



CITY OF CHATTANOOGA PROCUREMENT INSTRUCTIONAL MANUAL

2014

Purchasing Division
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PREFACE

CITY OF CHATTANOOGA PROCUREMENT INSTRUCTIONAL MANUAL

2014 Edition

The *City of Chattanooga Procurement Instructional Manual (CCPIM)* is published under the authority of Chapter 2 Administration, Article V Purchases, Contracts and Property Disposition of the *City of Chattanooga Code Annotated*, Part 3 - the Municipal Purchasing Law of 1983, Tennessee Code Annotated 6-56-301, *et seq.* This manual establishes the policies and procedures required to be followed by the City of Chattanooga's (City) departments and agencies in fulfilling procurement and related logistical responsibilities within the delegated limits when performing procurement functions. The manual as written, serves as a user's guide for City employees and officials when implementing authorized purchasing procedures. This edition of the *Procurement Instructional Manual* supersedes all previous editions and changes thereto. **Strict adherence to the procurement rules, regulations and procedures as set forth herein shall be followed to ensure and maintain the fairness, efficiency, and integrity of our procurement process.**

Changes to this Manual will be announced through the issuance of Procurement Manual Revision (PMR) memorandums that shall be issued by the Purchasing Division. Each revision to the Manual shall be full page replacements and at the bottom of each page, the Revision Date shall be noted. When received, each new PMR shall be filed in the Manual as instructed, and the outdated portion shall be removed and destroyed.

This manual and its contents are not intended to conflict with any existing law. It represents the minimal purchase requirements. If any part of the manual conflicts with the law, then the Law shall take precedence over the manual.

Elected officials and appointed department heads may appoint requisitioning and receiving agents for their staffs and organizations as determined necessary to promote the efficient and successful operation of their respective organizations. However, names and positions for these designated agents must be submitted to the Purchasing Division in writing.

The integrity and success of the City's procurement system depends upon the accuracy, honesty, and credibility of its elected officials, appointees, and its employees.

Copies may be obtained from the Purchasing Division (PD), downloaded from the City website and PD homepage: <http://www.chattanooga.gov/general-services/purchasing>.

The City's Purchasing Division is readily available to assist any City office, department, and agency at any time. Comments, suggestions, and questions of interpretation should be addressed to the Purchasing Division Staff.



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SECTION 1

GENERAL PURCHASING INFORMATION AND ORGANIZATION

SECTION 1.01 - PURCHASING CODE OF ETHICS/NIGP CODE OF ETHICS

The Purchasing Division has been a proud and active member of the National Institute of Governmental Purchasing, Incorporated (NIGP) for 46 years. We have adopted and whole-heartedly embrace the following code of ethics. ***It is recommended this code of ethics be followed by all Purchasing Associates, City employees, and officials that are involved in the procurement function.***

NIGP CODE OF ETHICS

The Institute believes, and it is a condition of membership, that the following ethical principles should govern the conduct of every person employed by a public sector procurement or materials management organization:

Seeks or accepts a position as head (or employee) only when fully in accord with the professional principles applicable thereto and when confident of possessing the qualifications to serve under those principles to the advantage of the employing organization

Believes in the dignity and worth of the service rendered by the organization, and the societal responsibilities assumed as a trusted public servant

Is governed by the highest ideals of integrity in all public and personal relationships to merit the respect and inspire the confidence of the organization and the public being served

Believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest and not tolerable

Identifies and eliminates participation of any individual in operational situations where a conflict of interest may be involved

Believes that members of the Institute and its staff should at no time, or under any circumstances, accept directly or indirectly, gifts, gratuities, or other things of value from suppliers, which might influence or appear to influence purchasing decisions

Keeps the governmental organization informed, through appropriate channels, on problems and progress of applicable operations by emphasizing the importance of the facts

Resists encroachment on control of personnel in order to preserve integrity as a professional manager; handles all personnel matters on a merit basis, and in compliance with applicable laws prohibiting discrimination in employment on the basis of politics, religion, color, national origin, disability, gender, age, pregnancy and other protected characteristics

Seeks or dispenses no personal favors; handles each administrative problem objectively and empathetically, without discrimination

Subscribes to and supports the professional aims and objectives of the National Institute of Governmental Purchasing, Inc.



I. RESPONSIBILITY TO YOUR EMPLOYER

- Follow the lawful instructions or laws of the employer.
- Understand the authority granted by the employer.
- Avoid activities, which would compromise or give the perception of compromising the best interest of the employer.
- Reduce the potential for any charges of preferential treatment by actively promoting the concept of competition.
- Obtain the maximum benefit for funds spent as agents for the employer.

II. CONFLICT OF INTEREST

- Avoid any private or professional activity that would create a conflict between your personal interest and the interests of your employer.
- If possible, avoid engaging in personal business with any company that is a supplier to your employer. In situations where engaging in personal business with a supplier is unavoidable, the employee shall make it clear to the supplier that he/she is not allowed to and cannot accept preferential treatment from the company.
- Avoid lending money to or borrowing money from any supplier.

III. PERCEPTION

- Avoid the appearance of unethical or compromising practices.
- Avoid business relationships with personal friends and family.
- Avoid noticeable displays of affection, which may give an impression of impropriety.
- Avoid holding business meetings with suppliers outside the office.

IV. GRATUITIES

- Never solicit or accept money, loans, credits or prejudicial discounts, gifts, entertainment, favors or services from your present or potential suppliers which might influence or appear to influence purchasing decisions.
- Never solicit gratuities in any form for yourself or your employer.
- Items of nominal value offered by suppliers for public relations purposes are acceptable when the value of such items has been established by your employer and would not be perceived by the offeror, receiver or others as posing an ethical breach.
- Gifts offered exceeding nominal value should be returned with an explanation or, if perishable, either returned or donated to a charity in the name of the supplier.
- In the case of any gift, care should be taken to evaluate the intent and perception of acceptance to ensure that it is legal, that it will not influence your buying decisions, and that it will not be perceived by your peers and others as unethical.

V. BUSINESS MEALS

- There are times when during the course of business it may be appropriate to conduct business during meals. The meal should be for a specific business purpose.
- Avoid meals with the suppliers unless absolutely necessary.
- The purchasing professional should pay for meals as frequently as the supplier.
- Budgeted funds should be available for such purposes as necessary.

VI. CONFIDENTIAL INFORMATION

- Keep bidders' proprietary information confidential.
- Develop a formal policy on the handling of confidential information.



VII. RELATIONSHIP WITH THE SUPPLIER

- Maintain and practice, to the highest degree possible, business ethics, professional courtesy, and competence in all transactions.
- Infrequent association with suppliers at lunches, dinners or business organization meetings is an acceptable professional practice enabling the Buyer to establish better business relations provided that the Buyer uses discretion and keeps free of obligation. Reciprocating is strongly recommended.
- Always strive to obtain the maximum value for each dollar of expenditure.
- Preclude from showing favoritism or being influenced by suppliers through the acceptance of gifts, gratuities, loans or favors. Gifts of a nominal value that display the name of a firm which is intended for advertisement may or may not be accepted in accordance with the recipient's own conscience or jurisdictional rules.
- Adhere to and protect the supplier's business and legal rights to confidentiality for trade secrets, and other proprietary information.
- Refrain from publicly endorsing products.

VIII. RELATIONSHIP WITH THE EMPLOYER

- Remain focused on the best interests of the employer.
- Buyers do not engage in activities if there is a significant personal/financial interest.
- Exercise discretionary authority on behalf of the employer.
- Avoid acquiring interest or incurring obligations that could conflict with the interests of the employer.

IX. RELATIONSHIPS WITH OTHER AGENCIES AND ORGANIZATIONS

- A Buyer shall not use his position to exert leverage on individuals or firms for the purpose of creating a benefit for agencies or organizations that he may represent.
- All involvement and transactions shall be handled in a professional manner with the interest of the Buyer's employer taking precedent.

X. RELATIONSHIP WITH PROFESSIONAL PURCHASING ORGANIZATIONS AND ASSOCIATIONS

- It is the responsibility of the Buyer, through affiliation with professional organization, to represent that organization in a professional and ethical manner.
- A Buyer shall not use his position to persuade an individual or firm to provide a benefit to an organization.

XI. POLICY

- It is the policy of NIGP that any member of the Institute who personally, or on behalf of his local chapter, is involved in the process of acquiring advertisers and/or exhibitors on behalf of the Institute, shall act only in the capacity of providing referrals of potential or interested parties to the Institute.
- As a result of such referral, should the Institute form a contractual obligation, appropriate credit shall be given to the individual or chapter.



SECTION 1.02 - MISSION, VISION, AND VALUES

Mission:

Our mission is to provide efficient, timely, and responsible procurement services that acquire goods and services that provide the best value to the citizens of Chattanooga.

Vision:

Our vision is to be a leader in innovative ideas by establishing defensible procedures and using state of the art technology to reduce taxpayer's costs.

Values:

Integrity, Innovation, Quality, Dedication, and Solidarity

SECTION 1.03 - SCOPE OF SERVICES

The Purchasing Division is responsible for procuring all supplies, equipment, materials, and services required for the City operations in a timely, environmentally friendly and cost-effective manner. This includes all supplies, non-inventory (direct) department supplies, major/minor equipment, parts, accessories and services; and construction & consulting services.

Purchasing is responsible for the disposal of all City surplus items. The disposal may be accomplished by transfer, trade-in, scrapping or sale of the surplus asset.

Purchasing is responsible for the disposal of impounded or unclaimed vehicles or merchandise being held by the City's Police Department.

Purchasing is responsible for the issuance of contract documents for the encumbrance of funds, amendments and change orders to all City contracts.

Purchasing is responsible for providing centralized processing and distribution of City mail.

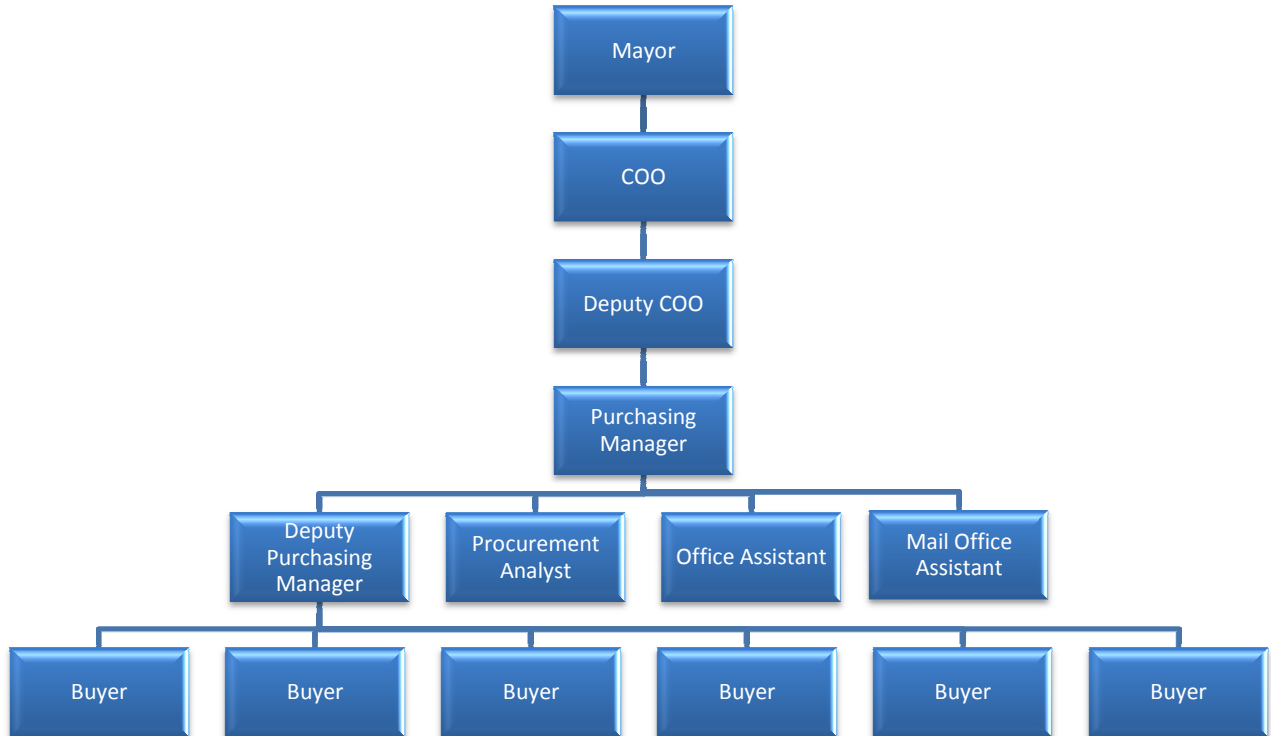
SECTION 1.04 - MAIL SERVICES

The Purchasing Division provides mail services for all City departments and affiliated public agencies. The mail services provided include normal inter-office and U.S. mail processing, stamping, and distribution in addition to mail sorting, folding and inserting services which are available in the Purchasing Mailroom as well.

Each department or agency is assigned an account for postage. A report of the postage cost is sent to the Finance Department each month where the costs are distributed.



SECTION 1.05 - PURCHASING ORGANIZATIONAL CHART



SECTION 1.06 – PURCHASING OBJECTIVES

The basic objective of the Purchasing Division is to procure the best quality products and services available for our customers (the City and its taxpayers) in the most economical, efficient, ethical, responsible, environmentally friendly, and timely manner.

