

CITY OF SMYRNA

PURCHASING POLICY MANUAL



Finance/Purchasing

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PURCHASING

INTRODUCTION:

The City of Smyrna's Purchasing Department was established to uphold the City's commitment to the public trust through proactive, consolidated and standardized purchasing methods. The Purchasing Department's primary goal is to procure the right product/service at the right price at the right time from the right supplier.

SCOPE:

The Scope of this Purchasing Policy Manual is applicable to all City staff and elected officials.

PURPOSE:

This Policy is intended to establish the methods by which the City procures and enters into contracts, including the following: purchase orders, maintenance agreements, public works/construction projects, revenue generating arrangements, leases, purchase orders on an emergency basis, and sole source orders (Smyrna Code 1995, § 2-181(a)). This Policy is not intended to cover the purchase of real property (referring to land and its improvements and the acquisition of various property rights, such as rights of way) or to supersede specific state or federal laws that apply to and control certain contractual arrangements (e.g., D.O.T. road projects).

PURCHASING OBJECTIVES:

- Purchase quality materials, equipment, supplies, and services in the correct quantity, at the lowest evaluated cost, and at the required time, focusing on reduced lead times, improved service levels, increased value added services and optimized inventory cost to the operating departments.
- Enhance supplier relationships with properly authorized and documented bidding procedures; improved purchase specifications, sales terms and conditions; and reduced time for invoice verification and payment.
- Ensure bids and proposals for goods and services are conducted competitively and objectively, giving equal opportunity to all suppliers and developing reliable and competitive sources.
- Select suppliers, not by price alone, but through detailed evaluation of quality, service, price, productivity, availability, administrative costs, and environmental impact.
- Monitor required delivery schedules, supplier performance and post completion contractor warranties to meet departmental and contractual requirements. Provide guidance regarding Purchase Order changes and claims.
- Research, collect, and share information on innovative practices and new products for potential City use that would create savings and continuous improvement in the purchasing process.
- Manage the disposition of Surplus Property and Fixed Assets based upon the Policy for the Disposal of Assets.

DEFINITIONS:

Account Number – A tracking number for specific goods and services assigned by the Finance Department and used in MUNIS financial software to track charges made on a Purchase Order and/or contract against the budgeted amount and tied to the General Ledger.

Bid Authority Form – Prior to a Bid's going out to the public, a Bid Authority Form is required for budgeted items and must be completed by the operating department, approved by the Department Head, Budget Officer, Finance Director, City Administrator and then sent to the Purchasing Department which will assign a bid number and schedule the bid process.

Bid Bond – Not used very often, a bid bond guarantees the bidder is financially capable of performing the project.

Change Order – A written alteration that is issued to modify or amend a contract or purchase order and requires approval. A request which directs the contractor to make changes to the contracted scope of work or specifications. In reference to construction contracts, it relates primarily to changes caused by unanticipated conditions encountered during construction not covered by the drawings, plans or specifications of the project. A Change Order to a Purchase Order changes the cost and/or quantity line item or org/object codes in MUNIS.

Confidential Information – Any information that is available to an employee only because of their employment with the City of Smyrna and is not a matter of public knowledge or available to the public upon request. Or, information furnished to Purchasing by a supplier who has requested that such information be held in confidence and such request is not in conflict with the state's Open Records laws.

Construction – The process of building, altering, repairing, improving or demolishing any structure or building or other public improvements of any kind.

Contract – Instrument used to create the written obligations between the City of Smyrna and a supplier for services and goods. The completed Purchase Order is considered a contract when no other contract is signed.

Contractor/ Supplier/Vendor – Any individual, company, corporation, partnership, sole proprietorship or other legal entity that sells goods, materials, equipment, or supplies to the City of Smyrna; a collective term for manufacturer, distributor, wholesaler, retailer and contractor when referring to all as a group.

Cooperative Procurement – Purchases made from contracts negotiated by other governmental agencies or through cooperative purchasing organizations as allowed by state law.

Dollar Threshold – A dollar amount established to determine the purchasing method used.

