

**TEXAS DEPARTMENT OF
TRANSPORTATION 2025-2026
EDUCATIONAL SERIES**

**PROCUREMENT
OF GOODS AND
SERVICES**

- Procurement of Goods and Services Overview
- Goods and Non-Professional Services
- Professional Services Contracts



Texas Department of Transportation (TxDOT): Public website offering information and resources for drivers, businesses, government officials, and anyone interested in learning about TxDOT.



TxDOT 2025-2026 Educational Series: Focuses on key transportation issues affecting TxDOT and Texas.





OVERVIEW

Various federal and state laws, regulations, and policies establish and control the Texas Department of Transportation's (TxDOT) contracting and procurement activities. These laws, regulations, and policies authorize the types of contracting activities that TxDOT may undertake for each type of good or service and establish provider selection processes.

In 2015, the Texas Legislature enacted several laws to enhance transparency in state contracting and procurement processes. These changes introduced greater checks and balances within the contracting process and required additional reporting by state agencies. As a result, agency heads and governing boards were given increased responsibility and accountability for contracting and procurement practices.

In 2019, the Texas Legislature took further steps toward strengthening state contracting and procurement requirements by enhancing oversight of risky procurements, strengthening scoring guidelines, and bolstering vendor performance tracking. One of the highlights of the 2019 contracting reforms passed by the legislature included a requirement for state agencies to share important state agency contracting information with the public and the legislature including state agencies' performance in executing contracting duties. Each state

fiscal year, the Texas State Auditor's Office assigns to each of the 25 largest state agencies one of three ratings which sets the level of monitoring the respective agency will receive: (1) additional monitoring warranted; (2) no additional monitoring warranted; or (3) reduced monitoring warranted. The Texas State Auditor's Office submits an annual report to the Texas Comptroller of Public Accounts and the Texas Department of Information Resources containing each agency's rating as assigned.

TxDOT uses three primary procurement methods for goods and services:

1. Low-Bid (Low Costs) Procurement Method – TxDOT only considers cost and compliance within the specifications in awarding the contract or purchase order to the qualified, low-bidder or provider;
2. Best-Value Procurement Method – TxDOT considers some combination of qualifications (and other factors), proposed solutions, and cost to obtain the best value and awards the contract to that vendor; and
3. Qualifications-Based Procurement Method – TxDOT considers only vendor qualifications in awarding the contract and negotiates the final contract cost after making the qualification selection.



TxDOT conducts procurement for goods, non-professional services, and Automated Information System goods and services in a way that ensures that public purchasing is accessible to all eligible interested providers. TxDOT also provides a continuing professional development and certification program for its purchasing staff and maintains open communication with PRO customers, other governmental entities, and the public.

Purchases of goods, non-professional services, and Automated Information System goods and services can use either the low-bid or the best-value procurement method. In both cases, TxDOT is seeking the best value for the state. As a rule of thumb, TxDOT awards purchases of goods and non-professional services by:

- Low-Bid (low cost) Procurement Method; and
- Best-Value Procurement Method

BIDDER'S LIST

The Texas Comptroller of Public Accounts maintains the Centralized Master Bidders List, a directory of providers registered with the state to provide goods and services. Unless exempted, under the State Purchasing and General Services Act, state agencies must use the Centralized Master Bidders List for all purchases of all goods and services.

BASIS OF AWARD

If TxDOT decides to award a purchase order, state law requires that TxDOT base the award either on the lowest price (low-bid/low cost) or on best-value, in which TxDOT considers a combination of qualifications, proposed solutions, and prices to obtain the best value.



GOODS AND NON-PROFESSIONAL SERVICES

TxDOT has centralized its purchasing activities for goods, non-professional services, and Automated Information System goods and services to ensure consistent compliance with state and federal procurement laws, regulations, and policies. TxDOT's purchasing philosophy is to purchase the right quality, in the right quantity, at the right time, at the right price, from the right provider, in the most effective manner. TxDOT's three purchasing goals are to:

1. Be good stewards of the state's money;
2. Meet the needs of TxDOT Districts and Divisions; and
3. Promote fair and open competition.

To accomplish these goals, TxDOT has established product standards, specifications, and tests for certain materials and goods. TxDOT inspects all purchases for compliance with TxDOT requirements and manages its inventory to ensure TxDOT maintains an appropriate level of needed goods and materials.



