**ADMINISTRATIVE CONSIDERATIONS WHEN USING THIS MODEL TO ESTABLISH MUNICIPAL PURCHASING PROCEDURES:**

1. Municipalities subject to the Purchasing Law of 1983, may wish to increase the maximum amount that exempts public advertisement and competitive bids from $2,500 to up to $10,000. To do so requires passage of an ordinance that adjusts the dollar amounts.
2. This model does not include the language required to adopt the competitive sealed proposal method of procurement. If the municipality chooses to utilize the competitive sealed proposal method as authorized by TCA § 12-3-1207 a procurement code must be adopted by ordinance.
3. Purchasing procedures may be adopted by resolution however the procurement code must be adopted by ordinance.

Please contact your MTAS Management or Finance Consultant for further assistance adopting purchasing policies.

MTAS staff listing: <https://www.mtas.tennessee.edu/staff>

**ORDINANCE NO.**

**AN ORDINANCE ESTABLISHING A MAXIMUM AMOUNT**

**FOR PURCHASES WITHOUT PUBLIC ADVERTISEMENT AND**

**COMPETITIVE BIDDING**

 WHEREAS, the Town of \_\_\_\_\_\_ is subject to the provisions of the "Municipal Purchasing Law of l983", and

 WHEREAS, the *Tennessee Code Annotated* §6-56-306 permits municipalities to increase the dollar amount of purchases requiring public advertisement and competitive bidding, and,

 WHEREAS, the Board of Mayor and Aldermen has determined that it is in the best interest of the Town of \_\_\_\_\_ to increase said amount, now therefore

 BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN, that:

 Section 1. Public advertisement and competitive bidding shall be required for the purchase of all goods and services exceeding an amount of \_\_\_\_ thousand dollars ($\_\_\_,000.00) except for those purchases specifically exempted from advertisement and bidding by the Municipal Purchasing Act of l983; and

 Section 2. The threshold for competitive quotes be increased to 40% of the public advertisement and competitive bid limit.

 Section 3. This ordinance shall take effect from and after its final passage.

Passed 1st Reading: \_\_\_\_\_\_\_\_\_\_\_\_\_

Passed 2nd Reading: \_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Mayor

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Town Recorder

***Please note the amount in Section 1 above cannot exceed $10,000 if the municipal government does not have a full-time purchasing agent as defined in Tennessee Attorney General Opinion No. 21-04.***

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION ADOPTING PURCHASING PROCEDURES**

**FOR THE TOWN OF \_\_\_\_\_\_, TENNESSEE**

 **WHEREAS**, the governing body of the Town of \_\_\_\_\_ desires to establish methods to comply with the Municipal Purchasing Law of 1983, as amended, and to provide for a more formal process for the procurement of equipment, services, and materials for the operation of municipal government,

 **WHEREAS**, such action is required by said law, as found in *Tennessee Code Annotated* 6-56-301, et seq.,

 **NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF \_\_\_\_\_\_\_\_\_\_, TENNESSEE, AS FOLLOWS:**

 Section 1. The purchasing procedures attached hereto and made a part hereof are hereby adopted.

 Section 2. The purchasing agent, as previously designated by Ordinance No. \_\_\_\_\_\_\_ shall be responsible for the enforcement of the procedures hereby adopted.

 Section 3. Changes or revisions to the procedures hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the Town of \_\_\_\_\_\_\_\_\_\_.

 Adopted this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Mayor

Attest: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Town Recorder

**Purchasing Procedures**

**TOWN OF \_\_\_\_\_\_\_\_\_\_, TENNESSEE**

**Section 1.**

**General Provisions**

As designated in Ordinance No. \_\_\_\_\_\_\_, the Mayor or Town Recorder, when so designated by the Mayor, shall act as purchasing agent for the town, with power, except as set out in these procedures, to purchase materials, supplies, equipment; 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 and it some cases by the Comptroller of the Treasury, Division of Local Government Finance.

Within the appropriation limits established in the town budget, the purchasing agent shall have the authority to make purchases, leases, and lease purchases of more than one thousand dollars ($1,000) and less than two thousand five hundred dollars ($2,500) singly or in the aggregate during any fiscal year, except as otherwise provided herein, and shall require three (3) 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 one thousand dollars ($1,000) are desirable but not mandatory. All competitive bids or quotations received shall be recorded and maintained in the office of the purchasing agent for a minimum of two (2) 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 town funds of two thousand five hundred dollars ($2,500) or more 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 purchasing agent to advertise for bids or proposals. The award of purchases, leases, or lease-purchases of two thousand five hundred dollars ($2,500) or more shall be made by the governing body to the lowest responsible bidder.

