



CITY OF VICTORIA

PROCUREMENT MANUAL

PURCHASING DEPARTMENT

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Chapter 1: Introduction

Background

This Policies and Procedures Manual provides City departments information to assist in making decisions regarding the purchase of goods and services necessary to perform the functions of their offices and/or departments effectively.

Mission

The mission of the City of Victoria Purchasing Department is to:

- Ensure compliance with local, state, and federal laws applicable to City procurement;
- Provide all vendors, including Historically Underutilized Businesses (HUBS), equal access to the City's competitive processes for the acquisition of goods and services;
- Provide an ongoing supply of quality goods and services to all City offices; and
- Protect the interests of City of Victoria taxpayers by avoiding any undue influence or political pressures.

Goals of Public Procurement

Public procurement has several goals, including:

- procuring the proper goods and services;
- obtaining the best possible price for the goods or services, without sacrificing the quality needed; and
- ensuring a continuing supply of goods and services are available where and when needed.

Public procurement must also ensure:

- **Responsible bidders are given a fair opportunity to compete for the City's business.** This goal can be accomplished by abiding with statutory requirements regarding competitive bids and proposals, and through the City's procurement policy.
- **Public funds are safeguarded.** The Purchasing Department should attempt to see that the best value is received for the public dollar.
- **Public spending is not used to enrich elected officials or City employees, or to confer favors.** Adoption and implementation of a code of ethics and employee training, and awareness of their responsibilities in the public procurement area accomplish this goal.
- **HUBS (minority and women-owned) have an equal opportunity in the contract awards process.** City of Victoria achieves this goal through complying with [Texas Local Government Code Section 252.0215](#).

City of Victoria has adopted a partially centralized procurement function that provides many benefits including, but not limited to, the following:

- It allows for the consolidation of smaller purchases by individual departments into larger purchases for the entire City, resulting in lower unit prices and cost savings;

- Vendors and the business community have a single central link to the City procurement process to facilitate consistent communication and understanding;
- Purchasing Department personnel accumulate a solid foundation of knowledge and experience about procurement, market trends, prices, and vendors. This expertise helps user departments save money by better defining their needs. It also promotes a more efficient procurement process; and
- Centralized expertise places the procurement processes on a professional footing and inspires public confidence in the City's actions.

Other Duties

In addition to the above, the Purchasing Department is responsible for:

- Interlocal Purchasing Agreements and Cooperative Purchasing Agreements;
- Contract Management;
- Inventory and Warehouse Management;
- Disposition and Auction of Seized, Surplus and Salvage Property.

The Purchasing Department is committed to promoting effective, professional, and consistent procurement for the City of Victoria, as well as championing the public perception that tax dollars are wisely spent. To be successful, the system must be backed by proper attitudes and cooperation of not only every department head and official, but also every supervisor and employee of the City.

The procurement process is not instantaneous. Time is required to complete the steps required by law. In order to accomplish timely procurement of products and services at the best value to the City, all departments must cooperate fully. Advance planning and the timely submission of requisitions are essential to expedite the procurement process and assure the process is both orderly and lawful.

This manual is not static. Procurement procedures of the City of Victoria will change as needed, particularly evolving to incorporate technological advances, and changing laws.

There are many terms used throughout this manual that pertain to procurement activities. Definitions of key terms are found in the Glossary.

Mrs. Laura L. Gonzalez
Assistant Director of Finance
City of Victoria

Chapter 2: Purchasing Authority and Policy

Procurement Laws

The Texas Legislature has enacted laws regulating the purchase of goods and services by government entities. It is the policy of the City of Victoria to fully comply in all aspects with these laws as they may be amended from time to time.

The City Manager has directed that the Procurement Manager oversee and provide a framework for a partially centralized purchasing system.

The Purchasing Department, as well as officials, directors and employees of the City will strive to provide equitable and competitive access to the City's procurement process for all responsible vendors. Further, City procurement will be conducted in a manner that promotes and fosters public confidence in the integrity of the City's procurement process.

Procurement Policy and Procedures Manual

The purpose of this Procurement Policies and Procedures Manual ("Policy") is to:

- Seek the best quality, lowest priced goods and services that meet the needs of the City and its personnel;
- Provide all responsible vendors and contractors, including historically underutilized businesses ("HUBs"), equitable access to serving the needs of the City and its personnel through competitive acquisition of goods and services;
- Comply with all federal and state laws that apply to city purchasing and comply with the requirements in this Policy;
- Manage City inventory efficiently and accurately; and
- Dispose of surplus, salvage and seized property in a manner that benefits the taxpayers of the City, foster Interlocal cooperation or provide assistance to other governmental entities, and comply with applicable law.

Application

The Policy applies to all City officials and employees. The Purchasing Department and City personnel must purchase or lease all goods and services, including maintenance and repair, for all departments in accordance with the Policy.

Precedents and Interpretation

- This Policy shall be interpreted liberally to accomplish its purpose under governing laws.
 - Local Government Code:
 - [252 Purchasing and Contracting Authority of Municipalities](#)
 - [271 Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments](#)

- Local Government Code:
 - [2252 Contracts with Governmental Entity](#)
 - [2253 Public Works Performance and Payment Bonds](#)
 - [2254 Professional and Consulting Services](#)
 - [2269 Contracting and Delivery Procedures for Construction Projects](#)
 - [Title 2 Part 200 \(2 CFR\) Uniform Administrative Requirements, Cost Principle and Audit Requirements for Federal Law](#)
-
- If there is any conflict between this Policy and a State or Federal law, or a rule adopted under a State or Federal law, the stricter of the conflicting provisions prevails.
 - The masculine, feminine, and neutral genders shall be interpreted to include the other genders as required. The singular and plural shall be interpreted to include the other number as required.
 - Headings and titles at the beginning of the various sections of this Policy have been included only to make it easier to locate the subject matter covered by that section or subsection and are not to be used in interpreting this Policy.
 - If any provision of this Policy or the application of a provision to any person or circumstances is held invalid by a court of competent jurisdiction, such holding shall not affect the validity of the remainder of this Policy and the application of its provisions to other persons and circumstances shall not be affected.
 - In general, the Procurement Manager interprets this Policy. Any questions regarding the Procurement Manager's interpretation and/or application of the Policy may be taken to the Chief Financial Officer and City Attorney for review and consideration. The City Manager shall resolve any question about any interpretation and/or application of this Policy when there is still a dispute.

Additional Resources

For additional information, the following are listed as reference:

- The State of Texas Procurement and Contract Management Guide
<https://comptroller.texas.gov/purchasing/publications/procurement-contract.php>
- Texas Purchasing Group BidNet Direct – BidNet Direct is comprised of multiple purchasing groups throughout the country. Through these purchasing groups, government agencies utilize the network to publish, distribute and award contracts. Vendors receive bid opportunities, directly from the buying agency.
<https://www.bidnetdirect.com/texas/city-of-victoria>
- GovDeals – This is a government surplus auction site.
<https://www.govdeals.com/>

Procurement Flow Chart

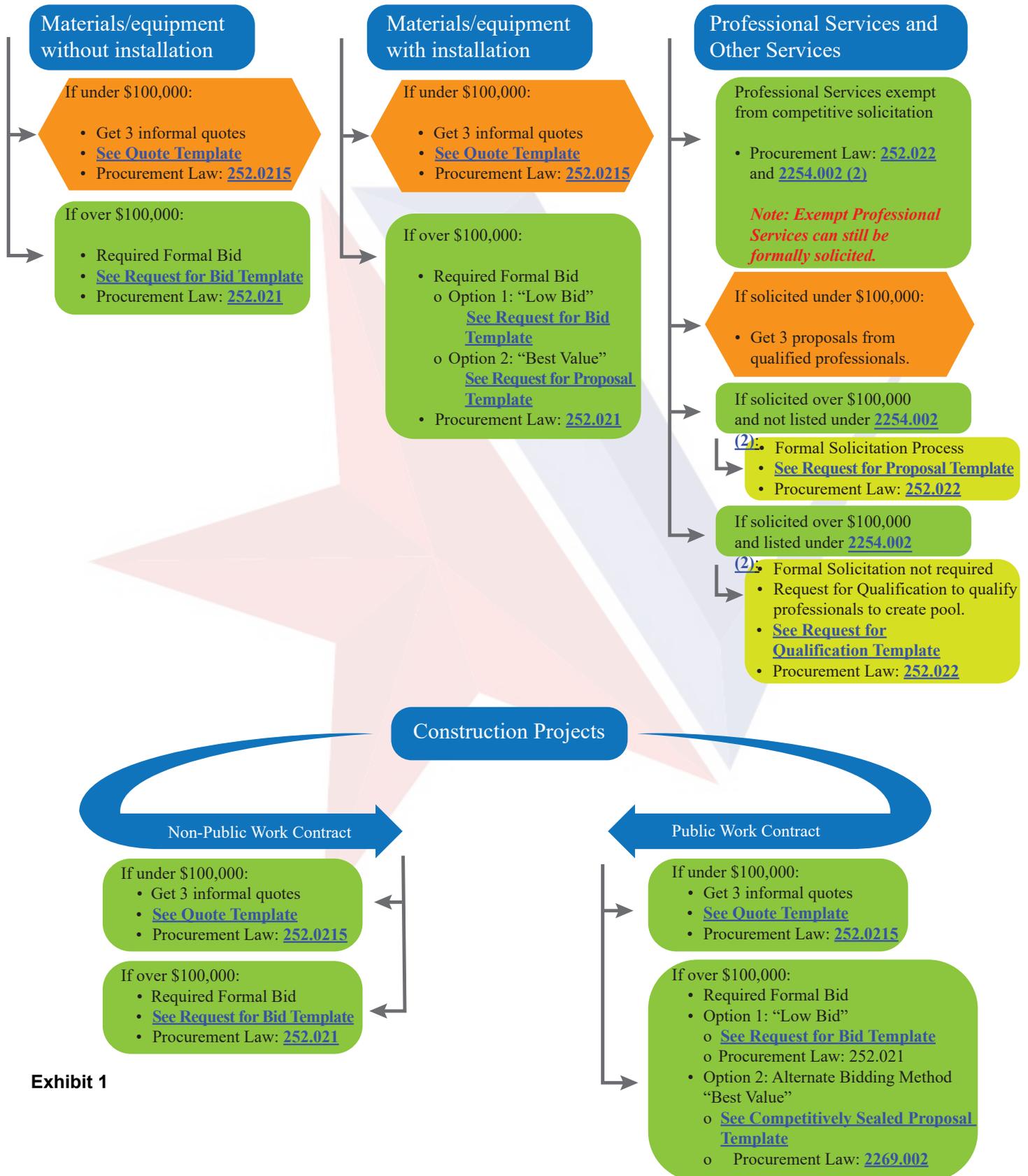


Exhibit 1

Procurement Quick Reference Guide

Total Purchase Request	Petty Cash	Pcard	Purchase Order	Written Quotes	Formal Bidding Process	HUB Required	Dept Head/ Designee Approval	City Manager Approval	City Council Approval
\$0.01 to \$99.99	Yes	Yes	Yes	Recommended	No	No	Required	Subject to Annual Appropriations	Subject to Annual Appropriations
\$100.00 to \$999.99	No	Yes	Yes	Recommended	No	No	Required	Subject to Annual Appropriations	Subject to Annual Appropriations
\$1,000.00 to \$4,999.99	No	Yes	Yes	Recommended	No	Yes Over 3,000.00	Required	Subject to Annual Appropriations	Subject to Annual Appropriations
\$5,000.00 to \$100,000.00	No	No	Required	Minimum 3 Written Quotes Required	No	Yes	Required	Subject to Annual Appropriations	Subject to Annual Appropriations
\$100,000.00 Or Greater	No	No	Required	Formal Bidding Required*	Yes*	Yes	Required	Required	Required

*Unless exempt from Formal Bidding Process – see [Texas Local Government Code Section 252.022 for exemptions.](#)

Exhibit 2

Chapter 3: Code of Ethics

Policy

It is the policy of the City of Victoria that the following ethical principles should govern the conduct of every employee involved, directly or indirectly, in the City's procurement process.

It is essential for employees to act in a manner true to these values to preserve the public's trust.

Accountability

It is essential for employees to take ownership of, and be responsible for, their actions to preserve the public trust and protect the public interest.

Employees should:

- Apply sound business judgment;
- Be knowledgeable of and abide by all applicable laws and regulations;
- Be responsible stewards of public funds;
- Maximize competition to the greatest extent practicable;
- Practice due diligence;
- Promote effective, economic, and efficient acquisition;
- Support economic, social, and sustainable communities; and,
- Use procurement strategies to optimize value to stakeholders.

Impartiality

It is essential for employees to engage in unbiased decision-making and action to ensure fairness for the public good.

Employees should:

- Be open, fair, impartial, and non-discriminatory in all processes;
- Treat suppliers equitably, without preference or discrimination, and without imposing unnecessary constraints on the competitive market; and,
- Use sound professional judgment within established legal frameworks to balance competing interests among stakeholders.

Transparency

It is essential for employees to have and follow easily accessible and understandable policies and processes that demonstrate responsible use of public funds.

Employees should:

- Exercise discretion in the release of confidential information;
- Maintain current and complete policies, procedures, and records;
- Provide open access to competitive opportunities, and,
- Provide timely access to procurement policies, procedures and records.

Responsibility to the City

Employees shall avoid activities that compromise or give the perception of compromising the best interests of the City of Victoria. Employees shall not knowingly use confidential proprietary information for actual, perceived or anticipated personal gain.

Conflict of Interest

Employees shall avoid any activity that might create a conflict between their personal interests and the interests of the City of Victoria. Conflicts exist in any relationship where the City's best interest may be different from the employee's best interests or the best interest of someone associated with the employee. Conflicts of interest include an employee participating in any way in any procurement in which:

- The employee or any member of the employee's family within the first degree of relationship by blood or marriage (a "close family member"), has an employment relationship or an ownership of interest has a financial interest in the results of the City procurement process;
- A business or organization in which a City Council Member or any one of the City Council Member's immediate family members, has a financial interest in the result of the City's procurement process; or
- Any other person, business, or organization with whom the employee or a close family member is negotiating for or has an arrangement concerning prospective employment.

If conflicts of interest exist, the employee shall notify the Procurement Manager in writing and remove him or herself from the City procurement process.

Perception

Employees shall avoid the appearance of unethical or possibly compromising practices in relationships, actions and communications associated with the City procurement process.

Gratuities

Employees shall not solicit or accept money, loans, gifts, favors or anything of value, from present or potential contractors that might influence or appear to influence a purchasing decision or the City procurement process. If anyone is in doubt about whether a specific transaction complies with this policy, the person should disclose the transaction to the Procurement Manager for a determination of compliance. An award or gift officially given in a public ceremony may be accepted by a specific individual who is approved by the department head and/or City Manager.

Confidential Information

Employees shall, to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures, keep the proprietary information of vendors that is obtained during the procurement process confidential. **Employees shall not disclose vendor proposal information obtained from a solicitation to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an "unauthorized person") until such time as the contract has been awarded.**

Confidential Statement

The City of Victoria Purchasing Department uses a Confidentiality Statement ([See Exhibit 3](#)) to ensure compliance with the City's ethics policy regarding the confidentiality of proprietary information. Before the evaluation of confidential proposals, the Purchasing Department sends the Confidential Statement to evaluation committee members for signature and certification, which signature and certification may be confirmed electronically. The statement contains the following requirements to which the evaluation committee member is expected to adhere during the course of the evaluation process and **until an award is approved by the City Council.**

- All information in the vendor's response is to be kept confidential to the extent allowed by Texas law and not otherwise in conflict with City policies and procedures.

- No discussion of the proposal is to occur with any unauthorized person. Notwithstanding the foregoing, an evaluation committee member may discuss the proposal with the City Manager or one or more Assistant City Managers upon request and consult with subject matter experts employed by the City regarding the proposal(s) provided that the subject matter expert has signed the applicable confidentiality statement.
- Evaluation committee members must be familiar with and read the City of Victoria Purchasing Code of Ethics and agree to comply with its requirement including reporting any violations of the Purchasing Code of Ethics and any potential conflict of interest as well as any attempt to exercise undue influence or attempted communications from vendors and other third parties during the evaluation process.

Compliance with the requirements outlined in the Confidentiality Statement is crucial. If proprietary information of any vendor is compromised during the procurement process, all proposals may be rejected.

For additional information on employee expectations related to ethical behavior, visit the Employee Guidelines and Policies manual at <https://www.victoriatx.gov/DocumentCenter/View/4979/COV-Personnel-Policies-Manual>.



Exhibit 3: Confidentiality Statement

**CONFIDENTIALITY STATEMENT DISCLOSURE OF
SOURCE SELECTION INFORMATION**

In accordance with the City of Victoria Purchasing Policy, this project was issued as a competitive proposal, and, therefore, all information contained in the response should be kept **CONFIDENTIAL** until an award is approved by City Council. I certify that I will make no disclosure or release of any source selection information to any person or party who is not a member of City staff necessary to a discussion regarding the proposal (hereinafter referred to as an "unauthorized person"). This includes the contents of proposals submitted in response to the City of Victoria's Request for Proposal for (_____) and any evaluation thereof prior to final execution of the contract.

I further certify that I will not discuss with any unauthorized person the Evaluation Team's findings or decisions, the contractor's approaches, or any information generated during the selection process. I understand that disclosure or release of any such information to an unauthorized person may subject me to adverse administrative action and may require the rejection of all proposals. Notwithstanding the foregoing it is specifically understood and agreed that I may discuss the proposal with the City Manager or one or more Assistant City Managers upon request and consult with subject matter experts employed with the City regarding the proposal(s).

Please refer all questions for information to (_____).

To the best of my knowledge, neither I nor my spouse, ex-spouse (if applicable), children, stepchildren, parents, siblings or in-laws (collectively "close family member") has a direct or indirect financial interest in, including any part-time or full-time employment with, any of the prime respondents (see attached list) that conflicts or appears to conflict with my duties as an evaluation team member; nor do I or a close family member have any other interest that might impact my independent judgment in connection with this evaluation. (I understand that a financial interest of any amount, no matter how small is considered a disqualifying financial interest for such purposes.)

In the event I later become aware of a conflict, I agree to disqualify myself and report this fact to the Procurement Manager.

NOTE: Application for employment is considered a financial interest and must be reported.

PRINT NAME

SIGNATURE

DATE

Chapter 4: Procurement Manager Authority and Responsibilities

Authority

The Purchasing Department which shall purchase all supplies, materials and equipment required by any office, department, or agency of the City.

Statutory Authority and Duties

All Purchasing Department activity shall be conducted in compliance with the City of Victoria Procurement Manual, Texas Local Government Code, [Chapters 252](#) and [271](#), and Texas Government Code, Chapters [2252](#), [2253](#), [2254](#), [2269](#) and [2 CFR 200](#) as any and all of such provisions may hereafter be added to, subtracted from, amended, revised, or deleted.

The Purchasing Department shall purchase all supplies, materials, and equipment required or used, and contract for all repairs to property used by the City or a subdivision, officer, or employee of the City, except purchases and contracts required by law to be made on competitive bid.

- The Procurement Manager or designee shall participate in all purchases made on competitive bid/proposal and shall see that all purchased supplies, materials, and equipment are delivered to the proper City officer or department in accordance with the contract terms.
- The Procurement Manager or designee shall recommend the transfer of City surplus or seized goods that are not needed or used, from one department or employee to another department or employee requiring the goods or the use of the goods.
- The Procurement Manager or designee shall ensure compliance with the Professional Services Procurement Act [Government Code 2254](#).
- With agreements \$9,999.99 or less, City department heads or their designee, has signature authority to execute contracts of any nature (i.e., agreements, statement of work, etc.) via the budget.
- With projects between \$10,000 and \$100,000.00 only the City Manager, or his designee, has signature authority to execute contracts of any nature (i.e., agreements, statement of work, etc.) which have been approved by City Attorney Office via the budget.
- With projects over \$100K only the City Manager, or his designee, has signature authority to execute contracts of any nature (i.e., agreements, statement of work, etc.) which have been approved by City Council via the budget or agenda item.
- The Procurement Manager or designee has the authority to oversee the Purchasing Card process.
- The City Manager has authorized the Finance Director or Designee to sign tax exemption forms and credit applications.
- Rules and procedures adopted by this Policy include rules and procedures for employees to use City purchasing cards to pay for City purchases under the direction and supervision of the Purchasing Department.
- The Procurement Manager or designee shall confer with the City Attorney when necessary to interpret this Policy or requirements under applicable State and Federal laws.

Additional Responsibilities

In addition to statutory duties, the Procurement Manager:

- Encourages and supports compliance with Texas purchasing laws;
- Works in conjunction with the Finance Department and other City officials in the development of efficient financial processes;
- Promotes local business participation in City procurement processes; and
- Provides the business community with a central link to City business.



Chapter 5: Procurement Process, Policy, Roles, and Responsibilities

Procurement Process

The general procurement process as outlined in [Exhibit 4 Purchasing Process](#) contains several stages with responsibilities that are often designated by statute. It begins with requirements planning and identification culminating with the receipt of and payment for goods and services.

User Do's and Don'ts

Coordination among many City departments and offices is necessary for the process to work smoothly. To avoid delays and comply with the Policy and state law, user departments should remember the following:

- **Do not authorize the purchase of any goods or services to be paid at a later date without having a purchase order in place.** Exception is the use of authorized Purchasing Card ([See Chapter 7 Purchasing Card](#)).
- **Do not purchase any goods or services for your own personal benefit.**
- **Do not authorize product demonstrations, trials or wear tests without knowledge and coordination by the Purchasing Department.**
- **Do not obligate the City for the purchase of goods that are delivered for use on a trial basis.**
- **Do not commit to acquire goods or services without an authorized purchase order.** Anyone obligating an expenditure for funds for goods or services before securing a purchase order may be held personally responsible for the payment and may face criminal charges.
- **Do not use purchasing strategies to avoid the requirements of this Policy or which may violate the law.** Strategies that are prohibited by law include:
 - Purchasing component parts that would normally be purchased in one purchase (component purchases);
 - Separately purchasing items that normally would be purchased in one purchase (separate purchases); and,
 - Purchasing items over a period, that normally would be purchased in one purchase (sequential purchases).

A City officer or employee who intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of [Texas Local Government Code Section 252.021](#) is committing a Class B misdemeanor according to [Texas Local Government Code Section 252.062 \(a\)](#). In addition, a City officer or employee who intentionally or knowingly violates the competitive bidding requirements of [Texas Local Government Code Section 252.021](#) in some other manner is also committing a Class B misdemeanor. [Texas Local Government Code § 252.062\(b\)](#). The final conviction of a City officer or employee for a violation of [Section 252.021](#), as explained above, also results in the immediate removal of that person from any office or employment with the City; and, prohibits the removed individual from being appointed or elected to public office in the State of Texas and further prohibits the individual from working for the City or receiving any compensation through a contract with the City for a period of four years from the date of conviction. ([See Texas Local Government Code § 252.063](#)).

- **Adhere to the City’s Code of Ethics ([See Chapter 3 Code of Ethics](#)) and avoid activities and behaviors that are unethical or create a conflict of interest or the perception of a conflict of interest.**

Examples of activities that are inappropriate include:

- Soliciting or accepting money, loans, gifts, favors or anything of value of any kind from present or potential contractors that might influence or appear to influence a purchasing decision;
 - Failing to disclose in writing to the Procurement Manager a conflict of interest and not removing yourself from the procurement process when there is a conflict; and,
 - Disclosing confidential proprietary information from solicitations to other vendors or using the information for personal gain.
- **Ensure funding is available before submitting a requisition.** Texas law does not allow expenditures of funds that exceed the City’s fiscal year budget. The Purchasing Department does not process requisitions for which there is not adequate funding in the current budget.
 - **Plan purchases to minimize the use of emergency and expedited purchases.** Rush purchases are generally more expensive, and they delay other requisitions already in the system. Vendors may attempt to charge premium prices for goods and services needed in an expedited manner. Costs can be elevated when there is insufficient time allowed to explore alternative sources or options.
 - **Plan purchases to allow sufficient time to process purchase requests.** The Purchasing Department is committed to processing all requisitions within a reasonable amount of time. In general, departments should allow 1-2 weeks for all non-contract purchases between \$3,000 and \$100,000 and 6–8 weeks on all purchases requested over \$100,000 that are not covered by an existing contract. Existing contract requisitions and requisitions under \$3,000 are generally processed within one to three business days of fully released requisition.
 - **Ensure that procurement policies and procedures are understood before ordering.** Departments must assure that all employees responsible for making department purchase requests have read and understand the procedures set forth in the Policy. Departments should also ensure that employees attend training provided by the Purchasing Department on an annual basis.
 - **Coordinate with Purchasing Department on receipt of goods and services.** Since the City does not have centralized receiving, each department is responsible for individually receiving goods and services. Departments should contact the individual listed as the buyer on the purchase order to make Purchasing aware of vendor performance issues such as shortages, late delivery, or damaged merchandise. If the item received is a fixed asset, the receipt of the items must be reported to Finance if it is to be placed on the City’s insurance coverage.

Roles and Responsibilities

There are specific roles and responsibilities for both user departments and the Purchasing Department during the procurement process. The City’s Procurement Process protects the integrity of the internal processes and provides fair and equal access to all vendors seeking to do business with the City. [See Exhibit 5 Formal Procurement Process Roles and Responsibilities](#) which outlines the primary roles and responsibilities.

Policy Deviations

If there are indications that a requisition is for an after-the-fact purchase, the department shall reach out to the Purchasing Department immediately to inform them of the policy deviation. An explanation setting forth the reasoning for a requisition after the purchase has been made must be provided. Explanation and reasoning must include the following:

- How did the purchase occur prior to a requisition being issued and the circumstances surrounding it?
- Whether or not the actions that occurred were in the best interest of the City, and if not, to what extent were these actions detrimental to the City?
- Actions taken to correct the circumstances which led to the deviation from City policy or procedure and to prevent future deviation.

Disciplinary action may be taken against the employee(s) involved where actions were not justifiable. Steps to reinforce policy and use of positive administrative action(s) such as staff training, establishment of internal procedures, realignment of staff responsibilities, etc., are to be undertaken to correct any existing problem(s) that may discourage adherence to policy.

When the purchase order is processed for a purchase request noted above, notation will be made to identify the purchase order as an “after-the-fact” purchase, and the purchase order sent to the vendor will state the following:

****DO NOT DUPLICATE****

“This purchase order ratifies the purchase of previously ordered goods/services that were provided without prior written authorization (i.e., a City of Victoria Purchase order). For future orders, please ensure that a proper Purchase Order has been received prior to the release or delivery of requested goods or services.”

