



City of Helotes, Texas
Purchasing Policies and Procedures
Rev. Feb. 2018

OVERVIEW

It is the policy of the City of Helotes, Texas to ensure fair and competitive access by responsible vendors / contractors to the purchasing requirements of the City and to conduct business activities in such a manner as to foster public confidence in the integrity of the City of Helotes. The City adheres to all State laws and regulations, as set forth in the Texas Local Government Code (“TLGC”), as amended, and as published in the City’s Purchasing Manual and approved by the City Council of the City of Helotes, Texas.

ROLES AND RESPONSIBILITIES

1. Mayor and City Council – Reviews and approves Staff recommendations regarding major and extraordinary purchases, which may be unforeseen and unbudgeted. Unless otherwise approved during the annual budget process, must approve any purchase over \$50,000.00.
2. City Administrator – Reviews budget to determine availability of funds for requested purchases not previously budgeted. Reviews the City’s finances and other economic indicators to determine whether the City can fulfill the requested purchase. Guides all Staff members through the sealed bid process and oversees the Finance and Purchasing Departments.
3. Finance and Purchasing Departments – Prepare, review, and process all purchase orders and subsequent invoices. Responsible for issuing all checks and processing payments for goods and / or services. Prepares and reviews solicitations for goods and / or services required for City-wide use and prepares / reviews recommendations for City Administrator approval. Coordinates with the City Administrator on sealed bid processes and determines whether City Council approval is required. Reviews requested purchases and ensures all legal requirements are met.
4. Department Heads – Responsible for assisting in the setting of the budget for his or her Department each budget cycle. Expected to anticipate budgetary needs and minimize unbudgeted purchases. Prepares and reviews solicitations for goods and services required for their Department and reviews recommendations for City Administrator approval. Coordinates with the City Administrator on sealed bid processes and whether City Council

approval is required. Approves requested purchases and ensures all legal requirements are met.

PURCHASING ETHICS

All City Staff engaged in procurement for the City of Helotes shall comply with the following ethical standards:

1. Disclosure of Certain Relationships – Effective January 1, 2006, the Texas Legislature requires a vendor that wishes to conduct business or be considered for business with the City to file a Conflict of Interest Questionnaire. The Disclosure Act applies to all persons or businesses who conduct business with the City, including those who submit bids on City contracts, make purchases of surplus property, or participate in any other purchase or sales transactions with the City. Conflict of Interest Questionnaires must be filled out no later than the 7th day after the person begins contract discussions or negotiations with the City or submits to the City “an application, response to a request for proposals or bids, correspondence, or another writing” related to a potential agreement with the City.
2. Personal Gain – It shall be a breach of ethics to attempt to realize unauthorized personal gain through employment with the City or by any conduct inconsistent with the proper discharge of the employee’s duties.
3. Influence of a Public Employee – It shall be a breach of ethics to attempt to influence any public employee of the City to violate the standards of conduct set forth by the City.
4. Participating in Procurements with Family – It shall be a breach of ethics for any employee of the City of Helotes to participate, directly or indirectly, in a procurement for the City when the employee knows that:
 - The employee or any member of the employee’s immediate family 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, 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, is negotiating or has an arrangement concerning prospective employment.
5. Gratuities / Kickbacks – Gratuities and kickbacks offered to employees are expressly prohibited and shall be expressly prohibited in all contracts and solicitations.

6. Confidential Information – It shall be a violation for any employee of the City to knowingly use confidential information for actual or anticipated personal gain or for actual or anticipated gain of any person.
7. Private Purchases through City Facilities – No employee may use the purchasing power of the City of Helotes to make private purchases, unless the vendor / merchant extends such benefits to all municipal employees (e.g. organization rebates, coupons, percentage discounts, et cetera). All purchasing benefits offered to employees of the City must be made available to all City employees, and, under no circumstances, may vendors / merchants providing said benefits to all municipal employees revoke such benefits because the City discontinues its vendor / merchant relationship.
8. Certificate of Interested Parties (Form 1295) - 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.

TAX EXEMPT STATUS

The City of Helotes is exempt from Federal, State, and Local taxes, except in certain prescribed cases. A tax exemption certificate is available from the Finance or Purchasing Departments or the City Secretary's Office and shall be furnished to any of the City's suppliers upon request.

STATE LAW REGARDING HISTORICALLY UNDERUTILIZED BUSINESSES

TLGC Section 252.0215 requires that all municipalities, in making an expenditure of \$3,001.00 to \$50,000.00, contact at least two (2) historically underutilized businesses (HUBs) on a rotating basis, based upon information provided by the Texas Comptroller of Public Accounts website. If the website fails to identify a HUB for a particular item or service in Bexar County, the City is exempt from this section of the Code.

