



City of Laredo  
Purchasing Policy  
Financial Services Department

Administrative Policy 1920-01

Effective December 02, 2025

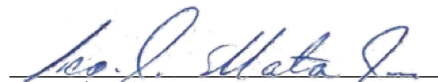
**History.** This purchasing policy supersedes all previous purchasing policies.

**Summary.** The application of this policy will ensure a clear and consistent understanding of the rules governing purchasing, thereby enhancing service delivery and ensuring compliance with Federal, State and Local regulations.

**Applicability.** This Purchasing Policy applies to all city employees, elected official and all others who procures and conduct official City of Laredo business.

**Supplementation.** Supplementation of this policy is prohibited without prior approval from the proponent of this publication which is the City of Laredo Financial Services Department, located at 1110 Houston St, Laredo, TX 78040. The proponent retains the authority to approve exceptions or waivers to this publication.

**Suggested Improvements:** Users are invited to send comments and suggested improvements via email directly to Financial Services Director (Subject: Recommended Changes to City of Laredo Purchasing Policy).

  
Francisco J. Mata  
Director  
Financial Services Department

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**Chapter 1  
General**

**1.1 Introduction**

- a) **Purpose:** The purpose of this purchasing policy is to establish a clear, consistent, and legally compliant framework for the procurement of goods, services, and construction projects within the City of Laredo. It ensures that all purchasing activities are conducted efficiently, ethically, and transparently, in accordance with the Texas Local Government Code and other applicable state and federal laws. The policy promotes fair competition, achieves best value for taxpayers, and upholds accountability and integrity in all municipal procurement processes.

This policy also serves as a guide for municipal employees, vendors, and contractors by outlining procedures, responsibilities, and standards in the procurement process. It provides a foundation for effective governance by ensuring that all purchases are free from conflicts of interest, favoritism, or any practices that could undermine public trust.

- b) **Scope:** This purchasing policy applies to all departments, divisions, and entities under the jurisdiction of the City of Laredo. It governs the procurement of all goods, services, and construction projects, regardless of funding source, including those financed by local, state, or federal funds (unless specific state or federal requirements dictate otherwise). The policy covers the full procurement cycle, from planning and requisition to contract management and payment.

It also addresses special purchasing situations, such as emergency procurements, cooperative purchasing agreements, and competitive bidding exemptions. All City of Laredo employees involved in procurement must adhere to the guidelines and procedures established herein to ensure compliance with applicable laws and regulations.

- c) **Mission:** The mission of the City of Laredo Purchasing Division is to:
- Ensure compliance with local, state, and federal laws governing procurement.
  - Provide all vendors, including Historically Underutilized Businesses (HUBs), equal access to the City's competitive processes.
  - Maintain an ongoing supply of quality goods and services to City offices.
  - Protect taxpayers' interests by avoiding undue influence, favoritism, or political pressures in procurement decisions.

d) **Objectives of Public Procurement:** Public procurement must ensure:

1. **Fair Competition** – Responsible bidders are given equal opportunity to compete for City business through adherence to statutory requirements and this procurement policy.
2. **Safeguarding Public Funds** – Procurement activities aim to obtain the best value for the public dollar.
3. **Integrity** – Public spending must not enrich elected officials or employees or confer personal favors. This is supported by a code of ethics and employee training.
4. **Semi-Centralized Model** – The City of Laredo employs a semi-centralized procurement model, balancing centralized oversight with departmental flexibility (e.g., Engineering managing specific activities). This approach strengthens accountability, streamlines processes, and improves coordination across departments.
5. **Cost Savings** – Aggregating smaller departmental purchases into citywide procurements generates savings through volume discounts and more competitive pricing.
6. **Additional Goals:**
  - Procuring the right goods and services at the right time and place.
  - Obtaining the best possible price without compromising quality.
  - Providing vendors and the business community with a central point of contact for procurement activities.
  - Developing staff expertise in procurement, market trends, and vendor relations to help departments define needs and reduce costs.
  - Establishing professional procurement practices that inspire public confidence.

## 1.2 Duties

a) **Procurement Division Duties:** The Purchasing Division is responsible for:

1. Managing Interlocal and Cooperative Purchasing Agreements.
2. Promoting effective, professional, and consistent procurement for the City of Laredo, while fostering public confidence that tax dollars are spent wisely. Success requires the support and cooperation of all department heads, officials, supervisors, and employees.
3. Ensuring all purchases comply with applicable laws while achieving the best value for the City. This includes coordinating with departments to allow sufficient time for lawful and efficient procurement, planning purchases in advance, and submitting

requisitions in a timely manner. Through this collaborative approach, the Division facilitates the orderly, timely, and cost-effective acquisition of goods and services.

4. Keeping procurement practices current by regularly updating policies and procedures to reflect changes in laws, technology, and industry standards, while maintaining clear and consistent terminology.

**Chapter 2**

**Ethical Governance and Resource Accountability**

**2.1 Legal Standards**

- a) **Delegation of Purchasing Authority:** The Laredo City Council has authorized the City Manager to delegate purchasing authority. Accordingly, the City Manager has delegated to the Financial Services Director, or his/her designee, the authority to procure all materials, equipment, supplies, and services necessary for the operations of the City of Laredo, in accordance with applicable laws and City policies.
  
- b) **Legal Framework:** The Texas Local Government Code (TLGC) establishes the primary legal framework governing municipal procurement. It sets forth the procedures, requirements, and limitations that cities must follow when acquiring goods, services, and construction projects. Key provisions include:

**1. Chapter 252 - Purchasing and Contracting Authority of Municipalities**

- Establishes requirements for competitive bidding and competitive sealed proposals.
- Sets monetary thresholds (currently \$100,000 or greater) that trigger formal bidding.
- Requires public notice and adherence to procedures for bid opening and award.
- Identifies exemptions to competitive bidding, including purchases in case of emergency, professional services, sole-source procurements, and items obtained through cooperative purchasing programs.
- Provides for electronic bidding under §252.0415, so long as rules are adopted to protect identification, security, and confidentiality until opening.

**2. Chapter 271 - Public Property Finance Act and Cooperative Purchasing**

- Authorizes municipalities to enter into interlocal agreements and cooperative purchasing programs with other governmental entities (Subchapter F).
- Permits the use of state contracts, such as those offered by the Texas Comptroller's Statewide Procurement Division (SPD) and Texas SmartBuy, to secure goods and services at competitive prices without additional bidding.

**3. Other Applicable State and Federal Laws**

- **Texas Government Code, Chapter 2254** – Governs procurement of professional services (engineering, architecture, surveying, etc.), requiring selection based on demonstrated competence and qualifications rather than low bid (“Professional Services Procurement Act”).
- **Texas Government Code, Chapter 2269** – Provides alternative delivery methods for construction projects, including Construction Manager-at-Risk, Design-Build, and Job Order Contracting.

- **Federal Uniform Guidance (2 CFR Part 200)** – Applies to purchases made with federal grant funds, setting standards for competition, cost principles, contract administration, and documentation.
- **Civil Rights and Labor Standards** – Federal laws such as Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act (ADA), the Davis-Bacon Act (for federally funded construction), and environmental regulations must be followed when applicable.

## **2.2 Ethical Standards**

- a) **Ethical Standards:** Maintaining the highest standards of ethics and integrity in procurement is critical for fostering public trust and ensuring fairness. As outlined in the City of Laredo Code of Ethics and the Texas Local Government Code, the following provisions apply:
1. **Conflict of Interest (Texas Local Gov't Code, Ch. 171):** Municipal officers and employees must disclose any potential conflicts of interest, including financial interests in contracts. Failure to disclose may result in penalties, including contract voidance and legal consequences. This includes situations involving immediate family members, close associates, or prospective employers.
  2. **Standards of Conduct:** In accordance with the City of Laredo Code of Ethics, all municipal employees engaged in purchasing must act with impartiality, fairness, and integrity. This includes:
    - Avoiding favoritism or the appearance of favoritism.
    - Refusing gifts, gratuities, or offers of employment from vendors.
    - Refraining from using one's position for personal gain.
    - Not attempting to influence others to violate these standards.
  3. **Compliance with State Laws:** The City must adhere to state laws prohibiting nepotism (Texas Gov't Code §§573, 2262.004), bribery (Texas Penal Code Ch. 36), and fraud (Texas Penal Code Ch. 39). These laws prohibit hiring relatives in restricted positions, exchanging favors for favorable treatment, and require reporting fraudulent activities.
  4. **Prohibition of Kickbacks:** Any payment, gratuity, or offer of employment made by or on behalf of a vendor or subcontractor as an inducement for contract award is prohibited. This prohibition shall be explicitly stated in all contracts and solicitations.
  5. **Ethical Obligations of Vendors:** Vendors and contractors are expected to uphold the same ethical standards in their dealings with the City, including honesty, adherence to contract terms, and fair competition.

