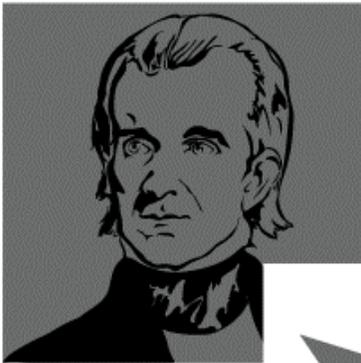


# Purchasing Manual

CITY OF COLUMBIA



T E N N E S S E E

Something good around every corner.

Council Adopted : February 11, 2016



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## Foreword

The purchasing policy and procedure manual for the City of Columbia has been developed to serve as a guide to procuring goods and services used by City Departments. The policies are designed to reflect applicable federal and state laws as well as local ordinances. City Council is responsible for the establishment of purchasing policy.

The procedures included herein are provided to further clarify the purchasing policy of the City. Procedures should provide guidance to departments regarding purchasing and have been designed to promote efficiencies and accountability within the purchasing process.

This manual is effective immediately upon approval by City Council and supersedes all previously issued policies, procedures, manuals, instructions or directives.



## **Section 1 INTRODUCTION**

### **Role (1.01)**

The role of purchasing is to support and enhance the mission of the City of Columbia which is to deliver excellent municipal services in a financially responsible manner. Sound purchasing policies and procedures based upon laws and high ethical standards promote public confidence and trust in government.

### **Purposes (1.02)**

The manual sets forth the purchasing policies as established by City Council through ordinance. The manual is not intended to address every issue, exception, or contingency that may arise in the course of purchasing activities but rather prescribe basic standards to be applied in all situations. The basic standard that should always prevail is the exercise of good judgment in the use and stewardship of City resources.

The manual and purchasing policy:

- Defines the legal authority of the procurement function within the organization
- Simplifies, clarifies, and reflects the laws governing procurement
- Enables uniform procurement policies throughout the organization
- Helps to build public confidence in public procurement
- Further ensures the fair and equitable treatment of everyone who deals with the procurement system
- Provides for increased efficiency, economy, and flexibility in public procurement activities and maximizes to the fullest extent the purchasing power of the entity
- Fosters effective broad-based competition from all segments of the supplier community
- Safeguards the integrity of the procurement system and protects against corruption, waste, fraud, and abuse
- Ensures appropriate public access to contracting information
- Fosters equal employment opportunities that are in line with legal requirements, in the policies and practices of suppliers and subcontractors wishing to do business with the entity

The City of Columbia purchasing policy embodies the following principles:

- Centralized authority over purchases with delegation of certain purchasing responsibilities to the employee and departmental level.
- Employment of competent personnel in all aspects of purchasing.
- Purchase of materials, supplies, contractual services, and equipment to maximize to the fullest extent the purchasing value of public funds.
- Standardization of procedures and specifications.
- Consolidation of requirements into bulk purchases.

- Promotion of competitive bidding or selection.
- Inspection of goods delivered in order to enforce contractual and specification compliance.
- Centralized coordination over transfer and disposal of surplus, obsolete, and salvage goods.
- Market analysis, assuring purchases when market conditions are favorable.
- Monitoring of payments to be consistent with terms and conditions of purchase orders and contracts.
- Establishment and maintenance of business relationships with vendors.

### **General Policies (1.03)**

A. All elected and appointed officials of the City who participate in the solicitation and approval of purchases and contracts are personally responsible for becoming familiar with and abiding by all applicable State of Tennessee Statutes, City of Columbia Ordinances, and Purchasing policies and procedures in this manual, governing such activities.

B. City officials should endeavor to receive maximum value for the public dollar and to purchase in the best interest of the City.

C. The City Manager is designated purchasing agent for the City per City Charter 5.02 (3). To assist in the performance of these duties, the City Manager may designate an authorized purchasing agent for the City. It is his/her responsibility to provide leadership in all purchasing and contracting activities for the City.

D. It is the Purchasing Agent's responsibility with concurrence of the City Manager to develop and maintain a purchasing manual consistent with the City Purchasing Policy which shall provide for rules, regulations, and procedures for the internal management and purchasing function within the City.

E. The Purchasing Agent shall supervise the procurement of all supplies, services, or other items as needed by the City; and sell, trade, donate, destroy, transfer, or otherwise dispose of surplus property as approved by the City Council.

F. All qualified bidders shall be afforded equal opportunities to quote and will compete on equal terms.

H. Awards shall be made for bids and quotes that provide the best value to the City, taking into consideration the vendor's skill, business judgment, experience, facilities to carry out the contract and previous work and financial ability. The City reserves the right to waive minor irregularities, reject and/or accept any and all bids, in whole or in part, or take such other action as serves the best interests of the City.

I. The City Council reserves unto itself the final approval of all purchases that equals or exceeds \$25,000.00. The Mayor shall sign all contract and agreements.

J. It is the intent of the City to buy from suppliers who have adequate financial strength, high ethical standards and a record of adhering to specifications, maintaining shipping promises and giving maximum service. New sources of supply shall be given due consideration, as multiple sources of supply are necessary to ensure availability of materials.

K. The City shall strive to maintain strong and enduring relationships with vendors of proven ability and with those who have a desire to meet the needs of the City. To accomplish this, purchasing activities shall be conducted so the vendors will value the City's business and will make every effort to furnish its requirements on the basis of quality, service and price.

L. Individuals engaged in purchasing shall promote constructive competition by constantly seeking new bidders, obtaining bids consistent with the provisions of this manual and developing more than one active source of supply for various products and services.

M. Acceptance of money, gifts, gratuity, other consideration or favors of any kind by any employee or official from anyone other than the City is prohibited. Officials and employees shall not become obligated to any vendor and must not conclude any City transaction from which they may personally benefit. Reference Section 13 of this manual.



## Section 2

# Duties & Responsibilities

### Purchasing Agent (2.01)

The Purchasing Agent, under the direction and control of the City Manager, shall serve as the public purchasing official for the City, and shall be responsible for the procurement of all supplies and services in accordance with the rules and regulations set forth in the City's Purchasing Manual.

### Function (2.02)

- A. Develop purchasing objectives, policies, programs and procedures for the acquisition of materials, equipment, supplies, and services.
- B. Coordinate and supervise purchasing of all user departments.
- C. Provide purchasing assistance to all user departments.
- D. Consolidate the purchase of like or common items or services.
- E. Prepare and /or drafts all specifications for formal bids.
- F. Provide administration for the City Procurement Card program.
- G. Ensure all purchases are made as per Federal and State laws and City policy.
- H. Resolve, monitor and negotiate contract disputes regarding contract compliance.
- I. Request and/or assist with audit of departments for compliance of City purchasing policy.
- J. Maintain accurate records of City owned assets and provide for a regular inventory of capitalized assets.
- K. Have the authority to waive inconsistencies and irregularities in the bid process in purchases less than \$25,000.00, with concurrence of the City Manager
- L. Act so as to procure for the city all tax exemptions to which it is entitled
- M. Have the authority to declare vendors who default on their quotations irresponsible bidders and to disqualify them for receiving any business from the city for a stated period of time, with concurrence of the City Manager
- N. Delegate purchasing authority to departments in accordance with applicable rules and regulations as set out in the purchasing manual

O. Approve or reject purchases made by various departments consistent with purchasing manual rules and regulations

P. Provide contract administration.

Q. Prescribe and maintain such forms reasonably necessary to the operation of this article

### **Objectives (2.03)**

A. To know and become acquainted with the needs of all departments.

B. To procure a product or service that will meet the department's requirements and is the best value to the City.

C. To know the sources and availability of needed products.

D. To write manuals, provide training, and be a source of information to all departments in meeting their purchasing needs.

E. To maintain good vendor relations.

F. To inform department staffs of market changes, new products and other such factors.

G. To assist with the understanding of sound purchasing policy and procedures throughout all departments of the City.

H. To exchange ideas and information with other public purchasing agencies in an effort to solve common problems.

I. To develop standardized specifications for use by all departments, improve the purchasing practices, and apply them when feasible.

J. To understand legal procurement laws and ensure purchasing personnel comply.

### **Relations with City Departments (2.04)**

The Purchasing Agent shall establish and maintain communication with City departments in order to meet their purchasing requirements.

### **Requesting Department's Responsibilities (2.05)**

A. Initiate purchase request, as outlined in this and/or other Purchasing manuals, allowing sufficient lead time for the Purchasing Agent to process the order and the vendor to deliver goods or services.

B. Inform and train departmental staff in the City's purchasing policies as outlined in the Purchasing and P-Card manuals and help insure that all policies are followed

C. Communicate needs for supplies, equipment, services and materials to the Purchasing Agent with sufficient lead time so that procurements can be made using applicable purchasing manual procedures.

- D. Utilize effective material requirements planning to maximize efficiency in the City procurement
- E. Prepare clear and unrestrictive technical specifications or functional requirements when needed for products or services.
- F. Review bid tabulation sheets or submitted proposals and inform the Purchasing Agent of the department's recommendations for award.
- G. Send proper documentation to waive competitive bidding when declaring sole/single source procurement.
- H. Promptly inform the Purchasing Agent of any contract compliance issues.
- I. Inspect or supervise the inspection of materials, supplies, services and equipment delivered in order to determine that quality and quantity conform to specifications as requested by the Purchasing Agent
- J. Endeavor to obtain as full and open competition as possible on all procurement or public improvement projects
- K. Prepare standards and written specifications goods, services, professional services and public improvement projects as may be used by the department;
- L. Review and approve all request for proposals and request for qualifications for professional and other services within the scope of the Director's authority.
- M. Be bound by all purchasing principles, policies and ethical standards as set forth within this manual.

### **Finance Director (2.06)**

The Director of Finance, under the direction and control of the City Manager, shall have the authority to approve and certify for payment any accounts or claims against the City which are less than \$25,000.00 provided those claims are properly evidenced, follow the purchasing procedures as outlined herein, and otherwise comply with all laws, ordinances or policies of the City.



## Section 3 Purchasing Methods

### Petty Cash (3.01)

Petty cash may be used for small dollar purchases but limited to those situations where credit card use is not permitted or credit card usage incurs a fee or payment is required prior to service being rendered or invoice will not be issued. Petty Cash Receipt forms are available on the City Web site under the Finance Departments. Petty cash should be used very infrequently since most vendors will invoice the City

- A. Petty Cash Funds may be established in an amount not to exceed \$200.00.
- B. Petty Cash Funds are authorized for City Recorder, Police and Parks and Recreation departments and shall be maintained by the respective directors of those departments.
- C. All petty cash accounts shall be:
  - Properly secured and stored
  - Accessed for authorized expenditures only
  - Properly documented with itemized receipts for all expenditures
  - Routinely funded so that a proper cash balance is maintained
  - Periodically audited
- D. Uses of petty cash
  - An individual expenditure is limited to \$50 without prior approval of the Department Director responsible for the respective fund
  - The fund shall not be used to cash personal checks nor shall it be used for a personal loan.
  - All expenditures must be properly documented with either a third party invoice and/ or petty cash receipt. All documentation shall be sufficient in detail to describe date, amount, description of transactions and accounting codes to which the transaction shall be charged.
  - Advances may be made from petty cash funds only with prior approval of the department director in charge of the respective fund and must be properly documented within 24 hours of the advance.

### Procurement Card (3.02)

A Procurement Card (P-card) is intended for use by an employee that has a frequent and recurring need to purchase small dollar supplies and services consistent with purchasing policy of the City. The P-card program is designed to improve efficiency in processing purchases from any supplier that

accepts the credit card. Purchases can be completed with suppliers over the phone, fax, Internet, mail, or in person. All P-card purchases must follow the rules and procedures prescribed in the Purchasing Card Policy. The P-card program is administered by the Purchasing Agent. The City may also utilize a fuel card program designed to allow employees or drivers to purchase fuel for City vehicles or equipment using the card. The fuel card, either assigned to an individual employee or a vehicle, may be used for the purchase of fuel only at approved merchant locations. The Fuel Card program is administered by the Purchasing Agent.

### **Direct Charge (3.03)**

An invoice which has been stamped, approved by the department director and submitted to the Finance Department may be paid as a direct charge provided that:

- The purchase is under the threshold requiring a purchase order
- Cannot be made using a purchasing card.

### **Purchase Requisition (3.04)**

A Purchase Requisition (PR) is a form requesting permission to purchase goods or services where the total purchase price exceeds the purchasing threshold described in Section 4.01 as a category 2 or higher purchase. This, however, is not a document which can be used to actually purchase goods or services. PRs are only requests for Purchase Orders to be issued. Reference Section 5.01.

### **Purchase / Blanket Order (3.05)**

A Standard Purchase Order (PO) or Blanket Purchase Order (BO) is an agreement between the City and Vendor in which the City agrees to purchase the goods or services described on the purchase order and the vendor agrees to supply if accepted by the vendor. Purchase Orders can be thought of as a contract between the City and the vendor and as such has legal implications when properly authorized and approved. Purchase orders are issued by the Purchasing Agent after receipt and acceptance of a purchase requisition. Purchase orders encumber departmental funds. A PO is the result of an authorized and approved PR. Reference Section 5 of this manual.

Blanket orders, while similar to purchase orders, are issued to cover future purchases of known items but in unknown or projected quantities. Blanket orders have fixed or negotiated unit prices. Blanket orders do not guarantee the purchase of any specific quantities.

### **Emergency Purchase (3.06)**

An "Emergency" is defined as a situation brought about by a sudden unexpected turn of events or any circumstance or cause beyond the control of the City in the normal conduct of its business. An emergency purchase is made to alleviate a situation where there is a threat to health, welfare, safety or significant disruption of the operations of a department that can only be rectified by immediate purchase of equipment, supplies, materials, or services. An "emergency purchase" must fit the circumstances noted above and requires such competition as is practicable under the circumstance. Poor planning and inadequate management are not "emergencies" and cannot be treated as such. Purchases of this nature may be expedited, but still do not justify "emergency" status. Reference Section 5.04. The City Manager shall be notified and approve all emergency purchases.

### **Internet Purchase (3.07)**

To protect the assets of the City, it is important to use caution when purchasing goods or services over the Internet. If payment must be made by use of a Procurement Card, extreme care is to be exercised to ensure the vendor is legitimate and the user understands the return policy in case the goods do not meet their demand.

### **Price Quotes (3.08)**

With the exceptions of purchases exempt from competitive bids, as detailed in Section 7.06, all purchases between \$4,000.00 and \$25,000.00 (Category 3) require the opportunity for competition be given by solicitation of competent vendors. Competitive quotations are to be obtained by the requisitioning department for Category 3 purchases. A minimum of three (3) written or faxed quotations should be obtained for all such purchases. If less than three (3) quotes are received then the user must offer a written explanation for a lack of three 3 quotes. A copy of each competitive quotation and the specification upon which quotes were solicited should be attached to the submitted Purchase Requisition.

