



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.

2. POLICY PURPOSE

The purpose of this policy is to:

- 2.1 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;
- 2.2 avoid unnecessary or duplicative purchases;
- 2.3 define and communicate user 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 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 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 ensure that the City only engages with vendors that are responsible and responsive, as defined herein; and
- 2.7 encourage competition by attracting widespread participation and by increasing the suppliers and contractors in the City's procurement process to include minority, women, and small business enterprises (MWSBE) and lesbian, gay, bisexual and transgender business enterprises.

3. SCOPE

This policy applies to all City departments.

4. DEFINITIONS

Cooperative organization: An organization of governments established to provide local governments access to contracts with vendors for the purchase of materials, supplies, services, or equipment.

MWSBE (Minority, Women, and Small Business Enterprises): has the meaning ascribed in Section 15-82 of the Code of Ordinances, Houston Texas (City Code).

Approved:

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Date Approved:

08/08/2022

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Request for Proposals: has the meaning ascribed in Section 15-42 of the City Code.

Responsible Vendor: A contractor, business entity, or individual that is fully capable of meeting all of the requirements of the solicitation and subsequent contract. A responsible bidder must possess the full capability, including financial and technical, to perform as contractually required. Responsibility may include, but is not limited to, the following factors: record of past performance; financial responsibility, including the ability to provide adequate bonds or insurance; history of compliance with prevailing wage and labor standards; record of failing to make good faith efforts to meet MWBE goals; etc.

Responsive: A bid, proposal, or response to a solicitation that fully conforms in all material respects to the solicitation and all of its requirements.

Scope of Work/Scope of Services: A detailed, written description of the conceptual requirements for the project contained in a solicitation.

Specifications: A detailed description of the items or services being procured including a statement or enumeration of particulars as to actual or required size, quality, performance, terms, etc. Specifications are used to: 1) provide a common basis for all vendors 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.

User Departments: The departments that will be the end-user of goods and/or services.

5. POLICY DETAILS

5.1 Competitive Procurement Methods

5.1.1 Except as set forth in Administrative Policy (AP) 5-11 and for professional services described in the Professional Services Procurement Act, Texas Government Code Chapter 2254, all purchases of goods and services valued at more than \$50,000 shall be made by the competitive method best suited to the type of procurement:

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 Request for proposals for services other than construction services.

5.1.1.4 Reverse auction (See AP 5-9).

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

5.1.1.5.1 Competitive Sealed Proposals;

5.1.1.5.2 Construction Manager Agent;

5.1.1.5.3 Construction Manager-at-Risk;

5.1.1.5.4 Design-Build; and

5.1.1.5.5 Job Order Contracting.

5.1.2 Exceptions to competitive methods are set forth in AP 5-11.

5.2 Notice and Publication

5.2.1 The City shall publish notice once a week, for at least two weeks, of when and where it will

receive and open bids, proposals, or responses to requests for qualifications, requests for proposals, or invitations to bid (as applicable).

5.2.2 The notice must be published in a newspaper 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 or receive responses to requests for qualifications or requests for proposals.

5.3 Change Orders

5.3.1 A department may issue a change order if:

5.3.1.1 Changes in plans or specifications are necessary after the contractor begins performing under the contract;

5.3.1.2 It is necessary to decrease or increase the quantity of work to be performed; or

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

5.3.2 If a change order involves a decrease or an increase of \$50,000 or more, city council approval may be required by law or the contracting document. No change order may be issued without notice to the CPO.

5.3.3 To the extent required by law, the original contract price may not be increased by change order by more than twenty-five (25) percent. To the extent required by law, the original contract price may not be decreased by change order by more than twenty-five (25) percent without the consent of the contractor.

5.3.4 Where required by federal law or regulations, a cost analysis or cost reasonableness assessment must be performed before issuing a change order.

5.4 Recycled Products

5.4.1 Pursuant to Texas Health and Safety Code section 361.426, the City shall give preference in purchasing to products made of recycled materials if the products meet applicable specifications as to quantity and quality.