Exhibit 4: Purchasing Process

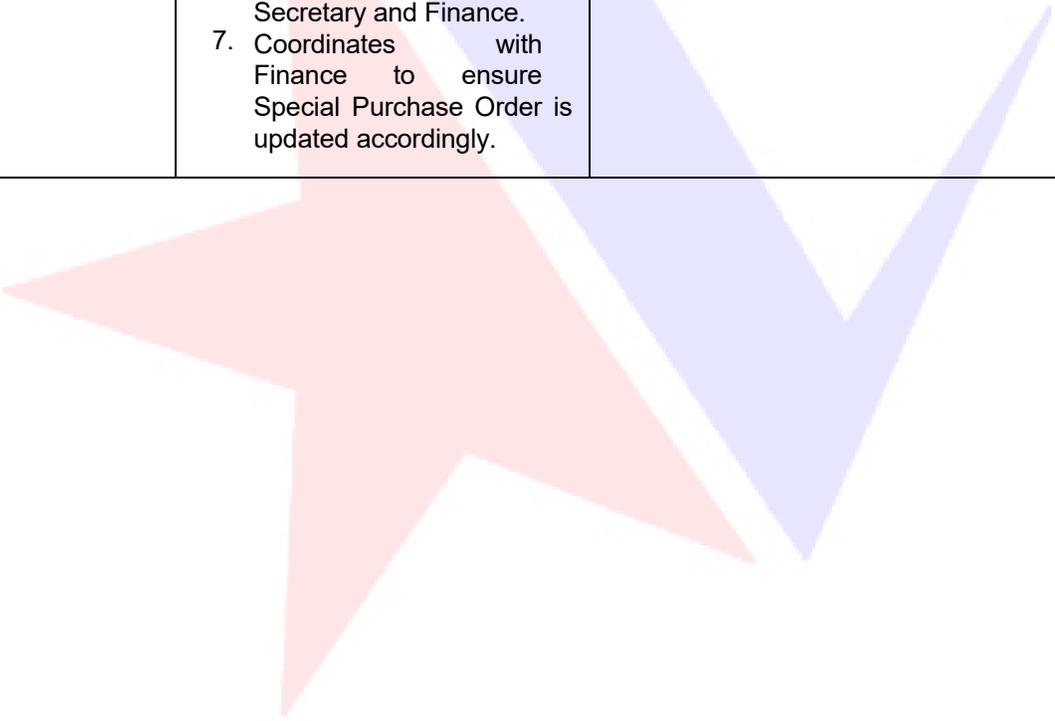
Step:	Performed By:
Identify requirements and obtain Budget	User Department (Purchasing Department may assist)
Define/finalize requirements	User Department (Purchasing Department may assist)
Submit electronic requisition or Intake Form Exhibit 11 (if applicable) outlining Requirements to Purchasing Department	User Department
Solicit, advertise, and generate Purchase Orders from requisition and send to Vendor (if applicable)	Purchasing Department
Generate regular Purchase Order or Contract (if applicable) and send to Vendor	User Department (Legal to assist with contract)
Submit email increase change to dollar value for regular Purchase Orders, (budget confirmation) reference original Purchase Order in reason field	User Department
Submit email requesting changes to regular Purchase Orders for <i>correction</i> of Vendors and product/service description	User Department
Generate regular Purchase Order from requisition and/or email and send to vendor	Purchasing Department
Receive good/service and verify completeness against purchase order or contract	User Department (Purchasing Department Coordinates)
Electronically receive item in the City's automated requisitioning system ("GR") upon receipt of good/service and original invoice to Finance Department OR process Accounts Payable Voucher for contracts	User Department
Match received amount with invoice and audit	Finance Department (Purchasing Department may assist)
Change Orders for special Purchase Orders	Finance Department
Disburse payment of invoice	Finance Department

Exhibit 5: Formal Procurement Process Roles and Responsibilities

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
Requirements Definition/ Specification Development	<ol style="list-style-type: none"> 1. Identifies what is needed, when it is needed, the quantity needed and where it is needed and works with Purchasing to document need in writing a specification. 2. Ensure funding (budget) is available to support need. 3. Sends specification and Intake Form (See Exhibit 11) with funding to Purchasing. 4. Works with Purchasing to develop evaluation criteria/ formats (as applicable). 5. Develops solicitation documents, using provided templates. 6. Drafts agenda request for Purchasing approval. 7. Prepares agenda item for City Council (if applicable). 	<ol style="list-style-type: none"> 1. Consults with User Department in development of specification and procurement process to be used. 2. Works with City Attorney to prepare or review solicitation and contract documents. 3. Reviews specification to ensure that it is descriptive and specific but does not prevent competitive bidding or comparable goods. 4. Works with user department to develop evaluation criteria/ formats (as applicable). 5. Reviews/edits solicitation document and submits to department for final approval. 6. Reviews/edits agenda request and files in iCompass.
Solicitation	<ol style="list-style-type: none"> 1. Reviews solicitation documents before issuance to ensure department needs are met. 2. Provides Purchasing with a list of potential vendors that can meet the solicitation requirements. 3. Reaches out to potential vendors that can meet the solicitation requirements. 4. Provides technical clarifications to Purchasing if vendor questions arise. 5. Supports pre-solicitation conferences (as applicable). 	<ol style="list-style-type: none"> 1. Issues solicitation to vendors registered on electronic bidding system (and those identified by user department). 2. Advertises solicitation in accordance with state law. 3. Conducts pre-solicitation conferences (as applicable). 4. Provides answers or clarification to vendors through addenda before solicitation closes. 5. Receives and logs vendor responses. 6. Prepares responses for evaluation and sends to user department.
Evaluation and Negotiation (as applicable)	<ol style="list-style-type: none"> 1. Evaluators from department sign confidentiality statement (See Exhibit 3 Confidentiality Statement) and send to Purchasing (as applicable). 2. Evaluates response based on established evaluation criteria and formats. 3. Completes evaluation and submits recommendation to Purchasing Department. 	<ol style="list-style-type: none"> 1. Issues confidentiality statement to all evaluators before evaluation commences (as applicable). 2. Supervises evaluation process to ensure consistent and fair application of evaluation criteria. 3. Acts as point of contact for evaluator requests and communications to vendors for additional information.

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
	<ol style="list-style-type: none"> 4. Works with Purchasing to develop negotiation strategy (as applicable). 5. Leads negotiating team to negotiate Best and Final Offers (as applicable). 6. Works with Purchasing to co-develop final recommendation for award. 7. Provides information to Purchasing Department (memorandum) to support contract award agenda development. 8. Prepares contract award agenda request for City Council. 	<ol style="list-style-type: none"> 4. Compiles individual evaluation results and works with users to develop recommendation for award and prepares contract award agenda item for City Council, or 5. Works with user department to develop negotiation strategy (as applicable). 6. Participates as member of negotiating team to negotiate Best and Final Offers (if applicable). 7. Receives Best and Final Offers and co-develops final recommendation for award (if applicable).
Contract Modifications	<ol style="list-style-type: none"> 1. Requests modifications in writing to Legal. 2. Works with City Attorney to review and finalize modifications. 3. Reviews draft and final modification to ensure it meets department needs. 4. Obtains appropriate signatures (vendor, attorney, etc.). 5. Either approves modifications or develops City Council agenda item for approval depending on type and amount of modification. 	<ol style="list-style-type: none"> 1. Coordinates with vendor and user department to develop draft modifications.
Award Contract	<ol style="list-style-type: none"> 1. After awarded by City Council, send vendor(s) a rejection/ notice of selection. 	<ol style="list-style-type: none"> 1. After awarded by City Council, update selection in the contract management system.
Contract Performance Monitoring	<ol style="list-style-type: none"> 1. Maintains complete contract file with supporting documentation during term of contract. 2. Notifies Purchasing of non-performance and provides written documentation outlining details of non-performance (dates, description of problem, etc.). 3. Works with Purchasing to develop acceptable corrective actions (as applicable). 	<ol style="list-style-type: none"> 1. Receives copy of contract and monitors vendor performance and delivery. 2. Works with vendor to resolve performance issues as identified by user department. 3. Develops corrective actions and timetables for completion to resolve performance issues and documents in contract file (as applicable). 4. Works with user department and City Attorney to terminate contract when necessary because of non-performance.

Process	User Department Role/Responsibility	Purchasing Department Role/Responsibility
Change Order(s) / Amendments	<ol style="list-style-type: none"> 1. Works with Vendor to decide if change to contract scope or time is needed. 2. Creates Change Order Form (if applicable). 3. Reaches out to Legal for Amendment (if applicable). 4. Verifies with Finance funding availability before executing. 5. Executes Change Order or Amendment – all parties should sign. 6. Submits final Change Order or Amendment to City Secretary and Finance. 7. Coordinates with Finance to ensure Special Purchase Order is updated accordingly. 	<ol style="list-style-type: none"> 1. Provides blank Change Order Form for department to complete.



Chapter 6: Other General Procurement Policies

IT Review of Data Processing Equipment

The Information Technology Department (IT) shall review and approve all purchase requests made by departments for software, hardware and other computer-related equipment save and except Pre-approved Marketplace Items (defined below). This procedure is to ensure compatibility and standardization of the City's computer system. IT may provide the Procurement Manager with a list of the goods and services that have been pre-approved and need no additional review ("Pre-approved Marketplace Items"). Pre-approved Marketplace Items also include renewals and re-purchases of previously approved software applications, but do not include updates or new versions that may by their revisions be rendered incompatible. To purchase any other computer related or services, the user department must obtain IT approval.

Risk Management Coverage

When departments sustain loss or damage to goods or buildings, the replacement or repair is jointly coordinated through the insurance provider, Safety Management Department, and the affected department. The actual purchase is processed by the affected department utilizing approved City of Victoria procurement procedures. Additionally, the Safety Manager or department must notify the Finance Department so that fixed asset inventory files can be updated, if applicable.

After Hours Emergency Purchases

Each department must have written internal procedures consistent with this Policy that address Emergency Purchases ([See Appendix A - Glossary](#)) in an amount of less than \$100,000 that occur after regular work hours. If you have any questions regarding whether a particular purchase meets the state law definition of an emergency purchase, please contact the Purchasing Department.

Each department's written internal procedures should stress the importance of employees contacting their immediate supervisor or other designated person for approval prior to making an Emergency Purchase. On the first working day after the Emergency Purchase, the department must enter a purchase requisition into SAP and complete the Emergency Procurement Request Form ([See Exhibit 6](#)), available on the City's Employee Portal, and submit to the Procurement Manager.

Interlocal Agreements

All Interlocal agreements with other governmental and quasi-governmental entities which will provide for a Cooperative Purchasing Program, only, between the City and other governmental and quasi-governmental entities must be reviewed by the Procurement Manager and may be approved by the City Manager.

Best Value

If the competitive sealed bidding requirement applies to the contract for goods or services, and if so, specified in the bid documents, the contract must be awarded to the lowest responsible bidder or alternatively, if so, specified in the bid documents, the contract must be awarded to the bidder who provides goods or services at the best value for the City. In determining the best value for the municipality, the City may consider:

- the purchase price;
- the experience and reputation of the bidder and of the bidder's goods or services;
- the quality of the bidder's goods or services;
- the extent to which the goods or services meet the City's needs;
- the bidder's past relationship with the City;

- the impact on the ability of the City to comply with laws and rules relating to contracting with HUBs and non-profit organizations employing persons with disabilities;
- the total long-term cost to the City to acquire the bidder's goods or services; and
- any relevant criteria specifically listed in the request for bids or proposals.

Electronic Transactions

Electronic sealed bids or proposals shall be accepted in accordance with [Section 252.0415\(a\)](#) of the Local Government Code requiring the identification, security, and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.

- Invitations to Bid and Requests for Proposals will be advertised and issued through the City's electronic service provider ([See BidNet Direct](#)). A notification will be added to the advertisement stating Respondents will submit responses electronically through City's service provider.
- At the specified bid closing time, a password-enabled employee in the Purchasing Department will open and download all bids, including the bid tabulation summary assembled by the City's service provider. A bid that is submitted non- electronically will be accepted manually, if applicable, and then entered electronically by Purchasing after the bid opening, as stated in the bid and proposal document terms and conditions.

Purchasing staff will read aloud all bid responses received by the stated bid closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will publish the unofficial bid tabulation electronically to the electronic service provider ([See BidNet Direct](#)).

Vendor List

The vendor is responsible for registering on-line via the City's electronic bidding services, ([See BidNet Direct](#)). They may categorize their business by the commodity codes for the goods and services that they are capable of providing. The Purchasing Department utilizes a third-party vendor for publication of solicitations.

As a courtesy to vendors, and as a means of encouraging competition, notification of each solicitation is provided in a newspaper of general circulation as required by law.

Petty Cash

Incidental items under \$100.00 (except for items available on fixed-price contracts) may be purchased utilizing petty cash.

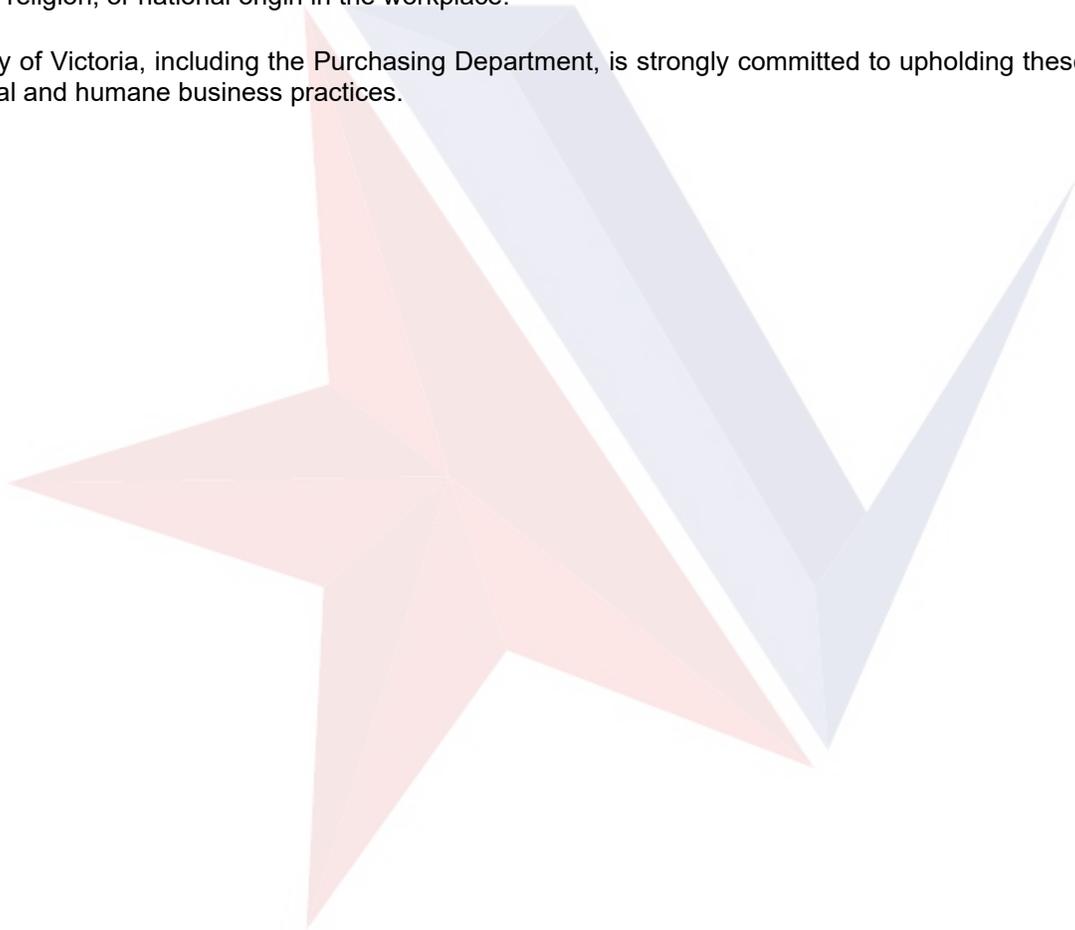
Ethical Procurement

City of Victoria departments are encouraged to do business with companies who adhere to the federal and state labor laws and regulations, including but not limited to:

- The [Fair Labor Standards Act](#) through limiting child labor, requiring payment for overtime work and requiring payment of at least the general prevailing daily wage rate for work of a similar character performed in the same locality.
- The [Occupational Health and Safety Act \(OSHA\)](#) which requires safe working practices and procedures in all projects.

- In accordance with [Subpart 9.4 – Debarment, Suspension, and Ineligibility](#), contractors debarred, suspended, or proposed for debarment are excluded from receiving contracts, and agencies shall not solicit offers from, award contracts to, or consent to subcontracts with these contractors.
- The provision of workers' compensation insurance, by the general contractor and all subcontractors, in accordance with the [Texas Workers' Compensation Act](#) on any City building or construction project.
- [Title VII of the Civil Rights Act of 1964](#) prohibits employment discrimination based on race, color, religion, sex, and national origin.
- Any state or federal law prohibiting discrimination or harassment based on age, gender, race, religion, or national origin in the workplace.

The City of Victoria, including the Purchasing Department, is strongly committed to upholding these beliefs in ethical and humane business practices.



CITY OF VICTORIA EMERGENCY PROCUREMENT REQUEST FORM

DATE:	
TO:	
FROM:	
SUBJECT:	
Emergency Procurement Request, Requisition # _____	

Reference is made to the [State Government Code Chapter 2155, Sec. 2155.137](#) in the Texas State Purchasing and General Services. Utilize this form for documentation that a procurement was initiated in the state of an emergency. This form will be filed and subject for review.

1. Date of Emergency: _____ / Estimate or Invoice Amount \$ _____
2. A Full Description of the Basis of the Emergency (attach any additional documentation if needed): _____

3. Description of Product or Services that will be Provided: _____

4. Vendor Selected: _____
5. Reason why vendor was selected to provide the goods or services? _____

6. Provide a copy of the invoice for emergency work performed (as well as any quotes received).

To the best of my knowledge, the foregoing summary for the product or service sought by the requesting department meets all of the criteria for an emergency procurement.

CHIEF FINANCIAL OFFICER/DESIGNEE

DEPARTMENT DIRECTOR/DESIGNEE

Typed Name

Typed Name

Signature

Signature

Chapter 7: Purchasing Cards

Purpose

The City of Victoria Purchasing Card (P-Card) Program has been made available through a contracted banking services provider, hereafter called the Bank. The P-Card will allow selected employees to purchase items required for the daily operations of their departments. The intent of the purchasing card is to enhance the capabilities of City personnel to perform operational tasks without the administrative delay of obtaining Departmental Purchase Orders. The P-Card is offered to promote ease of operation; **however, it should not be used to replace the Purchasing Requisition Process, (i.e., requisitions, purchase orders)**. All purchases made with the P-Card are to follow the City of Victoria's Procurement Policies, the City of Victoria's Cardholder Agreement, the Travel Policy and any other applicable policies. Policies and guides are available for reference on the [Employee Portal page](#).

Issuance

Every new employee will have to be with the City for 6 months to qualify for a P-Card, unless they get permission from the Finance Director to be exempt from the 6 months probation period. P-Cards will be issued in the name of each individual and the City of Victoria. The P-Card will remain the property of the City of Victoria. Each potential cardholder will attend a training session and sign a Procurement Cardholder Agreement prior to being issued the card. All cards must be requested via the [Purchasing Card Request Form](#) and approved by department head or designee prior to processing by the Purchasing Department. The Purchasing Department has final approval for purchasing cards to be issued.

P-Card Levels of Authorization

- Level 1 authorization is given to all cardholder accounts. It allows for purchase of routine items needed to perform the daily activities as required by their position. The P-Card must be used in accordance with the City's Procurement Policy. As per stated limits below:
 - \$1,000.00 Single Transaction limit
 - \$10,000.00 Monthly limit
- Level 2 authorization is "Travel". It includes all the authorizations from the first level and also allows employees to make payment on airfare, hotels, and authorized business expenses during business trips. The employee will need to get Department Head approval before going over the first level transaction limit. Authorization will be made via the [Purchasing Card Request Form](#). The P-Card must be used in accordance with the City's Procurement and Travel Policies already established. As per stated limits below:
 - \$1,500.00 Transaction limit
 - \$10,000.00 Monthly limit
- Level 3 authorization is "Department Designee". Department Head may allow for **one** employee to have a higher designated transaction limit. The employee will need to get Department Head approval. Authorization will be made via the [Purchasing Card Request Form](#). The P-Card must be used in accordance with the City's Procurement Policy already established. As per stated limits below:
 - \$2,999.99 Transaction limit
 - \$10,000.00 Monthly limit

Statements

Statement notification will be e-mailed to cardholders by the Bank. Cardholders are to reconcile their receipts weekly with the transactions shown by the Bank. Attach all documentation, note any additional information pertinent to the purchase, receive necessary approvals and forward to Finance, via Laserfiche. Statements are to be reconciled by the department on a weekly basis and all itemized receipts must be forwarded to Finance, via Laserfiche, per the timeline listed in the cardholder guide.

All documentation including transactions, itemized receipts, and budget transfers (if applicable), must be received on a weekly basis or **the user's P-Card will be suspended until missing documentation is received.** Users will be notified via email prior to having their P-Card suspended.

For example, for your P-Card week ending October 1, all documentation must be received by October 8 to avoid suspension of your P-Card. Statements for the prior week become available on Tuesday. You have until Thursday to make any changes (account coding, description, etc.) before transactions are locked from editing. These are the statements that need to have all related documentation uploaded into Laserfiche by Friday.

A fourth suspension may result in P-card privileges being terminated permanently.

Returns, Credits and Disputed Charges

Should a problem arise with a purchased item, service or charges, every attempt should be made by the cardholder to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits or disputed charges. The returned, credited or disputed item should be documented.

Returns

If a cardholder needs to return an item to a supplier, cardholder must contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking fee for returns. It is the cardholder's responsibility to understand the supplier's return policies and terms of business. Returns must be documented.

Credits

If the supplier accepts an item as a return, a credit for this item should appear on the following statement. Cardholder must follow up with the supplier until the credit appears.

Disputed Charges

If a cardholder finds a discrepancy, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated on weekly reports forwarded to Finance. If a cardholder cannot resolve a disputed item directly with the supplier, the cardholder should contact the Bank. The Bank will notify proper City personnel. The Bank will place the charge in a "State of Dispute" and the account may be given a provisional credit until receipt of adequate documentation from the supplier is received. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is considered to be fraudulent, the card will be immediately locked, the account may have a provisional credit (if given) and an investigation of the charge will continue. A new card will be re-issued to the cardholder, if appropriate. If the charge appears legitimate after investigation, the transaction will then post to the new account.

Lost or Stolen Cards

For bank contact information, refer to [Purchasing Page](#). Record the Bank's Customer Service number in a handy location. If a Purchasing card is lost or stolen, the cardholder shall immediately contact the Bank's Customer Service number. After contacting the Bank, the cardholder shall immediately notify the Program Administrator. Prompt action can reduce the City's and the cardholder's liability for fraudulent activity.

It is imperative that Purchasing, and Finance be notified immediately of any of the aforementioned occurrences.

Security of the Card

The cardholder is responsible for the security of the card. This City-issued P-Card should be treated with at least the same level of care that cardholder would use with his/her own personal credit cards. Guard the P-Card Number carefully. It should not be posted in a work area. Do not leave the card in a conspicuous place, but rather keep it in an accessible, secure location. Cardholder shall always keep the purchasing card in a safe place and only use it for official City business use; and,

The only person authorized to use the Purchasing Card is the cardholder whose name appears on the card. The P-Card is to be used for business purposes only.

Responsibility of Cardholders

The P-Card may be used **ONLY for CITY-RELATED BUSINESS**. No personal use of the card will be allowed. Misuse of the P-Card may subject the cardholder to discipline up to termination and criminal prosecution.

Purchases should be made by use of the P-Card only if it is the most efficient and most cost effective method. P-Cards should not be used to replace planning for the department's needs, (i.e., requisitions, purchase orders). The City promotes progressive productive work methods and supports planning ahead to achieve the best possible results.

P-Cards must be used under SECURE CONDITIONS ONLY. Only secure websites are allowed for online transactions. Look for either a "lock" icon at the top of the screen or an added 's' in prefix of the site's URL, specifically "https://". If one of these indications is not present, do not complete the transaction. Cardholders are to use caution when providing a card number by telephone or by facsimile.

The City of Victoria is exempt from sales tax. A current tax-exempt form may be found on the [Purchasing Employee Portal page](#). BE SURE TO CHECK ALL RECEIPTS TO ENSURE THAT TAX HAS NOT BEEN INCLUDED.

Card Restrictions

Cardholders are prohibited from using the P-Card to purchase local business meals except for the City Manager, Assistant City Managers and Directors or designees (who are authorized to purchase reasonable business meals as determined by the City Manager). Business meal receipts shall be documented to include attendee names, date, purpose of the meeting, and should be sales tax exempt.

For any in town meal paid for with city P-Card, the [daily allowable rate per employees](#) shall be set at \$19.00, the Federal Government General Services Administration (GAS) rate, **the \$19.00 will include the tip**, anything in excess will be reimbursed by P-Card holder, and the occurrences will be followed in the Program Administrators Responsibilities section. For any out-of-town meals, please refer to the Travel Policy. Cards may only be used for City employee meals, meaning if you are having lunch with a vendor, you will not pay for the vendor's meal. No sales tax should be charged to the meal. Itemized receipts, a complete list of attendees, and topic(s) discussed at meeting must be submitted with your P-Card statement. Failure to comply with any of these items will result in the P-Card holder reimbursing the City the cost of the meal. Prior approval from Finance for any other meal purchases is necessary and should be included with the P-Card documentation submitted.

Sales Tax – if any sales tax is charged on a transaction, P-Card holder has two weeks for credit or reimbursement to post.

Travel/Training – related meals are handled on per-diem basis. Therefore, the P-Card shall not be used for these types of meals. [See Travel Policy](#).

The P-Card shall not be used for items and/or services on a purchase order, contract, CIP projects, fixed assets or capital outlays. Exception to purchasing card fixed asset purchases is library books. Prior approval from Finance for any other fixed asset purchase is necessary.

To remain in compliance with [Texas Local Government Code Section 252.0215](#), the cardholder must solicit quotes from HISTORICALLY UNDERUTILIZED BUSINESSES (HUBS) if total expense for a commodity reaches \$3,000 or more. [Click here for a listing of Victoria County HUB](#) (select HUB only, select business category, under vendor location search and select Victoria. This will populate current list of HUB vendors for Victoria County).

For examples of appropriate purchases, refer to the City of Victoria's Purchasing Card Program, [Quick Reference Cardholder Guide](#).

Director and Approving Officer Responsibilities

Directors will set expenditure and purchase limits.

- Directors have the authority to assign and request adjusting per transaction and per cycle limits.
- If the cardholder misuses the purchasing card, the Finance Director or designee(s) may cancel the card and require the return of the card. Further disciplinary action may also result.

Approving Officers will review all purchases.

- Approving Officer shall serve in a supervisory role within the City that has been authorized by the Department Head. The Approving Officer is responsible for timely reviewing and approving of cardholder weekly transactions. Notwithstanding the foregoing, an Approving Officer or Director shall not review and approve their own cardholder weekly transactions. Rather, such cardholder weekly transactions shall be reviewed and approved by their respective Supervisors.
- The Director will counsel cardholders and their Approving Officers whenever cardholders are not adhering to all requirements and guidelines of the card. In the event that a cardholder misuses the card, the Program Administrator may cancel their card. The Finance Director or designee(s), Program Administrator and Human Resources Director will work in conjunction with Director on appropriate disciplinary action for card misuse. The Purchasing Department will conduct audits of the P-Card usage in the same manner as is done with Departmental Purchase Orders.
- Neither the Bank nor the merchant bears any responsibility for inappropriate purchases. If the cardholder makes a purchase, the merchant will be paid, and the department budget charged unless the City returns the merchandise, and the merchant agrees to accept and issue a credit.
- The Approving Officer shall immediately report any inappropriate purchases made by any cardholder to their Director. The Director shall counsel the offending cardholder, including an offending Approving Officer, and report the offending cardholder and/or offending Approving Officer and inappropriate purchase to the Program Administrator.
- In the event a Director makes any inappropriate purchases, such inappropriate purchases shall be immediately reported to the Assistant City Manager charged with oversight of that Director's Department as well as the City Manager and Chief Financial Officer. The Assistant City Manager charged with oversight of that Director's Department and/or the City Manager shall counsel the Director and report the Director and inappropriate purchase to the Program Administrator.

Director will request new cards and/or cancellation of existing cards.

- The Director is responsible for notifying the Program Administrator, ([See Purchasing Card Request](#)) to process the application of an authorized cardholder, cancel the card of a cardholder and for turning in a card to be cancelled.
- Whenever the employment of a cardholder ends, or the individual is transferred to other duties, the Director is responsible for returning the card to the Program Administrator for cancellation ([See Purchasing Card Request](#)).

Program Administrator Responsibilities

The Program Administrator will be responsible for:

- Processing applications to obtain P-Cards for staff members and for canceling cards returned by the Director upon their request.

- Every new employee will have to be with the City for 6 months to qualify for a P-Card, unless they get permission from the Finance Director to be exempt from the 6 months probation period.
- Keeping a current list of all cardholders, card numbers, card limits and card history. They will also be responsible for the integrity of the system and as such may request a full audit of the cardholder account.
- Reviewing the appropriateness of purchases made with the P-Cards and any misuse and/or abuse of card privileges (collectively “Occurrence”) will be dealt with as follows:
 - Occurrence 1 – The Director determines if the cardholder should be individually responsible for the charge, if the individual should continue in the program, and any disciplinary action up to and including termination. Program Administrator will be notified of the disposition of the incident.
 - Occurrence 2 – The Director will determine the need for disciplinary action. The P-Card will automatically be suspended for 30-days, until after receipt of missing documentation.
 - Occurrence 3 – Program Administrator and Finance Director or designee(s) may terminate the cardholder’s participation in the program, and the Director will determine the need for disciplinary action up to and including termination. The P-Card will automatically be suspended for the remainder of the fiscal year.
 - Occurrence 4 – The Director of Finance or designee(s) will terminate the cardholder’s participation in the P-Card program and the Director will determine the need for disciplinary action up to and including termination.

