

ORDINANCE NO. 1431-06-2018

AN ORDINANCE AMENDING THE CODE OF ORDINANCES, CHAPTER 2, SECTION 2-7 PURCHASING POLICIES AND PROCEDURES; INCREASING THE MINIMUM THRESHOLD APPROVAL OF PURCHASE ORDERS BY THE CITY MANAGER FROM \$1,000 TO \$3,000; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR SEVERABILITY; AND MAKING AN OPENING MEETINGS FINDING.

WHEREAS, the city staff has conducted a Lean Sigma project researching the city's purchase order processes; and

WHEREAS, the results of such project determined that an increase in the minimum threshold approval of purchase orders by the city manager from \$1,000 to \$3,000 would be more cost effective and efficient; and

WHEREAS, the city would like to become more efficient with its administrative and approval processes of purchase orders; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GAINESVILLE, TEXAS:

Section 1. Amending Chapter 2. Administration, Article I. In General, Section 2-7 Purchasing Policies and Procedures Subsection (b) Definitions to read as follows:

(b) *Definitions.* As used in this section, the following terms and definitions shall apply:

- (1) *City* shall mean the City of Gainesville or its departments.
- (2) *Purchases* shall mean the procurement of supplies, materials and services for the city.
- (3) *Purchase order* shall mean an approved order to purchase supplies, materials, and services from a vendor.
- (4) *Vendor* shall mean a supplier of materials or services to the city.
- (5) *User department* shall mean a department or agency of the city.
- (6) *Blanket purchase order* shall mean an open order to purchase supplies for a specified period of time (usually on an annual basis) at a limited cost per purchase between the city and a vendor.
- (7) *Emergency purchase* shall mean any purchase or procurement in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention that is:
 - (1) a procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality;
 - (2) a procurement necessary to preserve or protect the public health or safety of the municipality's residents; or
 - (3) a procurement necessary because of unforeseen damage to public machinery, equipment or other property.

- (8) *Invoice* shall mean any billing from a vendor for purchases of supplies, materials or services.
- (9) *Encumbrance* shall mean any unpaid obligation or agreement to purchase from a vendor by a user department, to be paid upon receipt of the merchandise.
- (10) *Personal or professional services* shall mean any provided service of a professional nature, including, but not limited to, services for engineers, medical services, legal services, computer systems programmers and investigators.

Section 2. Renaming Chapter 2. Administration, Article I. In General, Section 2-7 Purchasing Policies and Procedures, Subsection (c) Basic procedure and amending to read as follows:

(c) *Basic procedures.*

(1) *Generally.* Supplies or materials that are not available at any central warehouse of the city shall be purchased by following the procedures outlined in this section. Further, replenishment of supplies at any central warehouse of the city shall also be purchased by following these procedures.

(2) *Blanket purchase orders.*

- a. Blanket purchase orders may be issued to vendors who frequently provide a large quantity of materials or supplies at a unit cost of less than five hundred dollars (\$500.00) each. Blanket purchase orders shall be issued only by the finance department. Criteria to be used for the issuance of a blanket purchase order to a vendor shall be the responsibility of the finance department, considering the frequency of purchases made, the amount of purchases made, the location of the vendor, and the number of user departments purchasing from the vendor.
- b. Local vendors with open charge accounts may be assigned blanket purchase orders in order to expedite the purchase of supplies and materials having a unit cost of less than five hundred dollars (\$500.00) each.
- c. All blanket purchase orders for amounts in excess of three thousand dollars (\$3,000.00) shall be approved by the city manager and the director of finance. No blanket purchase order shall be assigned by a vendor or a user department of the city.

(3) *Authorization to purchase.*

- a. Department heads of the user department and the director of finance may approve purchases less than three thousand dollars (\$3,000.00).
- b. The director of finance shall approve purchases for amounts less than three thousand dollars (\$3,000.00).
- c. The director of finance and the city manager shall approve purchases in excess of three thousand dollars (\$3,000.00), but less than fifty thousand dollars (\$50,000.00). Available and sufficient funding in the user department's budgetary authority shall be the basis for all purchases. No purchases shall be made without such available funds, except upon written authorization from the city manager, with designation of the available nondepartmental funds to be used for said purchase.

