

CHAPTER 2:

FREQUENTLY ASKED QUESTIONS

Revised 4/20

2A) What is the City's Policy on Vendor Insurance?

Before **any** vendor comes onto City property to do any kind of work, that Vendor **must** have current insurance on file in the Purchasing Department, in compliance with at a minimum City Standard Insurance Spec. 2.04 or a waiver of insurance. **Contact the Purchasing Department if you have any questions.**

In the case where a Purchase Order or written agreement is used to confirm a bid award, those documents will not be issued/executed by City prior to receipt **and approval** of the vendor's insurance policy **in the Purchasing Department.**

Vendors will be required to keep all insurance current. Any Vendor whose approved City Insurance expires while a Purchase Order/Contract Agreement is in effect will be **immediately** notified in writing of the expiration of its insurance, requested to have the insurance reinstated in a specified time, and ordered to discontinue any further work on City property until such time as the insurance has been reinstated. Tools and equipment may remain on the jobsite if they are secured. Vendors who fail to reinstate the expired insurance within the time specified in the notice will be deemed to be in breach and will be placement on the City's Excluded Parties List. If the Vendor has failed to reinstate their Certificate of Insurance within the time provided in the notice, all the vendor's' tools and equipment must be removed from the jobsite and the Legal Department may be consulted as to how to proceed.

The Purchasing Department is the **ONLY** department authorized to receive and approve Certificates of Insurance; any other department that require a certificate shall come to the Purchasing Department and obtain an approved copy or download the approved copy from EDocs. All originals received by other departments must be immediately sent to the Purchasing Department for filing.

All City Standard Insurance Spec 2.04 will list the City of Amarillo Purchasing Department as additional insured.

Always check with the Purchasing Department before allowing any vendor to do work on City property. Just because a vendor previously had approved insurance with the City doesn't mean they still do. As a matter of procedure always contact the Purchasing Department to verify that a vendor still has approved insurance on file.

2B) When can I pay for something on a Payment Voucher?

Payment Vouchers (PV's) are for the sole purpose of paying for services or commodity items that has gone through the procurement process and are approved to pay on a PV. *PV's ARE NOT TO BE USED TO PURCHASE TANGIBLE ITEMS THAT HAVE NOT GONE THROUGH THE PROCUREMENT PROCESS.* If you have any tangible item that cannot be put on a P-Card, please enter a requisition and that item will be issued under a Purchase Order. PV payments will normally include those for utilities, dues, subscriptions, advertising, meals, travel expenses, insurance premiums, postage, service contract payments on a previously approved contract that has gone through the procurement process and the contract has been approved by the Legal Department and signed by the City Manager or designee. (with the contract specifically referenced on each PV) and any other items of this nature that are approved by the Director of Purchasing.

Payment vouchers are used to pay for approved contracts referencing the work order number that was issued by purchasing to track the contract payments by department. (Example: Dust Mops & Mats #41165)

A vendor must have approved insurance BEFORE doing any work for the City on City property. A copy of the vendors approved insurance must be on file in purchasing before the work begins.

2C) How can I buy something on an emergency basis?

Contact the Purchasing Department for all emergency purchasing procedures as the need arises.

2D) Gift Cards or Bank Cards

Gift Cards or Bank Cards are not allowed to be purchased, without being pre-approved by the City Manager or designee.

2E) Can I specify a product that I want to purchase by brand and model number?

If we can receive competitive bids from several companies, then yes, we can be brand and model specific. Sole source purchases are goods and services available from only one supplier. There may only be one vendor because of patents or copyrights or simply because the vendor is the only one which supplies the good or service. If we are specifying a sole source item, attach a copy of the required memo found in M:\Approved Forms\Purchasing. Send completed form to Purchasing.

2F) What is the dollar limit on purchases?

1. **Below \$3,000.00:** At least two (2) valid quotes less than 30 days old. Shall be purchased on Credit Card, if vendor doesn't take credit card then purchase will be made with purchase order.

2. **\$3,000.00 to \$49,999.99:** Unadvertised bids with terms and conditions included in the bid documents. **Must be submitted on a Purchasing form. Do not break up large purchases into multiple smaller purchases as this is a violation of the State of Texas Separate and Sequential Purchasing Law.** May be faxed, mailed, or sent electronically. The Purchasing Department has the authority to solicit bids as needed.
3. **\$50,000.00 and up:** Advertised bids with terms and conditions included in the bid documents. **Must be submitted on a Purchasing form,** and bids must be received in a sealed envelope prior to the bid opening date and time. **Requires City Council approval. The Purchasing Department will solicit all bids.**

2G) When is the City required to use the competitive bidding process?

City policy requires competitive selection of vendors on all expenditures, as described above. The more money involved the more formal and extensive the process. Bids under \$50,000, do not require City Council approval but do fall under Purchasing Policy for approval.

Expenditures of \$50,000 or more for goods or services fall under the term of the City policy and the State Purchasing Statutes and have formal bidding procedures and do require City Council approval.