Each occurrence is subject to discipline at the Director Involvement consultation.

Examples of P-Card misuses:

- Allowing another employee to use your P-Card;
- Any personal purchase; i.e., alcohol or entertainment;
- Using when traveling for food or fuel purchases when employee has received per diem;
- Splitting ticket to get around single transaction limit, i.e. purchasing goods at store that total \$1,000, and split transaction into two separate ones to be under single limit;
- Items for any City of Victoria competitions, i.e. decorating, pumpkin or door decorating contests or cook-off;
- Computer software or license (this must go through IT);
- Not turning in proper documentation in a timely manner.

As with any City purchase, the P-Card is not to be used for any product, service or with any merchant considered inappropriate for City funds. This list is not all inclusive, only meant as a guide. If there is a question whether a purchase is considered “misuse” contact Program Administrator.



THE CITY OF VICTORIA

PURCHASING CARD (P-Card) - CARDHOLDER AGREEMENT

I _____, agree to the following regarding my use of the Wells Fargo Bank Purchasing Card (P-Card).

1. I understand that I am being entrusted with a City Purchasing Card (P-Card), and that each time I use the P-Card I will be making financial commitments on behalf of the City of Victoria.
2. I will **not** allow others to use my P-Card and will ensure that my P-Card is kept secure at all times. If my P-Card is lost or stolen, I understand that it is my responsibility to immediately notify Wells Fargo by calling 1-800-932-0036 and notify a City of Victoria Program Administrator.
3. I agree that the P-Card may only be used for business expenses.
4. I understand that under no circumstances will I use the P-Card to make personal purchases, either for myself or for others. If an accidental personal purchase is made, I will immediately refund the City of Victoria for the full purchase price.
5. I will obtain a receipt, which reflects the total amount paid to the vendor and details of the item purchased, each time I use the P-Card. All City of Victoria purchases are tax-exempt.
6. I will use the P-Card in accordance with chapter 7 of the Procurement manual and this cardholder agreement. If the proper procedure isn't followed I will incur an occurrence, which can be found in chapter 7 of the Procurement Manual.
7. I am aware of my P-Card credit limit and will abide by those limits.
8. I understand and agree that failure to adhere to the terms of chapter 7, cardholder agreement, or use of the P-card for personal use or gain will be treated as a serious violation of City Policy and will result in an occurrence or disciplinary action up to and including termination of employment.

Employee Name (Print): _____

Employee Signature: _____

Date: _____

Chapter 8: The Requisitioning Process

Definition

A Requisition is the formal request for a purchase to be made. It is the first step after the need for goods or services is recognized.

Purpose

The department's purchase requisition authorizes the Purchasing Department to enter a contract with a vendor to purchase goods or services. This automated form is for internal use and cannot be used by a department to order materials directly from a vendor.

Policy

The City of Victoria uses an automated requisitioning system, commonly referred to as the City's Enterprise Resource Planning (ERP) system. Based on pre-established budget line items, the user department enters purchase requisitions into the system. Adequate budget funds must be available in the departmental line item(s) before the Purchasing Department can purchase the requested goods and services.

Procedure

Purchase requisitions should fully describe what to buy, when it is required, and where the goods are to be delivered or the services are to be performed. The user department needs to "build" a complete description of the item(s) needed. [See Exhibit 7 Requisition Checklist](#) which identifies the information and steps the user department should follow to obtain the full descriptive information needed to process requisitions expeditiously. The information should be researched and obtained before the user department enters a requisition in the ERP system. ([See Exhibit 8 for New Vendor Setup Form](#)).

After the Purchasing Department receives a purchase requisition, it determines the appropriate purchasing method based on the cost of the purchase, the goods and services to be purchased, the existing contracts for goods and services and other relevant factors. [See Exhibit 9 Procurement Methods](#) which identifies the various procurement methods, when to use them, advantages, and disadvantages of each.

Specific instructions on entering purchase requisitions into the ERP system are not covered in this manual. Instructions may be found on the [Purchasing Training page of the employee portal](#). The user department can contact the Purchasing Department for training.

Note: Cycle time to process a requisition refers to the time between when a purchase requisition is received in the Purchasing Department and when an actual purchase order is placed with a vendor.

Reminder: It is the department's responsibility to track the progress of their requisition to make sure it is released from Finance Department's queue. Time the requisition may spend in the Finance Department's queue is not included in cycle time.

Emergency Requisitions: Please contact the Purchasing Department prior to entering an emergency requisition into the system and inform Finance and Purchasing that you are submitting an emergency requisition so the emergency requisition can be promptly retrieved from the ERP system and processed.

Exhibit 7: Purchase Requisition Checklist

Step:	Reference Source:
Identify the commodity and sub-commodity code for the item(s) to determine the accounting line item(s) to be used and ensure that there are sufficient budgeted funds available. Perform budget transfer if necessary, before submitting requisition.	ERP System (purchasing module for commodity/sub-commodity and financial module for account line-item balances)
Find the desired item(s) and obtain the following information: <ul style="list-style-type: none"> ✓ Manufacture Name (e.g. Dell) ✓ Model Number (e.g. Pentium Series II, model Number 135867) ✓ Unit of measure (e.g. each) ✓ Unit price, quantity, and total price ✓ Item description (complete description with as much detail as possible) 	Vendor catalog, Internet search Helpful hint: copy the model description information from the source and either type it in the requisition or e-mail to Purchasing, purchasing@victoriatx.gov .
Obtain the full description for the item(s) being purchased. Example of full description (file cabinet): File Cabinet, Vertical, 2 Drawer, Letter Size, Dimensions 27 ¾" H x 17 11/16" W x 25" D, Color: Steel Gray Shipping Weight: 320 Lb. MFG: FireKing P/N FK25 (seen online at Office Depot catalog)	Vendor catalog, Internet search
Check the vendor name to see if the vendor exists in ERP system and verify the vendor number. If the vendor does not exist, have Exhibit 8: Vendor Set Up Form and most current W9 Form filled out and returned to Purchasing. purchasing@victoriatx.gov	ERP Purchasing module (requisition function)
Identify shipping and delivery information including: <ul style="list-style-type: none"> ✓ Date required ✓ Shipping (determine if is it included in price or is a separate item) ✓ Department point of contact to whom item will be delivered ✓ The "Ship to" location ✓ Any specific delivery instruction (location, time of day, etc.) ✓ Any special options that are available, but not part of description (color, fabric, etc.) 	ERP Purchasing module (requisition function)



THE CITY OF VICTORIA

Purchasing Department
700 Main Center, Suite 132
P.O. Box 1758, Victoria, Texas 77902-1758
(361) 485-3183

Dear Vendor:

The City of Victoria has recently contracted with your company for goods or services. In order to get you setup within our accounting system, the following information is needed.

Company Name: _____

Remittance Address: _____

Contact Name: _____

Contact Phone Number: _____

Contact Fax Number: _____

Contact Email Address: _____

City of Victoria pays its vendors via electronic method through checking accounts only. Please fill out the following.

Bank Routing No: _____

Bank Checking Account No: _____

Please send complete the attached vendor setup form along with the completed IRS Form W-9 to purchasing@victoriatx.gov as soon as possible.

Please send all invoices directly to the Finance Department at financemail@victoriatx.gov.

The City looks forward to a successful business relationship with your company.

Regards,

Wesley Janecek, CPA
Director of Finance
City of Victoria

Exhibit 9: Procurement Methods

Procurement Method	Use When	Advantages	Disadvantages
Competitive Bids (Invitation to Bids)	<p>The cost may require an expenditure of more than \$100,000.00</p> <p>Adequate competition exists.</p> <p>The product or service is available from more than one source.</p>	<p>Award process is simpler.</p> <p>Award is made to the lowest responsive, responsible bidder or the bidder providing the best value to the City.</p>	<p>Defined specifications may be difficult to develop.</p> <p>Does not encourage innovative solutions.</p>
Competitive Proposals (Request for Proposals)	<p>The cost may require an expenditure of more than \$100,000.00</p> <p>When factors other than price are evaluated.</p> <p>When negotiations are desired.</p> <p>Vendor is expected to provide innovative ideas.</p>	<p>Allow factors other than price to be considered.</p> <p>Allows for customized proposals suggesting different approaches to the same business need.</p> <p>Allows for negotiations in order to obtain the best value for the City.</p>	<p>Lead times for procurement may be greater.</p> <p>Evaluations are more complex.</p>
Request for Information	<p>There is insufficient information to write specifications for any procurement method.</p>	<p>Provides information to prepare a complete bid or proposal document.</p> <p>Allows the business community to have input into the solicitation document based on current industry practices and market factors.</p> <p>Informs City of any potential problems early in the procurement.</p>	<p>Lengthens the procurement process.</p>
Request for Qualification/Services	<p>The cost may require an expenditure of more than \$100,000.</p> <p>Selection is made solely on the skills and qualifications of the professional.</p>	<p>Emphasizes the competency of the proposed professional contractors.</p>	<p>Contractor is tentatively selected before price is negotiated.</p>

Chapter 9: Informal Purchases Between \$0 - \$100,000.00

Policy

For purchases of goods and services totaling \$2,999.99 or less, end user shall seek a source with fair and reasonable pricing.

For purchases of goods and services totaling between \$3,000 and \$100,000.00 **Purchasing or User Department** will solicit price quotations from a minimum of three sources to assure fair and reasonable competition. Any exception must be approved by the Procurement Manager and documented on the requisition.

The User Department shall contact at least two Historically Underutilized Businesses (HUBs), see section below, when making expenditures in this category, based on information provided by the Texas Comptroller's Office pursuant to [Chapter 2161 of the Texas Government Code](#). If the HUB list fails to identify a historically underutilized business within Victoria County for the service or goods sought, the City is exempt from this requirement, and the User Department will obtain the required quotes. The User Department shall forward all HUB related documentation to Purchasing Department, who will maintain the proper documentation reflecting compliance with this obligation.

Considerations

To protect the integrity of the process, all solicitations of quotes shall comply with the following:

- Purchasing Department should be contacted if additional sources for a particular product or service are needed;
- Quote number should be entered in the appropriate space on the electronic requisition and emailed to Purchasing for supplier selection/confirmation, price confirmation, and issuance of a Purchase Order. Results regarding the solicitation of price quotations from HUBs will be documented and kept on file by the Purchasing Department;
- In accordance with state statutes, ***under no circumstances***, other than after hours emergency purchases described in [Chapter 6 Other General Procurement Policies](#) of this manual, is the user department authorized to place an order without Purchasing approval or unless a purchase order has been obtained from the Purchasing Department; and
- Contact the Purchasing Department with any concerns or questions you may have.

Purchasing will review documents submitted by departments to ensure requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Request for Quote (RFQ). The RFQ will be forwarded to prospective suppliers and shall state a specific date, time, and location for quote submittal. Purchasing will be responsible in these instances for complying with the state's HUB requirements; and Departments must allow adequate time for processing orders in this category.

Historically Underutilized Business

The policy of the City of Victoria Purchasing Department is to ensure a good faith effort is made to assist certified HUB vendors and contractors in receiving contracts in accordance with state law [Texas Local Government Code, Chapter 252.0215](#):

A municipality, in making an expenditure of more than \$3,000 but less than \$100,000 shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to [Chapter 2161 of the Texas 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.

Informal Solicitations

The Purchasing Department uses a third-party vendor, [BidNet Direct](#), to maintain the Bidders List Report. All registered vendors within a specific commodity and sub-commodity category are solicited. All HUB vendors are encouraged to register with [BidNet Direct](#) so they are included in formal solicitations within the commodity code they select.

When available, per **Texas State Comptroller**, for expenditures over \$3,000 and less than \$100,000 the User Department solicits a quote from two certified HUBs.

Eligibility

City of Victoria does *not* certify HUB vendors. HUB vendors must complete the certification process with the State of Texas Comptroller of Public Accounts. The HUB vendor must hold a current valid certification from the Comptroller to be identified as a HUB vendor on the City's Bidders List. Visit the State of Texas Comptroller website for information on registering as a historically underutilized business.

Receipt of Goods and Payments

Departments **must** notify the Purchasing Department if goods are not received by the due date if goods are missing from a delivery or if damaged goods are delivered.

Verify Order

Department employees receiving shipments must pay particular attention to the delivery ticket and determine whether it matches the City's purchase order. The person receiving the goods must verify that all goods were shipped as stated on the delivery ticket, and sign in his or her own name (a full signature in ink) on all of the appropriate receiving documentation, particularly the City copy.

The user department must acknowledge receipt and acceptance of delivered goods through the ERP system immediately upon receiving goods. (Please do not receive or accept items in ERP system if damaged goods have to be returned.) Timely recording of receipt of goods in system is critical to the timely processing of payments to vendors in compliance with Texas Government Code, section 2251.021, et seq., Prompt Payment Act. According to the Prompt Payment Act, payment for goods or services received is overdue on the 31st day after the latter of:

- the date the City receives the good under the contract.
- the date the performance of the service under the contract is complete, or
- the date the City receives an invoice for the goods or service.

Damaged Goods

When a shipment arrives, the user department must inspect the condition of all cartons. If goods are undamaged, the department receiving the shipment should sign the freight bill. If goods are visibly damaged, the receiving department must reject inferior or damaged goods and report the rejected delivery to Purchasing.

If there is concealed damage, save the shipping cartons so that the Purchasing Department can notify the freight line of the "concealed damage". A memo noting the damage should be completed and attached to the receiving copy of the purchase order.

All boxes and packing materials should be kept in the event of visibly damaged and concealed damage goods shipments.

All goods not received properly or not in compliance with the contract should be documented and reported to the Purchasing Department as soon as possible so that the contractor can be notified and instructed about corrective action. To comply with the Prompt Payment Act, the user department must notify the contractor immediately of any damaged goods received to avoid the assessment of interest by the contractor.

Damaged goods should not be returned to the freight line or the contractor unless such action is specifically requested and then only if a claim has been filed or if authorization has been given by the contractor or the user department to return the goods. The Purchasing Department must also be notified any time such damaged goods are returned to avoid a duplication of effort.

Documentation

All receiving documentation must be maintained by the user department for their records. All vendor invoices are sent directly to Finance. The department should provide documentation to Finance regarding any disputes in the receipt of goods.

Contract Change Orders/Amendments

For contracts that are over \$10,000 and are signed by City Manager, any change order or amendment to the contract shall be executed by City Manager. Whoever approved the original contract should sign any amendments/change orders.

Note a contract that was originally entered into with a vendor or contractor in an amount that did not require compliance with the state's competitive bid statues cannot later be increased to an amount that would have required compliance with the state's competitive bid statues.

If the City wants to make additional purchases and these purchases would take that total purchase over the \$100,000 threshold, the city should use caution and bid out the contract. State law provides criminal penalties if a City makes component, sequential or incremental purchases to avoid the competitive bidding requirements.

Chapter 10: Formal Purchases \$100,000 or More

Policy

Texas State law ([See Texas Local Government Code Chapter 252](#)) sets the requirements for formal solicitations. By law, purchases that require an expenditure of more than \$100,000 require that a competitive sealed bid or a competitive sealed proposal process, including public notice, public opening of the bids and City Council award, be utilized. Certain expenditures are exempt from the competitive bidding requirements. ([See Chapter 11 Alternate Bidding Method](#)). A department must contact Purchasing to determine if an exemption applies. ([See Chapter 13: Exemptions to the Competitive Procurement Process](#)). The \$100,000 threshold for competitive bids or proposals is a hard cap that cannot be exceeded without having engaged in and awarded the contract through a competitive process meeting the requirements of Texas law.

Definitions and Use

There are two primary types of solicited purchases - competitive bidding and competitive proposals. Competitively solicited purchasing means letting available vendors compete with each other to provide goods or services.

Purpose of Competitive Bidding

The first purpose of competitive solicitations is to ensure the best possible value is received. Competitive solicitations also increase the likelihood that public monies are spent properly, legally, and for public projects only.

The second purpose is to give those qualified and responsible vendors who desire to do business with the City a fair and equitable opportunity to do so. ([See Exhibit 10 How to do Business with the City](#))

Competitive Bidding: The term "Formal Competitive Bidding" generally applies to public purchasing when the solicitation process complies with [Texas Local Government Code § 252.021](#), and the solicitation award requires approval by the City Council.

Competitive "sealed" bids are solicited through an advertisement for projects, goods and supplies and non-personal services expected to exceed \$100,000. The advertisement for bids contains the specifications, terms, general conditions, and special conditions for the procurement of goods and supplies and non-personal services ("Bid Documents") as well as the agreement and related performance, payment, and maintenance bonds that with the Bid Documents comprise the "Contract Documents" for the project. A formal set of Bid Documents that include the City's standard terms and conditions, reviewed by the City Attorney's Office, must be used for any procurement in excess of \$100,000.

The City Council must accept and award the contract for any project, and/or the procurement of goods and supplies and non-personal services that exceed \$100,000 which are solicited through the competitive sealed bid process to the lowest responsible bidder or (if previously noted) the bidder that provides the best value to the City, timely responding to the advertisement for bids and returning a fully completed and signed Bid Proposal and Bid Bond. The User Department and Purchasing Department work together to determine whether the presumptive low bidder is the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the City and prepares a bid tabulation regarding the bids received together with an agenda item recommending to the City Council that the project be awarded to the appropriate bidder. The Contract Documents once signed by the bidder and the City Manager following approval of the City Council form the contract between City of Victoria and the vendor. **Competitive sealed bids are not negotiated and are based upon the terms and conditions set out in the Bid Documents and Contract Documents.**

Competitive bidding is used when the requirement can be definitively described, is readily available and is an off-the-shelf type of acquisition. Responses to Competitive Bids and Proposals are not disclosed until after the subject contract is awarded. In the event that the Bid Documents call for the submission of background documents that are trademarked or proprietary such documents may remain confidential pursuant to the Texas Public Information Act ([See Government Code 552](#)), provided that certain steps are timely followed to protect the confidential information from disclosure. (To make a formal public information request, [see the City websites Public Information Requests page.](#))

Competitive Proposals: The term “Formal Competitive Proposal” generally applies to public purchasing in amounts exceeding \$100,000 when the solicitation process complies with [Texas Local Government Code § 252.021](#), and the solicitation award requires approval by the City Council. Competitive proposals are solicited through a sealed Request for Proposals (RFP) process. Vendors submit responses to the RFP for consideration. The RFP solicits proposals from vendors in response to the City’s requirements and contractual terms and conditions. A formal contract that includes the City’s standard terms and conditions, reviewed by the City Attorney’s Office, must be approved by the City Council for any procurement in excess of \$100,000.

While the RFP process is similar to the competitive sealed bid process, there are notable differences. The primary difference is that the RFP results in a negotiated procurement. Cost is not necessarily the primary determining evaluation factor; however, its relative importance to other evaluation factors must be specified in the RFP and considered in recommending the award of the contract. *Also, the proposals in the RFP process are received, but are not opened and read publicly at the time of receipt.* Proposal contents are not disclosed until after the contract is awarded to the responsible respondent whose proposal is determined to be the most advantageous to the city under the pertinent evaluation factors. Proposal contents that are trademarked or proprietary may remain confidential pursuant to the [Texas Public Information Act](#) provided that certain steps are timely followed to protect the confidential information from disclosure.

In accordance with [Texas Local Government Code § 252.021](#), the formal competitive proposal (RFP) method may also be used to purchase other items more typically bid through the competitive sealed bid process when the Procurement Manager determines it is in the best interest of the City. The competitive sealed proposal method is the most preferred method of procuring goods and supplies and non-personal services.

Procedures

In the City of Victoria, competitive solicited procurements which call for approval by City Council due to an expenditure in excess of \$100,000 are required to comply with the requirements of the [Texas Local Government Code 252](#) and, with few exceptions, are accomplished by the process set forth in this chapter. Throughout this chapter, “bids” are vendor responses in the competitive sealed bid process and “proposals” are vendor responses in the RFP process. Unless specifically noted, the procedures apply to both the competitive sealed bid and competitive sealed proposal process.

Pursuant to [Council Resolution 2019-98R](#) of the City of Victoria, the City Manager generally has the authority to authorize purchasing expenditures under either the competitive sealed bid process or the RFP process if, and only if, (a) the bid or proposal received by the City is for an amount of less than \$100,000 (b) the subject of the bid or proposal is contained within the then current City budget, (c) the amount of the bid or proposal does not exceed the budget for goods and supplies and non- personal services and, (d) such bid or proposal is otherwise exempt from the State of Texas’ laws regarding the competitive procurement processes. All purchases required to be competitively bid or which require a competitive procurement process shall conform to applicable State law, provided further that only the City Council shall have the right to reject any and all bids.

Select Proper Procurement Method

Procurement Flow Chart



Competitive Sealed Bid: When the need for goods or services costing more than \$100,000 is identified, the user department should immediately contact the Purchasing Department for assistance in developing the specifications. The specification should be comprehensive and broadly defined to allow for maximum competition.

Request for Proposal (RFP): When the need for the goods or services (greater than \$100,000) is identified, the user department should immediately contact the Purchasing Department for assistance in defining the requirements to be used for the solicitation. The user department is responsible for submitting an Intake Form ([See Exhibit 11](#)) and Specifications or Technical Requirements that functionally define the needs and requirements of the department regarding such goods or services. Purchasing Department staff will review to ensure that the Specifications or Technical Requirements are quantified and structured to:

- secure the best economic advantage utilizing best value;
- state the needs or requirements clearly;
- be contractually sound;
- treat all vendors fairly and without favoritism;
- encourage innovative solutions to the requirement described; and
- permit free and open competition to the maximum extent reasonably possible.

Specifications

A specification is a concise description of goods or services that user departments seek to buy and the requirements the vendor must meet to be considered for the award. A specification may include requirements for testing, inspection, preparing any goods or services for delivery, or installing them for use. The specification is the total description of the goods and services desired to be purchased.

Purpose

The primary purpose of any specification is to provide respondents with firm criteria about a minimum standard acceptable for goods or services by providing reasonable tests and inspections to determine their acceptability and to provide Purchasing personnel with clear guidelines of the needs of the department which will be used to produce the purchase documents. As a result, the specification also:

- Promotes competitive bidding; and
- provides a means to make an equitable award to the lowest and/or best bid from a responsible bidder.

Preparation

In writing specifications, user departments are encouraged to obtain an existing specification (i.e. City or another public entity-created RFP) before starting to write a new one. The existing specification can provide ideas and examples that can be customized for City of Victoria purposes. The user department should contact the Purchasing Department for assistance in obtaining existing specifications to facilitate the specification development process.

There are numerous sources for specifications. These include other departments within the City, the City Attorney's Office, other governments, professional trade associations, professional purchasing associations and user knowledge. Some specification libraries that are available include:

- Texas Specification Library located at the Texas Comptroller of Public Accounts website: <https://comptroller.texas.gov/purchasing/publications/specifications-library/>
- Texas Department of Transportation Standard Specification Index located at <https://www.dot.state.tx.us/gsd/purchasing/supps.htm>
- BidNet Direct. Contact Purchasing for assistance because this is available to members only.

The user department, occupant department or an outside agency may propose specifications. To ensure compliance with legal purchasing requirements, the Purchasing Department has final determination of the language included in specifications, except for specifications for construction projects. Specifications for construction projects shall be developed in coordination with the City Attorney. The User Department Director is responsible for obtaining final approval of the specifications. This ensures proper quality control and avoids the proliferation of conflicting specifications in the different City departments.

To facilitate specification development and avoid duplication of their efforts, user departments should submit their specifications in electronic format to the Purchasing Department.

Considerations

No specifications are to be written with the intent to exclude a possible respondent. [Texas Local Government Code § 252.047](#) allows that competitive bidding can be let on either a lump-sum or a unit price basis. If unit price bids are solicited, the approximate quantities of each item needed are to be estimated in the solicitation based on the best available information but payment to the contractor must be based on the actual quantities involved.

When the competitive sealed bid process is used, electronic receipt of bids procedures may be used if the Procurement Manager deems those processes to be the best method for the solicitation. Bids are awarded based on lowest responsible bidder or best value, as established in the bid documents. [See Chapter 6](#) for a discussion regarding "Best Value" bidding.

The competitive sealed proposal process is used for most purchases when the Procurement Manager has designated, through the proposal process, that this process is the best method of procurement for the item and/or service. Proposals are awarded based on the most responsible offeror whose proposal is determined to be the most advantageous to the municipality, considering the relative importance of price and the other evaluation factors included in the request for proposals.

If the purchase is for Professional and Consulting Services, as outlined in [Government Code 2254 – Professional Services Procurement Act](#) all procedures governed under this code must be followed. [See Chapter 15](#) for discussion regarding "Procurement of Professional Services."

In some instances, the Procurement Manager may deem it beneficial to procure items using [Government Code 2269](#) for Public Works contract. [See Chapter 11](#) for discussion regarding "Construction Procurement."

To protect the integrity of the process, all solicitations shall comply with the following:

- Department shall submit a request to Purchasing for services and/or products required ([See Exhibit 11 Intake Form](#));

- Department shall provide Purchasing with the scope of work and/or specifications for services and/or products required;
- Purchasing shall review documents submitted by departments to ensure that the requirements are not unreasonably restrictive thereby preventing fair and reasonable competition. Purchasing shall incorporate appropriate terms and conditions to develop the Request for Bid (RFB), Notice to Respondents (NTR) or Request for Proposals (RFP) in consultation with, as needed, the City Attorney. Bid documents will be posted to the electronic bidding website and shall state a specific date, time and location for submittal; and
- Departments must allow adequate time for processing orders in this category.

Characteristics

An effective specification has the following characteristics:

- **Simple:** Avoids unnecessary detail but is complete enough to ensure that purchased goods and services satisfy their intended purpose.
- **Clear:** Uses terminology that is understandable to the user department and vendors.
 - Eliminates confusion by using correct spelling and appropriate sentence structure.
 - Avoids the use of jargon and “legalese”.
- **Accurate:** Uses units of measure that are compatible with industry standards, identifies all quantities and describes packing requirements.
- **Competitive:** Identifies at least two commercially available brands, makes, or models (whenever possible) that satisfy the intended purpose.
 - Avoids unneeded specifications or “extras” that could reduce or eliminate competition and increase costs.
- **Flexible:** Avoids situations that prevent the acceptance of a response that could offer greater performance for fewer dollars.
 - Uses approximate values that are within a 10% range for the dimensions, weight, speed, etc. (whenever possible) if these values can satisfy the intended purpose.

Types

The Purchasing Department uses a number of specification types:

- **Design** - Details description of a good or service, including details of construction or production, dimensions, chemical composition, physical properties, materials, ingredients, and all other information needed to produce an item of minimum acceptability. Design specifications are usually required for construction projects, custom-produced items, and many services.
- **Performance** – Details required performance parameters such as required power, strength of material, test methods, standards of acceptability, and recommended practices. Performance specifications are usually used for capital equipment purchases.

- **Brand Name or Equal** - Lists goods or services by brand-name, model, and other identifying specifics, except that product with performance equivalent to the characteristics of the named brand are specified as acceptable or preapproved by the User Department. Other manufacturers may provide a nearly identical product under another brand name. The Purchasing Department uses this method only if there is a business purpose justification. The burden of justification rests with the vendor.
- **Industry Standard** – States an industry standard that is identical, regardless of manufacturer that results in acquisition of goods of uniform quality. The UL standard for electrical products is an example of an industry standard.

Required Published Notices

Once the User Department has finalized the specifications or requirements with the director or designee of the user department, then they forward it to the Purchasing Department to assemble the solicitation. Once the solicitation is complete the Purchasing Department will forward it back to the user department director for approval to publish. Following receipt of the director's approval the Purchasing Department publishes a notice of the proposed purchase that complies with the requirements from the [Texas Local Government Code §252.041](#).

According to [Section 252.041](#), notice of a proposed purchase must be published at least once a week for two consecutive weeks in a newspaper published in the municipality. The date of the first publication must be before the 14th day before the date set to publicly open the bids and read them aloud. If necessary, advertising time can be extended, but in no event can the time for publication be shortened to less than 15 days. The notice must include:

- The specifications (requirements) describing the goods and services to be purchased, or a statement of where the specifications (requirements) may be obtained;
- The time and place for receiving and opening solicitations and the name and position of the employee to whom the paper solicitations are sent as well as the appropriate electronic address for the City's electronic source provider through which electronic submissions may be submitted; and,
- The type of bond required from the vendor, if applicable.
- If unit pricing is required, the City must specify approximate quantities, estimated on the best available information.

