

**GRAYSON COUNTY PURCHASING
MANUAL**

Jeff W. Schneider
Purchasing Agent

TABLE OF CONTENTS

INTRODUCTION

ORGANIZATION CHART

I. STATEMENT OF GENERAL POLICY / ETHICS.....I - 1-2

II. PURCHASING AUTHORITY AND GENERAL GUIDELINES..II - 1-3

SECTION

110	REQUISITIONS.....	1	-	8
	Types of Requisition	- 110-10-1	1	& 2
	Preparing the Requisition	- 110-20-0	2	& 3
	Routing the Requisition	- 110-30-0	3	
	Processing the Requisition	- 110-40-0	3	& 4
	Expedited Requisitions	- 110-40-1	4	- 6
	Emergency Requisitions	- 110-40-2	6	
	Preparing the P.O.	- 110-50-0	7	& 8
	Exhibit 1 - Requisition/Non-Confirming P.O.	110-EXH-1		
	Exhibit 2 - Confirming Purchase Order	110-EXH-2		
120	STANDARDS AND SPECIFICATIONS.....	1	-	3
	Standards & Specifications	- 120-10-0	1	- 4
	Exhibit 1 - Sample Specification Format	120-EXH-1		
130	COMPETITIVE BIDS AND PROPOSALS.....	1	-	16
	General Requirements	- 130-10-0	1	- 4
	Invitations to Bid/Proposal	- 130-10-1	4	& 5
	Elements of Invitation	- 130-10-2	5	- 7
	Receiving and Opening	- 130-10-3	7	& 8
	Tabulating Results	- 130-10-4	8	- 9
	Reserved for Expansion	- 130-10-5	10	& 11
	Awarding the Contract	- 130-10-6	11	
	Receiving & Opening Proposals	- 130-20-1	11	& 12
	Tabulating Proposals	- 130-20-2	12	& 13
	Weighted Factors	- 130-20-3	13	& 14
	Negotiating Proposals	- 130-20-4	15	- 16
	Exhibit 1 - Invitation to Bid	130-EXH-1		
	Exhibit 2 - Request for Proposal	130-EXH-2		
	Exhibit 3 - Bid Tabulation Sheet	130-EXH-3		
140	NEGOTIATED OR NON-BID PURCHASES.....	1	-	14
	General	- 140-10-0	1	& 2
	Purchases Below Bid Limits	- 140-10-1	2	
	Procedure for Non-Bid Purchases	- 140-10-2	3	& 4
	Making the Purchase	- 140-10-3	4	
	Departmental Purchases	- 140-10-4	5	- 7
	Blanket Purchase Orders	- 140-10-5	7	- 9
	Sole Source Purchases	- 140-20-0	9	& 10
	Procedure for Sole Source Buying	- 140-20-1	10	& 11
	Emergency Purchases	- 140-30-0	11	
	Procedure for Emergency Purchases	- 140-30-1	12	& 13
	Equipment Maintenance	- 140-40-0	13	& 14
	Exhibit 1 - Blanket Purchase Order Form	140-EXH-1		
	Exhibit 2 - Monthly BPA log form	140-EXH-2		
	Exhibit 3 - Departmental P.O. Log Form	140-EXH-3		
150	RECEIVING - SHIPPING.....	1	-	3

Receiving	- 150-10-0	1
Over/Short or Damaged Goods	- 150-10-1	2
Shipping Notices	- 150-10-2	2 & 3
Exhibit 1 - Dummy Packing List	150-EXH-1	
Exhibit 2 - Shipping Notice	150-EXH-2	

200 COOPERATIVE PURCHASING.....1 - 10

General	- 210-00-0	1
Types of Cooperative Purchasing	- 210-10-0	2 & 3
Legal Constraints	- 210-20-0	3
Developing Specifications	- 220-20-0	4 & 5
Cooperative Purchasing - State	- 230-00-0	4 & 6
Procedure - State Contracts	- 230-10-0	6 & 7
Ordering From State Contracts	- 230-20-0	7 - 9
Receiving / Rejecting Orders	- 230-30-0	9 & 10

REQUISITION

Counties are required by statute (Local Government Code Sec. 113.901) to use a requisitioning system. The requisition must be authorized by the county officer ordering the purchase. In Grayson County, having an Auditor, the County Judge has waived the requirement for his approval by issuing a written order to that effect.

Requisitions are required for all goods and services. (Art. 1661, V.T.C.S.). The requisition form tells the purchasing office what to buy, when it is required, and where to deliver the goods or service. The Requisition must be prepared well in advance of the required date to enable the Purchasing Department to find a vendor and to allow for delivery.

Use a separate requisition for each class of items. (ie: office supplies, fuel, and repair parts would each be on a separate requisition.)

The department head or authorized person within the requesting department will prepare and sign the Requisition. (Each Department Head must furnish the Purchasing Department a list of authorized personnel, consisting of no more than two (2) people to act only in the department head absence.)

TYPES OF REQUISITIONS: Requisitions are divided according to the type of action required on the purchase. Following are the recognized types of requisition.

- 1. Routine - for all normal purchasing transactions.

The purchasing department processes these requisitions using routine procedures set out in Procedures Number 110-20-0, 110-30-0, and 110-40-0. These are designated **PRIORITY FOUR**.

- 2. Expedited - for items that are needed sooner than the normal purchasing process would be able to get them.

The purchasing process must be expedited to prevent work stoppage or loss of the government's money. Expedited purchases do not qualify as emergence purchases and are subject to all applicable bidding requirements. The two types are:

*Walk Through - for items needed within ten working days to avoid work interruption, loss of service or significant added cost of operations.

The purchasing department processes these requisitions using routine procedures set out in Procedure Number

110-40-1. The requisition and other documents are hand-carried through the purchasing process. These are designated **PRIORITY THREE**

*Work Stoppage - for items needed immediately to prevent work stoppage due to unanticipated requirements.

The purchasing department processes these requisitions using routine procedures set out in Procedure Number 110-40-1, but they start the process right after being notified of the need by telephone. These are designated **PRIORITY TWO**.

3. Emergency - for all requirements because of an emergency condition as defined in Procedure Number 140-30-0.

The purchasing department processes these requisitions using routine procedures set out in Procedure Number 110-40-2. These are designated **PRIORITY ONE**.

Jan. 1991

110-20-0

PREPARING THE REQUISITION. The requisition originates in the using department. Preparation must be done far enough ahead of the date that the goods/service are needed to allow purchasing and the vendor to do their jobs properly, including:

- Advertising for bids, if necessary.
- Obtaining bids or price quotes.
- Allowing delivery of good or service.

The requisition should contain the following information:

- 1) Date of requisition (mm/dd/yy)
- 2) Name of the department/section
- 3) Department contact (for any further information needed)
- 4) Date required (Use **date**, not "rush, expedite or ASAP")
- 5) Budget and contract codes
- 6) Quantity required (Including the unit of issue ie: ea., lb.)
- 7) Description. (full description, specifications, part number.)
- 8) Purpose. (Describe the reason for the purchase)
- 9) Authorization signature. (Department Head or Authorized)
- 10) Budget certification signature.
- 11) Estimated Cost (Value not to exceed, if applicable)
- 12) Delivery destination. (Complete shipping address or work site.)

Jan. 2013

110-30-0

ROUTING THE REQUISITION. After entering the requisition, it must be routed to the following stations:

- 1) Departmental Authorization - approval of the authorized officer.
- 2) Auditor's Office - budget authorization
- 3) Purchasing - When completed, the requisition is forwarded to purchasing, where it is processed in accordance with Procedure 110-40-0.

Jan. 2013

110-40-0

PROCESSING THE REQUISITION. When the requisition is received in purchasing, it must be verified for accuracy, authorization and budget authority. Purchasing must do the following:

- 1) Check the requisition for completeness.
- 2) Verify contract provisions, if on an existing contract.
- 3) If the item is stocked or warehoused, the requisition does not require a purchase order. In this case, after verifying that the requisition is correct, funds are available and the order is authorized, the requisition is directed to the warehouse for completion.
- 4) If the item is not stocked or warehoused, a purchase order is generated. See Procedure 110-50-0.
- 5) Requisitions received in the Purchasing Department for unbudgeted items of when the unencumbered amount is not sufficient, will be rejected to the originating department having no action taken.

Jan. 2013

110-40-1

EXPEDITED REQUISITIONS: Requisitions for expedited purchases are handled differently than routine purchases. There are two classes of expedited purchases, as defined in Procedure 110-10-1. They are:

- *Priority Three - purchases required within ten days to prevent unacceptable work slow downs or service deficiencies; or

*Priority Two - purchases required immediately to prevent actual work stoppages or service interruption.

Expedited purchases are not emergency purchases. They are for items needed quickly to prevent costly delays, and therefore warrant the additional cost and effort caused by the interruption of the normal work routine. However, they are not to be used unless absolutely required.

NOTE: For all purchases required under Priority Two and Priority Three that must be competitively bid under normal circumstances, an emergency must be declared in order to bypass the competitive bidding process. (See 110-40-2)

Requisitioning Procedures:

*Priority Three Requisition

- 1) The requisition is entered according to Procedure 110-20-0.
- 2) The preparer should then notify Purchasing by telephone or email, specifying that a Priority Three requisition is being sent through, give Purchasing all available details.
- 3) Process the requisition to all required stations in accordance with Procedure 110-30-0. Contact the stations in the approval process to expedite processing or have them call back when they are finished.

*Priority Two Requisition

- 1) The requisition is prepared according to Procedure 110-20-0.
- 2) The preparer should then notify Purchasing by telephone or email, specifying that a Priority Two requisition is being processed. Give Purchasing all available details.
- 3) Purchasing begins the purchase process on receiving the notice in step 2, and makes the purchase in accordance with either procedures in Section 130 (Competitive Bidding) or Section 140 (Non-Bid Purchases).

Jan. 2013

110-40-2

EMERGENCY REQUISITIONS: Requisitions for purchases defined as emergency purchases are handled similarly to those for expedited purchases with one major difference. They must meet the qualifications for emergency purchases in the pertinent statutes, as outlined in Procedure 140-30-0. Emergency purchase requisitions are coded PRIORITY ONE.

Requisitioning Procedures - Priority One Requisition:

- 1) The requisition is entered according to Procedure 110-20-0, coding it Priority One.
- 2) The preparer should then notify Purchasing by telephone or email, specifying that a Priority One requisition is being processed. Give Purchasing all available details.
- 3) Process the requisition to all required stations in accordance with Procedure 110-30-0. Contact the stations in the approval process to expedite processing or have them call back when they are finished.
- 4) Purchasing begins the purchase process on receiving the notice in step 2, and makes the purchase in accordance with either procedures in Section 130 (Competitive Bidding) or Section 140 (Non-Bid Purchases).