### **Formal Quotes (3.09)**

With the exceptions of purchases exempt from competitive bids, as detailed in Section 7.05, all purchases that equal or exceed \$25,000.00 (Categories 4) require the opportunity for competition, through formal quote solicitation conducted or supervised by the Purchasing Agent.

### **Sealed Bid (ITB) (3.10)**

This method for purchasing goods and/or supplies that that equal or exceed \$25,000.00 is the most preferred formal bid method and is used when specifications are clear and pricing is the main focus. Reference Section 7.01 of this manual. Sealed bids allow a maximum degree of competition among a number of suppliers offering similar products. As a result, prices obtained are generally considerably lower than standard "list" pricing. Sealed bids require considerable effort in the preparation of their terms, conditions, and specifications.

### **Sealed Proposal (RFP) (3.11)**

This formal method of procurement of goods, services and/or supplies that that equal or exceed \$25,000.00 is used when competitive sealed bidding (ITB) is not practical. Reference Section 7.04. Formal proposals differ from formal bids in the nature of their intent. Bids will usually supply, in detail, the nature and specifications of the goods or services desired. The requesting department has generally provided this data. Proposals, however, will specify the nature of a requirement that needs to be met or function/use to which the purchase must meet. Often, the means of satisfying this requirement is unknown to the requesting department. Therefore, the Purchasing Division will request that vendors submit their proposals for accomplishing a specific goal. These proposals will be diverse relative to approach, means, and cost.

Formal proposals are best used when the objective is vague or lacking in details; or when the vendor's knowledge of his field may provide innovative and economical solutions. Evaluation criteria must be included in the proposal.

### **Acquisition of Professional Services (3.12)**

Contracts for professional services are exempt from competitive bidding. Professional services and the process for procurement are described in Section 10.

### **State Contracts and Other Government Agency Contracts (3.13)**

State, Government Agency, and Organizations may have entered into contracts that have already been competitively bid and awarded with the understanding that other governmental entities may purchase the items bid under the same terms and conditions as prescribed in the solicitation of the originating government. This method of purchase is commonly known as interlocal purchasing agreement or "piggybacking", and is particularly desirable if time is a constraint or if the chances for obtaining better prices from other sources is poor. Utilization of these sources waives the requirement for a formal competitive bid. Reference Section 7.06 of this manual.

The following documentation must be provided to the Purchasing Agent in order to use another political entity's awarded contract.

1. State of Tennessee Contract Number. If the contract has fixed unit prices, no additional information is needed. If the contract is a percent discount from list, a copy of the original manufacturer's list price is also required. This will usually be in the form of a published price list. If requesting only to utilize some of the items on the contract, only the pages with those prices are required.
2. Contracts from other Political Entities Provide the following:
  - a. Complete copy of the original solicitation.
  - b. Tabulation of all solicitation responses.
  - c. Copy of the award letter/memo/agenda item by the political entity to the awarded vendor
  - d. Complete copy of the vendor's proposal
  - e. Contract if applicable

With the exception of State of Tennessee contract items, all other cooperative purchasing, piggyback or interlocal agreements must be approved by City Council by resolution prior to making any purchase. See TCA 12-3-1205.

### **Sole Source/Sole Provider Purchase (3.14)**

Sole source or a single source purchase is defined as being noncompetitive in price or availability and may be exempt from the competitive solicitation requirements. Examples might be purchasing from a manufacturer's sole sales agency or purchase of a particular brand of computer equipment because it is exclusively compatible with the network computer. Reference Section 7.06 of this manual. Caution should be exercised when requesting "sole source" approval for a purchase. In many cases, other sources do exist for a given item, and these must be investigated by the using department and/or

Purchasing Agent before committing to "Sole Source." The Purchasing Agent will review all sole source requests prior to further processing.

The department must provide documentation from the manufacturer proving sole source status.



## Section 4

# GENERAL GUIDELINES

This section provides an introduction to the general policy, guidelines, and/or rules for the purchasing process. Subsequent sections provide those procedures and methods to be utilized to carry out this policy. The City Manager, as authorized by the City Council, has delegated to the Purchasing Agent the authority to procure materials and services for the City of Columbia that are within the guidelines set forth by the City Council.

### **Purchasing Categories (4.01)**

The purchase process is controlled by two components: (1) established policy dollar amount and (2) approving authority. Dollar limit categories apply to the total amount to be purchased and/or the total amount to be expended over an initial contract term. Purchase approval thresholds apply to the established level of approving authority (*i.e. Department Director, Purchasing Manager, City Manager, or City Council*). Purchase approval applies to all Financial Services forms including Purchase Requisitions, Check Requests, Purchasing Cards, and all Petty Cash.

**Note: Purchases made with federal funds have specific purchasing thresholds which are different from those presented below. See Section 15.**

#### **Category 1 - Purchases of \$0.01 to \$50.00**

Types of Purchase: Petty Cash (*\$50.00 maximum*), Procurement Card.

Quote Requirement: Telephone, fax, Internet, or in-person quotation suggested

Approval: Department Director, employee with City issued credit card with sufficient limit

Purchase Requisition and Purchase Order – Not required

#### **Category 2 - Purchases of \$50.01 to \$4000.00**

Types of Purchase: Procurement Card, or Direct Charge

Quote Requirement: Telephone, fax, Internet, or in-person quotation suggested

Approval: Department Director, employee with City issued credit card with sufficient limit

Purchase Requisition and Purchase Order – Not required

#### **Category 3 – Purchases of \$4,000.01 to \$24,999.99**

Types of Purchase: Procurement Card (*for designated employees with sufficient credit limit only*) or Purchase Order

Quote Requirement: Minimum of three (3) written quotes shall be obtained by the using department or division.

Approval: Department Director and Purchasing Agent

Purchase Requisition and Purchase Order – **Required**

Notes: Quotations are to include delivery charges and time frame for that delivery. Written quotations must be submitted with Purchase Requisition. The Purchasing Agent reserves the right to verify

quotations and pricing information, and check to determine whether delivery charges have been included, and/or seek further competition.

#### **Category 4 – Purchases equal to or greater than \$25,000.00**

Types of Purchase: Purchase Order

Bid Requirement: Formal bid solicitation utilizing one of the authorized solicitation methods

Approval: City Council or City Manager, if emergency purchase

Purchases over \$24,999.99 must be approved and awarded by City Council. An analysis of all bids or proposals received and recommendation for award is required. The department, in lieu of preparing a formal analysis and recommendation, may agree to concur with the Purchasing Agent's analysis and recommendation. The Purchasing Agent will then prepare an Agenda Item for City Council and route for departmental approval and financial certification. Note: Purchasing Agent reserves the right to process Category 3 acquisitions as a formal bid or proposal (rather than as a formal quote) when it best serves the needs of the City. Council award or approval takes place only during regular Council meetings on the second Thursday evenings of each month (unless otherwise cancelled). It is essential that the Agenda Item recommendations be processed and submitted on a timely basis to avoid unnecessary delays. To this end, all items to be prepared and submitted to Civic Web in accordance with the annual agenda and meeting schedule. A Council Meeting Agenda Preparation Schedule is issued by the City Manager's office for each calendar year and is available on the City employee's website.

#### **Category 5 – Emergency Purchases**

Types of Purchase: Procurement Card, or Purchase Order

Quote Requirement: Telephone, fax, Internet, or in-person quotation suggested

Approval: City Manager and ratification by City Council if Category 4 limits are applicable

Purchase Requisition and Purchase Order – Required if the purchase is a category 3 or higher purchase.

### **Unauthorized Purchases (4.02)**

Except for emergencies or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without authorization as described within this manual. No representative of the City shall enter into a verbal agreement or make any arrangements until final approval is granted. In the event that an unauthorized purchase is made, the following may apply: (1) such purchases are void and not considered an obligation of the City, and (2) the person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract.

No employee may purchase City property for his/her own personal use unless it is purchased through the City's public auction or through the sealed bid procedures of the City. This includes new and used equipment, materials, or supplies. No employee may use the purchase power or tax exempt status of the City of Columbia to make private purchases; in addition, employees should not have private purchases sent to the City C.O.D. to be paid for by the employee.

### **Prohibition against Subdivision (4.03)**

No contract or purchase shall be subdivided to avoid the requirements of the Purchasing Manual. Delegated procurement authority is based on the total cost of goods and/or service. Splitting an order so that the total cost is within one's spending authority is prohibited.

### **Tax Exempt Status (4.04)**

The City of Columbia is exempt from Federal, State, and Local taxes except in certain prescribed cases. An exemption certification is available from the Finance Department or Purchasing Agent and should be furnished to any of the City's suppliers upon request.



## Section 5

# Purchase Requisitions/ Orders

### Purchase Requisition (5.01)

A role of City Purchasing is to meet valid needs for materials, goods, services, construction, and equipment by providing the right products or services in the right quantity, at the right price, at the right time, and at the right place. To accomplish this, it is necessary for the various departments to inform the Purchasing Agent of their requirements by the preparation of a Purchase Requisition (PR). The Purchase Requisition serves to inform the Purchasing Agent of the needs of a specific user department and to correctly define the material or service requested. The requisition is not an order, but merely the request for Purchasing to procure the item(s) or service(s) in accordance with established City purchasing policies and procedures. The procedures that are set forth in this manual have been established as a tool used by Purchasing for the processing of all requisitions. The Purchase Requisition will begin with the issuing department.

### WHEN PREPARED

The requesting department should anticipate their requirements and submit requisitions allowing ample time for Purchasing to complete action to secure the items needed at the time required. Rush or emergency orders shall be authorized on a case-by-case basis to avoid additional costs affiliated with expediting delivery.

### WHO PREPARES

A Purchase Requisition shall originate in the using department at the level where the purchase is to be used and proceed to the Purchasing Agent after receiving approval of the Department Director.

### DATA ENTRY OF REQUISITION

A properly prepared requisition must, at a minimum, contain the information listed below.

1. Department/Location/ Date– Fill in your department name, date in the appropriate blanks.
2. Vendors – Enter the vendors and identifying information from which bids were obtained in the columns provided.
4. Ship to – Shipment will be to the main department location unless otherwise indicated on the requisition.
- 5 Method/Terms – Enter shipping FOB term.
6. Quantity – Defaults as 1, but can be changed to the number of units being requested.
7. UOM – The unit of measure for the item. Typical is EACH, LB, FOOT, SUM, etc.

8. Unit Price – Include the unit price or extended price, which may be a “quote” price received.

9. Extended Price - Quantity x Unit Price

10. Freight – Enter a freight cost, if needed.

11. Description – Give a precise description of the specifications of the item or service desired i.e. size, dimensions, type, weight, construction of item and/or equipment, and other pertinent information. If applicable, provide a manufacturer’s brand name and model for the purpose of establishing a standard of quality. If the purchase is of a technical nature, specifications should accompany the requisition. If the item cannot be described, except with a great amount of detail, a brief description should be given, followed by the trade name or model number of an acceptable item or “equal.” Indicate if the item is known to be on GSA (Federal), State or other contracts and note the contract number.

12. Account Number – Indicate the expenditure code of your department. Particular attention should be given to coding the appropriate account. Where multiple account numbers are utilized, please provide Purchasing with a dollar allocation in lieu of percentage allocation.

## RELEASE OF REQUISITION

Once the requisition has been completed, it will require departmental director approval. The requisition is then forwarded to the Purchasing Agent for review.

1. Purchasing Agent will review the requisition to determine if it is properly prepared, has the required account codes, budget, quotes, approvals, and adequate description. If information is incomplete the requisition will be rejected.

2. A Purchase Requisition may be corrected by the Purchasing staff or rejected and returned to the issuing department for any one of the following reasons:

- a. Lack of proper signature
- b. Lack of proper support documents (written quotes, sole source justification, or “piggyback” verification)
- c. Unauthorized purchase
- d. Incorrect account numbers have been used
- e. Improper vendor selected
- f. Insufficient account balance available
- g. Insufficient budget approval for capital items
- h. Contract number and/or start and end date not shown
- i. Vague or incomplete description
- j. Unit price discrepancy
- k. Other reasons not stated above

4. Once review and authorizations are completed, the Purchasing Division will encumber the funds. The Purchase Requisition is then converted to a Purchase Order and sent back to the requesting department. The requesting department shall then be responsible for placing the order, forwarding the original (white) copy of the purchase order to the vendor as may be required.

## **Standard Purchase Order (5.02)**

### **A. PURPOSE**

The Standard Purchase Order, a/k/a “Regular Purchase Order” or “Normal Purchase Order” is a legal document authorizing the purchase of and subsequent payment for materials, supplies, equipment, construction, repairs and services of \$4,000.00 or more.

### **B. WHEN ISSUED**

A Standard Purchase Order shall be issued by the Purchasing Agent only against Purchase Requisitions approved by a Department Director

### **C. HOW TO PREPARE**

The Standard Purchase Order is prepared from the requisition and shall be written so that it is concise and clear. This will prevent unnecessary misunderstandings and correspondence with vendors.

### **D. ROUTING OF STANDARD PURCHASE ORDER**

The Purchase Order shall be printed and disbursed as below:

Vendor Copy (White) – hard copy may be mailed directly to vendor by the Purchasing Agent or returned to department for mailing.

Department Copy (Canary Yellow) – sent to requisitioning department for departmental record

Purchasing Copy (Pink) – retained by the Purchasing Agent.

Accounts Payable (Goldenrod) – sent to accounts payable

## **Blanket Purchase Order (5.03)**

### **A. PURPOSE**

Blanket Purchase Orders (BPOs) are used throughout the City for the purchase of small dollar repetitively purchased items where the exact quantity needed is not identified at the time the BPO is issued. BPOs reduce the quantity of paperwork and decentralize the ordering of materials and/or services on a day-to-day basis.

### **B. WHEN USED**

A blanket purchase order is issued to a vendor, against which multiple purchases may be made for a specific period of time, often establishing fixed price, term, and other conditions. Similar to a Standard Purchase Order, City department funds are encumbered upon the establishment and issuance of the BPO. A Blanket Purchase Order is also useful for repeated purchases of the same type of commodity item or service by a department. This eliminates the need for department submittal of multiple Standard Purchase Orders - issuing a single Purchase Requisition for a Blanket Purchase Order.

## C. HOW TO PREPARE

1. The Blanket Purchase Order is prepared from a purchase requisition and shall be written so that it is concise and clear. This will prevent unnecessary misunderstandings and correspondence with vendors. At a minimum, the Purchase Requisition should contain:

- a. items or types of items authorized for purchase
- b. item prices (when available) or total purchase order amount
- c. specified term
- d. name of the user

2. If a using department plans to only issue one or two purchases from the BPO over a specified time period (term), then a Standard Purchase Order should be used for each purchase instead.

3. A single purchase transaction is the total cost for that transaction and includes all associated components (*i.e. shipping, delivery, etc*). A single transaction cannot exceed \$4,000 unless:

- a. pricing is based on written quote, bid or contract pricing from the City of Columbia or another governmental entity – “piggyback” purchase
- b. the purchase is sole source, waiving the competitive bid process. The rule of thumb is that a purchase exceeding \$4,000, other than the above, requires, at a minimum, three (3) written quotes. Such a purchase should then be processed as Section 5 - Page 5 a Standard Purchase Order instead.