The Purchasing Department publishes the notice of the proposed purchase.

Special Considerations

In some instances, the Purchasing Department and User Department will require additional information from the City's subject matter experts. In those instances, review by other City departments is necessary. If the solicitation is for high technology goods and services, IT must review it before it is advertised. ([See Chapter 6](#))

If the solicitation is for rolling stock, the Building and Equipment Services Director must review it before it is advertised.

Amendment of Solicitation

The Purchasing Department may extend the proposal opening date on the notice of a solicitation if an error is discovered or if the nature of the goods or services requires an extension. The Procurement

Manager, or designee, may amend a solicitation, after consultation with the Director, or designee, of the user department:

- If inquiries about the meaning indicate the need for an amendment to clarify its original intent or to correct clerical errors; and
- If the amendment does not change the general scope.

There should be no less than 48 hours between the date of the amendment and the opening date in the notice. If there are less than 48 hours, the opening date should be extended to allow for a minimum of 48 hours between the date of the amendment and the opening date in the notice.

Pre-Bid (Proposal) Meeting

The Purchasing Department may invite potential vendors to attend a pre-bid (pre-proposal) meeting to discuss contract requirements and answer vendor questions. The Procurement Manager will work with the user department to determine if a pre-bid (pre-proposal) meeting is necessary. The Purchasing Department manages any pre-bid (pre-proposal) conference and requests that the user department makes staff available to answer questions at the meeting.

Receipt of Responses to Competitive Solicitations

To ensure the identification, security, and confidentiality of responses to solicitations, both electronic and paper, the following procedures are adhered to:

- The Procurement Manager receives all responses as specified by the solicitation document.
- Responses to solicitations are not accepted after the opening time on the day of response opening. All responses offered after the opening time are returned unopened to the vendor with a letter, or a cover email (in the case of an electronic submission), from the Procurement Manager or designee to the vendor explaining that the submitted response arrived after the due date and time and was therefore not considered.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the bid/proposal number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After a response is received, the Purchasing Department will provide a secure place to hold the solicitation until the opening date. The responses are only accepted if sealed. Responses remain sealed until the Purchasing Department opens them in a public forum at the advertised date and time.
- On occasion, responses that are received in the mail or by another independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response (especially the price for a bid) were not reviewed and the response will be sealed by the receiving employee of the Purchasing Department, with the incident documented.

Electronic Responses:

Electronic sealed bids or proposals shall be processed in accordance with [Section 252.0415\(a\) of the Local Government Code](#) requiring the identification, security and confidentiality of electronic bids or proposals to remain effectively unopened until the proper time.

Identification

Requests for Bids and Requests for Proposals will be advertised and issued in the current manner. A notification will be added to bid terms and conditions stating suppliers should submit responses electronically through City's service provider at the appropriate website.

Security

At the specified bid closing time, a password-enabled employee in the Purchasing Department will unseal, and download all bids including the bid tabulation summary assembled by the City's service provider. A bid that is submitted non-electronically may be accepted manually and then entered electronically by Purchasing after the bid opening, as stated in bid and proposal document terms and conditions.

Confidentiality

Purchasing staff will read aloud all bid responses received by the closing time and date to any interested parties present at the bid opening. After tabulation of bids or proposals, staff will post the bid tabulation.

- Electronic responses shall be submitted via [BidNet Direct](#). This secure web portal is a confidential system for submittal of bid/proposal responses only.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted. Submissions received in any format not listed above may be rejected.
- Electronic responses shall be submitted and received by the City in accordance with the date and time set forth in the Bid Documents/RFP. Any responses received after the listed closing date and time shall not be considered. The City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.
- The City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.
- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will unseal the electronic responses and make them public accordingly.

The above stated process for paper responses and electronic responses shall be performed in a manner that precludes any perception of favoritism and avoids revealing prices or response information. Publicly receiving sealed responses and recording the submission of requested responses inhibits any perception that the Purchasing Department is manipulating the receipt of solicitations.

Public Opening of Solicitations

Competitive Sealed Bid: The Procurement Manager, or designee, publicly opens paper responses and electronic responses, reads aloud and documents the bids at the date, time, and place specified in the notice. Preliminary tabulations are provided to the public upon request. Disclosure of trade secrets and confidential proprietary information contained in bid responses, if any, obtained from a vendor is subject to the provisions of the [Texas Public Information Act](#).

Request for Proposal (RFP): The Procurement Manager, or designee publicly opens and documents sealed proposals, paper and electronic, at the date, time and place specified in the notice. Only the names of vendors submitting proposals are announced.

Proposals are opened to avoid disclosure of contents to competing respondents and are kept secret during the process of negotiation. All proposals that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information contained in proposals obtained from a vendor is subject to the provisions of the [Texas Public Information Act](#).

Confidentiality Statement

Request for Proposal (RFP): Please see [Chapter 3: Code of Ethics of this Policy](#) for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping proprietary information confidential; and requirements related to the disclosure of any potential conflict of interest, and any attempted communication by the vendor directly with the evaluation committee members during evaluation.

Evaluation of Responses

Competitive Sealed Bid: The Purchasing Department evaluates all bids with assistance from the user department and recommends the lowest responsible bid or best value bid to the City Council for award. The Purchasing Department evaluates bids based on:

- The purchase price;
- the reputation of the bidder and the bidder's goods or services;
- the quality of the bidder's goods or services;
- the extent to which the goods or services meet the municipality's needs;
- the bidder's past relationship with the municipality;
- 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;
- the total long-term cost to the municipality to acquire the bidder's goods or services; and
- any relevant criteria specifically listed in the request for bids or proposals.

The Purchasing Department forwards the bids, the Bid Tabulation, evaluation forms (if applicable) to the Director for completion. The user department recommendation and other appropriate documentation from the user department are submitted with the City Council agenda request to justify the recommended award.

When the lowest priced bid is not the best bid, based on value or responsibility of bidder, clear justification for not selecting the lowest bid must be documented.

RFP: The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that the evaluation is conducted fairly and consistently, and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.

The RFP must specify the relative importance of price and other evaluation factors; the relative weight of each factor must be stated. Evaluators may only use the specified factors in evaluating the proposals. Purchasing staff leads the evaluation team and is responsible for:

- Tabulating scores;
- Calculating values; and
- **either**
 - Coordinating follow-up meetings to obtain best final offers from all respondents after submission and prior to awarding the contract and recommending an award; or
 - Discontinuing the process.

Negotiations of Request for Proposal (RFP)

The Procurement Manager, or designee, supervises all negotiations. Any conversations with respondents must be coordinated with the Procurement Manager, or designee. Departments that contact respondents without coordinating with the Procurement Department risk jeopardizing the integrity of the City's procurement process.

Contract Award

Competitive Sealed Bid: The Purchasing Department along with user department recommends contract award to City Council. The City Council either:

- Awards the contract; or
- Rejects all bids and publishes a new notice if the goods or services are still needed.

If two responsible bidders submit the lowest and best bid, the Purchasing Department will decide between the two bidders by the traditional coin toss method. We will select one vendor as heads and the other vendor as tails and flip a coin.

After City Council approves the contract, the User Department issues a Notice of Contract Award. This notice and the Contract Documents identified in the original solicitation form the complete contract. A complete original contract is maintained in the City Secretary's Office. A copy will be distributed to the user department and Finance.

Request for Proposal (RFP): The award of the contract is made by City Council to the responsible respondent, whose proposal is determined to be the best evaluated offer resulting from negotiations, taking into consideration the relative importance of price and other evaluation factors in RFP. Negotiations are instituted with the highest ranked respondent. If an agreement is not successfully negotiated with the highest ranked respondent, those negotiations are formally ended, and negotiations commence with the next highest ranked respondent and so forth until an agreement can be successfully negotiated. Failed negotiations are not subject to renewed discussion.

Contract Modifications

During the term of a contract, it may be necessary to make changes to the contract. These changes can be minor, administrative changes such as a change of address or the changes can be substantial that affect the price and delivery.

There are two ways to change a contract. One way is a bilateral modification, amendment or change order, in which both parties to the contract agree in writing that a modification is necessary. Both parties must sign the written modification, amendment or change order to indicate their agreement. The second way is a unilateral modification. In this case, terms and conditions in the original contract set forth the situations under which the City may exercise a right to modify the contract without the contractor's consent. A unilateral modification, if allowed, would also be in writing and signed by the City directing the change to be made.

The User Department may make changes to a contract via amendment approved by the Legal Department.

[See Exhibit 12](#) for a list of when a contract is needed per City Attorney's office.

Contract Change Orders

In no case shall the original contract price be increased, based on the total of all change orders, by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the express written consent of the contractor. [See Texas Local Government Code § 252.048.](#)

A change order shall not be issued until it is determined that the necessary funds are budgeted and available. A statement to that effect should be included with the back-up documentation. The City Council must approve any change order that involves an increase to the total contract amount in excess of \$50,000.

If a change order involves a decrease or an increase of \$100,000 or less, City Council may grant general authority to an administrative official of the City to approve the change orders.

Re-Solicitation of Annual Contracts

The Purchasing Department assists User Departments with monitoring the expiration dates of all contracts. Purchasing notifies user departments by email at least **four** months before contract expiration and verifies whether the goods or services continue to be needed and the contract needs to be re-bid, renewed or extended, if renewals or extensions are available. Purchasing also sends the existing specifications or requirements to the user department and requests any changes before the solicitation is reissued. The user department returns the specifications or requirements with any additions, deletions, or corrections.

On-going Maintenance

An often-overlooked cost of equipment or software is on-going maintenance. All on-going maintenance issues should be considered, evaluated, and priced in the initial procurement process.

How to do Business with the City



Discussion Overview

- Role of Purchasing Department
- Laws Governing Procurement Process
- BidNet Direct
- Interlocal Contract Sources
- Historically Underutilized Businesses
- Surplus Property Auction
- Tax Exemption
- Billing Process



Role of Purchasing Department

01

Provide the best service possible to all City departments in a fair and equitable manner.

02

Ensure an atmosphere of equality to all vendors with regard to undue influence.

03

Protect the interests of the City of Victoria taxpayers in all expenditures.

04

Ensure compliance with Local and State Laws – (Local Government Code 252 and City Policy)

Purchasing Department

- Thomas, Adrienne, Brandy or email purchasing@victoriatx.gov
- [Online](#) Vendor Resource Center for City of Victoria
- Procurement Manual can be found [here](#).



Laws Governing Procurement Process

- **In order to do business with COV:**
 - Understand State Laws, and
 - City policy on how we procure items.
- **State Law:**
 - Local Government Code 252 for purchases over \$100,000 – require formal bidding process:
 - Publish Notice in local paper
 - By ordinance may receive bids/proposals via electronic submission
 - Must specify relative importance of price and other evaluation factors
 - [Exceptions – Section 252.022](#)
- **City Policy - Items under \$100K:**
 - 3 Quotes required for purchases over \$5,000
 - Between \$3K - \$100K – HUB
 - Pcard Policy - \$0 – \$2,999



Laws Governing Procurement Process

- For formal solicitations over \$100K,
 - an advertisement will run in Sunday's paper and
 - solicitation will be posted the following Monday to BidNet.
- Local Business Differential – [State Law, 271.905\(1\)](#)
 - If a **bid is within 3%** of the lowest bid price received, from bidder who is *not* a resident of local government, may enter into contract with:
 - oLowest bid, or;
 - oBidder whose principal place of business is local government if it is determined, with Differential Consideration Application that local bidder offers the best combination of contract price and additional economic development opportunities for government;
 - oStill reject all bids.
 - If received **competitive sealed bid is within 5%** of lowest bid price received, (contract amount less than \$100K for construction or contract amount less than \$500K for other) from bidder who is not a resident of local government, may enter into contract with:
 - oLowest bid, or;
 - oBidder whose principal place of business is local government if it is determined, with Differential Consideration Application that local bidder offers the best combination of contract price and additional economic development opportunities for government;
 - oStill reject all bids.

LOCAL BUSINESS PRESENCE CONSIDERATION APPLICATION
For Bidders whose business is located within the Victoria City Limits

The City of Victoria requires the following information for consideration in award of competitive bids:

1. Location Eligibility:
Principal place of business is defined herein as any business which owns or leases a commercial building within the City limits and uses the building for actual business operations. Is company's principal place of business within the city limits of Victoria, Texas.
 - a. If yes, identify the following:
Business Name: _____
Address: _____
Business Structure: _____
(sole proprietorship/partnership/corporation/other)
 - b. Name and city of residence of owner(s)/partner(s)/corporate officers, as applicable.
Name/Title: _____
City of Residence: _____
2. Economic Development benefits resulting from award of this contract:
 - a. Total number of current employees who are residents of the City of Victoria? _____
 - b. Will additional employees be needed/hired with award of this contract? _____
 - c. If yes, how many employees will be added? _____
 - d. Will award of this contract result in the employment/retention of residents of the City of Victoria?
____ Yes _____ No
 - e. Will award of this contract result in increased tax revenue to the City? ____ Yes ____ No
 - f. If yes, check types of taxes? ____ Property Taxes ____ Sales Taxes ____ Hotel Occupancy Taxes
 - g. How much do you anticipate the taxes will increase with award of this contract?

Certification of Information:
The undersigned does hereby affirm that the information supplied in its bid and this application are true and correct as of the date hereof, under penalty of perjury.

Company Name _____ Date _____
Signature _____ Print Name _____



BidNet Direct



One way to do business with the City, and other public agencies – register with BidNet Direct – Why?

- List of goods/services for City of Victoria, and other public agencies will procure:
 - Over \$100K
 - Under \$100K

Third party website utilized by various public agencies, i.e. City of Victoria, to bid out goods and services to reach a wider pool:

- Currently over 40 public agencies are registered in BidNet Direct Texas Group that vendor/contract may do business with;
- Utilized for most purchases:
 - Over \$100K;
 - Under \$100K;
- [Register with BidNet Direct](#) two registration options:
 - Free subscription – vendor will need to check website periodically;
 - Fee subscription - email notification.



Interlocal Contract Sources

- Another way to do business with the City - become member of a cooperative.
- Cooperatives – have already done bidding process to meet state law and City policy requirements
- Cooperative Purchasing Contracts – negotiated contracts that have been competitively bid.
 - DIR – Texas Department of Information Resources
 - TASB – BuyBoard
 - Tips USA
 - GSA Schedule Contract Cooperative Purchasing
 - TXMAS – TXSMARTBUY
 - Omnia Partners – also has National IPA and U.S Commodities
 - Choice Partners – National Purchasing Cooperative
 - PACE - Purchasing Cooperative
 - Sourcewell
 - HGAC – Houston-Galveston Area Council
 - Goodbuy – Purchasing Cooperative
 - NCPA – National Cooperative Purchasing Alliance
 - TCPN – The Cooperative Purchasing Network



Historically Underutilized Businesses (HUB)

- An additional avenue to do business with the City is to register as a HUB:
 - Minority-owned business, and
 - Woman-owned business.
- To find out how your business may qualify, please visit: [Texas Comptroller site here](#) or contact the City of Victoria Development Services Department – Planning Division – 361-485-3360.
- Required by state law, the City seeks participation of state registered minority and woman-owned businesses located in Victoria County for all purchases between \$3,000.00 and \$100,000.00.
- Beneficial to be registered as a HUB – wider net for your business when on a state list that other potential municipalities may utilize for quotes.



Surplus Property Auctions



Another form of doing business with the City is by purchasing items via GovDeals.



Not only does the City procure items, we also sell items; this is an opportunity to purchase assets at a lower cost.



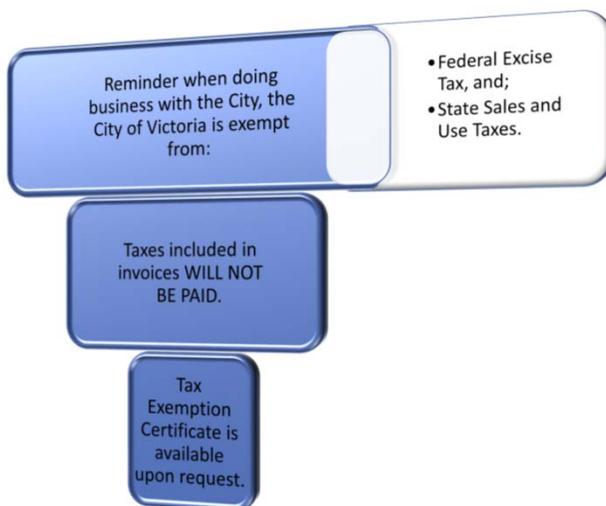
City surplus property is offered for sale via GovDeals online auction service.



GovDeals.com
A Liquidity Services Marketplace



Tax Exemptions



Invoices

Before doing business with the City, you will need to become a vendor.

Purchasing will only set up a new vendor upon department request.

Invoices should include:

Purchase Order (PO) Number
Department Name
Delivery Address

Send invoice to:

financemail@victoriatx.gov
preferred method, or;

Mail to:
City of Victoria
Attn: Finance
PO Box 1758
Victoria, TX 77901



Purchasing Team

Laura Gonzalez – Assistant Director of Finance lgonzalez@victoriatx.gov

Thomas Anklam – Procurement Manager tanklam@victoriatx.gov

Adrienne Willis – Procurement Specialist II awillis@victoriatx.gov

Darla Harp – Procurement Specialist I dharp@victoriatx.gov



Questions?



Thank you!

Contact us:

361-485-3170

purchasing@victoriatx.gov

Physical Address:

702 N. Main Street, Suite 132

Victoria, TX 77901



Exhibit 11: Intake Form

Project Intake Form

DEPARTMENTS TO COMPLETE YELLOW HIGHLIGHTED SECTIONS

**PLEASE ALLOW A 2 WEEK LEAD TIME ON SOLICITATIONS
 SUBMIT INTAKE FORM AT 2 WEEK MARK TO PURCHASING@VICTORIATX.GOV
 SUBMIT CONTRACT DOCUMENTS AT 10 DAY MARK, AFTER RETURN OF THE INTAKE**

Project Name:									
Project No:									
Department:									
Contact:									
Budgeted Item: (Y/N) & G/L #									
Budgeted Amount:									
Engineers Estimate:									
Method of Procurement:	<table style="width: 100%; border: none;"> <tr> <td style="width: 25%; text-align: center;">RFB</td> <td style="width: 25%; text-align: center;">RFP</td> <td style="width: 25%; text-align: center;">CSP</td> <td style="width: 25%; text-align: center;">RFQ</td> </tr> <tr> <td style="font-size: small;">Lowest Bidder</td> <td style="font-size: small;">Evaluate Proposal</td> <td style="font-size: small;">Construction Project</td> <td style="font-size: small;">Qualifying Firms</td> </tr> </table>	RFB	RFP	CSP	RFQ	Lowest Bidder	Evaluate Proposal	Construction Project	Qualifying Firms
RFB	RFP	CSP	RFQ						
Lowest Bidder	Evaluate Proposal	Construction Project	Qualifying Firms						
Advertisement Dates:									
Due to Newspaper									
Pre-Bid: Mandatory/Optional									
Pre-Bid Date:									
Location:									
Question Deadline:									
Addendum Deadline:									
Opening Date:									
Location:									
Days Price to be held:									
AIM Due Date:									
Council Due Date:									
Legal requests Council due date 2 WEEKS before time expires									
Committee Evaluation: (Y/N)									
Committee Members:									
Purchasing -	Laura / Thomas								
Department -									
Others -									

Exhibit 12: When is a Contract Needed?

Dollar Amount	Contract	Funding Available	Contract PO	Council Approval	City Manager Approval	Legal Approval	Filed With City Secretary
Between \$0.01 to \$9,999.99 <i>with no work on City property</i>	No	Yes	No	No	No	No	No
Between \$0.01 to \$9,999.99 <i>with work on City property</i>	Yes	Yes	Yes	No	No	Yes	Yes
Between \$10,000.00 to \$100,000.00	Yes	Yes	Yes	No	Yes	Yes	Yes
\$100,000.00 Or Greater	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<p align="center">Note: No matter the dollar limit, if a department feels that a contract/agreement is needed, reach out to Legal to discuss.</p>							

Chapter 11: Alternate Bidding Method

Purchasing Statutes

[Section 252.021 of the Local Government Code](#) and [Section 2269 of the Government Code](#), an alternative project delivery method (that is, not “traditional” competitive bidding) are being utilized, to govern the competitive procurement procedure for award of construction contracts.

[Section 2269 of the Government Code](#) applies if an alternative project delivery method (that is, not “traditional” competitive bidding) is being utilized. Specific procedures and requirements are developed for each specific project using an alternative delivery method. If an alternative project delivery method is not being used, the provisions of [Chapter 252 of the Texas Local Government Code](#) apply.

Construction procurement is consistent with other procurement procedures in this Policy and with pertinent statutes. The Procurement Manager, or designee, supervises all construction procurements. All competitive solicitations are accomplished by the processes set forth in this chapter:

Purchase Requisition

An email with Intake Form ([See Exhibit 11](#)) submitted to Purchasing serves as the initial notification that a competitive solicitation is needed. After receipt of the Intake Form ([See Exhibit 11](#)), Purchasing provides a bid number to the project manager to be included in the project manual and plans. An electronic copy of the manual and plans are sent to Purchasing for review and approval of the bidding and general requirements. The Procurement Manager, or designee, reviews the specifications for compliance with the Procurement laws and policies.

The user department must provide the Purchasing Department at least ten (10) workdays to review the documents. During this time, Purchasing will review the procurement schedule detailing the milestones of the solicitation, including dates and times for the pre-bid conference, bid opening, pre-award conference, if applicable, and pre-construction conference.

Solicitation Notice

The Purchasing Department publishes the advertisement for submissions, which must generally include the following:

- Description of work;
- The location at which plans, and specifications may be obtained;
- Time and place for submitting responses to a competitive solicitation; and,
- Time and place of opening responses to competitive solicitation.

Notice of a proposed purchase must be published at least once a week for two consecutive weeks in a newspaper of general circulation in the city, with the first day of publication occurring before the 14th day before the date of the solicitation opening. If necessary, advertising time can be extended, but must be at least 15 days.

Bonding

Bid, Performance, and Payment Bonds are required for construction contracts.

Bid Bonds

If the Procurement Manager decides that a bid bond is required for a particular Competitive Solicitation, the Competitive Solicitation Documents state that a bid security in the amount of 5% of the contract price is

required and that it must be executed by a surety company authorized to do business in Texas. The bid security may be in the form of a bond or cashier's check.

Performance Bonds

For all public works contracts in excess of \$100,000 for the construction, repair or alteration of a public works or the completion of any public works, prior to the commencement of work, the Contractor must execute a performance bond on the form approved by the City Attorney that is:

- payable to the City of Victoria, Texas;
- in the full amount of the contract;
- conditioned on faithful performance of the work in accordance with the plans, specifications, and contract documents;
- solely for the protection of City of Victoria Texas; and
- executed in accordance with [Chapter 2253 of the Texas Government Code](#), by a surety company authorized to do business in Texas.

In addition, for grant funds on any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current [U.S. Treasury Department Circular 570](#) as required by [Texas Government Code § 3503.005](#). In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current [U.S. Treasury Department Circular 570](#).

Payment Bonds

For all public works contracts in excess of \$100,000 for the construction, repair, or alteration of a public works or the prosecution or completion of any public works, the Contractor, before commencing work, must execute a payment bond that is:

- solely for the protection and use of payment bond beneficiaries who have a direct contractual relationship with the Contractor or a Subcontractor to supply public works labor or material for a public works;
- payable to City of Victoria, Texas;
- in the amount of the contract; and
- executed in accordance with [Chapter 2253 of the Texas Government Code](#), by a surety company authorized to do business in Texas.

In addition, for grant funds on any bond in excess of \$100,000 the surety company shall also be qualified as a surety on obligations permitted or required under federal law as indicated by publication of the surety's name in the current [U.S. Treasury Department Circular 570](#) as required by [Texas Government Code § 3503.005](#). In the alternative, an otherwise acceptable surety company (not qualified on federal obligations) that is authorized and admitted to write surety bonds in Texas must obtain reinsurance on any amounts in excess of One Hundred Thousand Dollars (\$100,000) from a reinsurer that is authorized and admitted as a reinsurer in Texas who also qualifies as a surety or reinsurer on federal obligations as indicated by publication of the surety's or reinsurer's name in the current [U.S. Treasury Department Circular 570](#).

Pre-Bid Conference

The Purchasing Department provides detailed information on the requirements set out in the Competitive Solicitation Documents to ensure that purchasing procedures are complied with, the user department provides technical information and to ensure compliance with the technical standards. Purchasing will schedule the pre-bid conference and assist the user department in conducting the conference as follows:

- Have all attendees sign the attendance roster.
- Provide a detailed Agenda which:
 - Provides a brief introduction of the project title, magnitude, and performance period.
 - Indicates whether there has been any addendum issued, and if so, provides all attendees and project document holders with a copy.
 - Discusses the Purchasing Department role in the procurement and administration process.
 - Establishes a “cut-off” date for questions and requests for clarifications, as well as a final date for issuance of addendum.
- Have the Project Engineer, Architect or Project Manager discuss the specifics of the project including review of the plans and specifications and allow for a question-and-answer session.
- Determine whether any issues raised during the conference require issuance of an addendum. The Purchasing Department may extend the date specified in the notice if needed. The Purchasing Department issues the amendment only if there are at least 48 hours between the date of the addendum and the date specified for bid opening. If less than 48 hours exist, the opening date should be extended to allow for a minimum of 48 hours between the date of the addendum and the opening date specified in the addendum.
- Have the Project Engineer, Architect or Project Manager discuss the specifics of the project.
- Have the user department provide Purchasing with the technical documents (i.e., changes or additions to the plans and or specifications).
- Prepare addendum using standard forms and issue the addendum.

Receipt of Competitive Solicitations

The following procedures are adhered to when receiving responses to Competitive Solicitations both electronically and hand delivered submissions:

- The Purchasing Department receives all responses to Competitive Solicitations as specified by the Competitively Sealed Proposal.
- **Competitive Solicitations are not accepted after the opening time on the day of competitive solicitation opening.** All competitive solicitations offered after the opening time are returned unopened to the Contractor with a letter from the Procurement Manager notifying the Contractor that the submitted competitive solicitation arrived after the due date and time and was therefore not considered.
- The Purchasing Department records the name of the Contractor submitting the competitive solicitation, as well as the time and date the competitive solicitation was submitted.

- As competitive solicitations are received, the Purchasing Department provides a secure place to hold the competitive solicitations until the opening date. The competitive solicitations are to be received sealed and remain sealed until the Purchasing Department opens them in a public forum on the advertised date and time.
- On occasion, competitive solicitations that are received in the mail or by some other independent carrier may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the competitive solicitations, especially the price, were not reviewed, then the competitive solicitations will be sealed again by the receiving employee, with the incident documented.

The above process shall be undertaken in a manner that precludes any perception of favoritism and avoids revealing competitive solicitation prices or any competitive solicitation information. Publicly receiving sealed competitive solicitations and recording the submission of requested competitive solicitations inhibits the perception that the Purchasing Department is manipulating the receipt of competitive solicitations.

Public Opening of Competitive Solicitations

The Purchasing Department publicly opens, and documents sealed competitive solicitations on the date, time and place specified in the notice. Preliminary competitive solicitation tabulations, once prepared, may be provided to the public upon request. The Purchasing Department and the user department determine who is responsible for creating the tabulation and, if it is the user department, then the user department provides a copy to the Purchasing Department which may be distributed to the general public.

A competitive solicitation that has been opened may not be changed for the purpose of correcting an error in the bid price. In cases of discrepancy between the price written in words and the price written in numerals, the price written in words shall govern. If a conflict between the unit price and total contract amount/price exists, the unit price shall govern.

Evaluation of Responses

The user department evaluates all competitive solicitations with assistance from the City consultant and Purchasing to jointly develop a recommendation for award to City Council. The evaluation of competitive solicitations is based on the following factors unless stated otherwise in the Competitive Solicitations Documents:

- The cost of the work;
- Proposed schedule/contract time;
- Past Performance on similar projects;
- Available resources to complete the project;
- Overall qualifications, reputation, past relationship with the City;
- The Contractor's corporate history and stability; and,
- References.