Jan. 2013

110-50-0

PREPARING THE PURCHASE ORDER: When the completed requisition is received in the purchasing office, a purchase order will be generated. It will contain the following information:

- 1) User department
- 2) Date of order
- 3) Name, address, telephone, and vendor contact name
- 4) Destination or ship to address
- 5) Description of item or service to be supplied
- 6) Quantity
- 7) Standard unit of measure

- 8) Unit price
- 9) Extended unit price
- 10) Total amount not to exceed
- 11) Standard Terms and Conditions (confirming orders and contracts).
- 12) Other special terms and conditions of this sale.

The purchase order is prepared and delivered to the vendor which is awarded the order/contract, either by bidding or by another method of selection (see Sections 130-10-0 thru 140-30-0 and Exhibits).

Purchase Order distribution

Confirming Orders / Contracts

Original -Vendor

Copy - Department

Copy - To authorized receiving location

Original Invoices will not be retained, processed or accepted in the Purchasing Department, but will by instruction be directed to Auditing.

STANDARDS AND SPECIFICATIONS

All well-written specifications are the product of concentrated group effort, and are worth preserving. They represent the fruits of lengthy deliberation and study, combined with past experiences, and are essential to any efficient purchasing program.

DEFINITION: A specification is a concise description of a good or service an entity seeks to buy, and the requirements the vendor must meet in order to be considered for the award. A specification may include requirements for testing, inspection or preparing an item for delivery, or preparing or installing it for use. **The specification is the total description of the purchase.**

Purpose: The purpose of any specification is to provide purchasing personnel with clear guides to purchasing, and to provide vendors with firm criteria of minimum product or service acceptability. A good specification has four characteristics:

- 1) It sets the minimum acceptability of the good or service. The term minimum acceptability is key, since the vendor must know the minimum standard to determine what to provide. Too high a standard means tax dollars will be wasted. Too low a standard, and the good or service will not meet the expectations of the user.
- 2) It should promote competitive bidding. The maximum number of responsible vendors should be able to bid to the specification. Restrictive specifications decrease competition.
- 3) It should contain provisions for reasonable tests and inspections for acceptability of the good or service. The methods and timing of testing and inspecting must be indicated in the specification. Tests should refer to nationally recognized practices and standards, whenever possible.
- 4) It should provide for an equitable award to the lowest responsible bidder. The buyer obtains goods or services that will perform to expectations, and the vendor is able to provide the goods of services at an equitable agreed price.

Who Prepares the Specifications? The specifications may be prepared by the purchasing office, the using department, or an outside agency. Regardless of who prepares them, the using department will be asked to contribute greatly in the writing, and requested to sign the specifications. The final acceptance

of the specifications rests with the purchasing office. This is to ensure proper quality control and to avoid the proliferation of conflicting specifications in different departments of the county.

There are a number of types of specifications that are commonly used. The names may vary by the source describing them, but the following are the most commonly used terms. A single specification may be a combination of two or more of these types, especially the first two.

Design Specifications: Detailed descriptions of a good or service, including such things as details of construction or production, dimensions, chemical composition, physical properties, materials, ingredients and all other details needed for the provider to produce an item of minimum acceptability. Design specifications are usually required for construction projects and custom produced items and for many services.

Performance Specifications: Where the goods and/or services are described in terms of required performance. They may include such details as required power, strength of material, test methods and standards of acceptability and recommended practices.

Combination Specifications: Contain elements of both design and performance specifications. Some features of each are included to allow a vendor to use ingenuity to meet the performance needs of the county, and also to require certain necessary design characteristics. This is probably the most common type of specification.

Brand-Name Specifications: Lists a good or service by brand name, model and other identifying specifics, in order to limit the bidding to a single preferred product. Since this type of specification discourages competition, it should not be used unless the item is the only one which will satisfy the county's requirement. This type specification is useful for purchasing replacement parts where only the brand name item will work.

Brand-Name or Equal Specifications: Similar to brand-name specifications, except that products equal to the characteristics of the named brand are specified as acceptable.

Qualified Products List Specifications: Based on a list of products, identified by manufacturers' name and model numbers, which are the only items which will be acceptable. These are used when quality is such a critical factor and testing so lengthy or expensive that the county wants to stay with proven products.

The list is prepared by testing products, either in the lab or in daily use. Items may be added to the list by the vendor demonstrating their quality in comparison to those on the list.

Standard Specifications: A single specification for one or more goods/services that are ordered on a recurring basis and that have the same general purpose. The same specification is used each time an order is placed or bids are advertised. Examples are office supplies, paper, janitorial supplies and copier service contracts. Standardized specifications will usually be more complete and detailed than one-time specifications.

The Purchasing Department will maintain its specifications files in good order by having a defined numbering system for specifications.

- 1) The specifications are numbered using three sets of numbers, as follows:
 - A. Commodity Class - a three digit number which designated the general classification of the commodity. (e.g. Class 005 - Abrasives.)
 - B. Item Number - a two digit number further breaking down the main class into subcategories, (e.g. Item number 42 - Abrasives, Solid: grind-wheels, whetstones, etc.)
 - C. Sequence Number - a one (or more) digit number indication the specification sequence number for that class and item number. So the first specification written for that class and item number would be 1.
 - D. Revision Designation - if a specification is revised, it should be so designated by a letter, (e.g. the specification for abrasives, solid, first revision of the first specification written would be numbered 005-42-1A.)

Note: Though Purchasing has final acceptance responsibilities, the Department should contribute greatly in the drawing up of the specifications and sign their approval.

SAMPLE SPECIFICATION FORMAT

Specification for Good/Service

1.0 Scope and Intent

1.1 Scope: Title and summarize the applicable sections to the specification.

1.2 Intent: Stated use of the item and using department. The intent section also defines the classification of the item.

2.0 Definitions and Applicable Documents

2.1 Definitions: Define technical and critical terms where necessary.

2.2 Applicable Documents: List and reference all documents referred to in the specification, including title, edition of issue number, year of publication and publisher or originating organization. If necessary, state where the document can be located.

3.0 Requirements

3.1 Performance Requirements and Characteristics: List all functional needs and performance requirements. Include work related needs which the item must achieve.

3.2 Design Features and Requirements: List all design requirements, including materials, manufacturing standards and directions, dimensions, physical characteristics of all kinds, and workmanship standards.

3.3 Other Requirements: List any requirements not covered in the first two sections.

4.0 Quality Assurance

4.1 Test Requirements: List any testing requirements including sampling, inspection, laboratory certifications and other quality control requirements.

4.2 Remedies and Penalties: List all remedies available to the County for non-compliance with specifications. Detail penalties on the provider for failure to perform or comply.

COMPETITIVE BIDDING AND PROPOSALS

The purpose of competitive bidding is to ensure that the public monies are spent properly, legally and for public projects only, and that the best possible value is received for the money. Secondly it is to give those qualified and responsible vendors who desire to do business with the county a fair and equitable opportunity to do so. The use of a standard bidding procedure gives the public assurance that their monies are properly safeguarded.

Competitive bidding is accomplished on two levels. The first level of bidding consists of contacting vendors either by telephone or in writing, to allow them the opportunity to give a price quotation on a desired good or service. The second level uses formal sealed bids, which is the process that is referred to as "Competitive Bidding."

Price quotations should be sought on all purchases less than \$50,000., unless the purchase is a relatively minor purchase or an emergency purchase. In all purchases, all practical means to obtain the best price available is desired.

Formal sealed procurements are used for purchases expected to exceed \$50,000. The bid consists of the items offered by the vendor in response to the specifications, along with details governing the offer.

General Requirements

The competitive bidding procedures must be strictly complied with except for certain specific exemptions enumerated in the statute. These include certain emergencies and cases involving sole suppliers. Failure to follow the bidding requirements of the act may subject the contract to injunction to prohibit its performance. See LGC 262.033

All separate, sequential or component purchases of items ordered or purchased by the same officer or department from the same supplier in any attempt to avoid the bidding requirements are treated as parts of a single purchase or contract. (LGC 262.023) Any county officer or employee who intentionally, knowingly, recklessly or with criminal negligence makes or authorizes separate, sequential or component purchases in avoidance of the competitive bidding requirements of section 262.023 is guilty of a CLASS B misdemeanor. Automatic and immediate removal of the officer or employee from his/her county office or position results upon final conviction (LGC 262.034 A, B, C).

- The Commissioners Court will insure publication of the legally required notice. No specifications are to be written with the intent to exclude a possible bidder. Competitive bidding can be let on either a lump sum or a unit price basis. If unit price bids are solicited, the needed quantities of each item are to be estimated in the requisition based on the best available information. The successful bidder's compensation, however, will be based on the actual quantities supplied, furnished or constructed.
- Bids are to be advertised, based on the specifications and conditions of purchase provided by the county. The advertisement will be published at least once a week for two consecutive weeks in a newspaper published in the county. The date of the first publication must be before the 14th day before the date set to open the bids. (Ref: 262.025-Local Government Code)
- Bids not received prior to the specified date and hour set out in the specifications will be rejected.
- The bids are opened at the specified date and hour, and submitted to the Commissioners Court. Generally the lowest and best responsible bid is accepted, but only one bid may be accepted. If no bid is found to be acceptable, the entire bidding process must be repeated.

RESPONSIBILITIES

Requesting Department

- 1) Obtain a bid packet from the Purchasing Department
- 2) Complete all documents in the bid packet and attach a requisition.
- 3) Return the bid packet materials to Purchasing far enough in advance of the desired purchase date to allow time for the formal bidding process (not less than seven (7) days before Commissioners Court agenda deadline).
- 4) Be present at the meeting of the Commissioners Court during which the bid specifications are discussed.

Purchasing Department

- 1) Determine if such item or items are exempt from competitive procurement procedures.
- 2) Review bid specifications to determine adequacy in light of general requirements and to insure that they are not unduly restrictive.
- 3) Prepare final bid specifications for Commissioners Court approval.
- 4) Prepare agenda request and notify the Department of agenda date.
- 5) Following approval by Commissioners Court, mail bid request to vendors and properly advertise.

The Purchasing Department is responsible to, collectively with the Department, evaluate the bids. The Purchasing Department will then make its award recommendation to the Commissioners Court, and issue the Purchase Order/Contract to the vendor.

Bids may be subject to bonding requirements. Typically, a bid bond may be required to public works projects or on bids exceeding \$100,000. This is to ensure that if the bidder attempts to withdraw after his bid is accepted, the county will not suffer loss.

The successful bidder on a public works contract exceeding \$50,000 must shall post a performance bond, *if required by the County*. The successful bidder on any other contract exceeding \$50,000 may have to post a performance bond if required by the county. (See VTCS Article 5160)

COMPETITIVE PROPOSALS are similar to competitive bids, but are limited in scope by Texas statutes. They can only be used for procurements of high-technology products of services. The County can also use competitive proposals for procuring insurance. The chief differences are:

- The specification is written using performance standards rather than the description of the good or service. The specification also lists the factors by which the proposal will be judged, and the weight to be given to each factor.
- Vendors submit proposals of their own design for a system to satisfy the requirement set forth in the proposal. Proposals may incorporate entirely different hardware or services to accomplish the same performance.

