

Purchasing Process Overview

Park and Recreation Board

April 19, 2018

**Michael Frosch, Director
Office of Procurement
Services**



City of Dallas

Purpose

- Review Procurement Services mission
- Discuss the procurement processes and methods
- Review vendor communication guidelines
- Provide overview of the local preference
- Respond to comments and questions



Procurement

- Procurement Services is committed to delivering timely service to its clients through strategic and competitive purchasing
- Effective public procurement is grounded in the following key values
 - Transparency
 - Accountability
 - Ethics
 - Impartiality
 - Professionalism



Procurement – cont'd

- Centralized procurement model benefits for goods and general services contracts:
 - Aggregation
 - Lowest cost or best value
 - Efficiencies
 - Reduction in solicitations
 - Consistency
 - Provides confidence to the vending community and citizens
 - Expertise
 - Understanding of the rules, regulations and strategic procurement practices



Procurement - Highly Regulated

- The City must comply with all local, state and federal procurement laws
 - State Laws of Texas
 - Dallas City Charter
 - Dallas City Code
 - City Administrative Directives
 - Business Inclusion and Development Plan



Procurement Methods

- Informal Bid (IFS) - procurements not exceeding \$50,000
- Formal Bid (RFB) - procurements exceeding \$50,000
- *Request for Proposal (RFP)
- *Request for Competitive Sealed Proposals (RFCSP)
 - High Technology and Insurance
- Emergency Procurements
- Sole Source Procurements – items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies as defined by Texas Local Government Code 252.022 (7)(a)
- Cooperative Purchasing Agreements

**Evaluation Process & Negotiations*



Informal Bid Process (under \$50,000)

- Contracts not exceeding \$50k govern the following informal solicitation process:
 - Receive request for needs from client department
 - Review and place online utilizing City's procurement website
 - Review responses and recommendation to award
 - Departmental review and concurrence
 - No Council action required (delegated authority to City Manager)



Formal Bid Process (over \$50,000)

- Local Government Code 252 governs formal solicitations
 - Receive request for needs from client department
 - Review and place advertisement in the Dallas Morning News and online utilizing City's procurement website
 - Review responses and recommendation to award
 - Departmental review and concurrence
 - Council action required for any contract over \$70k (City Manager delegated authority - \$70k)
- Chambers and advocacy groups are notified of upcoming procurement to encourage participation from their members



Formal Bid Process (over \$50,000)

cont'd

- Pre-bid conference is held to answer questions and allow vendors to gain additional information
- All questions and answers are posted online for all vendors to review
- Lowest bidder(s) meeting specifications must be recommended
- Purchase order or contract is prepared for services
- Council approval if required (\$70k or greater)



Construction Services

- Construction and Architectural/Engineering (A/E) services contracts are managed by the City's construction departments (DWU, PBW, PKR, EBS, SAN, TWM)
- Construction departments collaborate efforts with Procurement Services to advertise, post solicitations online and receive bid submittals
- Bids or proposals are reviewed and the low bid or most advantageous proposer is recommended to Council for consideration by the lead contracting department



Request for Proposal/Competitive Sealed Proposal

- Request for Proposal(RFP)/Competitive Sealed Proposal (RFCSP)
 - RFP/RFCSP's are advertised competitive procurement process to obtain sealed proposals only for acquisition of items and services expressly allowed by State Law
 - The RFP/RFCSP process includes formal evaluation of sealed proposals on the basis of specific written criteria beyond price



Request for Proposal/Competitive Sealed Proposal (cont'd)

- RFP/RFCSP process requires that an evaluation committee be formed to complete the following tasks:
 - Evaluates all submittals against evaluation criteria
 - Conducts discussions with proposers on an unbiased basis
 - Scores all proposals according to evaluation criteria which upon tabulation determines the most advantageous or highest rank proposer
 - OPS negotiates best and final offers as well as contract terms, in conjunction with the City Attorney's Office
 - OPS makes recommendation as to the most advantageous offeror(s) to the City using the summary scores from the evaluators
- The City always retains the right to reject any and all proposals