4. A Blanket Purchase Requisition equal to or exceeding \$25,000 requires City Council approval. The issuance of a Blanket Purchase Requisition subsequent to an approved or awarded contract does not require additional approval; however, the blanket terms must be in accordance with the terms of the pre-approved or pre-awarded contract. **Note: Multiple Blanket Purchase Requisitions shall not be issued to circumvent the approval process.**

## D. ROUTING OF BLANKET PURCHASE ORDER

The Blanket Order shall be printed disbursed in the same manner as a standard purchase order.

## E. HOW TO USE

1. Users shall not receive goods or services from a submitted BPO Requisition until approved by Purchasing and a BPO number is assigned.

2. Using departments should make timely and calculated preparations for completing BPO purchases at each fiscal year end, to avoid the unnecessary encumbrance of funds. All BPOs will typically be closed at the end of the fiscal year and a new Blanket Purchase Requisition entered and submitted to Purchasing for the next fiscal year.

4. Purchasing Agent and/or the Finance Director will conduct period reviews of the use of BPOs by the user departments to determine if the scope and intent of the BPO process is being followed.

## **Emergency Purchase Order (5.04)**

### **A. PURPOSE**

An “Emergency” is defined as a situation brought about by a sudden unexpected turn of events or any circumstance or cause beyond the control of the City in the normal conduct of its business. An emergency purchase is made to alleviate a situation where there is a threat to public health, welfare, safety, or significant disruption of operations of a department that can only be rectified by immediate purchase of equipment, supplies, materials, or services.

### **WHEN ISSUED**

An emergency purchase may be made without competitive bidding when time is of the essence, and only for the following reasons:

1. To preserve or protect life, health, or property; or
2. Upon natural disaster; or
3. To forestall a shutdown of essential public services.

Since emergency purchases do not normally provide the City an opportunity to obtain competitive quotes or properly encumber committed funds, sound judgment shall be used in keeping such orders to an absolute minimum.

### **B. HOW TO PREPARE**

An “emergency purchase” must fit the circumstances noted above and requires such competition as is practicable under the circumstance. The following requirements shall apply:

1. The Purchasing Division shall be contacted as soon as possible for an advanced Purchase Order number, which may be given verbally, to cover the emergency transaction.
2. A completed Purchase Requisition shall be submitted to Purchasing within two (2) working days, or as soon as the information is available. All Purchase Requisitions for emergency purchases shall be signed by the appropriate Department Director.
3. A Department Director often makes true emergency purchases on weekends, holidays, or after hours. The director or his designee may make emergency purchases when he/she has determined circumstances require immediate requisition of goods or services and after consultation with and approval by the City Manager.

Documentation explaining the circumstances and nature of the emergency purchase shall be submitted by the appropriate Department Director as follows:

- a. Emergency purchases between \$4,000.00 and \$25,000 (Category 3) - Process as Purchase Requisition, referencing “Emergency” in the body of the PR and providing complete backup documents, and any obtained quotations. The City Manager shall approve,

b. Emergency purchases that exceed \$25,000.00 (Category 4) - Process as Purchase Requisition, referencing "Emergency" in the body of the PR and providing complete backup documents. The City Manager must request City Council approval.

4. If the emergency purchase causes any budget line to exceed the approved budget, it shall be the responsibility of the requesting department to obtain approval for transfer to cover the purchase.

#### D. ROUTING OF EMERGENCY PURCHASE ORDER

The Emergency Purchase Order shall be printed and routed in the same manner as a standard purchase order.

### **Purchase Order Changes or Cancellation (5.05)**

#### A. PO CHANGES

Whenever a change of any kind on the original order is requested, the actual change is made by submitting a Change Order Request Form to Purchasing. This form should be filled out completely, approved by the originating department, and sent to the Purchasing Agent for authorization and processing. After the change has been completed, the purchase order is reprinted with a notation of the change and the date completed on the purchase order face. The reprinted purchase order follows the same disbursement as the purchase order. Reference Section 6 of this manual.

#### B. CANCELLATION

If the requisitioning department requests to cancel an order, department staff should notify the vendor as soon as possible. Department Staff will also send an approved Change Order Request Form marked Cancel, with the reason for that cancellation properly noted, to the Purchasing Agent. The Purchasing Agent will process the cancellation. Reference Section 6.

### **Receiving, Inspection, and Testing (5.06)**

#### A. RECEIVING AND INSPECTING

The PO face identifies the location or department the materials and/or supplies are to be delivered. It is the responsibility of the using department to:

1. Receive product by checking the shipment upon delivery for possible shipping damage, matching quantity and description to the Purchase Order. The following are steps to take when receiving material:

- a. Verify the count. If there is a shipping discrepancy, note shortage on both shipper's and deliverer's copies of the receipt.
- b. Check for visible damage. Note on all receipts.
- c. Check for concealed damage – make note of broken or crushed containers.
- d. In signing a delivery receipt add "except for concealed damage, if any."
- e. Notify carrier in writing of any damage found and request an inspection.

f. If you do not have time to verify delivery immediately upon receipt, please sign delivery ticket and include "delivery not checked for accuracy or damage."

2. After determining that there is no damage and the correct product and quantity have been received, sign the accompanying invoice. Any discrepancies should be noted and the vendor should be contacted immediately and made aware of the discrepancy.

## B. TESTING

Testing of certain materials and supplies is occasionally necessary. The using department (and the Purchasing Division as required) is responsible for all details in connection with any necessary testing. Testing requirements should be included in the written specifications on the Purchase Order.

## **Processing for Payment (5.07)**

An Invoice is the vendor's statement of their charges against the City for materials or services rendered. The Invoice is based upon the Purchase Order and should contain the same basic information. The prompt and proper processing of an Invoice is recommended. Upon receipt of vendor Invoice and completion of delivery and acceptance of material or service, the department will promptly process the Invoice and forward to the Accounts Payable in the Finance Department. Required data shall be completed as follows:

1. Invoice for PO payment: Enter receipt date, entire PO number, accounting codes and amounts to which the Invoice is to be charged, and authorized signature.

2. Invoice for non-PO payment (Check Request): Stamp invoice with invoice processing stamp, fill out account code (fund, function, object) and obtain Department Director signature. A check request may be used when invoices are not available (i.e. refund of facility deposits, etc.)

3. Partial Payment: Partial payment will not be made except when partial deliveries are made for the convenience of the City or when a discount is available.

4. Credit Memo: An Invoice credit memo shall be processed and submitted with red stamped block, the same as Invoice for PO payment in 1 above. Credit memos must not be held at the department location.



## Section 6

# PO Maintenance

Occasionally a Purchase Order requires change to alter, adjust, or revise the language; to add or subtract lines, or to liquidate or cancel the Purchase Order in its entirety. A change order is a written order amending a purchase contract to correct errors, omissions, or discrepancies in it; to cover acceptable cost adjustment; to add freight cost; to incorporate requirements to expand or reduce the scope of goods or services ordered; or to direct other changes in contract execution to meet unforeseen field, emergency, climatic, regulatory, or market conditions. Required changes are initiated by use of a Change Order Form which details the Purchase Order to be changed, and all changed items such as price, model number, freight allowances, etc. Purchase Order maintenance modifies the original terms of the Purchase Order contract and applies to all changes after the initial PO issuance.

### **Review of a Change Order Request (6.01)**

Requestors are reminded to enter all required information, including PO line numbers, function and object codes, and justification for change. Upon receipt of a properly executed PO Change Form, Purchasing checks the request for accuracy and improprieties. Change Order Forms may not be processed if authorized signature is invalid or missing or if PO maintenance will increase the total order to \$25,000.00. These changes must first be approved by City Council before processing. If the actual invoice amount of a specific PO line item is less than the line amount stated on the Purchase Order, Accounts Payable will pay the invoice amount. If the invoice amount of a specific PO line item exceeds the PO line item stated amount by more the \$50, submittal of a PO Change Order Form is required.

### **Processing Change Order Requests (6.02)**

After purchasing review, changes are then entered in the Data Quest system by the Purchasing Agent. Specific notes are added about the PO change to print on the Purchase Order when it is reprinted. The reprint has the same number of copies as the original and carries the same distribution routing.

### **PO Maintenance Requiring City Manager or Council Approval (6.03)**

PO maintenance that brings the total value of the Purchase Order to \$ 25,000.00 or more , must receive City Manager approval and may further require City Council approval before further processing. NOTE: PO maintenance that decreases the orders total, even though the original was approved by Council, does not require additional Council approval. PO maintenance requiring City Manager or City Council approval must be submitted to Purchasing with documentation explaining the need for the increase. Purchasing will review and validate change as per contract. If Purchasing agrees that a PO maintenance request is valid, then Purchasing will prepare and submit a Consent Agenda Item in CivicLive and copy the using Department for placement on the City Council Agenda.

After Council approves the change, the requested PO maintenance will be processed. Each change must reference the Council meeting date. A copy of each change and accompanying documentation must be attached to the Purchasing Department's file copy of the original Purchase Order.



## Section 7 Bids/Proposals & Contracts

With the exceptions of purchases exempt from competitive bids or proposals, as detailed in Section 7.06, all purchases that equal or exceed \$25,000 (Category 6) require the opportunity for competition be given by formal bid or proposal solicitation from vendors.

### **Formal (Sealed) Bids [ITB] (7.01)**

Formal (sealed) bids (Invitation to Bid – ITB) and proposals (Request for Proposal – RFP) are the most effective procedures for soliciting competitive prices from vendors in the public (governmental) purchasing sector. Each method has advantages and disadvantages. In this section, the procedures for preparing and processing bids and proposals are addressed.

#### A. PURPOSE OF BID

Before proceeding with any bid, Purchasing must determine the purpose that is to be served. Will the bid result in procuring goods, services, or a combination of both? Is there a necessity for special protection for the City through bonds and insurance? Will the contract provide a onetime purchase or an annual blanket agreement? All these questions and more must be answered before preparing the bid for issuance.

#### B. VENDOR SELECTION

A vendor list sufficient to generate at least three responses is required for all purchases that equal or exceed \$25,000. Potential suppliers may be located by using the following resources:

1. City of Columbia bidder database
2. State purchasing contracts
3. Product catalogs
4. Telephone directories
5. Purchasing records
8. Thomas Register
9. Department Director recommendation
10. Trade journals
11. Salesperson
12. Internet
13. Vendor Registry

#### C. ADVERTISEMENT OF BIDS

Adequate public notice of the Invitation for Bid shall be given.

Newspaper: The City will advertise a minimum of one time in newspaper(s) of general circulation in Columbia. The first advertisement should be at least fourteen (14) calendar days before the bid opening date. The newspaper advertisement shall include the bid title and general description of the procurement, bid opening date and time, the location for delivery of bids, pre-bid information, bond requirements, and the information of how to obtain the bid specifications.

City Website: Purchasing will post bid notice on the City of Columbia's website, [www.columbiatn.com](http://www.columbiatn.com) under the purchasing section

### C. DISTRIBUTION OF BIDS BY THE PURCHASING DIVISION

Bids will be posted on the City's website for downloading by prospective bidders. Registered bidders may be directly contacted by the City of Columbia through mail, email or telephone regarding outstanding bidding opportunities. Placement on the bidders list does not guarantee receipt of an ITB or RFP. It is the vendor's responsibility to check out bid notices posted by Purchasing.

### D. PREBID CONFERENCE

A mandatory or non-mandatory pre-bid conference may be held with prospective bidders and concerned City staff on complex procurement projects. The primary objective of such a conference is to provide a clear understanding of instructions to bidders relative to drawings, specifications, and local conditions, location of the work, and basic construction methods or work requirements. A site visit may be scheduled following the conference if the project personnel feel it would be beneficial for clarification of specifications. In addition to avoiding quality assurance problems and contingency items in quotations, other benefits that may be derived from conferences are:

1. The number of changes in specifications can be reduced.
2. Competition may be stimulated by interesting more prospective suppliers.
3. Conferences tend to insure that qualified suppliers will submit quotations and tend to discourage submission by suppliers who are not qualified to perform the work or supply the goods.
4. An opportunity is given to discuss schedules. This is particularly valuable when hard to get or special materials and equipment is involved.
5. An opportunity is given to explain policies and requirements with respect to procurement methods, competitive bidding and negotiation, quotation qualifications and conditions, price provisions in solicitations and any resulting contractual agreements, and the determining factors in making awards.

The conference should be a formally announced meeting with bidders. An announcement of the conference shall be included with the Invitation to Bid. The announcement will state when and where the conference will be held. In order to derive the greatest benefit from a conference, adequate time should be provided for the prospective suppliers to review the plans and specifications prior to the conference. The conference should be attended by personnel qualified to answer completely and accurately all questions relating to matters such as contract provisions, design and specifications, and production techniques that are expected to be discussed. A formal record shall be made of persons attending and the organizations represented through the use of a sign in sheet.

During the pre-bid conference, the specifications are reviewed and discussed with all vendor representatives in attendance. Care shall be taken to clarify the specifications as requested so as to insure that a vendor is not written out, thereby, eliminating them from the bidding without due cause. Only in those instances where a vendor requests a change in the specifications that would result in compromising the intended use and quality of the equipment are such requests denied.

It is important that persons attending be clearly informed that no oral statement from any person which modifies plans and specifications will in any manner or degree, be considered official until covered in a written addendum to the Bid or Request for Proposal.

#### F. ISSUING ADDENDA

Once an invitation to bid has been issued, no changes in the specifications can be made unless an addendum is issued, clearly pointing out such changes. All addenda shall be issued at least 48 hours prior to bid opening date, unless waived by the Purchasing Manager. If there is not sufficient time, the bid date will be changed.

#### G. BID FORMAT

To avoid duplication of effort in bid preparation, Purchasing has created a bid format, which provides the “boilerplate” or general terms and conditions of the bid. Care is taken that appropriate protection is afforded the City through requirements for bid bonds, insurance, and/or performance and payment bonds. Deletion of these items may result in loss of any meaningful protection for the City in the event of a vendor default or noncompliance.

#### H. BID CONDITIONS

In addition to the general conditions or “boilerplate,” most bids require special conditions, which pertain specifically to the bid in question. Conditions differ from specifications in that conditions refer to requirements, which must be met by the bidder before specifications of his/her bid item are even considered. For example, a supplier of furniture who cannot meet the required condition of a 30 day delivery will be eliminated, even though his furniture may meet all physical specifications. Conditions allow the City a high level of protection by the inclusion of various clauses relative to renewal of contract, cancellation, settlement of disputes, payment terms, delivery schedules, etc.

