

## CHAPTER 6

### PURCHASING

#### SECTION

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**6-601. Purpose.** This regulation will further define the provisions of § 6-19-104 of the Charter of the City of Paris, and will provide a standard operating procedure for the orderly, timely and responsible purchase and procurement of supplies, materials and equipment for the activities of the city to insure the proper use of the public funds of the city.

**6-602. Definitions.** For the purposes of this regulation the following definitions shall apply:

- (1) "Purchasing agent." The person designated by the city manager as responsible for the implementation of this regulation, and who shall exercise supervision over all purchasing and procurement of all supplies, materials, equipment and/or services, as well as property control and inventory for supplies, materials, equipment or services for the City of Paris, or, failing such designation, the city manager him/herself.
- (2) "Purchase." The act of procuring supplies, materials, equipment and/or services in exchange for money where title will vest in the city.
- (3) "Lease." The act of procuring the use of supplies, materials, equipment and/or services in exchange for a periodic payment of money where title will not vest in the city.
- (4) "Lease/purchase." The act of procuring the use and ownership of supplies, materials, equipment and/or services by the means of periodic payments of money, where title will vest in the city at a pre-agreed point in time, when certain monetary conditions have been met.
- (5) "Request for quotation." The form prescribed by the purchasing agent to invite competitive bids from prospective suppliers for supplies, materials, equipment or services (same as invitation to bid), or the act of soliciting a quotation.
- (6) "Purchase order." The form prescribed in certain instances by the purchasing agent for the procurement, lease or lease/purchase of supplies, materials, equipment or services.
- (7) "Contract." A formal, written agreement between the City of Paris and the provider of supplies, materials, equipment or services to the city.
- (8) "Competitive bidding." The process of obtaining price quotations from various sources for required supplies, materials, equipment or services by use of standardized specifications and invitations to submit quotations for same.
- (9) "Invitation to bid." The procedure of submitting request for quotations to various sources for the proposed procurement of supplies, materials, equipment or services. (Same as invitation to submit quotation.)
- (10) "Public advertisement." The act of placing an advertisement in the newspaper with

the highest circulation in Henry county announcing the intent of the city to purchase supplies, materials, equipment or services, and inviting public participation by submission of competitive bids.

**6-603. General provisions.** (1) The city manager shall be responsible for controlling the expenditures of the various agencies of the city government to accomplish maximum efficiency and economy.

(2) The director of finance shall be designated as the Purchasing Agent of the City of Paris, under the supervision of the city manager, who shall, in the absence of the purchasing agent, act in that capacity.

(3) The purchasing agent shall be responsible for the implementation and maintenance of the city's purchasing and procurement program, and shall prescribe such forms as may be required for administration of the program.

(4) The office of the director of finance shall be designated as the purchasing office of the city.

(5) Except as set forth herein below, all proposed purchases or procurements shall be with the prior review of the purchasing agent, to insure that all such actions are within the budgetary limitations of the activity concerned, and that funds are available to make payment for same.

(5) Each department manager is designated as the person responsible for the purchasing and procurement activities of his or her respective department and for coordination with the city's purchasing agent.

(6) No funds shall be obligated by any official or employee of the city, except those herein designated.

**6-604. Sole source procurement.** Any goods or services, which may not be procured by competitive means because of the existence of a single source or because of a proprietary product shall be exempt from the competitive bidding process; however, the procurement of such goods or services will be with the prior written approval of the city manager.

(1) Where a department of the city government has established a particular model/type of equipment for a specific application, subsequent additions to that system or parts required for maintenance and repair thereto, shall be classified as sole source procurement to insure that the integrity of the system is maintained.

**6-605. Emergency procurement.** Competitive bidding procedures may be waived for purchases or leases of any supplies, materials or equipment for immediate delivery in actual emergencies arising from unforeseen causes, including delays by contractors; delays in transportation, and unanticipated volume of work; however, the emergency procurements of such items will be with the prior written approval of the city manager.

**6-606. Real property procurement.** Purchases, leases or lease-purchase of real property are exempt from the competitive bidding process. The price or consideration for such procurements shall be negotiated subject to the final approval of Board of Commissioners.

**6-607. Electricity, natural gas and telephones services.** All electrical, natural gas and telephone and related services provided the city by regulated industries are exempt from the competitive bidding procedure.

**6-608. Professional services contracts.** (1) Contracts for legal services, fiscal agents, auditors, financial advisors or advisory services, educational consultants, engineer consultants, and similar services by professional persons or groups of high ethical standards, shall not be based upon competitive bids, but shall be awarded on the basis of recognized competence and integrity through review of past performance and interviews with prospective contractees, subject to a review of all such contracts by the city's attorney.