Purchases amounting to two thousand five hundred ($2,500) or more, which do not require public advertising and competitive 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 (2) 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 as authorized by state law.

 --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 state Central Procurement Office.

 --Purchases from Tennessee state industries. TCA § 41-22-119 through 121 Establishes a requirement to purchase goods from the Tennessee Rehabilitative Initiative in Correction (TRICOR) provided the articles are certified by the procurement commission.

 --Professional service contracts as provided in *Tennessee Code Annotated* 12-3-1209 and 12-4-107.

 --Tort Liability Insurance as provided in *TCA* 12-4-407.

 --Purchases of fuels, fuel products, or 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.

**Section 2.**

**Purchasing Agent and User Department Responsibilities**

The purchasing function is a service provided to all other departments of the town to ensure the town receives the best possible price when purchasing materials and services. The mutual benefits gained from this process are only achieved if all departments work together in following these purchasing procedures.

The Purchasing Agent is specifically responsible for the following:

 -- To aid and cooperate with all departments in meeting their needs for operating supplies, equipment, and services.

 -- To process all requisitions with the least possible delay.

 -- To procure a product that will meet the department's requirements at the least cost to the town.

 -- To know the source and availability of needed products and services and maintain current vendor files.

 -- To obtain prices on comparable materials after receipt of departmental requisition.

 -- To select vendors, prepare purchase orders, and process and maintain order and requisition files.

 -- To search for new, improved sources of supplies and services.

 -- To assist in preparation of specifications and to maintain specification and historical performance files.

 -- To prepare and advertise requests for bids and maintain bid files.

 -- To keep items in stores in sufficient quantities to meet normal requirements of the town for a reasonable length of time within space availability.

 -- To investigate and document complaints about merchandise and services for future reference.

 -- To transfer or dispose of surplus property.

In accordance with proper purchasing procedures, user departments are responsible for the following:

 -- To allow ample lead time for the Purchasing Agent to process the requisition and issue the purchase order, while permitting the supplier time to deliver the needed items.

 -- To prepare a complete and accurate description of materials to be purchased.

 -- To help the Purchasing Agent by suggesting sources of supply.

 -- To plan purchases in order to eliminate avoidable emergencies.

 -- To initiate specification preparation on items to be bid.

 -- To inspect merchandise upon receipt, and complete a receiving report noting any discrepancies in types, numbers, condition, or quality of goods.

 -- To advise Purchasing Agent of defective merchandise or dissatisfaction with vendor performance.

 -- To advise Purchasing Agent of property which should be declared as surplus.

**Section 3.**

**Purchasing Forms and Methods**

**A. Purchase Requisition**

 **Purpose**

A purchase requisition lets the Purchasing Agent 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 the Purchasing Agent can obtain competitive prices and the vendor has enough time to make the delivery.

 **Who Prepares the Requisition**

Requisitions shall originate in the using department and must be signed by the requisitioner and the department head. The department head shall file with the Purchasing Agent a certified memorandum listing those who are authorized to sign a requisition.

 **How to Prepare**

A properly processed purchase requisition must contain the following information:

 -- Date issued: The date the requisition is prepared.

 -- Date wanted: State a definite delivery date. "AT ONCE, ASAP, and RUSH" are vague instructions and don't give the Purchasing agent sufficient information. Prepare far enough in advance to avoid emergencies.

 -- Requisition number: Place the sequential number in this area if your department keeps a numerical requisition file.

 -- Department: The complete name of using department

 -- Requisitioner: Signature of the person initiating the purchase request

 -- Department head: Signature of the department head

 -- Suggested vendors: If there are more than three (3) suggested vendors, the department head should list on a separate sheet.

 -- To be delivered to: Be specific. If vague or indefinite, confusion may result in costly delays.

 -- Item no.: Numerical order of items listed

 -- Quantity: The number required

 -- Unit: Dozen, lineal feet, gallons, etc.

 -- Description: Give a clear description of the items including size, color, type, etc. If the purchase is of a technical nature, specifications should be attached to the requisition. If the item can't be described without a great amount of detail, a brief description should be given, followed by a trade name and model number of an acceptable item "or approved equal." Requisitions must not give specifications that will favor one supplier to the exclusion of any others.