The overall objective of the PD is to optimize the acquisition cycle of equipment, supplies, and contractual services to facilitate continuous improvement in City services by:

1. Achieving optimum inventory levels with proper balance between the need to reduce inventories and the demand to have proper materials on hand to meet all needs
2. Procuring materials at the lowest cost consistent with quality and service
3. Obtaining the most suitable materials for the intended use
4. Providing maximum utilization of resources and avoiding duplication, waste, and obsolescence with respect to supplies and equipment
5. Ensure the disposal of all obsolete or excess City personal property is accomplished in a professional, uniform, environmentally responsible, and ethical manner while securing fair prices through acceptable surplus sales methods

SECTION 1.07 - PURCHASING AGENT RESPONSIBILITIES

(The City Purchasing Agent is the Purchasing Division Manager)

Chapter 2 Administration, Article V. Purchases, Contracts and Property Disposition. Sections 2-541 through 2-568 of City Code describe the duties of the Purchasing Agent for the City.

1. The Purchasing Agent is responsible for all purchases of supplies, materials, equipment, construction, personal and professional services, demolitions, and the transfer and sales of surplus personal property for the City, and the City central mailroom.
2. The Purchasing Agent shall have charge of and supervise all storerooms and storage places for distribution of supplies, materials or equipment to the departments and agencies of the City, when established by the Mayor.
3. The Purchasing Agent may inspect or supervise the inspection of all deliveries of supplies, materials, and equipment to determine the conformity to specifications as to the quality and quantity specified in the contract.
4. The Purchasing Agent solicits written and telephone bids and makes awards for purchases from one dollar (\$1) up to twenty five thousand dollars (\$25,000) without the approval of the City Council.
5. The Purchasing Agent continually analyzes purchasing procedures and develops cost effective volume purchasing.
6. The Purchasing Agent consolidates all departments' needs on annual and term contract purchases as much as possible.
7. The Purchasing Agent may, subject to the approval of the Mayor and City Council, establish standard specifications as to quantity and quality of supplies, materials and equipment generally needed by the departments and agencies of the City.



8. The Purchasing Agent confers with department administrators, division managers and supervisors relative to purchasing policies, procedures, standards, and controls to establish rules and regulations for efficient operations and functions.
9. The Purchasing Agent interviews and confers with vendors and representatives relative to specifications and complaints, and keeps abreast of the latest procurement innovations in the industry for applicability to the operation of the City.
10. The Purchasing Agent is responsible for the City's surplus personal property and unclaimed personal property and conducts the public sale.
11. The Purchasing Agent prepares annual budget requests for the Purchasing Division.
12. The Purchasing Agent is responsible for the hiring of sufficient personnel to ensure effective handling of the division's workload and mailroom operations.

SECTION 1.08 – RESPONSIBILITIES OF THE PURCHASING DIVISION

The Purchasing Division has the ultimate responsibility to utilize cost effective best practices to procure quality goods and services which present the best value to the City.

These services are offered to all City departments, agencies of the City, and jointly funded governmental entities when funding and payment responsibilities rest with the City.

SECTION 1.09 - GOVERNMENT CERTIFICATE OF EXEMPTION

The City of Chattanooga is exempt from state, county and federal sales and excise taxes. Completion of a certificate which states that purchases of property or services are for the exclusive use of the government is necessary. The Purchasing Division issues the original certificate of exemption as needed for each purchase. The certificate of exemption is not to be reproduced for repetitive use by departments; and, it is illegal for the exemption to be used for personal purchases or for purchases made by a City independent contractor.

SECTION 1.10 – TERMS AND CONDITIONS

THE COMPLETE STANDARD TERMS AND CONDITIONS CAN BE FOUND ONLINE AT:
<http://www.chattanooga.gov/general-services/purchasing/standard-terms-and-conditions>

SECTION 1.11 - REQUISITION ORIGINATED CONTRACT ENCUMBRANCES

1. **The Purchase Contract (Competed and Non-competed)** is a contractual document issued for the purchase of goods or services costing \$25,000 or more. The purchase contract is more often the end result of the competitively bid solicitation process. However, it is also the product of noncompetitive negotiations when competition is not feasible or practical for a procurement of certain goods or services required.



2. The City Council must approve all proposed purchases of \$25,000 or more prior to preparing and issuing the purchase contracts. The types of purchase contracts used to create encumbrances are competed and are stated below.
3. **Normal One-time Purchase Contract** is a purchase document which is for commodities or services with a specific quantity ordered and a definite delivery or completion date.
4. **Term Purchase Contract** is a purchase document for a commodity or service with a stated quantity for a definite period of time and a definite contract amount. The contract includes specific starting and ending dates.
5. **Other Term Purchase Contracts** - Methods that may be used to pay against these commitments are:
 - a. ***Blanket Contract/Agreement*** is a blanket term purchase agreement for an estimated quantity of goods and/or services to be purchased repetitively over a specified period of time, for a specific line item cost. (See Exhibit 5). The usual method to initiate payment for a blanket contract is the use of the shipping release. Each shipping release serves as the contractual document that encumbers a portion of the blanket contract/agreement expenditure. Purchasing Division approval is required before preparing and issuing a purchase shipping release of \$25,000 or greater.
 - b. ***Indefinite Quantity Term Contract*** is a blanket term purchase contract for an estimated quantity of goods and services to be purchased repetitively over a definite period of time. The contractor agrees to sell the goods and services to the City for a stated unit price. The City guarantees to purchase a minimum quantity of the goods and services over the term of the contract; however the contractor may choose to extend the quantity, price and time as long as there is not a violation of statutes. The usual method to initiate payment and encumber expenses is using a shipping release.
 - c. ***Requirements Contract*** is a term purchase contract for an estimated quantity of goods and services to be purchased repetitively over a *definite* period of time. The contractor agrees to sell the goods and services to the City for a stated unit price. In turn, the City obligates to purchase all of its needs for the contracted goods and services from the contractor over the term of the contract, provided the contractor can fulfill the City's needs upon request. The shipping release is also the usual means to initiate payment and encumber expenses for this type of purchase.

NOTE: Purchase Orders may be issued against Blanket Agreements, Indefinite Quantity Term Contracts and Requirements Contracts as a means of encumbrance.

6. **The Open Market Purchase Order** is a small purchase contract negotiated informally with the vendor and valued under \$25,000. The same types of open market purchase orders/agreements can be informally negotiated to create encumbrances under \$25,000.
7. **The Confirming Contract/Purchase Order (Over or Under \$25,000)** is used when issuing contracts/purchase orders, and releases resulting from the Buyer having confirmed the order via telephone, letter, fax, email, or vendor's invoice prior to issuing the contract document. The Buyer shall include an "Acceptance" statement in the "header portion" of the contract document to read:
Acceptance: Confirming this order in accordance with my(include the telephone conversation, vendor's letter, fax, email, or the invoice number) to (Full name of vendor contact)....on (include date of communication, transmittal, vendor invoice, or vendor's reference number, as applicable). "DO NOT DUPLICATE ORDER"



8. Mutual agreements may be entered into with other government agencies as long as the item has been competed publically.
9. **The Memorandum of Understanding/Agreement (MOU/MOA)** is a contractual agreement between the City and an individual or company, other than a governmental agency, for personal or professional services to be rendered. This type of contractual agreement may also be pre-encumbered or unencumbered.
10. **The Change of Contract** is a modification to a previously issued purchase order/contract. This contractual document may be pre-encumbered or unencumbered depending upon the original contract. The method by which expenses are encumbered as a result of the change of contract will be in accordance with the original purchase order/contract.

SECTION 1.12 - DIRECT PAY NON-REQUISITIONED CONTRACT ENCUMBRANCES

1. **The Purchase Card** is a method of direct payment initiated by the vendor's/merchant's sales ticket or invoice for goods or services provided to the City. No requisition is created to facilitate the processing of the purchase card transaction.
 - a. *Purchase card transactions* - A purchase requirement shall not be divided into two purchase card transactions in order to circumvent the requisitioning process.
 - b. Purchase card instructions are available in the PD with signatories of understanding of the regulations governing the use thereof.
2. **The Warrant Voucher** is a direct payment document initiated in accordance with an invoice for services rendered. No requisition is created to facilitate the processing of the warrant voucher. Directions for the use of Warrant Vouchers, and what specific goods and services may be procured using this process, may be found on the City of Chattanooga Finance Forms and documents page.

SECTION 1.13 – PURCHASE APPROVAL REQUIRED

If any official or employee of the City authorizes or incurs an obligation against the City without first securing the proper approvals, as required in Oracle, such official or employee shall be individually liable for the amount of such obligation (City Code 2-564).

SECTION 1.14 - REQUISITIONER RESPONSIBILITIES

The procurement process is a combined effort of the ordering department or agency and the Purchasing Division. When both co-operate and work as a team, the results are an efficient and properly performed procurement. The responsibilities of the ordering departments and/or agencies are as follows:

1. To allow ample lead-time for the Buyer to process the requisition, issue the purchase order/contract, and allow the supplier time to deliver the needed items or services.
 - a. *Thirty Days* is the minimum necessary lead-time for sealed bid requirements.



- b. Delivery designations such as "As soon as possible (ASAP)", and "Immediately" should not be used as designated delivery dates because they are misleading and indefinite. Provide definite delivery dates.
 - c. Bona-fide emergency situations should be so noted with justification and realistic delivery dates stated. Council letter must be prepared within 7 days.
2. To prepare a complete and accurate description of the items to be purchased as indicated in the requisition instructions section of this manual.
 3. To plan purchases well ahead to eliminate avoidable urgent or emergency situations.
 4. To acquire the appropriate approvals within the department, Finance, and Purchasing prior to committing the City to a purchase commitment since the employee or official shall be personally liable for the amount of an unauthorized purchase order.
 5. To initiate specification preparation on items to be bid, and avoid writing restrictive specifications preventing Purchasing from promoting fair and open competition.
 6. To include Purchasing in all discussions and/or negotiations for bid and proposals.
 7. To ensure that each sale receipt/ticket is clear, legible, and includes the date of the purchase, the purchase release number (if applicable); delivery date; a complete item description, quantity, unit of measure, unit price, and extended amount for each line item purchased; the total amount of the purchase; terms of payment; the name of the vendor's employee who made the sale; the name of the City department/office for which the purchase is made; and, the name of City employee receiving the goods/services on behalf of the City.
 8. To review quantities and quality of product/services delivered to ensure the bid amount is actually the amount charged on the ticket.
 9. To promptly receive items requisitioned against purchase orders and releases.
 10. To advise Purchasing, in writing, of defective merchandise or vendor dissatisfaction.
 11. To promptly address contractor invoices as deemed appropriate and within 5 working days to submit to Accounting for payment.
 12. Buyer must notify departments of expiring contracts three (3) months in advance to see if renewal is acceptable or if a change in specifications is in order.
 13. Federal Grants, State Pass Through or other Grant requirements that impose requirements (in addition to City Policy) shall accompany the requisitions and specifications. Mandatory pre-bid conferences are not required under normal circumstances unless a federal or state agency has it in their specific guidelines. The guidelines stating these requirements shall be sent with the requisition.



SECTION 2

STANDARD PURCHASING POLICIES AND PROCEDURES

SECTION 2.01 - PURCHASE REQUISITION PROCEDURES – GENERAL

The Chattanooga City Code Section 2-547, Purchase requisitions required; approval of form (Code 1986, § 2-347; Ord. No. 9654, § 8, 1-6-92; Ord. No. 11103, § 2, 11-28-00) prescribes the written requisition as the official document to be used for initiating all purchases. All requisitions are now processed and approved electronically. A properly completed requisition is necessary to properly perform the purchasing function. The requisitioning department should have a specific need in mind, and is properly communicated in the requisition to the Purchasing Division. All requisitions complete with specifications for materials, supplies and equipment shall be coordinated with Purchasing and worded or designed so as to permit open and competitive bidding for the supplying of the article or commodities required. The following problems should be avoided in preparing requisitions:

1. Insufficient description or too much abbreviation
2. Failure to enter all of the required line items in the computer system
3. No word description, only part or model numbers
4. Incorrect address or telephone number
5. Restrictive specifications

The Buyer needs to be able to understand the requisition because each line item has a corresponding class-item code that will be entered into the computer. **The Purchasing Division reserves the right to reject all requisitions not properly completed.**

SECTION 2.02 - INFORMAL PURCHASES BETWEEN \$1 AND \$1,000

The Buyer can award these informal purchases without formal advertisement– Purchase Requisition Procedures – General. The purpose of this is to minimize the administrative procurement cost. The Buyer is not required to publically advertise or obtain competitive quotes for purchases between one dollar (\$1) and one thousand dollars (\$1,000). Quotations for these informal purchases can be solicited by telephone or verbally with the Buyer simply making written file notes of the vendor's telephone quotation. (TCA 6-56-305, Advertisements and Bids; Level of Expenditures) This business practice will alleviate discrepancies resulting from misinterpretations and/or quotation errors resulting from the telephone and verbal conversations.

The Purchase Card is a method of making purchases through Delegated Purchasing Authority. This purchasing method extends purchasing authority to certain key people through the use of purchasing cards. This delegated purchasing authority is limited to a maximum transaction amount (generally not to exceed \$1,000) with a maximum monthly card expenditure (generally less than \$25,000) and lacks independent authority. The PD is simply extending authority based on certain key conditions.

The steps to completing a purchase order for this expenditure level of purchase are:

1. Purchases up to one thousand dollars (\$1,000) can be made by use of City *Purchase Card*. This method of purchase can be placed in person, by telephone, fax or Internet. The purchase card is a purchasing method of delegating purchasing authority to certain key people based on certain conditions by the PD. A Purchase Requisition must be issued if the



vendor will not accept the credit card for payment of a small purchase of one thousand dollars (\$1,000) or less.