**2.3 Personal Use of Goods and Services**

- a) **Purchase of City Property for Personal Use:** No employee or official may purchase City property for personal use except through the City's auction.
- b) **Private Purchases Through City Facilities:** Employees may not use the City's purchasing power for private purposes or have personal purchases delivered to City facilities. Such practices can create the appearance of impropriety, pressure vendors seeking to do business with the City, violate vendor resale restrictions, or evade sales tax.
- c) **Gratuities and Gifts:** Employees shall not solicit or accept anything of monetary or personal value from current or potential contractors that might influence, or appear to influence, a purchasing decision. Employees uncertain about compliance must disclose the matter to the Purchasing Agent for determination (Code of Ordinances, City of Laredo, Article VIII, Sec. 2-318).
- d) **Confidential Information:** Employees must keep vendor proprietary information obtained during procurement confidential, in accordance with Texas law and City policy. Proposal information may not be disclosed to anyone outside City staff directly involved in the evaluation until a contract is awarded. Using confidential information for personal gain is a violation of City policy

**2.4 Transparency and Oversight**

- a) **Public Information:** The Texas Public Information Act (Chapter 552, Texas Government Code) ensures public access to government records, including procurement. Municipalities must provide procurement records—such as contracts, bids, and evaluations—upon request, subject to legal exemptions.
- b) **City of Laredo Charter and Local Ordinances:** The City's charter and local ordinances may impose additional requirements on procurement, such as Council approval of contracts, limits on purchasing authority, or local vendor preferences. The purchasing policy must remain consistent with these provisions, and any conflicts with state law must be resolved in favor of state law.

**Chapter 3  
Procurement Processes**

**3.1 Purchasing Framework**

- a) **Assessment:** Before initiating any purchase, each department must assess its needs for goods or services, clearly defining specifications, quantities, and timelines to meet departmental objectives.
- b) **Purchasing Framework:** After assessment, departments follow the City’s purchasing framework to determine the appropriate method. This framework, including applicable exemptions, is outlined in Annex B of this policy.

**3.2 Purchasing Methods**

- a) **Standard Purchasing Method:** Materials, Supplies, and Services requiring a Purchase Order are made only on the basis of the following:

<b>Order/Contract Amount</b>	<b>Quotes Required</b>	<b>Approving Authority</b>	<b>Notes</b>
< \$3,000	1 formal quote (written or electronic)	Purchasing Agent or designee	Quotes from online sources allowed; emails not accepted
\$3,000–\$19,999	3 formal quotes	Purchasing Agent or designee	Record in writing/electronic file
\$20,000–\$49,999	3 formal quotes from different suppliers	Finance Director or designee	If quotes not obtained, informal bids via Cit-E-Bid
\$50,000–\$99,999	3 formal quotes from different suppliers	City Manager or designee	If quotes not obtained, informal bids via Cit-E-Bid
≥ \$100,000	Formal bid required	City Council	Written specifications, advertised bids; comply with Chapters 252 & 271, Texas Local Government Code.

**Tax Exemption:** The City is exempt from federal, state, and local taxes unless prescribed; suppliers must be furnished an exemption certificate from Finance.

1. The Purchase Requisition is properly completed at the department level and approved by the Department Director or their designee.
2. All Purchase Requisitions will be checked by the Accounting Division for budget availability and appropriate account usage. If budget funds are not available, the Accounting Division will advise the requestor and additional funds must be made available by the requestor or the purchase will be denied.
3. Unit prices are obtained for items requisitioned on Purchase Requisitions based on the following competitive quotation guide:
  - I. Orders **under \$2,999** – One (1) formal quote must be obtained by the respective city Department/Division and a written record (or electronic file/format) is made of prices quoted. (These quotes can be obtained through an online source - Example: Google, Amazon, eBay, or a related reliable source) emails will not be considered as quotes. Requires Purchasing Agent approval or designee.
  - II. Orders/Contracts **between \$3,000 and \$19,999** - Three (3) formal quotations are obtained by the respective City Department/Division and a written record (or electronic file) is made of prices quoted. Requires Purchasing Agent approval or designee.
  - III. Orders/Contracts **between \$20,000 and \$49,999** – Three (3) formal quotations must be obtained from at least three different suppliers. If three quotes cannot be secured, written specifications may be prepared and informal bids must be requested and received thru our automated electronic procurement system (Cit-E-Bid) by the Purchasing Division. Requires Finance Director approval or designee.
  - IV. Orders/Contracts **between \$50,000 and \$99,999** – Three (3) formal quotations must be obtained from at least three different suppliers. If three quotes cannot be secured, written specifications may be prepared and informal bids must be requested and received thru our automated electronic procurement system (Cit-E-Bid) by the Purchasing Division. Requires City Manager approval or designee.
  - V. Orders/Contracts of **\$100,000 or more** require formal bid process and is subject to City Council approval. A formal bid process required. Written specifications shall be prepared and bid solicitations must be advertised in accordance with State requirements and the City Council shall award contracts

to the lowest responsive, responsible vendor(s) who provide the best value for the city, and whose proposed price and other factors have been considered in accordance to the provisions of Chapters 252 and 271 of the State of Texas Local Government Code.

- Note1: On November 3, 2025, the City Council approved Ordinance 2025-O-219 establishing the Local Preference Program and updating the City's procurement thresholds to ensure alignment with recent state legislative changes. Specifically, this ordinance incorporates the revisions enacted by Senate Bill No. 1173, which amended Section 252.021(a) of the Texas Local Government Code to modify purchasing requirements for municipalities. These updates ensure that the City's purchasing policies remain compliant with state law while supporting opportunities for local vendors.
  - Note2: Effective September 1, 2025, in compliance with SB 1173, Section 3, which amends Section 252.021(a) of the Local Government Code, before entering into a contract exceeding **\$100,000** (previously \$50,000), the municipality must: (1) comply with the procedure for competitive sealed bidding or proposals as prescribed by Subchapter C, (2) use the reverse auction procedure as defined by Section 2155.062(d) of the Government Code, or (3) follow methods outlined in Chapter 2269 of the Government Code.
  - Note3: City Council may designate the City Manager to approve orders/contracts above this threshold if authorized through an ordinance or a city charter.
4. The City of Laredo is exempt from Federal, State, and local taxes except in certain prescribed cases. An exemption certificate is available from the Finance Department and shall be furnished to any of the City's suppliers upon request. All such taxes shall not be reimbursed for direct City purchases.

**b) Formal Solicitations**

1. Formal solicitations are required for all purchases of goods and services that exceed the \$100,000 threshold. This procurement method ensures competitive and transparent process by inviting qualified vendor to submits bids or proposals in accordance with the municipality's purchasing policies.
2. All formal solicitations are subject to City Council approval prior to contract award, ensuring oversight and alignment with public interest.
3. The Laredo City Council retains the authority to reject any or all bids received through formal solicitation process and may direct that the procurement be re-solicited if

deemed necessary in the best interest of the City according to the Texas Local Government Code § 252.043(f), municipalities have the authority to reject bids in the context of formal solicitations.

