

CITY OF HOUSTON
PROCUREMENT MANUAL



Budget and Fiscal Affairs Committee

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Task Force

- In the Spring of 2012, the Mayor appointed a task force to study procurement issues.
- The task force was chaired by Vice Mayor Pro Tem Bradford.
- Members of the task force included the city Attorney and directors of the departments with major purchasing units: ARA, GSD, HAS, HPD, and PWE. MOBO also participated.
- This presentation is informational only, as the manual is an administrative document. No council approval will be sought, but input is certainly appreciated.

Life Lessons

- The task force began by reviewing complex procurements from the past two years that had been problematic.
- At the conclusion of the discussions, the decision was made to pursue consistency across departments by drafting a city-wide procurement manual.
- A working group composed of representatives from the City Attorney's Office and the various purchasing units collected and reviewed written procedures and practices in the city and examined "best practices" and procurement regulations used in a variety of other governmental entities.

- City of Houston Contracting
 - Overview of purchasing authority and purchasing laws, including:
 - Contracting ethics
 - Conflicts of interest
 - Conflicts disclosure statements
 - City ordinance requirements for employees engaged in contracting

Service and Supply Contracts

This chapter provides general guidance from start to finish of the procurement process.

It begins with identifying need, then gives guidance on choosing a procurement method, and walks the reader through the evaluation process (if any) and award.

A new concept is introduced here: a “no contact period.”

No Contact Period

- The idea for the “no contact period” arose out of case studies the task force reviewed (based on the city’s own experience).
- We also reviewed the experience and policies of other entities.
- When vendors contact city employees and representatives (including Council Members) during the pendency of a procurement, the objectivity of the process can be compromised.
- This manual requires a vendor to refrain from contacting all city representatives, except the designated contact person managing the procurement.
 - From the date the solicitation is published;
 - To the date the council agenda is published.

Purchases under \$50,000

- Purchases under \$50,000 are not required to be procured using a competitive method.
- When bids are not sought, three price quotes should be obtained to ensure the price is fair.
- For purchases between \$3,000 and \$50,000, written requests must be sent to at least three MWBEs, if available.
- Use of PCards, as further explained in Executive Order 1-42, is detailed.

Formal Sealed Bids

- Competitive bids are the simplest and most commonly used procurement method for city purchases over \$50,000.
- This chapter discusses:
 - Preparation of the Invitation to Bid
 - Letters of clarification (after the bid is published)
 - Submission of bids
 - Modification and withdrawal of bids
 - Rejection of bids
 - Best value

Requests for Proposals

- RFPs are a helpful procurement method when the city is purchasing complex items or services and when it may value factors other than cost.
- One of the major findings of the task force was that problems with procurements most frequently arise during the RFP process.
- This chapter is expected to achieve greater consistency across departments.

Special Cases

- Certain procurements fall out of the normal process, including:
 - Emergency purchases
 - Items available from a sole source
 - Interlocal agreements
 - Cooperative purchasing agreements

Construction Contracts

- In recent years, a number of different construction delivery methods have been made available to municipalities.
- This chapter details these options, as well as job order contracting, and provides standard contract language that should be included in construction contracts to best protect the city.

Bid Protests

- To date, the city has only one process to protest the *opening* of a bid, but nothing relating to an award of a bid.
- This manual sets forth a bid protest process for bid opening and pre- and post-award protests.
- Protests must state the legal and factual grounds of the protest, *including specific citations of the solicitation, law, ordinance, policy or procedure allegedly violated or failed to be followed by the City*, along with copies of relevant documents, photos, etc.

Bid Protests

- A panel of directors will be assembled to review the protest, along with a representative from the Controller's office. The City Attorney or designee will select the panel members but will not be a voting member of the panel.
- The panel will hear oral arguments from the protestor and the department conducting the procurement.
- The panel will issue a written decision to the protestor and the procuring department.
- In the case of pre-award protests, if the panel determines that the matter should proceed to council, the panel's written decision will be submitted to council, along with related information, to inform its decision.
- This chapter is important; it fills a gap in city procedures and helps the city comply with grant procedures.

Non-price requirements

- The City of Houston imposes a number of requirements on contractors/vendors (either locally or by other law) that do not involve price, including:
 - Requiring contractors on public works projects to pay the prevailing wage (state law)
 - Pay or Play (Houston's own policy)
 - Equal Employment Opportunity (Houston ordinance)
 - MWBE program compliance (Houston ordinance)
 - Hire Houston First
 - Fair Campaign Compliance

Contract Administration

- Once the contract is awarded, the real work begins.
- This chapter sets forth a recommended contract administration plan, which should be prepared for most contracts over \$50,000.
- Administrators should be continually monitoring contractor performance, payments, and delays.

Appendices

- Each purchasing department with department-specific procedures have attached appendices to the manual to explain procedures that they follow in given situations.
- These appendices, as will the manual, will evolve over time as procedures are updated.
- The entire manual will be available on-line and will be searchable.