Division.
- A public bid opening will be conducted at City Hall by the Purchasing Division.
- Bids are presented by the user department, with a staff report, to City Council. City Council has the right to reject all offers or award any or all offers.
- The City will use the best value method to award contracts under the competitive sealed bid method.
- The City will indicate in the bid specifications that the contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods and services as the best value to the City of Galveston.

Competitive Sealed Proposal – (formal proposal)

- Notice to proposers must be publicly advertised in the newspaper for two (2) consecutive weeks, with the first date of publication being at least fourteen (14) days prior to the opening of the proposal.
- All sealed proposals must be submitted to the Purchasing Division.
- A public proposal opening will be conducted at City Hall by Purchasing; price information is only read aloud if it is a construction, public work project, as defined in Texas Government Code Chapter 2269.
- Proposals are presented by the Department, with a Staff Report, to City Council. City Council has the right to reject all offers or award any or all offers.
- A proposal offers the City the ability to negotiate with a selected vendor prior to award of a contract.

Evaluation of Proposals can include the following criteria:

- Purchase Price
- Reputation and financial responsibility of the proposer and the proposer's good and services
- Quality of the proposer's goods or services
- Extent to which the goods or services meet the City's needs
- Proposer's past relationship with the City
- Impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses, nonprofit organizations employing persons with disabilities
- Total long-term cost to the City to acquire the proposer's goods or services
- Any relevant criteria specifically listed in the request for bids or proposals

Any incomplete bid or proposal submitted by an offeror will be marked as non-responsive.

No bid or proposal will be considered if it is turned in to the Purchasing Division after the deadline.

Purchasing recommends user departments plan ahead when a contract for services, commodities, or construction need to be purchased for the City of Galveston. If you have items that are procured annually check your contract dates for expiration. Contact Purchasing a minimum of four (4) months prior to expiration of a contract to avoid a lapse in contracting for services or commodities. All user departments that submit procurements to Purchasing for a formal process (Bid, RFP, or RFQ) must first submit a completed and signed checklist. Purchases must have budgeted funds.

Note: A cost, or price, analysis procedure for the bid of construction or consumable commodities, as well as the request for proposals for a personal or professional service is performed by the user department for purchases in excess of \$ 250,000, or other required amount per contract for pass-through grant funds. See City of Galveston Independent Estimate Determination Form in Appendix A – page 45.

Cooperative Purchases

The City of Galveston belongs to several different Purchasing Cooperatives. These may be used to purchase goods and services for the City. The City can also choose to join another entity with an Interlocal agreement to purchase a commodity or service at a more advantageous price or with better contract terms. This method of purchasing goods and services can provide significant cost savings to the City. If you would like to use a cooperative contract please contact Purchasing for a list of current programs available and how to purchase using this process.

EMERGENCY PURCHASES

General

Emergency purchases are those needed to avoid interruption in City Services or to protect public health and safety. Purchases made in emergency situations are generally more costly than routine purchases. Therefore, they must be kept to a minimum. Poor planning, overlooked requirements, or negligence are not true "emergencies." (See also Page 2 and 6 of this manual for *Emergency Purchasing Authority*. (City of Galveston Charter, Article VII – Finance, Section 17, Item 3. and Charter Article II – The Council, Section 15.)

They must meet one of the qualifications for exempt purchases in Section 252.022 of the Texas Local Government Code. The true emergency exemptions, as listed in the above statute, are listed below:

- A purchase made because of a public calamity and the prompt purchase of items is required to provide for the needs of the public or to preserve the property of the City.
- The item is necessary to preserve or protect the public health or safety of the residents of the City.
- The item is made necessary by unforeseen damage to public machinery, equipment or other property.
- When emergencies arise and there are no applicable maintenance agreements or blanket P.O.'s in place, please follow the procedures set forth below under "Requisition of Emergency Purchases."
- Some examples of Emergency Purchases are as follows: hurricane/weather disaster, hole in the street, water main breakage. Contact Purchasing if further clarification is needed for an emergency.

Requisition of Emergency Purchases

Normal Working Hours. All emergency purchases occurring during normal working hours are processed through the Purchasing Division as follows:

- The using department will immediately notify Purchasing by telephone with as much information as possible about the emergency purchase required, so that the appropriate action can be initiated.
- Simultaneously, a purchasing requisition is being prepared by the using department and is sent through the normal channels.
- Department Head contacts as many vendors as necessary to arrange the emergency purchase. If time permits, the purchase order is completed according to procedure. Otherwise, the purchase is completed by telephone, and the purchase order is completed, after the fact, and delivered to the vendor.
- The buyer requests expedited delivery. The person making the requisition may be required to pick-up the emergency purchase from the vendor if the expedited delivery is not available.

Evening, Weekends and Holidays. For other than normal working hours, when purchasing support is unavailable, process emergency purchases as follows:

- The responsible official of the using department takes whatever steps are necessary to procure needed supplies, services or equipment to relieve the emergency situation.
- If possible, only those goods or services needed during the evening, weekend or holiday are procured by the using department.
- On the first working day following the emergency, the responsible official prepares an on-line requisition and personally attaches any invoices, packing slips, or receipts to the requisition for processing.

The Department Head of the using department must certify, in writing, the next business day, or as soon thereafter as possible, that the purchase involved was necessary because of one of the three reasons listed as emergency exemption in Texas Local Government Code.

In the event of a true public calamity or declared emergency, the Disaster Accounting Policies and Procedures, including Appendix A – Disaster Purchasing Policy, will be the policy of record during the declared emergency.

SPECIFICATIONS

Definition

A specification is a concise description of a good or service the City seeks to buy, and the requirements the vendor must meet in order to be considered for the award. A specification may include requirements for testing, inspection, preparing an item for delivery, or preparing and/or installing it for use. *The specification is the total description of the purchase.*

Purpose

The purpose of any specification is to provide personnel with clear guides to purchasing, and to provide vendors with firm criteria of minimum product or service acceptability. A good specification has four characteristics:

- *It sets a minimum acceptability of the good or service.* The term "minimum acceptability" is key, since the vendor must know the minimum standard to determine what to provide.
- A standard too high means tax dollars will be wasted. A standard too low means the goods or services will not meet the expectations of the user.
- *It should promote competitive bidding.* The maximum number of responsible vendors should be able to bid the specification. Restrictive specifications decrease competition.
- *It should contain provisions for reasonable tests and inspections for acceptability of the good or service.* The methods and timing of testing and inspection must be indicated in the specification. Tests should refer to nationally recognized practices and standards, whenever possible.
- *It should provide for an equitable award to the lowest responsible bidder.* The buyer obtains goods or services that will perform to expectations, and the vendor is able to provide the goods or services at an agreeable price.