4. There are different types of solicitations used depending on the nature of the goods or services being procured. Each method is designed to ensure the most effective and competitive approach based on the specific requirements of the purchase. The appropriate solicitation type should be selected according to the project's scope, complexity, and evaluation criteria, here are the following:

- I. **Invitation for Bids (IFB):** An Invitation for Bids (IFB) is a formal procurement method used by local government entities under the Texas Local Government Code, wherein an agency solicits competitive sealed bids for specific goods or services. The IFB outlines detailed specifications, terms, and conditions that bidders must adhere to, with the intent of selecting the lowest responsible bidder. This method emphasizes cost-effectiveness and is typically employed when the requirements are clear and well-defined.

Competitive bidding is required by statute for purchases over certain dollar limits. Currently, the City must competitively bid all contracts for amounts over \$100,000.00

IFB's may be canceled by the City at any time before the date set for opening bids. Notice should be mailed to all vendors receiving proposal invitations.

- II. **Request for Proposals (RFP):** A Request for Proposals (RFP) is a solicitation process utilized by local government entities, as defined in the Texas Local Government Code, to obtain proposals for complex projects or services that require a detailed evaluation of factors beyond just cost. The RFP invites vendors to submit competitive sealed proposals (CSPs) that outline their qualifications, methodologies, and pricing. This approach allows the government to consider various factors, such as experience and innovative solutions, enabling a more informed decision that aligns with its strategic objectives.

Competitive Sealed Proposals are required by statute for purchases over certain dollar limits. Currently, the City must competitively bid all contracts for amounts over \$100,000.00

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

- III. **Request for Qualifications (RFQ):** Request for Qualifications (RFQ) is a formal solicitation used to gather statements of qualifications from potential vendors or service providers for a specific project or service. The primary

purpose of an RFQ is to assess the expertise, experience, and capabilities of interested firms, allowing the municipality to identify qualified candidates before inviting them to submit detailed proposals or bids. Unlike requests for proposals (RFPs), RFQs are not typically subject to pricing at this stage; instead, they focus on qualifications and technical abilities. This process ensures that the municipality can select the most suitable candidates based on their qualifications before moving forward to negotiate pricing and specific terms.

This method is particularly useful for Engineering Services, Architectural Design, Environmental Consulting, Legal Services, Public Relations and Communications, in each case, is looking to identify candidates' base on their credentials and experience before determining pricing through subsequent proposals or negotiations.

- IV. **Solicitation Addendum:** In accordance with Section 252.043 of the Texas Local Government Code, a solicitation addendum is a formal modification or clarification issued by a local government entity during the procurement process. This addendum may be used to amend the original solicitation documents to address questions, provide additional information, or make changes to specifications, terms, or conditions. It is essential that all addenda are distributed to all prospective bidders or proposers to ensure transparency and equitable treatment. Bidders must review and acknowledge any addenda as part of their submission; failure to comply with the revised terms may result in disqualification from the bidding process. The local government entity is required to maintain a record of all addenda and ensure they are clearly referenced in the final contract award. All addenda should be issued in a timely manner to allow bidders sufficient time to adjust their proposals accordingly.
- V. **Incomplete Bids:** In accordance with Section 252.046 of the Texas Local Government Code, an incomplete bid is defined as a submission that does not meet the mandatory requirements outlined in the solicitation documents. This may include missing signatures, insufficient pricing information, or failure to provide required documentation, such as references or certifications. Local government entities are mandated to evaluate all submitted bids for completeness and may disqualify those that do not conform to the specified requirements. However, the City of Laredo may allow for the correction of minor discrepancies, provided that the integrity of the bidding process is maintained and no unfair advantage is given to any bidder. All determinations regarding the completeness of bids must be documented to ensure compliance and transparency in the procurement process.
- VI. **Negotiations:** negotiations are encouraged in procurements conducted via Request for Proposals (RFPs) and Requests for Qualifications (RFQs). Typically, such negotiations occur after the selection/award of a vendor, upon

recommendation of award, but prior to formal contract execution. In contrast, negotiations are prohibited in the Invitation for Bids (IFB) process unless **only a sole responsive bidder** submits an acceptable bid, in which case negotiations may be allowed but shall not result in a material change to the advertised specifications. This policy is consistent with Texas administrative interpretations and best practices under state law where RFP/RFQ solicitations expressly allow post-selection negotiation to refine terms and pricing and the IFB method generally forbids negotiations except in the rare case of a single bidder, and then only without materially altering specifications

5. All formal solicitations (RFP and RFQ) issued by the City must include clearly defined and weighted evaluation criteria to ensure a fair, transparent, and competitive selection process, in accordance with 2 CFR §200.320 and Texas Local Government Code §252.042. The weighting of criteria must be documented in solicitation materials and used consistently during the evaluation and selection of vendors. City departments involved in procurement must be trained on this requirement and ensure all evaluation documentation reflects adherence to the approved procedures.
6. The City's procurement procedures shall include measures to prevent duplicative or unnecessary purchases in compliance with 2 CFR §200.318(d). Prior to initiating a procurement action, departments must conduct a needs assessment and document that the requested goods or services are not already available internally or under existing contracts. Additionally, in accordance with 2 CFR §200.319(b), any contractor, consultant, or entity that participates in drafting or developing the specifications, scope of work, or evaluation criteria for a procurement shall be explicitly excluded from competing for that same contract to avoid any conflict of interest or unfair competitive advantage.
7. All solicitation processes shall be conducted in accordance with the City of Laredo Standard Operating Procedure (SOP) for Procurement. Staff must follow all prescribed steps, documentation requirements, and approval processes outlined in the SOP. No solicitation process may proceed unless it complies fully with these established procedures.

**c) Construction Projects**

1. The City of Laredo operates under a semi-centralized purchasing model, which combines both centralized and decentralized procurement strategies. This approach allows the Engineering Department to manage specific procurement activities while ensuring oversight and consistency through centralized policies and procedures.
2. The City Engineering Department shall oversee all procurement activities related to construction projects, including formal solicitations, in accordance with the guidelines set forth in Chapter 3, Section 3.2 (b) of this purchasing policy. This ensures that

construction-related procurements are managed by technical experts familiar with project requirements, compliance standards, and applicable regulations.

3. To protect the integrity of the competitive bidding process and discourage frivolous or non-serious bids, the City may require a Bid Bond or other acceptable form of bid security for certain formal construction or capital improvement procurements. The bid bond is typically required in an amount equal to 5% of the total bid and must be submitted along with the bid response to be considered responsive. This requirement ensures that only qualified and committed contractors participate in the bidding process.
4. Engineering Practices Act: As required by the Texas Engineering Practices Act as defined in Chapter 1001 of the Texas Occupations Code, any public work in which the public health, welfare, or safety is involved requires that engineering plans, specifications, and estimates be prepared by an engineer; and the construction to be performed under the direct supervision of an engineer if the cost of the public work is in excess of \$8,000 for a public work that involves electrical or mechanical engineering, or in excess of \$20,000 for other public works. Any procurement related to this act shall require submission to and approval of all legally required documentation by a Professional Engineer.
5. The City will issue a purchase order only once all required supporting documentation has been submitted, received, and thoroughly verified for compliance. This documentation includes, but is not limited to, fully executed contract agreements, applicable performance and payment bonds, proof of all required insurance coverage, and any additional compliance materials or certifications specified in the solicitation or contract terms. These requirements ensure the protection of the City's interests, adherence to legal and risk-management standards, and readiness of the vendor to begin work. No purchase order will be released and no work, services, or deliveries may begin until every required document has been reviewed, approved, and officially placed on file by the City's authorized staff.