#### I. BID SPECIFICATIONS

Except for some City wide contracts, specifications for all departmental bids should be provided by the requesting department, preferably in Word format. Reference Section 8, Specifications. Reasons for this policy are as follows:

1. As prime user, the department is best aware of any special characteristics or problems.
2. Because they probably utilize the item daily to be bid on, the department is best aware of any new developments in that product field.
3. Scientific, engineering, or other technical descriptions must be provided by departmental staff that are qualified to do so. Purchasing staff may assist in writing technical specifications; however, they must be reviewed and approved by the using department. Specifications are the basis for a vendor’s bid. Realizing that his bid will be compared primarily on the basis of price, a vendor will

seek to offer an item that only meets the specifications. Consequently, it is vital that specifications make no assumptions, but rather detail every important facet of the item in question. To do so invites delivery of items, which meet specifications, but fail to meet the department's expectations.

A specification is defined as "a concise statement of a set of requirements to be satisfied by a product, material, or a process. "An objective of the Purchasing is to arrive at "performance specifications" which satisfy the need while allowing the greatest number of competing firms to bid. Therefore, it is more desirable to describe an item by the job it is intended to do and the physical characteristics it must exhibit than merely to specify a given brand and model with no substitutions.

Specifications may be by performance description, or brand name; or a combination of the above. In some cases, description by noting the brand name of an acceptable unit may be the preferred method. Purchasing staff recommends the use of more than one brand name as a reference. To assure competition when using brand names, the phrase "or equal" should, in most instances, follow the brand description. This allows vendors of similar products to bid thus promoting maximum competition and the best value for the City. Should proof of equivalency arise, the burden is on the substituting vendor to provide it. Final judgment of equivalency shall reside with the Department Director or his/her designee.

#### J. BONDS AND INSURANCE

Bonds offer tangible protection in the form of monetary assurances that the bidder will meet his obligations. Bonds must be secured by the bidder at his/her own cost, and generally may be classified as follows:

Insurance is required to safeguard the City from any claims resulting from damage to property and/or injury to persons caused by the vendor or his actions. The vendor, at his own cost, must secure insurance policies that name the City of Columbia as an "additional insured" party. Reference Section 9, Bonds and Insurance.

#### K. BID RESPONSE

Aside from any attachments such as plans or drawings, a separate document titled Bid Sheet shall be prepared by the Purchasing. This page provides blank spaces labeled for the vendor's company name, address, phone number, signature, title, date, and email address. Vendors will be advised in the bid document to use only the provided Bid Sheet. The Bid Sheet also provides a Bidder's Certification statement that the vendor, by submitting his bid, acknowledges that he/she will meet all bid terms, conditions, and specifications contained in the bid. The purpose of requiring the Bid Sheet is to control the bid submittal documents so that vendors do not submit bids which include verbiage negating or modifying the terms of the bid. Any vendor that attempts to do so will be rejected. Additionally, the bid sheet will include the bidder's price by unit and/or total, delivery data, freight charges, warranty data, and any other special information required by a specific bid.

#### L. RECEIPT OF BIDS

Control of the bid document is essential. Bidders will submit their bid in a sealed envelope with the following information clearly marked on the outside:

1. Vendor Name

2. Due Date (month, day, year)
3. Time Due (hour/ a.m. or p.m.)
4. Solicitation Number
5. Bid Title

Each bid received will be date and time stamped by Purchasing and/or City Manager's Office. On occasion an envelope will be received without proper information on the outside identifying it as a bid reply. On such occasions, after an actual bid envelope has been opened, the appropriate bid information will be written on the outside of the envelope, time stamped, reason it was opened prematurely, and resealed for reopening on bid closing date.

All sealed bids shall be received at the City Manager's Office, 700 North Garden St; Columbia, TN 38401. Purchasing is located in the City Hall Building, Third Floor, Downtown Columbia. Sealed bids will be received by Purchasing until the closing date and time. It is the sole responsibility of the bidder to ensure that their bid reaches the Purchasing Division before the closing date and hour stated on the bid document.

#### M. LATE BIDS

Any and all bids received in the Purchasing or specified receiving location, after the scheduled date and time for opening will be considered a late bid and will be rejected, unless it is determined by the Purchasing Agent that the late receipt was due primarily to City mishandling of the bid after receipt. A late bid will be identified as a "Late Bid" on the outside of the envelope or container and remain unopened in the applied bid file. The bidder will be notified of their late bid status and given an opportunity to pick up the bid or make arrangements for return, at their expense.

#### N. BID OPENING

A sealed bid opening is a formal, official event and should be carried out in a professional, businesslike manner. Purchasing staff shall avoid making any frivolous or preferential statements, which might compromise the City's position and the reputation of the Purchasing Agent. Unless conditions demand another site, bids are opened in the Purchasing Office or nearby conference room. Bid openings are open to the public and all interested bidders. The bid opening time must be strictly adhered to.

As the bid opening starts, the Purchasing Agent or designated official opening the bid will introduce his/her staff and any City officials present. An announcement that "no award will be made at this time" will precede the opening of the first bid. Bids will be opened by the Purchasing Agent or his/her designee and recorded. As each bid is read aloud, the dollar amount will be repeated clearly twice.

After the last bid is opened, attending vendors are advised that an award decision will be made after review of the submitted proposals, and thanked for attending the bid opening. To avoid possible tampering, bids are not to be distributed for general investigation by the bidders present. Under no circumstances will vendors or the general public be allowed to privately review bids.

Only after all bids have been fully analyzed and a recommendation has been made, will the bids be consider public record and available to access by the public.

#### O. PRELIMINARY SCREENING OF BIDS

Unsigned bids shall not be considered. After a bid has been opened, no changes in bid prices or other provisions shall be permitted. Under no condition will a facsimile (fax) response be acceptable. Prior to opening of bids a vendor may correct or withdraw his bid. Following the bid opening, when a mistake is either detected by Purchasing or alleged by the bidder, the bidder should be asked to verify his bid and produce supporting evidence of the mistake. If the bidder responds supporting the mistake, the Purchasing may correct the bid if the mistake was an obvious or apparent clerical error. Examples are:

1. Obvious errors in placing decimal points.
2. Obvious discount errors.
3. Error in extension of unit prices, however, unit prices always prevail.

If the mistake is not an obvious or apparent mistake of a clerical nature, it must be referred to the City Attorney for action.

#### P. WAIVER OF INFORMALITIES

Bids may be defective in that they fail to give certain information requested by the invitation. For example, a bid may fail to furnish required catalogs or descriptive data. These "minor" informalities may be corrected by allowing the bidder to furnish the information prior to award, or by waiving them if time does not permit their correction. The difference between a minor informality and a failure to conform to the essential requirements of the invitation may be difficult to determine without legal advice.

Nevertheless, the decision to allow the defect to be corrected will be judged according to the fundamental principle – Is it in the best interest of the City to do so and/or will it be prejudicial to the interests of the other bidders and/or will it affect the intended use for which the purchase is being made? The City reserves the right to waive any bid informalities when deemed in its best interest.

#### Q. ALTERNATE BIDS, APPROVED EQUIVALENTS

The bidder may offer any brand for which he/she is an authorized representative that meets or exceeds the specifications as written. If the bid is based on an "approved equivalent or equal" item, supportive information in the form of the manufacturer's printed literature or brochures, sketches, diagrams, and/or complete specifications must accompany the bid. The bidder must explain in detail the reasons why the proposed equivalent or equal will meet specifications and not be considered an exception thereto. The City of Columbia reserves the right to determine acceptance of proposed equivalent or equal items. If an Invitation to Bid does not expressly permit the submission of alternate bids, a bid which qualifies the specifications should be rejected as unresponsive. However, if a bidder submits a bid conforming to the specification and also offers an alternate, the alternate may be accepted if the bidder is the best value on both bids. Therefore, no prejudice results to the other bidders.

## R. TABULATION OF BIDS

The requirement for recording bids involves the preparation of a Bid Tabulation Sheet. The information which normally is transcribed on the bid tabulation includes the invitation number, opening time and date, item number, description of items and services, quantity, unit, unit price, bidder's name and location, deliveries, remarks or any other information which will be helpful in making the evaluation.

## S. BID REVIEW

After the bid opening, copies of the Tabulation Sheet, Bidder Response Sheets, Bid submittals, and all pertinent documents such as warranties, brochures etc. are available to the requesting department. The requesting department will be ask to promptly and thoroughly review each bid for compliance with specifications. Bid items not meeting minimum specifications should be rejected. In general, the lowest responsible, responsive bid meeting specifications should be awarded the contract. The Purchasing Agent shall also review the bids and become familiar with the bids in order to advise and/or assist the department in its recommendation for award. With the exception of the tabulated bid prices, all other bid information is not available for public review until a recommendation to award has been forwarded to City Council.

## T. NO BID

On occasion, the Invitation to Bid will receive no responses. In those cases, the following options should be evaluated:

1. Contact vendors on bid list to determine reason for lack of response.
2. Contact the user department to determine if rebid is desired, using information obtained from vendor response.
3. Review specifications if decision is made to rebid.
4. Revise bid documents where appropriate.
5. File the closed bid in the Purchasing if decision is made not to rebid.

## U. ONLY ONE BID RECEIVED

When only one bid is received, the following options should be evaluated:

1. Inquire of those who did not bid to determine the reason for lack of response.
2. Accept or reject the bid based on information received and taking into consideration the City's position favoring competition.
3. Accept the bid if time is crucial and cost is reasonable, as the opportunity for competition was afforded by initial competition.
4. Reject the bid if time permits for re-solicitation.
5. Review specifications, revise if necessary and rebid.

6. The City Manager may negotiate with the one bidder if the price is over the approved budget or the Purchasing feels it would be advantageous to the City.

If the lowest responsive bid is considered to be too high, the Purchasing Agent and/or City Manager shall have the authority to negotiate a lower price.

#### V. TIE BIDS

In the event two or more bids are received which are equal with respect to price with no evidence of collusive bidding, preference shall be given in the award in the following order:

1. Local bidder's business office is located within the incorporated limits of the City of Columbia.
2. Bidder's business office is located within Maury County.
3. Purchasing Agent will draw lots or flip a coin in public.

#### W. GENERAL CRITERIA FOR AWARD

Recommendations for award of bids are made and/or approved by the requesting Department Director to the lowest, responsive and responsible bidder. In determining the lowest responsive and responsible bidder, the following, in addition to price, shall be considered as a basis for award:

1. The ability, capacity, and skill of the bidder to perform under the terms of the bid documents
2. Whether the bidder can perform the contract or provide the materials or service promptly, or within the time specified, without delay or interference
3. The character, integrity, reputation, judgment, experience, and efficiency of the bidder
4. The quality of performance of previous contracts and the providing of materials and/or services
5. The previous and existing compliance by the bidder with laws and ordinances relating to the contract, or the providing of materials or services
6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the materials or services
7. The quality, availability, and adaptability of the supplies, equipment, or contractual services to the particular use required
8. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract
9. The number and scope of conditions attached to the bid

Should there be reason not to recommend award to the lowest bidder; the decision must be fully explained in a memo from the requesting department for formal evaluation by Purchasing staff.

## X. RESPONSIVENESS VS. RESPONSIBILITY

Responsiveness:

- A responsive bid conforms substantially to all *material* elements of an Invitation to Bid (ITB).
- A nonresponsive bid is not valid and must be rejected – it cannot be cured after bids are opened.
- The determination of responsiveness is not discretionary (although it does require interpretation of the standard).
- A contract awarded to a nonresponsive bidder is void.

Responsibility:

- Relates to the bidder's qualifications
- Evidence of responsibility is sometimes obtained after the bid opening
- Determining responsibility sometimes involves discretion and judgment by the awarding staff.

## Y. REJECTION OF BIDS

The following reasons may be considered causes for rejection of a bid:

1. All prices too high or unbalanced
2. Sufficient funds not budgeted or available
3. An error in the specifications sufficient to have caused confusion and misunderstanding among bidders
4. The item on which bids were requested is no longer needed
5. Lack of adequate competition
6. Noncompliance of specifications
7. Submission of more than one bid in response to a single invitation
8. Lack of adequate work history and/or work experience
9. Debarment of bidder (vendor) Reference Section 13.04.

A bid must be rejected for any of the following reasons:

1. Does not comply with applicable law.
2. Does not provide what the City seeks to acquire (either too much, or too little).
3. Contains a material defect (waiver would give the bidder a competitive advantage over the other bidders.)

Framework for analyzing responsiveness:

- Does the bid comply with legal requirements? If not – reject.
- Does the bid provide what the City seeks to acquire? If not – reject.
- Does the bid contain an error or defect? (Analyze whether the error or defect is material or waivable).

In the event all bids have been rejected for one or more of the reasons above, Purchasing will notify all of the participants and the City staff involved of the official reason(s) for the ruling and the next step the City may take to fulfill the bid requirement. The bid specifications should be reviewed and any changes made to reissue the bid solicitation.

## Z. BID AWARD

It shall be the responsibility of Purchasing, in conjunction with the requesting department, to determine the bid that is the best value for the City. If a recommendation is made to accept a bid other than the apparent low bid meeting specifications, the Bid Analysis must include adequate documentation to justify the rejection of the low bid. After the review and analysis, provided there is no disagreement, Purchasing will then process an agenda item for City Council consideration depending upon approval threshold.

Purchasing staff will prepare a City Council Agenda Item and forward to the Finance Director for certification. The Finance Director will certify that sufficient funds are available and budgeted for the purchase. Following either City Council approval or award, Purchasing and/or department will prepare a requisition for the award.

## **Local Vendor Preference (7.02)**

### A. PREFERENCE POLICY

Vendor preference is the practice of awarding bids to local firms that are not the lowest responsive bidder if their price does not exceed the lowest responsive bidder by an agreed upon percentage. While this practice does occur in some jurisdictions it is not supported by the State of Tennessee nor is it support by the National Institute of Government Purchasing (NIGP).

The NIGP position states *"Although some people assert that buy-local preferences will protect existing jobs, create new jobs, and strengthen the economy, the sad reality is that the practice of favoring vendors within a defined geographical area only encourages inflated prices which are paid by the taxpayers of the jurisdiction who administer them. By causing prices to rise, preference results in a direct subsidy to a few taxpayers at the expense of the general taxpaying public. When an agency has a preference, [ed., then] potential, reliable and sound vendors consider it futile to bid in such a climate. When they do not bid, competition becomes less keen and prices rise."*

The City of Columbia does not have nor does it support a local vendor preference when awarding bids.

## **Formal (Sealed) Proposals – Request for Proposals (7.03)**

### **A. PURPOSE OF PROPOSAL**

As with bids, the primary action is to ascertain clearly the purpose to be served by the proposal. Proposals are by nature more general than bids; it is vital to provide the correct parameters within which the vendors are to operate. Proposals are used when the price is not the only element that requires evaluation and consideration. The proposal will contain customized criteria for evaluation and scoring of points used in the determination of an award.