- After proposals are received, the county may enter into negotiations with as many vendors as have submitted feasible proposals in order to arrive at the best possible proposal for each vendor.

NOTE: The definition of "High-Technology" is vague enough that some counties have used competitive proposals in areas which might not ordinarily be considered high-technology, simply because there is a high-tech element in the item or service.

July 2009

130-10-1

INVITATIONS TO BID (ITB) / REQUESTS FOR PROPOSALS (RFP)

ITBs and RFPs are the means for notifying vendors that the county has specific requirements for goods/services and that they are being offered an opportunity to fulfill those requirements.

These documents are designed to solicit bids or proposals from well-qualified vendors. They are usually sent to vendors known to provide the particular commodity, or who are on a list of vendors as providing that particular commodity. The ITB/RFP is also advertised in the local newspaper according to statutory requirements. (See Article 252.041 subchapter C)

Competitive bidding and competitive proposals are required by statute for purchases expected to exceed \$50,000.

ITBs and RFPs may be canceled by the county at any time before the date set for opening bids. Notice should be mailed to all vendors receiving bid/proposal invitations.

ITBs and RFPs may also be modified after being issued. When modifications are required, the same requirements for notification and advertising are required. The modification notification should state whether the bid opening date is or is not extended. The bid opening date must be extended if the period from the date the modification or amendment is issued is less than the required notification period.

Jan. 1991

130-10-2

ELEMENTS OF AN INVITATION TO BID/REQUEST FOR PROPOSAL

A bid invitation or a proposal request is actually a package of documents needed by the vendor in order to respond to the requirements of the County. It includes several elements:

Standard Terms and Conditions - All those conditions of doing business with the county which will remain constant for all contracts and purchases, unless specifically deleted. They are usually presented in an attachment that goes out with all bid invitations and proposal requests. Standard terms and conditions are incorporated into the Purchase Order form.

Special Provisions - Any terms and conditions not always required, but which are required for this contract or purchase.

Pricing - The offer and acceptance page. The vendor quotes prices in accordance with the specification requirements. Prices are usually provided by unit and the total cost for the estimated amount required.

Specification - The description of the purchase requirements. See Procedures in section 120-10 for complete details of specification requirements. In place of enclosing the actual specification, information about where the specification may be obtained may be substituted.

Invitation to Bid or Request for Proposals Form - This is the cover form for the bid/proposal package. It requires certain information from the bidder or vendor making the proposal. Requirements on the bid invitation or RFP are as follows:

- 1) An identification number. Vendors must be able to refer to the number when making inquiries and purchasing will be able to trace all transactions to determine their status.
- 2) A brief description of the good/service to be provided
- 3) The requisition number(s).
- 4) The closing date and hour for receiving bids or proposals. This should state that the time is determined by a

designated time source, for example, the purchasing office's clock.

- 5) The place where bids or proposals are to be sent, including the address and office.
- 6) Information on where specifications may be obtained, if not included in the package.
- 7) Person to contact for information.
- 8) Instructions to bidders. See example 130-EXH-1.
- 9) For RFPs only- The factors to be used to evaluate the proposals, and the weights attached to each factor. Evaluation factors may include price, experience of proposer's staff, ability to respond in a timely way, past recommendations, safety record, and financial soundness, rating, as well as any others considered necessary. Other evaluation factors will depend on the individual requirements attached with the procurement. (See Procedure 130-20-3.)

Jan. 1991

130-10-3

RECEIVING AND OPENING THE BID/PROPOSAL

Receiving the Bid/Proposal - Receiving competitive bids and proposals must be done properly in order to ensure that no possibility of favoritism, or the appearance of favoritism, exists. Procedures for this are as follows:

- 1) Each bid or proposal must be returned to the county office designated in the invitation in a separate envelope, sealed and with the bid/proposal identification number marked on the outside of the envelope. Only one bid/proposal should be submitted per envelope. (See example 130-EXH-3 for proper identification marking for envelopes.)
- 2) The bid/proposal envelope should be time and date stamped in the designated office as soon as it is received.
- 3) The bid/proposal envelope should then be filed unopened together with the other bids/proposals of the same number. Note: If an unmarked envelope containing a bid is received, it will be opened only to establish that it contains a bid. This will not automatically eliminate the bid, but will violate the integrity of the process.
- 4) Bids/proposals are opened at the hour specified in the invitation/request at the place named in the ITB/RFP.

Vendors and the public are invited and encouraged to attend the bid opening. In case there are no observers attending the bid opening, always have a member of another office act as witness so that charges of irregularities can be disproved.

5) The following are grounds for disqualification:

- Unsigned bids/proposals, or bids/proposals with unauthorized signatures
- Bids/proposals received after the date and time specified. Late bids/proposals cannot be considered for award of the purchase.
- Bids/proposals where prices are conditional on award of another bid, or when prices are subject to unlimited escalation. If allowed by the specification, prices may be subject to escalation based on an independent wholesale index. (e.g., for oil and gas products, the net terminal price, or current Oil Price Information Service prices.)

Disqualified original bid/proposal documents are returned to the bidder. Late bids/proposals may be returned unopened, or opened and evaluated but not considered for the award.

Note: Bids/Proposals will be received by the Auditor's Office, and opened in the manner prescribed by the Purchasing Department.

Jan. 1991

130-10-4

TABULATING THE RESULTS

Competitive Bids and Competitive Proposals are awarded by the Commissioners Court, because the statutory authority for issuing contracts lies there. But they must have reliable evaluations of the bids or proposals in order to make wise decisions about which to accept.

The Purchasing Department will make this task easier by providing tabulations, calculation checks, price extensions and information about compliance with specifications. The Purchasing Department will also make an evaluation of the merits of each bid or proposal, with recommendations about selection.

Tabulating the Bid/Proposal Results. When the bids/proposals are opened, the results are tabulated for easy reference by the

Commissioners Court. The following items are included in the summary:

- 1) Double-check all calculations and totals.
- 2) Extend unit prices to a total price for the requested quantity.
- 3) Verify that the bid/proposal is signed by an authorized agent of the vendor.
- 4) Verify that the bid/proposal meets all requirements listed in the specifications, and whether any failures disqualify the bid or proposal.
- 5) Verify that all required samples are included.
- 6) If testing of samples is required, the results of the testing.

The evaluation and recommendation should include whether the vendor has submitted a responsive bid or proposal (one meeting all the criteria of the ITB/RFP). It should also give information about whether the vendor has a record of being a responsible bidder. If the bidder's safety record is to be considered, the evaluation should state whether or not the bidder has an acceptable record, and if not, what identifiable factors were not satisfactory.

A bid should also be evaluated using alternate methods of evaluation, if applicable, such as:

- life cycle or total cost
- modified life cycle costing
- energy efficiency/economy performance
- warranties
- price versus performance factors
- evaluation of discounts and freight charges
- other factors.

The ITB should state that the bid will be subject to these evaluations.

Note: Although competitive proposals must be evaluated according to weighted factors set out in the request for proposals, the above evaluation methods may sometimes apply as well.

ELECTRONIC BID/PROPOSAL SUBMITTAL

Grayson County now offers the capability to submit bids by electronic means per House Bill 1981, enacted September, 2001.

Electronic Bid Submission is defined as the prospective offerer's access for the purpose of submitting formal sealed bids/proposals (IFB/RFP) to Grayson County by electronic mail.

Bids/proposals shall be submitted to: bids@co.grayson.tx.us. This is a confidential, reserved address for bid/proposal submittal only. All other communications should be addressed specific to the intended recipient.

The SUBJECT LINE of the transmittal should be the IFB/RFP number and title as specified on page one and two of the bid document. The message body shall contain the company/individuals name, point of contact address and phone number. Bid submission statement shall be in the format of an attachment using one or a combination of the formats listed in section IV of this page. Please click on EXAMPLE for a picture.

Electronic bid/proposal formats shall be any combination of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple document submissions shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both must be attached to the one message. Submissions received in any other format not listed above may be rejected.

Submitted bids/proposals shall be in accordance with the date and time set forth in the Specification. Any bids received after the listed closing date and time shall not be considered. Grayson County is not responsible for equipment or software failure that may cause delay or non delivery.

Grayson County is not responsible for electronic bids/proposals containing viruses that are not able to be eradicated, or that are corrupted as a result.

At the appointed bid/proposal closing date and time, the Grayson Governmental Data Center (GGDC) staff will transmit the contents of the reserved address to purchasing. Upon receipt, and in a public manner, the Purchasing officer will print the bids/proposals and make them public accordingly.

GGDC shall maintain records detailing when bids/proposals are received in the reserved electronic mail box, forwarded to purchasing, vendor, and bid/proposal number.

Jan. 1991

130-10-6

AWARDING THE CONTRACT

Contracts are awarded by the Commissioners Court. Once the bids are received and tabulated and a recommendation from purchasing is made, the bids should be considered at a public meeting of the Commissioners Court. In the case of proposals, there may need to be several private negotiation sessions with qualifying proposers in order to arrive at their final proposals. Their proposals should then be considered in public session.

Bids should be awarded to the **lowest and best responsible bidder**. Although the terms "lowest and best" and "responsible bidder" are not defined, common sense and experience should lead to an understanding of the meaning.

If a bid other than the low bid is accepted, the lower bidders must be given the opportunity to appear and give evidence of their responsibility.

Jan. 1991

130-20-1

RECEIVING AND OPENING THE PROPOSAL

While there are more similarities than differences, competitive proposals have some features that must be considered separately from competitive bids. Proposals are treated differently than competitive bids in that there are additional steps that have to be completed before the proposals are ready for final consideration by the Commissioners Court. **This subsection is to give guidelines for handling proposals.**

A Proposal must be tabulated and evaluated, but then it is compared to the ideal system or service to evaluate its shortcomings and strengths. The strengths are noted and retained, and the shortcomings are the basis of negotiations between the county and the proposer.

Proposals are evaluated one against the other, and then initially ranked. The proposals are then negotiated, and re-ranked, and possibly narrowed to a list of finalists. Then

further negotiations will be required and a final selection made.

Receiving and Opening the Proposal. The receipt of competitive proposals requires the same steps as competitive bids (see Procedure 130-10-3), plus two additional procedures. The two additional steps are listed below.

- 1) After opening, the proposers' names are announced, and the proposals are then set aside for further evaluation, and negotiation with the proposers. **Contents are not disclosed at this time.**
- 2) Throughout the proposal process, information identified by the vendor as trade secrets or proprietary information, and contained in the proposals, must be kept confidential by law.

