

# CHAPTER 4:

## ALTERNATE PURCHASING METHODS

Revised 4/20

### 4A) Summary of Cooperative Purchasing Methods

Before any department contacts any vendor on a cooperative contract for a quote, that department will visit with either the Director of Purchasing or their designee to make sure the cooperative is the best fit for the city and that the city is a member of that cooperative. A department shall obtain quotes from multiple vendors on the Cooperative contract and make sure that the items sold by vendors are transparent, ethical and the best fit for the City. The Director of Purchasing or designee has the final authority to purchase from a Cooperative contract or to bid the service or items. Below is a partial list of alternate purchasing methods.

#### 1. Texas State Contracts

- a. Texas DIR Contracts for Computer Equipment The preferred purchase method for all computer equipment. This is awarded on a City purchase order.
- b. TXMAS (Texas Multiple Award Systems Contracts) usually expressed as a % discount off list. This method is awarded on a City purchase order.
- c. TxSmartBuy (Texas Smart Buy) usually expressed as a % discount off list price. This method is awarded on a City purchase order.

#### 2. Federal GSA Contract

Federal Supply Schedule can be used where it is in the best interest of the City. This is awarded on a City purchase order; the City is only able to use Schedule 84 & 70.

#### 3. Houston Galveston Area Council (HGAC)

This is used where it is in the best interest of the City. This method is awarded on a City purchase order.

#### 4. Interlocal Agreements

The Purchasing Department buys from the contracts of many other government entities. This can be used when it is in the best interest of the city. As there are many Interlocal Agreements each with many items, please check with the Purchasing Department before considering this option. This is awarded on a City purchase order. An ILA purchase requires approval of the Legal Department and City Council before items can be purchased by them.

**5. Buy Board**

This is a cooperative purchasing program run by the Texas Association of School Boards. It is very similar to HGAC except that there is no fee. This is awarded on a City purchase order.

**6. National IPA**

This is a cooperative purchasing program and is awarded on a City purchase order.

**7. TexBuy**

This is a cooperative purchasing program run by Region 16. This is awarded on a City purchase order.

**8. Sourcewell**

This is a cooperative purchasing program and is awarded on a City Purchase order.

**4B) Summary of Alternative Purchasing Methods**

**1. RFP (Request for Proposals)**

As authorized by section 252.043 of Texas Local Government Code, this is the procedure for doing "RFP's"

The bid specifications and requirements must prominently state the bid itself will be awarded to the bidder who provides the goods or services at the best evaluated value to the City. By law, the value may be determined by using the following evaluation criteria:

1. The purchase prices.
2. The reputation of the bidder and of the bidder's goods and services.
3. The quality of the bidder's goods and services.
4. The extent to which the goods and services meet the municipalities needs.
5. The bidders past relationship with the municipality.
6. The impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities.
7. The total long-term cost to the municipality to acquire the bidder's goods and services.
8. Any relevant criteria specifically listed in the request for bids or proposals.

A Request for Proposal (RFP) is a written solicitation document for purchases acquired by means of the competitive sealed proposals procurement method. Generally, an RFP is recommended when factors other than price are to be considered, negotiations are desired, requirements cannot be described by detailed specifications or the vendor is expected to provide innovative ideas. This solicitation type must be used when an IFB is not practicable or advantageous. One of the key differences between an IFB and RFP is that negotiations are allowed in an RFP and not allowed in an IFB. Contact the Purchasing Department on how to do a proposal.

Mandatory Training is required before a committee member may be allowed to set on an evaluation team. As part of doing an RFP, only the evaluation team members may be present during meetings exception being during any presentation. Paid consultants may be part of the evaluation or sit in as expert consultants to provide expert advice in the technical areas of the RFP.

**2. Two Step Bid System**

This is an alternative method of qualifying vendors for work on specific types of jobs. (See section 4C for more details)

**3. Best Value Bid System**

This is an alternative method of evaluating bids. (See section 4D for more details)

**4. RFA (Request for Application)**

This is used only Banking

**5. RFQ (Request for Qualifications)**

Used to identify the best-qualified provider when contracting for professional services or can be used in conjunction with the RFP process to prequalify vendors.

**6. Time and Materials**

Time and Materials contracts are based upon the work performed by the contractor's employees and subcontractors, and for materials used in the construction (plus the contractor's markup), no matter how much work is required to complete construction. A time and materials contract also has a guaranteed maximum price.