Preparing Specifications

The specifications may be prepared by the Purchasing Division, the using division, or by a professional consultant hired by the City. The ultimate responsibility for accurate and comprehensive specifications rests with the requesting department. Contact Purchasing for additional information and instructions on how to write an accurate specification, or scope of work.

Purchasing for Construction Projects

The steps for a construction project will differ depending on the size and scope of the project. All construction projects require design or engineering. This must be done through a licensed architect or engineer. The City of Galveston has a list of prequalified professional firms on file with the Engineering Department. Architectural and Engineering services are considered professional services and must be chosen based on the most qualified firm, or individual, at a reasonable price. If you need assistance selecting this type of service please contact Purchasing.

The user department must ensure that funds have been budgeted for the project, regardless of the size.

If the department's project scope will be managed by the City's Construction Division you must contact the Director of Public Infrastructure prior to the development of the project. Contact Purchasing if you need assistance with determining whether the project will need to be managed by the Construction Division.

A bid/proposal checklist must be provided to Purchasing prior to the advertisement of any formal solicitation. All of the signatures on the form must be obtained before the checklist and solicitation are submitted to Purchasing.

GENERAL REQUIREMENTS

Contracts

After each procurement has been awarded by City Council, the files, including a copy of the executed contract, are kept in the Purchasing Division. The City Secretary must be given the original contract. This includes, but is not limited to, construction projects, commodities, and professional services. Contracts must be signed by the vendor prior to award by City Council.

Contract Management

User departments are responsible for management of their contracts. Departments should ensure the contracts meet the performance standards outlined in the contract and scope of work/specifications. The user department is responsible for ensuring that renewals comply with the City's charter and State Law and Purchasing Policies.

In the event of a dispute between the user department and the vendor, contact Purchasing to assist with a resolution before beginning the process of termination.

Contract Guidance

The City encourages user departments to use existing Council Approved vendor contracts that were procured using the formal solicitation process, or a Purchasing Cooperative for operational supplies and services. Contracts provide the City with stability of written terms, preferred pricing, and are approved by Council.

However, situations may arise that create a purchasing need outside of an existing contract. Any purchase that is based on an urgent need (not an emergency purchase), can save the City money, or increase the efficiency and effectiveness in delivering a public service. Those purchases are permissible, but must be done within the Purchasing Policy.

Upon discovery that a purchase(s) requires a contract and/or Council approval, normal purchasing will continue while a staff report and contract, or supporting documents are prepared for the next available Council Agenda.

Change Orders to Contracts

A change order is required when it is necessary to make changes after the contract or work has commenced. The City Manager is authorized to approve increases or decreases that do not exceed \$15,000. All change orders that increase or decrease the cost of an original contract by more than \$15,000 require City Council approval. State law says that a contract shall not be increased or decreased by more than 25% of the original contract. (See Texas LGC 252.048(d))

Contracts with a Governmental Entity

The City of Galveston may not enter into contract with companies engaged in business with Iran, Sudan, or any other Foreign Terrorist Organization as listed on the State of Texas Comptroller's website. (See Texas Government Code 2252, Subchapter F, Sections 2252.151-154. Effective September 1, 2017)

The City of Galveston must, also, verify with the State of Texas Comptroller's website that a company was not on the listing of companies identified by the State Comptroller. The verification must be documented by the City in the procurement files.

The City of Galveston may not enter into a contract with a company that boycotts Israel. The City must provide, in the contract, written verification from the company that it does not and will not boycott Israel during the contract term. (See Texas Government Code Chapter 2270. Effective September 1, 2017.)

Protest Procedures

Any actual or prospective offeror who is allegedly in connection with the solicitation or award of an offer may protest. The protest will be submitted in writing to the City of Galveston's Purchasing Division within seven days after such aggrieved person knows of, or should have known of the facts giving rise thereto. If the protest is not resolved by mutual agreement, the Purchasing Division will promptly issue a decision in writing to the person protesting.

All protests lodged by potential or actual offerors or contractors must be made in writing and contain the following information:

- 1) Name, address, telephone number of protestor
- 2) Identification of the solicitation or contract number and title
- 3) A detailed statement of the protest's legal and factual grounds, including copies of relevant documents.
- 4) Identification of the issue(s) to be resolved and statement of what relief is requested.
- 5) Arguments and authorities in support of the protest.
- 6) A statement that copies of the protest have been mailed or delivered to all interested parties in the Invitation to Bid or Request for Proposal process.

In the case of the Request for Proposal, the City of Galveston Purchasing Division shall direct the protester to mail or deliver the protest to the relevant parties.

The City of Galveston's City Manager's Office has the authority to render the final determination regarding the protest. Any determination rendered by the City of Galveston will be final.

Reimbursements

Reimbursement to City employees for purchases of goods, supplies, and services shall require submittal of original invoice(s) for processing reimbursement payment to employee(s).

Direct Pays

Purchase Orders cannot be used to process a payment after the invoice has been written. Direct pay forms are used to process payments under these circumstances.

Disposal of City Property

The Finance Department is responsible for disposing of City surplus property. Property valued at \$1,000 or more not sold at a public auction, or any lease or sale of city-owned real property for any amount. Sale or lease of such property shall be authorized only by the city council. If a department is unsure of the value of surplus property or whether the property can be disposed of, sold, or auctioned contact Purchasing. (See Article XIV, Section 16. And City Charter Article II. Division 4. Section 2-73 Sale of City Property.)

Disclosure of Interested Parties

In 2015, the Texas Legislature adopted [House Bill 1295](#), which added section 2252.908 of the Government Code. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency. The law applies only to a contract of a governmental entity or state agency that either (1) requires an action or vote by the governing body of the entity or agency before the contract may be signed or (2) has a value of at least \$1 million. The disclosure requirement applies to a contract entered into on or after January 1, 2016. The process as implemented by the Commission is as follows:

1. A business entity must use the application to enter the required information on Form 1295 and print a copy of the form and a separate certification of filing that will contain a unique certification number.
2. An authorized agent of the business entity must complete an "unsworn declaration" by signing the form. The completed Form 1295 and certification of filing must be filed with the city "at the time the business entity submits the signed contract" to the city.