*NOTE: Incomplete information in this area will result in the requisition being returned to the using department for clarification.*

 -- Account to be charged: Complete Budgetary Code

 -- Unit price: Price for each individual item

 -- Amount: A total of quantity times unit price

 **Routing of Requisitions**

Prepare three copies of the purchase requisition. Send the original and one copy to the Purchasing Agent and keep the third copy in departmental files. After the Purchasing Agent has received at least three quotations or bids and has determined total cost of the merchandise, the cost will be listed on the original and one copy of the requisition. These copies shall then be forwarded 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 must then be returned to the Purchasing Agent and the copy filed in the office of the finance officer.

 **General Information**

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

The Purchasing Agent will get prices for any needed item after receipt of a departmental requisition. **All requests for prices will be processed in this manner.**

Suggested vendors will be of great assistance to the Purchasing Agent and will be given full consideration. This information will allow the department to process the requisition quickly.

Approximate cost of items will help buyers know if bids are required.

If a requisition is incomplete or improperly prepared, the Purchasing Agent 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 TOWN CODE OR CHARTER, THIS MANUAL, OR ANY POLICY ESTABLISHED BY THE TOWN, 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. The Purchasing Agent 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's not enough in the budget account, it will be referred to the Purchasing Agent, who will notify the department head.

**B. 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 agent 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 the emergency purchase procedures and as otherwise provided herein.

**How Purchase Orders are Handled**

The purchase order is made from the approved requisition and is prepared in multiple copies.

 -- A copy is mailed to the vendor to be used as authority to furnish the town the materials or services indicated.

 -- A copy is sent to the finance officer and the account which handles the amount of the purchase order.

 -- A copy is sent to the department head making the request, to be held until the goods or services are received. Upon completion of the order or contract, this copy will be signed and invoices and material receiving report attached. This copy is sent to the purchasing agent for discounting and processing for payment.

 -- A copy is kept by the purchasing agent and filed as record of outstanding orders. When paid, this copy will be marked properly and put in a completed file in numerical order.

 -- A copy should be kept in each department's file for reference.

**Cancellations**

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

**C. Material Receiving Report**

**Purpose**

The material receiving report form is designed to let the purchasing agent and the finance officer know an item(s) of a particular order has been received.

**When Prepared**

This form is completed immediately on receipt of materials, supplies, or services.

**Who Prepares**

The person receiving the merchandise.

**How to Prepare**

A proper material receiving report must contain the following information:

 --Purchase order number: The number from the purchase order on which the items were ordered

 --From: Name of vendor

 --Material received by: Person receiving the item

 --Date received: Date the goods are received

 --Quantity: Number of items received

 --Description: Brief statement describing item(s)

 --Price: Unit price from the purchase order

 --Per: Unit measure (foot, lb., etc.)

 --Amount: Amount equal to quantity times unit cost

 --Freight Charge: Amount (if any) charged for delivery

When any item(s) isn't in satisfactory condition, a statement about the condition of the item(s) must be made in the description column. There's no need to write anything in this column if the item is undamaged.

**D. Request for Bid**

The request for bid form shall be used when the purchasing agent decides it's necessary. The bid number (#) shall be the number assigned to the firm or individual to which the request for bid is forwarded.

**E. Summary of Bids**

The summary of bids form shall be used by the Purchasing agent to record quotations. This form must contain the bids for each purchase and be attached to the pink copy of the purchase order

when filed.

**Section 4.**

**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 funds are available and necessary approvals have been secured.

**Who Authorizes**

The Mayor may authorize an emergency purchase.

**How to Make**

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

 -- Notify the Mayor of the need and nature of the emergency. The Mayor will give verbal approval and the purchasing agent will issue a purchase order number. This number will be put on the requisition referred to in part a. below.

 -- Using department must use sound judgment about prices 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.

 -- 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.

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

a. Give the purchasing agent 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.

b. The sales ticket, delivery slips, invoices, and material receiving report confirming the purchase must be attached to the emergency requisition form.

c. The Purchasing agent will issue the vendor a purchase order marked "Confirmation."

If an emergency should occur during a time when the Mayor or Vice-Mayor are unavailable, the using department will follow the above procedure with the exception of the first step. The evidence of 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 agent, along with a material receiving report.

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

**General Information**

Emergency purchases are costly and should be kept to a minimum. Avoiding emergency orders will save the town money.