2. Purchase card transactions must be monitored closely including examining for repetitiveness and availability or the opportunity to utilize other purchasing methods i.e. term contracts, blanket agreements, etc.
3. The Buyer reviews the quotations obtained to determine if they are reasonable in price and responsive to the specifications. Providing these factors meet the City's needs, the Buyer may proceed with the next step of the purchase order process.
4. Should there be a deficiency, inconsistency or question existing with the quotes and/or specifications, he/she must take the necessary action to resolve the issue by conferring with the requisitioning customer and/or the vendor(s) quoting the requirement in order to appropriately resolve the concern before issuing a PO.
5. After analyzing the quotations and determining the lowest and best quotation, the Buyer will prepare the purchase order for the required approvals in Oracle.
6. The Buyer shall gain approval, which is completed through Oracle. Upon approval, a copy may be sent to the awarded vendor, one is retained in the PD contract file.

SECTION 2.03 - INFORMAL PURCHASES BETWEEN \$1,001 AND \$24,999

The Buyer may solicit these informal purchases without formal advertisement as stated herein. The objective of this informal purchase method is to obtain the necessary item at the lowest possible cost. The Buyer must obtain three competitive written quotations, when possible, using email, telephone, fax, mail, or standard Quotation Form before committing to a purchase order.

The steps to completing a purchase order for this expenditure level are:

1. The Buyer reviews the quotations received to determine if they are reasonable in price and responsive to the specifications. Providing these factors meet the City's needs, the Buyer may proceed with the next step of the purchase order process.
2. Should the Buyer determine that a deficiency or question exists with the quotes and/or specifications, he/she must take the necessary action to resolve the issue by conferring with the requisitioning customer and/or the vendor(s) quoting the requirement in order to appropriately resolve the concern before moving forward.
3. After analyzing the quotations and determining the Best Value, the Buyer will prepare the purchase order for the approval of the City Finance Officer. Purchase orders under \$25,000 need only the approval of the City Finance Officer and the Buyer in charge of the procurement (completed in Oracle).
4. The Buyer shall email, fax, or mail the vendor a copy of the purchase order.
5. Special Purchase Approvals are required for the following:
 - a. Furniture - Approved by the Director of General Services
 - b. Vehicles - Approval by the Fleet Manager and Director of General Services
 - c. Information systems, hardware, software, peripherals, and related items - Information Systems



SECTION 2.04 – PURCHASES OVER \$25,000.00, COMPETITIVE SEALED BIDS REQUIRED

All purchases estimated to cost \$25,000 or more must be publically advertised and competitively bid to promote open and fair competition.

Only the Purchasing Division shall have the authority to publically advertise the City's procurement needs.

This procedure allows all legitimate and bona fide vendors the opportunity to bid on open requirements.

SECTION 2.05 - REQUIRED COMPETITIVE SEALED BID EXCEPTIONS

There are seven (7) exceptions to the required Competitive Sealed Bid law. The exceptions are stated below.

1. **Informal purchases** (including telephone bidding), the amount shall not exceed twenty five thousand dollars (\$25,000);
2. **Small informal purchases** approaching a \$25,000 annual expenditure for a product or service shall be advertised. If during the course of a twelve month period beginning from the date of the first purchase, the cumulative total expenditure (including present and projected purchases) appears to be equal to, or more than \$25,000 per year; then, the product or service shall be presented to the City Council for approval.
3. **Sole and Single Source Purchases** (including non-competitive negotiation), goods or services identified which may not be procured by competitive means because of the existence of a single source of supply; The single source can be proven by taking competitive bids.

Sole Source Purchases

The City permits the use of sole source purchases when the material, equipment, or services may not be procured by competitive means because of the existence of a single source of supply as stated in the *Tennessee Code Annotated 12-3-205, Sole Source Procurement – Noncompetitive negotiation authorized*. Vendors that have proprietary parts or service must acknowledge this in their bid documents and may be subjected to not being considered as best bid.

The definition of "Sole Source" procurement is applied when there are circumstances where only one person, institution or company has exclusive or predominant capability by reason of experience specialized facilities, proprietary rights, or technical competence to provide the needed services or supplies. This applies to work, and/or the necessary special equipment or parts for which no other items are known to exist within the time required and at reasonable prices. **"Sole Source" specifications should be advertised and proven as a sole source prior to negotiating on a "non-competitive" basis.**

1. Justification for this "Noncompetitive Procurement" is extremely important and shall be justified and approved by the Department Administrator before submitting a written memorandum and presenting the procurement recommendation to Purchasing and the



City Council. The justification can be substantiated by the completion and submittal of justification document to Purchasing.

2. The justification shall also reflect the degree of consideration that has been given to other sources in the field and the reasons they lack the capability which the proposed contractor evidences
3. Departments shall refrain from restrictive item specifications that subjects the City to only one supplier for years to come because of decisions made today. Several vendors may be capable of providing a comparable product that will accomplish the same end results, but the specification editor places a high priority on certain elements of the specifications that eliminate all but one vendor. Subsequently, the City becomes subjected to the one supplier having no other choice but to procure its parts from the supplier as a single source since its parts are not interchangeable and no other substitutes are acceptable for that product.
4. The determination of whether a purchase should be made as a sole source or not must be made by the Purchasing Manager. In cases of reasonable doubt, competition should be solicited.

Single Source Purchases

The City's single source procurements usually have been subject to competition initially either by formal advertising or competitive negotiation. Occasionally, single source procurements are determined to be "only source" procurements after sufficient formal advertising procedures result in only one responsive bid.

1. Justification for this "Competitive Procurement" is also important and shall be justified and approved by the Department Administrator before presenting the procurement recommendation to Purchasing and the City Council. The exception to this procedure is the single source procurement resulting from acceptable formal advertising or competitive negotiation efforts. Examples of "single source" are:
 - a. An "only responsive bid/proposal" resulting from acceptable formal advertising or competitive negotiation procedures
 - b. A procurement against a State Wide Contract (SWC)
 - c. Procurement against a "term contract" that was completed before awarding
 - d. Procurement from another government entity, an "Interagency Agreement"
 - e. Procurement of needed services or supplies from an "exclusive" authorized area distributor of an "only source" Original Equipment Manufacturer (OEM)
2. The justification procedures for single source procurements shall:
 - a. Contain, in the first sentence of the document, an appropriate recommendation (e.g., "I recommend that we negotiate with [Name of company] ...only for the detailed documentation and fabrication of [Item being procured] ...")
 - b. Fully express the circumstances which operate to make competitive negotiation impractical or not necessary
 - c. Explain how competition was satisfied such as in the procurements against term contracts, State Wide, and governmental entity contracts awarded after formal advertisement/competitive negotiation by the issuing government institution
 - d. Explain the exclusive or predominant capability the proposed contractor possesses which meets the requirements of the procurement



3. The justification shall also reflect the degree of consideration that has been given to other sources in the field and the reasons they lack the capability which the proposed contractor evidences.
4. The recommendation of whether procurement shall be made as sole source or not must be made by the Purchasing Manager.
5. Purchasing shall require periodic researching of the "market" for acceptable changes and additions of services and supplies, or require renewed and updated "single source" justifications for items that are purchased regularly.

4. Emergency Purchases, when necessary items are purchased in the open market for immediate delivery to meet emergency needs, arising from unforeseen cause, including but not limited to, delays by contractors, delays in transportation, unanticipated volume of work, and acts of God. The existence of such condition creates an immediate and serious need for supplies, services, or construction that cannot be met through normal procurement methods. The lack of the services or supplies would seriously threaten the functioning of the City government and its operations, the preservation or protection of property, or the health or safety of any person or persons. The procedures for handling these circumstances will be in accordance with City Code Section 2-543, and the *Tennessee Code Annotated (TCA) 12-3-206, Emergency purchases*.

1. ***Emergency Purchases***

- a. In the event an *apparent emergency* requires immediate procurement, the Mayor shall be empowered to authorize the Purchasing Manager to procure at the lowest available price, any needed supplies or services regardless of the expenditure amount. The Purchasing Manager shall file a full report of the circumstances for the emergency purchase with the City Council at the next meeting. The Department Head shall present the report to the City Council and sign it before the City Council in order for the report to be entered in the City Council meeting minutes.
- b. After determining that an *actual emergency* exists, with the consent of the Purchasing Manager and the approval of the Mayor or his designee, the Department Head may procure directly at the lowest available price any supplies, material, equipment and/or services whose procurement is essential to the prevention of delays in the department work which might vitally affect the life, health, safety or convenience of the public. The Department Head shall send to the Purchasing Manager a requisition, a copy of the delivery record, and a full written and signed report of the circumstances of the emergency for all purchases estimated to cost \$4,000 or more. The following information shall be included in the written report:
 - i. A statement justifying the need (who, what, when, and where), and nature of the emergency
 - ii. An authorization of the emergency expenditure and its estimated amount (if known); however, true emergencies have no dollar limits
 - iii. Must be submitted to Purchasing seven days after the purchase

2. ***Improper Emergency Purchases***

If an Administrator is found to be in violation of the emergency purchase policy by inappropriately authorizing an emergency purchase, the Purchasing Manager shall issue a written warning to the Administrator and copy the Mayor's Office for appropriate corrective action.

3. ***Buyer Emergency Purchase Procedures***



- a. If time permits, the Buyer will compete the procurement to the extent deemed practical using expedited methods of solicitation, i.e.
 - i. Telephone, email or fax bids
 - ii. Shortened sealed bid advertising time (10 day minimum bid time)
 - b. If time is of the essence and will not allow for competition, the Buyer shall contact the proper sources of supply to confirm a verbal PO number. The Buyer shall request a written quotation from supplier as practical.
5. **Purchases from the State of Tennessee General Services Contracts**, State Prison, State's Blind and Severely Disabled Program, the GSA of the Federal Supply Schedule, and Cooperative Governmental Purchasing Agreements may be used for certain purchases. See Single Source.
 6. **Competitive negotiation**, those instances when the City is unable to obtain the necessary goods and/or services by means of competitive sealed bid; Purchases of utilities/services with a rate established by public authority.
 7. **Small Purchases Totaling in Excess of \$25,000 within 12 Months**
The threshold limit of \$25,000 applies to those products with the same commodity code that add up to more than \$25,000 in any 12 month period. Departments must gain Council approval.

SECTION 2.06 - FUEL PURCHASES

Fuel and fuel products may be purchased in the open market without public advertisement, but shall whenever possible be based on at least three (3) competitive bids. Fuel and fuel products may also be purchased from the State Department of General Services contracts where available. [TCA Section 6-56-304(7); and, City Code Section 2-543.5]

SECTION 2.07- PREPARING THE PROJECT SPECIFICATIONS

The requesting department should prepare a complete set of specifications for the desired project. This information should include the specifications, applicable drawings and schematics, technical clauses, terms and conditions relative to the specific project, and the project budget expenditure.

1. If the estimated cost of the project is less than twenty-five thousand dollars (\$25,000), the department may develop its set of specifications, drawings and attachments independently.
2. If the project is merely a repair/replacement or general maintenance, the \$25,000 limit may apply. Authorization from the Manager of Purchasing is required in writing for this classification of project.
3. If the cost of a construction project is estimated at \$25,000 or more, then TCA *Section 62-2-107. Employment of licenses on public works - Excluded public works*, requires the department to employ the services of the City Engineer, or an independent certified and licensed architect/engineer (A/E) to prepare the specification documents for the project. The final set of specification documents and drawings must have the architect or engineer's Tennessee State Certification Stamp affixed before a solicitation can be advertised and issued.
 - a. The Mayor/designee shall designate a project manager to oversee the project from the point of specification development until final completion of the job.



- b. After finalizing the specifications, drawings, and pertinent technical clauses, the department will issue a requisition with specifications, drawings, and pertinent attachments to Purchasing for public advertisement.
- c. The project package shall include the Drug Free Workplace, Affirmative Action, and No Bid Collusion affidavits.
- d. Purchasing will review the project package upon receipt, and schedule a meeting with the Department, and if applicable, the PM and consulting A/E to discuss the specifications, determine the advertising schedule, the pre-bid conference schedule, the bid opening date, and any other points of interest concerning the procurement.
- e. The Buyer makes a review of the bid package, ensuring that terms and conditions and all other pertinent documentation is included. Construction Project bid packages must include the bid bond (5%), performance and payment bonds (100%), insurance documents, Tennessee State Contractor's License requirements, and the City standard terms and conditions.
- f. On any construction contract over \$25,000, the general contractor must list the subcontractor's state license number and expiration date. This includes Plumbing, Electrical, HVAC, Masonry, and Geothermal. Bids shall not be opened if these are not present.

4. **The most common and preferred form of solicitation for competitive sealed bid is: Invitation for Bid (IFB)** (See Exhibit 3A). The IFB is used for procuring equipment, goods, services, and supplies and should be utilized whenever possible since the IFB yields the most competitive prices for the City. The IFB should be used as follows.

- a. A design specification is available which provides a clear, concise, and adequate description of the goods or services desired that does not restrict competition.
- b. Reasonable expectation that two or more responsible bidders are willing and able to bid and accept a contract based upon the solicitation requirements.
- c. Discussions with bidders may be necessary.
- d. Sufficient time exists to prepare the solicitation, advertise and evaluate the bids.
- e. The estimated amount of the purchase will exceed \$25,000.
- f. The price of the goods or services is a major consideration.
- g. A public bid opening will be on a scheduled date, time/place of the bid opening.

Bid notice shall be advertised at least once in one (1) or more daily newspapers published in the City at least ten (10) days prior to the time set for a public opening of bids.

Issuing the Invitation for Bid

The Buyer shall prepare a bid package, assisted by the requesting customer, to include the pertinent bid documents, specifications, City Standard Terms and Conditions, and a list of potential bidders. The bid information is abstracted from the computer system.

- h. On completing the bid package, the Buyer reviews the solicitation to ensure that all documents are included.
- i. The Buyer mails the bid packages to all interested potential bidders and sends written "notice to bid/proposal opening" to the customer of the solicitation mailing, and the companies on the mailing list.