The user department, with the assistance of Purchasing, is responsible for placing the item on the agenda of the City Council.

When the lowest priced competitive solicitation is not the recommended competitive solicitation, based on best value or the responsibility of the Contractor, clear justification for not selecting the lowest Contractor must be documented to the City Council. This recommendation may be supported by clear and concise documentation from the user department that determines the rationale for awarding to a Contractor other than

the lowest Contractor. A joint review of the solicitation by the user department and the Purchasing Department is required.

Pre-Award Conference

To ensure the Contractor understands all the requirements of the project manual and plans, and to provide the Contractor the opportunity to voice any concerns or issues they may have with the project, or the project documents as designed, a pre-award conference may be held prior to contract award. The pre-award conference ensures, to the greatest extent practical, the successful award, performance, and completion of the project.

Pre-award conferences are normally reserved for more complex and complicated construction projects or in some instances where it is the Contractor's first construction project with the City.

A joint determination, by the Purchasing Department and the project manager, is made as to the necessity of a pre-award conference. The Purchasing Department schedules the conference, prepares the agenda, and conducts the meeting. The project manager ensures the Contractor has a clear understanding of the project's technical requirements, and that the competitive solicitation covers all requirements, and addresses any issues/problems with the project documents or design.

Contract Award

The user department's Director and Purchasing jointly recommend contract award to City Council, during the applicable Council meeting. The Council shall be responsible for:

- Awarding the contract to the responsive and responsible Contractor who submits the lowest and best competitive solicitation response; or
- Rejecting all bids.

If two responsive and responsible Contractors submit the lowest and best solicitation response, the Purchasing Department will decide between the two contractors by the traditional coin toss method. We will select one contractor as heads and the other contractor as tails and flip a coin.

After an award is made, the contract shall be submitted to the City Manager for signature. Copies of all documents are furnished to the user department, City Secretary and Finance.

A Notice-of-Award ("NOA") letter, issued by the end user department, accompanies the contractor's copy of the contract. The NOA letter includes the requirements for the contractor to submit various documents, and the time period within which they must be submitted. For example, Payment Bonds and Performance Bonds in the form acceptable to the City and an Insurance Certificate must be submitted within ten (10) workdays after contractor's receipt of the NOA letter. Unless otherwise indicated, the NOA also states that Notice-to-Proceed ("NTP") is not issued unless the contractor submits the required documents within the specified time period. If the contractor does not submit the required documents within the specified time period, the City has the option of holding the bid security and awarding the contract to the next lowest, responsible Contractor or, depending on the proper competitive solicitation application, the Contractor providing the next best value.

Pre-Construction Conference

The end user department schedules the Pre-Construction Conference (also known as the Pre-Performance Conference). The user department is responsible for all technical presentations and the Purchasing Department ensures that all applicable purchasing procedures are followed. Responsibilities are broken down as follows:

Purchasing Department

- Having all attendees sign the attendance roster, introduce themselves, and briefly explain their

involvement in the project;

- Be on hand to answer any procurement questions that may arise.

User Department

- Briefly discussing the contract requirements, amount, and any other pertinent information about the project. The user department representative (technical representative) is responsible for providing a thorough synopsis of contract requirements and any City policies to which contractor must adhere;
- Establishing dates for submissions of all required documents such as material submittals, progress reports, payrolls, (when applicable), etc.

Note: The NTP is not issued until all required bonds and insurance certificates have been received, reviewed, and verified with the appropriate agency (i.e., surety or insurance agency);

- Ensuring a complete understanding by all participants on issues raised before adjourning.

After user department receives all of the required documents, the user department determines when the NTP will be issued. If and when all documents have been received and approved by the user department, user department issues the NTP.

Chapter 12: Local Business Differential

The City of Victoria believes it is important to provide local vendors with opportunities to provide goods and services to the City of Victoria but still welcome all vendors. Under [Local Government Code 271.905 Consideration of Location of Bidder's Principal Place of Business](#) if the City receives one or more bids from a bidder whose principal place of business is in the City and whose bid is within three percent of the lowest bid price of a non-resident, the City may pick the resident bidder after a written determination that the decision is in the best interests of the City.

Scope

The purpose of this chapter is to comply with [Local Government Code 271.905 Consideration of Location of Bidder's Principal Place of Business](#) in the award of competitively bid contracts.

This chapter applies to the purchase of real property, personal property that is not affixed to real property, or services (including construction services) through the Competitively Bid Processes, ([See Exhibit 5 Formal Procurement Process Roles and Responsibilities](#)).

- Lowest Responsible Bid - Price and the responsibility of the bidder in performing and completing projects are the determinant factors when awarding a bid to a responsible bidder.
- Best Value Bid - Price is only one of several determining factors that are weighted for evaluation purposes. ([Texas Local Government Code 252.043](#), [See Chapter 6 Other General Procurement Policies](#)).

Criteria

Lowest Responsible Bids:

- A three percent (3%) price differential will apply to all bids, excluding services and construction, if the governing body of the local government determines, in writing, that the local bidder offers the local government the best combination of contract price and additional economic development opportunities for the local government created by the contract award, including the employment of residents of the local government and increased tax revenues to the local government.
- A five percent (5%) price differential will apply to construction bids less than \$100,000 and all other bids, including services, less than \$500,000, if the governing body of the local government determines, in writing, that the local bidder offers the local government the best combination of contract price and additional economic development opportunities for the local government created by the contract award, including the employment of residents of the local government and increased tax revenues to the local government. This price differential does not apply to "telecommunication" and "information services" as defined by [47 U.S.C. Section 153](#).

Best Value Bids:

- Price is only one of a number of determining factors that are weighted for evaluation purposes as allowed by [Texas Local Government Code 252.043](#). As a result, an additional weighted factor may be added to all such bids. Bidders must meet local business presence criteria as defined in the chapters referenced above. The City may include a local business presence criterion of 3% to best value solicitations should it be deemed in the City's best interest to include a local presence criterion.

Local Business Differential Consideration Application ([Exhibit 13](#)):

- A new and complete application must be submitted with each competitive bid by the due date. This application, ([See Exhibit 13 Local Business Differential Consideration Application](#)) serves to ensure the qualification of a bidder as a local bidder and serves as the basis for meeting the requirement that the governing body find, in writing, that a bidder is a local bidder. *[The Purchasing Department will determine if the bidder qualifies under this application.]* This will allow the City to validate bidder's meets the criteria under [Local Government Code 271.905\(1\)](#).

Bidders seeking local business differential must meet all specifications and minimum requirements contained in the bid documents.



Exhibit 13: Local Business Differential Consideration Application

LOCAL BUSINESS PRESENCE CONSIDERATION APPLICATION

For Bidders whose business is located within the Victoria City Limits

The City of Victoria requires the following information for consideration in award of competitive bids:

1. Location Eligibility:

Principal place of business is defined herein as any business which owns or leases a commercial building within the City limits and uses the building for actual business operations. Is company's principal place of business within the city limits of Victoria, Texas.

a. If yes, identify the following:

Business Name: _____

Address: _____

Business Structure: _____
(sole proprietorship/partnership/corporation/other)

b. Name and city of residence of owner(s)/partners/corporate officers, as applicable.

Name/Title: _____

City of Residence: _____

2. Economic Development benefits resulting from award of this contract:

a. Total number of current employees who are residents of the City of Victoria? _____

b. Will additional employees be needed/hired with award of this contract? _____

c. If yes, how many employees will be added? _____

d. Will award of this contract result in the employment/retention of residents of the City of Victoria?
_____ Yes _____ No

e. Will award of this contract result in increased tax revenue to the City? ___ Yes ___ No

f. If yes, check types of taxes? __ Property Taxes __ Sales Taxes __ Hotel Occupancy Taxes

g. How much do you anticipate the taxes will increase with award of this contract?

Certification of information:

The undersigned does hereby affirm that the information supplied in its bid and this application are true and correct as of the date hereof, under penalty of perjury.

Company Name

Date

Signature

Print Name

Chapter 13: Exemptions to the Competitive Procurement Process

Purchasing Law

[Section 252.022 of the Texas Local Government Code](#) lists the available exemptions from the requirements of competitive bidding which are available for purchases made out of current funds, bond funds, or through time warrants. The following is a list of circumstances that are generally exempt from competitive bidding:

- An emergency procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the City's residents or to preserve the property of the City;
- An emergency procurement necessary to preserve or protect the public health or safety of the City's residents;
- An emergency procurement necessary because of unforeseen damage to public machinery, equipment, or other property;
- A procurement for personal, professional, or planning services;
- A procurement for work performed that is performed and paid for by the day as the work progresses;
- A purchase of land or right-of-way;
- A procurement of items that are available from only one source, also known as Sole Source Good, including:
 - Goods and services for which competition is precluded because of the existence of patents, copyrights, secret processes, or monopolies;
 - Films, manuscripts, or books;
 - Gas, water, and other utility services;
 - Captive replacement parts for equipment;
 - Books, papers, and other library materials available only from the persons holding exclusive distribution rights to the materials;
 - 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;
- A purchase of rare books, papers, and other library materials for a public library;
- 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 the property that will benefit from the improvements;
- 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;
- A payment under a contract by which a developer participates in the construction of a public improvement as provided by [Subchapter C, Chapter 212 of the Texas Local Government Code](#) and in which the City's contribution is limited to no more than 30% of the total contract amount;

- Personal property sold:
 - At an auction by a state licensed auctioneer;
 - At a going out of business sale held in compliance with [Subchapter F, Chapter 17, Business & Commerce Code](#);
 - 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 [Local Government Code Chapter 391](#);
- Services performed by blind or severely disabled persons;
- Goods purchased by a municipality for subsequent retail sale by the municipality;
- Electricity; or
- Advertising, other than legal notices.

Policy

Exemption orders from the competitive procurement process must be processed through the Procurement Manager.

Procedure

The Director of the user department submits a memo to the Procurement Manager requesting an exemption to the competitive procurement process and identifying the basis for the exemption (e.g., emergency). The memo must state specific details and explain why an exemption from the competitive procurement process is requested and the basis for the exemption. When possible, it should also contain the name of the vendor, goods or services covered by the order and the expected maximum cost and other relevant information justifying the exemption.

Emergency

The City Manager, Assistant City Manager or Chief Financial Officer must approve all emergency purchases. Whenever possible, approval should be obtained in advance of the purchase. If prior approval is not possible, written approval must be obtained within 48 hours thereafter and submitted to Purchasing with the requisition.

Sole Source Goods and Services

Sole-source goods and services require completion of the Sole Source Justification Form ([See Exhibit 14](#)) and submission to the Purchasing Department for verification and approval prior to purchase of goods and services. If there is a difference of opinion on whether the goods and services are considered sole source, the City Attorney will provide final judgement.

Exhibit 14: Sole Source Justification Form

SOLE SOURCE JUSTIFICATION FORM

INSTRUCTIONS: Complete this form for any sole source or proprietary purchases and forward to Purchasing for review. Only after Purchasing has approved the sole source request, with the assistance of Finance and/or Legal, will the purchase request be processed.

- **NOTE:** The fact that a specific company has performed the service for a number of years is not an appropriate justification for a single source, especially in the area of Information Technology. Requesters are reminded to do their homework and be able to state with certainty that a specific Vendor is the “only Vendor” that can provide the service/commodity.
- Sole Source documentation shall be updated annually.

Vendor Name	Date (month, day, year)
Name of Vendor Contact	Vendor Telephone Number
Vendor Address (Street, City, State, and Zip Code)	
Department Name	Requestor’s Name
Requisition/Purchase Order Number	Approved for Fiscal Year Purchase

This purchase qualifies as a sole source purchase for the following reason(s):

- 1) Procurement of items that are available from only one source, including:
 - a) items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies;
 - b) films, manuscripts, or books;
 - c) gas, water, and other utility services;
 - d) captive replacement parts or components for equipment *;
 - e) books, papers, and other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and
 - f) 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;

* Compatibility of standardized equipment is of paramount consideration and no substitutions can be utilized

Explanation is required for the above selection. Information shall include research performed or subject matter expertise detailed to justify the use of this particular vendor and their product or service. This must clearly indicate the proposed vendor is the **ONLY** vendor that will meet your requirements.

Sole Source Justification Prepared By	Department/Title
Telephone	E-mail Address
Signature (Department Head or Designee)	Date (month, day, year)

Purchasing Department Use Only

Received By:	Approved by:
---------------------	---------------------

Chapter 14: Cooperative Purchasing Agreements

Background and Statutory Authority

The Interlocal Cooperation Act, [Chapter 791 of the Texas Government Code](#), authorizes local governments to contract directly with other governments to increase their efficiency and effectiveness. [Texas Government Code Section 791.025\(c\)](#) states that a local government that purchases goods and any services reasonably required for the installation, operation, or maintenance of those goods under the Interlocal Cooperation Act satisfies the requirement of the local government to seek competitive bids for the purchase of goods and their services. The City has a variety of interlocal agreements with other governmental entities that allow the City to participate in cooperative purchasing programs.

There are three types of purchasing programs that allow local governments to purchase goods and services using contracts competitively awarded by the State of Texas or other governments through the Texas Statewide Procurement Division's (SPD) Cooperative Purchasing Program (State of Texas Co-op). The SPD of the Texas Comptroller's Office manages these contracts. The third program allows local governments to purchase computer technology directly from the state's Department of Information Resources (DIR).

Policy

The City participates in the purchasing programs of various local, state, and national cooperatives. For a complete list, refer to the [Purchasing website – Interlocal Contract Sources section](#). Before using any cooperative, the Purchasing Department researches and recommends cooperatives.

Official Representative

The Purchasing Department acts as the official representative for the City of Victoria in all matters relating to cooperative purchasing programs, including the purchase of goods and services from a vendor under any contract.

Procedure

The Purchasing Department must review and recommend approval of all interlocal agreements involving the purchase of goods or services; maintenance agreements will need I.T. approval before the agreement is submitted to City Manager for approval.

To initiate this process, the user department may research goods and services on the approved cooperative's website to determine if the needed goods or services are available from the cooperative. Based on its research, the user department submits a purchase requisition and identifies in the requisition comments that the good or service is available from the cooperative. The Purchasing Department determines whether or not the requested goods or services are available from a specific cooperative. If available, the Purchasing Department compares prices among cooperatives and local vendors to obtain the best value. The Purchasing Department works with the user department to determine best value and issues a purchase order with the selected vendor using the purchasing method that provides the best value.

The Purchasing Department either submits requisitions to the applicable cooperative or electronically sends purchase orders directly to vendors using the processes defined by the specific cooperative. The Purchasing Department monitors vendor compliance with all conditions of delivery and the quality of the purchased goods and services. The Purchasing Department may coordinate and deliver all necessary documents for purchases under cooperative purchasing programs made on behalf of the City.

Contract Award

The Purchasing Department may execute all purchase orders for purchases through interlocal agreements that are procured in compliance with this chapter, including purchases in excess of \$100,000 provided funding for the purchase has been approved by the City Council.

Interlocal Agreements

All interlocal agreements that involve the purchase of goods, services, repair, or maintenance agreements must be approved in writing by the Purchasing Department before being submitted to City Manager for approval.

Federal Cooperatives

[Texas Local Government Code Section 271.103](#) states that a local government that purchases goods and services available under federal supply schedules of the United States General Services Administration, to the extent permitted by federal law, satisfies the requirement of the local government to seek competitive bids for the purchase of those goods and services.

Under the Cooperative Purchasing Program, state and local government entities may purchase a variety of Information Technology (IT) products, software, and services from contracts awarded under [GSA Federal Supply Schedule 70](#), Information Technology.

State and local government entities may also purchase alarm and signal systems, facility management systems, firefighting and rescue equipment, law enforcement and security equipment, marine craft and related equipment, special purpose clothing and related services from contracts awarded under [GSA Federal Supply Schedule 84](#), Total Solutions for Law Enforcement, Security, Facility Management Systems, Fire, Rescue, Special Purpose Clothing, Marine Craft, and Emergency/Disaster Response.

[Federal Emergency Management Agency, under [44 CFR Part 208 Subpart B](#) – Preparedness Cooperative Agreements.]

[See Chapter 17 for more information on Grants.](#)

State Purchasing Program

- **Term Contracts** ([authorized by sections 271.081 through 271.083 of the Texas Local Government Code](#)). The City may purchase from vendors on the same terms and conditions as the state. The state has entered into term contracts after using competitive bidding procedures. The SPD manages this program for the State.
- **Texas Multiple Award Schedule (TXMAS)** ([authorized by section 2155.502 of the Texas Government Code](#)). The City may purchase goods and services from a schedule of multiple award contracts developed by the SPD. The schedule is adapted from General Services Administration (GSA) Federal Supply Service contracts. TXMAS contracts take advantage of the most favored customer (MFC) pricing and under certain circumstances, the City may negotiate a lower price for the goods or services offered on a scheduled contract.
- **Department of Information Resources (DIR)** ([authorized by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code](#)). The City may purchase computer-related equipment through the DIR and its contracted vendors.

Official Representative

The Procurement Manager acts as the official representative for the City of Victoria in all matters related to the purchase of goods and services from a vendor under any contract based on a state purchasing program. The City is responsible for making payments directly to these vendors should the City choose to utilize a state purchasing program contract.

State Term Contract and Texas Multiple Award Schedules (TXMAS) Purchases

Policy

City of Victoria participates in the purchasing program of SPD for local governments.

Procedure

The Purchasing Department submits a purchase order in the SPD system via the TxSmartBuy program on actual purchases in compliance with SPD regulations. The Purchasing Department and requesting department monitor vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Department may coordinate and deliver all necessary documents for all purchases under this program made for the City.

To initiate this process, the user department submits a purchase requisition. The Purchasing Department determines if the requested goods or services are available from SPD contracts. If they are available, the Purchasing Department assigns a state purchase order through TxSmartBuy system that is used for reporting.

Texas Multiple Award Schedules (TXMAS) Purchases

Policy

City of Victoria participates in the purchasing program of the SPD using TXMAS contracts developed from contracts that have been competitively awarded by the federal government or any other governmental entity of any state.

Procedure

The Purchasing Department and requesting department monitor vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Procurement Manager may coordinate and deliver all necessary documents for purchases under this program for the City of Victoria.

To initiate this process, the Purchasing Department determines if the goods or services are available from TXMAS and compares prices among TXMAS vendors to obtain best value. The Purchasing Department works with the user department to determine best value and then issues a purchase order via the City's ERP and TxSmartBuy systems with the selected vendor providing the best value.

Department of Information Resources (DIR) Purchases

Policy

The City purchases computer-related equipment and services through the state's Department of Information Resources (DIR) and from its contracted vendors.

Procedure

The Purchasing Department electronically sends purchase orders directly to DIR vendors. The Purchasing Department and requesting department monitor vendor compliance with all the conditions of delivery and quality of the purchased goods and services. The Purchasing Department may coordinate and deliver all necessary documents for purchases under this program made on behalf of the City.

To initiate this process, the user department may research goods and services on the DIR website to determine if the goods or services are available from DIR or its contracts. Based on its research, the user department submits an "open market" purchase requisition and identifies in the requisition comments that the good or service is available from DIR. The Purchasing Department determines whether or not the requested goods or services are available from DIR, and if available, the Purchasing Department compares prices among DIR vendors to obtain the best value. The Purchasing Department works with user department to determine best value and issues a purchase order with the selected vendor providing the best value. The user department should plan their procurements accordingly to allow sufficient time to negotiate and enter into a contract with the selected vendor, if necessary.

Chapter 15: Procurement of Professional Services

Background and Statutory Authority

The Professional Services Procurement Act, [Chapter 2254 of the Texas Government Code](#), prohibits a governmental entity from selecting a provider of professional services or a group or association of providers of professional services or otherwise awarding a contract for professional services on the basis of competitive bids. [See Texas Government Code § 2254.003](#). Rather, the governmental entity must make the selection and award a contract for professional services on the basis of demonstrated competence and qualifications to perform the services, and for a fair and reasonable price which does not exceed any maximum provided by law. "Professional Services" is defined in [Section 2254.002 of the Texas Government Code](#) as those services:

- within the scope of the practice, as defined by state law, of accounting, architecture, landscape architecture, optometry, medicine, land surveying, professional engineering, real estate appraising professional nursing, or forensic science or
- provided in connection with the professional employment or practice of a person who is licensed or registered as an architect, an optometrist, a physician, a surgeon, a certified public accountant, a land surveyor, a landscape architect or professional engineer, a state certified or state licensed real estate appraiser, registered nurse or a forensic analyst or forensic science expert or
- provided by a person lawfully engaged in interior design, regardless of whether the person is registered as an interior designer under [Chapter 1053, Occupations Code](#).

Contracts for the procurement of these professional services **may not be awarded on the basis of bids**. Instead, services must be awarded on the basis of demonstrated competence and qualifications.

Professional Services Procurement Act

Request for Qualifications/Proposals (RFQ/RFP)

To ensure professional firms a fair and equal opportunity to do business with the City, and to ensure that the services of the most qualified professional are obtained, professional services should be procured using the Request for Qualifications (RFQ) or Request for Proposals (RFP) process to identify the most highly qualified provider of those services on the basis of demonstrated competence and qualifications, when necessary, and then attempt to negotiate a contract at a fair and reasonable price as outlined in [Chapter 2254 of the Texas Government Code](#).

Informal Procedure

Unless specifically exempted by the City Manager, all professional services anticipated to cost less than \$100,000 should be procured using the informal RFQ/RFP process. Departments forward a recommendation memo to the Procurement Manager when professional services are required and a highly qualified provider of those professional services needs to be identified on the basis of demonstrated competence and qualifications. The memo identifies the following:

- Scope of work;
- Qualification and experience requirements;
- Project description and deliverables;
- Time frame(s) for performance;
- Budgeted amount and budget line items; and
- Suggested professional and rationale for determining qualification based selection.

- The user department follows up the memo request by forwarding documentation to Legal for contract creation and execution.

Formal Procedures

Unless specifically exempted by the City Manager, all professional services anticipated to cost more than \$100,000 should be procured using the formal RFQ or RFP process following procedures outlined by [Chapter 2254 of the Texas Government Code](#).

An Intake Form ([See Exhibit 11](#)) submitted to the Purchasing Department, signed by the Director, or designee, of the user department, or a direct email, from the Director, or designee, of the user department, serves as the initial requisition. The form must include the budget line items from which the purchase is funded or an explanation that is acceptable to the Purchasing Department about how funding is obtained before the Purchasing Department prepares the RFQ/RFP. Detailed requirements (scope of work) and necessary qualifications should be forwarded electronically to the Purchasing Department. If requirements and necessary qualifications are not attached, Purchasing and the user department may jointly develop them.

The RFQ/RFP must specify the evaluation factors to be used to determine minimum qualifications and demonstrated experience. Evaluators may use only the specified evaluation factors in evaluating the responses. Purchasing staff leads the evaluation team and is responsible, in consultation with the Director, or designee, of the user department, for:

- Developing evaluation matrix and criteria;
- Tabulating scores;
- Calculating values;
- Coordinating follow-up meetings for negotiations and recommending an award; or
- Discontinuing the process.

Notice

After development of requirements and qualification and preparation of the RFQ/RFP, and following approval of the Director, or designee, of the user department, a legal notice is published by the Purchasing Department.

The legal notice must be published at least once a week for two consecutive weeks in a newspaper of general circulation in the City, with the first day of publication occurring before the 14th day before the date of the solicitation opening. If necessary, advertising time can be extended, but in no event can the time for publication be shortened to less than 15 days.

Amendment of RFQ

The Purchasing Department may extend the response opening date on the notice of an RFQ if an error is discovered, or the nature of the services requires an extension. The Procurement Manager may amend an RFQ to clarify its original intent or to correct clerical errors, after consultation with the Director, or designee, of the user department, if:

- Inquiries about the meaning of the RFQ indicate the need for an amendment; and
- The amendment does not change the general scope of the RFQ.

There must be at 48 hours between the date of the amendment and the opening date specified in the notice. If less than 48 hours exist, the opening date should be extended to allow for a minimum of 48 hours between the date of the amendment and the opening date specified in the notice.

Pre-Proposal Conference

The Purchasing Department works with the user department to determine if a pre-proposal conference is necessary. Purchasing staff manages any pre-proposal conference and requests that the user department makes staff available to answer questions at the conference.

Receipt of Responses

To ensure confidentiality, the following procedures are adhered to when receiving responses:

- The Procurement Manager receives all responses as specified by the RFQ/RFP.
- All hard copy responses are stamped with the time and date received. The "Date Stamp Clock" in the Purchasing Department serves as the **official** time clock for identifying the date and time a response is received in the Purchasing Department.
- **Responses are not accepted after the opening time on the day of opening.** All responses offered after the opening time are returned unopened to the offeror with a letter, or a cover email in the case of an electronic submission, from the Procurement Manager notifying the offeror that the submitted response arrived after the due date and time.

Paper Responses:

- Paper responses shall be submitted in a sealed envelope with the RFQ/RFP number and title to which it responds printed on the outside of the envelope.
- The Purchasing Department stamps the date and time a response to a solicitation is received upon receipt in the Purchasing Department.
- After responses are received, the Purchasing Department keeps them secured until the opening date. The responses are to be received sealed and remain sealed until they are opened by the Purchasing Department on the advertised date and time.
- On occasion, responses that are received in the mail, or by some other independent carrier, may be inadvertently opened. If this situation occurs, another employee of the Purchasing Department is immediately called to act as a witness that the details of the response were not reviewed and the response will be sealed by the receiving employee, with the event documented.

Electronic Responses:

- Electronic responses shall be submitted [via BidNet Direct](#). This secure web portal is a confidential system for submittal of bid/proposal responses only.
- The response may be submitted in one or more of the following formats: Microsoft Word, Microsoft Excel, or Adobe Acrobat. Multiple formatted "documents" responding to a solicitation shall be submitted. Submissions received in any format not listed above may be rejected.

- Electronic responses shall be submitted and received by the City in accordance with the date and time set forth in the RFQ/RFP. Any responses received after the listed closing date and time shall not be considered. The City is not responsible for equipment or software failure that may cause delay or non-delivery of an electronic response.
- The City is not responsible for electronic responses containing viruses that cannot be eradicated, or that are corrupted as a result and cannot be opened.
- At the advertised date and time, the City will download the applicable contents of the reserved electronic address and in a public manner, the Purchasing Department will unseal the electronic responses and make them public accordingly.

The above stated process for paper responses and electronic responses shall be performed in a manner that precludes any perception of favoritism and avoids revealing prices or response information. Publicly receiving sealed responses and recording the submission of requested responses inhibits any perception that the Purchasing Department is manipulating the receipt of solicitations.

Opening of Responses

Sealed responses, paper and electronic, are opened and documented by the Purchasing Department. Only the names of firms submitting responses are announced. The Procurement Manager, or designee, opens the responses on the date specified in the notice.

Responses to proposals are opened to avoid disclosure of contents to competing proposers and are kept secret during the process of negotiation. All responses to proposals, paper and electronic, that have been submitted are available and open for public inspection after the contract is awarded. Disclosure of trade secrets and confidential proprietary information obtained from a firm is subject to the provisions of the Texas Public Information Act. ([See Government Code 552](#))

Confidentiality Statement

Please [See Chapter 3 Code of Ethics](#) of this Policy for a discussion regarding the use and protection of proprietary information or confidential information and the Purchasing Department's use of a confidentiality statement to ensure compliance with the City's ethics policy related to keeping proprietary information confidential; and requirements related to the disclosure of any potential conflict of interest, and any attempted communication by the vendor directly with the evaluation committee members during evaluation.

Evaluation

The evaluation committee must select the most highly qualified provider of the services on the basis of demonstrated competence and qualifications. Purchasing shall issue a letter to the firm which has been determined the most highly qualified provider requesting a defined scope of work and proposed cost. The committee shall then attempt to negotiate with that provider a scope of work and cost. If a satisfactory contract cannot be negotiated with the most highly qualified provider, the committee will formally end negotiations with that provider and select the next most highly qualified provider. The committee shall continue the process described above until a provider is selected and a contract finalized. Failed negotiations are not subject to renewed discussion as this would contradict the prohibition against competitive bidding for professional services. The committee shall review the contract for form and content, verify the scope is consistent with that submitted with the approved project submission, verify that the proposed costs are fair and reasonable and recommend to City Council that they proceed with contract award and execution.