The statewide HUB program facilitates the use of HUBs in State and local procurement. A HUB is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, and / or American woman; is an entity with its principle place of business in Texas; and has an owner residing in Texas with a proportionate interest that actively participates in the control, operations, and management of the entity's affairs.

SEALED BID OR PROPOSAL PROCEDURES

It is the policy of the City of Helotes to use sealed bid / proposal procedures in compliance with TLGC Section 252 *Purchasing and Contracting Authority of Municipalities* for any procurement which will total \$50,001.00 or more.

1. Requirements under State Law – TLGC requires that the City comply with the procedures prescribed by Section 252.021 for competitive sealed bidding or competitive sealed proposals.
2. Advertising and Advertising Time Requirements – Section 252.041 requires that the sealed bid be advertised publicly with notice of the time and place at which the bids will be publicly opened and read aloud. The public notice must be published at least once (1) per week for two (2) consecutive weeks in the City’s newspaper(s) of record. The date of the first publication must be before the 14th day before the date set to publicly open the bids. In addition to the newspaper of record, the City, at its option, may also advertise with other publications and organizations.
3. Bid Specifications and Department Requisitions – All sealed bids must include a set of complete and detailed specifications of the item or items and / or services to be purchased. The creation and submission of specifications to the City Administrator is the responsibility of the Department Head of the particular Department requesting the purchase. The City Administrator will assist in the development of the specifications, as necessary, but it is the responsibility of the Department Head to ensure all specifications and requirements are articulated and correct. Texas Law requires that if additional criteria are considered in awarding the contract, then the City’s bid specifications should clearly specify the criteria. As the City develops specifications, vendors may be consulted as a source for specification information so long as they are advised that a sealed bid procedure will be utilized and the vendor will not receive any form of favoritism. Department Heads are to submit their proposed specifications, requirements, and background wording to the City Administrator for approval before placement on the City Council’s agenda for Council review and approval before bid issuance.
4. Bid Preparation and Administration – All sealed bid and proposal requests will be prepared under the direction of the City Administrator in compliance with TLGC Section 252, as amended. The Purchasing Dept. will be responsible for posting the bids on the City website and newspaper of record. The Purchasing Department will be responsible for the bid opening and reading of bids received. When all bids have been tabulated and reviewed, the Department Head will be responsible for submitting a written recommendation of bid award and background wording for the City Administrator to review and approve. Once

approved by the City Administrator, the Department Head shall prepare the agenda packet materials for the City Council meeting, if required.

5. Bid Recommendation and State Law Regarding Bid Awards – The requesting City Department is responsible for reviewing the specifications offered in each submitted bid to ensure the specifications meet the bid requirements. Department Heads must provide a written review of any bid that does not meet the specifications. If the bids offered meet the specifications requested, the recommendation may then be made based on procedures outlined in TLGC Section 252.043 *Award of Contract*. Under this Section, the City may award the contract based on:

- Subsection (a) – “If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the lowest responsible bidder or the bidder who provides goods or services at the best value for the municipality.”
- Subsection (b) – In determining the best value for the municipality, the municipality may consider:
 1. The purchase price;
 2. The reputation of the bidder and of the bidder’s goods or services;
 3. The quality of the bidder’s goods or services;
 4. The extent to which the goods or services meet the municipality’s needs;
 5. The bidder’s past relationship with the municipality;
 6. The impact on the ability of the municipality to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;
 7. The total long-term cost to the municipality to acquire the bidder’s goods or services; and
 8. Any relevant criteria specifically listed in the request for bids or proposals.
- Subsection (c) – Before awarding a contract under this Section, a municipality must indicate in the bid specifications and requirements that the contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.
- Subsection (d) – Except as provided by Subsection (d-1), the contract must be awarded to the lowest responsible bidder if the competitive sealed bidding requirement applies to the construction of:
 1. Highways, roads, streets, bridges, utilities, water supply projects, water plants, wastewater plants, water and wastewater distribution or conveyance facilities,

wharves, docks, airport runways and taxiways, drainage projects, or related types of projects associated with civil engineering construction; or

2. Buildings or structures that are incidental to projects that are primarily civil engineering construction projects.

- Subsection (d-1) – A contract for construction of a project described by Subsection (d) that requires an expenditure of \$1.5 million or less may be awarded using the competitive sealed proposal prescribed by Section 271.116.
- Subsection (e) – If the competitive sealed bidding requirement applies to the contract for construction of a facility, as that term is defined by Section 271.111, the contract must be awarded to the lowest responsible bidder or awarded under the method prescribed by Subchapter H, Chapter 271.
- Subsection (f) – The governing body may reject any and all bids.
- Subsection (g) – A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. This chapter does not change the common law right of a bidder to withdraw a bid due to a material mistake in the bid.
- Subsection (h) – If the competitive sealed proposals requirement applies to the contract, the contract must be awarded to the responsible bidder whose proposal is determined to be most advantageous to the municipality considering the relative importance of price and the other evaluation factors included in the request for proposals.
- Subsection (i) – This section does not apply to a contract for professional services, as that term is defined by Section 2254.002 Government Code.