3. The city must notify the Commission, using the Commission's filing application, of the receipt of the filed Form 1295 and certification of filing not later than the 30th day after the date the contract binds all parties to the contract.

For more information regarding how to file Form 1295, please click on the following link: https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. (Updated as of January 1, 2018.)

Conflict of Interest – Vendors

Vendors must complete a Conflict of Interest Questionnaire (CIQ) in accordance with Texas Government Code Chapter 176 and any City of Galveston solicitation package, which include the following: Invitation to Bid, Request for Proposal, Request for Qualifications, Informal Request for Bid, and Informal Request for Proposal. If there is no conflict, "Not Applicable" must be written on the form if returning with a solicitation.

At any time prior to, or during a contract period, a vendor becomes aware of a conflict of interest the form must be completed by the vendor, turned into Purchasing, and filed with the City Secretary's office. The form must be turned in within seven days of discovery of the conflict.

Vendors must complete and sign the form, in its entirety, if a vendor wants to do business with the City of Galveston and the following conditions apply:

- Has a family relationship with a Local Gov't Officer
- Has a business relationship with Local Gov't Officer/family member and that person received \$2500 of taxable income (other than investment income) in the 12 months prior to the start of the relationship with the City
- Employs a Local Gov't Officer/family member and that person received \$2500 of taxable income (other than investment income) in the 12 months prior to the start of the relationship with the City
- Gave a Local Gov't Officer/family member gifts totaling \$100 or more in the past 12 months
 - *Gifts include transportation, lodging, entertainment as a guest*
 - *Gifts do not include food as a guest*

Vendors commit a crime if they knowingly fail to file the CIQ form by 5:00 PM on the 7 business day on which they become aware of the facts that made it necessary to file a disclosure.

Penalties for failing to file a Conflict of Interest Statement are as follows: (per Texas Government Code Section 176.013 Enforcement)

- Contract less than \$1M = Class C Misdemeanor
- Contract \$1M - \$5M = Class B Misdemeanor
- Contract \$5M or more = Class A Misdemeanor
- The City may terminate the contract

For additional information see pages 17 - 19 of the Purchasing Policy and/or Texas Government Code Chapter 176.

Records Retention Policies

The Purchasing Division will follow Texas State Law and the City of Galveston's record retention policy. The City of Galveston's Charter addresses this in Article II, Section 2-88 through Section 2-99. The Charter follows the State of Texas Laws governing records retention in Texas Local Government Code 201, 202, 203, and 205, et. al.

Information on the City's Intranet

The following items are available on the City's Intranet, under the tab labeled "City Forms", "Purchasing":

- Purchasing Policies and Procedures Manual – including the Travel and Purchase Card Policies
- Purchasing Policies and Procedures Manual – Forms in Appendix B
- Travel Forms
- Purchase Card Forms
- How To Write A Specification
- Federal Transit Administration Circular 4220.1F – Appendix C of the Purchasing Policies and Procedures Manual

<http://intranet.cityofgalveston.org/city-forms>

POLICY AND PROCEDURES FOR FEDERALLY FUNDED PERSONAL, PROFESSIONAL SERVICES OR THIRD PARTY CONTRACTS (See also Texas LGC 2254)

In procuring personal, professional services, or third party contracts all departments shall comply with the City of Galveston Charter and applicable City, State, and Federal regulations. It is the responsibility of the City Manager as Chief Executive Officer to ensure compliance with promulgated regulations.

Federal Regulations require:

The City will use two ways to select Personal or Professional Service.

Request for Proposal (RFP)

- It shall be publicized.
- RFP's shall identify all evaluation factors along with their relative importance.
- Proposals will be solicited from an adequate number of qualified sources. The award will be made only to responsible contractors that have the ability to perform successfully under the terms and conditions of the proposed agreement. Consideration shall be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- Awards will be made to the responsible firm whose proposal is most advantageous to the City's (grantee's) program with price and other factors considered.

Request for Qualifications (RFQ)

- In architectural and engineering services procurements, the City (grantee) shall use an RFQ, based on the Brooks Act, which requires selection based on qualifications and excludes price as an evaluation factor, and provided the price is fair and reasonable.

Selection Committee

A selection committee will be appointed by the City Manager. All contracts for professional services above fifteen thousand dollars (\$15,000) must be presented to City Council for approval.

The selection committee will use the following criteria in its deliberations:

- The demonstration of competence and qualifications.
- The firm's past experience in performing similar assignments for others and the overall reputation of the firm.
- Ability to assemble a qualified staff to head the project team.
- The firm has demonstrated innovative concepts.

Fee Negotiation

After the selection committee makes its selection it shall proceed to negotiate a contract at a fair and reasonable price. The selection committee, on all federally funded projects, will negotiate lump sum contracts with the personal or professional service firm or individual selected.

Contract Performance and Evaluation after Award

The department issuing the RFP or RFQ for personal or professional services shall ensure that the entity awarded the RFP or RFQ performs all contract provisions in a satisfactory and timely manner and conforms to all applicable rules and regulations set forth in the contract.

Note:

Since July 25, 1994 the Federal Transit Administration has approved the City of Galveston procurement system for self-certification of federally funded procurements. The attached FTA Circular 4220.1F details all the requirements for all FTA funded procurements. These procedures are part of the City of Galveston Purchasing Policy in Appendix C.

PURCHASE CARD

OVERVIEW

The purpose of the City of Galveston Procurement Card program is to establish an efficient, cost-effective method of purchasing low-dollar transactions made at the department level. The card will be primarily used in place of petty cash and small regular purchase orders. This card will also be used for travel expenses and continuing education courses and seminar fees. The included section on Travel Policies and Procedures provides a uniform method for planning and financing travel in relation to City of Galveston business. It applies to all City of Galveston employees, City Council, City Council appointees, members of the various commissions, boards, committees, and other persons authorized by the City Council to act on the City's behalf. The policy includes the allowable purchases and guidelines for travel.