The Purchasing Department supervises the evaluation process performed by the user department or committee to ensure that it is conducted fairly and consistently, and that the integrity of the process is maintained. Depending on the procurement, there may be additional technical evaluation assistance provided by other departments, if applicable.

Recommendation for Award

The Purchasing Department works with the Director, or designee, to develop the recommendation for award and present it for approval to the City Council, or City Manager as appropriate.

Written Contract

Before services for any specific project are rendered, a contract for professional services for that project, must be prepared in writing, approved by Legal and signed by the City Manager if the proposed work has been previously budgeted by the City Council and the amount of the contract is less than \$100,000. All other contracts for professional services require City Council approval. User department will work with Legal on a professional services agreement. City Manager may execute without Council approval for contracts of less than \$100,000 in value and City Council approves contracts of \$100,000 or more in value.

Vendor “Pools”

If, as a result of an RFQ/RFP, the City enters into contracts with more than one qualified professional firm, a pool of these professionals is created to provide services as needed. The user department must ensure that an RFQ/RFP is distributed at least once every 5 years so that newly qualified professionals may be added to the pool. The user department will also, to the extent reasonably practicable, provide preference to City of Victoria vendors.

Chapter 16: Project Development

Policy

Project Development and oversight includes four general processes:

- Planning
- Monitoring Contractor Performance
- Payment Approval
- Change Management

All aspects of contract development are important. Documentation of specific non-compliance must be established and maintained to enforce contractual terms. Documentation includes a description of specific dates, locations, examples, etc. of non-performance and any contact or communication with the contractor about non-compliance.

The user department has primary responsibility for monitoring and documenting contractor performance and compliance. The user department must provide copies of all documentation of non-compliance to the Purchasing Department. Copies may be sent by e-mail to the Procurement Manager. The user department maintains all documents including matters related to contract performance and documents related to clarification of expected performance during the term of the contract. The user department does not need to provide copies of documentation about clarification of expected performance standards with which the contractor complied after clarification. The user department should contact the Purchasing Department if there is any question about solicitation documentation and the Legal Department if there is any question about contract documentation.

If the user department observes poor performance or non-compliance with the contract, with the assistance of the Legal Department the user department communicates with the contractor and initiates any corrective action.

Contract Administration

The objectives of contract administration are to:

- Ensure the contract requirements are satisfactorily performed before payment;
- Properly discharge the responsibilities of both parties;
- Ensure contracts worth over \$1,000,000 are compliant with [Government Code 552.371](#) records retention requirement that obligates vendors to the following:
 - Preserve all contracting information as provided by the records retention requirements applicable to the purchasing government entity for the duration of the contract;
 - promptly provide to the City any contracting information that is in the custody or possession of the vendor upon request; and,
 - on completion of the contract, whether provided, at no cost to the City, all contracting information that is in the vendor's custody or possession or preserve the contracting information as provided by the records retention requirements applicable to the City.
- Identify any material breach of contract by assessing the difference between contract performance and material non-performance;

- Determine if corrective action is necessary and take that action, if required; and
- Resolve any disputes.

The statement of work is the guide for contract administration. Therefore, planning for contract administration occurs before issuance of the solicitation. Effective contract administration minimizes or eliminates problems which can result in potential claims and disputes.

The user department is responsible for monitoring and documenting contractor performance and compliance. The user department provides Purchasing with copies of performance and compliance documentation, which keeps the Purchasing Department informed about all outstanding or prior issues. Discussions that merely explain the interpretation of the specifications may be dealt with by the user department.

If poor performance or non-compliance with the contract is evidenced, the user department initiates written corrective action with the contractor after providing Purchasing with an advance copy of all written correspondence directing correction of a discrepancy.

The user department must not provide any instructions or requests for changes directly to the contractor. The user department takes the necessary steps relative to correcting non-compliance with the contract but must consult with the City Attorney before taking any steps toward suspension or termination of the contract, unless emergency, life safety or property damage issues require immediate temporary work stoppage. Before any letters, notices or other communication related to termination or suspension are sent to the contractor, the contents of the communication must be reviewed by the City Attorney in order to protect the City's position in the event of potential litigation.

Documentation of contractor performance is often overlooked and is important if suspension or termination is necessary. To enforce contractual terms, documentation of specific non-compliance must be available. Specific dates, locations, examples, etc. must be documented.

Contract administration duties are basic daily, weekly, and monthly activities of the user department staff and must take place to ensure successful completion of the project and to ensure the City receives the goods and services for which it has contracted. Unless otherwise noted, the following are responsibilities of the user department:

- Assist in conducting the pre-construction conference.
- Maintain a comprehensive, neat, and orderly contract file that includes all documentation related to the procurement process including the pre-solicitation, solicitation, contract award, post award, and administration phases of the project.
- Monitor the continued insurance coverage and obtain updated insurance certificates on a timely basis.
- If project is federally funded, receive and review copies of contractor payrolls to ensure payments made to contractor's employees comply with the prevailing wage rate classifications, by trade, which are included in the contract.
- Perform periodic visits to the construction site to perform spot labor interviews to ensure contractor compliance with prevailing labor laws.
- Receive and review copies of contractor invoices for accuracy. Discrepancies are reported to the contractor for resolution. The user department verifies that the invoice is appropriate for payment before submitting it to Finance for payment.

- Maintain and monitor correspondence: All correspondence, concerning major issues involving non-compliance, between the contractor and the City are to be documented and forwarded to the Purchasing Department. This ensures that the Purchasing Department is aware of any directives being issued to the contractor or any potential problems that may occur in the performance of the contract.

In emergency situations, or those regarding minor issues, correspondence may be issued directly to the contractor by the user department. **However, Purchasing must be provided a copy of the correspondence immediately.** The professional judgment of the user department representative determines what constitutes an emergency, and what is considered to be a minor issue.

Good contract management ensures that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected. The contractor must perform and meet the requirements of the contract. To do so, contractors sometimes need technical direction and approval from City staff. City staff must provide this technical direction and approval in a timely and effective manner. All guidance provided to a contractor must be within the scope of the contract.

Contract Management

The responsibilities of the contract manager are:

- Participating, as necessary, in developing the solicitation and writing the draft documents;
- Monitoring the contractor's progress and performance to ensure goods and services conform to the contract requirements;
- Managing any City property used in contract performance;
- Authorizing payments consistent with the contract documents;
- Exercising remedies, as appropriate, where a contractor's performance is deficient;
- Resolving disputes in a timely manner;
- Documenting significant events; and
- Maintaining appropriate records.

A contract manager should ensure that the contract requirements are satisfied, that the goods and services are delivered in a timely manner, and that the financial interests of the City are protected.

Post Award Conference

A post award conference is a meeting with the contractor that includes the principals responsible for administering the contract. The conference is typically held soon after the contract is awarded. It is an orientation for the contractor to ensure a clear and mutual understanding of all contract terms and conditions, and the responsibilities of all parties. The conference also serves as a tool to clarify and resolve any potential misunderstandings early. Although both the contractor and City staff should be fully aware of the contract requirements, the post award conference ensures that those involved directly in the contract administration process understand all requirements of contract performance.

Monitoring Performance

Monitoring the performance of a contractor is a key function of contract administration. The purpose is to ensure that the contractor is performing all duties in accordance with the contract and for the user department to be aware of and address any developing problems or issues.

Change Orders

In no case shall the original contract price be increased, based on the total of all change orders, by more than 25 percent. The original contract price may not be decreased by more than 25 percent without the express written consent of the contractor. [See Texas Local Government Code § 252.048.](#)

A change order shall not be issued until it is determined that the necessary funds are budgeted and available. A statement to that effect should be included with the back-up documentation. The City Council must approve any change order that involves an increase to the total contract amount in excess of \$50,000.

If a change order involves a decrease or an increase of \$100,000 or less, City Council may grant general authority to an administrative official of the City to approve the change orders.

Note a contract that was originally entered into with a vendor or contractor in an amount that did not require compliance with the state's competitive bid statutes cannot later be increased to an amount that would have required compliance with the state's competitive bid statutes.

Such a purchase or acquisition would be considered a sequential or component purchase that violates the competitive bid statutes and for which criminal conduct penalties may attach.

Monitoring by Third Parties

In some instances, the obligation to monitor the progress of a contract is assigned to another contractor. This is known as independent oversight. For example, in a construction contract, the architectural firm that provided the construction plans may perform the task of ensuring progress in accordance with the contract.

Termination for Default

A contract may be terminated for default when the City concludes that the contractor fails to perform, fails to make progress, or in any other way commits a substantial breach of the contract. Termination for default should be used as the last resort and not as punishment. The City should do everything within reason to assist the contractor in curing any default. Factors to consider before making a termination for default decision include:

The provisions of the contract and applicable regulations,

- The specific contractual failure(s) and the explanation provided for the failures,
- The urgency of the need for the contracted supplies or services,
- The availability of the supplies or services from other sources and the time required to obtain them, and
- Availability of funds or resources to re-purchase if the costs cannot be recovered from the delinquent contractor. In the event of a termination of a contract for default, under the City's standard contract terms and conditions, the City may obtain re-procurement costs from the defaulting contractor.

Close Out Procedures

The user department ensures that all applicable warranty certificates are received and safeguarded throughout the term of the warranty.

The user department supervises return of bonds to ensure that the contract is complete in all respects before payment or performance bonds are returned. Every subcontractor and/or materialman must provide a release that states that the subcontractor or materialman releases the City of Victoria from all claims arising from labor or materials provided for the project.

Contractor's Responsibilities

Contract File

Keeping a complete master contract administration file is critical. The file provides a basis for settling claims and disputes if they arise in administrative or court actions. Throughout the life of the contract, the contract file should contain such things as:

- A copy of the current contract and all modifications;
- A copy of the agenda request(s);
- A copy of all specifications, drawings or manuals incorporated into the contract by reference;
- The solicitation document, the contractor's response, evaluation determination and the notice of award document;
- A list of contractor submittal requirements;
- A list of City furnished property or services;
- A copy of the pre-award conference summary, if applicable;
- A copy of all general correspondence related to the contract;
- The originals of all contractor data or report submittals;
- A copy of all notices to proceed, to stop work, to correct deficiencies and change orders;
- The records or minutes of all meetings, both internal and external, including sign-in sheets and agendas;
- A copy of the original bidders list; and
- Any other information required by the standard contract file checklist.
- Ensure contracts worth over \$1,000,000 are compliant with [Government Code 552.371](#) records retention requirement.

Please note that a contract file could provide a basis for determining that the contractor lacks the required responsibility for the award of future contract opportunities with the City. All original contract file items should be filed with the City Secretary.

Chapter 17: Grant Policies

Overview

Many of the City's awarded grants are funded by federal sources, some of which are passed through state agencies. For instance, Hazard Mitigation Grant Program funds originate from FEMA, but are passed through the Texas Department of Emergency Management. Some disaster relief funding has come from Housing and Urban Development's Community Development Block Grant via the Texas General Land Office. The City has also been awarded funding directly from federal sources such as the Department of Justice and FEMA.

In general, the City is eligible to apply for federal funding (unless a program is limited to state applicants only), and state funding. Grant funding from these sources is usually offered on a competitive basis, meaning the funder will use a defined evaluation method to determine which applications are funded. Some grant funding, especially from federal sources, may be provided to the City as an allocation where the amount is determined using objective criteria such as population and demographic data, or disaster loss.

Funding may also come directly from state sources, such as many of the programs offered by the Texas Parks and Wildlife Division. Most of TPWD's funding for grant programs comes from a tax on sporting goods sold within the state. Some of the funding available through the Office of the Governor's Public Safety Office also originates from the state with revenue resulting from seizures or forfeitures obtained during law enforcement operations.

Federal and state funding typically requires local match participation, is paid monthly or quarterly on a reimbursement basis, comes with conditions and assurances based on federal and/or state statutes, and includes regular reporting.

Private funding works much differently in that it is usually from a local non-profit organization or foundation, is paid upon award as a lump sum, often requests recognition, and typically does not require reporting.

Of course, there are always exceptions. There are many considerations when applying for grant funding, and the Grant Office staff provides guidance and support throughout the project development, proposal development, application, and post-award process.

Administration

Applications for grants that require City match must be approved by the Finance Department prior to submission.

Awarded grant funding that includes federal and/or state conditions and assurances must be authorized by City Council and will be governed by a contract between the City and the funder that sets forth all terms and conditions of the agreement.

Important note: No project related costs may be incurred for a grant program or project prior to execution of an agreement.

Grant contracts administered by the federal government adhere to [Chapter 2 of the Code of Federal Regulations, Part 200 \(2CFR 200\)](#).

Grant contracts administered by the state adhere to state statute in [Chapter 2261 of the Texas Government Code](#).

Grants that originate from the federal government, but are passed through a state agency, adhere to both.

Important note: The most restrictive policy, rules, or guidelines control the execution of the procedures and activities associated with a government grant. Example: the micro-purchase threshold for the federal government as set forth in [2CFR 200.320](#) is \$50,000. The micro-purchase threshold for the City is \$10,000. Therefore, in any government-funded grant award to the City, the micro-purchase threshold is \$10,000.

Any purchases or expenditures related to a grant award contract must comply with the terms and conditions of the grant, as well as the City's procedures regarding all purchases.

Procedures for Grant-Funded Procurement or Purchasing – Roles and Responsibilities

The City's Procurement Policy is incorporated into all contracts, including grant award contracts, and is required as part of the City's eligibility for grant funding from other governmental entities. This policy protects the integrity of the City's internal processes and provides fair and equal access to all vendors seeking to do business with the City. ([See Exhibit 11](#))

As part of the grant award process, it is essential that the department, the Legal Department, Grant Office staff, and Purchasing staff work together to ensure that all costs associated with the grant program or project are eligible, that procurement is conducted according to policy, and that proper documentation is kept for reporting and auditing purposes.

It is the responsibility of department staff to include the Legal Department, Grant Office staff, and Purchasing staff in all grant-related purchasing and procurement activities. Proper documentation of all procurement activities related to grant awards is essential, and is ultimately, the responsibility of the Authorized Official (either the Mayor or the City Manager) as carried out by Purchasing and Grant Office staff.

Invoices submitted by vendors to the department must be reviewed by the staff member who can verify work was completed, then forwarded to Grant staff for payment. Grant staff will review invoicing against the approved budget, prepare an APV, submit for payment, request reimbursement from the funder, and maintain documentation.

Important note: Disallowed costs and/or improper documentation could result in the City being subjected to desk reviews or audits and additional funder oversight, or even control of, grant-funded activities. These actions could also result in the City being required to pay back grant funds, be identified to all funders as high risk, or even be debarred from seeking funds from government sources.

Chapter 18: Disposal of Surplus Items

Policy

Purchasing is responsible for the disposal of all surplus City property. All departments shall review their assets each year and determine which items are no longer needed. A list of surplus, obsolete or unused supplies, materials or equipment, including description, make, model, and serial numbers should be forwarded to the Purchasing Department with the completed [GovDeals Inspection Form](#) and photos. No other arrangements for pickup, sale or disposal of items shall be arranged without the prior notification and consent of Purchasing.

The User Department must reach out too Purchasing Department to notify of any item they want to dispose or auction. The Purchasing Department may inform the User Department to dispose of an item Purchasing feels isn't usable or is at the end of it's life cycle. The Purchasing Department may transfer surplus items from one department to another should the need arise.

The Purchasing Department will send out emails offering items to other city departments before listing on GovDeals.

The Purchasing Department may sell, via online auction, surplus, obsolete or unused supplies, materials, or equipment.

Purchasing will evaluate options for surplus items that may be used for trade-in credit towards replacement or supplemental purchases.

Monies received from sale of surplus items will be returned to the appropriate City of Victoria funds.

Procedure

User department is responsible for reaching out to Purchasing about surplus and scrap property items.

The purchasing department will send out emails offering items to other city departments before listing on GovDeals. User department will send pictures and GovDeals inspection form to Purchasing, for staff to evaluate the surplus item for proper disposal or auction on GovDeals.

Surplus City property will be posted to GovDeals for 14 calendar days. If the item is sold within this time, the user department will be responsible for coordinating pick up of item with the winning bidder.

If the item is not sold, Purchasing will be responsible for posting the item on scrap property for 14 calendar days. If the item is claimed, the user department and the person that claimed the item will coordinate pick up. Purchasing will send, [Exhibit 15 Bill of Sale](#), to user department to have it completed and sent to Purchasing.

After this time, if the item has not been sold or claimed, staff may donate the item to other organizations.

BILL OF SALE

City of Victoria, referred to as "SELLER", sells, bargains and conveys all of SELLER'S right, title and interest in the information below:

DATED:

DESCRIPTION OF PROPERTY:

ASSET #

BUYERS NAME:

City of Victoria acknowledges receipt total of \$_____ from "BUYER", in full payment of the purchase price of goods conveyed hereby. City of Victoria warrants that there are no liens or encumbrances on the goods sold, and that the City of Victoria's title to the goods is clear and merchantable.

City of Victoria shall defend _____ from any adverse claims to SELLER'S title to the goods sold herein. The BUYER, _____, acknowledges examining the goods sold herein. The goods sold herein are used and sold "as is", "where is", "with all faults". These goods are sold without any warranty of any kind, including fitness for a particular purpose or merchantability.

The Goods herein are not sold by a merchant in the field.

Both parties agree to all terms and conditions stated within this Bill of Sale.

SELLER

BUYER

Printed Name

Printed Name

Signature

Date

Signature

Date

Rev: 09/13/22

Glossary

Advertisement - A public notice in a newspaper of general circulation containing information about a solicitation in compliance with legal requirements.

“After-the-Fact” Purchases - Purchases, which are typically unauthorized, that deviate from City of Victoria policies regarding purchases.

Alternate Delivery Method – A method of procuring construction services other than “traditional” competitive bidding. Methods may include best-value competitive bidding, competitive sealed proposals, design-build, construction manager (either at risk or as agent), and job order.

Amendment/Addendum - A document used to change the provisions of a Contract, or a Solicitation after the Contract or Solicitation has been fully executed. An Amendment typically changes a provision in a Contract and requires the consent of the parties to that Contract. An Addendum typically adds an omitted requirement or condition to a Solicitation before its due date and does not require mutual agreement. An Addendum may also add provisions to, delete provisions from, or otherwise modify a Contract prior to the execution of and as a part of the consideration for the execution of the underlying Contract. Typically, both the Addendum and the Contract must be fully executed by all parties.

Annual Term Contract - A recurring contract for goods or services, usually in effect on a 12-month basis.

Best Value - A method of evaluating competitive bids that includes an evaluation based on more factors than just price and whether the presumptive low bidder is responsible. The “best value” process allows the City to consider the following criteria:

1. the purchase price;
2. the bidder’s experience, reputation and the bidder’s goods and services;
3. the quality of the bidder’s goods or services;
4. the extent to which the goods or services meet the City’s needs;
5. the bidder’s past relationship with the City;
6. the impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses and non-profit organizations employing persons with disabilities;
7. the total long-term cost to the City to acquire the bidder’s goods and services; and
8. any other relevant factor specifically listed in the request for bids, proposals, or qualifications.

Best value allows for the selection of the best and lowest overall life cycle cost proposal taking into consideration various factors depending on what is being procured and the factors set forth in the procurement document.

Bids – Vendor responses in the competitive sealed bid process.

Bid Bonds – A deposit required of bidders to protect the City if a low bidder withdraws its bid following submission or fails to enter into a contract following award. Acceptable forms of bid deposits are limited to: cashier’s check, certified check, or irrevocable letter of credit issued by or drawn upon a financial institution chartered by and subject to the laws of the State of Texas and formal Bid Bonds underwritten by a surety company authorized to do business in the State of Texas and identified as a company authorized to underwrite federal obligations as reflected on the most recent edition of the United States Department of the Treasury’s Circular 570.

BidNet – The electronic site utilized by the City to obtain goods or services using electronic submission.

Bidder – A vendor that submits a bid including anyone acting on behalf of the vendor that submits a bid, such as agents, employees, and representatives.

Bidders' List - An automated list of vendors who have stated in writing an interest in submitting bids for particular categories of goods and services.

Centralized Master Bidders' List (CMBL) - A list maintained by the Texas Procurement and Support Services of the Office of the Texas Comptroller of Public Accounts containing the names and addresses of prospective bidders.

Change Order, Contracts - A document used to change a contract after the performance of the contract is begun if changes in the plans or specifications are necessary or if it is necessary to decrease or increase the quantity of work to be performed or of materials, equipment, or supplies to be furnished, or adjusting the time for performance. A change order cannot be used to change or expand beyond the general scope or focus of the project for which the contract was awarded. Please be aware that there are certain legal requirements regarding the approval of change orders and the amount by which a change order may increase or decrease a contract amount. A change order amends the original contract.

Change Order, Purchase Order – A document used to modify a purchase order for the purchase of goods and services written on the City's standard purchase order form and which change, when accepted by the contractor without qualification within the specified time limit, becomes an amendment to the existing purchase order and operates as the vendor's authority to deliver and invoice for goods or services as modified.

City Council - City of Victoria City Council.

Commodity Code - The accounting system classification of goods and services with a unique number assigned to each description.

Competitive Bidding – A transparent procurement process in which bids from competing contractors, suppliers or vendors are invited by openly advertising the scope, specifications, and terms and conditions of the proposed contract. The aim of competitive bidding is to obtain goods and services at the lowest price for such goods or services through competition and preventing favoritism. The City determines the lowest bidder that is responsible and awards the contract to the low responsible bidder.

Competitive Proposal Process – A transparent procurement process in which proposals from competing contractors, suppliers or vendors are invited by openly advertising the scope and specifications for a particular work, goods or services that also specifies the relative importance of price and other evaluation factors. The City ranks the respondents and then engages in negotiations with the top ranked respondent until an agreement is reached. If an agreement cannot be reached the City moves to the next highest ranked respondent and negotiates with the next highest ranked respondent until an agreement is reached, and so forth. Once the City concludes negotiating with a respondent and moves on to the next highest ranked respondent the City cannot return to negotiations with a previously higher ranked respondent. The aim of competitive proposals is to select the responsible respondent whose proposal is determined to be the most advantageous to the City considering the relative importance of price and the other evaluation factors included in the request for proposals. The competitive proposal process allows the City more flexibility in product solicitation and negotiation to obtain the best final offer in compliance with [Section 252.042 of the Texas Local Government Code](#) and [Section 2269.151 of the Texas Government Code](#), then is allowed in competitive bidding.

Component Purchases - A series of purchases of component parts of goods that in normal purchasing practices would be purchased in one purchase.

Consultant – A person who provides or proposes to provide advice and counsel in a specialized area.

Contract - A formal, written agreement executed by the City and a third-party containing the terms and conditions under which particular work, goods or services are furnished to the City typically in exchange for the payment of money by the City or the granting of some other form of benefit or consideration from the City to the third-party.

Contractor - A third-party that has been awarded a contract by the City of Victoria.

Cooperative Purchasing Agreement- Allows the City to purchase property or services via contracts established by other governmental entities or agencies that have already been through the formal bid process and the lowest or best-qualified bidder has been approved.

City - City of Victoria.

City Attorney – The attorney selected and hired by the City Council to handle legal matters for the City and his designated representatives.

Cycle Time - The time between when a purchase requisition is received in the Purchasing Department and placement of a purchase order with a vendor. Cycle time does not include the time required for delivery or the time it takes for the Purchasing Department to obtain corrections to line-item accounts, commodity codes, and other necessary information.

Design-Build Contract – A single contract through which the City contracts with a single entity to provide both design and construction services for the construction, rehabilitation, alteration, or repair of a facility.

Design Criteria Package – A set of documents that provide the specifications for the work that must be performed including the explicit goals and end results desired in sufficient detail to permit a contractor, supplier, or vendor to prepare a response to City's request for competitive bids, proposals or qualifications and any additional information requested, including criteria for selection.

Department – That division or group of special expertise or responsibility within the City that deals with a specific subject or area of activity including all City offices and subdivisions of them as well as component agencies when the purchases are funded even partially with City funds.

Director - Any Director of a department and any person authorized to act on his or her behalf.

Electronic Submission – A response submitted via the internet or other permitted electronic means.

Emergency Purchase - An item that must be purchased immediately because of a public calamity to relieve the necessity of the citizens or to preserve the property of the City. An emergency purchase might also include a purchase that is required: (a) to preserve or protect the public health or safety of the City's residents; or (b) as a result of unforeseen damage to public machinery, equipment, or other property.

Employee - Any City appointed official, or employee.

Enterprise Resource Planning (ERP) - software that organizations use to manage day-to-day business activities such as accounting, procurement, project management, risk management and compliance, and supply chain operations.

Formal Competitive Proposal (Bidding) - The bidding process in compliance with [Chapter 252 of the Texas Local Government Code](#) and [Section 2269.101 of the Texas Government Code](#), which requires approval or rejection by the City Council.

Formal Purchases – Expenditures of more than \$100,000.00 require that a competitive sealed bid or competitive sealed proposal process, including public notices, public opening of the bids and City Council award be utilized.

Goods - Any personal property purchased by the City, including equipment, supplies, material, and component or repair parts.

Historically Underutilized Business (HUB) - Texas Administrative Code, Chapter 2161 defines a “Historically Underutilized Business” or “HUB”, in part, as one with ownership by “a person who is economically disadvantaged because of the person’s identification as a member of a certain group, including black Americans, Hispanic Americans, women, Asian Pacific Americans, and American Indians, who have suffered the effects of discriminatory practices or similar insidious circumstances over which they have no control”. Also referred to as a disadvantaged business, Minority/Woman-owned Disadvantaged Business Enterprise, or M/W/DBE.

Informal Purchases – Goods and services totaling \$100,000 or less; for those items totaling less than \$2,999.99, the end user shall seek a source with fair and reasonable pricing. For items totaling between \$3,000.00 and \$100,000 a price quotation will be solicited from a minimum of three sources to assure fair and reasonable competition.

Lease - A contract for the use of personal property or real property for a period of time in return for a specified compensation.

Liaisons – The contact person within each department designated to communicate directly with the Purchasing Department.

Lowest Responsible/Responsive Respondent (Bid) - The offer that provides the lowest price meeting all requirements of the specifications, terms, and conditions of the Request for Bid including any related costs to the City in a total cost concept and which submittal, including all reported references contained therein, provides the City with sufficient evidence of the bidder’s financial and practical ability to perform the contract, references of past performance indicating the ability to comply with the contract and satisfactorily complete the subject work, and other information provided to or obtained by the City demonstrating the subject bidder’s capabilities, competence and success.

Micro-purchase – purchases under \$10,000 that a department head can approve.

Modification - A document used to change the provisions of a contract. A modification may sometimes be unilateral under the provisions of the contract. A modification may introduce or cancel certain specifications or terms in a contract without effecting the terms of the contract. A mutually agreed change is usually called an amendment or change order.

Negotiations – A bargaining process between the City and one or more third parties seeking to reach an agreement regarding the terms of a transaction or to resolve a dispute.

Negotiated Procurement – A selection process whereby the Purchasing Manager identifies one or more prospective contractors of their choice, negotiates with one or more of them, and awards the contract to one of them based on the best interest of the City.

Occupant Department - The department that ultimately uses the finished goods or services when the purchase or construction is completed, which may be different from the user department.

Official - Any elected or appointed official and any person authorized to act on his or her behalf.

Payment Bond - A surety bond executed in connection with a contract that secures solely for the protection and benefit of those persons or entities that have a direct contractual relationship with the contractor to supply public works labor or material (“Payment Bond Beneficiaries”) and with which such contractor the City has contracted for a particular contract the payment obligation of that contractor to the Payment Bond Beneficiaries.

Performance Bond – A surety bond that provides assurance to the City that the contractor will faithfully perform the work in accordance with the plans, specifications, and contract documents.

Personal Service – Services performed personally by the specific person who contracted to perform the services.

Piggy-back – Use of an existing contract to acquire the same commodities or services at the same or lower price from another public entity contract.

Policy – This Procurement Policies and Procedures Manual.

Pre-Approved Marketplace Items – A list of goods and services that have been pre-approved and need no additional review. This may also include renewals and re-purchases of previously approved goods and services.

Pre-Bid/Proposal Conference - A conference conducted by the Purchasing Department for the benefit of those wishing to submit a response for services or supplies required by the City that is held in order to allow vendors to ask questions about the proposed contract and particularly about the contract specifications.

