

City of Keller
Glossary of Procurement Terms

Addendum: A written change to a Bid, Quote, RFQ, or RFP during the solicitation process.

Agreement: A formal, written document between the City and vendor providing goods or services, describing the scope of work and term of the contract. Agreements over \$50,000 must be signed by the City Manager and approved by the City Council.

Bid: A formal written offer of a price by a vendor to the City to furnish specific goods and/or services in response to a solicitation.

Bid Award: An award of a bid for which funds have lawfully been appropriated and approved by the City Council (if over \$50,000).

Bid Bond: An insurance agreement in which a third party agrees to be liable to pay the City a certain amount of money in the event the successful bidder does not execute the contract documents, furnish required bonds or insurance, or proceed with performance. The bid bond, naming the bidder as principal, is given to the City at the time of bid.

Bid Bond/Cashier's Check: A guaranteed check furnished in lieu of a bid bond at the time of bid submittal.

Bid Sample: A sample required to be furnished as part of a bid, for evaluating the quality of the product offered.

Bidder's List: Recommended or suggested vendors for a specific solicitation.

Blanket Purchase Order: A purchase order with a vendor for a specific time period, specific commodity, and an estimated quantity or fiscal year dollar amount to be delivered as requested.

Brand Name: A trade name or product name which identifies a product as having been made by a particular manufacturer.

Capital Improvement Project (CIP): Any public improvement the City undertakes, including the construction or reconstruction in whole or in part of any building, road, highway, street improvements, physical plant, structure or facility necessary in carrying out the functions of the City government. It does not include any routine maintenance, operation or repair of existing structures, buildings or real property.

Change Order: A modification, deletion or addition to an executed contract by means of a formally executed document signed by both parties. A change order shall not increase/decrease by 25% of the original contract.

Commodity: Supplies, materials or equipment listed for NIGP commodity class and item numbers.

Consultant Services: An outside person or firm with education and experience in specific area of proficiency to provide expert advice and/or perform technical services requiring an elevated level of knowledge and skill. A Request for Qualifications should be used to select the best professional within their field of expertise. Once the City determines and contracts with the top-rated consultant for a particular service, that same entity may be hired for like projects.

Construction: The process of constructing a building, structure, road or drainage utilities; altering, repairing, improving or demolishing any structure or building; or other improvements of any kind.

Contract: (a) A deliberate verbal or written agreement between two or more competent parties to perform a specific act or acts; or (b) Any type of agreement, regardless of what it is called, for the procurement or disposal of goods, services or construction, usually for exchange of goods or services for money or other consideration.

Contractor: Any person having a contract with the City.

Debarment: The exclusion for cause of a vendor or contractor from bidding and/or receiving a contract to do business with the City. Federal and/or grant funds require a vendor search for debarment prior to award of contracts.

Demolition: The removal or destruction of any structure or building and appurtenances thereto, road or drainage utility.

Designee: A duly authorized representative of a person.

Emergency Purchases: Procurement that is made in response to a requirement when the delay incident for complying with all governing rules, regulations and procedures would be detrimental to the health, safety and welfare of the City and/or its citizens.

Employee: A person employed by the City who is drawing a salary or wages directly from the City.

End-User Department/Division: The department/division within the City government, that requests and utilizes goods and/or services, procured according to the Purchasing Procedures Manual.

Equivalent Product: A product that is comparable in performance and quality to the specific product.

Escalation Clause: A clause in a contract providing for a price increase under certain specified circumstances.

Fiscal Year: A period of 12 consecutive months, beginning October 1 of each year and ending September 30 of the next year.

Fixed Price Contract: A contract which provides for a firm price which cannot be increased for the full term of the contract and any subsequent renewal periods.

Formal Bid: The solicitation document that is used for competitive sealed bidding for procurement of construction, goods and/or services and award is based on the lowest responsible bid or best value for the City.

Free on Board (F.O.B.): This term refers to the point at which the title to goods transfers between supplier and purchaser at the FOB point and does not relate to the actual freight charges.

Goods: Any tangible property other than services or real property.