6. Location of Bidder's Place of Business – In addition, under TLGC Section 271.9051, a municipality may consider a bidders principal place of business where the municipality has a population of 250,000 or less. Section 271.9051 states:

a) In purchasing under this title, any real property, personal property that is not affixed to real property, or services, if a municipality receives one or more competitive sealed bids from a bidder whose principal place of business is in the municipality and whose bid is within five percent of the lowest bid price received by the municipality from a bidder who is not a resident of the municipality, the municipality may enter into a contract with:

- i. The lowest bidder; or
- ii. The bidder whose principal place of business is in the municipality if the governing body of the municipality determines, in writing, that the local bidder offers the municipality the best combination of contract price and additional

economic development opportunities for the municipality created by the contract award, including the employment of residents of the municipality and increased tax revenues to the municipality.

- b) This section does not prohibit a municipality from rejecting all bids.
7. Bid Criteria – If additional criteria are used to award a bid, they must be related to the quality and competence of the bidder, and the City must clarify the criteria being considered in the bid specifications. Other considerations of a bid award may be:
- a) The safety record of the bidder only if the City has adopted a written definition and criteria for determining the safety record of the bidder and the governing body has given notice in the bid specifications that the safety record of the bidder may be considered. The determination may not be arbitrary or capricious.
 - b) Companies or individuals indebted to the City.
 - c) Inclusion of required bonding and insurance.
 - d) Any other consideration, as listed in the applicable sections of the TLGC.
8. Exemptions from the Competitive Sealed Bid Process – TLGC Section 252.022 allows certain exemptions to the competitive sealed bid process. The following exemptions are allowed:
- a) 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.
 - b) A procurement necessary to preserve or protect the public health or safety of the municipality’s residents.
 - c) A procurement for personal, professional, or planning services.
 - d) A procurement for work that is performed and paid for by the day as the work progresses.
 - e) A purchase of land or right-of-way.
 - f) A procurement of items that are available from only one source, including:
 - i. Items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies;
 - ii. Films, manuscripts, or books;
 - iii. Gas, water, and other utility services;
 - iv. Captive replacement parts or components for equipment;

- v. Books, papers, and other library materials for a public library available only from the persons holding exclusive distribution rights to the materials; and
 - vi. Management services provided by a non-profit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits;
- g) A purchase of rare books, papers, and other library materials for a public library;
 - h) 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;
 - i) A public improvement project already authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plan and purposes authorized by the voters;
 - j) A payment under a contract by which a developer participates in the construction of a public improvement, as provided by Subchapter G, Chapter 212 of the TLGC;
 - k) Personal property sold:
 - i. At an auction by a state licensed auctioneer.
 - ii. At a going out of business sale held in compliance with Subchapter F, Chapter 17, Business and Commerce Code.
 - iii. By a political subdivision of this State, a state agency of this State, or an entity of the Federal government.
 - iv. Under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391.
 - l) Services performed by blind or severely disabled persons;
 - m) Goods purchased by a municipality for subsequent retail sale by the municipality;
 - n) Electricity; or
 - o) Advertising, other than legal notices.

PROCUREMENTS FROM CITY, STATE, AND INTERLOCAL CONTRACTS

The City of Helotes has also entered into a number of interlocal agreements and cooperative purchasing programs to provide a greater buying power for the City. The advantage to using Purchasing Cooperatives is that State and, in some cases, Federal agencies have already completed the “leg work” and competitively bid out all of the contracts. Therefore, the City is assured that when they enter into an agreement with any vendor under one of the contracts that they are in compliance with competitive bidding requirements, as stated under TLGC

Section 271.083 (b): “A local government that purchases an item under a State contract or under a reverse auction procedure, as defined by Section 2155.062 (d), Government Code, sponsored by the commission satisfies any State law requiring the local government to seek competitive bids for the purchase of the item.” Personnel should continue to contact a minimum of two (2) HUBs, if available, on a rotating basis even when utilizing cooperative purchasing programs. Besides meeting the legal requirements, the use of cooperatives may also save the City time and money in that the agencies have used their workforce and bargaining power to negotiate the best prices. Prior to completing a purchase, you are encouraged to check with these programs to see if there is a leveraged agreement already on file. However, it is important to note that it is City Staff’s responsibility to ensure that the City is getting the best overall value for its purchases, and, although these agreements may offer an easier path in the procurement process, it is important that you use due diligence and seek out local bids to ensure that the City does indeed get the best price. State purchasing cooperatives are a great resource for comparing the local rates, but they may not always offer the best overall value to the City on every purchase.