### **B. PROPOSAL FORMAT**

As in the case of bids, a prepared standard format is maintained by Purchasing for proposals. Proposal Conditions and Specifications:

Conditions and specifications for a formal proposal generally differ from the same items for a bid in the following ways:

1. Due to the general nature of a Request for Proposal, conditions and specifications may be intermingled rather than separate.
2. Both conditions and specifications will tend to be broad, allowing the vendors a wide range of options from which to arrive at a proposal which accomplishes the desired goal.
3. Conditions and specifications serve more as guidelines than strict standards. The objective is to allow the vendor's own expertise to design a proposal which will fulfill the City's ultimate specified result.

Conditions and specifications need not be so broad as to promote uninhibited proposals. By establishing boundaries within which to operate, and pointing the vendor toward the direction of the City's goal, the Request for Proposal seeks to elicit the best talents in the market place to fulfill its needs.

### **C. FORMAL PROPOSAL**

The vendor's complete formal proposal should be submitted with one original and a sufficient number to supply each member of the Selection Committee with one copy each. Proposals should be supplied directly by the vendor as directed in the solicitation using the format and forms available in the Request for Proposal (RFP) document.

### **D. INSURANCE, BONDS, LETTER OF CREDIT**

As in the case of bids, the City may require letters of credit, insurance, and/or bonds to protect its interests. Generally, proposals do not require bid bonds.

### **E. FORMAL PROPOSAL OPENING**

The opening of proposals should be carried out in a professional, businesslike manner. Proposals arriving after the scheduled date and time for opening will be considered a late proposal and will be rejected. The disposition of a late proposal will be the same as for a late bid, as detailed in Section 7.01 M. above. As proposals are opened, the Purchasing Manager, or his/her designee

shall announce the name of each vendor, their address, and then confirm the number of proposal copies submitted. This data may be recorded by another member of the City staff. At this time, no attempt should be made to read or compare the proposals. Following the opening, proposal copies will be forwarded to the appropriate Department Director and/or or Selection Committee members, with the original of each proposal maintained in the Purchasing file.

#### F. PROPOSAL REVIEW

Proposals references, certifications, and all documents shall be reviewed by the requesting Department Director and/or Selection Committee members. The committee approach is usually chosen when dealing with complex projects requiring input from various departments. The committee members will be selected by the project manager and/or the using department. If the committee approach is selected, then a department staff member will act as Chair of the Selection Committee. The Committee Chair will: facilitate meetings, prepare recommendations for the top ranked firms, and negotiate and prepare final contract documents. All committee meetings may be open to the public. The Committee Chair or designee will record and document all committee meetings. When price is the primary consideration, the lowest bidder whose proposal meets the specifications and provides the best value to be City should be chosen. However, when price is not the primary consideration and design, quality, or other factors are paramount the decision must be formally documented by the department or committee. The City reserves the right to negotiate prices and scope of work.

#### G. RECOMMENDATION OF AWARD

After department and/or Selection Committee review, the Department Director or Selection Committee Chair through the Department Director, shall submit a completed Evaluation Committee Report to Purchasing along with all notes, score sheets and other documents prepared and used in the selection process. Provided there is no disagreement, Purchasing will then process an agenda item for Council consideration. Reference Section 4 of this manual. The City currently has no local business or minority preference in the award of a proposal.

### **Bid/Proposal Documents and Meetings (7.04)**

#### A. FILES

Purchasing maintains a complete control file on all formal bids and proposals for the City processed by Purchasing. The Purchasing files are maintained by bid number, with the files divided by calendar year.

The folder for each bid will contain, at a minimum, copies of the following:

1. Vendor's List
2. Bid Invitation
3. Specifications
4. Bids Received

## 5. Bid Tabulation

### PUBLIC DISCLOSURE

Under Tennessee's Public Records Act, any person has the right to review any document which is kept by the City in the course of regular business; however with regard to bids, the City does not allow interested parties to examine sealed bids or proposals as follows: Sealed bids, proposals, or replies received pursuant to a competitive solicitation are sealed from the public or other bidders until such time as the City provides notice of a decision or intended decision or within thirty (30) days after bid or proposal opening, whichever is earlier. If the City rejects all bids, proposals, or replies submitted in response to a competitive solicitation and the City concurrently provides notice of its intent to reissue the invitation to bid or request for proposals, the rejected bids or proposals remain sealed from the public or other bidders until such time as the City provides notice of a decision or intended decision concerning the reissued invitation to bid or request for proposals or until the City withdraws the reissued invitation to bid or request for proposals. A bid, proposal, or reply is not exempt for longer than 12 months after the initial City notice rejecting all bids, proposals, or replies. *Bid tabulation sheets, communications among City staff member, or City staff analysis of a project are not exempt from public record.*

Purchasing will accommodate vendor telephone and internet requests for bid results to the maximum extent feasible.

### **Bidder Protest (7.05)**

Right to Protest – Any actual or prospective bidder or proposer, who is aggrieved in connection with a solicitation or award of a bid or contract may protest in accordance with procedures defined herein.

#### A. DEFINITIONS

Interested Party - A party that is an actual or prospective bidder or offeror whose direct economic interest would be affected by the award or failure to award the third party contract at issue. **Note: A subcontractor does not qualify as an "interested party".**

Protest – A formal declaration of disapproval or objection issued by a concerned person, group, or organization that arises during the procurement process. A protest is a potential bidder's or contractor's remedy for correcting a perceived wrong in the procurement process.

Protestor – A person, group, or organization that files a formal declaration of disapproval or objection. A protestor must qualify as an "interested party".

#### B. TYPES OF PROTEST

There are three basic types of protests:

1. Pre-bid Solicitation – Protest is received *prior to the bid opening or proposal due date*. Pre-bid protests are those based on the content of the initial solicitation published by the City requesting bids from vendors or other interested parties.
2. Pre-award Protest – Protest *following recommendation for award* and is received after receipt of bids or proposals, but prior to award of a contract.
3. Post-award Protest – Protest received after *award of a contract*. A post-award generally alleges a violation of applicable federal or State law and/or City policy or procedures relative to the seeking, evaluating, and/or awarding of the contract.

### C. PROTEST OF SPECIFICATIONS *(Prior to Bid Opening)*

1. Any protestor (actual or prospective bidder, or contractor), who is aggrieved in connection with the solicitation of a contract or bid, may protest on the grounds of irregularities in specifications or bid procedure. Such protest must be filed within three (3) business days (excluding weekends and holidays) from the time the facts become known and, in any case, at least five (5) business days prior to the opening of the bid.

2. Protest must be made in writing to the Purchasing Agent and shall state the particular grounds on which it is based and shall include all pertinent documents and evidence. No bid protest shall be accepted unless it complies with the requirements of this manual Section. Failure to timely protest bid specifications, requirements; and/or terms is a waiver of the ability to protest.

3. Stay of Procurement: In the event of a timely protest prior to bid opening, the City may proceed further with the solicitation or with the award of the contract unless the Purchasing Agent makes a written determination that the protest should be sustained.

### D. PROTEST OF AWARD RECOMMENDATION *(After Bid Opening)*

1. Any protest after the bid opening, including challenges to actions of any evaluation of the selection committee shall be submitted in writing to the Purchasing Agent.

2. The Notice of Intent to File a protest must be received by the Purchasing Agent no later than 4:00 pm on the third business day (excluding weekends and holidays) following the day of the protestor's receipt of the City's notice of award recommendation.

3. The Notice of Intent to File a protest document shall state all grounds being claimed for the protest and clearly indicate, in their document, that they are intending to file a formal written protest.

4. The affected party must then file a Formal Written Protest within ten (10) calendar days after the time for the filing of the Notice of Intent to File a Protest has expired. The Formal Written Protest shall contain the following:

a. City bid/proposal identification number and title

b. Name and address of the affected party and the title or position of the person submitting the protest

c. A statement of all claimed disputed issues of material fact. If there are not disputed facts, the formal protest must so indicate

d. A concise statement of the facts alleged and the rules, regulations, statutes, or constitutional provisions which entitle the affected party to relief

e. All information, documents, other materials, calculations, and any statutory or case law authority in support of the grounds for the protest

f. A statement indicating the relief sought by the affected protesting party

g. Any other relevant information that the affected party deems to be material to the protest

5. Stay of Procurement:

Upon receipt of timely filed Notice of Intent to File a Protest, the Purchasing Agent will abate the award process of the formal bid/proposal, as appropriate, until the protest is heard pursuant to the informal hearing process as outlined below, unless the City Manager shall find and set forth in writing particular facts and circumstances that would require an immediate award of the formal bid/proposal for the purpose of avoiding a danger to the public's health, safety, or welfare. Upon such written finding by the City Manager, an expedited protest hearing may be authorized.

#### E. PROTEST OF AWARD (*After Bid Award*)

1. A post-award protest must be received within five (5) business days (excluding weekends and holidays) of the award date. Depending on the Purchasing category and/or the awarding authority, the Purchasing Manager, City Manager, or City Council shall have the authority to settle and resolve a post-award protest concerning the award of a bid. Reference Section 4.01 of this manual.

2. If the bid protest is not resolved by mutual agreement, the City Manager and the City Attorney, or their respective designees, shall promptly issue a decision in writing. The decision shall specifically state the reasons for the action taken and inform the protestor of his/her right to challenge the decision.

3. Any person aggrieved by any action or decision of the City Manager, the City Attorney, or their respective designees, with regard to any decision rendered under this section may appeal said decision by filing an original action in the Circuit Court of Maury County Tennessee, in accordance with the applicable court rules. Any action not brought in good faith shall be subject to sanctions including damages suffered by the City and attorney's fees incurred by the City in defense of such wrongful action.

#### F. FILING FOR PROTEST

All protests must be filed in writing with the City of Columbia, Purchasing Agent, 700 No Garden St, Columbia, Tennessee 38401.

#### G. PREVENTION

There are four (4) opportunities for the prevention of Bid Protests:

1. While developing solicitation document:

- Ensure specification quality
- Communicate with bidders (RFI and Q&A)
- Develop fair, non-restrictive specifications
- Translate subjective evaluation criteria into measurable, objective criteria
- Determine evaluation criteria; state the criteria and award standard in the solicitation document

2. While bidders are developing their bids:

- Allow written questions (due by a specific date)
- Carefully consider the questions to determine if a change is needed
- Respond to the questions through addenda, and change the specifications if necessary
- Postpone the bid deadline if required

3. While bids are being evaluated:

- Evaluate bids based solely on the criteria in the solicitation document
- If a key criteria is not expressed in the solicitation document, start over
- Document and support all considerations not related to price

4. After determination of award:

- Post notice of award
- Debrief unsuccessful bidders regarding the evaluation process

- Once a contract is in place, monitor contract performance, and document problems

## **Waiver of Competitive Bids (7.06)**

The following types of purchases and contracts are exempt from competitive quotes or bids:

1. Architectural, engineering, legal, financial and other such services as further described in Section 10 or Tennessee Code Annotated.
2. Purchase Contracts – State, Government Agency, and Organizations contracts have already been competitively bid; therefore, the need to bid is satisfied for purchases of this nature. This method of purchase is commonly known as piggybacking, and is particularly desirable if time is a constraint or if the chances for obtaining better prices from other sources is poor. Utilization of these sources waives the requirement for a formal competitive bid.
3. Sole/Single Source – Sole Source may be used as a procurement method for the purchase of products or services when available from only one source. Single Source (*non-competitive*) may be used (*when approved by the Purchasing Agent*) when there is only one practicable and reasonable source wherein competitive bidding is not feasible or not advantageous to the City. A Sole Source purchase exists when research has determined there is only one potential provider for an item. A Single Source purchase exists when it is advantageous to the City to declare a purchase non-competitive because it will result in verifiable financial savings to the City; is a trial program; or utilizing a competitive process will be detrimental to timely securing the goods or services. More than one potential supplier may exist for a good or service. The Purchasing Agent, in conjunction with the requesting department, will document the advantages of declaring the purchase non-competitive.

A Sole/Single Source Request Form must be completed and submitted with each request for sole or single source procurement.

4. Emergency Purchases – Emergency purchases are allowable when certified by a Department Director to the City Manager, that a delay incidental to competitive bidding would be detrimental to the interest of the City. An “Emergency” is defined as a situation brought about by a sudden unexpected turn of events or any circumstance or cause beyond the control of the City in the normal conduct of its business. An emergency purchase is made to alleviate a situation where there is a threat to health, welfare, injury, or loss to the City that can only be rectified by immediate purchase of equipment, supplies, materials, or services. An “emergency purchase” must fit the circumstances noted above and requires such competition as is practicable under the circumstance. Reference Section 5.04.

Specific Items - These items are exempt from price quotes: a. Dues and memberships in trades or professional organizations b. Subscriptions for periodicals c. Legal advertisements d. Postage e. Expert witnesses f. Abstracts of titles for real property g. Title insurance for real property h. Court reporter services i. Water, sewer, electrical, telephone, and other utility services where competition is not available j. Copyrighted materials not available from multiple sources k. Seasonal and recreational service providers l. Hospitality services and expenses m. Fees and costs of job related seminars and training n. Travel o. Artists, music ensembles (bands) and other entertainment providers and animals

## **Contract Terms (7.07)**

Unless otherwise provided by law or Council authorization, a contract or bid award may be entered into for a period not exceed three (3) years provided that the term of the contract / award is included in the solicitation and subject to the following:

1. Funds are available for the first fiscal period of the contract /award.
2. Extensions of the contract /award for subsequent fiscal years are subject to availability and appropriation of funds. Solicitation for a multi-year contract / award shall include a non-appropriation clause.
3. TCA 7-51-911 provides that contracts for the purchase of gasoline and diesel fuel are limited to twenty four (24) months.
4. Contracts for capital improvement property may not exceed forty (40) years or the useful life of the property whichever is less. TCA 7-51-902
5. Contracts for lease or lease –purchase of real property shall comply with TCA 7-51-904 with regard to public notice.



## Section 8 SPECIFICATIONS

**Purpose (8.01)**

All specifications shall be drafted so as to promote overall economy for the purposes intended and encourage competition in satisfying the City’s needs, and shall not be unduly restrictive.

Use of Standardization

Standardization takes advantage of lower prices from buying in bulk. It also lowers the administrative cost of purchasing by reducing the total number of purchases made. Standardization consists of consolidating similar requirements into a single specification, whenever possible and shall be the responsibility of the department head or designee.

Use of Specifications

Specifications are a clear and complete description of the essential requirements that items should meet. Well-written specifications ensure that maximum value is being obtained for the public funds spent; and, all qualified vendors, large and/or small, are able to compete on an equal basis.

**Types of Specifications (8.02)**

City staff will usually prepare their own specifications; although professional assistance may be necessary for items of highly specialized or technical nature from time to time. It must be emphasized that specifications must be clear and accurate, updated regularly to reflect technological or market changes, and most of all, avoid the use of restrictive or unfair details that preclude or reduce competition.

**A. Open Specification**

An open specification describes of all physical and functional features, may incorporate words or phrases from widely accepted industry or governmental standards and approved in accordance with the procedures outlined in this Section.

