



# PURCHASING POLICY AND PROCEDURE MANUAL

*Revised and Adopted 07/14/20*

## **I. POLICY STATEMENT**

The City of Fayetteville recognizes its obligations to the public and specifically to the overall efficiency and value for the taxpayer. It is the policy of the City to provide an effective purchasing program by means of competition based on fair and equal opportunity extended to qualified persons and firms to obtain needed goods and services.

## **II. BID REQUIREMENTS**

1. Purchase order required for \$1,000.00 or more.
2. Requisition form on all purchases requiring a purchase order.
3. All invoices shall be turned in to Purchasing within 24 hours.

### **Purchases to \$1,000.00**

Employees should make a practical effort to obtain the best price for the items purchased. At his or her discretion, the City Administrator may require Departments to demonstrate how they decide the best method of purchasing for items not requiring a purchase order.

### **Purchases/Contracts between \$1,000.00 and \$5,000.00**

Requisition: A minimum of two either verbal or written quotes or a justifiable reason as to why quotes were not obtained on requisition. Must be approved by Department Head or authorized designee. The City Administrator may use his or her discretion to authorize purchases without obtaining competitive quotes.

All purchases not budgeted or exceeding the budget shall have the approval of the Department Head and City Administrator. All purchases in excess of \$2,500.00 or without quotes must have the approval of the City Administrator.

### **Purchases/Contracts between \$5,000.00 and \$20,000.00**

Requisition: A minimum of two written quotes or a justifiable reason as to why quotes were not obtained on requisition. Written quotes should be attached to the Purchase Order Requisition Form. Requires Department Head and City Administrator approval. Purchase Orders from \$10,000.00 to \$20,000.00 will be provided to the Finance Committee during their monthly meeting.

**All purchases not budgeted or exceeding the budget shall have the approval of the Board of Mayor and Alderman.**

### **Purchases/Contracts \$20,000.00 and above**

Competitive bids and advertisement are required.

Requires Department Head and City Administrator approval.

**All purchases not budgeted or exceeding the budget shall have the approval of the Board of Mayor and Alderman.**

### **III. METHODS OF PURCHASE**

Unless otherwise authorized by law, all City contracts that require the bid requirement shall be obtained by Competitive Sealed Bid with the award made to the best bid and responsive bidder whose bid or proposal is the most economical and efficient for the purpose intended according to the criteria set forth in the solicitation/bid packet. (Written justification shall be required anytime the lowest bidder is not recommended.)

Two competitive prices should be obtained and noted on the requisition for supplies. Additional quotes are recommended but not required to be noted on the purchase order requisition. If two sources are not available, an explanation will be provided in completed detail.

Other methods of award may be used following the determination by the Finance Director that the competitive sealed bid method is not practicable or advantageous to the City. This method is Competitive Negotiation (Request for Proposal). Purchase methods are defined as follows:

#### **Competitive Pricing**

- A. For purchases not requiring a purchase order, the Department may use its judgement in making the purchase. The Purchasing Coordinator shall monitor the combined amount of purchases to distribute purchases to various businesses with the City offering similar products at competitive prices.
- B. Equipment, Services and Other Similar Projects: A minimum of two competitive prices, if available, shall be solicited by phone or written quotation, whichever method is in the best interest of the City, for all purchases between \$1,000.00 and \$20,000.00, or maximum allowed by state law (TCA Section 6-56-301). Except that the City Administrator may use his discretion to waive this requirement for purchases up to \$5,000.00. Description of equipment is required, or scope of work needed for service. Delivery date, location of bidder, and shipping cost shall also be used to determine the best source for purchase.
- C. Construction: Items that meet or exceed state law limit, either single or in the aggregate, shall be purchased by Competitive Sealed Bids.