DUTIES AND RESPONSIBILITIES

Program Administrator

- A Program Administrator will be designated by the Finance Department for questions, issues, and administration of the program.
- The Administrator will maintain procedures and cardholder guides and manuals.
- The Program Administrator is responsible for the proper training of all Department Liaisons and Cardholders. This includes, but is not limited to understanding the documentation, statements, and reporting procedures for the Procurement Cards.
- Provide a scheduled annual training for all Procurement Card users, Department Directors, and Liaisons.

Department Directors

- The Department Director is responsible for designating Department Liaisons and cardholders and approving monthly Procurement Card transactions of cardholders to ensure they are within City of Galveston Purchasing Policy.
- Attend a scheduled annual training for Department Directors/Users/Liaisons.

Department Liaison

- The liaison is responsible for administering the Procurement Card Program at the department level.
- They will keep all original documentation for the Procurement Card activities within their department, reconcile monthly statements between the cardholder(s) and Finance Department, send and assign account codes to transactions. Purchasing will send an email when transactions are available for allocation and documentation is due.
- Department Liaison sends Purchasing an email with completed Transaction Logs and receipts for each cardholder to purchasing@galvestontx.gov.
- The liaison will be knowledgeable about the program. (e.g. credit limits, restrictions, codes, etc)
- Attend a scheduled annual training for all Department Liaisons/Directors/Users.

Cardholders

- Responsible for following the guidelines and policies provided by the City regarding purchases, selection of vendors, and security of the card.
- The cardholder will provide the Department Liaison with a completed and signed transaction log, completed by the cardholder, original receipts of purchases, and a copy of the cardholder's statement. A Travel Voucher Form must be included with receipts if a PCard was used for any portion of travel. (A Transaction Log can be emailed by your Department Liaison or Card Administrator.) (See Exhibit D.)
- Cardholders should obtain the how-to guide from the Program Administrator to sign up for an account on CitiBank to assist in the reconciling of monthly statements and review current charges.
- The department liaison will send cardholders an email with the due date for transaction logs and receipts each month. Failure to send documentation will result in suspension of the purchase card. Any charges made on the Procurement Card not authorized by the City of Galveston are the responsibility of the employee who incurred the charges.

- A Missing Receipt Form must be filled out and returned with a Transaction Log if you have a missing receipt. (See Exhibit E.)
- Attend a scheduled annual training for all users.
- **Failure to adhere to any one of the policies above will result in the immediate suspension of the Purchase Card.**

Accounts Payable

- Receive statements and receipts from the Program Administrator and file them.
- Send ACH Payment to CitiBank after proper documentation is received from Program Administrator to pay the statement.

PROCEDURES FOR PURCHASE CARD

APPLYING FOR A CARD

- Any employee requesting a City Procurement Card must first submit an application form (Exhibit A) for approval from their Department Director and the Director of Finance. Applications are available from the Department Liaison or Program Administrator.

CARD ISSUANCE

- P-Cards are distributed by the Program Administrator.
- Cardholder must attend training, read the policy and procedure manual, and sign the Cardholder Agreement Form (Exhibit B) before the card can be activated for use.
- Failure to attend the annual training will result in card suspension until training is completed.

USING THE CARD

- The only person authorized to use the card is the cardholder.
- All purchases must be for City business only. Unauthorized use of the Procurement Card will result in disciplinary action, including termination.
- The Procurement Card is not to be used to circumvent the City's Purchasing Policies and procedures. (If you are unsure of the City's purchasing policies consult Purchasing.)
- The single transaction limit is \$1,000. Cardholders may not split transactions to avoid the City's Purchasing Policies. The exceptions are seminars, CEUs, and travel (airfare, hotels, car rental only).
- If your card is declined for any reason please contact CitiBank at the number on the back of the card. If CitiBank is unable to correct the decline, contact the Program Administrator as soon as possible.
- Lost or Stolen Cards must be reported to CitiBank at 1-800-248-4553 and the Program Administrator, immediately. The appropriate documentation should be filled out as soon as CitiBank and the Program Administrator has been notified. The form can be filled out electronically, obtained from CitiBank or Program Administrator.
- If there is a charge on the Procurement Card that was not authorized by the employee please notify the Program Administrator and fill out a Cardholder Dispute Form. The form can be filled out electronically, obtained from CitiBank or Program Administrator.
- If you need assistance with any of the above please contact the Department Liaison or the Program Administrator.
- Receipts must identify, in as much detail as possible, what is purchased by the cardholder. If a receipt, provided by the vendor, is missing an adequate description of the item, the cardholder is responsible for including the information on the Transaction Log.
- Transaction Logs must provide the date of the transaction, the vendor name, the budget accounting string, and the purpose of the item(s) purchased by the cardholder.
- Food may only be purchased by cardholders for the following purposes:
 - Committee Meetings
 - Council Meetings
 - Refreshments less than \$50 with advance approval of City Manager or Deputy City Manager for staff meetings or trainings.

- Staff working after hours or through lunch to meet a deadline of a special/critical project, or during an emergency
 - Authorized City Event (permission from the City Manager or Deputy City Manager)
- An itemized receipt and a list of attendees is required, or the charge will be invalid and the employee must reimburse the City. Employees are **not** authorized to pay for food for any potential, or current vendor.
- Transaction Logs, Travel Authorization forms, and receipts, completed and signed by all required parties, are due on the date in the email sent by the Purchase Card Administrator.
 - **Failure to adhere to any one of the above policies will result in immediate suspension of Purchase Card.**

Cancellation of a Procurement Card

- If an employee is transferred to a new department, the Department Head must send an email to the Purchase Card Administrator authorizing the transferred employee to keep the card.
- If an employee resigns or is terminated the card must be sent to the Program Administrator for cancellation and destruction.