Electronic Transactions - Secure electronic signature means an electronic or digital method executed or adopted by a party with the intent to be bound by or to authenticate a record, which is unique to the person using it, is capable of verification, is under the sole control of the person using it, and is linked to data in such a manner that if the data are changed the electronic signature is invalidated. O.C.G.A. § 10-12-1 (6)

Emergency Procurement – The procurement of goods or services made on an emergency basis outside the normal procurement procedure. An emergency is defined as any unforeseen event or circumstance that threatens or results in a negative impact on public health, welfare and /or safety or results in the loss or potential loss of an essential service.

Employee – An individual, whether elected or not, who is receiving from the City wages, salary or other benefits in lieu of salary.

Environmentally Preferable Purchasing – Purchasing products or services which have a less negative effect on human health and on the environment when compared with competing products.

E-Verify Program- An affidavit stating affirmatively that the individual, firm, or corporation which is contracting with the City of Smyrna has registered with and is participating in a federal work authorization program* [any of the electronic verification of work authorization programs operated by the United States Department of Homeland Security to verify information of newly hired employees, pursuant to the Immigration Reform and Control Act of 1986 (IRCA) P.L. 99-603), in accordance with the applicability provisions and deadlines established in O.C.G.A. §13-10-91(b)(1)

Formal Sealed Bid Limit – The established dollar amount of purchases/contracts which require use of the sealed bid process as approved by the Mayor and Council and specified in this Purchasing Policy. These sealed bids are advertised on the City’s official website and/or in a local newspaper. Bid awards of \$50,000 or more require approval by Mayor and Council except Public Works Construction Projects less than \$100,000 as permitted by state law.

Good Faith – Acting to meet the intent of a contract, agreement or purchase order even when not specifically described in the agreement.

Gratuity – Gifts, payment, loans, advances, deposits of money or services, etc. promised by a supplier for preferential treatment or creating an expectation of preferential treatment.

Insurance Certificate – Document issued by an insurance company validating that a company or corporation is insured by their company, has the required coverage levels and names the City as Additional Insured.

Notice of Award – Written confirmation of an award by the City to a successful bidder, stating the amount of the award, the award date, and when the contract (if applicable) will be signed. It may also contain a notice to proceed. Award and bid tabulation information is also posted on the City’s website.

Performance Bond – The performance bond ensures payment of a sum of money (100% of the annual contract price) to the City of Smyrna in the event the contractor fails in the full performance of the contract and replaces the bid bond upon award of a contract.

Professional Services – Those services which are defined by statute as a “profession” or “professional service” and require a license or accreditation, including, but not limited to, certified public accounts, actuarial services, architecture, landscape architecture, interior design, licensed or accredited appraisers or licensed or accredited financial analysts providing opinions of value, chiropractic, dentistry, professional engineering, podiatry, pharmacy, veterinary medicine, registered nursing, harbor piloting, land surveying, law, psychology, medicine and surgery, optometry and osteopathy.

Public Works Construction Contracts Bidding – Pursuant to O.C.G.A. 36-91-2 Definitions - "Public works construction" means the building, altering, repairing, improving, or demolishing of any public structure or building or other public improvements of any kind to any public real property other than those projects covered by Chapter 4 of Title 32. Such term does not include the routine operation, repair, or maintenance of existing structures, buildings, or real property.

Purchase Order – A contract document including payment terms and conditions generated via the City’s Financial System to document the transactions between the City and a Supplier. Purchase Orders will also be used to control the payment to contractors for work performance under a formal contract.

Purchase Requisition – The first step in the purchasing process of all goods and services regardless of price. Purchase Requisitions are created in the financial software, routed electronically to department heads for approval and then are converted to Purchase Orders by the Purchasing Manager or other finance person.

Request for Information (RFI) or Request for Qualifications (RFQu) – A non-binding procurement practice in which a request is made by Purchasing or is published via newspaper, internet, or direct mail to solicit input from potential suppliers (contractors) prior to issuing a solicitation. Input may include vendor qualifications, price, best practices, industry standards, technology issues, etc.