All bids are returned to the Buyer and secured in Purchasing until the scheduled bid opening/due date

5. The Buyer submits the project for public advertising to the newspaper, posts it on the City Website, and advertises in the local minority news publications. The public advertisement will include:



- a. The location where the project plans and drawings may be obtained, which in most cases, unless otherwise stated, will be in the Buyer's office; and the date, time, and location of the pre-bid meeting;
- b. The purchasing contact name, location, and telephone number;
- c. The cut-off date for written submittal of all questions and inquiries concerning the project specifications; and the date, time, and location of the bid opening.
The solicitation packages are mailed or distributed to the companies listed on the original bidders list.
- d. The project plans and drawings will be made available for all other prospective bidders. A plan deposit may be required based on the size and scope of the project [see Specification Fee Schedule].
- e. Some departments maintain a non-standard list of bidders who are capable of providing the type of services routinely required.
- f. The Buyer should add all other companies receiving a copy of the solicitation package to the bidder's list.

SECTION 2.08 - CONSTRUCTION SPECIFICATION - FEE SCHEDULE

Plans deposit for project cost of \$500,000.00 or less -	\$35.00
Plans deposit for project cost of \$501,000.00 to \$1,000,000.00-	\$50.00
Plans deposit for project cost of over \$1,000,000.00 -	\$100.00

SECTION 2.09 - THE PRE-BID MEETING

The purpose of the Pre-Bid Conference is to promote competition through enhanced understanding. The pre-bid conference is held before the opening of the bid. A pre-bid conference provides a forum for the bidders to discuss and gain a clear understanding of the needs and requirements of the requisitioning department. *Pre-bid conferences are sometimes conducted for purchases under \$25,000 as well.*

1. The first step in conducting a pre-bid conference is notifying prospective bidders of the place and time of the meeting, which should be at minimum one week prior to the bid opening. The information should be included in the public bid advertisement.
2. Purchasing facilitates/chairs the conference. The using department and consulting Architect/Engineer is present to answer questions concerning the scope of the work.
3. There should be an attendee registration sheet with name, company, phone number, email address and the facsimile number of all parties attending the conference. (See Exhibit 10)
4. The Buyer may record the minutes of the pre-bid conference as needed.
5. If any changes are the result from the pre-bid conference, Purchasing shall issue a written addendum; and, the bid opening date may be changed as necessary.
6. Purchasing sends a copy of the addendum to all bidders.
7. It is not mandatory for bidders to attend the pre-bid conference for the City. It is possible that a department may have a state and/or federal project. If so, the department is required to provide Purchasing with written documentation of this fact and Purchasing shall comply with the requirements.



SPECIFICATION MEETINGS WITH VENDORS MAY BE HELD PRIOR TO COMPLETION OF SPECIFICATIONS TO ELIMINATE WRITING OUT SOME COMPANIES THAT COULD BID A PRODUCT THE CITY COULD USE. THE OUTCOME OF A SPECIFICATION MEETING SHALL BE THAT EACH VENDOR STATES AND SIGNS A DOCUMENT IN AGREEMENT THAT THEIR SPECIFICATION IS COMPARABLE WITH ALL OTHERS IN THE MEETING. ABSENT AGREEMENT, PURCHASING DIVISION SHALL DEVELOP SPECIFICATIONS UTILIZING INFORMATION GAINED DURING THE SPECIFICATION MEETING.

SECTION 2.10 - SPECIFICATION QUESTIONS AND CLARIFICATIONS

Requests for interpretation or clarification of specifications and drawings shall be submitted in writing to the Buyer no less than five (5) days prior to the scheduled bid opening. Any interpretations or significant clarifications will be communicated to all prospective bidders in the form of an addendum to the solicitation. The addendum will be sent to prospective bidders no later than three (3) days prior to the scheduled bid opening. (See Exhibit 25)

All specifications should have previous year's quantities by item where appropriate, or estimate of item quantities for a year. When possible, avoid hourly rates unless a City staff person can verify the time spent on a project.

A vendor desiring to bid a solicitation and reviewing the most recent contract prices may visit the PD to personally review the previous contract prices and bid abstract.

SECTION 2.11 – RECEIPT OF SEALED BIDS

Receipt and Registration of Sealed Bid

The following Sealed Bid receipt and registration procedure shall be followed upon receipt of a sealed bid/proposal.

- a. The date and time the bid was received is to be stamped on the front of the bid.
- b. The general description of the project should be clearly listed on the envelope.
- c. The Purchasing staff person receiving the bid should then file it in the unopened Bids Holding File.
- d. The bid file should be located in the unopened bid holding file under the name of the scheduled bid opening.
- e. All sealed bids received prior to bid opening date will be placed in the bid file as designated on the outside of the bid envelope.
- f. The sealed bid may be filed in the holding file by the Buyer or the individual receiving the bid. Buyers should make a thorough check to insure there are no unopened bids prior to conducting bid opening to ensure that no bid received prior to the bid opening is excluded.

SECTION 2.12 - THE BID OPENING

1. The Buyer, PM, A/E consultant, and the City Attorney (if possible) shall be in attendance for the bid opening. The City Attorney is required if the project is over \$500,000.
2. The requisitioning organization should have a representative attending the bid opening. A list of all the bid opening attendees should be prepared for the bid file (see Exhibit 9). All individuals attending the bid opening should sign Attendance List. After opening the bids and



preparing the bid abstract, the Buyer forwards copies of the bids to the requesting organization for review, analysis, and recommendation.

3. At bid opening (Construction Contracts), the Buyer shall review the outside of the envelope prior to opening to validate if the bidder has attached the appropriate information. If the bidder's bid is \$25,000 or greater, then the outside of the bid envelope should have listed the bidder's name, contractor's license number and expiration date, the license classification of the contractor applying to bid for the prime contract; the licensing information is required for any electrical, plumbing, HVAC, masonry, and geothermal subcontractors and must be listed and appear on the outside of the envelope containing the bid, except when the bid is an amount less than \$25,000. When it is less than \$25,000, the name of the contractor only may appear on the outside of the envelope containing the bid, and upon opening the envelope, if such bid is in excess of \$25,000, the same shall automatically be disqualified. Only one (1) contractor in each classification may be listed. Prime contractor bidders who are to perform the electrical, plumbing, HVAC, masonry, and geothermal must be so designated on the outside of the envelope.
4. Bidders (Construction Projects) failing to comply with the above requirements shall void such bid and the envelope containing such bid shall not be opened or considered. It is the duty and responsibility of the awarding person or entity who received the envelope containing the bid to verify only the completeness of the required licensure information prior to the opening of the envelope. Prior to the opening of the envelope, the names of all contractors listed thereon shall be read aloud at the official bid opening and incorporated in the bid. [Refer to TCA 62-6-119(b).
5. The Buyer reads aloud the base bid prices of each bidder.
6. The A/E, PM, and the City Attorney (if desirous) reviews each bid for certification and proper bonding requirements for Construction Projects.
7. The Buyer records the prices of each bid (base bid) on the Bid Tabulation Spreadsheet, checking bid extensions for accuracy. Alternate bids may be read aloud at bid opening at the discretion of the Buyer.
8. After bid opening, the Buyer provides copies of all bids to the requisitioning organization and, if applicable, to the PM and A/E for their independent review and evaluation. The requisitioning organization reviews and analyzes the bid documents, recommending the bidder presenting the best value based on the project specifications. The Buyer verifies concurrence of all parties with the recommendation of award. Upon team consensus recommendation of award, the following actions are taken as appropriate:
 - a. Bidder clarifications/verifications are obtained, if necessary.
 - b. Additional negotiations are conducted, if appropriate.
 - c. Buyer sends a copy of the Certified Bid Tabulation Sheet (CBTS), as certified by the Purchasing Agent or designee, which shows all bids, including base and alternate bids, to all requesting bidders prior to sending the recommendation for Council resolution.
9. If the recommended bid was submitted in a format which was not previously approved by the City or, if the bid contains contract provisions in addition to the City's contract provisions; then, the bid should be referred to the City Attorney for review and approval prior to preparing a City Council letter of award recommendation. This especially applies to potential awards of \$25,000 and above.



SECTION 2.13 - THE REQUEST FOR PROPOSAL (RFP)

REQUEST FOR PROPOSALS IS THE LAST RESORT TO ACCOMPLISH A GIVEN TASK OR MAKE A PURCHASE. A GOOD BID SPECIFICATION IS MORE COMPETITIVE AND SHOULD RESULT IN A LOWER COST TO THE CITY.

The lead person in the RFP process is a Buyer. The committee making the selection must pre-determine the criteria list of how the RFP will be evaluated and awarded. The pre-determination criteria list will be submitted with the requisition.

The RFP is a method of negotiated source selection that is when the requisitioning organization anticipates the following conditions:

1. The organization can provide functional or performance specs that can describe the desired end result of the equipment or services desired; however, detailed, clear and concise specifications are not available, making it impractical for bid.
2. Contract award will be based upon the best overall quality proposal.
3. Evaluation criteria (factors), with the relative significance of each factor, will be established and included in the RFP specifications.
4. Proposals may be reviewed by an evaluation committee.
5. Proposal negotiations may or may not be conducted before an award.
6. The proposals will not be opened publically; therefore, proposals will not be available for review by proposers until after the proposals have been evaluated.
7. There will be a proposal due date and Purchasing will open without public participation. (due at close of work day as stated)
8. The proposals will be negotiated by Purchasing. (Refer to Section 3.25)

The notice of proposals shall be advertised at least once in one (1) or more local newspapers published in the City. At least ten (10) days prior to the time set for submission, the RFP should be advertised.

1. Issuing the Request for Proposal

The procedures for the RFP for Bid (Section 2.09), applies to the RFP except the specifications will be of a functional/performance type; discussions may be conducted, price is not the major consideration.

2. Receipt and Registration of Proposals

The procedures for the Invitation for Bid (Section 2.09) shall apply to the Request for Proposal.

3. Proposal Opening, Review, and Evaluation

The proposal opening procedures differs from the Invitation to Bid. There is no public bid opening. Proposals are received on the RFP deadline.

- a. The Buyer opens the proposal, forwarding copies to the requesting organization's Proposal Evaluation Committee for review, analysis, and award recommendation.



Note: THE BUYER, or other Purchasing official, shall be a member and facilitate the actions of the evaluation committee.

- b. The evaluation committee, with Buyer as member, reviews and analyzes the proposal documents, selects the best qualified proposals meeting specifications based upon the proposal evaluation criteria.
- c. The Buyer and selection committee conducts negotiations with the top three (3) or four (4) proposers within a competitive range. All respondents are documented on web site after Council approval.
- d. The Buyer verifies concurrence with the evaluation committee's award recommendation.
 - i. Unusual proposal formats containing non-City contract provisions in addition to the City's contract should be referred to the City Attorney for review and approval prior to preparing an award recommendation to the City Council. This applies to potential awards of \$25,000 and above.
 - ii. Design/Build proposals are not acceptable for the City's use.
 - iii. After Committee approval, the requesting department prepares a resolution.
 - iv. If the company is receiving a contract from the City for the first time, the Buyer shall forward the company an IRS W-9 Form to be completed and returned prior to the Buyer issuing the City contract.
 - v. Once the award resolution has been approved by the City Council, the Buyer prepares the purchase contract for distribution. The Purchase Order/Contract Numbers are automatically assigned by the PD.
 - vi. The completed contract is approved by the Buyer, Purchasing Agent (if over \$25,000), the City Finance Officer, and approved by the City Attorney (*if contract amounts to \$500,000 or greater*), electronic copies are sent to the City Finance Officer for approval. The contract should include a statement noting the date City Council approved the purchase.
 1. After receiving the necessary contract approvals (paper contracts) the Buyer sends the original contract to the successful bidder/contractor, and distributes copies of the contract to Finance and the requesting department. A Copy is retained for the contract file which remains in Purchasing.
 2. The RFP competitive sealed bid purchase requires the Buyer to prepare and send notice letters to the unsuccessful proposers informing them of the award decision and information about the winning proposal. Also, a letter of award notification is sent to the successful proposer.

SECTION 2.14- REQUEST FOR QUALIFICATIONS

Professional Services contracts are contracts requiring a high degree of skills and technical expertise by the contractor. These persons or groups are tested, licensed, bonded, insured, and regulated by the State of Tennessee and its governing and regulating bodies. Contracts for professional services shall not be based on competitive bidding; they shall be awarded on the basis of recognized competence and integrity.

After determination that a professional individual is needed for a certain project and the services required are estimated to be in excess of \$25,000:

1. A Project Scope and Technical Requirements are developed by the requesting department
2. A requisition is completed by the requesting Department



3. Purchasing sets date for the Request for Qualification responses
4. Purchasing advertises the RFQ for a minimum of ten days in a local paper
5. Purchasing accepts the proposals at the appointed date and time
6. A Selection Committee is established by the Department Administrator consisting of:
 - a. A total of five people
 - b. Three representatives from the requesting department, a representative from purchasing, and an at large representative from a separate department or division
7. The Selection Committee will examine the qualification submittals
8. Each individual member will appraise each submittal using the RFQ Scorecard and Selection Criteria
9. Based on the Selection Committee's scoring results, a recommendation is made
10. The recommendation and a summary of the process are submitted to the Mayor's office for approval
11. The documentation is reviewed by the Mayor's office and approved or sent back for further evaluation
12. Upon approval the requesting department negotiates with the recommended vendor(s)
13. When an agreement is reached, the requesting Department prepares and submits a resolution request form.

The resolution is presented to City Council for Approval.

SECTION 2.15 - ONLY BID

If only one (1) bid is received, the bid shall not be opened and the contract or service to be performed shall be re-bid. If after having re-bid the contract or service only one (1) bid is received; then, the bid may be accepted. Provided, a re-bid shall not be required when there is only one local supplier to perform the contract or provide the service required, or for the purchase of a unique or proprietary product. (City Code Part II, Section 2-353, Ordinance 10913 dated October 1, 1999)

The Buyer shall determine prior to the bid opening if other bids are anticipated. If additional bids are not received before the scheduled bid opening, the Buyer should:

1. Extend the bid opening for a re-bid (See Exhibit 16)
2. Contact the companies on the mailing list that did not submit bids to determine the reasons for not bidding.