**7. Cost Plus Percentage of Cost**

Cost plus Percentage of Cost contracts pay a fee that rises as the contractor's cost rise. This contract type provides no incentive for the contractor to control costs.

**4C) Two Step Bid System**

This bid system can be used when there is a scope of work (generally describing a problem to be solved) and a rough specification of how to solve the problem.

**The process works like this:**

The terms and conditions of the bid must clearly outline the procedure of the two-step bid process. They must include the qualification criteria and define clearly how the contract will ultimately be awarded.

**The bid is sent out requesting two things:**

**In the first sealed package**, the vendor must supply information as to their qualifications to solve the problem listed in the scope of work and documentation as to their compliance with the specification. The information must be complete enough to either

qualify or disqualify each vendor from the process. This package must not include any pricing.

**In the second sealed package** is the vendors pricing for their product or solution.  
**At the time of bid opening, only the first sealed package is opened.**

Enough time is taken to thoroughly analyze the first package and determine which of the vendors will be qualified to perform the task and/or provide the product that meets the specifications. After the analysis is complete, then the second package is opened BUT only for those vendors that have been qualified. For the vendors that did not qualify the pricing package remains sealed.

The bids are tabulated, and the low responsive bidder is recommended. The balance of the bid procedure follows the normal bid award procedure based on the dollar value of the bid. This is an alternate way of evaluating the bid for award.

#### **4D) Best Value Bid System**

As authorized by section 252.043 of Texas Local Government Code, this is the procedure for doing “Best Value Bids”.

The bid specifications and requirements must prominently state the bid itself will be awarded to the bidder who provides the goods or services at the best value to the City. By law, the best value may be determined by using the following evaluation criteria:

9. The purchase prices.
10. The reputation of the bidder and of the bidder’s goods and services.
11. The quality of the bidder’s goods and services.
12. The extent to which the goods and services meet the municipalities needs.
13. The bidders past relationship with the municipality.
14. The impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities.
15. The total long-term cost to the municipality to acquire the bidder’s goods and services.
16. Any relevant criteria specifically listed in the request for bids or proposals.

As part of the evaluation and recommendation of the best-evaluated bidder, the Purchasing department must cite the criteria that are listed in the terms and conditions of the bid being evaluated. On “Best Value Bids”, there is no negotiation of price or best and final offer option available. The balance of the bid procedure

follows the normal bid award procedure based on the dollar value of the bid. This is an alternate way of evaluating the bid for award. Mandatory Training is required before a committee member may be allowed to set on an evaluation team. As part of doing an RFP, only the evaluation team members may be present during meetings exception being during any presentation. Paid consultants may be part of the evaluation or sit in as expert consultants to provide expert advice in the technical areas of the Best Value Bid.

#### **4E) Sam's Club Policy**

The following procedures provide detailed policies and practices on responsibilities by the department, account reconciliation, and whom to contact for assistance with statements.

Following are the procedures or steps when a department requests a purchase from Sam's Club:

Sam's Club card is a privilege granted to City employees as another procurement resource. It comes with the responsibility of honesty and integrity and doing the job right. As an employee prepares to make a purchase, it is essential that enough due diligence has been performed and that the employee is confident that the item being purchased is the best value for the City. This does not mean that three quotes are required on every item, but it does mean that all employees demonstrate enough thought, consideration and effort into the purchasing process to be sure that any items purchased would pass an audit. The key is documentation. An employee must provide documentation that would support the purchasing decision that has been made.

#### **Procedures**

1. An employee fills out the Sam's Club form found on the M:\Approved Forms \Sam's Club Order Form and email to @Purchasing. Sam's Club requires 24 hours notice so you will need to submit your request in time for the Purchasing Department to order within that time limit.
2. Go to the Customer Service desk to pick up materials.
3. You must sign for the order and always obtain a copy of the receipt.
4. When you get back to the office, the receipt will need to be paid on a payment voucher. Please do this as soon as you can after purchase or give it to your office personnel that take care of payments.

If you have any questions, please contact the Purchasing Department at 378-3028. If there is any type of discrepancy, this needs to be reported to the Purchasing Department immediately.

It is the Department Director's responsibility to ensure that all items or services purchased comply and to report any discrepancies immediately to Purchasing Department.