(4) *Price quotations from vendors.*

- a. In order to obtain the best merchandise at the least possible cost to the city, the procedures outlined below are recommended:
 1. Competitive bidding by vendors shall be encouraged in order to obtain the best merchandise at the least possible cost.
 2. Quantity discounts shall be utilized in order to obtain the least possible cost per unit for the purchases made by the city.
 3. Use of local vendors for purchases of materials and supplies is encouraged, provided prices quoted by local vendors are within acceptable limits (limits to be determined by state statute and the city manager). In order to promote price competition among local and nonlocal vendors, it is recommended that those local vendors with state purchasing contracts provide those contract prices to the city.
- b. User departments shall obtain competitive price quotations from vendors. The guidelines of this section recommend the user department obtain at least three (3) price quotations from vendors for all purchases in excess of one thousand dollars (\$1,000.00). Single supplier vendors should be duly noted by the user department.
- c. Purchases for less than three thousand dollars (\$3,000.00) may be obtained by verbal price quotations from vendors. Discretion is left to the user department as to whether written price quotations are requested from vendors for purchases less than three thousand dollars (\$3,000.00).
- d. Purchases for three thousand dollars (\$3,000.00) to fifty thousand dollars (\$50,000.00):
 1. Shall be confirmed in writing by the vendor and the user department. Only written quotations will be considered. Documentation via e-mail or fax is permissible for this purpose.
 2. The city shall contact at least two historically under-utilized businesses (HUBs) from Cooke County on a rotating basis before making purchase expenditures.
- e. Purchases in excess of fifty thousand dollars (\$50,000.00) shall comply with state law procedures for competitive sealed bids or competitive sealed proposals and be awarded by the city council.
- f. All quoted prices or bids, whether oral or written, received from any vendor by a user department in accordance with subsection (c)(4) above, shall be recorded in writing by the user department on the appropriate forms and maintained in the user department for audit purposes. Purchases made through cooperative purchasing programs are permissible for the bid requirements; however, appropriate documentation shall be maintained.

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Section 3. Amending Chapter 2. Administration, Article I. In General, Section 2-7 Purchasing Policies and Procedures, Subsection (e) Bid specification procedures to read as follows:

(e) *Bid specification procedures.* Purchases in excess of fifty thousand dollars (\$50,000.00) shall comply with state law procedures for competitive bids or competitive sealed proposals and awarded by the city council. When the competitive sealed proposal procedure is authorized under state law, the city manager, or his designee, shall be authorized to conduct discussions, in accordance with the terms of a request for proposal, with bidding entities who submit proposals and who are determined to be reasonably qualified for the award of a contract. The city manager,

or his designee, is directed to treat such bidders fairly and equally with respect to any opportunity for discussion and revision of proposals, to obtain the best final offers before award of the contract by the city council.

Section 4. Amending Chapter 2. Administration, Article I. In General, Section 2-7 Purchasing Policies and Procedures, Subsection F (2) Inspection of merchandise shall be deleted:

Section 2-7 Purchasing Policies and Procedures, Subsection F (2) is hereby deleted.

Section 5. Amending Chapter 2. Administration, Article I. In General, Section 2-7 Purchasing Policies and Procedures, Subsection (k) Relationships among user departments and finance department to read as follows:

(k) Relationships among user departments and finance department.

- (1) The finance department shall be responsible for processing all documents related to purchasing and payment of accounts. No user department shall be authorized to enter into any contract or agreement which is in violation of this section or to make any payment to a vendor for purchases of supplies or materials. All funds and accounts shall be established by the finance department, and no user department shall maintain any fund or account separate from those funds and accounts established by the finance department without prior approval from the city manager.
- (2) User departments shall coordinate purchases through the finance department. Required forms shall be approved by the appropriate officials and forwarded to the finance department on a timely basis. User departments shall coordinate vendor inquiries and complaints regarding orders through the finance department. User departments may be consulted by the finance department in order to obtain clarification regarding vendor inquiries.
- (3) User departments shall endeavor to assure a timely flow of purchasing documents in order to reduce emergency situations that otherwise could have been foreseen and prevented. Departments shall continually review the existing supplies on hand and request replenishment of those supplies in a timely manner.