3. Inquire and research for additional sources of supply or,
4. Cancel the invitation and re-advertise with revised specifications if it is determined the specifications are defective, insufficient, or restrictive.
5. To cancel the invitation to bid requires the approval of the Purchasing Agent.
6. If bids have not been opened, the bid may be canceled by approval of the Purchasing Agent.
7. When the bids are opened and you have one (1) complete bid and another bid that did not bid on everything, it would be determined by the Buyer/Purchasing Agent if you qualify the second bid or go out for re-bid.

SECTION 2.16 - LATE BIDS

Late arrival bids received after the designated bid opening date and time will be returned to the sender unopened with a letter explaining why the bid is being returned. The outside of the bid envelope should be stamped showing the date and time the bid was received in the Purchasing Division.

SECTION 2.17 - BID MODIFICATION OR WITHDRAWAL

A bidder may request and be granted to modify or withdraw a bid in its entirety or any part thereof, if the request is received by the Buyer in writing and signed by an official of the company prior to the specified bid opening. Bids submitted may not be amended or withdrawn after the specified bid opening time. Only the Purchasing Agent has the authority to allow a bid to be withdrawn for good cause. If a modification is requested, the envelope containing the modification should be labeled "Bid Modification".

SECTION 2.18 - BID DISCOUNTS

Prompt payment discounts offered the City for bid evaluation will be considered if the discount offer is valid for 30 days.

SECTION 2.19 - BID TABULATION ERRORS

Unit prices in bids shall govern; therefore, if a bidder commits an error in extending the bid totals during bid preparation, it shall not be sufficient reason to disqualify the bid.

SECTION 2.20 - COMPETITIVE NEGOTIATIONS

The use of *competitive negotiation* may be exercised after competitive bidding is deemed impracticable. A contract may be awarded by negotiation when it has been determined the use of competitive sealed bidding is not practicable for the goods and/or services needed to be obtained by competitive sealed bid. The Request for Proposal process shall be used for the competitive bidding.



1. ***After unsuccessful competitive bidding***, contracts may be competitively negotiated when the Purchasing Manager determines the bid prices received by the competitive bidding method are unreasonable as to all or parts of the requirement, or the needs of the specifications were not completely satisfied in open bidding competition. In this case:
 - a. Negotiation begins with the lowest bidder.
 - b. The standards of the project are not substantially lowered.
 - c. The negotiated price is the lowest price offered by any responsible supplier.

2. The ***request for proposal*** shall be publically advertised in the same manner as the invitation to bid, but proposals shall not be opened publically.
 - a. Competitively negotiated contracts are not awarded based upon the lowest price alone. ***Evaluation factors*** are used to evaluate the quality of the total proposal. The request for proposal solicitation shall indicate the relative importance of price as well as other significant evaluation factors. Specific evaluation criteria (categories) need to be developed for the request for proposal, and should be included in the original solicitation document. Evaluation criteria includes: Experience, Plan Methodology, Financial Responsibility, Delivery Schedule and Price. The evaluation factors, but not the percentage (points) are listed in the solicitation package.
 - b. Different ***rating systems*** may be used to evaluate the proposals such as point ratings, color coded ratings, and adjective ratings, etc. The contract is awarded to the proposer offering the overall best proposal based upon the weighted evaluation scoring.
 - c. ***Written or oral discussions*** may be conducted with all responsible proposers submitting proposals and determined to be potentially eligible for an award or within the determined competitive range for award.
 - i. The discussions are usually conducted by an evaluation team, normally consisting of two (2) to seven (7) members, including the Buyer. Other team members may include the user department management representative, the project leader, the projects technical expert(s), possibly a finance representative, and possibly a legal representative.
 - ii. The Buyer is the facilitator of the team and assures the selection process is executed in a professional, legal, and ethical manner.
 - iii. The team members deliberations are confidential (if not in writing)
 - iv. Communication with proposers shall be completed through the Buyer.
 - v. The Buyer will courteously prohibit vendors from reviewing proposal files prior to the selection of the successful proposal.

3. ***Competitive negotiation resulting from excessive pricing*** may be conducted in the event that all bids submitted pursuant to a competitive bid solicitation results in all bid prices in excess of the funds available for the desired purchase. A competitively negotiated award may be pursued, if the Purchasing Manager determines the following circumstances exist and such action is appropriate.
 - a. That there are no additional funds available; and,
 - b. The delay required for re-solicitation under revised specifications and/or quantities by competitive sealed bidding would not best serve the City. **Competitive negotiations shall be conducted with the lowest responsive and responsible bidder(s).** In the event negotiations are unsuccessful with the lowest responsive bidder(s), then a new solicitation shall be issued.



SECTION 2.21 - NONCOMPETITIVE NEGOTIATIONS

1. The Buyer may conduct *noncompetitive negotiations* when one or all of the following circumstances exist as determined by the Purchasing Manager.
 - a. Only (sole) source of supply available.
 - b. Emergency purchase when "time is of the essence", impractical to compete.
 - c. Changes to an existing contract that result in a lower price.
 - d. Purchases from State-wide Contracts
 - e. Except where otherwise prohibited by law items such as the following:
 - i. Perishable commodities
 - ii. Animals
 - iii. Artifacts and other museum pieces
 - iv. Items purchased for resale
 - v. Copyrighted material such as publications and films.

SECTION 2.22 – BEST VALUE PURCHASING

1. For a purchase of goods and services the department shall use the best value procurement methodology when determined by the department to be in the best interest of the City.
2. In determining the best value for the City, the purchase price and whether the goods or services meet specifications are the most important considerations. However, the purchasing agent may, subject to subsection (3), consider other relevant factors, including, but not limited to, the following:
 - a. Installation costs;
 - b. Life Cycle Costs;
 - c. The quality and reliability of the goods and services;
 - d. The delivery terms;
 - e. Indicators of probable vendor performance under the contract, such as past vendor performance, the vendor's financial resources and ability to perform, the vendor's experience or demonstrated capability and responsibility, and the vendor's ability to provide reliable maintenance agreements and support;
 - f. The cost of any employee training associated with a purchase;
 - g. The effect of a purchase on agency productivity; and
 - h. Other factors relevant to determining the best value for the City in the context of a particular purchase.
3. The purchasing division shall receive approval from the purchasing agent before considering factors other than price and meeting specifications when the division procures goods or services through competitive bidding.
4. Tie Bid – The City will investigate the following items to make sure the most local bid gets the contract:
 - i. The bidder submits copy of gross receipts tax to determine who pays the most
 - ii. Determination of home office location
 - iii. Residence of employees
 - iv. Flip a coin



SECTION 2.23 - AWARD RECOMMENDATION AND RESOLUTION

The department's final recommendation of award shall prompt the following actions:

1. The Department shall send a ***completed Request for Resolution*** to the City Attorney and a copy to the City Finance Officer requesting that a resolution be drafted for Council approval. Accompanying the request should be:
 - A. A copy of the Certified Bid Tabulation Sheet (CBTS)
 - B. A copy of the award recommendation with explanation for the basis of award.
 - C. The recommended contract amount should include an additional 10% contingency fee above the contract amount originally bid. The 10% contingency fee serves as a safeguard from contract overruns and additional change of contract requests. The contingency is not included in the Purchase Order but may be drawn down by using a change order form properly issued with the appropriate vendors name and the reason for the change.
 - D.
2. The ***City Attorney prepares and submits the resolution*** to the City Council for placement on the Council's meeting agenda for approval or
3. The Buyer prepares a letter of award recommendation for presentation to the City Council. The Purchasing Division then submits the Letters to Mayor's Office to appear on Council's agenda.

The Buyer shall then send a letter of notification to all bidders.

- a. The purpose of the ***Unsuccessful Bidder(s) Letter*** is to advise each bidder of their unsuccessful bid attempt. The letter shall include the following information:
 - i. The name of the successful bidder
 - ii. The total amount of the award
 - iii. The basis for award to the successful bidder i.e. lowest bid, lowest bid meeting specifications, best overall bid, etc.; and,
 - iv. The reason why the unsuccessful bidder was not selected for award i.e., prices too high, non-responsive bid due to taking exceptions to the City's terms and conditions, bid failed to meet specifications, unacceptable delivery schedule, poor past performance record, etc.
 - v. A statement of appreciation for the bidder for taking time, encouraging them to continue bidding our future requirements, and wishing them better success on the next solicitation.
- b. The ***Notice of Successful Bidder(s) Letter or Notice of Award*** will include the following information:
 - i. The notice of award and statement on being the successful bidder,
 - ii. The date to expect the written contract to be prepared, (10 days after date of award notice) for conveyance
 - iii. If the company granted an award is to receive a contract for the first time, the Buyer shall forward the company an IRS W-9 Form to be completed and returned prior to the Buyer issuing the City contract.
 - iv. The scheduled date for the pre-award meeting
 - v. The schedule date for the pre-construction meeting
 - vi. Within ten days after receipt of notice of the award, Contractors are required to issue performance bonds and insurance documents to the City
 - vii. Notification to secure and pay all applicable permit fees



SECTION 2.24 - AWARD SPLITTING

The City will not split an order between two vendors if the total savings is less than one hundred fifty dollars (\$150). The City estimates this to be the administrative cost to produce a single contract. However, there are other factors to consider when contemplating the splitting of an award such as:

1. The City may desire to maintain alternative sources of supply for convenience in locations, and item contracts where vendors are split on the lower bid prices.
2. Discounts for prompt payment may be considered by the Buyer in determining best value to the City. However, the discount should be open for thirty (30) days.
3. All City vendors who are to be granted a contract must meet certain standards of responsibility.
 - a. They should have adequate financial resources or ability to obtain such resources required for the successful performance of the contract.
 - b. They should be able to comply with the required delivery or performance schedule, taking into consideration other existing business commitments.
 - c. They should have a good performance record. Contractors with poor past contract performance records may be considered not responsible.
 - d. They must have a satisfactory record of integrity and business ethics.
 - e. They must be qualified and eligible to receive an award.
 - f. They must be able to certify the firm is qualified, ready, willing, capable, bondable, and not contemplating or in receivership.
 - g. They must state any present/anticipated court litigation against the company.
 - h. They must certify the company does not owe the City any back taxes.

SECTION 2.25 - BID AWARD PROTEST PROCEDURES

The Buyer is allowed to inform a bidder as to the apparent bid status of its bid anytime after the bid opening. On the rare occasions when a bidder feels his/her bid has not been properly considered for award and the bidder desires to file a formal protest regarding the City's bid evaluation process, the following procedures should be taken by the protestor.

1. The bidder is encouraged to contact the Buyer handling the bid in question. The Buyer shall explain the City's reason for the decision.
2. If the bidder is not satisfied with the explanation, the bidder shall submit a protest in writing addressed to the Purchasing Agent.
3. The written letter of protest shall be submitted within three (3) working days of notification of the award decision. The protest letter may be submitted by personal delivery, mail, e-mail to purchasing@chattanooga.gov, or via fax.
4. If submitted by letter, the envelope in which the protest is delivered or mailed should be clearly marked "*Award Protest*" with the bid solicitation number and title also listed on the outside of the envelope.
5. If submitted by e-mail or fax, the subject line should read: *Award Protest of Invitation for Bid No. _____ - (Title of the Bid Solicitation)*.



6. The written protest letter should include the name of the protestor, the address, a detailed explanation/reason for the protestor's concerns supporting documentation or evidence to substantiate the protest, and what action is desired to resolve the protest.
7. Upon receipt of the written protest letter, evaluation will be made by the Purchasing Division. Results of the Purchasing evaluation will be sent to the protestor.
8. The apparent bidder presenting the best value shall submit a response within three (3) working days from date the protest is sent to them by the Purchasing Agent.
9. In rendering the protest decision, the apparent low bidder's rebuttal should be considered by the Purchasing Agent.
10. The Purchasing Agent shall render a decision and respond in writing within six (6) working days of receiving the formal protest. If more time for a decision is needed, the Purchasing Agent must notify the protestor in writing, explaining the extension.
11. If the protestor is not satisfied with the Purchasing Agent's decision, the decision may be appealed to the City Attorney.



SECTION 3

CONTRACTUAL ADMINISTRATION

SECTION 3.01 - CITY COUNCIL APPROVAL AND CONTRACT AWARD

The *Approval of Resolutions and Letters* is discussed prior to voting. *City Council approval is required for all purchases over \$25,000.*

1. In *Preparing the Purchase Contract for Award*, provisions should be included to cover the following items:
 - a. The Notice to proceed
 - b. Handling contract contingencies
 - c. Request for Change Order Form
 - d. Progress Payments
 - e. Job Completion Final Closeout Documents
 - f. Equipment Mobilization
 - g. Facility access/availability
 - h. Contractor office and storage facility, if applicable
 - i. Invoicing Instructions
2. The Buyer prepares the purchase contract for distribution. The Purchase Order/Contract Numbers are automatically assigned by the purchasing software system.
 - a. The completed contract is approved by the Buyer, Purchasing Manager (if over \$25,000), the City Finance Officer, and the City Attorney (*if contract amounts to \$500,000 or greater*). The contract should include a statement in the contract noting the date of City Council approval.
 - b. After receiving the necessary contract electronic approval, the Buyer sends the original contract (copy 1) to the successful bidder/contractor, distributes copies of the contract to Finance, the ordering customer department, the City Attorney's office, and a copy of the contract is retained for the contract file in Purchasing.
3. The *Contract Distribution* should go to these individuals and organizations:
 - a. Successful bidder/Contractor
 - b. Purchasing
 - c. Department Project Owner
 - d. City Attorney
 - e. Finance
4. A Purchase Order may be issued to assist a contractor in obtaining insurance and surety and this is noted on the Purchase Order.