#### **Competitive Sealed Bids**

Competitive Sealed Bidding is a written invitation to bid containing specifics and contractual terms and conditions applicable to the purchase of new and used equipment or service requested. Public notice of intent to purchase is advertised at least once in a local newspaper in general circulation and/or local broadcast media or governmental access cable or electronically (TCA Section 12-4-116) not less than ten days before the date set for receipt of bids. A public bid opening is held at which time

the bids are opened and read aloud. Evaluation is based on the requirements set forth in the invitation to bid that may include, but not limited to quality, performance and availability. Award, if made, will be the responsive bidder and bid meeting specifications, quality and performance standards. All purchases not budgeted or exceeding the budget shall have the approval of the Board of Mayor and Alderman. (Written justification is required anytime the lowest bidder is not recommended.)

### **Exceptions to Competitive Bid Limit Requirement**

Purchases or expenditures exceptions to competitive sealed bids may be made if one or more of the following is applicable:

1. Rental or Lease items or Equipment.
2. Sole source of supply or proprietary items as determined and documented by both the using departments and purchasing department.
3. Emergency purchases with subsequent approval of the Board of Mayor and Alderman.
4. State of Tennessee contract purchases.
5. Purchases from instrumentalities created by two or more cooperating governments.
6. Federal and State surplus property acquisitions.
7. Property obtained from other governmental agencies.
8. Change order to existing contracts, where there is not a significant alteration of the scope of the contract.
9. Fuel purchases.
10. Federal contract purchases.
11. Purchases from Tennessee state industries (TCA § 41-22-119 - - 121).
12. Professional service contracts (TCA §12-3-12019 and §12-4-107).
13. Cooperative purchasing agreements (TCA §12-3-1205 and 12-9-101 et. seq.).
14. Property purchased using a legal bid process performed by another governmental agency which meets the requirements of the City of Fayetteville Purchasing Policies.

### **Competitive Negotiation Process (Request for Proposals)**

The Competitive Negotiation Process is used only when the Competitive Sealed Bid process is not practicable or advantageous to the City and may be referred to as Request for Proposals (RFP) and shall be approved by the Board of Mayor and Aldermen. Request for Proposals are for professional services. The City Administrator shall maintain a file on all such activities.

A written Request for Proposal shall be issued indicating in general terms that which is to be procured, specifying the factors that will be used in evaluating the proposal and containing or incorporating by reference the other applicable contractual terms and conditions, outlining any unique capabilities, qualifications, expertise and experience that will be required of the contractor or service provider.

Selection shall be made of two or more proposers deemed to be fully qualified and best suited among those submitting proposals, based on the factors involved in the request, including price, is so stated. Negotiations shall then be conducted with the most qualified proposer and a contract offered if both parties agree. If a contract cannot be negotiated with the most qualified proposer, then negotiations shall be conducted with the next most qualified proposer and a contract offered if both parties agree.

Providers shall be accorded fair and equal treatment regarding any opportunity for discussion and revision of proposals. Such revisions may be permitted after submission and before award to obtain best and final offer. There shall be no disclosure of any financial information derived from proposals submitted by competing proposers.

**Emergency Purchase Policy for Items which Exceed State Limit:**

The City may make emergency purchases which exceed the state limit where there exists a threat to public health, welfare, or safety provided such emergency purchase shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the vendor shall become part of the procurement file. The above policy statement shall not apply to the purchases that were caused from poor planning or scheduling by the using department as determined by the Board of Mayor and Alderman.

Emergency purchases are required to have the signatures from the Department Head and City Administrator. Emergency purchases shall be confirmed by the Board of Mayor and Alderman at the next regularly scheduled meeting.

**IV. APPROVAL AUTHORITY DESCRIBED**

The Board of Mayor and Alderman shall grant the authority to issue contracts for equipment or projects within the following conditional guidelines:

1. Purchases that exceed the maximum allowed by state law shall be obtained through the approved competitive procurement method.
2. Award shall be made after evaluation as to the best bid meeting bid specifications and considering quality, performance, maintenance and life cycle costing. The City has the right to reject any and/or all bids and waive any informalities which may be in the best interest of the City of Fayetteville.