**d) Cooperative Purchasing Contracts**

1. Cooperative Purchasing Programs: Sections 271.081 – 271.083 Local Government Code, provide the legal authority to municipalities to participate in cooperative purchasing programs administered by the State of Texas and other entities. The City of Laredo with approval of the City Council, by resolution, authorizes the City Manager to utilize these cooperative contracts for the purchase of goods and services. Some of the current cooperative purchasing contracts approved by resolution include the State of Texas Cooperative Purchasing Program, the Houston Galveston Area Council of Governments (H-GAC), the Texas Association of School Boards (TASB) – BuyBoard program, the Texas Cooperative Purchasing Network (TCPN) and U.S. Communities. The City may use duly approved cooperative purchasing program contracts in lieu of the normal

competitive bidding process. When using cooperative contracts, all quotes, purchase orders and contracts must have the active contract number.

e) **General Exemptions**

1. There are defined general exemptions within the purchasing procedures that allow certain procurements to proceed without following the standard competitive bidding requirements under Texas Local Government Code §252.022, this chapter does not apply to expenditures for a variety of situation, including but not limited to:
  - I. Emergency procurements necessary due to a public calamity that requires immediate action to protect public health, safety, or property. Expenditures necessary to preserve or protect the public health or safety of the municipality's residents. All emergency requisitions shall be processed in accordance with the established purchasing method approval thresholds and shall adhere to the same authorization requirements as non-emergency purchases.
  - II. Purchases required because of unforeseen damage to public machinery, equipment, or property.
  - III. Personal or Professional Services such as those provided by architects, engineers, land surveyors, medical doctors including optometry and those outlined in the Texas Local Government Code 2254 Professional Services Procurement Act.

These services must be awarded on the basis of demonstrated competence and qualifications, so long as the professional fees are consistent with, and not higher than the published recommended practices and fees of the various professional associations and do not exceed any maximums provided by state law.

\*In accordance with Code of Federal Regulations 23 CFR 172, the City of Laredo shall follow the set written policies and procedures (contained in Exhibit A) for the procurement, management and administration of Planning, Assessments (Environmental, Drainage, etc.), Engineering, Architectural and/or Design related consulting services contracts. These written policies and procedures shall follow and comply with FHWA, including all revisions to these written policies and procedures. Procuring, managing, and administering policies and procedures for engineering and design related consultant services shall be in accordance with applicable Federal and State laws and regulations. (see Appendix A)

Effective September 1, 2025, House Bill 223 will amend Section 252.022(a)(4) of the Texas Local Government Code. The amendment will specify that the exemption for "personal, professional, or planning services" **does not include lobbying, government relations, or similar services intended to directly or indirectly influence state or federal lawmakers on behalf of the municipality.** This legislative change addresses an existing

loophole that allowed municipalities to bypass competitive procurement for lobbying services by categorizing them as “Professional Services” under HB 223, such services **will no longer qualify for exemption**, and municipalities will be required to follow standard competitive procurement procedures of these types of contracts.

- IV. Purchases of Land or Right-of-Way for public use.
- V. Sole Source Items including: items protected by patent or copyrights, library materials, films, a secret process, captive replacement parts or components, items for which there is a single distributor or provider, utility services, captive replacement part or component for equipment, natural monopoly.
- VI. Interlocal agreements.
- VII. Advertising, except for legal notices required by law.

**Chapter 4  
Contract Administration and Compliance**

**4.1 Types of Contracts**

- a) The City of Laredo enters into various types of contracts to support its operational and strategic needs. These may include agreements for the purchase of goods, professional or general services, construction projects, interlocal agreements, and lease of license agreements. Each contract type is subject to specific legal and administrative requirements to ensure compliance with municipal policies, state and federal laws.
  - 1. **Annual Supply Contracts:** contracts awarded using the standard purchasing method are typically annual supply contracts for goods or recurring services. These contracts are usually the result of routine procurement processes, including quotes or informal solicitations, and are designed to meet ongoing operational needs efficiently, they help establish consistent pricing and supply terms over a fixed period, generally one fiscal year.
  - 2. **Contractual Services:** refer to work or tasks performed by an outside contractor, vendor, or consultant on behalf of the City. These services can include technical consulting, maintenance, janitorial, IT support, or other non-personal services required to support city operations. All contractual service agreements must follow established procurement protocols and must clearly outline deliverables, timelines, and performance expectations.
  - 3. **Construction Contracts:** Construction contracts refer to agreements for the planning, design, development, and completion of physical infrastructure projects such as roads, bridges, buildings, parks, and utility systems. These contracts involve the provision of labor, materials, and equipment required to construct or renovate a public asset or facility. They are typically subject to stringent legal and regulatory requirements, including compliance with building codes, safety standards, and environmental regulations.
- b) All contracting activities must be carried out in strict accordance with the City of Laredo Standard Operating Procedure (SOP) for Procurement, including all required reviews, approvals, and execution protocols

**4.2 Contract Management**

- a) **Construction Contracts:** All construction contracts are managed and overseen by the City Engineering Department. This includes project planning, procurement, execution, inspection, and closeout activities. The department ensures that construction projects meet technical specifications, are compliant with applicable laws and safety regulations, and are completed on time and within budget. They also

coordinate with purchasing and legal for bid review, bonding requirements, and contract execution.

- b) **Non-Construction Contracts:** All non-construction contracts are the responsibility of the respective departments after the contract has been initiated and executed by the Purchasing Division. Departments must manage performance, monitor compliance, maintain documentation and ensure the contract stays within budgetary and regulatory boundaries. While the purchasing division provides procedural guidance and assistance during procurement, departments are accountable for ongoing contract administration and performance outcomes.
- c) **Contract Amendments:** if changes in plans, specifications, or project scope become necessary after the performance of a contract has begun, or if there is a need to increase or decrease the quantity of work, materials, equipment, or supplies, the city of Laredo may approve change orders in accordance with applicable State of Texas procurement statutes. These change orders must be carefully reviewed and documented to ensure that they align with the original intent of the contract and do not create unforeseen risks or costs.

The requirements for change orders and contract amendments are outlined in the **Texas Local Government Code §252.048** which addresses the process for changes in contract terms after execution:

1. **Change Orders not exceeding 25%** of the total contract value require City Manager approval through a memorandum. The City Manager must evaluate the justification for the change, its impact on the project, and ensure it aligns with the municipality's objectives.
2. **Change Orders exceeding 25%** of the total contract value require City Council approval. In these cases, the change order must be presented to the City Council for review and formal authorization to ensure full transparency and oversight.

#### **4.3 Contract Execution Authority**

- a) **Legal Review and Contractual Obligations:** To ensure that all procurement activities comply with applicable laws and regulations, the municipality may require a legal review of contracts and purchasing documents. This review is typically conducted by the City attorney or legal counsel and focuses on ensuring that contracts are legally binding, contain all necessary provisions, and protect the municipality's interests.

Contracts must include specific clauses required by law, such as those related to termination, payment terms, and dispute resolution. Additionally, contracts for certain types of services or projects may be subject to additional statutory requirements, such as bonding and insurance provision for construction projects.

- b) All legally binding contracts, regardless of the dollar amount, must be signed by the City Manager or their designee to be valid and enforceable. This centralizes legal authority and ensures that all agreements are properly reviewed for compliance with city policy, risk management, and legal sufficiency. No department or employee may bind the City contractually.

#### **4.4 Insurance Requirements, Payment and Performance Bonds**

- a) **Insurance Requirements:** All contractors performing work or services for the City of Laredo are required to maintain appropriate insurance coverage throughout the term of the contract in accordance with Risk Management Division Policies. It is the responsibility of vendors to ensure they are using the most current requirement established by Risk Management. Insurance requirements typically include general liability, workers' compensation, automobile liability, and, where applicable, professional liability or builder's risk insurance. Proof of insurance must be submitted before contract execution, and policies must list the City of Laredo as an additional insured party, as required by Risk Management
- b) **Payment and Performance Bonds:** are required for certain contracts such as construction. These bonds provide protection to the City against financial loss due to contractor failure to perform or pay.
  - 1. **Payment Bond** will be required for contracts in excess of \$50,000 to ensure that subcontractors, laborers, and suppliers are paid in the event of a contractor default.
  - 2. **Performance Bond** will be required for contracts in excess of \$100,000 to guarantee that the contractor will fulfill the contract's terms, complete the work to specification, and within the agreed timelines.

