

ORD
#207

PURCHASING PROCEDURES
TOWN OF ASHLAND CITY, TENNESSEE

As designated the City Administrator shall act as purchasing agent for the town, with power, except as set out in these procedures, to purchase materials, supplies, equipment, and services; secure leases and lease-purchases; and dispose of and transfer surplus property for the proper conduct of the town's business. All contracts leases, and lease-purchase agreements extending beyond the end of any fiscal year must have prior approval of the governing body.

With approval by the governing body, the purchasing agent shall have the authority to make purchases, leases, and lease-purchases of more than \$1,000 and less than \$2,500 singly or in the aggregate during any fiscal year and, except as otherwise provided herein, shall require three competitive bids or quotations, either verbal or written, whenever possible prior to each purchase. Competitive bids or quotations for the purchase of items which cost less than \$1,000 are desirable but not mandatory. All competitive bids or quotations received shall be recorded and maintained in the office of the city clerk/recorder for a minimum of two years after audit. When requisitions are required, the competitive bids or quotations received shall be listed upon that document prior to the issuance of the purchase order. Awards shall be made to the lowest responsible bidder.

A description of all projects or purchases, except as herein provided, which require the expenditure of city funds of \$2,500 or more singly or in the aggregate during any fiscal year shall be prepared by the purchasing agent and submitted to the governing body for authorization to call for bids or proposals. After the determination that adequate funds are budgeted and available for a purchase, the governing body may authorize the finance officer to advertise for bids or proposals. The award of purchases, leases, or lease-purchases of \$2,500 or more shall be made by the governing body to the lowest responsible bidder.

Purchases amounting to \$⁵⁰⁰⁰2,500 or more, which do not require public advertising and sealed bids or proposals, may be allowed only under the following circumstances and, except as otherwise provided herein, when such purchases are approved by the governing body:

- Sole source of supply or proprietary products as determined after complete search by using department and the purchasing agent, with governing body approval.
- Emergency expenditures with subsequent approval of the governing body.
- Purchases from instrumentalities created by two or more cooperating governments.

- Purchases from non-profit corporations whose purpose or one of whose purposes is to provide goods or services specifically to municipalities.
- Purchases, leases, or lease-purchases of real property.
- Purchases, leases, or lease-purchases, from any federal, state, or local governmental unit or agency, of second-hand articles or equipment or other materials, supplies, commodities, and equipment.
- Purchases through other units of governments as authorized by the Municipal Purchasing Law of 1983.
- Purchases directed through or in conjunction with the Department of General Services.
- Professional service contracts as provided in *Tennessee Code Annotated 29-2-407*.
- Tort Liability Insurance as provided in TCA 12-4-407.
- Purchases of perishable commodities.

The purchasing agent shall be responsible for following these procedures and the Municipal Purchasing Law of 1983, as amended, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.

PURCHASING FORMS AND METHODS

Purchase Requisition

Purpose

A purchase requisition lets purchasing department know, in detail, what the using department needs. A requisition is required for purchases, requesting price information, initiating a bid request, and for requesting governing body approval on major expenditures.

When Prepared

Requisitions shall be prepared far enough in advance so competitive prices and vendor has enough time to make the delivery.

Terms

- (a) "Finance Officer" shall mean City Clerk if appointed by Mayor.
- (b) "Purchasing Agent" shall mean City Administrator if designated by ordinance.
- (c) "Purchasing Department" shall consist of but not limited to the Mayor, Finance Officer and Purchasing Agent. The physical location of the "Department" is the office of the Finance Officer.

Who Prepares the Requisition

Requisitions shall originate in the using department and must be signed by the department head.

Routing of Requisitions

Requisition forms will have three copies. After the Department Head of the using department has received the necessary quotations or bids and has determined total cost of the merchandise or estimated cost and completed requisition form, the cost will be listed. Requisition shall then be forward to the finance officer. The finance officer shall certify, by signature, that the proper account has been charged and the availability of budgetary and cash funds. The original requisition will then be returned to the Purchasing Department for proper completion.

General Information

A requisition must be completed before a purchase is made, except when mentioned otherwise.

The Department Head of using department will get prices for any needed item.

If a requisition is incomplete or improperly prepared, the finance officer shall return it to the using department for completion. An incomplete requisition can cause unnecessary delays.

The requisitioner shall not split orders to avoid any provision of the city code or charter, this procedure, or any policy established by the city, nor shall requisitions be submitted for the sole purpose of using up budgetary balances.

Expediting Orders

If a company is waiting for a purchase order to process a rush job, write EXPEDITE IMMEDIATELY in the body of the requisition. Purchasing will then contact the vendor and supply a purchase order number. This process will be the exception rather than the rule.

Insufficient Funds

If the finance officer says there is not enough in the budget account, it will be referred to the purchasing agent, who will notify the department head.

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Purchase Order

Purpose

A purchase order authorizes the seller to ship and invoice the materials and services as specified. Purchase orders shall be written in a clear, concise, and complete manner. This will prevent confusion and unnecessary correspondence with suppliers.