Jan. 1991

130-20-2

TABULATING AND EVALUATING THE PROPOSAL

In awarding a contract based on a proposal, the Commissioners Court needs more guidance than with bids. The purchasing staff must provide guidelines for negotiation, and point out areas where a particular proposal has unacceptable features, and why! The evaluation should also point out especially good features, and how other features can be modified for best results.

Tabulating the Proposal Results When the proposals are opened, the results are tabulated for easy reference. The following items are included in the summary:

- 1) all the same tabulations as required for a bid, as described in Section 130-10-4, plus;
- 2) evaluation of the proposal against the desired, ideal system. This will require working with system users or technical advisors;
- 3) evaluation of the proposal against the weights assigned in the RFP (see Section 130-20-3);
- 4) details of areas to be negotiated, including desired changes in the proposal.

WEIGHTED FACTORS FOR EVALUATING

When using competitive sealed proposals, one requirement of law is that the proposal be evaluated using a set of weighted factors. These factors, and their weights, must be stated in the request for proposals (RFP). This section gives guidelines on the kinds of factors that might be used.

Price - This will always be a factor, no matter what the purchase is. In some cases, where there is little difference between available items (systems or insurance policies), the price will be the most critical factor. In this case, it should be given a heavy weight in the evaluation. In other cases, the system cost will be less important than its efficiency, and a better, more effective system might save far more than its higher cost. In this case, the price should be given less weight than other factors leading to greater efficiency.

Experience of Staff - This can be in various areas, such as financial or technical. A vendor with personnel having proven experience in similar system development projects should be given preference over one with less experienced staff. This factor will be very important if the county can afford little risk in the project development, but may be less vital if a project must have a totally new approach where none of the vendors have much experience.

Financial Resources - The county usually prefers a financially stable vendor. However, demanding excessive proof of financial stability restricts the entry of small business into projects where they might be competitive and offer significant savings to the county. For some items, such as insurance, this is an important factor.

Service Capability - If the system under consideration is subject to frequent or expensive servicing, then the service capability of the vendor is important. If the county is planning to self-maintain the system, this will not be as important.

Service Response Time - If the system purchased is vital to the daily operation of the government, then breakdowns could result in costly work stoppages. In this case, response time for repairs and service could be among the most important considerations.

Insurance Clauses - The RFP for insurance would focus on the coverage and the various clauses available in the policy.

Other - Other factors that might be considered are:

- availability of backup unit during extended maintenance
- Payment options
- Upgrade capability
- Cost of maintenance
- Reputation
- Experience with this and other governments

Jan. 1991

130-20-4

NEGOTIATING THE PROPOSALS

When the first proposal is received and evaluated, then you may meet in private session with each proposer, and negotiate for exactly what you need, or as close as possible to your desired system or service as can be agreed upon. Then you accept the best evaluated proposal, using the weighted factors. Negotiations are not limited to one meeting. You should have as many as are productive. Below are some suggestions on conducting negotiations.

Have your goals firmly in mind. - Conceptually develop the ideal system for your users in your mind, and use it as a guide in negotiations. Try to negotiate toward the ideal.

Maintain flexibility - Although you may have developed an ideal system in your mind, you must realize that improvements are possible or even likely. Keep your mind open to improved concepts offered by proposers. As improvements are noted and accepted as desirable, incorporate them into your desired system.

Have a lead negotiator - While it is essential to have a free exchange of ideas, and to be able to disagree within the negotiation team, the place to do so is not at the negotiating table. There, it is essential to present a united front. You might develop signals, for example, to say "Don't make any agreement here until we discuss it," or develop ways to pass other non-spoken messages.

Don't confuse rhetoric with ability to deliver. - There are many vendors out there willing to "promise the moon", when they are really just "in the dark". The rule is "**Check it out**". Make sure that if they promise, they can deliver. Don't put too much faith in a contract, either. Even if you are right, and have a contract, it may cost you so much in time and money getting satisfaction that you lose even if you win.

Find common grounds - The first meeting is to establish common grounds, and to explore the proposers' willingness to compromise. The proposer will, in turn, feel out your position. Don't plan to make firm decisions here. You still have other proposals to explore. Of course, be prepared to move as far as possible without making a commitment.

After the first round, meet to evaluate your position. - Determine the relative positions of each proposal. Rank by the weighting factors to see how close the proposals are to one another. Ask "what improvements are needed" with each proposal. Ask "if we receive all the modifications requested, how will this proposal rank against the rest."

Make judicious cuts. - If you can see that a proposal is never going to be in the running, cut it. This way, you don't waste time negotiating with a vendor who hasn't a chance to win the contract. But do document the reasons for the cut. This way there will be no accusations of favoritism or unfair treatment.

Repeat the steps above as needed to reach a final decision. Meet as many times as needed, but don't get stuck on "high center". If two or more proposals are very near in the rankings, put them to a vote, and make the decision that way. The Commissioners Court must make any final decision, even on preliminary cuts.

Make the decision - to award the contract on the basis of the weighted factors contained in the RFP. See section 130-20-3

Note: Documentation of decisions made is very important to defend against any accusations. Also use care to assure that all qualified vendors have the same information to work with.

Sep. 2001

130-EXH-1

**COMPETITIVE BIDS AND PROPOSALS - INVITATION TO BID FORMAT
G R A Y S O N C O U N T Y , T E X A S**

INVITATION FOR BID

RETURN BID TO:

GRAYSON COUNTY AUDITOR'S OFFICE
100 W. HOUSTON ST.
SHERMAN, TX 75090

The enclosed INVITATION FOR BID and accompanying SPECIFICATIONS AND BID SHEET(S) are for your convenience in bidding the enclosed referenced products and/or services for Grayson County.

Sealed bids shall be received no later than:

10:00 A.M., WEDNESDAY, JANUARY XX, 200X
MARK ENVELOPE OR ELECTRONIC TRANSMISSION: "BID NO. XX-XX-XX; NAME"

Grayson County appreciates your time and effort in preparing a bid. Please note that all bids must be received at the designated location by the deadline shown. Bids received after deadline will be returned unopened and shall be considered void and unacceptable. Opening is scheduled to be held in Purchasing Agent's Office, Grayson County Courthouse, 100 W. Houston St., Sherman, TX., at 10:00 AM., on the bid closing date.

If bidder does not wish to bid at this time but wishes to remain on the bid list for this commodity, please submit a "NO BID" by the same time and at same location as stated for bidding. If response is not received in the form of a "BID" or "NO BID" for three (3) consecutive IFBs, bidder shall be removed from bid list. If however, you choose to "NO BID" this product and/or service and wish to remain on bid list or other commodities and/or services, please state the particular product and/or service under which you wish to be classified.

Grayson County is always very conscious and extremely appreciative of the time and effort you must have expended to submit a bid. We would appreciate you indicating on your "NO BID" response any requirements of this bid request which may have influenced your decision to "NO BID".

Awards should be made approximately two weeks after bid opening date. Bidders desiring a copy of the bid tabulation sheet may request same by enclosing a self-addressed stamped envelope with bid.

BID RESULTS WILL NOT BE GIVEN OUT OVER THE TELEPHONE. If you have any questions, please contact the Grayson County Purchasing Department at (903)813-4259, Jeff Schneider - Purchasing Agent.

GRAYSON COUNTY

INVITATION FOR BID

INSTRUCTIONS/TERMS OF CONTRACT

BID NO. XX-XX-XX

BY ORDER OF the Commissioners Court of Grayson County, Texas sealed bids will be received for

ONE (1) PRODUCT OR SERVICE

IT IS UNDERSTOOD that the Commissioners Court of Grayson County, Texas reserves the right to accept or reject any and/or all bids for any or all products and/or services covered in this bid request and to waive informalities or defects in bids or to accept such bids as it shall deem to be in the best interest of Grayson County.

FUNDING: Funds for payment have been provided through the Grayson County budget approved by the Commissioners Court for this fiscal year only. State of Texas statutes prohibit the obligation and expenditure of public funds beyond the fiscal year for which a budget has been approved. Therefore, anticipated orders or other obligations that may arise past the end of the current Grayson County fiscal year shall be subject to budget approval.

BIDS MUST BE submitted on pages 7 through 13 of this form. Each bid shall be placed in a separate sealed envelope, manually signed in ink by a person having the authority to bind the firm in a contract and marked clearly on the outside as outlined below.

Electronic bids shall be delivered to the specified "electronic mail" (E-mail) address, with electronic signature of a person having authority to bind the firm in a contract. FACSIMILE TRANSMITTALS SHALL NOT BE ACCEPTED

SUBMISSION OF BIDS: Sealed bids shall be submitted to:

Grayson County Auditor's Office
100 W. Houston Street
Sherman, Texas 75090
OR

Electronic Bids/proposals shall be submitted to: bids@co.grayson.tx.us

NO LATER THAN 10:00 A.M., WEDNESDAY, JANUARY XX, 200X

MARK ENVELOPE/TITLE E-MAIL: "BID NO. XX-XX-XX; NAME"

ALL BIDS MUST BE RECEIVED IN COUNTY AUDITOR'S OFFICE
BEFORE OPENING DATE AND TIME

COOPERATIVE PURCHASING: Other governmental entities have expressed an interest to purchase their vehicles in conjunction with Grayson County's contract (piggyback). Each entity wishing to piggyback must have prior authorization from Grayson County and successful bidder. If such participation is authorized, all purchase orders will be issued directly from and shipped directly to the entity requiring materials. Grayson County shall not be held responsible for any orders placed, deliveries made or payment for materials ordered by these entities. Bidder is requested to state whether they will be willing to allow other governmental entities to piggyback off this contract, if awarded, under the same terms and conditions in the space provided.

ELECTRONIC BID SUBMITTAL: is defined as the prospective bidder's access for the purpose of submitting formal sealed bids/proposals (IFB/RFP) to Grayson County by electronic mail.

Bids/proposals shall be submitted to: bids@co.grayson.tx.us. This is a confidential, reserved address for bid/proposal submittal only. All other communications should be addressed specific to the intended recipient.

The SUBJECT LINE of the transmittal should be the IFB/RFP number and title as specified on page one and two of the bid document. The message body shall contain the company/individuals name, point of contact address and phone number. Bid submission statement shall be in the format of an attachment using one or a combination of the formats listed below.

Electronic bid/proposal formats shall be any combination of the following formats: Microsoft Word, Microsoft Excel, Microsoft PowerPoint, or Adobe Acrobat. Multiple document submissions shall be submitted in one single message. Example; if you have one bid submission that includes a Microsoft Word document and a Microsoft Excel spreadsheet, both must be attached to the one message. Submissions received in any other format not listed above may be rejected.

Submitted bids/proposals shall be in accordance with the date and time set forth in this Specification. Any bids received after the listed closing date and time shall not be considered. Grayson County is not responsible for equipment or software failure that may cause delay or non delivery.