**V. FIXED ASSETS**

An item that is purchased and the amount of \$500.00 is considered a fixed asset. The City categorizes fixed assets as follows: Land, Equipment, Buildings and Other Improvements.

### **City Surplus Property**

The using department shall identify surplus, scrap, or obsolete property and report to the Purchasing Department. The fixed asset number shall be identified with the item from the using department. The Purchasing Coordinator shall have the authority to dispose of surplus property in an advertised public and/or online auction after verifying the surplus item cannot be used by any other City department. The Department Head may determine that property with a value of \$100.00 or less and no longer useful to the City, may be discarded rather than sold at public and/or online auction due to the negative effect it will have on the auction process.

### **Inventory**

The Purchasing Department shall maintain a permanent inventory of all personal property of the City having a value of five hundred dollars (\$500.00) or more and charged to the various City Departments. The Purchasing Department shall annually inventory all the property belonging to the City of Fayetteville.

## **VI. SURETY REQUIREMENTS**

### **Bid Bond**

A bid bond protects the interest of the City of Fayetteville in the event the bidder refuses to contract, fails to provide a performance/payment bond or as a device to make it difficult for financially irresponsible suppliers to bid.

A bid bond issued by a surety company licensed to do business in the State of Tennessee may be required for specified solicitation. The amount of the bid bond shall be stated as a set amount or as a percentage of the bid price. In no event shall it exceed five percent (5%) of the total contract price. A letter of credit will be accepted in place of a bid bond. Personal checks are not acceptable in the place of bid bonds however bank cashier checks are acceptable. Bid Bonds, Letters of Credit and Bank Cashier Checks submitted by unsuccessful vendors will be returned upon award of a contract.

### **Performance Bond**

A performance bond transfers the risk of contractor default to a third party. It guarantees that a supplier will perform.

A performance bond issued by a surety company licensed to do business in the State of Tennessee and acceptable to the City of Fayetteville may be required. The amount of the performance bond shall be stated as a percentage of the contract price but not to exceed one hundred percent (100%) of the total contract price. Performance bonds must be filed with the City within ten (10) working days after a contract has been issued. A letter of credit from the successful bidder will be accepted in place of a

performance bond. Personal checks are not acceptable in the place of a performance bond.

## **VII. CONFLICT OF INTEREST**

No Official, Department Head or Supervisor shall have any financial interest in the profits of any contract, service or other work performed by the City; or shall personally profit directly or indirectly from any contract, purchase, sale or service between the City and any person or company; or personally, or as an agency provide any surety, bail, or bond required by law or subject to the approval of the Board of Mayor and Alderman. No City employee shall accept any free or preferred services, benefits, or concessions from any person or company.

No City employee shall enter into a contact with the City or perform any work or function under any contract with the City, unless approved by the Board of Mayor and Alderman.

## **VIII. ANTI-TRUST LAWS**

All purchases shall be made according to applicable prevailing state and federal anti-trust laws. All methods of purchase shall be designed to promote open and fair competition.

## **IX. GIFTS AND REBATES**

The Purchasing Coordinator, and employees of the City are prohibited from accepting, directly or indirectly from any person, company, or firm to which any purchase order or contract is awarded, any rebate, gift, money or anything of value, other than token items such as cap or shirt, except as it may be given for the use and benefit of the City of Fayetteville.

## **X. DEPARTMENTAL RELATIONS**

The Purchasing Department is a service agency for all departments of the City of Fayetteville. The main function is a service and the mutual benefits derived, for the good of the City. This is dependent upon the mutual cooperation of all departments. This manual is a guide to help all departments recognize their part and point out their responsibility in the purchasing process.

### **Responsibilities of the Purchasing Department**

1. To aid and cooperate with all departments in meeting their needs for operating supplies and equipment.
2. To create an environment of fair and equitable competition throughout the purchasing cycle.