When Prepared

Purchase orders are issued only after a requisition has been submitted and approved by the purchasing agent and the finance officer. No purchase order will be issued until the finance officer has certified adequate funds and cash balances to make the purchase, except as otherwise mentioned.

Who Issues the Purchase Order

The Purchasing Department issues purchase orders, except as otherwise provided herein. The using departments will not enter into negotiations with suppliers for the purchase of equipment, supplies, materials, services, or other items, except under emergency purchase procedures and as otherwise provided herein.

Cancellations

The Purchasing Department must initiate all cancellations and will issue a purchase order to the next best vendor or renew the purchasing process.

EMERGENCY PURCHASES

Purpose

Emergency purchases are to be made by departments only when normal functions and operations of the department would be hampered by submitting a requisition in the regular manner, or where property, equipment, or life are endangered through unexpected circumstances and materials, services, etc., and are needed immediately.

Who Makes Them?

Emergency purchases, either verbal or written, may be made directly by the using department without competitive bids, provided sufficient appropriations are available and necessary approvals have been secured.

Who Authorizes

The department head may authorize an emergency purchase.

How to Make

After determining a true emergency exists, the following procedure should be used:

1. Notify the Purchasing Department of the need and nature of the emergency. The department will give verbal approval and issue a purchase order number. This number will be put on the requisition referred to in Number 4 below.
2. Using department must use sound judgment when making emergency purchases of materials and supplies and for labor on equipment. Orders should be placed with vendors who have a good track record with the department.

3. Suppliers shall furnish sales tickets, delivery slips, invoices, etc., for the supplies or services rendered. Terms of the transactions, indicating price and other data, shall be shown.

4. As soon as the buy is complete, on the same or following business day, the using department must:

- Give the Purchasing Department a complete requisition with a description of the emergency and approval by the department head. "Confirming Emergency Purchase" must be marked plainly on the requisition, along with the purchase order number.
- The sales ticket, delivery slips, and invoices confirming the purchase must be attached to the emergency requisition form.
- The Purchasing Department will issue the vendor a purchase order marked "Confirmation."

5. If an emergency should occur during a time when the Purchasing Department normally is closed, the using department will follow the above procedure with exception of the first step. The evidence or purchase, such as sales slip, counter receipt, delivery slip, invoice, etc., which the supplier normally furnishes, shall be attached to the completed and approved requisition form and be forwarded to the Purchasing Department.

6. As soon as possible, the person authorizing the emergency purchase must prepare a report to the chief executive officer and the governing body specifying the amount paid, the item purchased, from whom the purchase(s) was made, and the nature of the emergency.

SEALED BIDS OR PROPOSALS

Sealed bids are required on purchases of \$^{5000.-}2,500 or more. Bids must be advertised in a local newspaper of general circulation not less than 15 days in advance of the date set for receiving bids.

Steps for Bidding

- Using department prepare requisition to begin bid process. This should contain specific information about items needed. For example, quantity, size, brand preferred, performance requirements, etc.
- Submit requisition to begin bid request to the Purchasing Department at least three weeks before the date bids are to be opened.
- Using Department prepare bid requests.
- After bid request is prepared, submit to purchasing agent for review.
- Establish date and time for bid opening.
- Select possible sources of supply.
- Prepare specifications (unless of a technical nature, such as architectural, engineering, etc.) using purchasing agent's input and assistance if needed.
- Mail bid requests and advertise. If delivered by hand, a receipt of the bid request should be signed by the vendor. All advertisements will be submitted by city clerk of the town.
- Receive and open bids when required.
- Purchasing Department and Department Head of using department evaluate bids.
- Prepare bids and make a recommendation on award to the governing body for approval.
- Process purchase order after governing body approval.

Using department is to maintain all specification and bid data files and provide copy to Purchasing Department.

General Information

The following policies shall apply to sealed bids:

Page 8 of 13

(see charter
C-24) Bid bond is 5% of bid price
performance bond is 100% of contract price.

- 1. Bid or Proposal Opening:** Bids will be opened at the time and date specified on the bid request. All bids are opened publicly and read aloud, with a tabulation provided to all vendors participating. Proposals for extensive systems, complicated equipment, or construction projects, with prior approval of the governing body, may be opened privately in cases where the disclosure of the contents of the proposal could not be readily evaluated and would have a negative impact on both vendor and the city.
- 2. Late Bids:** No bids received after closing time will be accepted. All late bids will be returned unopened to the vendor. Bids postmarked on the bid opening date but received after the specified time will be considered late and will be returned unopened.
- 3. Bid Opening Schedule:** The Using Department with assistance from the Purchasing Agent is responsible for setting bid opening dates and times.
- 4. Telephone Bids:** Telephone bids will not be accepted.
- 5. Bid Form:** The Using Department sends duplicate copies of bid request forms to each bidder, thereby enabling the bidder to return one and maintain a file copy. Bids will not be accepted on any vendor letterhead, vendor bid form, or other substitutions unless special permission is given by the Purchasing Department.
- 6. Unsigned Bids:** Failure of a vendor representative to sign bid proposal removes that bid from consideration. A typed official's name will not be acceptable without that person's written signature.
- 7. Acceptance of Bids:** The city reserves the right to reject any or all bids, to waive any irregularities in a bid, to make awards to more than one bidder, to accept any part or all of a bid or to accept that bid (or bids) which in the judgment of the governing body is in the best interest of the city.
- 8. Shipping Charges:** Bids are to include all shipping charges to the point of delivery. Bids will only be considered on the basis of delivered price, except as otherwise authorized by the governing body.
- 9. Approved Equal Policy:** Specifications in the request for bid are intended to establish a desired quality or performance level or other minimum requirements which will provide the city with the best product available at the lowest possible price.