(2) When written contract required. Except as otherwise provided by this code, and

except the services of salaried employees of the city, any services of a professional person or firm, including attorneys, accountants, physicians, architects, and consultants required by the city, whose fee is \$2,000.00 or more, shall be evidenced by written contract signed by the person or firm rendering the service and by the city manager after authorization so to do by the city commission; provided, however, that the commission, in its discretion, may contract for such services by the adoption of a written resolution defining the services to be rendered.

**6-609. Insurance contracts.** (1) Insurance for various entities of the city's government which is procured through a plan authorized and approved by any organization of governmental entities representing cities, cities and counties, such as, but not limited to, the Tennessee Municipal League Insurance Pool, may be contracted for without public advertising, competitive bidding, or invitation to submit quotations, All contracts awarded for such insurance shall be subject to approval of the city commission.

(2) Insurance for various entities of the city's government, which are procured through private or for-profit entities, such as commercial insurance companies, for casualty, liability, inland marine, property, life and health and accident insurances, will be obtained by public advertisement and/or invitations to submit proposals. All contracts awarded for such insurance shall be subject to approval of the city commission. Insurance policies thus contracted will usually be for a term of three (3) years, with annual premium adjustments as approved by the commission.

**6-610. Intergovernmental/Cooperative purchasing.** (1) Purchases by the city of supplies, materials, equipment and/or services for other local governmental entities may be made upon request from said entities; however, the procurement shall be made on the same terms and under the same rules and regulations as regular purchases by the city. The cost of all such purchases shall be borne by the requesting entity.

(2) Purchases by the City of supplies, materials, equipment, and/or services from or through any centralized purchasing or procurement agency of any governmental entity, or of the State of Federal government, or from a State recognized cooperative purchasing program, shall be without public advertising or competitive bidding.

**6-611. Purchases of \$100.00 or less.** Supplies and materials, the total cost of which does not exceed \$100.00, and which are required for day-to-day operations, maintenance and repairs in and by the various departments and agencies of the city may be purchased or procured directly from those firms or businesses where the city maintains accounts by the department manager or designee so long as such purchases or procurements are within the budget limitations of the department or activity concerned. No purchase order is required.

**6-612. Purchases of less than \$10,000.00 but over \$100.00.** Purchase, procurement, lease, and/or lease-purchase agreements for supplies, materials, equipment, and/or services which will cost in the aggregate more than \$100.00, but less than \$10,000.00, shall be exempt from public advertising and/or formal competitive bidding.

(1) Purchases greater than \$100.00 but less than \$1,000.00 require a *Departmental Purchase Order* (DPO). DPO's are limited to an aggregate amount per order of \$1000.00 plus shipping charges. DPO's may be issued for mail orders, telephone orders, or customer pick-up, and may be used where prepayment is required. A DPO is issued by the department making the purchase and is authorized by the department manager. No further authorization is required.

(2) For purchases greater than \$1,000.00 but less than \$10,000.00 and for purchases restricted from DPO's, a *Request for Purchase Order* (RPO) is to be completed by the requesting department. The RPO is not an authorization to purchase. The RPO must be forwarded to the Finance Director who upon approval from the City Manager will issue a *Purchase Order* (PO). The department manager is then authorized to make the purchase.

**Purchases of more than \$10,000.00.**

- A. **Purchases of \$10,000.00 to \$25,000.00.** The purchase or procurement of supplies, materials, equipment, and/or services which do not exceed \$25,000.00 shall not require public advertisement and sealed competitive bids or proposals. Provided, however, at least three (3) written quotations shall be required whenever possible for purchases costing \$25,000.00 or less but more than \$10,000.00. Purchases of like items shall be totaled for purposes of the \$25,000.00 bid threshold.
- B. **Purchases of \$25,000.00 or more.** The purchase or procurement of supplies, materials, equipment, and/or services, which individually cost more than \$25,000.00, or if when normally procured in lots of two (2) or more during any fiscal year total more than \$25,000.00, shall be subject to competitive bidding AND public advertisement. Where possible, bids will be solicited from a minimum of three (3) suppliers using the following bidding procedures:
- (1) The manager of the department or activity requiring the purchase or procurement of such items shall submit details of the supplies, materials, equipment, and/or services to be obtained, to include technical specifications where necessary, to the city manager as purchasing agent for approval.
  - (2) Upon approval of the proposed purchase or procurement, the city manager or the city manager's designee shall prepare a written bid packet containing specifications, terms, conditions, and bid policy as may be applicable. Such bid packet shall be made available to all interested parties and a fee may be charged for such bid packet. A list of all bid packets issued shall be kept by the city business office.
  - (3) Bid proposals shall be returned as specified in the bid packet. Such proposals shall be docketed and shall be kept in the city business office until such time as is specified for opening. A record of the date, time, and return of all bids shall be kept.
  - (4) All qualified bids, quotations, and/or proposals received in response to and advertisement and/or invitation to bid, shall at the time, date, and place specified in the public notice and/or solicitation of bids, be publicly opened at a meeting to be conducted by the city manager or the city manager's designee and the bid price announced. Any bid proposal that, on its face, fails to meet the bid requirements shall not be opened and shall be retained by the city. A minimum of two (2) officials of the city shall be present at all public bid openings. The appropriate official of the city shall record the minutes of all such public bid openings, which shall be filed with the appropriate procurement documentation.
  - (5) The city manager or the city manager's designee shall evaluate all bids presented and review all bid documents for compliance with advertised specifications and the authorization of any procurement contracts to determine which bids meet the bid specifications. If the lowest bid is within the budgeted amount, as set by the Board of Commissioners, the city manager shall be allowed to enter into a contract with the successful bidder. If, in the opinion of the city manager there is a substantial reason to recommend other than the lowest bid, the city manager shall make such recommendation to the Board of Commissioners and the Board of