5.5 Purchase Orders

5.5.1 Purchase orders shall contain by reference the binding terms and conditions located on the City's procurement website. If a vendor or the City requires modifications to such terms and conditions, the City shall attach a purchase order addendum to the purchase order.

5.5.2 It is the City's policy that a user department must not order, accept, or receive goods or services without first issuing a purchase order or using another acceptable method. If a city employee orders, accepts, or receives goods or services in violation of this policy, the employee must consult with the CPO as soon as practicable after becoming aware of the invoice.

6. ROLES AND RESPONSIBILITIES

6.1 Chief Procurement Officer (CPO) or designee:

6.1.1 Develops requirements to be met by user departments prior to commencing any procurement

or purchasing activity.

6.1.2 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.

6.2 Strategic Procurement Division (SPD):

6.2.1 Conducts procurements requested by user departments.

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

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

6.2.4 For all purchasing matters that may require the assistance of an Assistant City Attorney (ACA), timely engage the Legal Department for assignment of an ACA and connect the ACA with the User Department, using intake criteria established by the Legal Department and SPD.

6.2.5 Ensures the City contracts only with responsible vendors, including but not limited to performing a debarment check for all federally funded procurements.

6.3 Departments:

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

6.3.2 Update procurement plans throughout the fiscal year and submit updates to CPO.

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

6.3.4 Work with SPD to develop specifications or scopes of work. The scope of work (or services) should establish a clear understanding of what is required by the entity and be written in a manner that is easily transferable to the resulting contract.

6.3.5 Evaluate the purchase request and specification or scope of work to ensure the City is avoiding the purchase or procurement of unnecessary or duplicate items, over-lapping services or purchases.

6.3.6 Commit to procurement timelines for each procurement.

6.3.7 Prior to beginning the procurement process, identify funding sources and, for all federally funded procurements, prepare cost estimates, MWBE goal or waiver, the rationale for the procurement method, and all other documents required by federal regulations.

6.3.8 Segregate duties among personnel performing purchasing, receiving, and payment functions.

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

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

6.3.11 Comply with all procurement policies, and federal law, when applicable to the procurement,

including without limitation 2 C.F.R. Part 200.

- 6.3.12 Upon completion of a procurement, complete and submit to SPD and the assigned Assistant City Attorney (ACA) a procurement checklist for all federally funded procurements. The checklist shall be made available on the SPD website.
- 6.3.13 For all purchasing matters that may require the assistance of an ACA timely engage the Legal Department for assignment of an ACA and connect the ACA with the User Department, using intake criteria established by the Legal Department and SPD.

6.4 Office of Business Opportunity (OBO):

- 6.4.1 Assists user departments with setting goals for goal-oriented contracts and regulated contracts.
- 6.4.2 Certifies eligible entities as MWSBEs, Persons with Disabilities Enterprises (PDBEs) Disadvantaged Business Enterprises(DBEs), or Airport Concessions Disadvantaged Business Enterprises(ACDBEs).
- 6.4.3 Designates entities that are eligible for the Hire Houston First preference.
- 6.4.4 Compiles periodic reports on each department's progress toward meeting MWBE, PDBE, and SBE goals.
- 6.4.5 Compiles an annual report on the application of the Hire Houston First preference in the procurement process.
- 6.4.6 Conducts outreach to increase a diverse pool of vendor participation.
- 6.4.7 Assists departments with and engages in the affirmative steps required of the City under 2 C.F.R. Section 200.321 where required by federal law.

6.5 City Secretary:

- 6.5.1 Places advertisements for procurements in the newspaper.
- 6.5.2 Receives, opens, and records formal bids when provided for in the solicitation.
- 6.5.3 Files and returns bid bonds and/or deposits.

7. COMPLIANCE

City employees who do not comply with this Administrative Policy may be subject to corrective action up to and including indefinite suspension or termination.

8. CONFLICT AND REPEAL

This Administrative Policy supersedes Administrative Policy 5-7, effective November 3, 2020, which shall be of no further force or effect. All other departmental and City policies that are inconsistent with this Administrative Policy are hereby superseded.

9. POLICY SPONSOR

Department: Finance Department Strategic Procurement Division