Grayson County is not responsible for electronic bids/proposals containing viruses that are not able to be eradicated, or that are corrupted as a result.

LATE BIDS: Bids received in County Auditor's office, or e-mail address, after submission deadline shall be returned unopened and will be considered void and unacceptable. Grayson County is not responsible for lateness of mail, electronic systems failure, carrier, etc. and time/date stamp clock in Auditor's Office, or e-mail destination time stamp, shall be the official time of receipt.

ALTERING BIDS: Bids cannot be altered or amended after submission deadline. Any interlineation, alteration, or erasure made before opening time must be initialed by the signer of the bid, guaranteeing authenticity.

WITHDRAWAL OF BID: A bid may not be withdrawn or cancelled by the bidder for a period of ninety (90) days following the date designated for the receipt of bids, and bidder so agrees upon submittal of their bid.

SALES TAX: Grayson County is by statute exempt from the State Sales Tax and Federal Excise Tax; therefore, the bid price shall not include taxes.

BID AWARD: Grayson County reserves the right to award bid as a unit price as it deems to be in the best interest of the County.

CONTRACT: This bid, when properly accepted by Grayson County, shall constitute a contract equally binding between the successful bidder and Grayson County. No different or additional terms will become part of this contract with the exception of a Change Order.

CHANGE ORDERS: No oral statement of any person shall modify or otherwise change, or affect the terms, conditions or specifications stated in the resulting contract. All change orders to the contract will be made in writing by Grayson County Purchasing Agent.

DELIVERY: All delivery and freight charges (FOB Grayson County designated location) are to be included in the bid price.

DELIVERY TIME: Bids shall show number of days required to place vehicles at the County's designated location. Failure to state delivery time may cause bid to be rejected. Successful bidder shall notify the Purchasing Department immediately if delivery schedule cannot be met. If delay is foreseen, successful bidder shall give written notice to the Purchasing Agent. The County has the right to extend delivery time if reason appears valid. Successful bidder must keep the Purchasing Department advised at all times of the status of the order.

CONFLICT OF INTEREST: No public official shall have interest in this contract, in accordance with Vernon's Texas Codes Annotated, Local Government Code Title 5, Subtitled C, Chapter 171.

ETHICS: The bidder shall not accept or offer gifts or anything of value nor enter into any business arrangement with any employee, official or agent of Grayson County.

EXCEPTION/SUBSTITUTIONS: All bids meeting the intent of this invitation to bid will be considered for award. Bidders taking exception to the specifications, or offering substitutions, shall state these exceptions in the section provided or by attachment as part of the bid. The absence of such a list shall indicate that the bidder has not taken exceptions and shall hold the bidder responsible to perform in strict accordance with the specifications of the invitation. Grayson County Commissioners Court reserves the right to accept any and/or all/none of the exception(s)/substitution(s) deemed to be in the best interest of the County.

DESCRIPTIONS: Any reference to model and/or make/manufacturer used in bid specifications is descriptive, not restrictive. It is used to indicate the type and quality desired. Bids on vehicles of like quality will be considered.

ADDENDA: Any interpretations, corrections or changes to this Invitation For Bid and Specifications will be made by addenda. Sole issuing authority of addenda shall be vested in Grayson County Purchasing Agent. Addenda will be mailed to all who are known to have received a copy of this Invitation For Bid. Bidders shall acknowledge receipt of all addenda.

BID MUST COMPLY with all federal, state, county and local laws concerning these types of vehicles. The unit shall contain all standard safety equipment and all extra equipment specified. Bidder may be required to furnish evidence that the unit, as bid, will meet or exceed these requirements. An on-site inspection of the unit, at the successful bidder's location, will be made prior to acceptance.

DESIGN, STRENGTH, QUALITY of materials and workmanship must conform to the highest standards of manufacturing and engineering practice.

ALL PRODUCTS must be new and unused, unless otherwise specified, in first-class condition and of current manufacture.

MINIMUM STANDARDS FOR RESPONSIBLE PROSPECTIVE BIDDERS: A prospective bidder must affirmatively demonstrate bidder's responsibility. A prospective bidder must meet the following requirements:

- 1.) have adequate financial resources, or the ability to obtain such resources as required;
- 2.) be able to comply with the required or proposed delivery schedule;
- 3.) have a satisfactory record of performance;
- 4.) have a satisfactory record of integrity and ethics;
- 5.) be otherwise qualified and eligible to receive an award.

Grayson County may request representation and other information sufficient to determine bidder's ability to meet these minimum standards listed above.

REFERENCES: Grayson County requests bidder to supply, with this IFB, a list of at least three (3) references where like vehicles have been supplied by their firm. Include name of firm, address, telephone number and name of representative.

BIDDER SHALL PROVIDE with this bid response, all documentation required by this IFB. Failure to provide this information may result in rejection of bid.

SUCCESSFUL BIDDER SHALL defend, indemnify and save harmless Grayson County and all its officers, agents and employees from all suits, actions, or other claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person, persons, or property on account of any negligent act or fault of the successful bidder, or of any agent, employee, subcontractor or supplier in the execution of, or performance under, any contract which may result from bid award. Successful bidder shall pay any judgment with cost which may be obtained against Grayson County growing out of such injury or damages.

TERMINATION OF CONTRACT: This contract shall remain in effect until contract expires, delivery/completion and acceptance of vehicles ordered or terminated by either party with a thirty (30) days written notice prior to any cancellation. The successful bidder must state therein the reasons for such cancellation. Grayson County reserves the right to award cancelled contract to next lowest and best bidder as it deems to be in the best interest of the County.

TERMINATION FOR DEFAULT: Grayson County reserves the right to enforce the performance of this contract in any manner prescribed by law or deemed to be in the best interest of the County in the event of breach or default of this contract. Grayson County reserves the right to terminate the contract immediately in the event the successful bidder fails to: 1.) meet delivery or completion schedules, or 2.) otherwise perform in accordance with these specifications. Breach of contract or default authorizes the County to award to another bidder, purchase elsewhere and charge the full increase in cost and handling to the defaulting successful bidder.

TESTING: Testing may be performed at the request of Grayson County, by an agent so designated, without expense to Grayson County.

PATENTS/COPYRIGHTS: The successful bidder agrees to protect Grayson County from claims involving infringements of patents and/or copyrights.

CONTRACT ADMINISTRATOR: Under this contract, Grayson County may appoint a contract administrator with designated responsibility to ensure compliance with contract requirements, such as but not limited to, acceptance, inspection and delivery. The contract administrator will serve as liaison between the Grayson County Purchasing Department (which has the overall contract administration responsibilities) and the successful bidder.

PURCHASE ORDER: A purchase order(s) shall be generated by Grayson County to the successful bidder. The purchase order number must appear on all itemized invoices and packing slips. Grayson County will not be held responsible for any orders placed/delivered without a valid current purchase order number.

PACKING SLIPS or other suitable shipping documents shall accompany each shipment and shall show: (a) name and address of successful bidder, (b) name and address of receiving department and/or delivery location, (c) Grayson County Purchase Order number, and (d) descriptive information as to the vehicles delivered, including product code, item number, quantity, number of containers, etc..

INVOICES shall show all information as stated above and shall be mailed directly to the Grayson County Auditor's Office, P.O. Box 876, Sherman, Texas, 75091.

IN ACCORDANCE with the State of Texas Prompt Payment Act, Article 601f V.T.C.S., payment will be made after receipt and acceptance by the County of the merchandise ordered and of a valid invoice. Successful bidder(s) is required to pay subcontractors within ten (10) days.

PRODUCTS supplied under this contract shall be subject to the County's approval. Products found defective or not meeting specifications shall be picked up and replaced by the successful bidder within one (1) week after notification at no expense to the County.

WARRANTY: Successful bidder shall warrant that all products shall conform to the proposed specifications and/or all warranties as stated in the Uniform Commercial Code and be free from all defects in material, workmanship and title.

REMEDIES: The successful bidder and Grayson County agree that both parties have all rights, duties, and remedies available as stated in the Uniform Commercial Code.

VENUE: This agreement will be governed and construed according to the laws of the State of Texas. This agreement is performable in Grayson County, Texas.

ASSIGNMENT: The successful bidder shall not sell, assign, transfer or convey this contract, in whole or in part, without the prior written consent of Grayson County.

SILENCE OF SPECIFICATION: The apparent silence of these specifications as to any detail or to the apparent omission from it of a detailed description concerning any point, shall be regarded as meaning that only the best commercial practices are to prevail. All interpretations of these specifications shall be made on the basis of this statement.

ANY QUESTIONS concerning this Invitation For Bid and Specifications should be directed to the Purchasing Department at (903)813-4259, Jeff Schneider - Purchasing Agent.

Note: Grayson County reserves the right to reject any bid submitted by a person(s) or company(ies) having delinquent property taxes owed to Grayson County Texas.

GRAYSON COUNTY

SPECIFICATIONS AND BID SHEETS

ONE (1) PRODUCT NAME

GENERAL

THE SPECIFICATIONS listed below are minimum requirements and are intended to govern, in general, the size and type of product desired. Grayson County reserves the right to award/reject any bid as it deems to be in the best interest of the County.

DESCRIPTIVE LITERATURE: Each bidder is requested to submit with this bid FIVE (5) copies of descriptive literature sufficient in detail to enable an intelligent comparison of the specification of the vehicles bid with that of the vehicles stated in this IFB. Failure to provide literature with this IFB may be cause for rejection of bid.

DELIVERY TIME: Delivery time and warranty is an important consideration in the evaluation of the lowest and best bid. Bidder shall state number of days required to place vehicles at County's designated location in the space provided.

EVALUATION AND AWARD: Grayson County will evaluate and award bid based on lowest and best bid meeting specifications. Maintenance, performance and service history will be an important evaluation factor of the lowest and best bid. Grayson County reserves the right to accept and/or reject bid as it deems to be in the best interest of the County.

PREFERENTIAL REQUIREMENT: The County of Grayson, as a governmental agency of the State of Texas, may not award a contract for general construction, improvements, services or public works projects or purchases of supplies, materials, or equipment to a nonresident bidder unless the nonresident's bid is lower than the lowest bid submitted by a responsible Texas resident bidder by the same amount that a Texas resident bidder would be required to underbid a nonresident bidder to obtain a comparable contract in the state in which the nonresident's principal place of business is located (Article 601g V.T.C.S.). Bidder shall make answer to the following questions by encircling the appropriate response or completing the blank provided:

1.) Is your principal place of business in the State of Texas?

yes _____ no _____

2.) If the answer to question 1 is "yes", no further information is necessary; if "no", please indicate:

a.) in which state your principal place of business is located:

b.) if that state favors resident bidders (bidders in your state) by some dollar increment or percentage:

yes _____ no _____

c.) if "yes", what is that dollar increment or percentage?