3. To process all requisitions with the least possible delay. (Typically, within one business day).
4. To purchase a product that will meet the department's requirements at the least cost to the City.
5. To know the sources and availability of needed products.
6. To work with using department to obtain prices on comparable materials after receipt of departmental requisitions.
7. To select vendors, process and maintain purchase orders and vendor files.
8. To search for new sources of supplies and services.
9. To assist in preparation of specifications and maintain specification and historical performance files.
10. To prepare and advertise bids and maintain bid files.
11. To investigate complaints about merchandise and services and document it for future reference.
12. To transfer or dispose of surplus property.
13. Assign fixed asset number when items (land, equipment, buildings and other improvements) are ordered and prepare a computerized list of all fixed assets by department.

#### **Responsibilities of Using Department**

1. To properly plan their purchases in order to provide amply time for the Purchase Department and allow for delivery time from the supplier.
2. To prepare a complete and accurate description of the materials, suppliers, and service needed.
3. To assist purchasing by suggesting sources of supply and pricing.
4. To plan purchases in order to eliminate avoidable delays and emergencies.
5. To initiate specification preparation on items to be bid.
6. To obtain products and service as allowed un Section II requirements.
7. To advise purchasing of defective merchandise of dissatisfaction with vendor performance.
8. To acknowledge receipt of merchandise of service by completing the proper paperwork and note any discrepancies in quality, condition, or quality of goods.
9. To affix fixed asset/property number, verify the monthly fixed asset report and maintain current fixed asset records for their department.
10. To maintain departmental property that is surplus or obsolete until such time that it will be offered for public sale and then turn it over to purchasing with a description of the item and the fixed asst/property number.

#### **XI. PURCHASING RELATED FORMS**

All forms described herein are printed by and available from the Purchasing Department. These forms are furnished to the using departments upon their request.

## **Purchase Order Requisition**

### **Purpose:**

The purchase order requisition service to inform the Purchasing Department of the needs of the using department and to correctly define the material requested. A requisition or invoice at the time of purchase is required to process purchases which exceed \$1,000.00 up to the state limit. Items that exceed state limit require a formal bid. Requisitions must still be prepared for items that are let for formal bids.

### **When Prepared:**

Requisitions shall be prepared far enough in advance of the need to enable the Purchasing Department to obtain competitive prices and to allow sufficient time for the vendor to make delivery.

### **Who Prepares the Requisition:**

Requisitions should originate in the using department and be signed by the department head or authorized designee. The department head shall file annually with the Purchasing Department a certified memorandum listing those who are authorized to sign a requisition and the period of designation.

### **How to Prepare:**

A properly processed purchase order requisition must contain the following information:

- (a) Department
- (b) Supplier – This area is filled out if a particular vendor is required to supply a specific item. If a new vendor is listed on the requisition, please fill out in full a vendor information sheet and submit with requisition. (Exhibit A)
- (c) Account Number – Complete budgetary code including fund, department and object code.
- (d) Date Issued – The date the requisition is prepared.
- (e) Quantity – The number required followed by specific terms for those materials that need clarification, (i.e. dozen, lineal feet, gallons, etc.)
- (f) Item Description – A clear description of the items desired as to size, color, type, etc. Requisitions must not give specifications that will favor one supplier to the exclusion of others.
- (g) Unit Cost – Price for each individual item.
- (h) Total – A total cost of quantity times the unit price.
- (i) Possible Vendors/Quotes – the competing vendors and their prices should be shown on the requisition under remarks.
- (j) Department Approval – The signature of the department head or an authorized representative.

(k) Purchase Order Number – Assigned to requisition is indication of approval.

**Routing of Requisitions:**

The using department prepare the purchase requisition and sends it to the Purchasing Department. After the Purchasing Department has received quotations or bids and determined total cost of the merchandise, the total cost will be listed on the requisition. The Purchasing Department will review account number and account balance. A requisition with insufficient funds will cause unnecessary delay. The purchase order will be issued following completion of requisition.