**Section 5.**

**Petty Cash Fund**

To buy items that cost less than $ 50.00 from businesses that don't issue invoices or have charge accounts, a petty cash fund shall be set up by the finance officer. The Treasurer is solely responsible for any withdrawals from this account. Any receipts or requests for monies from this fund must be signed by the treasurer.

This fund should be used only if other purchasing methods are not applicable.

The following guidelines will govern the use of the petty cash fund:

1. The maximum amount in the petty cash fund shall be $200.00
2. No single transaction shall exceed $50.00
3. The city recorder/treasure shall keep a ledger of all transactions involving the petty cash fund.
4. All expenditures from the petty cash fund shall be accounted for by a receipt, whenever possible.
5. The petty cash fund shall be replenished when the cash balance falls below $50.00, by check drawn upon the general fund, in an amount sufficient to bring the fund balance back up to $200.00.

**Section 6.**

**Competitive Bids or Proposals**

**General**

Competitive bids are required on purchases of $2,500 or more. Bids must be advertised in a local newspaper of general circulation a minimum of one time not less than five (5) days before bid opening date. In determining when to publish the public bid notice, the purchasing agent should consider the complexity of the purchase or project to ensure that all prospective bidders will have sufficient time to obtain the bid documents and prepare completed bids.

**Purchasing Agent Responsibilities**

 1. Prepare bid requests.

 2. Establish date and time for bid opening.

 3. Select possible sources of supply.

 4. Prepare specifications (unless of a technical nature, such as architectural, engineering, etc.).

 5. Mail bid requests and advertise as appropriate. If delivered by hand, a receipt of the bid request should be signed by the vendor.

 6. Receive and open bids.

 7. Evaluate bids.

 8. Prepare bids and make a recommendation on award to governing body for approval.

 9. Process purchase order after governing body approval.

 10. Maintain all specification and bid data files.

**Using Department Responsibilities**

 1. Prepare requisition to begin process. This should contain specific information about items needed. For example, quantity, size, brand preferred, performance requirements, etc.

 2. Submit requisition to begin bid request to the purchasing agent.

 3. Assist in specification preparation, if necessary.

 4. Assist in evaluation of bid results.

**Competitive Bidding Policies**

1. **Bid Opening**: All bids are opened by the purchasing agent upon receipt. A list of bids with the agent’s recommendation is presented to the governing body for approval.
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 purchasing agent is responsible for setting bid opening dates and times.
4. **Telephone Bids**: The purchasing agent shall not accept any bid by telephone.
5. **Bid Form**: The purchasing agent shall send duplicate copies of bid request forms to each bidder, thereby enabling the bidder to return one and maintain a file copy. Bids won't be accepted on any vendor letterhead, vendor bid form, or other substitutions unless special permission is given by the purchasing agent.
6. **Unsigned Bids**: Failure of a vendor representative to sign a bid proposal removes that bid from consideration. A typed official's name won't 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. **Sample Product Policy**: The purchasing agent may request a sample product as part of a bid. If this is stated on the bid proposal form, the vendor is required to comply with this request or have the bid removed from consideration.
10. **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.
	1. When a brand name and/or model is designated, it signifies the minimum quality acceptable. If an alternate is offered, the bidder must include the brand name or model to be furnished, along with complete specifications and descriptive literature and, if requested, a sample for testing.
	2. Brands and/or models other than those designated as "equal to" products shall receive equal consideration.
11. **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 re-drawn to allow all bidders an equal opportunity to submit bids on the alternate item.
12. **Vendor Identification**: Potential suppliers are selected from existing vendor files, using department's suggestions, and any and all sources available to locate vendors related to a specific product or service. New suppliers are added to the bid list as they are found.
13. **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:
	1. Discount allowed
	2. Delivery schedule
	3. Previous vendor performance
	4. Vendor location
	5. Trade-in value offered
14. **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.
15. **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, email, advertisement on the city website or other registry or by posting the invitation to bid in a public place. It's not required that specifications be included in the invitation to bid. However, this notice should state clearly the purchase to be made.

**Contracting for Professional Services through Proposals
(*TCA*** §**12-3-1209 and 12-4-107)**

Municipalities may enter contracts for professional services using proposals rather than competitive bids. Professional services are defined as services by professional people or groups with high ethical standards included are legal services, fiscal agent, financial advisor, or advisory services and educational consultant services. Architectural and engineering professional services may be obtained by use of proposals seeking qualifications of firms licensed in Tennessee. Negotiations may be conducted with the firm deemed most qualified and if a fair and reasonable compensation agreement cannot be reached the next qualified firm may contacted.