**B. Design Specification**

Design specifications describe in detail precise configuration measurement, tolerance, material, standard or a method of testing or inspection.

**C. Performance Specification**

Performance specifications describes a result or capability that must be achieved by an item such as speed, output maintainability, or reliability.

**D. Brand Name or Equal Specification Conditions for Use**

Brand name or equal specifications may be used with the approval of the Purchasing Agent subject to the following factors:

1. No other design or performance specification or qualified products list is available;
2. The nature of the product or the nature of the City’s requirements makes use of a brand name or equal specification suitable for the procurement.
3. Use of a brand name or equal specification is in the City’s best interests.

#### E. Designation of Several Brand Names

Brand name or equal specifications shall seek to designate three, or as many different brands as are practicable, as “or equal” references and shall further state that substantially equivalent products to those designated will be considered for award.

##### 1. Required Characteristics

Unless the Purchasing Agent determines in writing that the essential characteristics of the brand names included in the specifications are commonly known in the industry or trade, brand name or equal specifications shall include a description of the particular design, functional, or performance characteristics which are required.

##### 2. Nonrestrictive Use of Brand Name or Equal Specifications

Where a brand name or equal specification is used in a solicitation, the solicitation shall contain explanatory language that the use of a brand name is for the purpose of describing the standard of quality, performance, and characteristics desired and is not intended to limit or restrict competition.

#### **Brand Name Specifications (8.03)**

Since use of a brand name specification is restrictive of product competition, it may be used only when the Purchasing Agent determines that:

A. Only the identified brand name item or items will satisfy the City’s needs.

B. The Purchasing Agent shall seek to identify sources from which the designated brand name item or items can be obtained and shall solicit such sources to achieve whatever degree of price competition is practicable. If only one source can supply the requirement, the procurement shall be made under Section III (Sole Source Procurement).

#### **Specification Development and Approval (8.04)**

##### A. Research

The user department – Shall determine its needs, research available and alternative products by means of manufacturer product brochures or contacts with salespersons, and prepare and compile a detailed description that can be incorporated into a specification format.

##### B. Approval Procedure

###### 1. Initiating Specification Development

The user department shall prepare specifications excepting public improvements that will be prepared by the City Engineer or Wastewater Director.

###### 2. Specification Development

The requisitioning departments shall be responsible for the completeness and accuracy of the specifications. Such specifications shall be submitted to the Purchasing Agent with the source of specifications when submitted.

###### 3. Approval of Specifications

All specifications and revisions to specifications shall be signed by the department head and the Purchasing Agent.

#### **Specification Content (8.05)**

Specifications must be clear, detailed, accurate, well organized and uniformly consistent in format. Specifications constitute a reflection of the City and its staff due to its nature of contact with many

vendors. Instructions to Bidders and General Conditions shall be a part of every specification, but may be modified as necessary.



## Section 9 Bonds and Insurance

**Bonds (9.01)** Bonds offer tangible protection in the form of monetary assurances that the bidder will meet his/her obligations. Bonds must be secured by the bidder at his/her own cost, and generally may be classified as follows:

A. **BID BOND** This is a document, usually in an amount of 5% of the bid, which guarantees that the bidder will enter into a contract with the City if he/she wins the award. Bid bonds protect the City from erroneous or deliberate low bids which the vendor has no intention of honoring. Should he/she fail to enter into a contract, the bid bond is forfeited. Bid bonds must be submitted with the bid. Bid Bonds may be required where the contract price exceeds \$25,000.

B. **PERFORMANCE BOND** This bond is a surety instrument guaranteeing that the vendor will perform according to the terms of the contract, and is generally in an amount of 100% of the bid. This bond affords protection from nonperformance and/ or non-completion of major contracts, the efforts of which could result in considerable injury to the City. Should the vendor default, the bond is cashed and the City may then utilize the funds to complete the contract with another vendor. Performance bonds are submitted upon award of the contract.

C. **PAYMENT BOND** This bond guarantees payment of subcontractors and suppliers providing goods and services to the general contractor, who is under contract to the City. The payment bond relieves the City of financial liens against a project should the general contractor fail to pay his/her suppliers and subcontractors. These creditors will look to the bond for payment. Payment bonds are submitted upon award of the contract.

D. **LABOR & MATERIAL BOND** Same requirements as the Payment Bond. The bond guaranty may, at the discretion of the City, be in the form of a cashier's check, bank money order, bank draft of any national or State bank, certified check, or surety bond, payable to the City. The surety on any bid bond shall be a company recognized to execute bid bonds for contracts of the Federal Government.

E. **LETTER OF CREDIT** Preferred in the case of certain construction projects or multiyear contracts. Must be irrevocable.

**Insurance Terms and Conditions (9.02)** Insurance is required to safeguard the City from any claims resulting from damage to property and/or injury to persons caused by the vendor or his actions. The vendor, at his own cost, must secure insurance policies that name the City of Columbia as an "additional insured" party. The insurance guidelines in this section are applicable to all agreements, contracts, and leases. Incorporation of the provisions of this section shall be adhered to as closely as possible and as practical to the specific commodity, repair, service, or construction. Insurance guidelines include basic coverage requirements, one or more of which should be chosen for individual agreements, or contracts on an as-needed basis. Agreements, contracts, and leases shall contain risk management/insurance terms to protect the City's interests.

A. **CITY DEFINED** - The term City (wherever it may appear) is defined to mean the City itself, its Council, officers, employees, volunteers, representatives, and agents.

B. OTHER PARTY DEFINED The term Other Party (wherever it may appear) is defined to mean the other person or entity which is party to an agreement or contract, any subsidiaries or affiliates, officers, employees, volunteers, representatives, agents, or contractors and subcontractors.

C. HOLD HARMLESS The Other Party agrees to hold the City harmless against all claims for bodily injury, sickness, disease, death, or personal injury or damage to property or loss of use resulting there from, arising out of an agreement, contract, or lease unless such claims are a result of the City's sole negligence. The City shall also be held harmless against all claims for financial loss with respect to the provision of or failure to provide professional or other services resulting in professional, malpractice, or errors or omissions liability arising out of performance of an agreement or contract, unless such claims are a result of the City's sole negligence.

D. PAYMENT ON BEHALF OF THE CITY The Other Party agrees to pay on behalf of the City, and to pay the cost of the City's legal defense, as may be selected by the City, for all claims described in the Hold Harmless paragraph. Such payment on behalf of the City shall be in addition to any and all other legal remedies available to the City and shall not be considered to be the City's exclusive remedy.

E. LOSS CONTROL/SAFETY Precaution shall be exercised at all times by the Other Party for the protection of all persons, including employees and property. The Other Party shall be expected to comply with all laws, regulations, or ordinances related to safety and health, shall make special effort to detect hazardous conditions, and shall take prompt action where loss control/safety measures should reasonably be expected. The City may order work to be stopped if conditions exist that present immediate danger to persons or property. The Other Party acknowledges that such stoppage will not shift responsibility for any damages from the Other Party to the City.

**General Insurance Requirements (9.03)** The Other Party shall procure and maintain the described insurance, except for coverages specifically waived by the City, on policies and with insurers acceptable to the City. These insurance requirements shall not limit the liability of the Other Party. The City does not represent these types or amounts of insurance to be sufficient or adequate to protect the Other Party's interests or liabilities, but are merely minimums. Except for workers compensation and professional liability, the Other Party's insurance policies shall be endorsed to name the City as an additional insured to the extent of the City's interests arising from this agreement or contract. Except for workers compensation, the Other Party waives its right of recovery against the City, to the extent permitted by its insurance policies. The Other Party's deductibles/self-insured retentions shall be disclosed to the City and may be disapproved by the City. They shall be reduced or eliminated at the option of the City. The Other Party is responsible for the amount of any deductible or self-insured retention. Insurance required of the Other Party or any other insurance of the Other Party shall be considered primary, and insurance of the City shall be considered excess, as may be applicable to claims which arise out of the Hold Harmless, Payment on Behalf of City, Insurance, Certificates of Insurance and any Additional Insurance provisions of this agreement, contract or lease. If requested by the City, the Other Party shall furnish complete copies of the Other Party's insurance policies, forms and endorsements. For Commercial General Liability coverage the Other Party shall, at the option of the City, provide an indication of the amount of claims payments or reserves chargeable to the aggregate amount of liability coverage.

**Certificates of Insurance (9.04)** The Contractor shall procure and maintain required insurance coverages documented on Certificates of Insurance. Such policies shall be from insurers with a minimum financial size of VIII according to the latest edition of the AM Best Rating Guide. An "A" or better Best Rating is "preferred;" however, other ratings if "Secure Best Ratings" may be considered. Required insurance shall be documented in Certificates of Insurance which provide that the City shall be notified at least 30 days in advance of cancellation, nonrenewal or

adverse change. New Certificates of Insurance are to be provided to the City at least 15 days prior to coverage renewals. The City shall be named as certificate holder; and, except for workers compensation and professional liability, the Certificates of Insurance shall document the City as additional insured to the extent of the City's interests arising from the agreement, contract, or lease. Receipt of certificates or other documentation of insurance or policies or copies of policies by the City, or by any of its representatives, which indicate less coverage than required does not constitute a waiver of the Other Party's obligation to fulfill the insurance requirements herein.

## **Basic Insurance Coverages Required (9.05)**

A. **COMMERCIAL GENERAL LIABILITY** Commercial General Liability for public liability during the lifetime of a contract shall have minimum limits of \$1,000,000 per claim, \$1,000,000 per occurrence for Personal Injury Bodily Injury, and Property Damage Liability. Coverage shall include Premises and/or Operations, Independent Contractors, Products and/or Complete Operations, Contractual Liability and Broad Form Property Damage Endorsements. Coverage shall not contain an exclusion or limitation endorsement for Contractual Liability or Cross Liability. Coverage for the hazards of explosion, collapse and underground property damage (XCU) must also be included when applicable to the work to be performed. All insurance policies shall be issued from a company or companies with a Best's rating of no less than A. All policies shall be on an occurrence made basis; The City shall not accept claims made policies. Specific endorsements will be requested depending upon the type and scope of work to be performed.

B. **PROFESSIONAL LIABILITY** The Other Party shall agree to maintain Professional Liability or equivalent Errors & Omissions Liability at a limit of liability not less than \$1,000,000 Per Occurrence. When a Self-insured Retention (SIR) or deductible exceeds \$10,000, the City reserves the right, but not the obligation, to review and request a copy of the Other Party's most recent annual report or audited financial statement. For policies written on a "Claims Made" basis, the Other Party warrants the retroactive date equals or precedes the effective date of this contract. In the event the policy is canceled, non-renewed, switched to an Occurrence Form, retroactive date advanced; or any other event triggering the right to purchase a Supplemental Extended Reporting Period (SERP) during the life of a Contract, the Other Party shall agree to purchase a SERP with a minimum reporting period not less than three (3) years. Use with consultants or engineers only.

C. **BUSINESS AUTO POLICY** The Other Party shall agree to maintain Business Automobile Liability at a limit of liability not less than \$500,000 each occurrence for all owned, non-owned and hired automobiles. In the event the Other Party does not own any automobiles, the Business Auto Liability requirement shall be amended allowing the Other Party to agree to maintain only Hired & Non Owned Auto Liability. This amended requirement may be satisfied by way of endorsement to the Commercial General Liability, or separate Business Auto Coverage form.

D. **WORKERS COMPENSATION COVERAGE** The Other Party shall purchase and maintain workers compensation insurance for all workers compensation obligations imposed by state law and employers liability coverage with limits of at least \$100,000 each accident, \$100,000 each disease/employee and \$500,000 per disease/policy limit. The Other Party shall also purchase any other coverages required by law for the benefit of employees.

E. **ADDITIONAL INSURED REQUIREMENTS** Except as to Workers' Compensation and Employers' Liability, said Certificate(s) shall clearly state that coverage required by the contract has been endorsed to include the City of Columbia, a political subdivision of the State of Tennessee, its officers, agents and employees as Additional Insured with a CG 2026 Designated Person or Organization endorsement, or similar endorsement, to its' Commercial General Liability.

The name for the Additional Insured endorsement issued by the insured shall read "City of Columbia," political subdivision of the State of Tennessee, its officers, employees and agents along with the Contract and Bid number. The Certificate of Insurance shall unequivocally provide thirty (30) days written notice to the City prior to any adverse changes, cancellation, or nonrenewal of coverage there under. Said liability insurance must be acceptable by and approved by the City as to form and types of coverage. In the event that the statutory liability of the City is amended during the term of this agreement to exceed the above City, to provide coverage at least equal to the amended statutory limit of liability of the City.

F. INDEMNIFICATION The Other Party shall indemnify, defend and hold harmless the City, its representatives, employees and elected and appointed officials, from and against all claims, costs, demands, legal fees, costs of action, losses, damages or other expenses arising as a result of any negligent act, conduct, error or omission by the City, its agents, employees in the performance of this contract or occasioned wholly or in part by any negligent act, conduct, error or omission by the Other Party, or its agents, employees or subcontractors, in the performance of this contract.

#### G. CONSTRUCTION TYPE CONTRACTS

1. Subcontractors: It shall be the responsibility of the Other Party to ensure that all subcontractors comply with the same insurance requirements referenced above.

2. Deductible Amounts: All deductible amounts shall be paid for and be the responsibility of the Other Party for any and all claims under this contract.

3. Umbrella or Excess Liability: The Other Party may satisfy the minimum limits required above for Commercial General Liability, Business Auto Liability, or Employer's Liability coverage under Umbrella or Excess Liability. The Umbrella or Excess Liability shall have an Aggregate limit not less than the highest "Each Occurrence" limit for Commercial General Liability, Business Auto Liability, or Employer's Liability. Coverage limits will be set at the advice of the Purchasing Agent and should not be changed without their approval. The City, by and through the Purchasing Agent, reserves the right, but not the obligation, to review and reject any insurer providing coverage. The above referenced Insurance Requirements are for use when a contract is utilized or any work will be done on City property.

**Selection of Insurance Requirements (9.06)** Although the City enters into a wide variety of agreements, or contracts each year, the majority of these are grouped into three general types for risk management purposes.

A. TYPE 1 - REPAIR, SERVICE, OR SUPPLY Equipment repair, janitorial services, electrical, plumbing, roofing, services, chemical supply, etc.

B. TYPE 2 – CONSTRUCTION PROJECTS Building construction or renovation, road, sewers, etc.

C. TYPE 3 – PROFESSIONAL SERVICES Architects, engineers, or other consultants providing professional services

#### **Insurance Selection Procedure (9.07)**

A. The Purchasing Agent shall assist the user department in determining the verbiage and insurance coverages to include in agreements, contracts and leases. Such concerns are usually launched in the solicitation process.

B. The user department shall supply to the Purchasing Division a brief narrative of the project scope, general work activities and any special/possible Risk concerns peculiar to the project.

C. The Purchasing Agent shall determine what the final verbiage, insurance types and coverages should be for the project.