PURCHASING PROCEDURES AND MONETARY LIMITS

1. Unbudgeted and Extraordinary Purchases – Prior to purchasing any item of any amount, you must first determine if the item has been budgeted. If the item is budgeted, then proceed accordingly, as listed under the appropriate purchasing category. However, if it is not budgeted or you are uncertain whether an expenditure was budgeted, you are required to consult with the City Administrator for direction. Please note that unbudgeted purchases are not encouraged and will generally be denied. However, the City recognizes that there may be unforeseen and extraordinary purchasing needs that arise and that, on occasion, the cost of not purchasing the goods or services may, in fact, outweigh the cost of the actual purchase. You should be prepared to provide a detailed justification and cost-benefit analysis for the unbudgeted expense(s). Purchases will be subject to the availability of funds and the approval of the City Administrator and, ultimately, the Mayor and City Council.
2. Purchases \$3,000 and Below – Generally, exempt from purchasing procedures. Procedures for payment processing, as amended from time to time, shall be created and implemented by the Finance and Purchasing Departments on an as-needed basis.
3. Purchases \$3,001 to \$50,000 – If you are purchasing goods or services \$3,001 to \$50,000, the Finance and Purchasing Departments must ensure that the following steps are completed:

- a) Department Heads shall complete a Requisition Order (RO) and submit the RO to the Purchasing Department for order placement.
- b) The Purchasing Department will solicit, at a minimum, three (3) competitive quotes for goods or services, including a minimum of two (2) quotes from Historically Underutilized Businesses (HUBs) identified on the State Comptroller of Public Accounts website. Conduct a basic comparative analysis of the quotes, and determine which quote gives the best overall value to the City. Best overall value is not solely determined by price; however, the lowest bid should be selected unless you can justify not selecting the lowest bid due to past performance, poor references, et cetera. Please note that you must retain all quotes / background information for three (3) years, and all quotes / background information shall be attached to the Requisition / Purchase Order and filed accordingly.
- c) Place the order through a Purchase Order with the approved vendor. Remember, the “ship to” and “bill to” addresses may be different. All invoices shall be mailed to:

City of Helotes Purchasing Department
P.O. Box 507
Helotes, Texas 78023
(210) 695-2123 (FAX)

- d) Once goods or services are received by the requesting Department, the Department Head shall sign off on the packing slip and forward the packing slip / outstanding invoice(s) to the City Administrator.
4. Purchases over \$50,000 – If you are purchasing goods or services over \$50,000, the Finance and Purchasing Departments must take the following steps:
- a) All expenditures over \$50,000 must be competitively bid in accordance with State Law and these procedures. Expenditures over \$50,000 which were not expressly included in the annual budget must be approved by City Council.
 - b) Department Heads, with the assistance from the Purchasing Department, shall prepare bid specifications, the bid packet, and public notices of bid opening. All items, including applicable financing requirements, should then be submitted to the City Administrator for review and approval. If City Council review and approval is necessary, Department Heads shall submit all agenda packet materials to the City Secretary for placement on the City Council agenda and inclusion within Council packets. Department Heads or alternates are required to attend applicable City Council meetings.

- c) Once approved by the City Administrator or City Council, the Purchasing Dept. shall post the first notice soliciting bids on the City of Helotes website and in the City's newspaper of record no later than fourteen (14) days prior to the scheduled date of public bid opening. Public notices must state the date, time, and place of bid opening. The second notice soliciting bids must be published in the same newspaper the following week.
- d) The Purchasing Department shall hold a public opening of sealed bids in accordance with State Law and established procedures on the schedule date and time.
- e) The Finance and Purchasing Departments and applicable Department Head shall complete a Bid and Quote Comparison Worksheet and prepare a brief recommendation for the record to support the purchase and forward such recommendation to the City Administrator for approval.
- f) Once you have received official approval, place the order through a Purchase Order with the approved vendor. Remember, the "ship to" and "bill to" addresses may be different. All invoices shall be mailed to:

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P.O. Box 507
Helotes, Texas 78023
(210) 695-2123 (FAX)

- g) Once goods or services are received by the requesting Department, the Department Head shall sign off on the packing slip and forward the packing slip / outstanding invoice(s) to the City Administrator.