* The contract must be awarded based on competence and integrity, rather than competitive solicitations
* Cost must be considered but it must not be the sole factor in awarding the contract.
* A written contract must be executed specifying 1) the service, 2) the cost and expenses covered by the contract.

**Other Bid Award Considerations**

In addition to price, the following points should be considered when awarding a bid:

 1. The ability of the bidder to perform the contract or provide the material or service required.

 2. Whether the bidder can perform the contract or provide the material or service promptly or within the time specified, without delay or interference.

 3. The character, integrity, reputation, experience, and efficiency of the bidder.

 4. The previous and existing compliance, by the bidder, with laws and ordinances relating to the contract or service.

 5. The ability of the bidder to provide future maintenance and service for the use of the subject contract.

 6. Terms and conditions stated in bid.

 7. Compliance with specifications or request for proposal.

**Section 7.**

**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 a quoted price on services, materials, or supplies on a contract, bid, or purchase order may result in one or more of the following actions:

 1. Removal of a vendor from bid list for a period to be determined by the governing body.

 2. Allowing the vendor to find the needed item for the city from another supplier at no additional cost to the city.

 3. 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.

 4. Allowing monetary settlement.

**Section 8.**

**Delinquent Delivery**

Once the purchasing agent has issued a purchase order, no follow-up work should be done unless the using department says the items haven't been received. If this happens, the purchasing agent will initiate action, either written or verbal as time allows, to investigate the delay. The using department will be advised of any further problems or a revised delivery date.

**Section 9.**

**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 materials, supplies, or services will be $2,500 or more within the fiscal year. For amounts below $2,500, the award will be made in accordance with procedures described in Section I.

**Section 10.**

**Items Covered by Warranty or Guarantee**

The town may buy many items which have a warranty or guarantee for a certain length of time, such as tires, batteries, water heaters, roofs, and equipment. Before these items are repaired or replaced, the purchasing agent should be consulted to see if the item is covered by such warranty or guarantee.

The purchasing agent shall maintain an active current file with complete information on such warranties or guarantees. All warranties must be remitted to the purchasing agent with the invoice indicating date of receipt.

**Section 11.**

**Signatures**

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

**Section 12.**

**Sale of Surplus Property**

When a department head decides there is excess 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 or material 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 auction.

**Section 13.**

**Inspection and Testing**

When necessary, the purchasing agent may have all deliveries of supplies, materials, equipment, or contractual services inspected to be sure their performance is meeting specifications made in an order or contract.

The purchasing agent may also require chemical and physical tests of materials submitted with bids and delivery samples, or after products have been delivered. These tests may be necessary to be sure the quality of materials is up to the desired standards. When performing such tests, the purchasing agent may use lab facilities of any outside lab.

**Section 14.**

**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.

**Standardization Requirements:** Standardizing supplies and materials that can be bought in large quantities can save a great deal of money. Thus, department heads should adopt as standards the minimum number of quantities, sizes, and varieties of commodities consistent with successful operation. Where practical, materials and supplies should be bought on the basis of requirements for a six-month period.

**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 purchasing agent. 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, breakages, or other complaints against either shipper or carrier in connection with shipments.

**Public Inspection of Records:** The purchasing agent 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 in this policy, their assistants or designees are acceptable substitutes if they have written permission to do so.

**Section 15.**

**Definitions**

**Customarily Purchased**: Items that are regularly purchased under specific circumstances considered reasonable and appropriate. (Example: After two consecutive years; then, not required after two consecutive years of not attaining the total amount of $2,500).

**Like Items**: Items that are similar and may be bought at the lowest common denominator, such as size, color, etc.

**Lot**: A single grouping of like items to be purchased at one time.

**Single Source of Supply**: When only one vendor is available for a product or service within a reasonable marketable distance of the city.

**Proprietary Product**: A brand-name product made and marketed by one having the exclusive right to manufacture and sell.

**Within the Limits of the Approved Budget**: Purchases must stay within appropriation limits in funds requiring budgets either by law, regulation, or policy. Appropriation limits don't apply to nonexpendable funds not requiring budgets, such as enterprise funds, intra governmental service funds, and nonexpendable trust funds.