**General Information on Requisitions:**

**A requisition must be completed before a purchase is made above \$1,000.00.** Using department having knowledge of only one source of supply shall so indicate on the requisition. A single source item must be documented by a complete explanation as to the special need of this item and why it is not available from other sources. A minimum of two (2) verbal or written quotes or a justifiable reason as to why quotes were not obtained must be indicated on requisition.

The Purchasing Department may assist the using department in obtaining prices after receipt of a departmental requisition. Requests for prices will be processed in this manner.

Suggested vendors and pricing will be of great assistance to the Purchasing Department and will be given full consideration. This information will allow the Purchasing Department to process that requisition more rapidly.

Estimated cost of items will enable the Purchasing Department to determine if bids are required. If the Purchasing Department believes that an item cost is too high, it may request quotes to validate those submitted to the Purchasing Department.

If a requisition is incomplete or not properly prepared, the Purchasing Department will return it to the using department for completion. An incomplete requisition will cause unnecessary delays.

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

In all cases where brand name items are requisitioned by any department, the Purchasing Agent has the authority to determine whether similar products of equal quality offered for sale to the City at a lower price shall be ordered in lieu of the requisitioned brand name items.

### **Purchase Orders: (Exhibit B)**

A purchase order is the contract document that authorizes the vendor or contractor to furnish the materials or service as specified. Purchase orders shall be written so they are clear, concise, and complete.

No officer or employee of the City shall request a vendor to deliver goods, merchandise, materials or supplies to the City of \$1,000.00 or more except upon a regular purchase order issued by the Purchasing Department; however, the provisions of this subsection shall not apply to emergency purchases provided hereinafter.

### **When Prepared:**

Purchase orders are issued only after an approved, acceptable requisition has been submitted; competitive prices, if available, are obtained; and, after final approval of the Purchasing Coordinator.

### **Who Issues the Purchase Order:**

The Purchasing Department shall issue purchase orders on items which cost more than \$1,000.00 with the exception of emergency purchases as outlined herein, unless deemed necessary.

### **Cancellations:**

Should the using department determine a need to cancel an existing order, it must submit a written notification to the Purchasing Department stating the reasons for cancellation. Purchasing will then issue a letter or change order confirming the status to the vendor.

If another vendor is required, the using department will issue another requisition to initiate the purchasing process.

### **Acknowledgement of Items Received:**

An invoice or packing slip should be initialed and forwarded to the purchasing clerk to acknowledge that an item has been received. The Purchasing Department uses this form to determine the open or closed status of a purchase order.

### **Who Prepares:**

The person receiving the merchandise or service.

### **How to Prepare:**

A properly prepared notice must contain the following information:

- (a) Material Received By – Signature of person receiving the item(s). This information must be submitted prior to payment.
- (b) Date Received – Date the goods are received.
- (c) Verify that all items ordered were received.

## **XII. EMERGENCY PURCHASES FOR ITEMS WHICH EXCEED STATE LIMIT**

### Purpose:

Emergency purchases may be made by the City without competitive bids or quotations when normal functions and operations of the department would be hampered by submitting a requisition in the regular manner of where property, equipment, or life are endangered through unexpected circumstances and materials, services, etc. are needed immediately. Emergency purchase procedures described herein are not applicable to purchases made as a result on inadequate planning.

### Who Authorizes:

The Department Head with approval of the City Administrator must authorize an emergency purchase.

### Procedure:

- (a) The Using Department submits a completed requisition notifying the Purchasing Department of the need and nature of the emergency. The Purchasing Department shall obtain required authorization before issuing a purchase order number to the using department. In life threatening situations this procedure will not be applicable. The Department Head shall obtain approval from the City Administrator.
- (b) Using Department shall always use sound judgement in make emergency purchases of materials, and for labor on equipment at the best possible price. Order should be placed with vendor whom the Using Department has had previous satisfactory experience.
- (c) A report shall be filed with the Board of Mayor and Alderman detailing the purchase.

## **XIII. COMPETITIVE BIDS OR REQUEST FOR PROPOSALS:**

Sealed bids are required on purchases that exceed the state limit. Public notice of the intent is advertised at least once in one or all of the following: local newspaper, local broadcast media or governmental magazine or by electronic means on the City's webpage not less than ten (10) days before the date set for receipt of bids.