#### **4.5 Remedies**

- a) All contracts with the City of Laredo must include defined remedies to address situations where a party fails to meet its obligations under the contract. The remedies outlined in the contract serve to protect the City's interests, ensure accountability, and provide a framework for resolution in case of non-performance, breach or other failures.
- b) **Types of Remedies:** may vary depending on the nature of the contract and the scope of work by generally include but not limited to:
  - 1. **Liquidated Damages:** Pre-agreed upon monetary penalties that the contractor must pay for failing to meet certain deadlines or performance standards outlined in the contract. Liquidated damages are intended to compensate the City for potential delays or losses resulting from non-performance.

2. **Compensatory Damages:** The City may seek compensatory damages to recover actual losses incurred due to the contractor's breach of the contract. This includes direct financial losses as well as any consequential damages resulting from non-performance.
3. **Withholding Payment:** if the contractor fails to meet certain performance criteria or contractual obligations, the City may withhold payment until the issues are resolved or rectified.
4. **Right to Cure:** In certain circumstance, the contractor may be given a specified period to correct any defects or failures in performance before further action is taken, such as termination or legal remedies.
5. **Termination for Convenience:** the city may terminate the contract at any time, without cause, upon providing written notice to the contractor. This remedy allows the City to exit the contract if circumstance change or the contract is no longer needed.
6. **Termination for Default:** if the contractor fails to perform according to the terms of the contract, including but not limited to failure to meet deadlines, failure to comply with specifications, or non-payment, the city may terminate the contract for default and seek damages.

#### **4.6 Funding and Tax Requirements**

- a) All contracts executed by the City of Laredo shall include a funding contingency clause to ensure compliance with fiscal and budgetary responsibilities. Contracts are **contingent upon the availability of appropriated funds** from which payments for the contract obligations can be made. The City shall have no legal obligation to make any payments under a contract unless sufficient funds have been appropriated and budgeted for the specific purpose of the contract.

In the event that, in any subsequent fiscal year, funds are not appropriated or budgeted for the continuation of the contract, the contract shall be deemed **null and void**, and the City shall have no further obligation or liability under the agreement. This provision shall be included in all legally binding contracts to protect the City from unintended financial commitments beyond the adopted budget.

- b) **Tax Statement in City Construction Contracts:** The following statement should be set forth in all construction contracts:  
"The City qualifies for exemption from State and Local Sales and Use Taxes, pursuant to the provisions of Section 151.309 of the Texas Tax Code, as amended. Therefore, the City shall not be liable for, or pay the Contractor's cost of, such sale and use taxes which would otherwise be payable in connection with the purchase of tangible personal property

furnishes and incorporated into the real property being improved under the contract. This contract is separated contract (as that term is defined in Texas Comptroller's Rule 3.291, as amended) between the City and the Contractor. All invoices or estimates submitted by the Contractor to the owner shall be separated into three categories:

1. Total cost of materials incorporated into the work
2. Total cost of materials purchased or lease for use, but not incorporated into the work.
3. Total cost of labor, overhead, profit and other reasonable, incidental costs of the work.

The Contractor shall fully indemnify and hold harmless the City from the cost of any and all sales and use taxes incurred or otherwise exempted as a result of the separated contract arrangements, if such sales or use taxes become due and payable, or are paid by the Contractor or the City, as a result of the Contractor's failure or refusal to abide by the provisions of this section or the other applicable provisions of the specifications relating to separated contracts"

**Chapter 5  
Purchase Orders & Requisitions**

**5.1 Requisitions**

- a) Requisitioning is formally requesting that a purchase be made. It is the first step after the need for goods or services is recognized. All City departments shall utilize the automated requisition format for submitting a formal request for the purchase of needed goods or services. The requisition should be properly completed at the department level and approved by the Division and Department Directors or their designees.

The requisition should identify the line item to be expensed and sufficient information for the purchasing office to identify the goods or services requested. This information is vital to secure the correct goods and services at the best price possible.

- b) Preparing the requisition: The requisition originates in the using department. Requisitions must be submitted with sufficient lead time to allow the Department Director to review the request and allow the Purchasing Office and vendor to comply with the following:
  - 1. Advertising for bids, if necessary.
  - 2. Obtaining bids or price quotations through the automated electronic procurement system (Cit-E-Bid).
  - 3. Processing bids, placing purchase orders or concluding contracts.
  - 4. Allowing delivery of goods or service.

**5.2 Purchase Orders**

- a) The City of Laredo uses purchase orders as the official document for authorizing the procurement of all goods and services. A purchase order (PO) serves as a formal agreement between the City of and the vendor, specifying the terms of the transaction, including the quantities, pricing, delivery information, and any other conditions related to the purchase. All procurements, regardless of amount, must be processed through the purchase order system to ensure proper documentation, accountability, and compliance with Chapter 3, Section 3.2 (a) (3).

**5.3 Types of Purchase Orders**

- a) **Standard Purchase Order:** The standard purchase order is the most common type and is used to authorize a one-time purchase of goods and services. This type of PO typically covers specific items or services with defined quantities, pricing, and delivery terms, ensuring clarity and accountability for the transaction.
- b) **Open Purchase Order:** open purchase orders are used for the procurement of annual supplies of goods or services. These POs are valid only during the ongoing fiscal year in

which they are issued and are typically used for recurring or continuous purchases. Open purchases streamline the procurement process by allowing departments to make purchases within the specified budget limits without requiring a new order each time.

- c) **Blanket Purchase Order:** Blanket purchase orders are used for recurring purchases of goods or services over a set period. These orders do not specify the exact quantity or delivery dates but rather commit to a total spending limit or time frame (e.g., annually). Blanket POs are often used for items or services that are needed regularly, such as equipment or maintenance services.
- d) **Contract Purchase Order:** Contract purchase orders are established when there is a long-term agreement with a supplier for goods or services. These POs outline the terms and conditions for all future purchases under the contract and may include negotiated pricing, delivery schedules, and other performance expectations. Contract purchase orders provide a framework for ongoing procurement, ensuring that terms are consistent throughout the duration of the contract. (12 month cycles, not to exceed annual contract amount)

#### **5.4 Change Orders**

- a) All purchase orders and change orders are approved using the following guidelines provided in Section 3.2 (b) (3).
- b) Change orders are allowed only if the total change does not exceed 25% of the original purchase order amount.
  - 1. If a change order would result in an increase greater than 25%, the original procurement is considered materially altered and must be re-evaluated. In such cases, new quotes must be requested, and a new requisition must be submitted to initiate the updated procurement process.
  - 2. If the change order exceeds 25% and the goods or services have already been received, a memorandum from City Manager authorizing the change is required and must be submitted to purchasing in order to proceed.

This ensures compliance with state and municipal procurement regulations and maintains the integrity of the competitive purchasing process.

**5.5 Exceptions to Purchase Order Requirements**

- a) **Items That Do Not Require a Purchase Order:** Purchase orders will not be required for the following:
  - 1. Travel Expenses – Mileage, registration, lodging, airfare.
  - 2. Car allowances
  - 3. Refunds
  - 4. Postage – Stamps, Postage Meters.
  - 5. Petty Cash
  - 6. Utility Payments

**5.6 Purchasing Violation Notice**

- a) The City of Laredo Purchasing Division is responsible for ensuring all procurement activities are conducted in accordance with applicable local ordinances, state statutes including the Texas Local Government Code and federal regulations. Also ensures that public funds are used responsibly and in the best interest of the City and its residents.
- b) Purchasing Violation Notice shall be issued to any City department that procures goods or services in a manner inconsistent with the City's adopted purchasing policies and procedures. Violations may arise when procurement actions bypass required competitive processes, exceed authorized spending thresholds, or otherwise fail to adhere to internal controls designed to ensure fiscal accountability and legal compliance. Such violations will be reviewed by the Purchasing Division and may result in corrective action, including but not limited to training requirements, revocation of delegated purchasing authority, or further administrative review.