Request for Proposal (RFP) – A formal request made by Purchasing to obtain offers of price and plans for handling a project. Pricing is not read at the bid opening or is sometimes submitted after the proposals are made during the evaluation process. This process is used when the expertise of the bidders will be relied on to develop a solution for the City and price may not be the sole deciding factor in the bid award. These transactions are subject to the Sealed Bid process and allow for negotiations in certain areas (scope) of the proposal following the bid opening.

Request for Quotation (RFQ) – A request by Purchasing which is sent to suppliers along with a description of the commodity or services needed and which requires supplier response with price and other information by a pre-determined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance and reliability. These transactions may or may not be subject to the Sealed Bid process and further negotiations are usually unnecessary.

Secondary Supplier – An approved supplier who receives a portion of a bid award as contingency in case of performance or other issues with the primary supplier or who offers a product or service not provided by the primary supplier. The intent of using a secondary supplier is explained in the RFP/RFQ package and results in a Split Bid Award.

Sole Source/Sole Brand Purchase – A Purchase that is made without bid or quote submissions, regardless of dollar amount, with written documentation indicating that the supplier is the only viable source for the required supply, service, or item. A Sole Source letter must be provided by the supplier.

Sole Source/Sole Brand Purchase – Similar to Sole Source purchases, but requires documentation to the unique capabilities of the Source, along with documentation and specifics as to why the Brand is necessary. A Sole Source Brand Form must be completed and submitted to Purchasing and approved by the City Administrator.

Surplus Property - Surplus property is non-consumable personal property that the City no longer requires. It is rarely real property.

POLICY

The City of Smyrna's Purchasing Policy covers the following purchasing thresholds, regular and special purchasing methods, and other processes:

PURCHASING THRESHOLDS:

Purchasing Methods and Dollar Thresholds – The dollar value of the goods and services to be purchased determines the purchasing method to be used. The award of Purchase Orders and contracts with suppliers will be based on the lowest evaluated cost, while meeting the specified quality, quantity and delivery requirements. Any exceptions to this are further defined in this Policy.

With the Tyler MUNIS Financial ERP software system, ALL goods and services purchased by the City MUST have a Purchase Requisition created in the system. This is not dependent upon the dollar amount. Determination of the method of purchasing is still dependent upon the dollar threshold. The only exceptions are purchases made with city-issued State Purchasing cards which are paid and reconciled monthly through the Bank of America Works system with oversight by the finance department after required departmental and administrative approvals. All receipts must be scanned into the system.

During the Purchase Requisition conversion process, Purchasing staff reviews all purchases made, verifying the correct process was used, proper documentation provided and policy followed. All purchase documentation must be scanned into the system during the Purchase Requisition creation. The Purchasing Manager is the final reviewer for all Requisitions over \$5,000.00.

The following specific dollar thresholds are used to determine the appropriate purchasing method:

Less than \$5,000 – The purchase of goods and services in an amount less than \$5,000 shall be by a departmental supplier direct order with a Purchase Requisition created in the system. These purchases do not require a competitive bid process. Department managers and/or authorized representative(s) may select a supplier, taking into consideration: fair and reasonable cost, delivery/pickup time, and convenience to the work site. Per state law, all services work of \$2500 or more requires an e-Verify Contractor's Affidavit or SAVE document, completed, signed and notarized, with the original sent to Purchasing.

\$5,000 to less than \$10,000 – Informal quotes from at least three (3) suppliers are required. Verbal quotes should be also submitted in writing and scanned into the system with the Purchase Requisition document. The Purchasing Manager/Buyer reviews all requisitions to ensure proper documentation (COI, W-9, Contractor's Affidavit or SAVE) has been included and the correct process followed.

\$10,000 to less than \$50,000 – Written quotes from at least three (3) suppliers are required. Upon Departmental request, the Purchasing Manager will solicit and receive these written quotes. Purchasing will review all quotations and make a recommendation. The department will issue a Purchase Requisition, collect all required documents (COI, W-9, Contractor's Affidavit or SAVE) and the same process is followed as with all other purchases. The Formal Sealed Bid process is not required and is optional at this level and will be determined in consultation with Purchasing.