**Performance and Bid Bonds**: Performance and bid bonds as may be determined by the purchasing agent or the governing body.

**Architect or Engineer Required**: Plans, specifications and estimates for any public works project exceeding $25,000 must be prepared by a registered architect or engineer as required by *TCA* 62-2-107.

**(EXAMPLE ONLY)**

**TOWN OF \_\_\_\_\_\_\_, TENNESSEE**

**Requisition For Supplies**

**Date issued:** **Req. No.** \_\_\_\_\_\_\_\_\_\_\_\_\_

**Date wanted:** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**To Be Purchased From: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Requisitioner:** **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Department Head:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |
| --- | --- |
| **Suggested Vendors**1. 2. 3.  | **To Be Delivered To:** |
| **Item** **Number** | **Quantity** | **Unit** | **Description** | **Account to****Be Charged** | **Unit****Price** | **Amount** |
|  |  |  |  |  |  |  |

**Competitive Prices: Approved: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 **Finance Officer**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 **Purchasing Agent**

**(EXAMPLE ONLY)**

**Purchase Order**

**TOWN OF \_\_\_\_\_\_, TENNESSEE**

To: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Telephone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Purchase Order No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Ship To: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Via: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Department: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Mail invoice to town finance officer**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item Number | Quantity | Unit | Description | Account ToBe Charged | Unit Price | Amount |
|  |  |  |  |  |  |  |

Terms and Conditions:

Unless stated otherwise, all prices are freight on board (F.O.B.) \_\_\_\_\_\_, Tennessee. Town is exempt from federal, state, and local taxes. Exemption certificates will be furnished if necessary. Mark all shipments and invoices with purchase order number.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Purchasing agent

I certify that the above materials or services have been received as ordered and in good condition,

except as follows: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Date Received / Department Head

**(EXAMPLE ONLY)**

**Material**

**Receiving Report**

**TOWN OF \_\_\_\_\_\_\_\_**

Purchase Order No: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FROM:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Quantity | Description | Price | Per | Amount |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
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|  |  |  |  |  |

 **Freight Charge \_\_\_\_\_\_\_\_\_\_ Totals \_\_\_\_\_\_\_\_\_\_\_**

**MATERIAL RECEIVED**

**BY:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **DATE:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**(EXAMPLE ONLY)**

**Request for Bid**

**TOWN OF \_\_\_\_\_\_\_, TENNESSEE**

**IMPORTANT: THIS IS NOT AN ORDER**

 \_\_\_\_\_\_\_\_\_

Competitive bids for the following materials will be accepted until \_\_\_\_\_\_\_\_pm on \_\_\_\_\_\_\_\_, 20\_\_ in the office of the purchasing agent.

**NO BIDS RECEIVED AFTER TIME SPECIFIED ABOVE WILL BE ACCEPTED**.

Quotations are requested for furnishing the items described below in accordance with the terms set forth herein. Failure of a bidder to execute a purchase order or contract awarded as a result of this bid or to comply with any terms or conditions therein may disqualify the person for receiving future orders. Bidders are cautioned to verify their bids before submission. No bid may be withdrawn or changed after it has been opened. If you do not quote, return this sheet and explain the reason, otherwise your name may be removed from our mailing list.

ALL QUOTATIONS MUST BE FREIGHT ON BOARD (F.O.B.)

\_\_\_\_\_\_\_\_, TENNESSEE

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ItemNumber | Quantity | Unit | Description | UnitPrice | Amount |
|  |  |  |  |  |  |

In submitting the above, the vendor agrees that acceptance of any or all quotations by the purchasing office within a reasonable period constitutes a contract.

 BID SUBMITTED BY:

Above Items to Be Delivered To: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Name of Firm

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Address

**BIDS MUST BE RETURNED**

**IN A SEALED ENVELOPE** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Phone

**(EXAMPLE ONLY)**

**Summary of Bids**

**TOWN OF \_\_\_\_\_\_\_, TENNESSEE**

 Requisition No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |
| --- | --- | --- | --- |
| **Items** | **Quantity** | **Unit** | **NAME OF BIDDERS** |
|  |  |  |  |  |  |  |  |
|  |  |  | **Unit****Price** | **Unit****Price** | **Unit****Price** | **Unit****Price** | **Unit****Price** |
|  |  |  |  |  |  |  |  |
| TERMS |  |  |  |  |  |  |

Reverse side must contain full explanation of awards not given to the lowest bidder.