



Administrative Policy
PROCUREMENT STANDARDS

AP No.	5-7
Effective Date:	Upon Approval

1. POLICY STATEMENT

It is the policy of the City of Houston (City) to ensure that all City procurements are conducted in a fair, open, and transparent manner. All City procurements shall comply with the terms of this policy.

2. POLICY PURPOSE

- 2.1 To set foundational requirements for all procurements conducted in the City.
- 2.2 To facilitate the provision of services to Houston citizens by providing City departments with quality goods and/or services in a cost-effective and timely manner, in accordance with local, state, and federal laws and regulations.
- 2.3 To define and communicate departments' roles and responsibilities in relation to the procurement process and to establish the criteria that shall be used to delegate authority and responsibilities within that process.
- 2.4 To determine and use the most efficient and economical means of acquiring goods and/or services while complying with sound internal controls and purchasing principles and practices.
- 2.5 To maximize the use of multi-year contracts to ensure a continuous supply of goods and/or services in a cost-effective and timely manner.
- 2.6 To encourage competition by attracting widespread participation and by increasing the number of vendors in the City's procurement process.

3. SCOPE

This policy applies to all City departments.

4. DEFINITIONS

Chief Procurement Officer (CPO): The Chief Procurement Officer for the City of Houston or designee.

Local Cooperative Organization: As defined in Texas Local Government Code Section 271.101, an organization of governments established to provide local governments access to contracts with vendors for the purchase of materials, supplies, services, or equipment.

Procurement Plan: A document that identifies what will be needed and when it will be needed in a fiscal year. This plan should include existing contracts that may need to be renewed or new procurements.

Request for Proposal: As defined in Section 15-42 of the City of Houston Code of Ordinances.

Reverse Auction: As defined in Section 15-42 of the City of Houston Code of Ordinances.

Approved:

Handwritten signature of Sylvia Turner in blue ink.

Date Approved:

3/4/2016

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Scope of Work: A detailed, written description of the conceptual requirements for the project contained in a Competitive Sealed Bid, Request for Qualifications, or Request for Proposals. The scope of work should establish a clear understanding of what is required by the entity.

Specifications: A detailed description of the items being procured including a statement or enumeration of particulars, such as required size, quality, performance, terms, etc. Specifications are used to: 1) provide a common basis for all bidders to price items that have the same characteristics and meet the minimum requirements of the City; and 2) provide a basis for comparison of items bid as to their capability to perform the required functions, and to establish quality standards and/or acceptable performance.

5. POLICY DETAILS

5.1 Procurement Methods

5.1.1 Except as set forth in Administrative Policy (AP) 5-11, Exceptions to Competitive Procurements and for professional services described in the Professional Services Procurement Act, Texas Government Code Chapter 2254, any single purchase or group of consecutive purchases of goods and services valued at or above \$50,000 shall be made by the competitive method or strategy best suited to the type of procurement, including but not limited to:

5.1.1.1 Competitive bidding (see AP 5-9)

5.1.1.2 Competitive sealed proposals (see AP 5-10)

5.1.1.3 An interlocal contract (see AP 5-11)

5.1.1.4 A purchase from a local cooperative organization (see AP 5-11)

5.1.1.5 A reverse auction (see AP 5-9)

5.1.1.6 An alternative delivery method for construction projects that meets City goals, such as:

5.1.1.6.1 Construction Manager Agent

5.1.1.6.2 Construction Manager (Competitive Sealed Proposal method)

5.1.1.6.3 Construction Manager-at-Risk

5.1.1.6.4 Design-Build

5.2 Electronic Bids

5.2.1 Bids may be submitted electronically according to rules promulgated by the CPO.

5.3 Notice and Publication

5.3.1 Notice of when and where bids or proposals or responses to a request for qualifications will be received shall be published once a week for at least two weeks.

5.3.2 The notice must be published in a newspaper of general circulation published in the city. The date of publication must be before the fourteenth (14th) day prior to the date set to publicly open and read bids.