APPENDIX A TRAVEL POLICY**TRAVEL POLICY & PROCEDURES**

- Advance approval by the Manager (or designee) must be obtained for any out of state travel. All Department Heads must receive approval for travel by their immediate supervisor. All Department/Division travel must be approved in advance by the Department/Division Head. In all cases, funds must be available in the current year's budget prior to approval. Travel expenses will only be reimbursed or provided if the expense is permitted by the Travel Policy.
- A completed "Travel Request and Authorization Form" must be submitted to the Manager's office or the authorizing Department/Division Head at least ten (10) working days prior to the start of travel. All required authorizations must be received prior to traveling on the City's behalf. An explanation of why the training/class/conference is necessary and how it benefits the City must be included with the form, as well as all supporting documentation for the estimated costs. All required authorizations must be received prior to traveling on the City's behalf. A copy of the form is attached to the policy.
- A "Travel Expense Voucher Form" must be completed and submitted to Finance within thirty (30) business days after completion of the trip, even if a Purchase Card is used for certain allowable expenses. Receipts required by policy must be attached to the form and any monies remaining from a travel advance must be included in the return to Finance with the form.
- Travel Advances may be requested from the Finance Department if the employee does not have access to a City PCard. The Travel Advance form must be completed and submitted to Finance at least ten (10) business days prior to departure. If the travel will be conducted within 10 days, the travel advance request must include all required supporting documentation and approvals (as noted above) and provided to Finance no later than noon on Wednesday for the Travel Advance payment to be processed the same week. Advanced payment requests received after noon on Wednesday will be processed the following week. No advances will be issued unless approved by the Manager (or designee).
- Emergency travel would be unanticipated and critical to the City's mission. This travel must be approved informally by a Department Head with the authorization formal approval subsequent or concurrent with the actual travel. This is the only instance where preauthorization is not required. All requests for ratification must be accompanied by a detailed explanation supporting the emergency nature of the travel. Emergency travel requests must be submitted to the Manager (or designee) for ratification.

REIMBURSABLE TRAVEL EXPENSES

- Air Fare – The cost is reimbursable at the coach class rate, including taxes. Staff should always seek to secure the best possible pricing for airline tickets by taking advantage of early purchase discounts and restricted fares where applicable. Airline ticket copies and credit card receipts are acceptable documentation for reimbursement. When applicable, baggage fees are also reimbursed; a receipt from the airline must be submitted for reimbursement. Early check-in-fees are not reimbursable by the City.
- Private Automobile – Mileage rates are reimbursed at the current IRS rate. Mileage should be the shortest most direct route and can be calculated with Google Maps, MapQuest, or the Official State Mileage Guide issued by the Statistical Research Service in Austin, Texas. Carpooling should be done if more than one person is traveling to the destination and it is practical. The person who is driving their car will be the only one reimbursed for the mileage. The City of Galveston only reimburses trips for city business; additional mileage/travel time will not be paid for by the City.
- Lodging – The City of Galveston reimburses or pays for (via a PCard) the single room rate of a hotel/motel stay. The stay is only paid for the employee staying in the room; anyone accompanying the employee that is charged for double occupancy will not be paid for by the City. All receipts and documentation from the hotel/motel must be turned in with credit card receipts to Finance with the appropriate documentation. Employees are authorized to utilize rates not exceeding the published GSA hotel rate for a destination city. <http://www.gsa.gov/portal/category/100120>
- Meals and Incidental Expenses will be reimbursed based on the current GSA Travel Schedule for the destination. Go to the website at <http://www.gsa.gov/portal/category/100120> to look up the

CITY OF GALVESTON PURCHASING POLICY

City/County you are traveling to and enter the City and State. Use the rates for meals and incidentals on the travel form. The first and last day of travel are reimbursed at 75 percent. The following link is where you will find the table below, please check the link for current data: <http://www.gsa.gov/portal/content/101518>. A travel advance is available for meals and incidentals. Receipts for meals and incidentals are not required if the funds are disbursed as a travel advance. Detailed receipts (not cc receipts) will be required for meals and incidentals purchased on the PCard and must follow the GSA Travel Schedule and deducted from daily per diem amounts. When attending training or conferences, meals provided by the training or conference will be deducted from the per diem. Meals provided by the seminar/conference on the days of travel must be deducted (at the GSA rate per meal) from the reduced GSA rate. (See First and Last of Travel @ 75% Table below.) The total deductions should not include the \$5.00 per day for incidental expenses. (Formulas are included on the Travel Authorization Form to account for deductions.) The purchase of alcohol is not reimbursable and not authorized at any time utilizing City funds.

- One day travel away from regular duty, within the Galveston County area, will be reimbursed for the actual expense, not to exceed the GSA rates. Receipts are required for reimbursement and must be turned in with a travel form to department supervisor. The form must be sent to the Finance Department after obtaining all required signatures.
- One day travel away from regular duty, more than 12 hours but less than 24 hours and do not require lodging are eligible for a travel advance, or reimbursement according to the GSA Travel Schedule. (example destinations: Woodlands, Conroe, Spring)

GSA Meal Per Diem

TOTAL	BREAKFAST	LUNCH	DINNER	IE
\$51	\$11	\$12	\$23	\$5
\$54	\$12	\$13	\$24	\$5
\$59	\$13	\$15	\$26	\$5
\$64	\$15	\$16	\$28	\$5
\$69	\$16	\$17	\$31	\$5
\$74	\$17	\$18	\$34	\$5

First and Last Day of Travel @ 75%

Total	First & Last Day of Travel
\$51	\$38.25
\$54	\$40.50
\$59	\$44.25
\$64	\$48.00
\$69	\$51.75
\$74	\$55.50

- Taxis and Shuttle Service – These expenses will be reimbursed at actual costs; an expense over \$25.00 must have a receipt.
- Rental Cars – The City will only reimburse this at the destination if a shuttle or taxi service is not available or the cost is less than that of a shuttle or taxi. The reimbursement is limited to the cost of a mid-sized vehicle with the least expensive company. A receipt is required. Employees are encouraged to use vendors that have government contracts with the State of Texas or other approved Purchasing Cooperative.
- Registration/Class Fees – The City reimburses for these with a receipt. These may also be purchased with the Purchase Card with the proper approvals.

NON-REIMBURSABLE ITEMS

- Laundry/Cleaning charges (unless employee is on City business for more than 5 business days)
- Entertainment Expenses
- Lodging for Family
- Invalid receipts (not identifiable or lacking substantive content)
- Cost of traveler's checks
- Transportation to and from meals and entertainment

OTHER POLICIES

- Expenses will only be reimbursed for the employee, please include all documentation pertinent to trip with the Travel Request and Authorization Form as support/justification for the expense, in regard to departure and return – if required due to travel limitations of scheduling the day before an event can be the departure day (expenses are permissible within the above guidelines) and the day after an event can be the return day (expenses are permissible within the above guidelines).
- ***Purchase Card Policy for Travel*** – Purchases for conference registrations/classes, airline tickets, hotels, parking charges, toll charges, telephone charges, taxi, ferry, and any shuttle charges are able to be charged to the PCard. Per Diem meal reimbursements and fuel (unless it is a City of Galveston vehicle) are not allowable charges on the PCard. The Travel Request and Expense Form must be completed even if the employee uses the PCard for allowable expenses. The form and receipts must be submitted to Finance after the trip. Purchase Card receipts must be submitted to Purchasing with your regular documentation. Include a copy your completed travel form with Purchase Card travel receipts.