E. The Purchasing Agent will assure the inclusion of these project specific guidelines from the in the solicitation and/or in preparation of agreements, or contracts.

F. Post-award Compliance will be provided by the Purchasing Agent. The awardee will be notified of the award and the compliance requirements to manifest itself in Certificate(s) of Insurance. Any deficiencies are to be discussed with the contractor by the Purchasing Agent and the contractor shall take measures to have such deficiencies corrected; and, new Certificate(s) of Insurance will be sent to the Purchasing Division who will provide final sign-off when fully compliant.



## Section 10

# Request for Proposals or Qualifications

When selecting firms to provide professional services, and in negotiating contracts for professional services the following procedures are recommended for all non-federal related purchases and required for federally funded projects.

### Definitions (10.01)

- A. Request for Qualifications (RFQ) - A document issued by the City in order to obtain statements of the qualifications from potential firms or individuals. This is often but not necessarily used prior to the issuance of a request for proposal. Proponents that successfully respond are then deemed to be qualified for participating in the RFP process. RFQ's may be used to determine interest in a specific identified project or potential future projects.
- B. Request for Proposals - The document used to solicit proposals from potential providers for goods and services (Offerors). Price is usually not a primary evaluation factor. Provides for the negotiation of all terms, including price prior to contract award. May include a provision for the negotiation of Best and Final Offers. May be a single step or multi-step process. RFP's are used when desired outcome is known but the approach to be used is uncertain, unclear or needs to be determined.
- C. Professional Services - Services within the scope of the practice of architecture, professional engineering, law, financial consulting and similar services by persons or groups of high ethical standards as defined by the laws of the State of Tennessee (TCA 12-3-1209, 12-4-107)
- D. Multi-step Evaluation Process – Often used as part of the RFP process. The initial evaluation consist of the review of the technical or qualitative approach being taken by all respondents. Respondents are scored and ranked by a selection committee. Secondary evaluation may consider costs.

### Competitive Selection – Guidelines (10.02)

- A. All RFP's for Professional Services shall be processed through the Purchasing Agent.
- B. All contracts for professional services which equals or exceed \$25,000 must be approved by City Council.
- C. Contracts for services must be accompanied by a Purchase Order. Payments shall be issued against said order with proper authorization.

### Competitive Selection – Procedures (10.03)

- A. A Selection Committee shall be formed to evaluate all proposals. The Purchasing Agent and the City's Project Manager should propose the names of at least three but no more than five City employees to serve on the Selection Committee based on their expertise in relation to the scope and execution of the project to be awarded. The Purchasing Agent or his representative shall be an actual or ex-officio member of all Selection Committees, and shall monitor all Committee activities.
- B. A Conflict of Interest Form should be filled out by each Committee member at the first meeting.

C. Minutes of each Committee meeting, Conflict of Interest Forms, and scoring sheets are to be retained by the Purchasing Agent. The Purchasing Agent will facilitate the meeting and make sure all legal requirements are met. The Purchasing Agent is responsible for preparing recommendations of the top ranked firm and of the preparation of the final contract documents.

D. The Selection Committee should develop general guidelines for interview procedures for the short listed firms. Interviews and/or presentations shall be optional, as determined by the Selection Committee.

E. Each member of the Selection Committee will assign preliminary scores to each firm after review of proposals and interviews, as per the established criteria in the bid specifications.

F. The Selection Committee shall discuss their general impressions of the firms and finalize their scores.

G. Recommended criteria for evaluation of proposals include:

1. Prior experience with projects of similar size and complexity
  - a. Number of similar projects
  - b. Complexity of similar projects
  - c. Three references (Contact name & telephone number)
2. Past record of performance for the City
  - a. Project name, dates, cost
  - b. City personnel assigned to the project
3. Qualifications of personnel including sub consultants
  - a. Number of technical staff
  - b. Qualifications of technical staff
  - c. Number of licensed staff
  - d. Education of staff
  - e. Experience of staff
4. Availability of personnel
  - a. Current work load/staff participation
  - b. Organization of the team
5. Financial Statements
6. Technical approach to perform the tasks described in the Scope of Services
  - a. Level of effort
  - b. Effectiveness of the technical approach to complete each phase of the project, maintain time schedules and cost control

## **Competitive Negotiation (10.04)**

A. After finalists' ranking, the Purchasing Agent, Project Manager, and other designated City staff (if required), shall negotiate a contract for services with the firm which has been determined to be

most qualified by the Selection Committee, at compensation within a range which has been determined to be fair, competitive, reasonable, and within budget.

B. Should the Purchasing Agent or party negotiating the contract be unable to negotiate a satisfactory contract with the firm considered to be the most qualified, at a price the City determines to be fair, competitive, and within budget, negotiations with that firm shall be formally terminated. After negotiations have been terminated with a firm, negotiations cannot be reopened at a later date. The Purchasing Agent or negotiating party shall then undertake negotiations with the second most qualified firm. Failing accord with the second most qualified firm, the Purchasing Division shall cancel negotiations. The Purchasing Agent shall then undertake negotiations with higher ranked firms should they express flexibility in the negotiated price.

C. Should the Purchasing Agent be unable to negotiate a satisfactory contract with any of the selected firms, additional firms shall be selected in accordance with procedures noted above. Negotiations shall continue in accordance with these procedures until agreement is reached.

D. Unless otherwise required, a lump sum contract shall be designated as the preferred form of contract for professional services contracts.

### **Less Than Three (3) Firms (10.05)**

In the event less than three (3) firms express an interest in a project or less than three (3) firms are deemed qualified by the Competitive Selection Committee, then the City Manager shall make a determination as to whether to proceed with the lesser number of firms. If the decision is to re-advertise, and after subsequent advertisement, three (3) firms still cannot be qualified, then the City shall proceed hereunder with the firms qualified.

### **Professional Services (10.06)**

A. Professional services are procured based upon demonstrated competence and qualification for the type of service required and at a fair and reasonable costs and as further described in T.C.A. 12-4-107.

B. The City attorney and City Judge are appointed by City Council.

C. The City, having a satisfactory existing working relationship with a professional services firm, may expand the scope of the services; provided, that they are within the technical competency of the existing firm.

### **Prohibition against Contingent Fees (10.07)**

Contract for professional services when federal funding is involved shall contain the prohibition against contingent fees

### **Emergencies (10.08)**

In the event of bona fide public emergencies declared by the City Council, compliance with some or all of the provisions may be waived by the City Manager with the exception of federally funded projects.



## SECTION 11 FIXED ASSET & PROPERTY MANAGEMENT

This section describes the policy and procedures related to the management of accounting for fixed assets of the City of Columbia. In addition to the general policies regarding fixed assets, subsections describe the procedures for controlling those assets from acquisition to disposal.

### Policy (11.1)

Tangible assets with an expected useful life or more than one year and of sufficient value or due to the nature and marketability may subject the asset to potential loss or theft shall be managed and controlled in order to insure effective and efficient usage of the asset. Proper stewardship of public assets is key to the establishment of public trust and economic growth of our community.

### Definitions (11.2)

Land and Right of Ways – Land is a fixed asset purchased or acquired by the City with the intent to use the asset into perpetuity. Rights of ways are intangible claims to the use of property not owned by the City into perpetuity.

Infrastructure - An interconnected system or network of structures that provide the basis of commerce and development of our community. Infrastructures consist of but may not necessarily be limited to roads, sewers, storm water structures, communication networks and other similar utilities.

Capital Assets – An asset or group of assets whose acquisition cost is \$5,000.00 or more and whose expected useful life is more than one year.

Controllable Asset – An asset or group of assets whose expected useful life is greater than one year but whose acquisition cost is less than \$5000.00 and whose nature or marketability may subject the asset to potential loss or theft. Controllable assets include but are not necessarily limited to computers and other electronic devices, guns, communication equipment, certain tools and other equipment.

Supplies – General purpose consumable items whose individual value is small and whose life expectancy or usefulness is one year or less.

Surplus Property – Any asset, supply, materials or equipment no longer needed by a department to perform its mission. Included within this definition is excess property of value and scrap which no longer has value for the intent it was originally purchased.

### Roles and Responsibilities (11.3)

The Purchasing Agent shall be Fixed Asset Manager whose primary duties shall consist of the following:

- Maintain asset records for all fixed assets.

- Insure that all fixed assets are properly and adequately tagged or otherwise identified as property of the City of Columbia.
- Coordinates the inventory of all fixed assets.
- Maintains complete and accurate insurance schedules for fixed assets consistent with City policy.
- Provide for the disposal or transfer of all surplus fixed assets in a manner consistent with the best interest of the City.

Department Heads /Directors shall be responsible for:

- Safekeeping and maintenance for all fixed assets assigned to and or purchased for their respective departments.
- To insure that the use of all assets is consistent with City policies and procedures.
- Timely identification and reporting of all fixed assets no longer needed by their department.
- Insuring that the inventory of fixed assets is accurately completed in a timely fashion.
- The appointment of a departmental inventory coordinator.

Departmental Inventory Coordinator shall be responsible for:

- Coordinating and or conducting the physical inventory of fixed assets at the respective department.
- Assisting with the identification of new, surplus and transferred assets by completing and submitting equipment control forms as required.

Employees shall be responsible for:

- The care and maintenance of City property within their control or possession.
- Insuring that City property is controlled according to the policy and procedure set forth herein.

## **Control and Identification (11.4)**

**Control** - City property, assets and/or equipment are to be used only in the performance of City duties. It is not the policy of the City to lend City property to individuals or organizations or to permit members of the staff to use City property and/or equipment for their personal use. Removal of City property from buildings and/or grounds of the City for purposes other than City business is strictly prohibited.

**Identification** - All capital and controllable assets shall be properly identified and/or tagged in such a manner as to clearly mark the asset as City of Columbia property.

- Titled and registered vehicles and heavy equipment may be sufficiently identified by serial number and therefore do not require a City asset tag; however, if the serial number becomes damaged or obscured the department inventory coordinator shall request a fixed asset tag to be placed on the vehicle or equipment. In most instances these vehicles shall further be identified with City logo, seal, or name affixed to the exterior.
- All capitalized and controllable equipment shall be identified with a city fixed asset tag unless exempted. Tags will be placed near or adjacent to the manufacturer's nameplate when possible and/or in a position for easy sighting. Additional identifying information such as serial or model numbers will be recorded or verified at this time.

Certain equipment may require tag numbers be “etched” or written with a permanent marker. The department inventory coordinator shall request a replacement tag when and if the existing tag is lost, damaged or obscured.

- Assets may be exempted from tagging due to the nature or use of the asset. Exempted assets shall be identified as to specific location and/or employee to which they are assigned. Assignment and location must be updated as necessary. Examples of exempted assets include but not limited to guns and weapons and covert police equipment.

## **Inventory (11.5)**

Inventories are necessary to verify the existence and condition of assets purchased by the City. It is key to controlling costs and securing public trust in government operations.

**Frequency** – Fixed assets, both capitalized and controllable, excluding real estate will be inventoried every two years on a rotating basis following the schedule below:

- Even Numbered Years
  - Parks & Recreation – January – February
  - Police – September – October
  - City Hall – November - December
  - Emergency Management – March
- Odd numbered years
  - Public Works – November - December
  - Fire – September – October
  - Wastewater – January- February

**Procedure** – A list of all fixed assets will be prepared by the Fixed Asset Manager and distributed to the departmental inventory coordinator according to inventory frequency schedule. The Departmental Inventory Coordinator shall then be responsible for conducting the physical inventory of all items listed.

- Serial numbers and asset tag numbers shall be verified to the physical asset.
- Any item missing an asset tag shall be flagged and another asset tag will be issued.
- Assets shall be assessed as to the general condition and noted on the inventory list.
- Changes in asset location shall be noted to aid with future inventories.
- Full effort shall be made to account for all assets.
- Missing assets shall be clearly indicated on the inventory listing.
- The Fixed Asset Manager will prepare a list of all missing assets for review by the Department Director and reported to City Council.
- In most instances, Departments have been given two months during which to complete the asset inventory. The completed inventory list shall be signed by the department inventory coordinator and department director and returned to the fixed asset manager by the 15<sup>th</sup> of the month following the completion of the inventory.

**Real Estate – Will** not be subject to annual inventory

## Disposals of Surplus Property (11.6)

Capital assets, controllable assets, supplies and other equipment will at some point reach their useful life or utility to the user department or be fully consumed. At that point the asset is considered surplus to the user department and ready for disposal. Disposal may take the form of transfer to another department, trade in on a new asset, sale or disposal. Supplies not consumed and no longer needed by a department shall also be considered for transfer or disposal. The goal of property disposal is to maximize the remaining value of the asset/ supply or equipment for the benefit of the City.

**Declaration of surplus property** – In order to maximize the value of any property no longer needed by a department, it is important to identify and report the property as surplus as soon as possible.

- An equipment control form is to be completed and must be signed by the department director.
- The control form shall identify to the extent possible the asset being declared surplus including serial number, asset tag number, location and general description.
- The general condition of the surplus asset shall also be noted and shall include major problems, issues or defects.
- To the extent possible, surplus assets shall be stored in such a manner as to prevent theft, loss or damage particularly from the elements until the item can be disposed.

**Transfers** – The highest and best use of surplus property is transfer from one department to another.

- Transfers may originate between departments or between the fixed asset manager and the department requesting the surplus property.
- An equipment control form shall be completed for all surplus transfers and signed by both the surrendering department and the receiving department.
- The completed and signed form shall be submitted to Fixed Asset Manager.
- No transfers shall be made between departments without completion of an equipment control form.
- Transfers are made without any monetary exchange or budgetary adjustments with the exception of enterprise fund department assets.
- Enterprise funds are not allowed to transfer assets or supplies to non-enterprise funds or between enterprise funds without being reimbursed the fair market value of the asset being transferred.
- The Fixed Asset Manager shall update the asset records to reflect all transfers

**Trade In** – Assets may be traded in for similar assets provided that the City is receiving fair market value for the assets being traded and the asset being acquired is also valued at fair market.

- Assets considered for trade in shall have an equipment control form completed and submitted to and approved by the fixed asset manager prior to the consummation of any transaction.
- Trade in of assets valued \$10,000 or more shall be noted in an agenda item for Council approval disclosing the asset being acquired, its value and trade in allowance being offered and statement of fair market value of the asset being traded.
- The Fixed Asset Manager shall update the asset records to reflect all trade in.

**Disposals** – Final disposal of surplus property will be coordinated by the Fixed Asset Manager.

- The City Council shall approve or ratify the disposal of all surplus property.
- The Fixed Asset Manager will prepare an agenda item for Council approval.

- Accepted disposal methods are :
  - Public Auction – may be online or live auction
  - Trade In – see procedure above
  - Sealed Bid – After proper and adequate advertising
  - Recycling – May be applicable to metal, oil
  - Discard – Last disposal method to be considered
  - Donation – If approved by City Council
  - Abandonment – In the case of right of ways and certain real estate
  
- Proceeds from disposals shall be credited to governmental fund from which the asset was purchased.
- The Fixed Asset Manager shall update the asset records to reflect all disposals.
- City employees, with the exception of the fixed asset manager, are allowed to bid on surplus property being sold in an open public market such as public auction or sealed bid. City employees are prohibited in engaging in the recycling or discard of City property.