SECTION 3.02 - CERTIFICATION OF LEGAL REVIEW

All contracts utilizing a non-standard format must have, in writing, approval of the City Attorney before the contract is presented to the City Council.

SECTION 3.03 - BONDING AND INSURANCE REQUIREMENTS

The Purchasing Division, along with the requesting organization, is responsible for ensuring the necessary bonding and insurance requirements are included with the City's procurements when bidding and contracting for equipment and services.

1. The purpose of the surety bond is to afford protection to furnishers of materials and labor, since they have no lien on public property.
2. The Purchasing Manager may determine whether a bid bond, performance and payment bond, or insurance requirement may be required for any purchase, provided that such a requirement must be stated in the solicitation. Any consideration of a waiver must be after conferring with the City Attorney and the City's Risk Manager.
3. Failure of any public officer whose duty is to let or award a contract, and does so without requiring bonding for performance and payment of labor and material for any public work performed in this state, commits a Class C misdemeanor, and is indictable and liable for civil damages. (TN Code Annotated 12-4-201, & 202)

SECTION 3.04 - BID BONDS

1. Bid bonds, deposits or other surety are generally required for certain bids involving larger expenditure and certain specialty contracts. The purpose of the bid bond is to protect the City's best interest if the successful bidder attempts to withdraw its bid or refuses to honor the contract. It shall be required when the contract award is expected to exceed twenty-five thousand dollars (\$25,000). If the Purchasing Manager determines a bid bond is needed, it may be required.
2. The bid bond assurances may be in the form of surety letter, money order, letter of credit, or cash.
3. Bid bonds should be required for all construction and major equipment procurement projects, and should be in the amount of five percent (5%) of the contract price.
4. The bid bond or deposit of the successful bidder will be forfeited if the bidder refuses to enter into a contract within ten (10) days after receipt of notification of award.
5. The bid bond should be returned to each unsuccessful bidder.
6. A copy of the letter and contractor's surety will be filed in the bid file.



SECTION 3.05 - PERFORMANCE AND PAYMENT BONDS (SURETY)

1. A performance bond guarantees the City that the contractor's work will be done according to contract specifications within the time specified. Performance bonds are limited to and required on contracts for public work such as construction contracts. This is absent unusual procurement circumstances. (See Exhibit 18)
2. The payment (labor and material) bond guarantees the City that the contractor will pay for all the labor and materials used by the contractor for the project, including any subcontractor under the contract in lawful United States currency. In the event the contractor does not pay his employees, suppliers or subcontractors, the bond provides the City protection from the furnishers of materials and labor of the job since these third parties cannot place a lien against a public project. (See Exhibit 19)
3. The performance and payment bonds for all construction contracts priced in excess of Twenty-five thousand dollars (\$25,000) shall be in the amount of:
 - a. Payment Bond - one hundred percent (100%) of the contract price
 - b. Performance Bond - one hundred percent (100%) of the contract price
4. Any bid bonds required of the successful bidder shall be included with the bid document. All bids received that do not include the proper bond documentation will be noncompliant and rejected.
5. The City Finance Officer may retain a maximum amount of up to five (5) percent of the contract amount from the contractor until completion of the contracted job.
6. Performance and Payment Bond assurances may be in the form of a surety letter, money order, letter of credit, U.S. Treasury bonds, U.S. Treasury bills, State of TN bonds, certificates of deposit or evidence of other irrevocable deposits pledged from a State or National Bank, Federal Savings and Loan Association with its principal office in Tennessee, escrow account, or cash.
7. Bidders shall list their bond premium costs in their bids.

SECTION 3.06 - CERTIFICATES OF INSURANCE

1. Certificates of insurance are required for construction contracts and work that is performed on City property that particularly exposes the City to risk of lawsuit.
2. Insurance may be required for some service contracts, and some equipment and material contracts. The City Attorney should be consulted to determine if insurance is needed, and the type of insurance coverage required for these contracts.
3. The types of insurance coverage required depend upon the nature of procurement being contracted and the likelihood of the City's exposure to risk of loss. Some examples of requirements that would introduce the need for different insurance coverage are contracting for the construction of a new building, security services, the installation of water treatment system, transportation services for youth, building maintenance services.
4. The insurance coverage types are:
 - a. Workers' Compensation - see TCA section 50-6-113
 - b. Commercial General Liability - \$2,000,000



- c. Automobile Liability - \$ 300,000
- d. Owner's and Contractor's Protective Liability - Negotiable depending on job
- e. All Risk Property Damage - Negotiable depending on job
- f. Builder's Risk Liability - Negotiable depending on job

5. It is the Buyer's responsibility to determine when the need for insurance coverage and what type coverage is required, and to contact the Purchasing Manager, City Attorney and/or the City Risk Manager to decide upon the appropriate coverage and insurance limits for inclusion in the bid specifications.

SECTION 3.07 - CONTRACT ADMINISTRATION - PRE-CONSTRUCTION MEETING

The pre-construction meeting is to ensure the successful bidder/contractor understands the full scope of the work required in accordance with the specifications and the City's needs. The City and Contractor's responsibilities are clearly defined in terms of the overall project, from start to successful project completion. The pre-construction meeting location will be determined by the project owner (customer).

1. Individuals attending the pre-construction meeting typically include:
 - a. The Contractor/Bidder and Contractor's Project Manager
 - b. The City's Department Administrator
 - c. The Department's Project Manager
 - d. The Architecture/Engineer consultant
 - e. The City Attorney (if needed)
 - f. The City Inspector(s) as applicable
 - g. The Buyer
 - h. Other individuals the contractor may elect to invite to the meeting include:
 - i. Utility representatives such as electric utility, water utility, telecommunications, gas utility
 - ii. Contractor's attorney
 - i. Other individuals the City may elect to invite to the meeting include:
 - i. the A/E Consultant of record
 - ii. the Project Manager (if Project Manager is a third party)
2. Commencement and Completion Dates for the job are established considering the following factors:
 - a. Customer's need for job commencement and/or completion dates
 - b. Contractor staff augmentation
 - c. Equipment mobilization
 - d. Facility access/availability
 - e. Other unanticipated issues
 - f. Necessary Bonding, Insurance, Permits, and certifications have been obtained
3. The Notice to Proceed shall be given the contractor by Purchasing at the conclusion of the pre-construction meeting, provided all items discussed are resolved to the satisfaction of the City's team members. This letter grants the contractor the authority to enter City's premises and commence work on the contract.



4. Contingency Notice to Proceed may be issued occasionally; there may be an unresolved matter that cannot be satisfied during the meeting. However, the matter can be resolved to the City team's satisfaction within a matter of a few days. In such case, the team may issue the letter to proceed with the contingency so as not to delay the start and completion of the project.

SECTION 3.08 – CONSTRUCTION CONTRACT ADMINISTRATION - CONTINGENCY FUNDS

A 10% percent contingency amount should be built into the project amount approved by the City Council. The contingency fund will not be placed on the original purchase order. The contingency fund should be handled in the following manner.

1. Issue a "Change of Request for Existing Contract" (CRF) and requisition for any other contractor.
2. Individuals who are authorized to sign a CRF or requisition up to the project contingency:
 - a. Construction Manager
 - b. Department Project Manager
 - c. City Engineer, as necessary
 - d. Department head
3. CRF draws and/or requisitions are added to the project payment form
4. Copy distribution for CRF/requisition draws and project payment forms are:
 - a. Project Owner
 - b. Purchasing
 - c. Finance
 - d. Department Head

SECTION 3.09 – CONSTRUCTION CONTRACT ADMINISTRATION - PROGRESS PAYMENTS

Progress payments are incremental payments to the contractor for a percentage of the work completed on the project. These payments are initiated and recommended by the A/E Consultant/Project Manager and approved in writing by the department administrator. The approved document is sent to Finance for payment.

Five percent (5%) of the total contract amount will be retained by the City for payment to the contractor until the construction job is substantially completed.

SECTION 3.10 - COST PLUS CONTRACTING

The Purchasing Manager may negotiate with the lowest responsible bidder to have portions of the work to be done by force account or on a cost-plus basis if, in the opinion of the Director of General Services, the making of such agreement is advantageous to the City. Contracts for repair of buildings or structures may be let on a cost-plus basis which shall include the cost of labor, material, insurance or other legitimate expenses of the contractor and a fixed fee or percentage for profit



with a maximum cost to the City of such contract. All such agreements shall be in writing and approved by the City Council.

SECTION 3.11 – DEBARMENT

1. The Manager of Purchasing may debar a vendor from consideration for contract awards upon a finding based upon a reasonable belief that the vendor has done any of the following:
 - a. Department Administrators or other lead employees, overseeing the work or delivery of commodities, have documented the deficiencies to the Manager of Purchasing
 - b. Failed to substantially perform a contract according to its terms, conditions, and specifications within specified time limits
2. When the Manager of Purchasing believes that grounds for debarment exist, the Manager shall send the vendor a notice of proposed debarment indicating the grounds, and the procedures for requesting a hearing on the proposed debarment. The vendor shall be given 15 calendar days to request a hearing. If no hearing is requested, the Manager of Purchasing may issue a debarment decision without the hearing and shall notify the vendor of the decision by certified mail, return receipt requested. The debarment shall be a minimum of one year and maximum of five years.
3. The Manager of Purchasing shall determine the length of the debarment period and, if circumstances permit, may rescind the debarment after a period of one year.
4. The vendor may appeal the decision of the Purchasing Manager by sending a letter requesting such appeal; letter of appeal must be sent within 30 calendar days of the decision to debar. From the options listed below, the vendor must state the agent that is requested to rule on the debarment.
 - a. The Mayor or his designee to rule on the debarment
 - b. The City Council to rule on the debarment
5. In all cases, the decision of the agent shall be final. Bids will not be accepted from any vendor who is debarred.



SECTION 4

TITLE VI CONTRACT ADMINISTRATION REQUIREMENTS

SECTION 4.01 - TITLE VI REQUIREMENTS

The City of Chattanooga, as a recipient of any Federal financial assistance, has agreed to and is obligated to comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d-42 U.S.C. 2000d-4, and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964, and other pertinent directives, to the end that in accordance with the Act, Regulations, and other pertinent directives, no person in the United States shall, on the grounds of race, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity promoted by the City, whether the program or activity is funded with federal funds or non-federal funds.

This assurance has been given by the City to the Federal Government in consideration of, and for the purpose of, obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance and is binding on it, other recipients, sub-grantees, contractors, subcontractors, transferees, successors in interest and other participants in the Federal-Aid Program.

The City has given the following specific assurances without limiting the above stated general assurance.

1. Each program will be conducted and operated in compliance with all requirements imposed by, or pursuant to, the Regulations.
2. The City will insert the notification of the Title VI Regulations in **ALL** solicitations for bids of work or material, informing all bidders that it will affirmatively insure that in any contract entered into pursuant to this advertisement, minority business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, sex or national origin in consideration for an award.
3. The City shall insert the necessary applicable clauses of this assurance in every contract subject to the Act and the Regulations.
4. Real estate transactions must comply with Federal Housing Laws and Ethical Practices which protects all categories and classes of buyers and sellers. The Civil Rights Act of 1866 prohibits discrimination in housing based on race without exception. The Civil Rights Act of 1964 prohibits discrimination in federally funded housing programs.
5. The Civil Rights Act of 1968 (Title VIII) prohibits discrimination on the basis of race, color, religion, or national origin with certain exceptions. The Housing and Community Development Act of 1974 prohibits discrimination in housing based on sex. The Fair Housing Amendments Act of 1988 extends protection to handicapped and familial status.
6. Conveyance of property by deeds should not be subject to additional encumbrances as the real estate industry is federally regulated within the residential arena. In general, provisions in a deed conveying a fee simple estate that bars the grantee from selling, mortgaging, or conveying it are considered void. Such restrictions attempt to limit the basic principle of the free



alienation (transfer) of property, and the courts consider them against public policy and therefore unenforceable.

7. Deed restrictions and encumbrances impact the ability of the Buyer to obtain financing and title insurance and can affect the value of the property.
8. Finally, the City's major consideration is to properly purchase and dispose of any real estate asset through Federal compliance and additional encumbrances will not only affect the marketability of the properties, but restrict the conveyance between Buyers and the City. The City closes with only reputable title companies.
9. The City agrees that the United States has a right to seek enforcement with regard to any matter arising under the Act, the Regulations, and this assurance.

SECTION 4.02 - ADVERTISING, SOLICITING, AND REPORTING APPROACH

The City has formulated a Title VI reporting process in accordance with the Federal guidelines. The steps outlined in this section address the program activity reporting for procurement activity only.

1. The method and sources used for advertisements calling for bids on all ongoing projects, in particular methods of advertisement used to reach minority/women owned businesses. The report shall state the nature of the advertisement specifying when, where and how proposals, plans, and specifications have been made available for the inspection of prospective minority, women and non-minority bidders.
 - a. The PD utilizes the following businesses and agencies to advertise the City's bid solicitations over \$25,000 in the minority community:
 - i. Local advertising businesses and agencies
 - ii. The Chattanooga News Chronicle (minority owned)
 - iii. Chattanooga Chamber of Commerce
 - iv. The Urban League
2. It is required that all Buyers actively solicit bids from diverse business enterprises on every project. All parties submitting quotes, bids, proposals, or qualification will be asked to identify the DBE category of their business if applicable. The reasons that minority/women owned businesses have chosen not to bid must be recorded as the information becomes available.
 - a. The PD issues a quarterly diverse business report to capture this information and the bid activity results of the diverse businesses solicited for all bids.
 - b. PD maintains a database of minority owned businesses.
 - c. The PD also refers to the TN Minority Supplier Development Council, and the Chattanooga Minority Contractor's Association for potential sources.
 - d. DBEs must be certified by under the authority of an entity recognized by the City. The listing of acceptable certification is posted online and available at the Purchasing Division and OMA offices. <http://www.chattanooga.gov/general-services/purchasing>
 - e. Upon request, all tracking data shall be made available to OMA.
3. Title VI assurance provisions citing specific nondiscrimination provisions shall be included in contracts subject to the Civil Rights Acts of 1964 and the U.S. DOT Title VI Regulation.