ENGINEERING, ARCHITECTURAL, AND SURVEYING SERVICES

TxDOT must use a two-step selection process when procuring engineering, architectural, and surveying services. For these services, a registered professional engineer, architect, or land surveyor must either perform or supervise the work. These services have included:

- Preliminary engineering;
- Development of plans, specifications, and estimates;
- Construction engineering and inspection;
- Bridge inspection and scour analysis (inspection of soil erosion that surrounds a bridge foundation);
- Environmental engineering, observation, and inspection;
- Architectural plans, specifications and estimates, observation, and inspection; and
- Surveying and mapping.

TWO-STEP SELECTION PROCESS

The two-step selection process evaluates a prospective provider's qualifications and price separately in two distinct phases:

1. Provider Selection Phase (Qualification) and
2. Negotiations Phase (Price).

Step one – The provider selection phase requires TxDOT to rank prospective providers considering the provider's demonstrated, relevant competence and qualifications regardless of price.

Step two – The negotiation phase involves negotiating a fair and reasonable price or fees with the most qualified potential provider chosen during the selection phase. TxDOT establishes the acceptable price range for each service type using current averages for the service being procured or current payroll data. If the parties cannot negotiate an agreed upon price within the acceptable range, TxDOT may stop negotiations with the most qualified provider and begin negotiations with the second-most qualified provider. Once TxDOT terminates negotiations with the highest-ranked provider, neither party may restart those negotiations. In the subsequent negotiation, once both sides agree to a fair and reasonable price to perform the required services, TxDOT may award the contract.

PROFESSIONAL SERVICES CONTRACTS

TxDOT awards professional service contracts through a procurement method that assesses each prospective provider's qualifications and pricing. Depending on the type of professional service, TxDOT awards professional service contracts using either a one-step or two-step selection process. Both methods require TxDOT to take the following steps:

- Advertise the services TxDOT plans to procure;
- Develop a solicitation package that adequately describes the scope of work the successful provider will perform and the criteria. TxDOT will use to evaluate provider responses;
- Select the provider that best demonstrates its qualifications and ability to perform the work; and
- Negotiate with the selected provider to secure the performance of the work at a fair and reasonable price.



OTHER PROFESSIONAL SERVICES

In addition to engineering, architectural, and surveying services, TxDOT contracts for other professional services using a one-step selection process. These services include:

- Licensed real estate appraisers assisting in the acquisition of right of way;
- Certified Public Accountants providing performing independent audits;
- Landscape architects designing landscaping for highway projects; and
- Medical doctors serving as the medical review officer for workplace drug and alcohol testing programs.

ONE-STEP SELECTION PROCESS

In TxDOT's one-step selection process, TxDOT evaluates each prospective provider's qualifications and prices simultaneously. TxDOT awards the contract to the provider with the proposal that receives the best overall score. TxDOT scores proposals using criteria to assess a prospective provider's qualifications to perform specific job functions and the reasonableness of fees in relation to current industry averages and historical price data. The methods by which TxDOT scores the qualifications component varies; however, TxDOT typically considers the proposer's experience with similar projects, the qualifications of the project manager and the project team, and the project plan. TxDOT uses the one-step process for all other best-value selections.



MISSION

Connecting you with Texas.

VISION

A forward thinking leader delivering mobility, enabling economic opportunity, and enhancing quality of life for all Texans.



VALUES

People

People are the Department's most important customer, asset, and resource. The well-being, safety, and quality of life for Texans and the traveling public are of the utmost concern to the Department. We focus on relationship building, customer service, and partnerships.

Accountability

We accept responsibility for our actions and promote open communication and transparency at all times.

Trust

We strive to earn and maintain confidence through reliable and ethical decision-making.

Honesty

We conduct ourselves with the highest degree of integrity, respect, and truthfulness.



PRIORITIES

Safety

Design, build, operate, and maintain our transportation system with safety as our #1 priority.

Delivery

Responsible program execution throughout the transportation life cycle (planning, design, construction, maintenance, and operations).

Innovation

Forward-thinking, technology-focused, fostering a culture of continuous improvement.

Stewardship

Professional, responsible stewards of resources.