PURCHASING FORMS – APPENDIX B

1. QUOTATION FORM
2. SOLE SOURCE JUSTIFICATION FORM
3. CONFLICT OF INTEREST STATEMENT
4. COST/PRICE ANALYSIS FORM

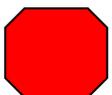


INTERNAL QUOTE SHEET

QUOTE 1:	Item:		
Employee Name:		Department:	
Date:	Time:	Hub Vendor: Yes <input type="checkbox"/> No <input type="checkbox"/>	
Company:		Contact:	
Telephone #:		Fax #:	
Terms of Bid:		Amount of Bid:	
Comments:			

QUOTE 2:	Item:		
Date:	Time:	Hub Vendor: Yes <input type="checkbox"/> No <input type="checkbox"/>	
Company:		Contact:	
Telephone #:		Fax #:	
Terms of Bid:		Amount of Bid:	
Comments:			

QUOTE 3:	Item:		
Date:	Time:	Hub Vendor: Yes <input type="checkbox"/> No <input type="checkbox"/>	
Company:		Contact:	
Telephone #:		Fax #:	
Terms of Bid:		Amount of Bid:	
Comments:			



- Over \$1,000 to \$15,000 Requires a Minimum of Three Quotes
- \$3000 To \$15,000 – Requires Two HUB Vendor Quotes – document if none are available in Galveston County
- Link to search for HUBs: <https://mycpa.cpa.state.tx.us/tpasscmlsearch/>



CITY OF GALVESTON

Sole Source Justification

Vendor: _____ Vendor # _____ Requisition #: _____

Product/Service: _____

Estimated expenditure for the above commodity or service: \$ _____

This form must be completed for each requisition/contract that provides for proprietary (sole source) acquisition of goods and services valued at a total amount of \$1,000 or more. If more space is needed, please attach additional page(s). Inadequate justification or documentation for a request for non-competitive procurement will result in a solicitation of bids or quotes.

Unique Features. Specify the unique features or characteristics of the goods or services that are requested:

Special Needs. Briefly explain why the unique specifications restrict the requisition to one manufacturer or provider:

Other Sources. State the reason or reasons why competing products are not satisfactory, e.g. a justification for the proprietary (sole source) acquisition:

Check all entries below that apply to the proposed purchase. (More than one entry will apply to most sole source products/services requested).

1. SOLE SOURCE REQUEST IF FOR THE ORIGINAL MANUFACTURER OR PROVIDER, THERE ARE NO OTHER DISTRIBUTORS. (Attach the manufacturer's written certification that no regional distributors exist. Item No. 3 also must be completed.)
2. SOLE SOURCE REQUEST IS FOR THE ONLY GALVESTON COUNTY AREA DISTRIBUTOR OF THE ORIGINAL MANUFACTURER OR PROVIDER. (Attach the manufacturer's — not the distributor's — written certification that identifies all regional distributors. Item No. 3 also must be completed.)
3. THIS IS THE ONLY ITEM OR SERVICE REASONABLY KNOWN THAT WILL MEET THE SPECIALIZED NEEDS OF THIS DEPARTMENT OR PERFORM THE INTENDED FUNCTION. (Attach memorandum with details of specialized function or application.)
4. CAPTIVE REPLACEMENT PARTS OR COMPONENTS FOR EQUIPMENT: THE PARTS/EQUIPMENT

ARE NOT INTERCHANGEABLE WITH SIMILAR PARTS OF ANOTHER MANUFACTURER.
(Explain in separate memorandum.)

- 5. THE PARTS/EQUIPMENT ARE REQUIRED FROM THIS SOURCE TO PERMIT STANDARDIZATION OR COMPATIBILITY WITH EXISTING EQUIPMENT OPERATIONS OR SERVICES. (Attach Memorandum describing basis for standardization request.)
- 6. NONE OF THE ABOVE IS APPLICABLE. A DETAILED EXPLANATION AND JUSTIFICATION FOR THIS SOLE SOURCE REQUEST IS CONTAINED IN THE ATTACHED MEMORANDUM.

The undersigned attests that the above is true and correct and requests that this purchase be exempt from the City's purchasing policies and applicable state law requirements for competitive procurement.

Department Director (Print Name)

Department Director (Signature)

Department

Date

(FOR PURCHASING DEPARTMENT USE ONLY)

_____ APPROVED

_____ NOT APPROVED

REASON, IF NOT APPROVED: _____

BY: _____

DATE: _____

LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

FORM CIS

(Instructions for completing and filing this form are provided on the next page.)

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This is the notice to the appropriate local governmental entity that the following local government officer has become aware of facts that require the officer to file this statement in accordance with Chapter 176, Local Government Code.

OFFICE USE ONLY

Date Received

1 Name of Local Government Officer

2 Office Held

3 Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code

4 Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.

5 List gifts accepted by the local government officer and any family member, if aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100 during the 12-month period described by Section 176.003(a)(2)(B).

Date Gift Accepted _____ Description of Gift _____

Date Gift Accepted _____ Description of Gift _____

Date Gift Accepted _____ Description of Gift _____

(attach additional forms as necessary)

6 AFFIDAVIT

I swear under penalty of perjury that the above statement is true and correct. I acknowledge that the disclosure applies to each family member (as defined by Section 176.001(2), Local Government Code) of this local government officer. I also acknowledge that this statement covers the 12-month period described by Section 176.003(a)(2)(B), Local Government Code.

Signature of Local Government Officer

AFFIX NOTARY STAMP / SEAL ABOVE

Sworn to and subscribed before me, by the said _____, this the _____ day of _____, 20 _____, to certify which, witness my hand and seal of office.

Signature of officer administering oath

Printed name of officer administering oath

Title of officer administering oath

LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE STATEMENT

Section 176.003 of the Local Government Code requires certain local government officers to file this form. A "local government officer" is defined as a member of the governing body of a local governmental entity; a director, superintendent, administrator, president, or other person designated as the executive officer of a local governmental entity; or an agent of a local governmental entity who exercises discretion in the planning, recommending, selecting, or contracting of a vendor. This form is required to be filed with the records administrator of the local governmental entity not later than 5 p.m. on the seventh business day after the date on which the officer becomes aware of the facts that require the filing of this statement.