Emergency Procurements

- Circumstances under which these procurements can be made:
 - A public calamity where it becomes necessary to relieve the necessity of the citizens or to preserve the property of the City
 - Where it is necessary to preserve the public health or safety of the citizens of the City
 - If unforeseen damage to City property, machinery, or equipment occurs where such damage threatens to seriously disrupt the service operation of the City
- Are exempted from formal competitive bidding
- Emergency purchases greater than \$50k must be ratified by City Council prior to processing payments



Co-operative Purchasing

- Co-operative agreements conform to statutes applicable to competitive bidding, Texas Local Government Code, 271.102
- State Law allows governmental agencies to use co-operative purchasing programs to satisfy bidding requirements
 - Available contracts have been bid by another public agency and are available to all governmental agencies at the pre-established pricing
 - Enables the City to leverage market buying power and purchase goods or services at lower prices
- Purchasing is responsible for coordination and administration of all co-operative purchasing agreements



Sole Source Procurements

- Sole Source Procurements – items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies as defined by Texas Local Government Code 252.022 (7)(a)
- Are exempted from competitive bidding
- For all sole source procurements:
 - Purchasing contacts the manufacturer to obtain verification and justification as to why it is sole source
 - Purchase price is negotiated
- Examples of previous sole source procurements:
 - Maintenance on proprietary software or systems previously purchased by the City in a competitive process



Vendor Communication Guidelines

- During competitive procurement processes, vendors are instructed under the bids/proposals terms and conditions to direct all communications to the designated City representative (Buyer) for the specific solicitation
- Vendors that fail to comply with the communications guidelines may be disqualified from the procurement process
- Dallas City Code Section 12 A-15.8 (g) provides:
 - “Lobbying by bidders and proposers on city contracts. A person responding to a request for bids or request for proposals on a city contract shall not (either personally or through a representative, employee, or agent) lobby a city council member from the time the advertisement or public notification of the request for bids or request proposals is made until the time the contract is awarded by the city council. This subsection does not prohibit a bidder or proposer from speaking at the city council meeting where the award of the contract is considered.”



Local Preference

- On June 27, 2012, the City of Dallas passed the following local preference ordinance

Contract Amount	Goods	General Services	Construction Services and Facility Construction
\$0 - \$50,000	No preference	No preference	No preference
\$50,001 - to under \$100,000	5% preference	5% preference	5% preference
\$100,000 – to under \$500,000	5% preference	5% preference	No preference
\$500,000 plus	3% preference	No preference	No preference



Local Preference

- Definitions within ordinance
 - Local Business is a business having a Principal Place of Business within the City of Dallas
 - Principal Place of Business is defined as:
 - Headquarters of the primary executive or administrative office of the business; or
 - an established office, plant, store, warehouse, or other facility where the majority of the business' operations and transactions are conducted and located (does not include a message center, post office box, mail drop or similar non-substantial business service or activity).
- Allows the City to recommend, for Council approval, bids submitted by local businesses



“Benefits” of Local Preference

- Allows staff to recommend within certain parameters, for Council approval, bids submitted by Local Businesses
- Local preference option provides:
 - Opportunity to encourage local companies to do business with the City
 - Increased competition
 - Stronger economy for Dallas residents and businesses
- Potential economic benefits created by the contract award including employment of residents of the City and/or increased tax revenues to the City



Financial Transparency

- City advertises all solicitations and the bid opening date and time in the Dallas Morning News
 - Statutory requirement
- Utilizes live webcasting for all bid/proposal openings
 - Streamed on the City's website and on cable access
- Post all purchasing card transactions and administrative actions on the City's Financial Transparency website



Purchasing Process Overview

Park and Recreation Board

April 19, 2018

Michael Frosch, Director
Office of Procurement
Services



City of Dallas