10. **Alternate Bids:** Should it be found, after bids have been opened, that a product has been offered with an alternative specification and that this product would be better for the city to use, all bids for that item may be rejected and specifications redrawn to allow all bidders an equal opportunity to submit bids on the alternate item.

11. **Tie Bids:** A tie bid is one in which two or more vendors bid identical items at the same unit cost. Tie bids may be determined by one of the following factors:

- (a) discount allowed,
- (b) delivery schedule,
- (c) previous vendor performance,
- (d) vendor location, or
- (e) trade-in value offered.

12. **Cancellation of Invitation for Bid or Request for Proposal:** An invitation to bid, a request for proposal, or other solicitations may be canceled, or any or all bids or proposals may be rejected in part as may be specified in the solicitation when it is in the best interest of the city. The reasons shall be made a part of the bid or proposal file.

13. **Public Advertisement:** In addition to publication in a newspaper of general circulation as required by law, the purchasing agent may make any other efforts to let all prospective bidders know about the invitation to bid. This may be accomplished by delivery, verbally, mail, or by posting the invitation to bid in a public place. It is not required that specifications be included in the invitation to bid. However, the notice should state clearly the purchase to be made.

NON-PERFORMANCE POLICY

Failure of a bidder to complete a contract, bid, or purchase order in the specified time agreed on, or failure to provide the service, materials, or supplies required by such contract, bid or purchase order, or failure to honor quoted price on services, materials, or supplies on a contract, bid, or purchase order may result in one or more of the following actions:

- Removal of a vendor from bid list for a period to be determined by the governing body.
- Allowing the vendor to find the needed item for the city from another supplier at no additional cost to the city.
- Allowing the city to purchase the needed services, materials, or supplies from another source and charge the vendor for any difference in cost resulting from this purchase.
- Allowing monetary settlement.

CONTRACTUAL PURCHASES

Such materials, supplies, or services which are constantly needed for city operations will be taken on a formal bid and will be awarded by the governing body for a contract period determined to be in the best interest of the city. This procedure shall be used in cases where the amount of the purchase of said material, supplies, or services will be \$2,500 or more within the fiscal year. For amounts below \$2,500, the award will be made by the purchasing department.

ITEMS COVERED BY WARRANTY OR GUARANTEE

The finance officer shall maintain an active current file with complete information on warranties or guarantees of times purchased. All warranties must be remitted to the finance officer with the invoice indicating date or receipt.

SIGNATURES

Contracts, applications for title, tax exemption certificates, agreements, and contracts for utilities shall not be signed by any city employee unless authorized in writing by the purchasing agent or by action of the governing body.

TRADE-INS

List of equipment to be used as trade-in shall accompany the request and specifications. The list includes the model, year, serial and city tag numbers, and other pertinent data.

SALE OF SURPLUS PROPERTY

When a department head decides there is surplus equipment or material in the department, he or she shall notify the purchasing agent in writing. The purchasing agent will figure out the best way

to dispose of those items with an estimated value of less than \$100 and let the department head know. Items with an estimated value of more than \$100 shall be advertised for bidding, which will begin after the purchasing agent has received approval from the governing body. Such equipment or materials will be sold to the highest bidder.

However, the purchasing agent may transfer surplus equipment from one department to another. He or she must be sure the finance officer knows about the transfer or sales. With approval of the governing body, equipment or material may also be sold at public actions.

GENERAL INFORMATION

Preference to Local Dealers: When buying supplies, materials, equipment, and services for the city's requirements, preference shall be given dealers who have stores or warehouses within the city-price, quality, delivery, and service being equal.

Federal Excise Tax: The city is exempt from the payment of excise taxes imposed by the federal government, and suppliers should be requested to deduct the amount of such taxes from their bids, quotations, and invoices.

Inspection of Deliveries: No invoices for supplies, materials, or equipment shall be accepted for payment until such supplies, materials, etc., have been received and inspected by the department head.

Correspondence with Suppliers: Copies of any correspondence with suppliers concerning prices, adjustments, and defective merchandise shall be forwarded to the finance officer. All invoices, bills of lading, delivery tickets, and other papers relating to purchases shall be sent to the purchasing agent.

Claims: The purchasing agent shall prosecute all claims for shortages, breakage, or other complaints against either shipper or carrier in connection with shipments.

Public Inspection of Records: The finance officer shall keep a complete record of all quotations, bids, and purchase orders. Such records shall be open to public inspection.

Designee: When a position such as purchasing agent, finance officer, or department head is mentioned, their assistants or designees are acceptable substitutes if they have written permission to do so.

Accepted Aug 10, 1999