Historically Underutilized Business (HUB): A business that (a) is at least 51% owned by as Asian Pacific American, Black American, Hispanic American, Native American and/or American woman, (b) is a for-profit entity that has not exceeded the size standards prescribed by [34 TAC §20.23](#), and has its principal place of business in Texas, and (c) has an owner residing in Texas with a proportionate interest that actively participates in the control, operations and management of the entity's affairs.

Item: A separate single unit, article, product, material or service.

Late Proposal Response: A response that is received after the time set for response due date and at the place designated in the solicitation.

Local Government: A county, municipality, school district, junior college district, or other legally constituted political subdivision of the state.

Payment Bond: A deposit, pledge, or contract of guaranty supplied by a contractor to protect the state against loss due to the contractor's failure to pay material suppliers and subcontractors. Acceptable forms of payment bonds are: cashier's check, or a surety bond from a company authorized to do business in Texas

Performance Bond: A form of security, required on contracts over \$100,000, executed subsequent to award by a successful bidder that guarantees the proper performance of the contract; provided prior to contract execution.

Procurement/Purchase: The buying, purchasing, renting, leasing or otherwise acquiring of any goods and/or services for public purposes in accordance with the laws, rules, regulations and procedures intended to provide for the economic expenditure of public funds. It includes but is not limited to all functions which pertain to the obtaining of any supplies, materials, equipment and/or services including construction projects and Capital Improvement Projects, as defined herein, required by any department/division or agency of the City government regardless of the source of funds.

Procurement Card (P-Card): An instrument used to purchase goods/services in accordance with established procedures.

Professional Services: Any certified public accountant; architect; land surveyor; physician, surgeon, or optometrist; state certified or stated licensed real estate appraiser; or registered nurse as defined under TX LGC 252.

Proposal: An executed formal document submitted by an offeror to the City stating the good(s) and/or service(s) offered to satisfy the need as requested in the Request for Proposal or quote solicitation.

Proprietary: Products or services manufactured or offered under exclusive rights of ownership, including rights under patent, copyright or trade secret law. A product or service is proprietary if it has a distinctive feature or characteristic which is not shared or provided by competing or similar products or services.

Purchase Order: The City's document used to authorize a purchase transaction with a vendor. It should contain provisions for construction, goods and/or services ordered; applicable terms as to payments, discounts, date of performance and transportation; and other factors or conditions relating to the transaction. Acceptance of a Purchase Order by a vendor shall constitute a contract, except instances in which a Purchase Order is issued only as an internal encumbrance document.

Purchase Requisition (PR): System generated and approved document submitted to purchasing to request a Purchase Order.

Quote or Informal Solicitation: Written solicitation request and/or response offered to the City by a vendor for furnishing specific goods and/or services at a stated price, under \$50,000.

Request for Proposal (RFP): A solicitation for goods and/or services for which the scope of work, specifications or contractual terms and conditions cannot reasonably be closely defined. Evaluation of proposal is based on stated criteria and shall state the relative importance of all evaluation factors; other factors may be considered as stated in the RFP.

Request for Qualifications (RFQ): May be a formal or informal request to solicit qualifications and experience for specific services. Responses are evaluated and a top responder is selected. Price may not be known or considered during the evaluation process. Once a top respondent is identified, City staff negotiates a firm price and the City Manager or Assistant City Manager sign an agreement with the individual or firm.

Response Tabulation: The recording of responses for purposes of documents all received for evaluation and recording purposes.

Services: The furnishing of labor, time and/or effort by professionals or contractors, wherein the submission of goods or other specific end products other than reports, studies, plans, advisories, contractual documents or other documents relating to the required performance is incidental or secondary.

Sole Source: The only existing source of the only item which meets the needs of the user department/division as determined by a reasonably thorough analysis of the marketplace.

Specifications: A concise, descriptive statement of a set of requirements to be satisfied by a product, material or process used in a solicitation to illustrate the goods and/or services to be purchased or otherwise acquired.

Successful Bidder: Vendor awarded the contract through solicitation, regardless of the method used or dollar amount.

Vendor: An actual or potential provider of goods or services.