## **Theft, Loss or Damage of City Property (11.7)**

Departments shall take all reasonable and necessary measures to prevent theft or loss of City property however in the event that such an event occurs the following procedure must be followed.

- Any theft of City property must be reported immediately to the City Police Department by telephone and confirmed in writing by the Department in charge of the lost property.
- A copy of the police report shall be attached to a completed equipment control form and submitted to the department inventory coordinator who shall then route the forms to the Fixed Asset Manager.
- Damaged City property may be insured against such damage and as such should be reported to the department inventory coordinator who shall then notify the fixed asset manager regarding the extent of damage. An insurance claim shall be filed by the department with the City's current insurance carrier. In the event of a total loss, the department inventory coordinator shall complete an equipment control form including the department head's signature and forward the form to the Fixed Asset Manager.

## **Scrap Metal (11.8)**

The sale of scrap metal is regulated by the State of Tennessee as covered in Title 62 Chapter 9 of the T.C.A. The City of Columbia will conform to those regulations when selling any scrap metal.

- Unless specifically authorized by the Fixed Asset Manager, all sales must be to a licensed scrap metal dealer in the State of Tennessee
- Payment will be made by check or money order payable to the City of Columbia.



## Section 12

# Vendor Relations

### Vendor Relations (12.01)

#### A. INTRODUCTION

The City of Columbia strives to develop effective relationships with vendors and encourages full and open competition wherever possible. The City also endeavors to maintain strong enduring relationships with vendors of proven ability and desire to meet our needs. To accomplish this, our purchasing activities will be conducted so that vendors will value our business and make every effort to furnish our requirements on the basis of quality, service and price. The relationship between the purchaser and seller is one of mutuality.

The City will buy only from suppliers who have adequate financial strength, high ethical standards, and a record of adhering to specifications, maintaining shipping promises and giving full measure of services. New sources of supply will be given due consideration as multiple sources of supply are necessary to ensure availability to materials and promote competition.

It is essential to develop and maintain goodwill between the City of Columbia and its suppliers. The reputation of the City can be promoted by:

1. Giving all salespersons a full, fair, prompt and courteous hearing.
2. Keeping competition open and fair.
3. Keeping specifications fair and clear.
4. Cooperating with the seller and considering their difficulties in providing the service or products.
5. Having consistent buying policies and principles.
6. Observing strict truthfulness in all transactions and in correspondence.
7. Respecting the confidence of the salespersons or their company as to confidential information.
8. Keeping free from obligation to any vendor.

#### B. DEPARTMENT CONTACT WITH VENDORS

In the day-to-day conduct of their duties, departmental employees are often in contact with potential vendors and suppliers. While it is sometimes desirable for employees to be in a position to recommend certain products, no department shall attempt to place orders with vendors, except as described in this manual.

C. INITIAL VENDOR CONTACT It is suggested that all vendors desiring to sell goods and services to the City complete and submit a Vendor Application. Vendors may make application by accessing the City's webpage [www.columbiatn.com](http://www.columbiatn.com). A paper application is available upon request.

**Code of Ethics and Conduct (12.02)** It is the policy of Purchasing to promote the City's reputation for courtesy, fairness, and impartiality. The responsibility for achieving this goal rests with each individual who participates in the procurement process. This includes the using agencies, the vendors, as well as the Purchasing staff. Purchasing adheres to a high standard of ethics and conduct as set forth by the State of Tennessee and the National Institute of Governmental Purchasing (NIGP). Public purchasing officers are required to maintain complete independence and impartiality in dealings with vendors, both in fact and in appearance, in order to preserve the integrity of the competitive process and to ensure there is public confidence that contracts are awarded equitably and economically.

**Acceptance of Gratuities, Gifts, and Business Courtesies**

The City of Columbia prohibits the acceptance of any item of value (remuneration) made directly or indirectly, in cash or in kind, that may induce or appear to induce the purchase or referral of any kind of goods, services, or items. Consequently, the acceptance of any gifts or business courtesies from vendors or others with whom we presently or potentially conduct business that would violate this is strictly prohibited.

**Receiving Gifts**

In all instances, the following criteria must be met in order to accept a gift:

Promotional items such as pens, notepads, mugs or similar items may be accepted from a Vendor or business associate as long as they are nominal in value (\$10 or less per instance and no more than \$50 in the aggregate annually); and

Cash or cash equivalents such as gift certificates, stocks, bonds, etc. from outside entities or Non-employed individuals are prohibited.

**Social Events and Business Courtesies**

There may be times when it is permissible to accept a meal or other invitation offered by a current or potential business associate. However, the purpose must never be to induce or influence a business transaction. As a general rule, the cost must be reasonable. If the occasion appears extravagant or if the invitation could be perceived as intended to influence a business decision involving the City, attendance at such an occasion is prohibited.

To be acceptable, the occasion must conform to the following guidelines:

The cost and location must be reasonable and not extravagant; and

Paid expenses for any travel costs or overnight lodging for the individual or his/her family are prohibited; and

The invitation is for an ordinary business meal or gathering during which the host is present and business is conducted; and

Acceptance of such an invitation from an individual or entity is rare unless expenses are shared by both parties; and

Business courtesies of personal benefit, such as a pair of tickets or invitations to sporting events, theatrical events, or golf outings may not be accepted.

**Use of Information**

An official or employee may not disclose any information obtained in his/her official capacity or position of employment that is made confidential under State or Federal law except as authorized by law. In addition, officials and employees of the City cannot use or disclose

information obtained in their official capacity or position of employment that would result in financial gain for themselves or any other person or entity.

Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and as noted below, no City official or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of or by the City.

No City official or employee shall enter into a contract with the City or perform any work or function under any contract with the City if he or she has a direct or indirect financial interest in the contract, unless all of the following conditions are met:

The contract is awarded through a process that complies with the City's purchasing requirements;

The service performed must not be any service which the employee might provide in the normal scope of their regular duties for the City;

The service performed must not present a conflict of interest nor a conflict of time with the employee's regular duties for the City; and

The City Manager makes a formal finding that it is in the best financial interest of the City to do so after full disclosure on the part of the employee of his or her direct or indirect financial interest in the contract, and the City Manager's finding and the employee's full financial disclosure are recorded on the minutes of the City Council in open session.

### **Complaints by Vendors (12.03)**

Vendor shall have the right to present a complaint, dispute or grievance concerning unfair treatment, contracts, deliveries, payments, restrictions and other incidents. The following steps are intended to provide uniform procedures for a vendor to express his problem and obtain remedy.

A. Step One - Vendor must file a grievance with the Purchasing Agent no later than seven (7) calendar days after the occurrence of the dispute or incident. The complaint must be in writing and include all supporting data and desired solution or remedy. The Purchasing Agent shall forward a copy of the complaint to the user department who shall provide a written reply within ten (10) days to the Purchasing Agent who will review and if in agreement, forward on to the vendor.

B. Step Two - If the vendor is not satisfied with the Purchasing Agent's response, the vendor may appeal in writing to the City Manager, who shall with the advice of the Purchasing Agent and/or City Attorney, make a written determination to all parties involved. The City Manager's decision shall be final.

Vendor Protest – The process for handling a protest related to a bid or the award thereof is included in Section 7 of this manual.

### **Debarment of Vendors (12.04)**

A. DEBARMENT PROCEDURE After reasonable notice to a vendor of continued performance issues or other uncorrected problem areas, the Purchasing Agent, after consulting with the City Attorney, is authorized to debar a vendor for cause from consideration for award of contracts, for a period of not more than three (3) years.

Causes for debarment include:

1. Conviction of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract.
2. Conviction under State or federal statutes of any offense indicating a lack of business integrity or business honesty. Examples include: embezzlement, theft, forgery, bribery, collusion, and other public entity crimes.
3. Conviction under State or federal antitrust statutes arising out of the submission of bids or proposals.
4. Violation of contract provision of sufficient seriousness that the Purchasing Agent, with approval of the City Attorney, considers debarment appropriate. This would include failure to perform or unsatisfactory performance of a contract or bid.
5. Any other cause that the Purchasing Manager determines to be so serious as to affect responsibility as a contractor to the City.

Any vendor being debarred will be notified in writing by the Purchasing Agent. All reasons for the action being taken will be explained. The decision to debar the vendor is final unless otherwise overridden by the City Manager.

**B. REINSTATEMENT** A person or corporation may be reinstated to do business with the City under the following conditions:

1. Discovery of new and material evidence not previously available
2. Dismissal of indictment or reversal of conviction, or
3. Bonafide change in ownership or management sufficient to justify a finding of present responsibility.

The request of reinstatement shall be forwarded in writing to the Purchasing Agent. The City Manager shall determine whether to reinstate based on written submission of evidence to one or more of the above conditions.



## SECTION 13 TRAVEL POLICY

### **PURPOSE (13.01)**

Travel expenses may be incurred as a normal part of conducting City business. It is the policy of the City that eligible expenses incurred while on City business be reimbursed to the individual when properly documented. Personal and ineligible expenses incurred while on City business remain the responsibility of the individual. Permissible functions are conventions, luncheons, meetings, seminars, and training sessions that are related to the operations of the City of Columbia. Reimbursement for travel shall be limited to the amount of funds budgeted within the respective departments.

### **AUTHORIZATION TO TRAVEL (13.02)**

Travel must be approved in advance. Prior authorization requires that an estimate of all expenses that may be incurred as a result of the travel be submitted using The *Travel Authorization Form*.

- City employees, except the City Manager, shall submit the travel Authorization Form to their respective department head for approval.
- Boards and Commission members shall submit the Authorization Form to the City Manager.

### **TRAVEL VOUCHERS (13.03)**

Travel vouchers are used to document actual travel expenses upon return and shall be submitted within fourteen (14) days of the conclusion of the travel.

- Meals are not reimbursed unless an overnight stay is involved.
- Travel vouchers are submitted to and approved in the same fashion as the Authorization to Travel Form.
- Travel vouchers require original receipts for those items not included within a per diem allowance or mileage reimbursement.
- The State of Tennessee Travel Regulations shall be the guide for all travel reimbursement with the following exception:
  - Item 37 under Per Diem Rates for Meals and Incidentals - the City will not reimburse per diem meal rates for any and all meals furnished as part of training sessions, conferences or hotel accommodations regardless of the employee's participation in the meal.
- Reimbursement rates shall automatically change as the State of Tennessee Travel Regulation Policy changes unless specifically preempted by the City Manager.

- Travel expenses for spouses or other personal guests are not reimbursable by the City unless their travel specifically relates to City business and is authorized prior to the travel.
- Rental of Vehicles may be reimbursed if approved in advance and supported by a detail receipt upon return. Rental vehicles should be refueled prior to returning the vehicle. Rental contracts should include the cost of physical damage coverage.
- Parking expenses exceeding the State of Tennessee allowable amount will be reimbursed with a proper receipt.
- Job related entertainment or recreational expenses shall be reimbursed if approved in advance by the City Manager.
- An employee may be considered in travel status and eligible for expense reimbursement the day preceding and the day following a scheduled meeting or conference. Reimbursement may be prorated on these days depending upon the time of departure for the event or time of return after the event.



## Section 14

# Federal Purchasing Procedures

### Procurement Involving Federal Funds (14.01)

When procuring property or services under a federal award, the City must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and standards found in C.F.R. 200.318 general procurement standards through C.F.R. 200.326 Contract provisions.

### Procurement Standards (14.02)

Federal related purchases will follow the same procedures and policies for all purchases except when they are in conflict with federal procurement standards. In those instances, purchases made involving Federal Funding including FEMA disaster relief will comply with the more restrictive of the two standards.

Federal standards are broken down into the following categories

- a. General procurement standards (2 C.F.R. § 200.318)
- b. Competition (2 C.F.R. § 200.319)
- c. Methods of procurement (2 C.F.R. § 200.320)
- d. Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms (2 C.F.R. § 200.321)
- e. Procurement of recovered materials (2 C.F.R. § 200.322)
- f. Contract cost and price (2 C.F.R. § 200.323)
- g. Awarding agency and pass-through entity review (2 C.F.R. § 200.324)
- h. Bonding requirements (2 C.F.R. § 200.325)
- i. Contract provisions (2 C.F.R. § 200.326 and Appendix II)

Federal standards requires the City to:

- a. Maintain oversight of contractors to ensure that contractors perform in accordance with the terms, conditions, and specific contract administration system ensuring that contractors perform as required
- b. Maintain a written code of standards of conduct covering conflicts of interest and governing the performance of employees engaged in the selection, award, and administration of contracts, and avoid conflicts of interest
- c. Maintain procedures that provide for a review to avoid purchase of unnecessary or duplicative items; make lease versus purchase determinations
- d. Award only to responsible contractors
- e. Maintain sufficient records to detail the significant history of a procurement
- f. Be responsible for the settlement of all contractual and administrative issues

## **Time and Material Contracting (14.03)**

The use of Time and Material contracting; however, they may use only after a determination that no other contract is suitable, and the contract includes a ceiling price that the contractor exceeds at its own risk. Generally limits the use of these contracts to the first 70 hours of work performed after a disaster when a clear scope of work cannot be developed.

## **Open Competition (14.4)**

All responsible sources shall be permitted to compete for purchases involving Federal funding.

Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or proposals must be excluded from participating for such procurements.

Federal procurement does not allow for:

- a. Unreasonable qualification requirements
- b. Requiring unnecessary experience and bonding
- c. Noncompetitive pricing practices between firms
- d. Noncompetitive awards to consultants on retainer
- e. Organizational conflicts of interest
- f. Specifying a "brand name" product only instead of allowing an "equal" product
- g. Any arbitrary action in the procurement process

## **Procurement Thresholds (14.5)**

Purchases of \$3,500 or less are considered to be micro-purchases and do not require competitive pricing. It should be noted that this limit is less than the purchasing threshold used for non-federal purchasing.

Purchases for \$3,500 to \$25,000 require three written quotes

Purchases above \$25,000 must follow a sealed bid process, competitive proposal process or noncompetitive proposal process.

Non-competitive proposals may be used ONLY if the one of the following applies

- Only available from a single source
- Emergency purchase
- Federal awarding agency or pass through entity expressly authorizes it
- After solicitation, competition is deemed inadequate

## **Contracting (14.6)**

The Federal procurement standards include public policy objectives related to the use of small businesses, minority firms, women's business enterprises, and labor surplus area firms.

With respect to these firms, the City must

- a. Place qualified firms on the solicitation lists

- b. Assure these firms are solicited whenever they are potential sources
- c. Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation
- d. Establish delivery schedules, where the requirement permits, that
- e. encourage participation by these firms
- f. Use the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce
- g.** Require prime contractors to take these same steps