- a. The PD should include the provisions in each bid solicitation package issued. All contractors will be notified of their responsibilities under Title VI and of their ensuing obligations through language included in each contract.
- b. A computerized record of contract award reviews will be maintained. Prime Contractors and subcontractors will be tracked and reported.
- c. All staff with contracting authority and contract administrative/management responsibility, including all managers, will be instructed by the Purchasing Department on minority/women. The staffs will receive orientation to understand the components of small business outreach, and solicitation procedures, with documentation of such instruction provided to the Office of Multicultural Affairs Compliance Officer. The OMA Compliance Officer will provide Title VI compliance guideline updates.

SECTION 4.03 – CHANGE OF SUBCONTRACTOR AFTER AWARD

The Prime Contractor is not allowed to change its subcontractors without prior approval from the Purchasing Agent in writing. In the event there is a request for subcontractor change, the Prime Contractor will submit the request in writing to the Purchasing Agent, copy the Department Head, and copy the Buyer. The request should state the subcontractor being replaced, the reasons for the desired replacement, the name of the new subcontractor requested for replacement, the replacement subcontractor's experience qualifications, resume, and a letter of intent signed by the replacement subcontractor. With concurrence of the City Attorney, the approval of the replacement subcontractor shall be communicated to the prime contractor in writing by the Department Head/Project Manager with a copy of the approval to the Buyer.

SECTION 4.04 - ACCEPTANCE OF COMPLAINTS FOR REFERRAL

It is the general practice of the Title VI Compliance Officer to refer all administrative complaints that are complete and properly pleaded to the appropriate state or federal authorities. A complete or properly pleaded complaint is:

1. In writing, signed, and provides contact information (e.g., phone, address, etc.)
2. Describes the alleged discriminatory act(s) that violates Title VI regulations (i.e., an act of intentional discrimination or one that has the effect of discriminating on the basis of race, color, national origin, sex, age or disability);
3. Filed within 180 calendar days of the alleged discriminatory act(s); and
4. The Title VI Program staff will refer (to the appropriate federal/state agency) a complaint within seven (7) calendar days of its receipt.
5. The City will establish whether the person or entity that took the alleged discriminatory act is in fact a City sub-recipient. If the complaint does not specifically mention that the alleged discriminatory actor is a City financial assistance recipient, the City may presume so for the purpose of referring the complaint to the federal/state agency.

SECTION 4.05 - PROCESSING COMPLAINTS

The Office of Multicultural Affairs will maintain a log of all complaints and refer complaints to the appropriate state or federal agency. The complaint will be noted in the log by case number based on year, month and sequence in which complaint was received.

(Example: A complaint received in December, 1999 and is the second complaint received in 1999 will be case number 99 (year)-12 (month)-002 (sequence).



1. The Office of Multicultural Affairs will refer any claim violation, within seven (7) working days, to the appropriate state or federal agency.
2. A copy of the complaint will be maintained in the files of the OMA.
3. Corrective legal action regarding Title VI contract provisions may be pursued in extreme cases to enforce specific contractor performance on City contracts. Legal action may be pursued after the concurrence of the department head sponsoring the project, the Director of OMA, the City Attorney, and the Purchasing Manager.

SECTION 4.06 - APPEALS PROCEDURE

The complainant has the right to appeal all written reports to the state or federal agency investigating the claim violation through an official formal appeals process. Each agency has established its appeal procedures which dictates strict adherence. Complainants should be referred to the investigating agency for the applicable appeal procedure.

SECTION 4.07 - DIVERSE BUSINESS ENTERPRISE DATABASE

The Purchasing Division in association with the OMA will maintain a database of certified DBE vendors. The information for each vendor will include the commodity codes relevant to the goods are/or services they provide.

- Vendors can register by contacting the PD on-line by sending their company's information to supplier@chattanooga.gov. The information should include the following: the company's name, street address, mailing address (if different from the street address), the company contact person, telephone number, fax number, email address, Taxpayer Identification Number, state if the company is a manufacturer, wholesaler, dealer, consultant, etc.; and, give a brief description of the goods and/or services they are interested in providing to the City. The commodity information will be classified in the database for Buyers to use in direct solicitation of goods or services.

SECTION 4.08 - CERTIFICATION OF DIVERSE BUSINESS ENTERPRISE

DBEs must be certified under the authority of an entity recognized by the City. The listing of acceptable certifications is posted online, and available in print form at the Purchasing and OMA offices. <http://www.chattanooga.gov/general-services/purchasing>



SECTION 5

SURPLUS PROPERTY

SECTION 5.01 - SURPLUS PERSONAL PROPERTY POLICIES AND PROCEDURES

Part 2, Administration, Sections 2-542.2, 2-544, 2-545 and 2-546 of the City Code Annotated designates the Purchasing Manager to conduct the transfer and sales of surplus personal property through scrap material sales, trade-in, public auction, sealed bid or proposal (mail invitation or public advertisement), on-line auction service, and government interagency assignments, sales, and transfers. All live auction entities must have as part of their company a licensed auctioneer. Before live surplus auctions are held, at least one advertisement must be placed in a daily newspaper at least ten (10) days prior to the date scheduled for the sale, and a mailing of notices to interested persons is completed.

The Purchasing Manager makes surplus transfers, decreasing the need for new purchases. *Responsibility of the Department Administrator Declaring Property Surplus* - The declaration of surplus property is recorded and action is taken by Purchasing after the department administrator initiates the below procedures. (Exhibit 26)

1. The Administrator signs a surplus document declaring the item(s) surplus and available for transfer or sale; and location of the property, with copy to Finance.
 - a. The worksheet is sent to Purchasing with a copy to Finance classifying the asset as follows:
 - i. Scrap - Any ferrous materials that can be used for melting to produce iron, steel, or its alloys.
 - ii. Waste – All non-metallic refuse which has market value.
 - iii. Worn or Damaged – Either scrap or waste material that may be sold or used as trade-in.
 - iv. Obsolete & Surplus - Any material that is of no use to the entity.
 - v. Excess – Any Item that does not have a useful purpose for a particular department. The item may have value, however, and may be utilized by another department within the same entity.
 - b. The items shall be classified as one of the above categories and listed on the Purchasing Surplus Property Declaration form stating the apparent condition, (excellent, good, fair, or poor) and estimated value, before sending to the Purchasing Manager.
 - i. The Administrator reports surplus items being removed from inventory in his/her department on the Finance Fixed Assets Disposal form (Exhibit 23).
 - ii. This includes used equipment being traded-in for new equipment
 - c. Requests for special disposition of surplus property shall be identified by letter accompanying the surplus property form. PD then makes decision for recommendation to Council.
2. *Responsibility of the Purchasing Manager or his/her designee* – It is the responsibility of the Purchasing Manager or the Director's designee to determine and initiate the appropriate course of action for disposition of the property as follows:



- a. Arrange the transfer of the property to another department, location, or agency
 - b. Prepare the property for sale or auction
 - i. Sales under sealed bids/proposals take place where there are a limited number of prospective buyers for particular properties, and it is not economically feasible to conduct an auction.
 - c. Sell the equipment as scrap metal, wood, used batteries, etc.
 - i. These contracts are negotiated when determined by the Purchasing Division.
 - ii. Purchasing Manager is to determine the method most advantageous to the City.
 - d. Arrange to send the salvageable and reusable property to the surplus storage facility for future use, or future auction sale.
 - e. Arrange for the destruction of unsalvageable property that no longer has value.
 - f. Report the transfer information to the Finance Department.
3. *The Purchasing Manager will determine the best method of proper disposal for the City surplus personal property.*
4. *Responsibility of the Department Administrator Receiving Transferred Property*
- a. Prepare to receive the property.
 - b. Complete and submit a fixed asset acquisition form to the Finance Department, listing the specific information about the incoming transfer property.

SECTION 5.02 - UNCLAIMED PERSONAL PROPERTY – FORFEITURE

1. Unclaimed personal property in the possession of any department for a period of 60 days or greater shall be delivered to the Purchasing Manager to be forfeited and disposed of by sale at public auction. The department coming into the possession of the unclaimed property shall make a reasonable effort to give appropriate notice to the actual owner before turning the property over to the Purchasing Manager. If this has not been done by the department; then, the Purchasing Manager shall make every reasonable effort to give notice to the actual owner of the subject property.
2. An exception where the 60 day unclaimed period is not applicable is the unclaimed personal property which comes into the possession of the Fire and Police Departments. In the case of these two departments, if the owner cannot be found or if no person shall claim the personal property after six (6) months, the property shall be sold.
3. The net proceeds from the sale of this unclaimed personal property shall be turned over to the City Finance Officer to be placed in a special firemen's and policemen's insurance and pension fund, as provided in Section 13.68 of the City Charter.
4. The unclaimed property should also be listed on the Surplus Property Declaration worksheet (Exhibit 26). All pertinent information regarding the specific description of the unclaimed property should be listed on the worksheet with the statement "UNCLAIMED PROPERTY" boldly printed on the worksheet.
5. The Purchasing Manager or his designee shall conduct public auctions, sealed bids, or Internet auctions as methods for the sale of unclaimed personal property at intervals during each year, preferably a minimum of three (3) times per fiscal year.
 - a. The sales of the property shall be made to the highest bidder.



- b. A receipt for each sales transaction should be completed and issued to the Buyer. The original receipt should be given to the Buyer and a copy retained in the Purchasing Division's receipt book/files.
- c. A live auction must be advertised in the daily newspaper at least ten (10) days prior to the scheduled auction. The disposal shall not be sooner than seven (7) days or later than fifteen (15) days after the advertisement publication.
- d. The Purchasing Manager or his designee will furnish to the City Finance Officer a list of all unclaimed property items sold and the price of each article.

SECTION 5.03 - FIXED ASSET MANAGEMENT POLICIES AND PROCEDURES

The Finance Department records all of the City's fixed assets valued in excess of five thousand dollars (\$5,000). The property information is reported to the Finance Department by the department administrator or the administrator's duly appointed property coordinator. This information is documented and stored in the Finance Department on the "Surplus Property Disposition" form in case of loss of property for reasons of theft, damage, destruction, or unknown transfer and resulting in a loss to the City's taxpayers. To be good stewards of the taxpayer's property, it is imperative the City maintains accurate records of all City property.

1. ***Responsibility for Listing Departmental Assets*** - Although the Finance Department maintains the records for all City personal property valued in excess of \$5,000, it is the responsibility of each department administrator/property coordinator to maintain a list of all departmental assets in accordance with the sensitive assets policy.
2. ***The Duties of the Department Administrator (Property Coordinator)*** shall be to:
 - a. Oversee the City property assigned to that department/office.
 - b. Notify the Finance Department when items are received and need a City tag.
 - c. The department administrator or designated property coordinator shall complete the appropriate Fixed Asset Acquisition Form and affix the City property tag.
 - d. Departments shall conduct an annual inventory survey and certify the accuracy.
 - e. Notify Purchasing when property becomes surplus, and eligible for transfer or scrapping. Purchasing will make arrangements for appropriate disposal.
 - f. Theft, severe damage, vandalism, or unexplained loss must have a police report completed and the report is sent to the Purchasing Division.



DEFINITIONS

When used in the context of this manual and in the authorization of Purchase Orders, Contractual Agreements, Invitations to Bid, Request for Proposals or other pertinent documents, the words, conditions, and phrases below shall have the following meanings:

1. Accept - To receive with approval or satisfaction.
2. Acknowledgement – Written confirmation from the vendor to the purchaser of an order implying obligation or incurring responsibility.
3. Agreement - A coming together in opinion; an understanding/consent between two or more parties; the manifestation of mutual assent to the same terms and conditions.
4. All or None – The City reserves the right to award each item individually or to award all items on an "all or none" basis.
5. Annual - Recurring, done, or performed every year.
6. Appropriations - Public funds set aside for a specific purpose.
7. Approved - To be satisfied with; admit the propriety or excellence of; to be pleased with; to conform, to ratify.
8. Approved equal - Alike; uniform; on the same plane or level with respect to efficiency, worth, value, or amount.
9. Attest - To certify a document formally by signature; to affirm to be true or genuine.
10. Authorized Price List - A price list of the products or services covered in a contract that contains minimum essential information needed by users for placing orders.
11. Award - The presentation of a contract to a vendor; to grant; to enter into with all required legal formalities.
12. Awarded Bidder - Any individual, company, firm, corporation, partnership, or other organization to which an award is made by the City.
13. Best Interest of the City - A term frequently used in granting a purchasing official the authority to use discretion in taking whatever action that is most advantageous to the government. The term is used when it is impossible to anticipate extraordinary circumstances that may arise, substituting for specific directions that would, under normal circumstances, be delineated by law or regulation.
14. Best Value - Means more than low cost. It includes initial cost, service, quality and other factors related to the acquisition.
15. Bid - A vendor's response to an Invitation for Bids; the information concerning the price or cost of materials or services offered by a vendor.
16. Bidder - Any individual, company, corporation, partnership or other organization or entity bidding on solicitations issued by Purchasing and offering to enter into contracts with the City. The term "bidder" will be used throughout this document and shall be construed to mean "offeror" where appropriate.
17. Bidder's List - A list of suppliers of various goods and services from whom bids, proposals and quotations can be solicited.
18. Bid File - A folder containing all of the documentation concerning a particular bid. This documentation includes: the names of all vendors to whom the invitation to bid was sent, the responses of the vendors, the bid abstract, and the award sheet.
19. Bid Opening - Reading of the bids, conducted at the time and place stated in the invitation for bids and in the presence of anyone who wishes to attend.
20. Bid Solicitation - Invitations for Bids.
21. Blanket Bid (Order) - A type of bid (order) used by Buyers to purchase products repetitively. The City establishes its need of a product for a specified time. The vendor is then informed of the



City's expected usage for the duration of the contract. The City agencies will order small quantities of these items from the vendor during the contract.