Over \$50,000- Purchases estimated in value to meet or exceed \$50,000 shall be made using the formal Sealed Bid process. An approved Bid Authority Form must be signed by the Department Director, Budget Officer, Finance Director and the City Administrator prior to Purchasing's proceeding with the Sealed Bid solicitation. Prior to any award, the bid award recommendation must be approved by the Mayor and Council. After approval, a Purchase Requisition/Order and/or Services Contract will be processed. For detailed procedures, see the section in this Policy titled "The Formal Sealed Bid Process."

Public Works Construction Contracts under \$100,000 – Pursuant to O.C.G.A. § 36-91-22 (a), formal sealed bids are not required for certain types of Public Works Construction Projects as defined by the law; however, three written quotes, all required documentation and bonding are still required. For Public Works Construction projects over \$100,000, state law requires advertising, competitive bidding and bonding.

Local Supplier Preference Policy –To participate in the Local Supplier Preference Program, the Supplier must complete a certification statement form and return it to the Purchasing Department, along with any additional required documentation for the goods or services to be procured. Once this certification has been received and verified, the Supplier will be added to the City of Smyrna Local Suppliers Preference Bidders list and the Supplier will receive written or email verification that the status as a Local Preferred Supplier has been approved.

Whenever the Supplier submits a quote or responds to a Request for Quotation or Proposal, the Supplier must indicate its status as a Local Preferred Supplier. Except for matters required to be bid by state law, such as public works contracts and materials, any purchase or contract of under \$100,000.00 that is put out to bid under this policy may be handled in the following manner:

When a non-local business submits the lowest bid price and the bid submitted by one or more local businesses is within five (5) percent of the price submitted by the non-local business, the local business with the lowest submitted bid shall have the opportunity match the low bid of the non-local business. If they match the low bid, they will be awarded the contract. If this local business does not desire to match the low bid, then the local business with the next lowest bid within the five (5) percent price range will be asked until all local businesses within the five (5) percent range have had the opportunity to match the lowest bid. If a local business does not desire to match the non-local business' bid, the non-local business will be awarded the contract.

Failure to note or indicate the Local Preferred Supplier Certification may result in forfeiting the Local Supplier Preference for that quote. To be given preference, the local vendor must be current on all monies owed the City, including, but not limited to, taxes, utility bills, etc.

For purposes of this Policy, "local Supplier" shall mean any business which: 1) has its headquarters, distribution point or locally-owned franchise located in or having a street address within the City for at least one (1) year immediately prior to the issuance of the requested for competitive bids by the purchasing manager; and 2) holds any required business license by a jurisdiction located in the City of Smyrna; and, 3) employs at least one (1) full-time or two (2) part-time employees whose primary residence is located within City of Smyrna; or if the business has no employees, shall be at least fifty percent (50%) owned by one or more persons whose primary residence(s) is located within the Smyrna City Limits. This section shall not apply to contracts required by state or federal statutes or regulations to be awarded to the "lowest responsible bidder," or otherwise exempted from local preference.

PURCHASING METHODS:

Contract Purchases / Professional Services - Purchase transactions \$50,000 and greater for services performed on City of Smyrna property or on behalf of the City of Smyrna shall be purchased using a duly executed, formal contract. The contract shall contain, but not be limited to the following elements: specifications fully describing the goods, materials, and equipment including the construction and maintenance services and the effective dates; general conditions of the contract; special conditions, if applicable, and the contractor's proposal.

Except for licensed Professional Services (Title 43 professions, which are exempt from State Purchasing regulations) this purchase method requires the Purchasing Department to solicit bids, obtain a technical evaluation by the operating department, prepare a commercial evaluation, and obtain a purchase approval prior to an award. For these purchases, the approved Bid Authority Form precedes the issuance of a bid solicitation.