All Purchasing Violation Notices will be forwarded to the City's Internal Auditor for auditing, documentation, and recordkeeping purposes. Violations include, but are not limited to, the following:

- 1. Goods and services were procured without securing any bids when required by law or City policy.
- 2. An insufficient number of bids were solicited or received in accordance with applicable procurement thresholds.
- 3. The purchase exceeded the approval limit authorized by City Management or the City Council.
- 4. Goods or services were obtained that were not included in the scope of the authorized purchase order.
- 5. The quantity or dollar value of goods or services procured exceeded those authorized on the purchase order.

6. Additional goods or services were obtained that were not included in the scope of the authorized purchase order.
  7. Sequential, component, separate or split orders were prepared in a manner intended to circumvent formal bidding or approval requirements.
  8. Contracted services were procured without issuance of a purchase order in violation of policy.
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- c) All suspected violations must be reported promptly to the Purchasing Division, the City Manager, or the appropriate compliance authority, Reports may be submitted confidentially and will be investigated in accordance with City policies and applicable law.
  - d) Maintaining compliance with procurement regulations is the responsibility of every employee involved in purchasing activities. Adherence to these policies protects the City's resources, ensures legal compliance and promotes public confidence in the City's operations.

**Chapter 6  
Special Purchasing Programs and Vendor Compliance**

**6.1 Purchasing Programs**

**a) Local Vendor Preference Program:**

1. It is the policy of the City of Laredo to use its spending powers to promote fiscal responsibility and maximize the amount of resident tax dollars that remain in the local economy for the benefits of its citizens by utilizing all available legal opportunities to contract with local businesses.
2. It is the policy of the city to afford a bidding preference to local businesses, unless prohibited by granting agencies, exempted by federal or state laws/codes, local ordinances or city resolutions, or if doing so would be clearly disadvantageous to the city.
3. It is the objective of the City to achieve the provisions outlined in this policy when utilizing a local business purchasing preference in the competitive processes of procuring goods and services.
4. Ord. No. 2025-O-219, § 1, 11-19-18 (see Appendix A)

**e) Historically Underutilized Business (HUB):** A city, in making an expenditure of more than \$3,000 but less than \$100,000, shall contact at least two HUBs on a rotating basis, based on information provided by the Texas Comptroller's Office pursuant to Chapter 2161 of the Government Code. If the list fails to identify a HUB in the county in which the city is located, the city is exempt. TEX. LOC. GOV'T CODE §252.0215.

1. Effective September 1, 2025, Senate Bill 1173, Section 3, amends Section §252.0215 of the Texas Local Government Code to update procurement requirements for municipalities. Under the revised law, when making an expenditure of more than \$3,000 but less than \$100,000—an increase from the previous \$50,000 threshold, a municipality is required to contact at least two Historically Underutilized Businesses (HUBs) on a rotating basis. This outreach must be based on information compiled by the Texas Comptroller and is intended to promote equitable opportunities for HUBs in public procurement.

**6.2 Vendor Compliance**

- a) Disqualification & Debarment Certification:** In accordance with Section 2261.053 of the Texas Local Government Code, vendor debarment is a process that allows local government entities to disqualify vendors from participating in future procurements due to specific violations or misconduct. Grounds for debarment may include, but are not limited to, failure to perform under a contract, fraud, criminal activity, or violations of state or

federal law. The debarment process must be conducted in a fair and transparent manner, providing the vendor with written notice of the proposed debarment and an opportunity to respond. Any decision to debar a vendor must be documented and based on a thorough review of the circumstances. The duration of the debarment shall be clearly defined and communicated, ensuring that the local government maintains integrity and accountability in its procurement practices.

By submitting an Invitation for Bids, Competitive Sealed Proposals or Statements of qualifications, the firm certifies that it is not currently debarred or eligible for debarment from the City of Laredo pursuant to **Ordinance No. 2017-O-098**, and that it is not an agent of a person or entity that is currently debarred from receiving contracts from any political subdivision or agency of the State of Texas. The contract parties are further prohibited from making any award at any tier to any party that is debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549, "Debarment and Suspension." (see Appendix A)

Additionally, in accordance with Chapter 2271, Texas Local Government Code, a governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The signatory executing this contract on behalf of company verifies that the company does not boycott Israel and will not boycott Israel during the term of this contract. S.B. 252 (V. Taylor/S. Davis) is a bill relating to government contracts with terrorists. The bill provides that: (1) a governmental entity, including a city, may not enter into a governmental contract with a company that is identified on a list prepared and maintained by the comptroller and that does business with Iran, Sudan, or a foreign terrorist organization; and (2) a company that the United States government affirmatively declares to be excluded from its federal sanctions regime relating to Sudan, its federal sanctions regime relating to Iran, or any federal sanctions regime relating to a foreign terrorist organization is not subject to the contract prohibition under the bill.

Code of Ethics Ordinance **2012-O-126**. Vendors doing business with the City of Laredo shall comply with all provisions of the City of Laredo Code of Ethics.

The City of Laredo shall comply with the conflict of interest requirements set forth in Texas Government Code 2155.004. Accordingly, the City of Laredo shall not award a contract to any vendor if the vendor, or any individual with a financial interest in the vendor, was compensated by the City of Laredo to prepare the specifications, scope of work, or request for proposals on which the solicitation or resulting contract is based. All vendors must certify, as a condition of submitting a bid or entering into a contract, that they are not ineligible under this statute. Any contract awarded on the basis of false certification shall be subject to immediate termination, and the City of Laredo may withhold payment for any goods or services not received.

- b) **Prohibited Contacts During Contract Solicitation Period:** A person or entity who seeks or applies for a city contract or any other person acting on behalf of such person or entity, is prohibited from contacting city officials and employees regarding such a contract after a formal bid such as Invitation for Bids (IFB), Request for Proposal (RFP), Request for Qualification (RFQ) or other solicitation has been released. This no-contact provision shall conclude when the contract is awarded. The City of Laredo reserves the right to contact respondents and may require such contact as part of the evaluation process (for presentation, clarification) of bids and/or negotiation of RFP submittal(s) prior to the award of contract. If contact is required, such contact will be done in accordance with provisions of Chapter 252 and 271 of the Texas Local Government Code and procedures incorporated into the solicitation document. Violation of this provision by respondents or their agents may lead to disqualification of their offer from consideration. No Exceptions!
- c) **Non-Collusive Affidavit:** The City may require that vendors submit a Non-Collusive Affidavit. The vendor will be required to state that the party submitting a proposal or bid, that such proposal or bid is genuine and not collusive or sham; that said Bidder has not colluded, conspired, connived or agreed, directly or indirectly, with any Bidder or Person, to put in a sham bid or to refrain from bidding, and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the bid price or affiant or of any other Bidder, or to fix any overhead, profit or cost element of said bid price, or of that of any other Bidder, or to secure any advantage against the City of Laredo or any person interested in the proposed contract; and that all statements in said proposal or bid are true. This form can be downloaded and submitted through Cit-E-Bid system.

### **6.3 Disclosure and Ethics Forms**

- a) **Contract Disclosure Forms:** The City of Laredo requires the following forms to be completed as a part of this bid for consideration; 1. Company Information Questionnaire, 2. Signed Price Schedule, 3. Conflict of Interest Questionnaire, 4. Non-Collusive Affidavit 5. Discretionary Contracts Disclosure 6. Certificate of Interested Parties (Form 1295). This form is submitted through Cit-E-Bid system **\*\*Upon Award of RFP Only\*\***
- b) **Conflict of Interest Form:** Conflict of Interest Disclosure: A form disclosing potential conflicts of interest involving counties, cities, and other local government entities may be required to be filed after January 1, 2006, by vendors or potential vendors to local government entities. The new requirements are set forth in Chapter 176 of the Texas Local Government Code added by H.B. No. 914 of the last Texas Legislature. This form is submitted through Cit-E-Bid system
- c) **Texas Ethics Commission:** Certificate of Interested Parties (Form 1295) Implementation of House Bill 1295: In an effort to comply with the state law the certificate of interested parties must be filled out once a vendor has been granted a contract. All of this information can be found on the State of Texas website, please use this link provided: <https://www.ethics.state.tx.us/tec/1295-Info.htm>. In 2015, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code. The law states that a governmental entity or state agency may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed

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contract to the governmental entity or state agency. The law applies only to a contract of a governmental entity or state agency that either (1) requires an action or vote by the governing body of the entity or agency before the contract may be signed or (2) has a value of at least \$1 million. The disclosure requirement applies to a contract entered into on or after January 1, 2016. In order to comply with state law, the Certificate of interested Parties (Form 1295) must be submitted to the Texas Ethics Commission within 10 days upon receiving notice of award of contract. This form must be submitted within the allotted time otherwise this may result in cancellation of the contract. Form 1295, form can be downloaded and submitted through Cit-E-Bid system

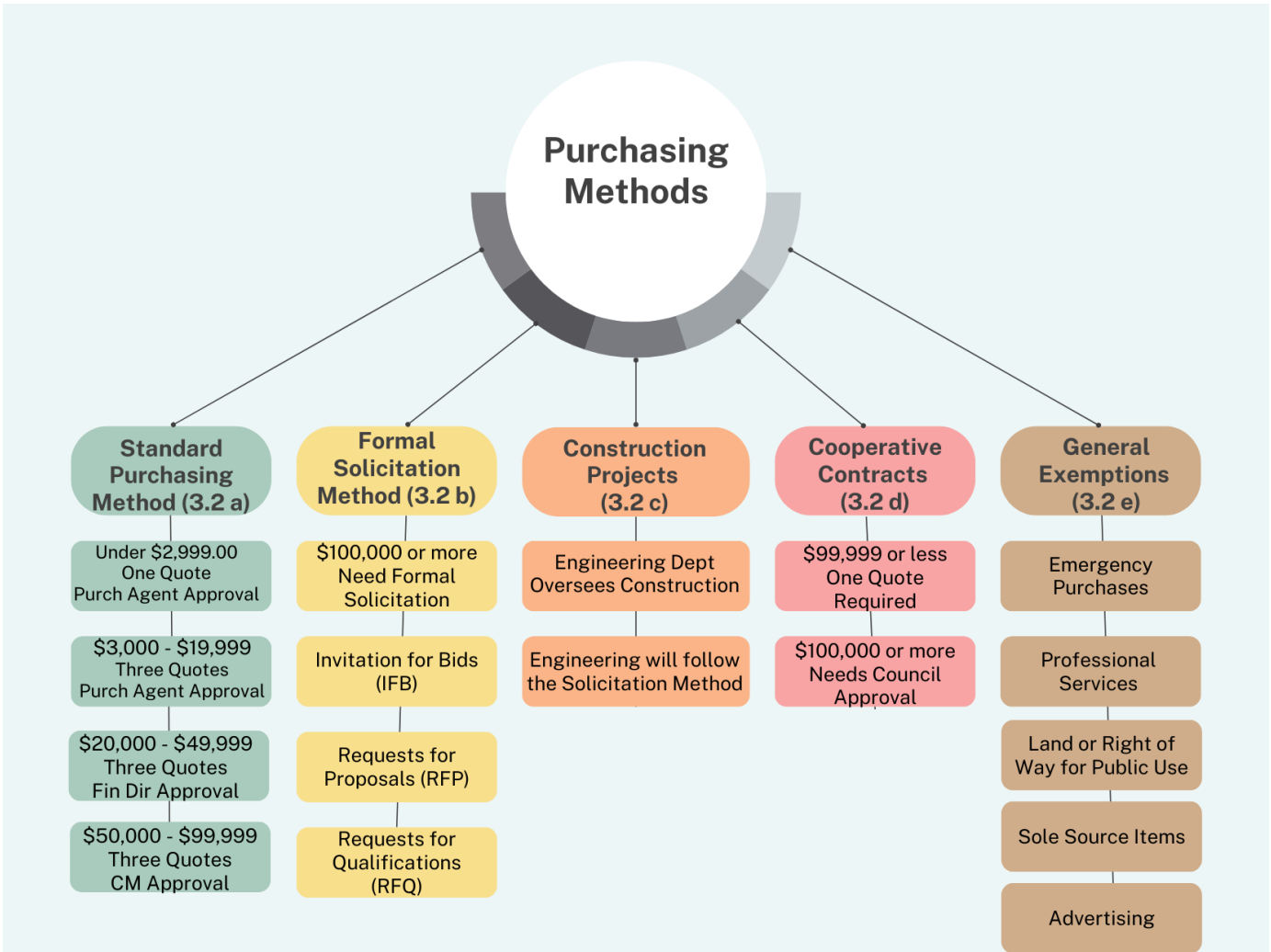
**APPENDIX - A**

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2. <https://www.cityoflaredo.com/departments/human-resources/divisions/risk-management>
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4. <https://www.gsa.gov/travel/plan-book/per-diem-rates>
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6. <https://capitol.texas.gov/billlookup/History.aspx?LegSess=89R&Bill=SB1173>
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13. [2025-O-219](#)
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**APPENDIX - B  
Purchasing Framework**

**Assessment:** Before initiating any purchasing process, each department must first assess its needs for goods or services, ensuring a clear understanding of the requirements. This evaluation should include identifying the specifications, quantities, and timelines necessary to meet the departments objectives.



**GOODS**

**Follow:**

- Standard Purchasing Method
- Formal Solicitation Method
- Cooperative Contracts
- General Exemptions

**SERVICES**

**Follow:**

- Standard Procurement Method
- Formal Solicitation Method
- Construction Projects
- Cooperative Contracts
- General Exemptions

**Glossary**

The purpose of this Glossary is to provide clear and consistent definitions for key terms and concepts used throughout the Municipality's Purchasing Policy. By establishing a common understanding of terminology, this section aims to support transparency, enhance compliance, and ensure that all stakeholders—including municipal staff, vendors, and the public—can accurately interpret and apply the provisions of the policy. The glossary serves as a reference tool to eliminate ambiguity and promote effective implementation of procurement procedures in alignment with applicable laws, regulations, and best practices.

- **Addendum:** A written or graphic document issued by the municipality prior to the opening of bids, proposals, or qualifications that modifies or clarifies the solicitation documents (e.g., instructions, specifications, terms). An addendum becomes part of the official solicitation and must be acknowledged by all prospective vendors. Failure to acknowledge an addendum may render a bid or proposal non-responsive. Addenda are used to correct errors, respond to questions, or make changes in scope or requirements. *P11.*
- **Award of Contract:** The formal acceptance by the municipality of a vendor's bid or proposal, thereby entering into a binding contract for the specified goods, services, or construction, typically issued after evaluation and approval in compliance with applicable laws. *P26, 28.*
- **Best Value:** The standard used to award contracts, allowing cities to consider purchase price, reputation and quality of the bidder's goods or services, and other relevant factors, not just cost. *PI, 2, 3, 9.*
- **Bid Bond:** A form of bid security, typically equal to 5% of the total bid, submitted with a vendor's bid to guarantee that the bidder will enter into a contract and provide required performance and payment bonds if awarded. Its purpose is to protect the municipality against bidders who withdraw or fail to honor their bid. Required primarily for construction or capital projects and governed by Texas Local Government Code §252.0415. *P12.*
- **Change Order:** An official amendment to an existing contract modifying the scope of work, quantities, price, or completion date, subject to statutory limitations and required approval procedures. *P17, 22.*
- **Competitive Sealed Bidding:** A procurement method where bids are solicited and the contract is awarded to the lowest responsible bidder, as required for most purchases of goods or services exceeding \$100,000, unless a statutory exception applies. Commonly referred as Invitation for Bids (IFB). *P9.*
- **Competitive Sealed Proposals (CSP):** An alternative procurement method allowing cities to evaluate proposals based on price and additional factors to determine best value, instead of just awarding to the lowest bidder. *P10, 26.*
- **Component Purchases:** Purchasing the components of a single item separately to avoid procurement laws; this practice is expressly prohibited. *P24.*