A local government officer commits an offense if the officer knowingly violates Section 176.003, Local Government Code. An offense under this section is a misdemeanor.

Refer to chapter 176 of the Local Government Code for detailed information regarding the requirement to file this form.

INSTRUCTIONS FOR COMPLETING THIS FORM

The following numbers correspond to the numbered boxes on the other side.

- 1. Name of Local Government Officer.** Enter the name of the local government officer filing this statement.
- 2. Office Held.** Enter the name of the office held by the local government officer filing this statement.
- 3. Name of vendor described by Sections 176.001(7) and 176.003(a), Local Government Code.** Enter the name of the vendor described by Section 176.001(7), Local Government Code, if the vendor: a) has an employment or other business relationship with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code; b) has given to the local government officer or a family member of the officer one or more gifts as described by Section 176.003(a)(2)(B), Local Government Code; or c) has a family relationship with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 4. Description of the nature and extent of each employment or other business relationship and each family relationship with vendor named in item 3.** Describe the nature and extent of the employment or other business relationship the vendor has with the local government officer or a family member of the officer as described by Section 176.003(a)(2)(A), Local Government Code, and each family relationship the vendor has with the local government officer as defined by Section 176.001(2-a), Local Government Code.
- 5. List gifts accepted, if the aggregate value of the gifts accepted from vendor named in item 3 exceeds \$100.** List gifts accepted during the 12-month period (described by Section 176.003(a)(2)(B), Local Government Code) by the local government officer or family member of the officer from the vendor named in item 3 that in the aggregate exceed \$100 in value.
- 6. Affidavit.** Signature of local government officer.

Local Government Code § 176.001(2-a): "Family relationship" means a relationship between a person and another person within the third degree by consanguinity or the second degree by affinity, as those terms are defined by Subchapter B, Chapter 573, Government Code.

Local Government Code § 176.003(a)(2)(A):

(a) A local government officer shall file a conflicts disclosure statement with respect to a vendor if:

(2) the vendor:

(A) has an employment or other business relationship with the local government officer or a family member of the officer that results in the officer or family member receiving taxable income, other than investment income, that exceeds \$2,500 during the 12-month period preceding the date that the officer becomes aware that:

- (i) a contract between the local governmental entity and vendor has been executed; or
- (ii) the local governmental entity is considering entering into a contract with the vendor.

Complete before soliciting or
advertising for Proposals / Quotes



CITY OF GALVESTON INDEPENDENT ESTIMATE DETERMINATION

Purpose: Federal regulations require documentation of cost analysis or price analysis for every procurement action at or above \$150,000. As part of the analysis, the regulations require documentation of an independent estimate reached before receiving bids or proposals (see 2 C.F.R. § 200.323) or before receiving quotes or proposals from other governmental entities through an interlocal contract or a purchasing cooperative (see 2 C.F.R. § 200.318 (e)). The Independent Estimate Determination is a form used to document CITY OF GALVESTON's estimated range of fair and reasonable costs for the goods and/or services to be acquired and to document the analysis **PRIOR** to seeking bids, proposals, or quotes. The form is kept as part of the procurement file along with the cost or price analysis, which is conducted after receiving proposals but before awarding a contract, to demonstrate that the procurement process was conducted in an open and fair manner and that CITY OF GALVESTON received the most advantageous price.

Instructions:

1. Complete one (1) Independent Estimate Determination form **PRIOR** to either (1) advertising and receiving bids or proposals or (2) seeking quotes or proposals from other governmental entities through an interlocal contract or a purchasing cooperative, and complete all sections.
2. Provide a detailed discussion of your independent estimate and attach the required supporting information.
3. Sign in blue ink and date the form.
4. Maintain a copy in the procurement/contract file along with the cost or price analysis (as completed before contract award), subject to retention schedules.

Prepared by: _____

Date: _____

Email: _____

Phone Number: _____

Division: _____

Subject: Independent Estimate Determination

PART I

SCOPE AND/OR SPECIFICATIONS

*Please attach documentation reflecting the Scope or Proposal/Work and/or Specifications.
The attached Scope of Proposal/Work and/or Specifications contains the following (check all that apply):*

For Goods/Equipment	For Services
<input type="checkbox"/> Estimated quantity of items and/or goods required	<input type="checkbox"/> List of services/responsibilities to be performed
<input type="checkbox"/> Detailed description of each item required	<input type="checkbox"/> Detailed list of deliverables/tasks required
<input type="checkbox"/> Specifications and/or drawings for materials required	<input type="checkbox"/> Anticipated contract term and start date
<input type="checkbox"/> Date items and/or goods are required	<input type="checkbox"/> Location of project
<input type="checkbox"/> Delivery address and point of contact	<input type="checkbox"/> Specifications, drawings, and/or pictures of job site or projected results

PART II INDEPENDENT ESTIMATE GUIDE

Below is a guide for the completion of the Independent Estimate Determination. Please attach the documents requested under "items to include with independent estimate" to this Determination.

Estimate Type	Items to Include with Independent Estimate	Where to Find Supporting Information
Goods/Equipment	<ol style="list-style-type: none"> 1. Product needed 2. Estimated quantity 3. Unit price 4. Markups – overheads – profit 5. Desired delivery schedule 6. Warranty 	<ol style="list-style-type: none"> 1. Vendor survey/market survey 2. Current or past contracts for the same or similar product 3. Historical price and costs data
Services (other than professional services, Tex. Gov't Code Ch. 2254)	<ol style="list-style-type: none"> 1. Tasks you want done 2. Types of people needed 3. Positions required 4. Estimated hours by position 5. Salary/billing rates applied 6. Prevailing wage rate category applied (if applicable) 7. Profit/applied fee 8. Direct expenses 9. Completion schedule 	<ol style="list-style-type: none"> 1. Current or past contracts for similar services 2. Other departments doing similar work 3. Historical price and cost data

PART III INDEPENDENT ESTIMATE

Please complete the following form.