State Law States:

A city, regardless of population size, must comply with the state competitive bidding requirements for any expenditure of more than \$50,000.

Also, for expenditures of more than \$3,000 but less than \$15,000, the city must contact at least two disadvantaged businesses (also known as historically underutilized businesses' or HUB's) on a rotating basis from a list to be provided by the State Purchasing and General Services Commission. If the list does not identify a disadvantaged business in the county in which the city is situated, the city is exempt from this requirement.

2H) What are the procedures for competitive bidding?

There are basically two types of competitive bidding procedures. The first is for the purchase of ordinary goods and services. It involves the publication of an invitation for bids (IFB) and the receipt of competitive sealed bids. Purchases over \$50,000 must be by formal sealed bids. The second is for the procurement of items and services on which cost may not be the most important factor. It involves the publication of requests for proposals (RFP) or request for qualifications (RFQ) and the receipt of competitive sealed proposals. All three processes are conducted under direct Purchasing Department guidance.

For competitive sealed bids, competitive sealed proposals, and RFQ's the notice requirements are the same. The City must publish notice of the time and place at which

the bids will be publicly opened for two consecutive weeks on Monday in a newspaper published in the city. The first publication must appear in the newspaper at least 14 days before the date set to publicly open the bids.

If a contract is for the purchase of ordinary goods and services, the contract must be awarded to the low responsible bidder meeting bid specifications. The City, however, retains the right to reject any and all bids and rebid the item.

The procedure required for requests for proposals has several special characteristics. The request for proposals must specify the relative importance of price and other evaluation factors.

2I) Are there any special provisions for hiring professional services?

Yes, *The List of Professional Services can be found in Texas Government Code Chapter 2254.* The Purchasing Department must work with the using department to make sure that hiring a professional under this chapter is the best fit for the city. All contracts must go through the Purchasing Department. If you want to contract with a Professional Service, that service must be listed in Chapter 2254 Subchapter A. Professional services means services:

- a. Within the scope of the practice, as defined by state law, of:
 - i. Accounting;
 - ii. Architecture;
 - iii. Landscape architecture;
 - iv. Land surveying;
 - v. Medicine;
 - vi. Optometry;
 - vii. Professional engineering;
 - viii. Real estate appraising; or
 - ix. Professional nursing.

A list of Consulting Services can be found under Government Code 2254 Subchapter B. the Purchasing Department shall work with the using department to make sure that hiring a professional under this chapter is the best fit for the City. Consulting services are provided by:

- a. Practitioners of professional services described in subchapter A;
- b. Private legal counsel;
- c. Investment counselors;
- d. Actuaries;
- e. Medical or dental services providers;
- f. Other consultants who services are determined by the governing board of a retirement system trust fund to be necessary for the governing board to perform its constitutional fiduciary duties, except that the governing board shall comply with Section 2254.030.

2J) Can a large purchase or contract be let in several smaller contracts to avoid the competitive bidding requirements?

NO. The competitive bidding law explicitly prohibits the intentional or knowing use of separate, sequential, or component purchases to lower the cost and thereby avoid the competitive bidding requirements. **Separate** purchases mean purchases made separately of items that in normal purchasing practices would be purchased in one purchase. **Sequential** purchases mean purchases made over a period that in normal purchasing practices would be purchased in one purchase. **Component** purchases means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase. The separate, sequential, or component purchases rules apply to all purchases including Purchasing Card. **Separate, sequential, or component purchases are a violation of State Law.**

2K) What are the consequences of noncompliance with the competitive bidding/proposal laws?

Several state laws require competitive procurement (bids or proposals) in various circumstances and prescribe the consequences for violating these state laws.

- **Void:** A contract that fails to comply with the requirements of the applicable competitive bidding law is void; meaning it cannot be performed nor can public funds be spent on it. [TEX. LOC. GOV'T CODE ANN., Sections 252.061 & 271.028; Texas Government Code, section 2269.451].
- **Injunction:** A court can issue an injunction against the City to halt the unlawful contract, and this suit may be filed by anyone, including a disgruntled bidder.
- **Crime:** The individual City official or employee who violates the purchasing laws commits a misdemeanor crime, punishable by up to six months in jail and/or a fine of up to \$5,000.
- **Disqualification:** A criminal conviction (see prior bullet) for certain violations of the competitive bidding laws will also result in the person being immediately removed from office or termination of City employment. Moreover, for a period of 4 years, that person is ineligible for City employment, any public office, or having any interest in any contract with the City.

These penalties do not prevent the payment of retirement or worker's compensation to an official or employee who violates these laws.

2L) Can a city employee have direct contact with a vendor during the bid process?

The only contact between a vendor and an employee during the bid process is at a pre-bid meeting. At all other times, if the employee is contacted by a vendor shall tell the vendor to contact the purchasing department.

2M) Can I purchase something, and have it shipped to a non-City address?

It is a violation of City Policy to purchase anything and have it shipped to a non-city address.

2N) What is the City's policy on Employee Travel Expenses?

The City's policy on Employee Business Expense can be found on M:\Approved Forms\Travel Forms for the latest revision.