Section 6. Amending Chapter 2. Administration, Article I. In General, Section 2-7 Purchasing Policies and Procedures, Subsection (l) Payment process to read as follows:

(l) Payment process.

- (1) Payment shall be made to vendors only after approval from the appropriate officials and in compliance with this section. User departments shall approve all payments to be made to the vendor, subsequent to the approval of all purchase requests. The finance department shall process payments to vendors.

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Section 7. Amending Chapter 2. Administration, Article I. In General, Section 2-7 Purchasing Policies and Procedures, Subsection (p) Disposition of surplus and salvage property to read as follows:

(p) Disposition of surplus and salvage property.

(1) *Definitions.*

a. *Salvage property* means personal property, other than items routinely discarded as waste, that because of use, time, accident, or any other cause is so worn, damaged, or obsolete that it has no value for the purpose for which it was originally intended.

b. *Surplus property* means personal property that:

1. Is not salvage property or items routinely discarded as waste;
2. Is not currently needed by its owner;
3. Is not required for the owner's foreseeable needs; and
4. Possesses some usefulness for the purpose for which it was intended.

(2) *Disposition.* The city council may:

- a. Periodically sell the city's surplus or salvage property by competitive bid or auction;
- b. Offer the property as a trade-in for new property of the same general type if the city council considers that action to be in the best interests of the city; or
- c. Order any of the property to be destroyed or otherwise disposed of as worthless or dispose of any of such property by donating the property to a civic or charitable organization located in the city, if the city council undertakes to sell that property under the prior subsection and is unable to do so because no bids are made; and
- d. May reject any offer or bid made, if deemed by the city council or its designee to be in the best interest of the city.

3. *Notice.* Notice of a sale of surplus or salvage property shall:

- a. Be published by the city in the official newspaper of the city; and
- b. Be published on or after the 30th day but before the tenth day before the date of the sale.

4. *Records.* A record of each item sold and its sale price and of each item destroyed or donated shall be maintained in accordance with the city's record retention policy. User departments shall be responsible for reporting to the finance department any property determined to be surplus as needed each calendar year. Coordination of surplus items shall be done by the user department and the finance department.

Section 8. Effective Date.

This ordinance shall be in full force and effect after its passage and publication as required by law.

Section 9. Severability.

It is hereby declared to be intention of the City Council that the sections, paragraphs, sentences, clauses and phrases of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phase, clause, sentence, paragraph or section.

Section 10. Open Meeting Finding.

That it is hereby officially found and determined that the meeting at which this ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

INTRODUCTION, FIRST READING AND CHARTER SUSPENSION

INTRODUCED AND READ FOR THE FIRST TIME BEFORE THE CITY COUNCIL OF THE CITY OF GAINESVILLE ON 5TH DAY OF JUNE 2018, AT WHICH TIME THE CHARTER REQUIREMENT OF THREE READINGS WAS SUSPENDED BY THE FOLLOWING VOTE:

7 AYES 0 NAYS 0 ABSENCES, AND 0 ABSTENTIONS

ATTEST:



CAITLYN HUDDLESTON, CITY SECRETARY



JIM GOLDSWORTHY, MAYOR

ADOPTION

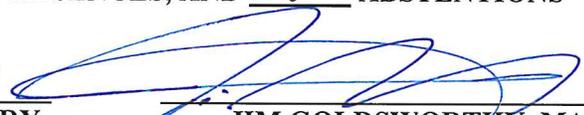
ADOPTED IN REGULAR SESSION BY THE CITY COUNCIL OF THE CITY OF GAINESVILLE, TEXAS ON THE 5TH DAY OF JUNE 2018, BY THE FOLLOWING VOTE:

7 AYES 0 NAYS 0 ABSENCES, AND 0 ABSTENTIONS

ATTEST:



CAITLYN HUDDLESTON, CITY SECRETARY



JIM GOLDSWORTHY, MAYOR

