

GLOSSARY OF PURCHASING TERMS

Agreement

A properly executed and legally binding contract usually written between two or more parties, (contract or PO).

Assignment

The legal transfer of a right or property.

Award

The act of accepting a bid, thereby forming a contract between the City and a bidder.

Bid

An offer to contract with the City submitted in response to a bid invitation issued by the Purchasing Division.

Bid Sample

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

Bid Tabulation

The recording of bids and bidding data for purposes of bid evaluation and record keeping.

Bidder

An individual or entity submitting a bid. The term includes anyone acting on behalf of the individual or other entity that submits a bid, such as agents, employees, and representatives.

Brand Name

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

Capital Items

Those items with a unit value in excess of \$5,000.00 and having a useful life of more than one year.

Centralized Master Bidders List (CMBL)

A list maintained by the Texas Building and Procurement Commission (TBPC) containing the names and addresses of prospective bidders and HUB suppliers.

Change Order

Modification to an agreement, (i.e., contract or PO).

Commodity

Supplies, materials or equipment (e.g. not a service).

Commodity Book

Published by the TBPC, which contains class and item numbers for a variety of commodities. Available at www.tbpc.state.tx.us/com_book/index.html.

Competitive Bidding

The process of inviting and obtaining bids from competing sources in response to advertised competitive specifications.

Competitive Specifications

A specification stated in such a manner that two or more bidders can meet the specifications.

Component Purchases

Buying parts of an item individually that under standard purchasing practices should be bought together.

Confirming Order

A purchase order number issued to a vendor (placed verbally or otherwise) in advance of the hard copy purchase order, listing the commodities or services and terms of an order. Also called *confirmation order*.

Contract

A written, legally enforceable agreement between the City and one or more other parties to provide a product or service.

Contract Administration

Contract administration is the responsibility of the requesting department. Contract administration generally includes, but is not limited to monitoring of: correct pricing receipt, annual usage and expenditures, vendor performance, and renewal options.

Cooperative Purchasing

A program for qualified entities to use the purchasing resources of other governmental entities.

Discount-From-List

Requires insertion of net unit prices on contracts/price agreements. The manufacturer must submit a printed price list/catalog from which prices are to be figured.

Emergency Purchase

A purchase of goods or services, as defined by State of Texas statute, such that an agency will suffer financial or operational damage unless they are secured immediately.

Escalation Clause

A clause in a bid providing for a price increase under certain specified circumstances.

Expedite

An attempt to persuade suppliers to deliver an ordered item ahead of schedule, which may result in additional costs. This also includes follow-up activities to correct mistakes in pricing, late delivery, etc.

Fixed-Price Contract

A contract, which provides for a firm price, which cannot be increased for the full term of the contract.

Formal Bid

A written bid submitted in a sealed envelope in accordance with a prescribed format.

Freight On Board/Free On Board (F.O.B.)

The legally defined point at which ownership of the goods passes from seller to buyer.

1. F.O.B. Delivered (also called: F.O.B. Destination)

The City of Arlington assumes no liability for goods damaged while in transit and/or delivered in a damaged or unacceptable condition. The contractor shall be responsible for, and handle, all claims with carriers. In the case of damaged goods, the contractor shall ship replacement goods immediately upon notification of damage by the City.

NOTE: Prices bid and quoted shall always be Freight On Board (F.O.B.) Delivered, to the Municipal Facility, Arlington, Texas, and shall include all freight, delivery and packaging costs.

2. **F.O.B. Origin or Shipping Point**

The City is responsible for the shipping charges as well as filing any claims for damage to goods occurring during shipment. Title passes to the City upon acceptance of the goods by the shipper.

3. **Other F.O.B. Points**

Special F.O.B. points can be established by contractual agreement such as:

- (a) Transfer of ownership may occur after goods (or services) have been inspected and accepted.
- (b) For large or complicated capital equipment, ownership may transfer after the equipment is delivered, installed, and tested to ensure functional and/or performance specifications have been met.
- (c) Consignment inventory can remain the seller's property after receipt, until it is removed from storage for use. Ownership transfers when the goods are consumed by the City.

High Technology

The procurement of equipment, goods, or services of a highly technical nature, including:

- 1. Data processing equipment, software, and firmware used in conjunction with data processing equipment;
- 2. Telecommunications equipment and radio microwave systems;
- 3. Electronic distributed control systems, including building energy management systems; and
- 4. Technical services related to those items.