This Independent Estimate is for: Goods/Equipment Services

Discussion of independent estimate before receiving bids or proposals including CITY OF GALVESTON's estimated reasonable price range for the goods and/or services (attach additional explanation if necessary): _

Goods/Equipment

Source Used to Develop Independent Estimate of Goods/Equipment (check all that apply and attach supporting documentation):

- Vendor survey/market survey
- Current or past contracts for the same or similar product
- Historical price and costs data
- Other (please specify source and attach supporting documentation): _____

Services

Source Used to Develop Independent Estimate of Services (check all that apply and attach supporting documentation):

- Current or past contracts for similar services
- Other departments doing similar work
- Historical price and costs data
- Other (please specify source and attach supporting documentation): _____

PART IV ATTACHMENT CHECKLIST

The following required documentation is included as attachments to this Independent Estimate Determination (please check boxes to certify compliance with required documentation):

- Scope of Proposal/Work and/or Specifications (as required by Part I, included in procurement file).**

- For goods/equipment, documentation reflecting the following (as required by Part II):**
 - Product needed
 - Estimated quantity
 - Markups-overhead-profits
 - Unit price
 - Desired delivery schedule
 - Warranty

- For services, documentation reflecting the following (as required by Part II):**
 - Tasks you want done
 - Types of people needed
 - Positions required
 - Estimated hours by position
 - Salary/billing rates applied
 - Prevailing wage rate category applied
 - Profit/applied fee
 - Direct expenses
 - Completion schedule

- Documentation reflecting the source used to develop the independent estimate (as required by Part III).**

- If applicable, additional supporting documentation (e.g., explanation of the process and/or sources used or explanation of the estimate reached). Please provide a brief explanation of the additional documents:**

**PART V
CERTIFICATIONS**

I certify that I developed this independent estimate prior to receiving bids or proposals as required by 2 C.F.R. § 200.323. I further certify that, to the best of my knowledge and belief, the information provided above and attached hereto is true and correct and that the independent estimate reflects a necessary, fair, and reasonable range of costs or prices for the future procurement.

Full Name of Individual Preparing Form

Signature

Date

REVIEWED:

Grants Accountant

Signature

Date

Purchasing Department

Signature

Date

Complete after receive Proposals /
Quotes but before contract award



CITY OF GALVESTON DETERMINATION OF COST OR PRICE ANALYSIS (REASONABLENESS)

Purpose: Federal regulations require documentation of cost analysis or price analysis for every procurement action at or above \$150,000 (see 2 C.F.R. § 200.323). The Determination of Cost or Price Reasonableness form is used to document the analysis showing that the offered price is fair and reasonable. The form is kept as part of the procurement file to demonstrate that the procurement process was conducted in an open and fair manner and that CITY OF GALVESTON received the most advantageous price. **This form is required in accordance with the Purchasing Policies and Procedures Manual for procurements at or above \$150,000. See pages**

Instructions:

1. Complete a separate Determination of Cost or Price Reasonableness form for each vendor being recommended for contract award. Complete all sections.
2. Provide a detailed discussion of your price analysis or cost analysis. A Determination of Cost or Price Reasonableness form that lacks sufficient detail cannot be approved.
3. Sign in blue ink and date the form.
4. Maintain a copy on the grant file (in Finance or Island Transit) subject to retention schedules
5. Submit completed form to the Purchasing Division prior to contract award.

Prepared by: _____ Date: _____

Email: _____ Phone Number: _____

Division: _____

Subject: Determination of Cost or Price Reasonableness

Good or service to be acquired: _____

RFP #: _____

Independent Estimate Produced before Receiving Bids or Proposals: Yes (attach supporting document(s))

Vendor/Consultant: _____

Amount: _____

(Attach written quotation or other information that documents the estimate of cost or price reasonableness)
(As necessary include unit costs, rates, schedules, price estimates, and budgets, etc.)

I. This expenditure is being made under one or more of the following (check those that apply and attach supporting documentation):

- A. Sole source (as defined under TEC 44.031(j))
- B. Emergency procurement (as defined under TEC 44.031(h))
- C. Interlocal agreement or purchasing cooperative (TEC 44.031(a)(4) / Tex. Gov't Code Ch. 791; 2 C.F.R. § 200.318(e))
- D. Request for Proposals/Invitation to Bid for goods or services at or above \$150,000 (CITY OF GALVESTON has a policy of procuring goods and services valued at \$50,000 or above in accordance with city charter and Tex. Local Gov't. Code Ch. 252.)
- F. Request for Quotations or Requests for Proposals/Invitation to Bid (where the solicitation is publically posted) where only one (1) quote/proposal is received
- G. Professional services (as defined under Ch. 2254 of the Tex. Gov't Code)
- H. Price adjustment to Purchase Order No. _____ or Contract No. _____ and already procured under item A – G)
- I. Extension of an existing contract past its initial term. Contract extension is allowed under procurement method or contract. Extension must adhere to CH Local requirements for board approval and rationale is beneficial to CITY OF GALVESTON.

- J. Other condition (specify):

II. Cost or price offered or fee negotiated is considered fair and reasonable for the following reason(s), and if applicable, is supported by attached documentation and/or a detailed discussion of the cost or price analysis (select at least one applicable situation):

- Comparison of previous CITY OF GALVESTON purchase order and contract prices with current proposed price, for the same or similar items. Both the validity of the comparison and the reasonableness of the previous price(s) have been established *Attach the referenced CITY OF GALVESTON purchase orders/contracts, amounts, issuance dates, and how they are similar to the current purchase.*
- Comparison with Vendor's published price lists, market prices, pricing indexes, and discount or rebate arrangements. *Attach published price list or other published pricing information used (a vendor's quotation or correspondence does not qualify as a published price list).*
- Comparison of proposed price with independent cost estimates. *Attach estimates used.*
- Comparison of proposed price with prices obtained through market research for the same or similar items. *Attach documentation of research conducted.*
- Analysis of Offeror's cost information. *Attach cost information.*
- The order is priced in accordance with existing CITY OF GALVESTON Purchase Order No. _____ and/or CITY OF GALVESTON Contract No. _____, which was competitively established.
- Other reason (specify):

CERTIFICATION:

I certify that the information provided above is true and correct to the best of my knowledge and belief. I further certify that I have determined that the costs or prices proposed are necessary, fair, and reasonable.

Full Name of Individual Preparing Form

Signature

Date

REVIEWED:

Grants Accountant

Signature

Date

Purchasing Division

Signature

Date