- **Contract:** An agreement between the municipality and a vendor or contractor, based on sufficient consideration, to do or not do a specific act, such as providing goods, services, or public works. The contract formally binds the parties to the agreed terms and conditions and is entered into under authority granted by law. It requires an offer, acceptance, and valid consideration. In the City of Laredo, contracts must be executed by authorized officials in accordance with Texas Local Government Code and city policies to be legally binding. Contracts establish the rights and obligations of both parties and ensure compliance with applicable procurement laws and policies. *P7, 8, 9, 10, 12, 13, 16, 17, 18, 19, 20.*
- **Contract Execution:** The process by which all authorized parties formally sign and complete a contract, thereby making the agreement legally binding and enforceable. This step typically marks the official commencement of the contract's terms and obligations. *P12, 16, 17, 18.*
- **Contract Management:** The process of planning, administering, monitoring, and overseeing contracts to ensure that all terms, conditions, and obligations are fulfilled by all parties. Contract management includes activities such as tracking performance, managing changes, ensuring compliance with legal and policy requirements, and maintaining documentation. In the City of Laredo, individual departments are responsible for managing their own contracts, ensuring that the contract deliverables meet departmental needs and that performance is monitored and documented in accordance with city policies and applicable Texas law. Departments coordinate with the Purchasing Department as needed for contract support, amendments, or disputes. *P1, 16.*
- **Cooperative Purchasing Program:** Procurement program allowing local governments to purchase goods or services through state-approved cooperatives or interlocal agreements with other public entities, enabling access to volume discounts and streamlined processes. *P4, 13*
- **Electronic Quote:** A quote received through an electronic system or online procurement platform, allowing for more efficient and rapid collection and comparison of vendor pricing and terms, while meeting all legal requirements for documentation and competition. *P7.*
- **Emergency:** A procurement situation arising from unforeseen damage, calamity, or circumstances requiring immediate action to preserve or protect public health or safety, such as natural disasters or urgent repairs. *P14.*
- **Exempt Purchase:** A purchase that is not subject to the competitive bidding requirements by law, such as those for professional services or certain emergency procurements. *P14.*
- **Goods:** Tangible personal property, including supplies, equipment, materials, and commodities purchased by a municipality for its operations. *P1, 2, 3, 4, 6, 7, 9, 10, 12, 13, 16, 21, 22, 23, 24, 25, 26.*

- **Informal Bidding:** A procurement process for goods or services where the total cost is below the formal bidding threshold (commonly under \$100,000 for Texas municipalities), requiring the solicitation of competitive quotes (often at least three), but without the need for formal advertising or sealed bid procedures; conducted electronically, and documented according to policy. *P7, 8.*
- **Interlocal Cooperation Act:** State law (Chapter 791, Texas Government Code) that permits cities to enter agreements with other governmental entities to provide a broad range of services or jointly purchase goods and services. *P2, 4, 15, 16.*
- **Invitation for Bids (IFB):** A formal solicitation method used by a municipality to request competitive sealed bids from the public for specified goods, services, or construction projects; the IFB includes all necessary specifications and contract terms, and is publicly advertised to ensure fair competition, with award made to the lowest responsible bidder meeting all requirements. *P12, 26.*
- **Local Preference:** Statutory allowance by which Texas municipalities may prefer local businesses within a specified geographic area (such as the City of Laredo or Webb County) when awarding contracts for goods or services under certain circumstances, provided all requirements are met. *P9, 25.*
- **Lowest Responsible Bidder:** The vendor submitting the lowest-priced bid that also demonstrates financial stability, technical capacity, satisfactory safety and performance record, and overall ability to complete the contract according to all specifications and requirements. Determining responsibility may include evaluating past performance, legal compliance, safety records, and capacity to perform; award is made only if the bid is responsive and the bidder meets all requirements for capability and reliability under Texas law. *P10.*
- **Negotiations in Procurement:** A process in which the municipality engages with one or more vendors after receiving bids or proposals to adjust terms, pricing, or conditions to achieve the best value, while remaining within the original scope of the solicitation. Negotiations must be fair, transparent, documented, and in compliance with Texas procurement laws and policies. *P11, 12.,*
- **Performance Bond:** A surety bond equal to 100% of the contract amount, required for public works contracts exceeding \$100,000, as mandated by Texas Government Code §2253.021(a). It ensures that the contractor will complete the project in accordance with all contractual requirements, specifications, and timelines. May also be required for other high-risk contracts at the discretion of the municipality. *P13, 18.*
- **Payment Bond:** A surety bond equal to 100% of the contract amount, required for public works contracts exceeding \$25,000, in accordance with Texas Government Code §2253.021(b). It guarantees payment to subcontractors, laborers, and material suppliers

involved in the project, protecting them from non-payment by the prime contractor. *P13, 18.*

- **Personal Property:** All property that is not real property, including movable items such as equipment, supplies, vehicles, and other tangible items that are not permanently affixed to land or buildings. *P19.*
- **Professional Services Procurement Act:** State law (Chapter 2254, Texas Government Code) that requires professional services such as engineering, architecture, or accounting to be procured based on demonstrated competence and qualifications, not price. *P14.*
- **Public Work:** A contract for constructing, altering, or repairing a public building, or carrying out or completing any public work, including roads, bridges, utilities, or other public infrastructure. *P13.*
- **Purchase Order:** The official authorization issued by the purchasing department to a vendor, committing municipal funds and specifying required goods or services, terms, quantities, and prices, legally binds the city to the purchase. *P13, 21, 22, 23.*
- **Purchasing Agent:** The individual designated to manage the city's procurement activities in accordance with applicable state law and city policy. *P7, 8.*
- **Purchasing Division:** The city office responsible for overseeing procurement, including issuance of solicitations, contract award, and policy enforcement. *P1, 2, 8, 17, 23, 24.*
- **Purchasing Violation:** Any act or omission contrary to established procurement laws or municipal policies, such as circumventing competitive bidding requirements, making unauthorized purchases, or engaging in unethical conduct. *P23.*
- **Quote:** A documented offer from a vendor to provide specified goods or services at a stated price under defined terms and conditions; typically required for purchases above a certain threshold but below the formal bidding threshold. *P8, 13, 16, 22.*
- **Real Property:** Land and anything erected, growing, or affixed to it, such as buildings or other structures. Purchases of real property are generally exempt from competitive bidding procedures under Texas law. *P20.*
- **Request for Proposals (RFP):** A formal document requesting proposals from vendors, typically for services where factors besides price will be considered. *P10, 11.*
- **Request for Qualifications (RFQ):** A process for selecting providers of professional services, based on qualifications rather than price. *P10,*
- **Requisition:** The internal document submitted by a department, requesting the purchasing department to procure specified goods, services, or public works; serves as the official request for purchase and initiates the procurement process. *P8, 21, 22.*
- **Services:** The furnishing of labor, professional expertise, consulting, maintenance, or other non-tangible assistance to the municipality; may include professional, personal, or construction-related activities. *P1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 21, 22, 23, 24, 25, 26.*
- **Separate Purchases:** Multiple purchases, made separately, for items that would normally be acquired in a single purchase; prohibited as a means to avoid bidding thresholds. *P24.*

- **Sequential Purchases:** Multiple purchases of the same goods or services, made consecutively, that in normal business practice would be made as a single purchase; prohibited when used to intentionally avoid statutory bidding or procurement requirements. *P24.*
- **Statement of Qualifications:** A written document submitted by a vendor or contractor in response to a request for statements of qualifications (SOQ) or request for qualifications (RFQ). It details the vendor's background, experience, technical capability, financial stability, past performance, licenses, certifications, and other relevant information demonstrating the vendor's qualifications to perform the required goods, services, or public works. The statement of qualifications focuses on competence and capacity rather than price and is used by municipalities to pre-qualify vendors or evaluate them in a multi-stage procurement process. It does not include cost proposals and is not the sole basis for awarding contracts but helps determine which vendors are qualified to proceed in the procurement process. *P21, 26*
- **Threshold Amount:** The monetary limit (generally \$100,000) above which statutory procurement procedures (e.g., bidding, proposals) must be followed. *P9, 23, 25.*