Historically Underutilized Business (HUB)

A corporation formed for the purpose of making a profit in which fifty-one percent (51%) or more of all classes of the shares of stock or other equitable securities are owned by one or more socially disadvantaged persons who have a proportionate interest and actively participate in the corporation's control, operation, and management. Groups include: Black Americans, Hispanic Americans, Women, Asian Pacific Americans, and Native Americans.

Informal Bid

An unsealed, competitive bid submitted by letter, telephone, fax, email or other means, used for purchases less than \$50,000.

Invitation for Bids (IFB)

A written request for submission of a sealed bid; also referred to as a bid invitation.

Late Bid

A bid that is received, at the place designated in the bid invitation, after the time set for bid opening.

Lease of Equipment

A contract granting use of equipment or other fixed assets for a specified time in exchange for payment. Title remains with the vendor.

Lease-Purchase

An installment sale which gives the lessee the right to purchase the equipment at an agreed upon price under certain conditions. Title passes from seller to purchaser if, and at the time, the option to purchase is exercised.

Letter of Award

Letter of notification announcing award of the contract to bidder. May be used in lieu of issuing a PO to awarded vendor.

Life-Cycle Costing

A procurement technique that considers operating, maintenance, acquisition price, and other costs of ownership in the award of contracts to ensure that the item acquired will result in the lowest total ownership cost during the time the item's function is required.

Local Government

A county, municipality, school district, special district, community college district, or other legally constituted political subdivision of the state.

Manufacturer's Price List

A price list published in some form by the manufacturer, available to and recognized by the trade. The term does not include a price list prepared especially for a given bid.

Minor Technicality

A requirement in a bid invitation which, if waived or modified by the Purchasing Agent when evaluating bids, would not give a bidder an unfair advantage over other bidders or result in a material change in the contract.

Multiple Award Contract Procedure

A purchasing procedure by which the City establishes one or more levels of quality and performance and makes more than one award at each level.

Non-Resident Bidder

A bidder whose principal place of business is not in Texas.

Notice to Proceed

A written notice to the successful vendor to begin work on a specified date.

Obligation

Commitment of resources (money, manpower, etc.) for particular procurements.

OEM

Original equipment manufacturer.

Offer

A proposal by one party to another, which is intended of itself to create legal relations on acceptance by the party to whom it is made.

Pre-bid/Proposal Conference

A conference held by City personnel with potential vendors to discuss the requirements contained in the bid or proposal documents. Conferences are held at the option of the City and are usually set at a time shortly after the second advertisement.

Procurement Card Program

Credit card program designed as a payment method to streamline small dollar purchases.

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 that is not shared or provided by competing or similar products or services.

Protest Procedures

Identified steps for solving vendor grievances relating to formal solicitations.

Public Bid Opening

The opening of bids at the time and place advertised in the bid invitation, in the presence of anyone who wishes to attend. Bids will be read aloud.

Purchase Requisition

The initial document, transmitted electronically or manually with the appropriate approvals authorizing the purchase of items required, and transferring the authority to expense funds from a budget.

Purchase Order (PO)

A legally binding commitment for material, facilities, or services made between the City and the vendor.

Request for Competitive Sealed Proposal (RFCSP)

A written request for proposals concerning goods or services the City intends to acquire by means of the competitive sealed proposal procedure. The procedure allows changes to be made after other proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to award.

Responsible Bidder

A responsible bidder is defined to be one who demonstrates specific selection criteria responses that define that the company can successfully deliver the supplies, equipment, or services being procured.

Responsive Bidder

A responsive bidder is defined to be one who submits a completed sealed bid packet within the stated time deadline and in accordance with the bid specifications.

Separate Purchases

The procurement of items, made separately or sequentially, to avoid the competitive bidding limitations that in standard purchasing practices would be acquired in one transaction. This is considered a violation of state and local statutes.

Service

The furnishing of skilled or unskilled labor, not including professional services covered by the Professional & Consulting Services Act (defined in Chapter 2254 of the Texas Government Code).

Sole-Source

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.

Specification

A concise, detailed description of an item(s) required by the City and the minimum requirements of the vendor and provides the basis for acceptance and award.

Subcontractor

A person, firm, or corporation that provides labor or material to fulfill an obligation to a contractor, or another subcontractor, for the performance and installation of any of the work required by a contract.

Supplier

A business or individual that could potentially sell goods, services, or both in return for payment.

Terms & Conditions

The legal provisions governing a contract.

Texas Resident Bidder

A bidder with its principal place of business in Texas.

Unit Price

The price of a selected unit of a good or service (e.g., price per ton, per labor hour, or per foot).

Vendor

A business or individual that sells goods, services, or both in return for payment.