#### **A. Responsibilities of Purchasing Department**

1. Prepare bid request.
2. Establish date and time for bids opening.
3. Assist in specifications if needed.
4. Advertise as appropriate.
5. Mail bid specifications upon request.
6. Receive and open bids.
7. Evaluate bids with using Department Head.
8. Make recommendation on award of bid and prepare for Board of Mayor and Alderman approval if not budgeted.
9. Process purchase order after approval.
10. Maintain all specifications and bid data files.
11. Maintain current vendor list.

#### **B. Responsibilities of Using Department**

1. Prepare requisition to initiate bid process. This should contain specific information about items needed, i.e. quantity, size, performance, requirements, etc.
2. Submit requisition to initiate bid request to the Purchasing Department at least four (4) weeks prior to the date bids are to be opened.
3. Prepare specifications (unless of a technical nature, i.e., architectural, engineering, etc.) with Purchasing Department's assistance.
4. Provide possible vendors.
5. Assist in evaluation of bid results and recommendations for award.

#### **C. General Information for Competitive Bids**

The following policies shall apply to sealed bids:

1. Bid Required – Items purchased either single or in the aggregate which exceed state limit are obtained by competitive bids.
2. Bid Opening – Bids will be opened at the time and date specified on the Invitation to Bid. All bids are publicly opened and read aloud with a tabulation provided upon request to all participating vendors.
3. Late Bids – No bids received after the advertised time and date specified on the Invitation to Bid will be accepted. The official time will be that of the date and time clock in the Purchasing Department. Bids postmarked on the bid opening date but received after the specified time will be considered late. All late bids will be kept in a file unopened.
4. No Bid Responses – Bidders who choose not to offer a response to a bid solicitation should return the bid package and/or a Statement of No Bid. The vendor may state a reason for not offering a bid response.
5. Bid Opening Schedule – The Purchasing Department is responsible for setting the bid opening date, time and location.

6. Facsimile Bids – Facsimile bids will be accepted at the time of the bid opening. A bidder must notify the Purchasing Department in advance that they wish to submit a sealed bid by fax. At the stated time of the bid opening, they will be called and instructed to fax their bid. Any other bidders present at that time will be given the opportunity to witness this process. Any faxed bids received without following these guidelines will not be accepted.
7. Electronic Bids – The invitation for bids shall be distributed electronically and bids shall be considered when they are received in hand at the designated office if by the time and date set for receipt of bids. Such electronic bids or proposals shall contain specific reference to the Invitation for Bids; the items, quantities, and prices for which the bid is submitted; the time and place of delivery; and a statement that the bidder agrees to all the terms, conditions, and provisions of the Invitation for Bids.
8. Bid Proposal Form – Only bids submitted on bid forms furnished by the City or their designee will be considered. Bids on company letterhead, company bid forms, or other substitutions will be declared nonresponsive.
9. Unsigned Bids – Each bid must contain the name and address of the business and be signed in ink by a person authorized to bind that company to a contract. Unsigned Bids will not be considered, read, or tabulated. Unsigned Bids may not be signed after or during the bid opening, even if the company representative is present.
10. Acceptance of Bids – The City of Fayetteville reserves the right to reject any and/or all bids, to waive the informalities or irregularities in a bid, to make awards to more than one bidder, to accept any part or all of a bid, or to accept that bid(s) which is in the best interest of the City.
11. Shipping Charges – Bids are to include all shipping charges to the point of delivery. Bids will only be considered on the basis of delivered prices except as otherwise noted in the Bid Package.
12. Sample Product Policy – The Purchasing Department may request a sample product as part of a bid. Failure of a vendor to comply with this request shall remove that bid from consideration. Samples will be provided free of charge to the City and will remain the property of the City if not picked up by the bidder within two (2) weeks of the bid award. Samples of the successful bidder will be retained until delivery is received and accepted as being equal to the sample.
13. Approved Equal Policy – Specifications furnished in the request for bid are intended to establish a desired level of quality and performance. The intent is to set forth minimum requirements that will provide the City with the best product for service available at the lowest possible total cost.  
If a bidder offers an alternative bid, he or she must include the brand name and/or model and complete descriptive literature and specifications that clearly describe the article offered and how it differs from bid specifications. The City alone will determine whether an alternate is equivalent and meets the standards of quality and suitability to the City's needs in performance, quality and purpose. The City may accept an alternate bid that is determined equal.
14. Alternate Product Specifications – Should it be found, after Bids have been opened, that a product different from the original specifications would better serve