% _____

BID SHEET(S)

ONE (1) - PRODUCT NAME

Below are minimum specifications for the vehicles. Please check "yes" or "no" if you can meet or exceed these specifications. If "no", state exception in the space provided.

CAN MEET OR EXCEED
THESE SPECIFICATIONS

MAKE AND MODEL: Must be new and unused.

SECTION A:

PRODUCT SPECIFICATIONS LISTED BELOW

3. GRAYSON COUNTY'S PRICE PER EACH COMPLETE UNIT

Section A. Price:\$ _____

4. DELIVERY TIME ARO: _____ days

5. HAS REQUESTED LITERATURE BEEN INCLUDED WITH THIS BID
RESPONSE: YES _____ NO _____

6. WOULD BIDDER BE WILLING TO ALLOW OTHER GOVERNMENTAL ENTITIES TO OR
COMMISSIONER'S PIGGYBACK OFF THIS CONTRACT, IF AWARDED, UNDER THE SAME
TERMS AND CONDITIONS:
YES _____ NO _____

BIDDER DOES () DOES NOT () MEET ALL SPECIFICATIONS

EXCEPTIONS: _____

ADDITIONS: _____

FIRM/BIDDER: _____

BY: _____
Signature Title

ADDRESS: _____

PHONE: _____

LIST THREE (3) COMPANIES OR GOVERNMENTAL AGENCIES WHERE THESE COMMODITIES HAVE BEEN PROVIDED:

1. COMPANY NAME: _____

ADDRESS: _____ TELEPHONE NO.: _____

CONTACT PERSON: _____ TITLE: _____

2. COMPANY NAME: _____

ADDRESS: _____ TELEPHONE NO.: _____

CONTACT PERSON: _____ TITLE: _____

3. COMPANY NAME: _____

ADDRESS: _____ TELEPHONE NO.: _____

CONTACT PERSON: _____ TITLE: _____

RETURN PAGES 7 THROUGH 11 OF BID PACKAGE AND ALL DOCUMENTATION REQUIRED BY THIS INVITATION FOR BID

NEGOTIATED OR NON-BID PURCHASES

Bidding limits are established to ensure that sizable purchases are subjected to fair competition among available, responsible vendors. But even though certain purchases are exempt for some reason from the bidding requirements, they should have adequate controls and be subject to all practical competition.

There are several categories of purchases that are exempted from bids:

1. PURCHASES UNDER THE BID LIMIT. Purchases with a cost that is less than \$50,000 are exempt from competitive procurement requirements.
 - a) Normal Non-bid Purchases. These purchases may be made by obtaining price quotations by telephone or in writing. After the vendor is selected, the procedures are identical to those used for purchasing items competitively bid. Procedures should be in place to ensure that the user is not splitting orders to escape the bidding requirements.
 - b) Blanket Purchase Orders. Small purchases which are required "on the spot" may be made through a blanket purchase order. This is like a charge account with controls to prevent abuse.
2. Emergency Purchases. Purchases which are required immediately for purposes that couldn't reasonably have been foreseen are generally exempt from bids. They are subject to certification that an emergency exists by the Commissioners Court.
3. Sole Source Purchases. Purchases available from only one supplier are also exempt from bidding requirements. They are subject to certification by the Purchasing Agent and the Commissioners Court.
4. Other Exempt Purchases. The statutes authorize some other categories of exempt purchases. Professional or personal services, purchases from other governments, some auctions and going out of business sales, and various other purchases are exempt under provisions of the Local Government Code and Vernon's Statutes.

Purchases Below Bid Limits. For expenditures of less than \$50,000, competitive sealed procurement is not required. If the expenditure for a purchase of goods or services is less than the required dollar level, the county can proceed in one of three ways:

1. If the amount of the purchase approaches the required dollar level for bidding, the government can still ask for sealed bids, as in Procedure 130-10-0.
2. If competitive sealed bids are not used, price quotations should be solicited from an adequate number of vendors to ensure competition, as in Procedure 140-10-2. The quotations may be in writing, or by telephone for less expensive items.
3. If the price is small enough so that it's not worth obtaining several price quotations, the purchase may be made on a non-competitive basis from a vendor who is most convenient, without contacting other vendors.

PROCEDURE FOR MAKING NORMAL NON-BID PURCHASES. For any purchase that is less than the level requiring competitive bids, the following procedures should be used:

A. Obtaining Price Quotations. Price quotations should be obtained from a sufficient number of vendors to ensure competition. The required number is three (3) price quotations, or more based on the Purchasing Agents professional judgment.

1. Purchases costing between \$5,000 and the bid limit. On receiving a requisition for a purchase below bid limits, but costing \$5,000 or over, purchasing consults its vendor file for reliable vendors providing the desired good or service and;

a) Written requests for price quotations are sent to at least five vendors. The list of vendors should be rotated so that, over time, all vendors are contacted an approximately equal number of times.

b) The request for price quotations should be on a standard form. It should contain at least the following information:

- 1) Name and address of vendor,
- 2) Description of item,
- 3) Quantity required,
- 4) Last date quotations are accepted,
- 5) Approximate date delivery is required,
- 6) Terms and conditions of purchase.

c) The standard form should request certain specific information, such as:

- 1) Total and/or unit price, as specified,
- 2) The date through which the price is effective
- 3) Delivery schedule (A.R.O.)

2. Purchases costing less than \$5000. On receiving a requisition for a purchase for less than \$5,000, purchasing consults its vendor file for reliable vendors providing the desired goods and/or services.

a) Written or telephone requests for price quotations are made to at least three vendors. The list of vendors should be rotated so that all vendors are contacted an approximately equal number of times.

Whether a written or telephone request for bid is made and a written or telephone quote is given, the same information is requested as in purchases over \$5,000. In cases of telephone quotations, the specific information should be obtained, **and recorded in writing** on the "Bid Tabulation" form.

B. Selecting the Vendor. After price quotations are taken, a vendor is selected. The selection is based on several factors, including:

- Price - All other factors being equal, the lowest price should always be taken.
- Quality of good/service - If more than one vendor can deliver at an acceptable price, the relative quality of each should be considered.
- Reliability of the vendor - Based on past performance as documented in the vendor file.
- Ability to service the item.
- Other relevant factors.

Jan. 1991

140-10-3

MAKING THE PURCHASE After price quotations are obtained, the purchasing office selects a vendor and makes the purchase.

A. After price quotations are obtained, all purchases below the bid limit are processed the same way.

1. Price quotations are tabulated on a summary sheet. The sheet should contain for each vendor:
 - a) Vendor name;
 - b) Quoted price;
 - c) Information relating to the vendor's reliability and past performance, and
 - d) the purchasing department's evaluation of the quality of the product, if known.
2. The lowest and best offer should be selected, based on price, reliability of the vendor and quality of the product.

B. The purchase order is processed according to Procedure 110-50-0.

Dec. 2006

140-10-4

DEPARTMENTAL PURCHASES

User departments may bypass the normal purchasing procedure and order directly from the vendor with a Departmental Purchase Order. Departmental purchase orders are limited to:

County Commissioner's Precincts.-	\$ 1,000. per purchase
Purchasing, and Maintenance.	- \$ 750. per purchase
Other departments	- \$ 250. per purchase

This procedure must not be used to avoid competitive bidding requirements. It is useful for small purchases needed from time to time, and should reduce response time in the procurements.

Since departmental purchase orders bypass many safeguards imposed on other purchases, they must be closely monitored to avoid abuses, The following procedures are to be used.

1. The Requisition / Purchase Register must receive departmental authorization. The department head or designated representative should sign each departmental requisition / purchase order register in the authorization block.
2. The department is responsible for ensuring that there is a budget authorization and a sufficient budget balance to cover the purchase.
 - a) If there is no budget authorization or sufficient balance remaining in the line item, the department must receive an approved budget amendment prior to issuing the departmental purchase order
 - b) If the budget amendment is not approved and the purchase has been made, the cost of the purchase is the responsibility of the person who ordered/approved it.
3. The departmental purchase order is issued using the Departmental Requisition / Purchase Register form as the purchase order form.
4. The department maintains a monthly purchase order log listing all purchase orders used during the month and the purpose. The log is transmitted to the purchasing department by the 2 ND. working day of the following month. The

transmittal should include the receiving report with packing lists and any other supporting documents. (See Exhibit 3 / 140-EXH-3)

5. The Purchasing Department reviews the register and documents for proper authorization and budget balance. The log is also reviewed to determine whether repetitive purchases to the same vendor for the same item are occurring. If such purchases are occurring, they will be investigated to see whether competitive bidding rules are being illegally bypassed.
6. Invoices for departmental purchase orders are processed through normal channels to the Auditing Department.

Jan. 1991

140-10-5

BLANKET PURCHASE ORDERS.

Blanket purchasing agreements (BPA's) are agreements with vendors to allow small purchases by individual departments without going through the normal purchasing procedure. For example, establishing a BPA with an automobile parts supplier for the county's automotive service department.

BPA's are similar to a store account. They have a dollar limit of \$500. per month. Individual purchases are also limited to an amount of \$100. per purchase. Purchases may not be split to circumvent this requirement.

When a department requests that a BPA be established, it is handled much like any purchase. The requisition is processed through normal channels, and requires the proper approvals. Then when the BPA is issued, the applicable account should be encumbered for the full amount of the BPA limit. After a BPA has been established, no requisitions or purchase orders are required to make a purchase. On approval of the department head, the needed part is simply purchased from the vendor. Invoices are processed to Auditing, packing lists and supporting documents are processed to Purchasing in the same way as "Departmental Purchase Orders". (See procedure 140-10-4.)

Procedure for making a blanket purchasing agreement:

1. The using department submits a routine requisition in accordance with Procedure 110-20-0. Full justification is

required. Be sure to include suggested vendors with which to place the BPA.

2. The requisition is routed for authorization and encumbrance of funds according to Procedure 110-30-0.
3. When the approved requisition is received in purchasing, several vendors are contacted (usually including the suggested vendors). The vendor giving the best discount on purchases should normally be selected, but convenience may be considered.
4. The blanket purchase agreement is entered into with the selected vendor for a period not to exceed one year, but ending with the county's fiscal year end. A sample agreement is shown as 140-EXH-1. It will contain:
 - a) monthly and single purchase dollar limits;
 - b) persons authorized to order under the BPA;
 - c) category of items (not a complete listing);
 - d) terms of the sale, including discounts; and
 - e) required information to be entered on each sales ticket, such as:
 - 1) vendor name and address
 - 2) BPA number
 - 3) department / location
 - 4) description of items(s) purchased
 - 5) unit price/total
 - 6) call number
 - 7) person calling order/making purchase
 - 8) name, title and signature of person receiving delivery
 - 9) date
5. The person taking delivery shall obtain a sales ticket. This sales ticket will be the monthly log form.
6. All purchases will be entered on a monthly purchase log (see 140-EXH-2.)
7. The department maintains a monthly BPA log listing all purchases during the month. The log is transmitted to the purchasing office by the 2 nd. working day of the following month. Copies of all sales tickets issued during the month are attached.
8. A consolidated monthly invoice shall be issued for all purchases during the month and sent to the Auditing Department for payment.