Commissions may make such decision as necessary. In the event any acceptable bid or recommendation of the city manager is above the budgeted amount, the Board of Commissioners shall make a decision on award of any contract as they deem to be in the best interest of the city.

- (6) The city manager may reject any and all bids or recommend that noncompetitive contracts be entered into, pursuant to the provisions of T.C.A. 6-19-104.
- (7) With approval of the Board of Commissioners, the city manager shall be empowered to negotiate changes in bid specifications with the successful low bidder in order to comply with budget requirements or changed circumstances. (Ord. #1226, 3/1/18).

**6-614 Limitations and penalties.** (1) All purchases made from funds of the city shall be made within the limits of the approved budgets and within the appropriation of the department, agency, or activity for which the purchase is made.

- (2) No obligation of funds of the city shall be made except in compliance with the provisions of this chapter, or of the city's charter.
- (3) All formal contract documents entered into by the city shall be reviewed by the city attorney prior to final execution.

- (3) Any contract or agreement made in violation of the provisions of this chapter; the city charter, or other ordinances of the city shall be void and no expenditure shall be made thereunder. Every officer and employee who shall knowingly make or participate in any such contract or agreement, or authorize or make any expenditure thereunder, may be liable to the city for the full amount.

**6-615. Property control.** A physical inventory of the city's fixed assets must be taken bi-annually. A system of fixed asset records provides a simple method of positive identification for each piece of equipment. To be classified as a fixed asset, an item must:

- (a) Be tangible.
- (b) Have a useful life of two (2) or more years.
- (c) Have a cost or fair value of:
  - a. \$500.00 for individual items.
  - b. \$500.00 for individual like items with a value of less than \$500.00, but when combined the values equal or exceed \$500.00.
  - c. \$100.00 for items used to improve or extend the life of an existing fixed asset.

Any property that meets these criteria shall be assigned an asset number, have a property record entered into the fixed asset system, and be inventoried bi-annually. Such records shall be controlled and maintained by the finance director.

**6-616. Disposal of surplus property** The city manager or his designated representative shall be in charge of the disposal of surplus city property. When a department determines there is surplus property within the department, he/she will notify the city manager or his designated representative in writing of such property. The city manager or his designated representative may transfer surplus equipment or materials from one department or another. A Fixed Asset Disposal Card should be completed anytime there is a transfer or disposal of a fixed asset.

(1) Items consumed in the course of work or items thought to be worthless. City property which may be consumed in the course of normal city business and items thought to be worthless shall be disposed of by and at the discretion of the city manager in a like manner to any other refuse. Said items

shall be simply charged off as a routine cost of doing business. However, the finance director shall be notified of what has been disposed of by the completion of a Fixed Asset Disposal Card.

(2) Items estimated to be worth less than \$500.00. Items of surplus city property estimated to be worth less than \$500.00 shall be disposed of by the city manager or his designated representative in the following manner:

- (a) By publishing a notice in the newspaper with the highest circulation in the county.
- (b) Receiving sealed bids or hold a public auction at a specified date, time, and place.
- (c) Awarding items to highest bidder. In the event the highest bidder is unable to pay within twenty-four (24) hours, the item shall then be awarded to the second highest bidder.
- (d) The finance director shall be responsible for noting all pertinent information in the fixed asset record of the city as to the disposal of said item and to retain the records, (notice, bids, and property cards) for a period of five (5) years.

(4) Items estimated to be worth more than \$500.00. When disposing of items of city property estimated to be worth more than \$500.00, the city manager or his designated representative shall follow the following procedure:

- (a) Obtain from the city commission a resolution declaring said item(s) excess property and fixing date, time, and place to receive sealed bids or hold public auction.
- (b) Publish copy of the resolution in the newspaper with the highest circulation in the county.
- (c) Awarding bid to highest bidder. In the event the highest bidder is unable to pay within twenty-four (24) hours, the item shall then be awarded to the second highest bidder.
- (d) The finance director shall be responsible for noting all pertinent information in the fixed asset record of the city as to the disposal of said item and to retain the records, (notice, bids, and property cards) for a period of five (5) years (Ord. #994, 02/07/02).