the City's needs, the City may reject all bids and product another solicitation based on a revised set of requirements.

15. Trade-In Equipment – The City may request bids for new equipment that seeks pricing of old equipment as trade-in. The City reserves the right to evaluate the bids and award a contract with or without the trade-in offer.
16. Acceptance Period – The City shall have thirty (30) days after the bid opening date in which to review the submittal and enter into a contract.
17. Bid Price Extensions – The City reserves the right to purchase additional like items off any bid solicitation without re-bid, provided the subsequent purchase is within a one-year period from the original contract award date and the specifications, prices, terms and conditions have remained unchanged with the acceptance from the vendor.
18. Classification of Bidders – Bidders eligible for contract award must be both responsible and responsive. These are defined below:
  - a. Responsible Bidder – A vendor or contractor who has the capacity in all respects to perform fully the contract requirements, and reliability that will assure good faith performance in a timely manner.
  - b. Responsive Bidder – A vendor or contractor who has submitted a bid that conforms in all documents, whether attached or incorporated by reference, utilized for soliciting bids.
19. Tie Bids – A tie bid is one in which two or more competing companies bid identical or equivalent items at the same unit cost. Tie bids may be determined by one of the following factors:
  - a. Payment terms and allowable discount
  - b. Delivery Schedule
  - c. Vendor location
  - d. Documented inadequate performance
  - e. Maintenance/Service agreement
  - f. Flipping a coin, when all other terms are equal.

#### **XIV. GENERAL INFORMATION**

1. State Sales Tax – The City of Fayetteville is exempt from the payment of Tennessee Sales Tax imposed by the state, and suppliers should be requested to deduct the amount of such taxes from their bids, quotations and invoices. Vendors will be supplied with a state sales tax exempt certificate from the City of Fayetteville. These may be obtained in the Purchasing Department.
2. Federal Excise Tax – The City of Fayetteville is exempt from the payment of taxes imposed by the federal government, and suppliers should be requested to deduct the amount of such taxes from their bids, quotations, and invoices.
3. Cooperative Purchasing – The Purchasing Coordinator shall have the authority to join with other units of governments, including the State of Tennessee, in cooperative purchasing when it is deemed that such cooperative purchasing is in the best interest of the City of Fayetteville.
4. Travel Encumbrances – The Purchasing Department requires that all employees who travel for City business shall complete a travel encumbrance report when

requesting funds for the motel/hotel, meals (per diem), gasoline and seminar fees they will be attending. (see Travel Policy for details) Receipts must accompany travel expense report for reimbursement. (See exceptions in Travel Policy) (Exhibit C)

5. Used equipment may be purchased when there is a considerable savings over new equipment and all other purchasing guidelines are followed. Used equipment is also available from other government agencies.
6. The Purchasing Department shall purchase parts from suppliers as established by the City of Fayetteville Parts Policy.
7. The Purchasing Department shall maintain a warehouse of small items and janitorial supplies. These items shall be stored and maintained at the Public Works Facility. Requisition orders are required for release to departments of these items. The Public Works Administrative Coordinator at the Public Works Facility shall forward the completed requisition.

## **XV. DEFINITIONS**

Not found in 06/13/2006 Purchasing Policy and Procedure Manual or 11/10/2009 Purchasing Policy and Procedure Manual.