9. Payment will be made in accordance with normal procedures for those purchases within the monthly and single purchase limits that were ordered by authorized persons only.

Jan. 1991

140-20-0

SOLE SOURCE PURCHASES.

There are many reasons why a purchase might be possible or practical from only one vendor:

1. There is no competitive product. The good/service is a one-of-a-kind or patented product, a copyrighted publication available from only one source, or a unique item such as an art work, etc.
2. The product is only available from a regulated or natural monopoly. For example, utilities, gravel from the only pit in the area or some similar situation.
3. The product is a component of an existing system which is only available from one supplier. The replacement of a component or a repair part may only be available from the original supplier.
4. The purchase price is very small. Some prices are simply too small (usually under \$ 500.) to justify the time and effort to get competitive quotes. The buyer probably has a good knowledge of similar purchases and prevailing prices, making it possible to waive the normal process for strictly practical reasons.

Another reason for sole source purchases may be the result of statutes or ordinances that require or allow certain types of purchases to be made from a particular source.

1. The item is produced by non-profit corporations using handicapped workers. Products made by blind or otherwise handicapped workers are often used by state or local governments.
2. The item is produced by prison workers. The state benefits from the sale of these items.

There are a number of good reasons why the County may occasionally use sole source purchases. And it is proper to have the flexibility to make these purchases. But sole source purchases must be strictly controlled, since they are directly contrary to the competitive process.

Under most conditions, a sole source purchase should be the subject of a certain amount of negotiation. The lack of other competition may otherwise result in a severe case of "sellers market". The purchaser should prepare a detailed list of requirements relating to delivery, quality, performance and other conditions, and be prepared to withhold the purchase in order to ensure compliance. Of course, this may not be possible, but the buyer should do everything in his power to strengthen his bargaining position.

Jan. 1991

140-20-1

PROCEDURE FOR SOLE SOURCE PURCHASES. Sole source purchases are handled the same as other purchases, with these exceptions:

1. If the requisitioning party determines that the item is a sole source purchase, they must attach a statement to the requisition that they have contacted a sufficient number of vendors to determine that only one practical source of supply exists, or state the reasons why only one source of supply exists.
2. The requisition is then completed in accordance with Procedure 110-20-0.
3. The Purchasing Department must also determine/verify that the item is a sole source purchase, and include a similar statement in the purchase file.
4. The Commissioners Court must receive a signed statement from the purchasing official that the purchase can be obtained from only one source, and then must enter a statement to that effect in the minutes of the commissioners court meeting.
5. After the requisition is approved, the purchase order is prepared. (See Procedure 110-50-0.

Jan. 1991

140-30-0

EMERGENCY PURCHASES:

Texas statutes generally allow the county to make emergency or exempted purchases without competitive bidding.

The county is generally exempted from competitive bidding if:

1. in case of a public calamity, the prompt purchase of items is required to provide for the needs of the public or to preserve the property of the county;
2. the item is necessary to preserve or protect the public health or safety of residents of the county; or
3. the item is made necessary by unforeseen damage to public property.

Since these exemptions are stated in broad terms, the purchase of goods/services under this procedure must be approved and entered in the minutes of the commissioners court. (see Procedure 140-30-1)

Jan. 1991

140-30-1

Procedure for Making Emergency Purchases. Following are guidelines for dealing systematically with emergency purchases.

1. QUALIFICATION: The purchase must qualify as an emergency purchase under the definition in Procedure 140-30-0, and/or as defined in the Local Government Code Chapters 252, 262 or 271.
2. DESIGNATION: The designation of emergency purchase indicates a situation of such urgency that the normal purchasing procedure must be modified in the interest of speed, and therefor no competitive bids are required.
3. NORMAL WORKING HOURS: All emergency purchases occurring during normal working hours are processed through the purchasing department as follows:
 - A) The using department will notify the purchasing office by telephone immediately, with as much information as possible about the emergency purchase required, so that the purchasing action can be initiated immediately.
 - B) Simultaneously, a purchasing requisition is prepared and hand-carried through the normal channels as set out in Procedure 110-20-0 and 110-30-0.

- C) The purchasing department or using department head contacts as many vendors as necessary to arrange the emergency purchase. If time permits, the purchase order is completed according to Procedure 110-50-0. Otherwise, the purchase is completed by telephone, and the purchase order is completed after the fact and delivered to the vendor.
 - D) The buyer requests expedited delivery. The person making the requisition may be required to pick-up the emergency purchase from the vendor if expedited delivery is not available.
4. EVENINGS, WEEKENDS AND HOLIDAYS: For other than normal working hours, when purchasing support is unavailable, process emergency purchases as follows:
- A) The responsible official of the using department takes whatever steps are necessary to procure needed supplies, services or equipment to relieve the emergency situation. If possible, only those goods or services needed during the evening, weekend or holiday are procured.
 - B) On the first working day following the emergency, the responsible official prepares a requisition and hand-carries it to the purchasing office, as described above. Attach the invoices, bills of materials, receipts or other documents related to the purchase to the requisition.
5. The official in charge of the using department must certify in writing on the next business day, or as soon thereafter as possible, that the purchase involved was necessary because of one of the reasons listed in 140-30-0.
6. If a competitive bid would normally have been required to accomplish the purchase, the commissioners court must accept the certification of the official and enter it in the minutes of the next commissioners court meeting.

Note: The official in charge of the using department is responsible to obtain any budget amendments that may be required for purchases made under this procedure.

Jan. 1991

140-40-0

Equipment Maintenance

Maintenance service on County owned equipment is arranged through the Purchasing Department. The department requiring

maintenance should process a requisition to Purchasing, which will initiate one of the procedures described below:

1. If the equipment requiring maintenance is under warranty or an existing maintenance contract, Purchasing will contact the appropriate vendor and arrange for the service.

If servicing is required "off premises" (in the vendors shop), then preparation of a Shipping Notice must be done by the department (See 150-10-2).

When the equipment is returned or repairs are completed, the department should document the receipt as described in section 150-10-0.

2. Service of other equipment: Upon receipt of the requisition, purchasing will contact vendor (s) and obtain estimates of the cost of repair. If the estimated cost of repair exceeds replacement cost or value of the equipment, Purchasing will advise the department and declare the equipment surplus. If the cost of repair is justified, purchasing will issue the purchase order authorizing the repair.

When the repair is completed and/or the equipment is returned to the department, receipt is documented as described in section 150-10-0.

BLANKET PURCHASE AGREEMENT (EXAMPLE)

1. This Blanket Purchase Agreement (BPA) covers delivery of the categories of items shown below, and no other, during the period beginning _____ and ending _____. The total amount of all purchases made against this BPA shall not exceed five hundred (\$500.) per month, and no individual purchase shall exceed one hundred (\$100.), including all items. Only those items authorized to be purchased by this BPA may be ordered and orders may be placed only by personnel authorized herein. Grayson County shall not be responsible for payment of any invoices except for those orders placed pursuant to this agreement.

A. Category of items: _____

2. Orders may be placed by telephone, in person, or in writing by the following personnel:

<u>Name</u>	<u>Title</u>	<u>Tele. No.</u>
-------------	--------------	------------------

3. All items shall be charged at the established list prices as posted on the shelves or on merchandise, less a discount of _____ % . The person authorized to place orders shall assign a separate, sequential number for each purchase made, and shall communicate the number to the person taking the order. This order number, together with the Purchase Order Number assigned to this Blanket Purchase Order shall be shown on each sales ticket for orders placed. Sales tickets must contain the following information:

- vendor Name and Address
- BPA Number
- sequential number assigned
- department/location
- brief item description
- quantity (for each item)
- unit price (for each item)
- extended price (for each item)
- total price (all items)
- printed name, title, date and signature of person receiving delivery

4. Upon delivery or pick-up of each order, a copy of the sales ticket shall be supplied to the individual taking the delivery. the sales ticket shall be returned to the ordering department and retained for the monthly report.

5. A consolidated monthly invoice shall be issued for all orders made during that month. No advance payment may be made for back-ordered items. The invoice shall include orders completed during the month and the sales ticket numbers for orders completed. If more than one BPA has been made with a vendor, a separate invoice shall be sent for each BPA. Invoices shall be forwarded to:

Grayson County Auditor
P. O. Box 876
Sherman, Texas 75091

6. Payments will not be made by Grayson County for orders placed by unauthorized persons.
7. Payment shall be made by Grayson County upon verification of all deliveries and accuracy of sales tickets and invoices.

RECEIVING - SHIPPING

Receiving

Purchased goods/services are delivered to the various locations throughout the County. The proper documentation of receipt is critical to closing out the purchase order, and to cause for payment to be issued to the vendor.

The requisitioning department usually receives the good/service ordered, and is responsible to transmit the receiving documentation to the Purchasing Department.

Procedure

1. Upon receiving the Good/service, the department should check all quantities, conditions, etc., to make sure it matches the purchase order and all specifications thereof.
 - A) Circle the quantities on the packing list that are being received in good condition (or make notations).
 - B) Date of receipt is to be recorded on the packing list
 - C) as well as the P.O. number and requisition number.
 - D) The department head or authorized representative signs the packing list acknowledging receipt.
 - E) All supporting documents including freight bill, bill of lading, or delivery tickets are stapled to the packing list and transmitted to Purchasing within 24 hours of receipt.
 - F) If a shipment is received without a packing list, a "Dummy Packing List" is completed and transmitted to purchasing as above. (See Exhibit 1, 150-EXH-1)

Over-Short or Damaged Goods

When material is received and does not correspond in quantity ordered to shipped, or has visible or hidden damage, a full report must be given to purchasing in order to initiate a Report of Unsatisfactory, Over, Short, or Damaged material. Any damaged or unacceptable materials must be segregated and

controlled until disposition has been accomplished. The Purchasing Department will then:

- a) Notify the vendor or carrier of the shortage and/or damage by telephone, and confirm it in writing.
- b) Begin the process of filing a claim with the carrier or make the proper adjustments to the vendor invoice.

Jan. 1991

150-10-2

Shipping Notices:

All material, equipment, tools, supplies, or other property of the county shipped from the county properties, shall be recorded on a Shipping Notice (see Exhibit 2, 150-EXH-2). The reason for shipment must include an indication of the anticipated final disposition of the property involved. Typical phrases are:

- 1) Incorrect material supplied, return for credit/replace
- 2) Damaged in transit, claim filed
- 3) Overage, return for credit
- 4) Rented equipment, return to supplier - off rent

Under all circumstances, property received by the county as a result of a transaction initiated by a Shipping Notice, will be recorded and received in the same way as any other receipt (see 150-10-0).

