

**CITY OF KELLER, TEXAS
PURCHASING POLICY**

SECTION 1.PURPOSE.

- a. The purpose of this Policy shall be to establish guidelines for procurement of supplies, materials, and services for the City of Keller, Texas (the City).
- b. This Policy shall also establish the internal control procedures that all vendors and City personnel are to follow. Internal control is required to assist in prevention of any unauthorized purchases by the City, and any evidences of collusion by vendors. Authorized purchasers are appointed by the Department Director and may be issued a procurement card. All other employees are considered unauthorized purchasers.
- c. This Policy shall further establish guidelines in order to provide the citizens and taxpayers of the City assurance that the best use of the available resources of the City are being realized. Further, this Policy is intended to promote competition among bidders and vendors interested in providing products or services to the City.
- d. The statutory authority for this Policy shall be the Keller Code of Ordinances, Article I, Section 2-210, the Local Government Code, V.C.T.A., Section 252, and other State of Texas statutes that may be referenced herein.

SECTION 2.THE PURCHASING FUNCTION.

The basic function of a municipal purchasing system is to support and enhance the delivery of City services. The optimum performance of this function requires that the purchasing system continually provide departments of the City with proper quality as well as proper quantity of requested commodities within an acceptable time frame, at the best value.

SECTION 3.PURCHASING POLICY. The following purchasing Policy is hereby established and applies to the purchase requisition and procurement card programs.

- a. Purchases not subject to competitive bidding.
 1. Purchases less than \$50,000 are not subject to competitive bidding, as defined by the Texas Local Government Code and this Policy. It is the policy of the City of Keller, however, that all purchasers seek to acquire goods and services in a competitive environment. Departments may authorize purchases less than \$50,000, as stated below.
 - i. Purchases less than \$3,000 may be made without competitive price quotations, and require the approval of the Division -Manager and do not require approval through the purchase requisition program.
 - ii. Purchases \$3,000 and greater require approval through the purchase requisition program and issuance of PO prior to purchase.

- iii. For all purchases \$3,000 and greater , the City must contact at least two (2) Historically Underutilized Businesses (HUBs) on a rotating basis, based on the information provided by the Texas Comptroller pursuant to Chapter 2161 of the Texas Government Code, provided the HUB is located and operating within Tarrant County.
 - iv. Purchases greater than \$3,000, but less than \$10,000, may be made upon obtaining at least three (3) competitive price quotations from vendors. Competitive price quotations may be obtained verbally or in writing. These purchases must be authorized by Division Manager.
 - v. Purchases between \$10,000, and \$49,999.99, require three (3) written formal price quotations. These purchases must be authorized by Department Director or their designee. Department Directors may authorize an employee with a title of Division Manager or higher as a designee only in situations of extended absence and must inform Finance prior to designee approving purchases.
2. Purchases in excess of \$50,000, must be authorized by the Department Director and then the City Manager or their designee.
 3. The City Manager or their designee may authorize and approve contracts and agreements less than \$50,000, including interlocal agreements, provided funds are within the current budget, without specific City Council approval.
 4. All purchases must be approved by a separate employee from the person initiating the purchase and receiving the good or service regardless of dollar amount. Due to the size of some departments, City Manager may waive this requirement. Finance must be notified of this exception in writing by the City Manager.
 5. The Finance Department shall review all purchases prior to issuing payment.



b. Purchases subject to competitive bidding; exceptions.

1. Except for those contracts and/or bids which have been awarded by other governmental entities with which the City has an existing interlocal or cooperative purchasing agreement (see Section