5.3.3 In a two-step procurement process, it is not necessary to publish separate notice indicating the

time and place at which the second-step proposals or submissions will be received.

5.4 Change Orders

5.4.1 A change order may be issued if:

5.4.1.1 Changes in plans or specifications are necessary after performance of the contract begins.

5.4.1.2 It is necessary to decrease or increase the quantity of work to be performed.

5.4.1.3 It is necessary to decrease or increase materials, equipment, or supplies to be furnished.

5.4.2 The total contract price may not be increased by change order unless additional money for increased costs is appropriated for that purpose.

5.4.3 If a change order involves a decrease or an increase of \$50,000 or less, City Council may grant the CPO authority to approve the change orders. A copy of all change orders shall be submitted to the CPO at the same time they are issued to the contractor.

5.4.4 The original contract price may not be increased by change order by more than twenty-five (25) percent unless the change order is approved by the CPO and is authorized by law.

5.5 Compliance

5.5.1 All employees through the department director shall comply with this policy from the date of approval. Violations of this policy may subject the offending employee to disciplinary action up to and including indefinite suspension/termination.

6. ROLES AND RESPONSIBILITIES

6.1 Chief Procurement Officer:

6.1.1 Develops requirements to be met by departments prior to commencing any procurement or purchasing activity.

6.1.2 In consultation with relevant departments, determines the appropriate procurement method for each procurement in order to serve the best interests of the City.

6.1.3 Leads the development of policies and procedures for use by all City departments who engage in procurement matters.

6.1.4 Establishes minimum training requirements for personnel authorized to perform a procurement function in the City and selects or otherwise approves training curricular for such personnel.

6.1.5 Designates, in writing, the personnel who are authorized to perform a procurement function in the City.

6.2 Strategic Procurement Division (SPD):

6.2.1 Conducts procurements requested by the CPO or departments. Conducts all procurements for City-wide contracts.

6.2.2 Assists departments with requisitions, purchase orders, specifications, and scopes of work and/or services.

6.2.3 Prepares timelines for each procurement for the departments' planning purposes.

6.2.4 Files and returns bid bonds and/or deposits.

6.2.5 Maintains records of awards under the Hire Houston First ordinance.

6.3 Department Directors or designees:

6.3.1 Develop procurement plans before the beginning of each fiscal year and timely submits to CPO.

6.3.2 Update procurement plans on a quarterly basis throughout the fiscal year and submits updates to the CPO.

6.3.3 Designate approval authorities and limits in writing. Provide the designation to the CPO.

6.3.4 Work with SPD to develop specifications or scopes of work.

6.3.5 Commit to procurement timelines for each procurement.

6.3.6 Ensure funding sources are identified prior to beginning the procurement process.

6.3.7 Segregate duties among personnel performing purchasing, receiving, and payment functions, as set forth in Executive Order 1-14.

6.3.8 Designate employees responsible for the procurement function. Ensure designated employees receive training and fulfill requirements established by the CPO.

6.3.9 Prepare justifications for exceptions to competitive procurements as set forth in AP 5-11.

6.3.10 Comply with all procurement policies.

6.4 Office of Business Opportunity (OBO):

6.4.1 Assists departments with setting goals for goal-oriented contracts and regulated contracts.

6.4.2 Conducts outreach to increase vendor participation.

7. PROCEDURES

The CPO shall publish detailed procedures for each procurement method. These procedures may be tailored by individual departments to align with their operations, provided the procedures do not vary substantively from the requirements of the CPO, governing policies, and law.

8. RELATED DOCUMENTS AND INFORMATION

This administrative policy supersedes Administrative Procedure 5-2, effective April 1, 2010, which shall be of no further force or effect. If the provisions of this policy conflict with any law, that law shall prevail.

9. POLICY SPONSOR

Department: Finance Department Strategic Procurement Division