22. Bonds:

- a. Bid Bond - An insurance agreement in which a third party agrees to be liable to pay a certain amount of money should a specific vendor's bid be accepted and the vendor fails to sign the contract as bid.
- b. Surety Bond - An insurance bond, payment and or performance, given to the City to protect against loss in case the terms of a contract are not completed by the vendor (or contractor). A surety company assumes liability for nonperformance if the vendor fails to deliver the goods or services as contracted.
- c. Payment/Material Bond - A bond given to the City by a vendor (contractor) assuring the payment as required by law of all persons supplying material or labor in the prosecution of the work provided for in the contract.
- d. Performance Bond - A bond given to the City by a vendor (or contractor) guaranteeing the performance of services or delivery of goods within a specified time. The purpose is to protect the City against a cash loss that might result if the vendor did not deliver as promised.

23. Bulk Purchasing – Purchasing in large quantities in order to reduce the price per unit.

24. Business - Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or legal entity that conducts business.

25. Buyer - An assistant to the Purchasing Manager. The Buyer is delegated, by the Purchasing Manager, the responsibility of negotiating with the vendors and obtaining the quotes and information from which bids are solicited.

26. Cancel - To revoke a contract or bid.

27. Cancellation - To annul or invalidate; to strike or cross out; to make void.

28. Capital Items - Equipment that has an expected life-span of one year or longer and a value (usually) in excess of five thousand dollars (\$5,000).

29. Cash Discount - A discount from the purchase price allowed to the purchaser if payment is made within a specified time.

30. Caveat Emptor – A term that means “Let the Buyer Beware”; used in proposals or contracts to caution a Buyer to avoid misrepresentation.

31. Certify - To testify in writing; to make known or establish as a fact.

32. City - City of Chattanooga, Tennessee

33. Commodity Code - A numbering system that enables the computer software to monitor the purchase and usage of items bought by the City. Each item is assigned up to a seven-digit commodity code that represents one item only.

34. Competitive Bidding - Bidding on the same project or material items by more than one vendor; competitive bidding must, by due advertising, give opportunity for everyone.

35. Concealed Damage - Damage not readily identifiable by routine visual viewing.

36. Confidential Information - Information available only to specified personnel or officers of the City that is not necessarily open to public scrutiny.

37. Confirming Order - A form used to verify a purchase order made by telephone, fax and/or any other approved electronic method of procurement that serves as the vendor's original hard copy. This is for verification only.

38. Conspicuously - To be prominent or obvious; or designed to be noticed.

39. Construction - The building, alteration, demolition or repair (including, but not limited to all government municipal infrastructure, dredging, excavating and painting) of public buildings, structures and highways, and other improvements or additions to real property.



40. Contract - An agreement, grant or order for the procurement, use, or disposal of supplies, services, construction, insurance, real property or any other item.
41. Contract Modification - The alteration of an existing contract.
42. Contractor - A person or firm supplying labor, services, or materials for the City.
43. Control - Authority to manage, direct, regulate, or oversee.
44. Cooperative Procurement - Purchasing conducted by, or on behalf of, more than one public purchasing unit, or by a foreign entity.
45. Debarment - Means the disqualification of a person/Firm to receive requests for quotation, invitations for bids, requests for proposals, or a contract award. After debarment notification, the contractor may appeal the decision with any Court of jurisdiction.
46. Deficient Materials - Material found to be faulty/unsuitable for its intended use because of deficiencies, such as quality, design, or procurement deficiency.
47. Delivery Schedule - The required/agreed upon date of delivery of items.
48. Demurrage - a charge required as compensation for the delay of a delivery beyond its scheduled time of departure
49. Department - Any agency, or division thereof, which is authorized or created by the Mayor or Charter or General Ordinances.
50. Department Head - The chief administrative officer of a department.
51. Disadvantaged Business - A business that is owned or controlled by socially and economically disadvantaged individuals.
52. Discount for Prompt Payment - A predetermined discount that is time sensitive.
53. Dispute – A disagreement between parties to a contract over performance or other contract term requiring administrative action to resolve.
54. Distribution - The movement of goods from manufacturer to consumer; includes marketing, buying, selling, promotion, advertising, handling, storage and transportation.
55. Employee - A person drawing a salary/wages from the City.
56. Encumber - Reserve funds against a line item; to charge against an account.
57. Established Catalogue Price - A price included in the most current catalogue, price list, schedule, or other source.
58. Ethical - Conforming to professional standards of conduct; conforming to the Code of Ethics and/or Ethical Standards and Guidelines.
59. Evaluation of Bid - The process of examining a bid to determine a bidder's responsibility, responsiveness to requirements, and other characteristics of the bid that determine the eventual selection of a winning bid.
60. Evaluated Bid Price - The dollar amount of a bid after bid adjustments are made pursuant to a precise mathematical formula in the invitation for bids, which measures the effective price to the City, including life cycling costing if advertised.
61. Expediting - Ensuring the speedy delivery of a shipment to its destination; the attempt to avoid delays that might require tracing.
62. Extend - To continue for a period of time; prolong.
63. Federal Excise Tax - An inland imposition, paid sometimes upon the consumption of the commodity, and frequently upon the retail sale.
64. Financial Interest – Means the following:
 - a. Ownership of any interest, or involvement in any relationship, from which the individual or entity has, within the past three (3) years, received, is presently receiving, or is entitled to receive in the future, more than one hundred dollars per year; or
 - b. Holding a position in a business such as officer, director, trustee, partner, employee or the like, or holding any position of management.



65. Firm-Fixed-Price Contract (FFP) - A fixed-price contract with a price that is not subject to any adjustment on the basis of the contractor's cost experience or other circumstances arising during the performance of the contract.
66. Fiscal Year - An accounting period of 12 months, beginning July 1 of the current year through June 30 of the upcoming year.
67. Formal - Arranged in proper and methodical order using technical terms or phrases, arranged in logical order and capable of being adapted to the circumstances.
68. Good Faith - Factual honesty in the conduct of a transaction; the observance of reasonable commercial standards of fair dealing.
69. Goods - All materials, equipment, and supplies.
70. Immediate Family - Spouse, children, grandchildren, parents, siblings.
71. Ineligible Bidder - A supplier, who by reason of historical financial instability, unsatisfactory reputation, poor performance, or other similar reasons, cannot meet the qualifications for placement on the bidder's list for award of a contract.
72. Inspection - Examination and testing, including processes, raw materials, components, intermediate assemblies, and end product items to determine whether the items conform to contract requirements.
73. Inventory - The stock of goods on hand or a list of goods indicating volume and values.
74. Invitation for/to Bid (IFB/ITB or I/B) - A formal request to prospective vendors soliciting price quotations or bids; contains, or incorporates by reference, the specifications or scope of work and all contractual terms and conditions.
75. Invoice - A written account of merchandise and process, delivered to the Buyer; a bill.
76. Joint Venture - A partnership with two or more entities, government or private, formed to share in the risk or expertise of a special project or business venture.
77. Lead Time - The period from date of ordering to date of delivery that the Buyer must reasonably allow the vendor to prepare goods for shipment.
78. Legal - Conforming to law, according to law; required or permitted by law; not forbidden or discount enhanced by law; good and effectual in law.
79. Lessen - To cause decrease; make less; to minimize to decrease.
80. Life Cycle Costing - A procurement technique that considers the total cost of purchasing, maintaining, operating and disposing of a piece of equipment when determining low bid.
81. Low Bid - The bidder who submitted the lowest initial bid prior to conducting a complete bid review and evaluation.
82. Non-stocked Items - Items of material, centrally managed and purchased, but not stocked to meet requisitioned demands.
83. Policy - The general principles by which a government is guided in its management of public affairs.
84. Pre-award Survey - Physical survey and evaluation of a prospective contractor's plant, equipment and capacity to perform (both technically and financially), made before a contract is signed. Required where additional information is needed for a determination of the responsibility of the prospective contractor.
85. Pre-bid Conference - A meeting held with potential vendors a few days after an invitation for bids has gone out to promote uniform interpretation of work statements and specifications by all prospective contractors.
86. Procured Item - Any supply, service, construction, insurance or any other item obtained in accordance with this code.
87. Procurement - Buying, renting, leasing or otherwise obtaining equipment, supplies, services, construction, insurance, etc. It also includes all functions that pertain to the above, including description of requirements, selection and solicitation of sources, preparation and award of contract, contract administration, and all phases of warehousing and disposal.
88. Product Analysis - A study of products through market research in order to develop new ones, adapt old ones to new uses or to determine product characteristics most valuable to the consumer. Also, in industry, the studying of how to produce the best possible product for the most economical price.



89. Protest - A complaint about a governmental administrative action or decision brought by a vendor with the intention of achieving a remedy. A protest is a controversy that may occur during solicitation and through award of a contract. It may be a written objection to an invitation for bid or request for proposal, or to a proposed award.
90. Public Document - Any document or record connected with the public business or the administration of public affairs issued and preserved by any government department.
91. Public Purchasing Unit – This term refers to the State of Tennessee, any county, City, town, governmental entity and other subdivision of the State of Tennessee, or any public agency, or any other public authority.
92. Purchase Order - A legal document used to authorize a purchase from a vendor. A purchase order, when given to a vendor, should contain statements about the quantity, description, and price of the goods or services ordered; agreed terms to payment, discounts, date of performance, transportation terms, and all other agreements pertinent to the purchase and its execution by the vendor.
93. Quotation - A statement of the market price of one or more commodities; the price specified to a correspondent.
94. Receiving - The act that physically receives shipments from a carrier and makes the City legally liable for payment.
95. Reject – To refuse to accept, recognize, or make use of; repudiate, to refuse to consider.
96. Request for Proposal (RFP) - All documents utilized for soliciting competitive proposals. A bid solicitation method used for requirements exceeding authorized limits when it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirement, or other factors will be considered in the selection of the contractor in addition to price or only one source is being solicited.
97. Request for Qualification (RFQ) - A document used for soliciting qualification and experience data from eligible persons or groups offering to render professional services. These professional services require high ethical standards, competency, and integrity in areas such as architecture, engineering, finance, medicine, and law.
98. Requirements Contract - Any contract in which the City undertakes the legal obligation to order all of its needs for a specified product or service for a designated period of time from a single contractor.
99. Requisition - Any document whereby a using agency requests that a contract be obtained for a specified need.
100. Responsive Bidder - One who has submitted a bid that conforms in all material aspects to the invitation for bid.
101. Schedule Contract - A contract that consolidates agency requirements by pre-establishing a bid opening date and requiring using agencies to submit requirements by a specified time.
102. Sealed - Secured in any manner so as to be closed against inspection of contents.
103. Sealed Bids/Proposals - Written proposals or bids that are submitted in response to an invitation for bid/request for proposals, by potential vendors before a certain date. The bid is submitted in a sealed envelope to prevent dissemination of its contents before the deadline for the submission of all bids.
104. Services - Any work performed by an independent contractor wherein the service rendered does not consist primarily of acquisition of equipment or materials, the rental of equipment or materials, or supplies.
105. Shipping release - Document obligating the City for items from a blanket or requirements contract.
106. Signatory Agent - One that acts for or as the representative of another, by affixing his/her signature to a document.
107. Single Source Procurement – If only one (1) bid is received: The bid shall not be opened and the contract or service to be performed shall be re-bid. The single source is the award for a commodity or service that has been advertised for competitive bid and only one supplier responds; this is after the request is readvertised and there is only one response.



108. Small Business - A United States business which is independently owned and operated and is not dominant in its field of operation or an affiliate or subsidiary of a business dominant in that field of operation.
109. Sole Source Procurement - An award for a commodity, available from one supplier, usually because of its technological, specialized, or unique character.
110. Specifications - Any description of the physical or functional characteristics of a supply, service or construction item. It may include a description of any requirement for inspecting, testing, or preparing a supply, service, or construction item.
111. Standardization - The making, causing, or adapting of items to conform to recognized qualifications.
112. Subcontractor - Any business that holds an agreement or purchase order to perform part of the work or to make or furnish any article or service required for the performance of a City or City-funded prime contract, or subcontract there under.
113. Supplies - All property except land or interest in land.
114. Suspension - The disqualification of any person or business to receive invitations for bid, or request for proposals, or to be awarded a contract by the City or any other governmental body thereof, for a temporary period pending the completion of an investigation and any legal proceedings that may ensue.
115. Term Contract - A contract in which a source of supply is established for a specified period of time for specified services or supplies; usually characterized by an estimated or definite minimum quantity, with the possibility of additional requirements beyond the minimum, all at a predetermined unit price.
116. Termination for Convenience - Action by which the purchasing entity, in accordance with contract provisions, unilaterally cancels all or part of the work in the best interest of the agency, and with no reflection on the contractor's performance.
117. Termination for Default - Action by which the purchasing entity, in accordance with contract provisions, unilaterally cancels all or part of the contract work due to the contractor's failure to perform in accordance with the terms of the contract.
118. Unconcealed Damage - Damage visible upon arrival of the shipment and indicated on the receipt returned to the carrier.
119. Using Agency - Any department that utilizes supplies, services, insurance, construction or any other item procured under this code.
120. Value - The estimated/appraised worth of any object or property calculated in money.
121. Vendee - A purchaser, buyer, or consumer; one to whom anything is sold.
122. Vendor - The person who transfers property, goods, or services by sale.