- d. below), purchases in excess of \$50,000 shall be competitively bid, unless an exception to the competitive bidding statute applies. All purchases in excess of \$50,000 shall be awarded by the City Council.
2. Sequential or component purchases made to avoid exceeding \$50,000 are prohibited. It is understood that sequential or component purchases exceeding \$50,000 during any fiscal year may occur inadvertently and the City Manager is authorized to determine if a sequential or component purchase exceeding \$50,000 is inadvertent.
 3. Anything \$50,000 or over must go to Council.
- c. Procurement of Professional Services. Contracts for professional services shall comply with Section 2254 of the Government Code. The following guidelines shall apply to procurement of professional services.
1. Professional services may not be awarded on the basis of competitive bids.
 2. Professional services must be awarded on the basis of demonstrated competence and qualifications.
 3. As stated in the above chart, the City Manager, Director, and/or a designee may authorize and approve professional services contracts less than \$50,000 during a fiscal year period, without specific City Council approval, provided funds are within the current budget.
 4. The City Council shall authorize any professional service contract which will exceed \$50,000 during a fiscal year period, on the basis of the above criteria.
- d. Local Government Cooperative Purchasing. Whenever it is determined to be advantageous to the City, cooperative purchasing with other local governmental agencies may be used. Such cooperative agreements shall be approved by all governing bodies for each local agency participating in any purchasing cooperative. The provisions of the Local Government Code (Subchapter D, Sections 271.081 through 271.083) shall apply.
- e. Exceptions. Exceptions to the competitive bidding requirements for purchases shall comply with Local Government Code, Section 252.022.
- f. Authorization and Approval of Change Orders. The City Council hereby authorizes the City Manager to approve any and all individual or cumulative change orders which involve a decrease or an increase of \$50,000 or less, provided the total contract expenditures do not exceed the budgeted amount. Individual or cumulative change orders involving a decrease or an increase in excess of \$50,000 will require approval of the City Council, in accordance with Local Government Code, Section 252.048. Individual or cumulative change orders may not increase more than 25% of the original contract price or decrease the original contract by more than 25% without consent of the contractor. Any individual or cumulative change greater than 25% will require a new solicitation (or a finding by the City Council that an exception to bidding, such as "health and safety" is applicable to the additional amount).
- g. The City Manager or City Manager designee is authorized to determine the purchase method for goods and services that provides the best value to the City in accordance with State law.

- h. The Purchasing Policy is subject to review and approval by City Attorney to ensure compliance with applicable requirements of the Charter, City ordinances and State law.
- i. In accordance with Chapter 271, Subchapter 271.9051 of the Local Government Code, in the event the City receives one or more competitive sealed bids for purchases of real property, personal property that is not affixed to real property, or services from a bidder whose principal place of business is within the city limits of Keller, Texas, and whose bid is within five percent (5%) of the lowest bid price received by the City from a bidder who is not a resident of the City of Keller, the City may consider the following actions before entering into a contract for an expenditure of less than \$100,000 to a bidder whose principal place of business is within the city limits of Keller, Texas:
 - 1. award the bid to the lowest bidder;
 - 2. award the bid to the bidder whose principal place of business is within the city limits of Keller, Texas, provided that the City Council determines, in writing, that the local bidder offers the City the best combination of contract price and additional economic development opportunities for the City of Keller created by the contract award, including the employment of residents of the City of Keller and increased tax revenues to the City of Keller;
 - 3. consider other options, including:
 - (i) the safety record of the bidder considered;
 - (ii) companies or individuals indebted to the City of Keller;
 - (iii) inclusion of required bonds and insurance;
 - (iv) any other consideration as authorized in the Texas Local Government Code.
 - 4. reject all bids.

SECTION 4. ETHICS. Public employment is a public trust. Public employees must discharge their duties impartially so as to assure fair competitive access to governmental procurement by responsible vendors and contractors. Moreover, employees should conduct themselves in such a manner as to foster public confidence in the integrity of the procurement process. When in doubt it is best to avoid any situation which might influence or appear to influence purchasing decisions. At all times, City of Keller officials and employees shall:

- A. Comply with all State and local regulations governing conflicts of interest, including, Texas Local Government Code Chapter 171;
- B. Not knowingly use confidential information for actual or anticipated personal gain; and
- C. With exception of Finance Staff, not communicate with vendors during the solicitation process and can lead to vendor disqualification.

SECTION 5. EMERGENCY PURCHASES. (Local Government Code Section 252.022 items 1-3) Emergency purchases are extremely unique and must be considered on a case-by-case basis. An employee who is making a purchase that falls under one of the categories below is not required to comply with the competitive bidding process, but the purchasing employee shall still comply with the general purchasing procedures of this Policy (i.e., obtaining quotes, written contracts, budget compliance, etc. as much as practicable). The three (3) basic categories and process include:

- A. Items purchased in case of public calamity to relieve the needs of the citizens or to preserve City property;
- B. Items to preserve or protect the public health or safety of the residents of the City; and
- C. Items necessary because of unforeseen damage to public property.
- D. Process. The purchasing employee must follow the process below when seeking to make an emergency purchase.
 - i. The purchasing employee must first obtain approval from the City Manager, or City Manager designee for all Emergency purchases, including machinery and repairs.
 - ii. The purchasing employee should coordinate with the Finance Department to ensure payment is available.
 - iii. The purchasing employee should communicate to the vendor(s) that the City is still working within a budget involving taxpayer funds. Such estimate will be made in consultation between the department, the vendor, the Finance Department, and/or the City Manager, as appropriate and available.

SECTION 6. ADMINISTRATIVE PROCEDURES. The Director of Administrative Services and/or the Assistant Director of Finance will develop and maintain an administrative procedure manual which will provide detailed administrative procedures and guidelines for the daily operations of the purchasing function.

[Approved by the Keller City Council, Resolution #.]