Professional Services - Services directly related to professional practices as defined by the [Professional Services Procurement Act, Chapter 2254 of the Government Code](#), including those services within the scope of the practice of accounting; architecture; optometry; medicine; land surveying; and professional engineering.

Proprietary Information - Information provided in responses to solicitations to which a vendor claims ownership or exclusive rights and which may be protected from disclosure under the Texas Public Information Act (Texas Government Code, Chapter 551) because such information contains trade secrets, would give advantage to a competitor or bidder, or supports certification as a HUB or M/W/DBE provided that the vendor identifies such information as being proprietary.

Public Works - Constructing, altering, repairing, or maintaining a public building, public infrastructure or other public asset or facility.

Purchase Order - An order issued by the Purchasing Department for the purchase of goods and services written on the City's standard purchase order form and which, when accepted by the contractor without qualification within the specified time period, becomes a contract or an amendment to an existing contract that authorizes the vendor to deliver to and invoice the City for goods or services specified and commits the City to accept the specified goods or services for an agreed upon price.

Purchase Over \$100,000 – Requires competitive bids or proposals in compliance with [Chapter 252 of the Texas Local Government Code](#) or [Chapter 2269 of the Texas Government Code](#), unless exempt therein (see Section 252.022 of the Texas Local Government Code for exemptions). Any purchase over \$100,000 requires City Council, City Manager and Department Head approval prior to appropriation of funds.

Purchase Requisition - An automated request from a user department submitted to the Purchasing Department that authorizes the Purchasing Department to enter into a contract with a vendor to purchase goods or services for the City and authorizes the Finance Department to charge the appropriate department budget and which request is for internal use only and cannot be used by a department to order materials directly from a vendor.

Purchasing or Procurement - The acquisition of goods and/or services at the best possible cost, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of the City including, but not limited to, construction and professional services.

Purchasing Card (P-Card) – Individually assigned purchasing cards designed to procure necessary items locally or through online vendors with a secure portal by locating either a “lock” icon at the top of the screen or an added ‘s’ in the prefix of the site’s URL, specifically, <https://>.

Purchasing Department – The Office of the City of Victoria Procurement Manager and their staff.

Procurement Manager – Means and includes the Procurement Manager or designee and may also mean or include the Assistant Director of Finance in the absence of the Procurement Manager.

Proposals – Vendor responses in the request for proposal process.

Request for Bid (RFB) – Specifications and formal bidding documents requesting pricing for a specified work, good or service which has been advertised for bid in a newspaper.

Request for Information (RFI) - A general request to contractors for information regarding a potential future solicitation that is used as a research and information gathering tool for preparation of specifications and requirements.

Request for Proposal (RFP) - A document requesting a proposal from vendors that specifies the relative importance of price and other evaluation factors, and which allows for negotiations after a proposal has been received and before award of the contract for the goods and services sought. See also “Competitive Proposal Process,” *above*.

Request for Qualifications (RFQ) - A document that requests details about the qualifications of professionals whose services must be obtained in compliance with the Professional Services Procurement Act or in conjunction with an alternative bid delivery process.

Request for Quote (RFQ) - The process in which a company solicits select suppliers and contractors to submit price quotes and bids for the chance to fulfill certain tasks or projects.

Respondent - A vendor that submits a response including anyone acting on behalf of the vendor that submits a response, such as agents, employees, and representatives.

Responsive – A vendor who has complied with all material aspects of the solicitation document, including submission of all required documents.

Responsible – A vendor who has the capability to perform fully and deliver in accordance with the contract requirements based on consideration of past performance, financial capabilities, and business management together with any other pertinent information.

SAP – City financial management system that includes modules for accounting and purchasing.

Sealed Bids - Offers in response to an Invitation to Bid that is advertised in a newspaper and submitted to the Purchasing Department in a manner that conceals the price.

Separate Purchases - Purchases made separately in different orders for goods and services that in normal procurement practices would be purchased in a single order or in one purchase.

Sequential Purchases - Purchases of items made over a period of time that in normal procurement practices would be purchased at one time or in one purchase.

Services - The furnishing of labor by a contractor that includes all work or labor performed for the City on an independent contractor basis, including maintenance, construction, manual, clerical, personal or professional services.

Sole Source Good or Service - A good or service that can be obtained from only one source due to patents, copyrights, secret processes, or natural monopolies. The purchase of captive replacement parts or components for equipment that is already owned by the City may also be considered for acquisition as a sole source good or service.

Solicitation - A document, such as an invitation to bid, invitation to quote, request for proposal, request for information or request for qualifications issued by the Purchasing Department that contains terms and conditions for a contract to solicit a response from vendors to provide work, goods or services needed by the City.

Solicitation Conference – A meeting chaired by Purchasing Department staff, designed to help potential vendors understand the requirements of a solicitation. Also known as a pre-bid or pre-proposal conference.

Specifications - A total description of a good or service to be purchased by the City, and the requirements the vendor must meet to be considered for the contract which may include requirements for testing, inspection, or preparing any good or service for delivery, or preparing or installing it for use. See *also* "Design Criteria Package," *above*.

Statement of Work (SOW) – Provisions of a contract that describe the services or work to be performed by a contractor as specified in the document.

TPWD – Texas Parks and Wildlife Department.

User Department - The department, defined above, from whose budget line item the contract is paid.

Vendor - A business entity or individual that seeks to have or has a contract to provide goods or services to the City.

Warehouse - A component of the Purchasing Department, will maintain in inventory only those standardized items that are required to sustain daily usage of parts and supplies for various departments. Those items commonly used by multiple departments will be inventoried by the Warehouse and purchased in bulk, taking advantage of discounts as available.



Procurement Policy

Established: May 13, 2015
First Amendment: August 28, 2018
Second Amendment: October 1, 2018

Introduction

The Victoria Metropolitan Planning Organization (MPO) is the regional transportation planning agency for the Victoria metropolitan area. The City of Victoria serves as the MPO's fiscal agent, with the City's Development Services Department functioning as the MPO.

This document establishes the procedures to be followed by the Victoria MPO when administering the procurement of supplies and services; it defines the corresponding legislation, specific procurement requirements and methods, and contract administration. This policy is intended for the general guidance on the procurement of goods, supplies and services for the MPO, and is not intended to replace the City's Procurement Manual. The Victoria MPO will follow the City of Victoria's Procurement Manual, except for, instances where Federal guidelines and regulations exceed the City's Procurement Manual. In such instances, the Victoria MPO, a recipient of Federal grant funds, will follow the United States Code of Federal Regulations (CFR) 23, Part 172 Procurement, Management, and Administration of Engineering and Design Related Services for the awarding of federally funded contracts.

Supporting Legislation

The following key pieces of code and regulations address specific requirements for procurement procedures. It will be the policy of the MPO, and the City of Victoria as the MPO's fiscal agent, to fully comply with all aspects of the rules, regulations, and procedures contained therein.

- 23 CFR Part 172
- Texas Government Code 2254, Subchapters A and B
- 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Ethical Standards

Any individual engaged in procurement for or with the Victoria MPO will comply with the following ethical standards:

1. **Personal Gain:** City employees will not attempt to realize unauthorized personal gain through employment with the City of Victoria or by any conduct inconsistent with the proper discharge of the employee's duties.
2. **Participating in Procurements with Family or Friends:** City employees will not participate directly or indirectly in procurement for the MPO when the employee knows that:
 - a. The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
 - b. 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;
 - c. 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 is involved in the procurement.

3. **Gratuities and Kickbacks:** City employees will not accept or solicit any money, property, service or other thing of value which can be construed in any way intended to influence the employee in the discharge of their duties.

Procurement Requirements

Purchase of goods, equipment and supplies

The following dollar limits and authorization requirements have been developed for the routine purchase of goods, supplies, or equipment and apply to each order in total.

- **Purchases of \$0.01 to \$4,999.99:** written quotes not required but recommended to ensure best price.
- **Purchases of \$5,000.00 to \$100,000.00:** requires three written or catalog quotes.
- **Purchases \$100,000.00 or greater:** require competitive bids or proposals.

Professional Services

The Victoria MPO may use professional providers for engineering design and construction management, architecture, or surveying services. The MPO, as recipient of Federal funds, when awarding professional services contracts funded with Federal monies, follows 23 CFR, Chapter 172. The MPO, also, follows the Texas Government Code, Chapter 2254, Subchapter A, the Professional Services Procurement Act, when requesting statement of qualifications or proposals from professional providers; such professional providers are defined as, professional engineers, registered architects, or registered professional land surveyors. This law requires a two-step process in selecting the most qualified provider and then negotiating reasonable costs with the selected provider. A Qualifications-Based Competitive Selection Process is required for a professional services contract of any amount.

Consulting Services

Victoria MPO may use and procure a consultant if there is substantial need for these services and cannot adequately perform the needed services with its own staff or obtain the services through a contract with a state agency. The Victoria MPO defines consulting as services of studying or advising the Victoria MPO under a contract that does not involve the traditional relationship of employer and employee. The MPO will use 23 CFR, Part 172 and Texas Government Code, Chapter 2254, Subchapter B, Consulting Services Selection Process, consulting services procurement. The Consulting Services Selection Process, as outlined in Texas Government Code, Chapter 2254, Subchapter B will be used for consulting services procurements. In consulting services contracts which include Federal funds, local and state preference will not be allowed.

Disadvantaged Business Enterprises

The MPO will provide Disadvantaged Business Enterprises, as defined in 49 CFR Part 26, Subpart A, a full and fair opportunity to compete for contracts.

Procurement Methods

Catalog Quotes

At least three catalog price estimates should be obtained on each purchase. Obtaining additional comparisons to determine the best price is highly recommended.

Written Quotes

At least three written price estimates should be obtained on each purchase. Obtaining additional comparisons to determine the best price is highly recommended.

Competitive Bids or Proposals

The following process must be used in completing an official competitive bidding process:

1. Prepare or obtain technical specifications for the goods required.
2. Prepare a bid package, as required through the City of Victoria's Purchasing Department.
3. Advertise bid package through the City's Purchasing Department.
4. Conduct pre-bid meetings as necessary.
5. Complete public opening of bids.
6. Determine the lowest responsible bid.
 - a. Bid may be split to obtain lowest price if splitting is specified in the bid documents.
 - b. When indicated in the bid specifications and requirements for goods or services, the MPO must award the contract to the lowest responsible bidder or to the bidder who provides those goods or services at the best value, determined by criteria listed in the bidding documents.
 - c. If the official total bid amount for 2 or more Bidders is equal and those bids are the lowest submitted, each tie Bidder will be given an opportunity to withdraw their bid. If 2 or more tie Bidders do not withdraw their bids, the low Bidder will be determined by a coin toss. If all tie Bidders request to withdraw their bids, no withdrawals will be allowed and the low Bidder will be determined by a coin toss. The City's Purchasing Department will preside over the proceedings for the coin toss.
7. Submit CM-1 for City Council consideration, recommending acceptance or rejection of bid.

Qualifications-Based Competitive Selection Process for Professional Services

The following process must be used in completing an official qualifications-based competitive bidding process:

1. Prepare a Request for Proposals (RFP) and advertise to appropriate sources.
2. Solicit proposals and scope of work from an adequate number of sources.
3. Assemble a selection committee to select the most qualified respondent, which may include an interview process with a select number of firms. The selection committee is selected, prior to the RFP or statement of qualifications, to meet the needs described in the contract by the Victoria MPO's Policy Advisory Committee. Therefore, the selection committee may be comprised of City of Victoria staff, MPO Policy Advisory Committee members, or interested stakeholders.
4. Receive proposals from interested firms.

5. Perform screenings/evaluations of proposals and related correspondence based upon the selection criteria outlined in the RFP or statement of qualifications.
6. Issue invitation to firms who are determined as “most qualified” for interviews (this step is optional at discretion of the MPO). The “most qualified” firms are defined as:
 - a. Firms that meet the outlined criteria listed in the RFP or statement of qualifications;
 - b. And, are determined as “most qualified” by the selection committee
7. Complete evaluation of interviewed firms based upon criteria outlined in the RFP or statement of qualification.
8. Prior to notifying the highest-ranked firm, the MPO will review its prepared independent cost estimate that provides a breakdown of the work to be done by the consultant by hours and classification, any other direct costs incurred through the outlined scope of work, and the fixed fee of the consultant.
 - a. Upon completing the preparation of the independent cost analysis and outlined scope of work as a basis for negotiations, the MPO will notify the highest-ranked firm.
9. Engage in negotiations with the highest-ranked firm. In order to determine a fair and reasonable price, in accordance with 23 CFR, Part 172 requirements and Texas Government Code 2254, Subchapter A, the MPO will enter into negotiations following the process, outlined below.
 - a. Negotiations will include a detailed proposed scope of services and costs.
 - b. These negotiations will be documented in MPO files.
 - c. Based on the outcome of negotiations and an analysis of price and cost, the MPO reserves the right to reject a firm and open negotiations with the next most qualified firm. Should the MPO reject a firm based on the outcomes of negotiations and analysis of price and cost, the MPO will provide a written letter to formally notify the firm of rejection before proceeding with negotiations of the next most qualified firm.
10. Upon approval from the Texas Department of Transportation, the Victoria MPO/City of Victoria and selected firm execute contract.
11. Send letters/correspondence to firms not selected.
12. Retain documentation indicating a qualifications-based procurement process.

Consultant Services Selection Process

In compliance with Texas Government Code 2254, Subchapter B. the Victoria MPO shall base its choice on demonstrated competence, knowledge, qualifications, and on the reasonableness of the proposed fee for the services.

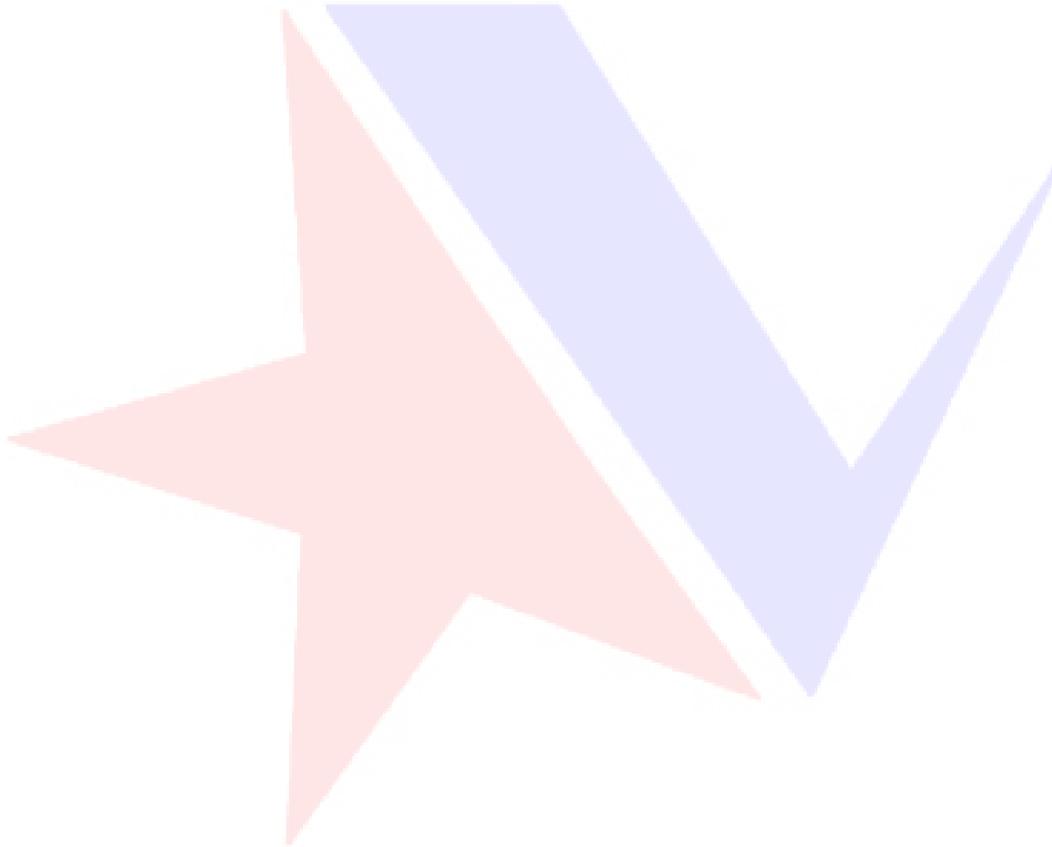
Non-Competitive Proposal

The non-competitive proposal method may be used when it is not feasible to award the contract using other procurement methods. The MPO shall submit justification and receive approval from the Texas Department of Transportation (TxDOT) prior to using this form of contracting. The circumstances under which a contract may be awarded by noncompetitive negotiation are limited to the following:

1. The service is available only from a single source.
2. There is an emergency which will not permit the time necessary to conduct competitive negotiations.
3. After the solicitation of a number of courses, competition is determined to be inadequate.

Contract Administration & Management

As the MPO is housed within the City of Victoria, City staff document negotiations and procurement processes and maintain records. They are responsible for managing the executed contract and approving all invoice payments.





T H E C I T Y O F
VICTORIA

Community Development Block Grant

Policy and Procedures Manual

UPDATED OCTOBER 2019
CITY OF VICTORIA
Development Services Department
Physical Address: 700 Main Center, Suite 129, Victoria, TX 77901
Mailing: P.O. BOX 1758, VICTORIA, TX 77902-1758
Ph: (361) 485 - 3360

STATEMENT OF OBJECTIVE

The Community Development Block Grant (CDBG) Program provides annual grants from the U.S. Department of Housing and Urban Development (HUD) on a formula basis to entitled cities and counties. The primary objective of the CDBG Program is to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, primarily for low- to moderate-income persons in the City of Victoria.

NATIONAL OBJECTIVES

The CDBG Program regulations require any activity funded with CDBG funds **MUST** meet **at least one** of the program's three national objectives. A national objective is considered to be met if it can be determined and documented the proposed activity meets the following:

- 1) **Provides a direct benefit to low- to moderate-income persons** through the one of the following:
 - A. Area Benefit Activities: An activity that benefits all residents in a particular area where at least 51% of the residents are low- to moderate-income persons.
 - B. Limited Clientele Activities: An activity which benefits limited clients, at least 51% of whom are low- to moderate-income persons.
 - C. Housing Activities: An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- to moderate-income persons.
 - D. Job Creation or Retention Activities: An activity designed to create or retain permanent jobs where at least 70% of the jobs, computed on a full-time equivalent basis, involve the employment of low- to moderate-income persons.

- 2) **Aids in the Prevention or elimination of slum or blight** through the following:
 - A. Activities on an Area Basis: An activity will be considered to address slum and blight on an area basis if it can be shown that the area meets the definition of slum and blight and has a substantial number of deteriorating buildings and the assisted activity addresses one or more of the conditions that contribute to the deterioration of the area.
 - B. Activities on a Spot Basis: Activities which eliminate specific conditions of blight or physical decay on a spot basis located in a slum or blighted area which meets this objective.

3) **Is Designated to Meet Community Development Needs Having A Particular Urgency:**

- A. Meeting community development needs that are an urgent need due to existing conditions pose a serious and immediate threat to the health or welfare of the community.

ACTIVITY ELIGIBILITY REVIEW

The City of Victoria reviews all programs and activities to determine eligibility. Evaluating eligibility is a multi-step process.

- 1) The City must ensure the activity meets **at least one** of three national objectives listed in the CDBG regulations. Those objectives are as follows: a) benefit low- to moderate-income persons, b) prevention or elimination of slums or blight, or c) address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community that is shown in detail in the national objectives shown above.
- 2) HUD places certain restrictions on the City's CDBG funding.
 - A. A maximum of 15% of the appropriation can be spent on public services;
 - B. A maximum of 20% can be spent on planning and program administration; and
 - C. not less than 70% of CDBG funds must be used for activities that benefit low- to moderate-income persons.
- 3) The CDBG programs must serve low- to moderate-income eligible persons by one of the following methods:
 - A. The project will benefit clientele who are generally presumed by HUD to be below eligible income limits. The following groups are presumed to meet this criterion: abused children, battered spouses, elderly persons, handicapped persons, homeless persons, illiterate persons, Housing Authority residents and persons with Acquired Immune Deficiency Syndrome (AIDS).
 - B. At least 51% of the persons/households served by the program or facility qualify as low-income households/persons.
 - C. The project has programmatic limits that restrict the activity exclusively to CDBG eligible low-income households/persons.
 - D. The project is of such nature and location that it may be concluded that the activity's clientele will primarily consist of CDBG income eligible persons.

- 4) If CDBG funding is being expended for Public Service Agency (PSA) activities, then the maximum that can be funded is 15% of the appropriation. Within the Consolidated Plan (CPS) the activities, that are funded, must be directed towards costs directly associated with the provision of services (including labor, supplies, and materials) and to improve one or more of the following needs:
 - A. Homeless Shelters;
 - B. Eviction Prevention Assistance;
 - C. Services for the Homeless;
 - D. Food Pantries/Distribution;
 - E. Crime Prevention/Neighborhood Watch;
 - F. Youth After School Programs/Youth Summer Programs; and/or
 - G. Utility Bill Assistance – Water Bills
- 5) All CDBG activities funded such as Public Improvement, Public Facilities, Affordable Housing or Community Development (Non-Housing) programs must also be listed in the CPS funding priorities listed in the Priority Needs Ranking Table.

ENVIRONMENTAL ELIGIBILITY REVIEWS

- 1) The City of Victoria will make a determination of the correct level of environmental review appropriate for the activity. The City will ensure all documentation is submitted and maintained for the environmental review for each activity.
- 2) Each level of environmental review is defined within the HUD regulations 24 CFR 58. The project **must be** classified under one of the following five levels:
 - A. Exempt - Those projects classified under 24 CFR 58.34];
 - B. CENST - Those projects classified under 24 CFR 58.35(b)];
 - C. CEST - Those projects classified under 24 CFR 58.35(a)];
 - D. EA - All other projects that are not classified under 24 CFR 58.34, 58.35(b); or
 - E. EIS - Environmental Impact Statement (EIS).
- 3) Depending on the activity, additional environmental reviews may need to be made to ensure all applicable HUD or Federal regulations that apply have been met before disbursing funding.

AGENCY ELIGIBILITY REVIEW

Agencies are eligible to apply for funding from the CDBG Program, if:

- A. The Agency is a not-for-profit organization with federal tax-exempt status as identified by the U.S. Department of the Treasury, in Internal Revenue Service Publication 557 (Revised January 1992) entitled "Tax Exempt Status for Your Organization."
- B. The Agency meets HUD's requirements and City requirements as described in their subrecipient agreement, if selected.
- C. Meet the requirements described in these guidelines.
- D. Provide a copy of the State of Texas Secretary of State business certification.
- E. Agencies must have a local board of directors or advisory board that governs the agency. The board must be of sufficient size to be representative of the diversity of the community served.

INCOME LIMITS ELIGIBILITY

The City of Victoria MSA income limits are established by HUD annually based on family size and family median income for the purpose of determining income eligibility.

2019 Household Income Limits

	1	2	3	4	5	6	7	8
30% MFI	\$14,350	\$16,400	\$18,450	\$20,450	\$22,100	\$23,750	\$25,400	\$27,000
50% MFI	\$23,850	\$27,250	\$30,650	\$34,050	\$36,800	\$39,500	\$42,250	\$44,950
60% MFI	\$28,620	\$32,700	\$36,780	\$40,860	\$44,160	\$47,400	\$50,700	\$53,940
80% MFI	\$38,150	\$43,600	\$49,000	\$54,500	\$58,900	\$63,250	\$67,600	\$71,950

CDBG GRANT FUNDING

Every five years, the City must develop a new Consolidated Plan ("ConPlan") that will identify the community's priorities for CDBG funding. The ConPlan will establish specific program funding objectives, goals, activity objectives, and outcomes. The activity objectives are expressed in measurable units such as housing units or numbers of clients served.

CDBG funding priorities are determined by the Citizens of City of Victoria, Stakeholders, Non-Profit Agencies and the City Council. Priorities may be amended as provided in the Citizen Participation Plan. During the year the ConPlan is written, the City will attempt to receive input from community surveys, public meetings, and/or community consultations.

The annual PSA and Public Facility request for applications will specifically solicit proposals to address identified funding priorities and goals for the current year activity objectives.

FUNDING PRIORITIES

The Priority Needs Ranking Table identified in the City of Victoria's 2015-2019 CPS which includes the following priorities needs summary:

Need	Priority Ranking
Swan Crossing Initiatives	High
Homeownership Assistance	High
Habitat for Humanity	High
Housing Rehabilitation – Community Risk Reduction	High
Increase Affordable Rental Housing	Low
Mortgage Assistance Program (MAP)	High
Code Enforcement	High
Demolition	High
Neighborhood Clean-Ups	High
Park Improvements	High
Transit Shelters	High
Sidewalk Improvements	High
Subsistence Support Services	High
Children and Youth Services	High
Employment/Job Training Services	High
Mental Health and Wellness Services	High
Homeless and At-Risk Homeless Prevention Services	High
Senior and/or Disabled Services	High
Homeless Shelters	High
Youth Centers	High
Special Needs Population Facilities	High
Abused and Neglected Children	High
Administration	High

FUNDING GOALS

- 1) The five funding goals identified in the 2015-2019 CPS, the City of Victoria are:
 - A. Increase the supply of affordable single-family housing for the city's low-income households;
 - B. Increase the supply of affordable rental housing for the city's low-income households;
 - C. Preserve and create livable neighborhood environments;

- D. Expand housing services for a variety of special needs populations, including persons who are homeless and at risk of homelessness; and
 - E. Provide funding to organizations that address the economic needs and social service needs of low-income households, including after school programs and crime prevention programs.
- 2) The following are defined as substantial amendments by the City of Victoria and will require public notice and provision of a public comment period:
- A. Any change in the priorities of the 5-Year Consolidated Plan;
 - B. Changes in the use of CDBG funds from one eligible activity to another in excess of \$25,000.00 of the annual allocation from the funded Annual Action Plan Year;
 - C. Elimination of an activity originally described in the AAP;
 - D. Addition of an activity not originally described in the AAP.
- 3) Public Notice and Public Hearing for Substantial Amendments: The City will provide reasonable notice of a proposed Substantial Amendment so that residents will have an opportunity to review and comment. Notice will be made according to the procedures described in the “Public Notice” section of this CPP and will allow a 30-day period for public comment. A public hearing will be held to consider the Substantial Amendment in accordance with the “Public Hearing” section of the CPP. All comments received, whether given as verbal testimony or submitted in writing during the review and comment period, will be given careful consideration and will be presented in the Final Substantial Amendment.

APPLICATION PROCESS

- 1) The annual PSA and Public Facility request for applications will specifically solicit proposals to address identified funding priorities and goals for the program objectives.
- 2) The public service agencies are requested to attend a pre-application training workshop. It is recommended the agency have the Executive Director and Employees who will be in charge of handling the CDBG program for the agency attend the workshop.
- 3) The Director of Development Services and the Community Development Planner will review applications as outlined in the Application Review Section in this document.
- 4) All applications will be provided to the City Council for their consideration.

- 5) Staff will advise Council of any eligibility issues found during the application review and provide recommendations for funding in regard to the applicants, during a regular City Council meeting via a City Manager Report.
- 6) Before final approval of funding for recommended applicants can happen, the City will provide notice to the public of the 30-day public comment period of the draft Annual Action Plan which will include the recommended applicants for funding.
- 7) The draft Annual Action Plan will be made available for public review and comments on the City website, the Development Services Department Office, and the Victoria Main Library as detailed in the Citizen Participation Plan.
- 8) City Council will hold a public hearing, as part as the Annual Action Plan process to accept citizen input on recommended activities and applicants to be funded with CDBG funding as detailed in the adopted Citizens Participation Plan.
- 9) City Council will adopt a Resolution approving the Annual Action Plan funding of activities, which include the recommended applicants for funding.

APPLICATION REVIEW

Applications shall be reviewed by City staff for completeness and eligibility as follows:

- 1) Applications will only be reviewed if they are turned in by the required deadline date to the Development Services Department office located at 700 Main Center, Suite 129, Victoria, TX 77901.
- 2) The Development Services Staff (planning technician, administrative assistant, and the Community Development Planner) will be allowed to accept agencies' applications.
- 3) Once received by Staff, the Staff member will indicate the date and time the application was received in the office and forward the application to the Community Development Planner.
- 4) The Community Development Planner will verify all required documents are included with the application by the required deadline date. If documentation is missing the Community Development Planner will try to work with the agency to gain the information needed to complete the application, if it is not pass the application deadline date.
- 5) The Community Development Planner will verify the application and certifications have been signed by the agency's designated signing authority.