The department will fill out all pertinent information on the Shipping Notice and call purchasing for the applicable shipping notice number. The department will retain one copy for its file and return all other copies along with any other documentation to the purchasing department for distribution.

The purchasing department will take the necessary action to track the property shipped until final disposition is made.

COOPERATIVE PURCHASING

General:

Cooperative purchasing is one of the ways that local governments can save time and money in their purchasing programs. It occurs when two or more entities (state, federal or local governments) coordinate some or all of their purchasing needs so that they can join in purchases to the mutual benefit of all the entities concerned. There are any number of levels of cooperative purchasing, from very occasional minor cooperation in a purchase, to a level where all purchases are done through the cooperation of two or more governments. There are also several types of cooperative purchases, ranging from one government "riding" on the contract of another government to splitting the purchasing duties equally.

Authority: In Texas, cooperative purchasing is addressed in two main statutes:

VTCS Article 4413(32c) - Interlocal Cooperation Act allows local governments to contract with and between each other, to provide governmental functions and services, and to join together in contracting with others to provide goods and services.

Local Government Code Chapter 271, Subchapter D, 271.081 - 271.083 - State Cooperation in Local Purchasing Programs. Allows a local government to purchase goods on the state's purchasing contracts, and allows the state to solicit bids on the local government's behalf, when considered feasible by the State Purchasing and General Services Commission. The Commission is also required to provide information and technical assistance to local governments about the purchasing program.

Types of Cooperative Purchases:

There are several ways cooperative purchasing can be done. One way is for one government to perform all the tasks necessary to make a purchase, and for the other government to purchase on the first government's contracts. Another way is for the

governments involved to share in the responsibilities of purchasing. A third way is to have a third party do the actual purchasing for the cooperating governments. Following is a discussion of the normal types of cooperative purchasing.

- * Piggy-backing. One government purchases for themselves and for others. Both governments should protect themselves by establishing an agreement in writing, even when the arrangement is very informal. The agreement should specify the duties and responsibilities of each party.

- * Joint purchases. Two or more governments join to purchase one or more goods/services jointly. This may involve each government handling part of the administrative chores, or agreeing to have one of the governments handling the transactions under the guidance of the others. If the arrangement is a long-term one, the roles could be rotated periodically, so that purchasing duties are shared more equally. All parties to a purchase must agree to the product specification, so that a mutually satisfactory good or service is ordered.

- * Buying from state contracts. Under the provisions of Local Government Code Sections 271.081 - 271.083, the State Purchasing and General Services Commission has established a cooperative purchasing program. This is a form of piggy-backing. Under this program, a local government may participate in all state contracts that have been automated after it complies with certain legal requirements.

Purchasing through a third party. Several local governments agree to allow an independent agency to do all or part of the purchasing for them. This may be done by an agency formed especially for the purpose, or through an established council of governments. This type of agreement should be implemented by a contract which details the duties and responsibilities for both the agency and the local governments involved. It may include a continuing arrangement or be for a single purchase.

July 2009

210-20-0

Legal Constraints: Although the Interlocal Cooperation Act encourages extensive cooperation between local governments, other statutes place certain constraints on cooperative arrangements.

1. Local Government Code chapter 262 specifies Purchasing and Contracting Authority of Counties

2. The most strict statute applies. If a city and a county cooperate in a purchase for \$50,000., this purchase must be competitively bid: The strictest statute applies to all the parties to the agreement, even if it doesn't apply when the party makes the same purchase on its own.
3. Cities, Municipalities, and Schools all have different statutes that apply. See;

LGC Chapter 252 - Municipalities
 LGC Chapter 271 - Municipalities, Counties,
 Others
 VTCS Article 4413(32c)-Interlocal Cooperation

Act.

Jan. 1991

220-20-0

Developing Specifications. One of the most important aspects of any purchase is the development of the specification, and this is especially true of cooperative purchasing. The specifications must satisfy the needs of all parties to the purchase. But, at the same time, it isn't always necessary to write entirely new specifications for the cooperative purchase. Following are some procedures to make it easier, while still developing acceptable specifications.

- A. **Check within the group.** Before starting to write new specifications, see what kind of specifications the cooperating governments have. You may find a good specification, or one which will work with only minor rewriting.
 1. Don't "reinvent the wheel". An older specification can usually be reworded, or at least some good material can be retrieved from it.
 2. Meet to develop requirements for the group. Since all parties will have to be satisfied by one specification, all the details must be thrashed out **before** the purchase order goes in--prior meetings are a must.

- B. Work to the group's requirements. Specifications must conform to the group's requirements, and each party must approve of the specifications. This can lead to endless discussions, and sometimes failure of an otherwise worthwhile cooperative venture. Developing specifications is the most critical step in successful cooperative purchasing.
1. Rule of the day - each party must be willing to compromise reasonably. If you don't absolutely have to have a particular feature, be willing to negotiate. At the same time, know in advance those features you must have and those areas where you can't afford to compromise. Be as flexible as possible while protecting your critical needs.
 2. Use as many standard specifications as possible. These will tend to satisfy more of the parties.
 3. Iron out difficulties before the transaction. Don't wait until the last minute to insist on having your way on some feature. This will lead to possible failure of the whole project, at great cost to all.
 4. Make sure your needs are addressed adequately. You must do your homework so that you will know what you can and cannot negotiate on. Most items are negotiable to some degree.

Jan. 1991

230-00-0

COOPERATIVE PURCHASING WITH THE STATE

The Local Government Code (271.081 - 271.083) provides for purchasing by local governments through state contracts. This frequently saves time and effort in local purchasing. Also, all statutory bidding requirements are satisfied when purchases are made through state contracts, and the vendors are frequently the same ones with whom the local governments are already dealing.

There are some drawbacks, as you might expect. You will have to do some planning, since you are committing to make all purchases of whatever items you select through the state, and not from any other source.

All in all, the advantages should outweigh the disadvantages. Following are some points to consider when making the decision:

1. **Price.** How do the state prices compare with what you now pay? They are usually lower, but not always.
2. **Quality.** Try to determine how the state products compare on quality (they are usually acceptable, sometimes better than your current supplier).
3. **Delivery requirements.** Do the delivery terms in the state contract satisfy your needs? It should be as good as you are able to contract for on your own.
4. **Vendor dependability.** See if you can determine who will be the vendor in your area, so you can find out about their dependability.
5. **Convenience.** This should not be the leading criteria for deciding, but it should be a consideration.

If you decide to purchase through state contracts, use Procedure 230-10-0 for initiating the process and ordering from state contracts.

Jan. 1991

230-10-0

PROCEDURE FOR BUYING ON STATE CONTRACTS

1. Contact:
State Purchasing and General Services
Commission - Cooperative
Purchasing Program
P. O. Box 13047
Austin, Texas 78711-3047
2. Request a listing of state contracts available, and instructions for using the program.
3. When the listing is received, determine the contracts the government wants to participate in.
4. Commissioner's Court to pass the resolution to participate in the state cooperative purchasing program. The resolution must state that the government will:
 - * designate an official to act in all matters relating to the program, and that the governing body will direct the decisions of the designated official;

- * list the contract classes in which the county will participate;
- * be responsible for paying the vendor directly; and
- * be responsible for the vendor's compliance with all conditions of delivery and quality.

Jan. 1991

230-20-0

PROCEDURES FOR ORDERING FROM STATE CONTRACTS

When the State Purchasing and General Services Commission receives your local government's resolution, they return a copy of each contract selected in your resolution and a supply of order forms, together with instructions for ordering from the contract.

Step 1. Send **one copy only** of the form to:

State Purchasing and General Services Commission
P. O. Box 13047
Austin, Texas 78711-3047

Step 2. Order as many items as needed, from any commodity or contract, in any sequence.

Step 3. Enter the **Request number**. The request number, which will appear on each purchase order from that purchase request form, consists of:

- a. The County Identification number, assigned by State Purchasing and General Services when the County begins participating in the program. It is made up of a letter (C=County) and a number (assigned in the order that resolutions are received).
- b. The fiscal year designator (0 is for the state fiscal year 1990 - September 1, 1990 - August 31, 1991).
- c. The order number, which is a five digit number. The first two numbers are assigned to you, and the last three numbers are the purchase order sequence number for the fiscal year, beginning with 001 for the first purchase of the year.

- Step 4. **Invoice Code** - Assigned by the State Purchasing and General services Commission. It is keyed to your address, below.
- Step 5. **Name and Address** - County address, including Name, Street Address or Post Office Box Number, City and State and Zip Code.
- Step 6. **Destination Code** - This is used for shipping addresses different than the address above, and when you have multiple shipping locations. It will be assigned on request. If different than listed destination codes, enter 'none'.
- Step 7. **Ship to** - If destination code is none, enter the address to which delivery is to be made.
- Step 8. **Name and phone number of person to be contacted regarding this request** - List the name and telephone number of the person named in the resolution as being the designated contact person for the purchasing contracts.

- Step 9. **Quantity** - Enter the number of units desired. The units must be those units specified in the contract. For example, if units are specified to be **Dozen**, you can't order 6 **Each**.
- Step 10. **Unit** - Enter the unit of measure exactly as shown in the contract. As stated above, you must use the same unit of measure as specified in the contract.
- Step 11. **Commodity Code** - Enter the eleven digit number as it appears in the contract catalogue.
- Step 12. **Description and Specifications** - Normally, this bill not be required. The listing of the commodity code identifies the item fully. If there are special requirements or additional specifications for the item, enter them here, and **underline them in red**.
- Step 13. **Signature, Title, and Date** - Must be signed by the person named in the resolution. The date must be the current date.

Jan. 1991

230-30-0

PROCEDURES FOR RECEIVING ORDERS, AND HANDLING REJECTED ORDERS

State Purchasing and General Services Commission will prepare a separate purchase order for each vendor on your purchase request. Your **request number** will appear on each purchase order, along with the **purchase order number**.

Receiving the order: When the purchase order is received by the vendor, the County assumes the liability to ensure compliance with the terms of the contract. It must ensure that:

1. **payment is made by the county directly to the vendor.** The State Purchasing and General Services Commission only places the order.
2. **delivery and quality of the order is according to the contract.** The County must do its own inspection of the contents of a delivery, and the timeliness of the delivery.

If the order is rejected: There are several standard reasons why State Purchasing and General services may reject a purchase request, or an item on a purchase request. The most common are:

1. invalid commodity code;
2. invalid unit of measure;
3. no contract for this commodity awarded this contract;
or
4. quantity requested is less than the minimum order allowed.

If a purchase request is rejected, it may be corrected and entered on a subsequent purchase request, unless it was rejected because a contract was not awarded for this commodity.