- 6) The Community Development Planner will verify compliance with a National Objective 24 CFR 570.208 and is an eligible activity under 24 CFR 570.201 using the CDBG Activity Eligibility Documentation Form.
 - a. Determine how projects that use the National Objective of benefiting low to moderate-income persons meet that objective (i.e., area benefit, limited clientele, presumed).
 - b. For “area benefit” activities, must benefit all residents in a particular area where at least 51% of the residents are low- and moderate-income persons.
- 7) The Director of Development Services and the Community Development Planner will complete, sign, and date the Evaluation Sheet for PSA & Public Facility Funding Proposals form to evaluate the agencies applications for CDBG funding.
- 8) The Agency’s activity must meet one of the City’s needs identified in the List of Priorities in the Consolidated Plan.
- 9) Public Service Agency (PSA) funding must be directed towards costs directly associated with the provision of services (including labor, supplies, and materials). The public service must be directed toward improving one or more of the following needs:
 - A. Homeless Shelters
 - B. Eviction Prevention Assistance
 - C. Services for the Homeless
 - D. Food Pantries/Distribution
 - E. Crime Prevention/Neighborhood Watch
 - F. After School Programs
 - G. Utility Bill Assistance – Water Bills
- 10) All applications that do not meet eligibility must be disqualified.
- 11) Once the Evaluation Sheet has been completed, if recommended for CDBG funding it will be placed in the applicants file. If the applicant is not recommended for CDBG funding it will be filed in the non-funded applicant file.
- 12) City staff will present a City Manger’s Report to City Council, during a regular scheduled City Council meeting, with the number of applications received for the current funding year; a determination of which applicants are being recommended for CDBG funding; and which applicants are ineligible for CDBG funding.
- 13) All City Council meetings are televised and aired on the cable public access channel.

- 14) City Council will make final approval of applicants funding, after the public has been given a 30-day comment period, a 10-day notice of a public hearing to be held at a regularly scheduled City Council meeting.
 - a. Note the applications are incorporated into City's draft Annual Action Plan.
 - b. The Draft Annual Action will be available to the public for review.
 - c. The public hearing is for the Draft Annual Action Plan not just the applications. Because the applications are a part the Annual Action Plan funds, they are assumed to be one in the same.
- 15) City Council will hold a public hearing at their regularly scheduled City Council meeting. Once the hearing is closed, Council will deliberate and take on action on approving the Draft Annual Action Plan by resolution.
- 16) If the Annual Action Plan is approved by Council, then those applicants recommended for CDBG funding, then their applications are deemed approved.

SUBRECIPIENT AGREEMENTS

Once the City of Victoria has received its official CDBG allocation and grant agreement between the City and HUD has been finalized, the City prepares a written standard contract for each of the selected CDBG subrecipients outlining the scope of work, responsibilities and obligations of the City and the subrecipient.

The written contracts are drafted by City of Victoria's Legal Department, reviewed by the Community Development Planner, approved by City Council, and final signature by the City Manager. Interdepartmental subrecipient agreements are required for all City Department projects being awarded CDBG funding.

Subrecipient Agreements may be amended, and the details changed to be made attainable or relevant. Amendments must be approved by the Community Development Planner and Direct of Development Services. City staff will then present the Amendment for City Council for approval. The Amendment must be executed by both the City Manager and the designated representative of the Subrecipient. This allows flexibility to the program to better serve the beneficiaries needs.

Subrecipient Agreements will be in compliance with 24 CFR 570.503.

MONITORING AND CONTRACT COMPLIANCE

CDBG staff will conduct on-site and/or desk monitoring of non-city department subrecipients receiving CDBG funds annually during a grant period. Additional visits and technical assistance may be required to address administrative, program, or financial management concerns identified during these monitoring visits. HUD representatives may also make on-site visits as a part of their monitoring visits to the City of Victoria offices. City staff may also make informal visits as needed.

The purpose of the City's monitoring will be:

- 1) To verify appropriate documentation is being maintained related to client data (income eligibility, demographics, etc.);
- 2) To determine the subrecipients progress made towards the scope of work within the written contract; and.
- 3) To document the subrecipients compliance with HUD administrative, financial and regulatory requirements and compliance with the City's contract provisions.
- 4) As a resource tool for monitoring, the City will use HUD Monitoring Handbook.

QUARTERLY REPORTS

Subrecipients will submit reports to allow the City to ensure that projects are on-track and to provide data necessary to update the HUD IDIS system. Beneficiary data is summarized on a worksheet that is required for each beneficiary receiving assistance. For more detailed information on quarterly reports, please refer to the City's Subrecipient Manual.

PERFORMANCE NON-COMPLIANCE

If a subrecipient or its CDBG funded activity is found to be in non-compliance with any of the three areas addressed in the monitoring process or with any of the terms stipulated in the contract. Disbursement will be held until acceptable documentation is received or until compliance is achieved.

After the Monitoring, the City will issue a monitoring report no later than 30 days after the visit to the Subrecipient outlining any findings, concerns, observations, and/or recommendations. Should the Subrecipient have any findings and/or concerns they will be given 30-days to respond to the City's monitoring report with their corrective actions. If the City only makes observations and/or recommendations, the Subrecipient will not be required to respond to the monitoring report. However, a note will be made in the file and will be followed-up on to ensure the measures have been made to correct observations or recommendations.

If program performance is found to be substantially inadequate, program performance may adversely affect future CDBG funding requests to the City. In the event that compliance cannot be achieved, funding may be terminated, and the ineligible use of funds may be required to be returned.

For more detailed information, see the City of Victoria's Subrecipient Manual.

DISBURSEMENT OF FUNDS

The City will disburse funds in response to draw requests submitted with the appropriate form and supporting documentation.

- 1) Documentation should consist of invoices and documentation of appropriate expenses for purposes outlined in the subrecipient's contract.
- 2) No funds are allowed in advance of services rendered.
- 3) Draw requests that are incomplete or contain errors will not be processed until required corrections are made; this may result in a delay.
- 4) All disbursements are made through the City of Victoria Finance Department on Tuesdays and Thursdays.
- 5) Disbursement checks will be mailed to the subrecipient unless direct deposit has been setup through the City of Victoria's Finance Department.

PROGRAM INCOME POLICY

Program income under 24 CFR 570.500(a) and 2 CFR 200.307 is gross income earned by the recipient that is directly generated by a supported activity or earned as a result of a sponsored award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federally funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds.”

1. All income will be tracked to determine whether the sum of all income received exceeds the \$25,000 threshold. This determination will be done on an ongoing process. If in a program year the total income received by the Grantee **does not exceed** \$25,000 there is no regulatory requirement that the funds must be used for CDBG eligible activities that meet a national objective.
2. If the total amount **does exceed** the \$25,000 then the income received is considered program income and will be handled in accordance with regulatory requirements. The City of Victoria will receipt all program income into IDIS to demonstrate transparency unless it is determined to be unlikely that an amount greater than \$25,000 will be received during the program year which will be determined on a case by case basis. The City of Victoria recognizes that HUD prefers that program-related expenditures best serve the program that the funds were derived from.
3. Proper accountability of program income is tracked within spreadsheets maintained in the Finance Dept. and is described in length within their Internal Policy. All documentation must be maintained which may be subject to future HUD monitoring reviews. The Program Income files must contain appropriate supporting documentation to demonstrate the immediate use of these funds. These program income funds must be netted out of draw requests.

INTEGRATED DISBURSEMENT & INFORMATION SYSTEM (IDIS)

The HUD IDIS nationwide database is the drawdown and reporting system for the CDBG program.

- 1) CDBG staff must input all the information about the programs in the Consolidated Plan and the Annual Action Plan from eligibility to completion.
- 2) This system allows the City of Victoria to request CDBG funds from HUD.
- 3) All funds are drawn down by the City's Finance Department.
- 4) The data must be input in a timely manner and meet the timeliness ratios.

PROCUREMENT

1. Procurement activities shall comply with the City's adopted Purchasing Policy and/or specific Housing and Urban Development policies.
2. Subrecipients must comply with all applicable Federal regulations as detailed in 24 CFR 570.502(a)(12) and 2 CFR 200.318-326.

CONFLICT OF INTEREST (24 CFR 570.611)

(a) Applicability.

- (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in [2 CFR 200.317](#) and 200.318 shall apply.
- (2) In all cases not governed by [2 CFR 200.317](#) and 200.318, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to § 570.203, 570.204, 570.455, or 570.703(i)).

- (b) *Conflicts prohibited.* The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure

or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such financial interest or benefit during, or at any time after, such person's tenure.

(c) *Persons covered.* The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or of subrecipients that are receiving funds under this part.

(d) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it has satisfactorily met the threshold requirements of (d)(1) of this section, taking into account the cumulative effects of paragraph (d)(2) of this section.

(1) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:

- (i) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
- (ii) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(2) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

- (i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;
- (ii) Whether an opportunity was provided for open competitive bidding or negotiation;
- (iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
- (iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
- (v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

- (vi) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (vii) Any other relevant considerations.

The City's CDBG program shall also follow the written Conflict of Interest Policy located in its Employee Guidelines and Policies and remain in compliance with 2 CFR 200.112. All City of Victoria staff working with CDBG grant funds shall sign a Conflict of Interest Certification form on a yearly basis, usually at the beginning of the program year or as soon as they begin working with grant funds.

ASSETS CONTROL POLICY

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements (2 CFR 200.313 (d)):

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions (2 CFR 200.313(e)):

1. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
2. Except as provided in § 200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
3. The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
4. In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

CONSOLIDATED PLANNING

The Consolidated Plan (ConPlan) assesses affordable housing and community development needs and market conditions. Through the Con Plan housing and community development priorities are identified. Key components of the ConPlan include:

- 1) Consultation and Citizen Participation.
 - A. the community is engaged, both in the process of developing and reviewing the proposed plan in the implementation of CDBG programs.
 - B. The CDBG staff will consult and collaborate with public and private entities to coordinate community development programs to achieve greater impact.
- 2) The ConPlan is a 5-year Plan that describes the City of Victoria's community development priorities and goals based on the housing and community development needs; the housing and economic market conditions; and available resources.
- 3) The ConPlan is carried out through Annual Action Plans that summarizes the actions, activities and other resources that will be used each year that addresses the priority needs and specific goals identified by the Consolidated Plan.
- 4) The program years begin on October 1 and end on September 30.

5) Consolidated Annual Performance and Evaluation Report (CAPER).

- A. At the close of the program year (September 30th) staff will begin to compile all necessary data to complete the CAPER.
- B. The CAPER reports on accomplishments and progress toward Consolidated Plan goals in the prior year.
- C. Public review and participation will be in conformance with the Citizen Participation Plan.

eCON PLANNING SYSTEM

The eCON database system will encompass all the above-mentioned plans into one grants management system. The eCON system will be required for the 2015-2019 Consolidated Plan. This will allow for all of City's CDBG information to be entered, stored, and located in one place.

SECTION 3

Section 3 applies to housing rehabilitation, housing construction and public construction. During construction contracting and pre-construction conference the contractors are notified that if possible when job openings arise to ensure to the greatest extent possible the employment of low- and very-low income persons living in the City of Victoria, particularly those who are recipients of Section 8 housing. The Section 3 report is submitted with the CAPER on an annual basis.

See the Section 3 Plan for more detailed information.

FAIR HOUSING & EQUAL OPPORTUNITY & NONDISCRIMINATION

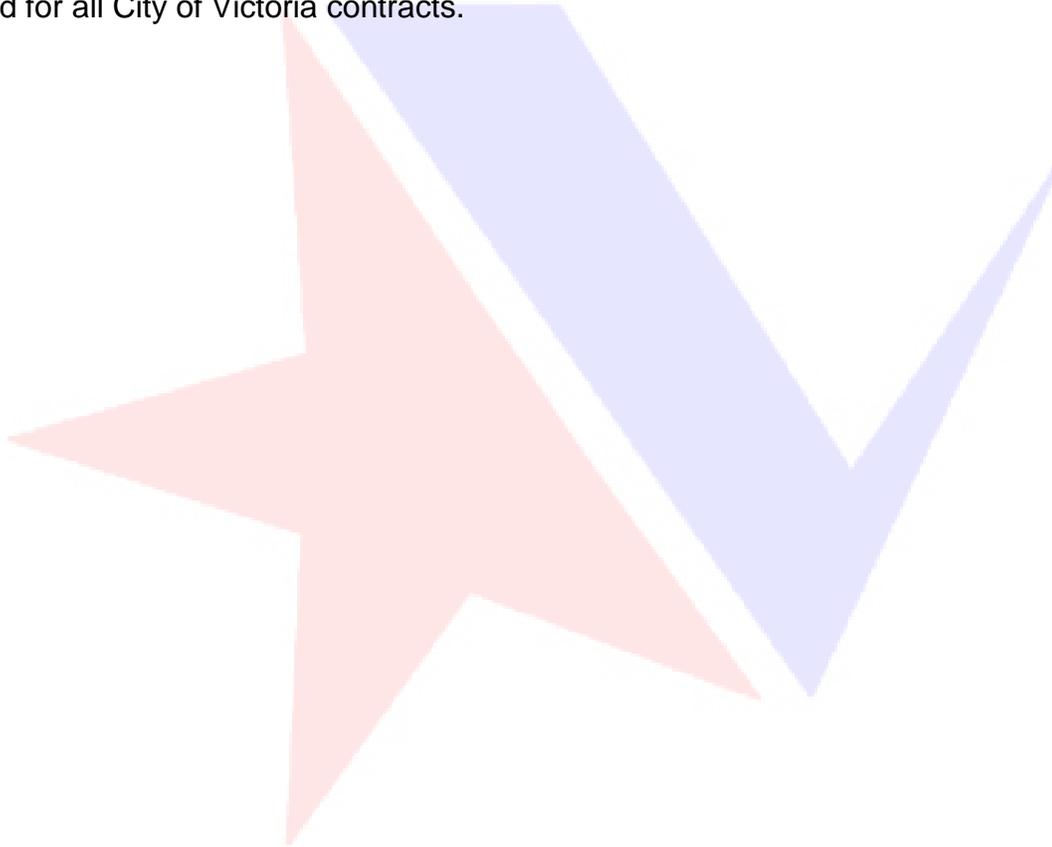
- 1) Posters advocating FHEO will be posted where they can be viewed by the public in the City of Victoria Development Services office.
- 2) CDBG staff will promote FHEO through construction contracts that ensure to the greatest extent feasible, compliance is met.
- 3) CDBG staff will promote FHEO through other means as opportunities arise.
- 4) Submit all required reporting and annual updates to the programs listed below.

FAIR HOUSING

To create equal housing opportunities for all persons living in America by administering laws that prohibit discrimination in housing on the basis of race, color, religion, sex, national origin, disability, and familial status.

MINORITY BUSINESS ENTERPRISE/WOMEN'S BUSINESS ENTERPRISE (MWBE)

The MWBE reporting is under the City of Victoria's Local Opportunity Plan (LOP). This plan is updated on an annual basis. The information for all companies that are currently part of the LOP is located on the City of Victoria Procurement website. Documentation also is kept showing the total LOP contracts, total expended to the total contract dollars procured for all City of Victoria contracts.



**Appendix D: Community Development Block Grant
Internal Control Policies and Procedures**



COMMUNITY DEVELOPMENT BLOCK GRANT

Internal Control Policies and Procedures

Revised 10/22/2019

In addition to the City-wide fiscal and budgetary policies and the City-wide procurement policy (attached), the management functions of the Community Development Block Grant also follow specific procedures to ensure adequate separation of duties, internal controls and maintenance of records.

Development, approval and monitoring of the Community Development Block Grant (CDBG) is accomplished by the cooperation and duties of multi-levels of City staff (organizational charts attached).

One – Year Action Plan - Upon receiving notification of Community Development Block Grant funding from the U.S. Department of Housing and Urban Development (HUD), the Director of Development Services and the Community Development Planner will develop and prepare a one-year annual action plan (“Plan”).

Once the Plan has been developed, the City will notify the citizens of a 30 – Day Comment Period. During the 30 – Day comment period citizens are given an opportunity to provide feedback on the one-year annual action plan. Any comments made during that time will be incorporated into the Plan. If a comment is not accepted, the City will give an explanation as to why the comment was not considered and/or was not incorporated into the plan.

The City will give its citizens a 10-day notice of a public hearing to be held during a regular scheduled council meeting in regards to the Plan. During the City Council Meeting, a public hearing will be held to allow citizens to comment on the Plan one last time. If any comments are made during that time they will be recorded in the minutes, and considered or rejected.

After the public hearing, Council will need to take action on the Plan. If comments are made during the public hearing, the Victoria City Council may approve the Plan on conditional basis and grant final approval after all comments are incorporated. The Victoria City Council will need to approve or conditionally approve the Plan by resolution to authorize the City Manager to formally apply for the HUD CDBG funding and execute the required HUD grant agreement, HUD certifications, any other HUD required documents and to submit the Plan to HUD for final approval.

Budget – After the submission and approval of the Plan, the budget is set up in the City’s accounting system by the Finance Department, strictly following the guidelines of the Plan. The budget is closely monitored by the Finance Department Assistant Director, Accounting Manager, Development Services Department Director, and Community Development Planner.

Programmatic Agreements and Contracts – The Development Services Department is responsible for the program eligibility determinations of the activities and the preparation of the programmatic agreements. Prior to execution, the agreements and contracts are sent to the City’s Legal Department for further review. Those agreements for each activity that is \$100,000.00 and over in the Plan are brought before Victoria City Council for approval and authorization to allocate funding across the Plan projects.

Once contracts for services are executed, the Finance Department encumbers and reserves the funds for the project in the appropriate budgeted line item.

Requests for Reimbursements – Payments to subrecipients are on a reimbursement basis. Requests for reimbursement are initiated by the subrecipient and are subjected to a multi-tier review prior to remittance.

- Requests for reimbursement are submitted to the Community Development Planner for review. Full documentation, including invoices, timesheets, receipts, etc. are to be included with each request. The request must contain an authorized signature of the subrecipient.
- The Community Development Planner reviews the validity of the request, communicating with the subrecipient any issues that need to be rectified prior to signing-off on the request.
- Once the Community Development Planner approves the request for reimbursement, it will be given to the Director of Development Services for review and approval. If the Director of Development Services is unavailable to review and approve the request, the Assistant Director of Development Services may review and approve the request for reimbursement. If both the Director and Assistant Director are unavailable to sign request for reimbursement, the Community Development Planner may give final approval of request for reimbursement so not to delay payment.
- Requests for reimbursement, once approved by the Department of Development Services, are forwarded to the Finance Department for review and release of payment by Accounting Manager and/or Assistant Director of Finance.
- Requests for reimbursement are verified for documentation and reviewed for funds availability in the appropriate budgeted line item and released for payment by Accounting Manager and/or Assistant Director of Finance.
- Payments are processed through accounts payable by Finance Specialist.

Drawdowns – The procedure for a monthly drawdown is prepared in several steps.

- Monthly reconciliations are done by the Accounting Manager to verify monthly expenditures against the cash balance in the CDBG Fund, as well as verification of remaining balances in the budgeted line items.
- This report is sent to the Community Development Planner for review and verification to the Plans records.
- A drawdown is initiated in the IDIS system by the Accounting Manager to reimburse the City for funds that have been spent to date. While preparing the drawdown, the balances in IDIS are verified against the financial records of the City.
- The Assistant Director of Finance approves the drawdown in the IDIS system; while at the same time reviewing the monthly reconciliations of budgeted line item actual expenditures, funds availability, and cash.

- Upon receipt of the drawdown funds, posting is made to replenish the CDBG Fund cash account by debiting cash 1032-101100 and crediting revenue account 1032-32rev03-492300.

Records Retention and Access

The City shall follow the Federal regulations and remain in compliance with 2 CFR 200.333 and 2 CFR 200.336. The CDBG program also shall adopt the City's policy on records retention as long as the City policy exceed the Federal minimum requirements.

Consolidated Annual Performance Evaluation Report (CAPER) – Each year the CAPER is prepared by the Community Development Planner. At this time, the report is compared to the City's financial records and validated by the Finance Department prior to submission to HUD. This process is to ensure that the City of Victoria financial system funds available balance reconciles to the IDIS funds available balance. This reconciliation also verifies that the HUD Line of Credit Control System (LOCCS) funds available match the unexpended funds balance in IDIS. Activities drawn down after September 30 of a given year that are eligible expenses that were incurred during the year have 90 days to drawdown in IDIS, flagged as "prior year expenses". These flagged items are the "liabilities" on LOCCS reconciliation.

Planning and Program Administration Cost – The City of Victoria will monitor and track planning and program administration cost by running the new PR-26 Origin Year Report. By running the new PR-26, the City will be able to monitor and track the City's expenditures being charged to administrative costs in each Program Year. This will assist the City of Victoria from overspending and ensure the City remains within its 20% Administration cap required by the regulations. The Community Development Planner will be responsible for pulling and reviewing the new PR-26 Report. The new PR-26 report will be ran on a quarterly basis by the Community Development Planner to ensure compliance with the 20% administration cap. If the Community Development Planner notices expenditures will review the program year draws to ensure all draws are correct and being charged to the correct activity. If discrepancies are found in the PR-26, the Community Development Planner will discuss the discrepancies with the Finance Accounting Manager and work together with the Finance Accounting Manager on correcting the discrepancies in a timely manner.

Federal Financial Reports SF-425 – Every quarter the City is responsible for completing and submitting the SF-425 Form, which is due by the end of the month following the quarter's end.

- Quarterly reconciliation is done by the Accounting Manager to compare the City's posted receipts against the information contained in IDIS reports PR07 & PR09.
- Once verified, the SF-425 is completed and is forwarded to the Director of Development Services for review.
- After receiving approval from the Director of Development Services, the SF-425 and all documentation is forwarded to the Assistant Director of Finance for final review and signature.
- SF-425 is then submitted to HUD electronically.

Program Income – By CDBG definitions, the term "program income" means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds (24 CFR 570.500(a)). This includes, but is not limited to, the following:

- Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;

- Proceeds from the disposition of equipment purchased with CDBG funds;
- Gross income from the use or rental of real or personal property acquired by the recipient or by a subrecipient with CDBG funds, less costs incidental to generation of the income;
- Proceeds from sale of obligations secured by loans made with CDBG funds;
- Gross income from the use or rental of real property, owned by the recipient or by a subrecipient, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;
- Payments of principal and interest on loans made using CDBG funds;
- Proceeds from the sale of loans made with CDBG funds;
- Interest earned on program income pending its disposition; and
- Funds collected through special assessments made against properties owned and occupied by households *not* of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

Program income does not include:

- (Except for funds in lump-sum drawdown accounts), the interest earned on cash advances from the recipient or funds held in a revolving loan fund account. Such interest must be returned to the recipient for remittance to HUD.
- Any income received in a single program year by the recipient and its subrecipients, that does not exceed \$25,000;
- Proceeds from subrecipient fundraising activities;
- Income generated by certain Section 108 activities (refer to 570.500(a)(4)(ii));
- Funds collected through special assessments to recover non-CDBG outlays of capital improvements; and
- Proceeds from the disposition on real property by a subrecipient that was acquired or improved with CDBG funds five years after the termination of the subrecipient agreement. (Certain conditions apply. Refer to 570.503(b)(7).

When income is generated by an activity that is only partially assisted with CDBG funds, the income must be prorated to reflect the percentage of CDBG funds used to determine the portion that is program income.

- The written agreement between the subrecipient and the recipient will specify whether any program income received by the subrecipient is to be returned to the recipient or retained by the subrecipient for use in carrying out CDBG activities.

- If the program income is to be retained by the subrecipient, the written agreement will also specify what CDBG-eligible activities the subrecipient may undertake with the program income;
- The receipt and expenditure of the program income must be recorded by the subrecipient as part of its records of financial transactions;
- When a subrecipient retains program income, such income must be used for any authorized activity before drawing down additional grant funds from the recipient, except in the case of a revolving fund. In the case of program income in a revolving fund, the subrecipient must use the program income for the activity for which the revolving fund was established, before drawing down additional grant funds for that activity.
- At the expiration of the Subrecipient Agreement, any program income on hand or subsequently received by the subrecipient must be returned to the recipient.

Currently, the City of Victoria has no active CDBG eligible activities that would generate Program Income. The Swan Crossing Subdivision is a joint program utilizing funds of both the CDBG program and the City of Victoria General Fund. The City of Victoria currently received program income through the sale of lots in the Swan Crossing Subdivision to non-low-income buyers. These buyers pay \$15,000 per lot, which is deposited 75% (\$11,250) into CDBG as program income (debit cash 1032-101100; credit program income payable 1032-230200), and 25% (\$3,750) into General Fund (debit cash 0001-101100; credit miscellaneous revenue 0001-01rev-490001).

As program income is received it will be the policy of the City of Victoria to:

Deposit and record program income into the CDBG Fund Program Income and General Fund Miscellaneous Revenue and cash line items as applicable (CDBG debit cash 1032-101100; credit program income payable 1032-230200 – General Fund debit cash 0001-101100; credit miscellaneous revenue 0001-01rev-490001).

- Coordinate with the Director of Development Services and/or Community Development Planner the authorized activity to which the CDBG portion of program income should be applied;
- If authorized activity is identified by Director and/or Planner at the time of program income receipt:
 - increase or setup that specific line item in SAP financial system;
- If no authorized activity is identified by Director and/or Planner at the time of program income receipt:
 - increase CDBG “Unallocated Budget” line item by the amount of the CDBG portion of program income for later determination of usage;
- Record the receipt of CDBG portion of the program income on a spreadsheet:
 - In order to track availability of program income for approved projects; as activities are identified for use of program income, will update the spreadsheet to indicate the usage.

- In order to track spend-down of program income in IDIS system; will update the spreadsheet as program income is applied in IDIS system.
- In IDIS utilize the program income before drawing down additional CDBG grant funds, indicating on program income spreadsheet the authorized activity for which the program income was utilized.
 - The total amount of reimbursement from CDBG will be reduced by the amount of program income funds applied against monthly expenses in IDIS.
 - Upon receipt of reimbursement funds from CDBG, will debit cash and credit CDBG revenue line item for the amount of actual CDBG reimbursement;
 - Will record the amount of program income applied against monthly expenses with journal entry of debit to program income line item and credit to miscellaneous revenue line item in CDBG Fund.

Correcting Improper Payment – should an improper (ineligible) payment be identified, it will be the responsibility of the Finance Department Assistant Director, Accounting Manager, Development Services Department Director and/or Community Development Planner to determine the correct cost center and line item, other than CDBG, to which the payment will be expensed. Funds will be promptly transferred back into CDBG Fund 1032 cash and reverse the incorrect expense in CDBG Fund.

Corrective Action on Audit Findings - The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee will prepare a summary schedule of prior audit findings. The auditee will also prepare a corrective action plan for current year audit findings. The summary schedule of prior audit findings and the corrective action plan will include the reference numbers the auditor assigns to audit findings under § 200.516 Audit findings, paragraph (c). Since the summary schedule may include audit findings from multiple years, it will include the fiscal year in which the finding initially occurred. The corrective action plan and summary schedule of prior audit findings will include findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

- *Summary schedule of prior audit findings.* The summary schedule of prior audit findings will report the status of all audit findings included in the prior audit's schedule of findings and questioned costs. The summary schedule will also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected, or no longer valid or not warranting further action.
 - (1) When audit findings were fully corrected, the summary schedule will only list the audit findings and state that corrective action was taken.
 - (2) When audit findings were not corrected or were only partially corrected, the summary schedule will describe the reasons for the finding's recurrence and planned corrective action, and any partial corrective action taken. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule will provide an explanation.
 - (3) When the auditee believes the audit findings are no longer valid or do not warrant further action, the reasons for this position will be described in the summary schedule. A

valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:

- (i)** Two years have passed since the audit report in which the finding occurred was submitted to the FAC;
 - (ii)** The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and
 - (iii)** A management decision was not issued.
- *Corrective action plan.* At the completion of the audit, the auditee will prepare, in a document separate from the auditor's findings, a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan will provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan will include an explanation and specific reasons.

Confidentiality – The City of Victoria will take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.