The Mayor shall execute all service contract documents. Purchasing will issue a Purchase Order in conjunction with the contract. The Purchase Order will reference the contract document and the City will utilize the Purchase Order to render receipt and payment for services performed by the contractor. All procedures and processes regarding Purchase Orders remain unchanged by this method.

Operating Department "Supplier Direct" Purchases - The operating department may purchase directly from the supplier and may process these transactions up to \$5,000 in value by creating a Purchase Requisition. These purchases are for goods that are not purchased in bulk and kept in stock at the City Warehouse, or for services. For these Supplier Direct Purchases, the operating departments are required to scan into the system all supporting documentation for selecting, receiving, and invoicing associated with the purchase transaction, including W-9, E-verify documents, Certificates of Insurance, etc.

Purchase Orders Purchases - Purchase Orders will be issued on all purchase transactions, regardless of dollar amount. The first step is creation of a Purchase Requisition in the financial software system, followed by an automatic work flow routing to approvers and finally conversion to a Purchase Order by the Purchasing Manager. Purchase Orders shall be complete in detail, accurate in content, have all documentation scanned into the system and meet all requirements of the operating department and the City.

Payments - Prior to the approved Purchase Order's being routed to Accounts Payable for payment, the Purchase Order must be "receipted" into the system verifying the goods or services have been received. This process requires a scanned copy of the bill of lading, packing slip, final invoice or other documentation. Then, an invoice should be sent to Accounts Payable with the Purchase Order number or copy for a check to be cut. Before receipting, the buyer should have verified that all goods and services ordered were received by the City. The verification process includes but is not limited to comparison of quantity ordered to quantity received, Purchase Order price to supplier's invoice price, goods ordered to goods received, discount terms and payment terms, etc. It is the City's policy to make payment(s) for only goods ordered and received and at the price agreed upon by the Purchase Order. Supplier invoice errors should be brought to the attention of the Finance Department.

SPECIAL TYPES OF PURCHASE TRANSACTIONS:

In addition to the primary purchase methods described above, some special types of purchase transactions may be used. Their use must be properly documented by notes in the purchase order. The specific dollar amounts defined in "Purchase Thresholds" also apply to Special Types of Purchase Transactions, which include the following:

Blanket or Open Purchase Orders - For recurring purchases or leases of the same goods and services with the same supplier, the Purchasing Department may issue Blanket, or Open Purchase Orders. Originally processed as a Request for Proposal or Quotation (RFP/RFQ), the bid award will designate specific items and prices that may be purchased over a specified period of time, usually one year or the term of a contract, by the operating departments under the Blanket, or Open, Purchase Order without additional negotiations or approvals so long as price and specifications remain the same as the original bid award. The bid number (RFP/RFQ) must be included in the Vendor/Sourcing Notes section on the purchase requisition.

Cooperative Procurement - Federal, State, and County Government Contracts and Contracts negotiated by other governmental agencies can be used to the fullest benefit of the City of Smyrna. The Purchasing Manager or his/her designee shall be authorized to enter into purchasing or contracting cooperatives with other governmental agencies inside or outside the State (O.C.G.A. § 36-69A and Smyrna Code 1995, § 2-181(d)).

The purchaser should use these contracts as a benchmark for pricing and specifications and use when Purchasing cannot add value or secure better pricing by bidding locally. Purchases under these contracts may be made without public advertisement or competitive bidding as long as the contracts were originally competitively bid. Depending on dollar threshold, customary purchasing methods are followed. The agency or cooperative (such as U.S. Communities or Cobb County, etc.) and the contract number must be included on the purchase requisition in the Vendor/Sourcing Notes section.

Emergency Purchases - An emergency is defined as any unforeseen event or circumstance that threatens or results in a negative impact on public health, welfare and /or safety or results in the loss or potential loss of an essential service. Under these circumstances, with pre-approval of the City Administrator, the Department Directors shall have the authority to purchase necessary goods and services with values up to \$50,000 without competitive bidding. Purchases greater than \$50,000 must be pre-approved by the City Administrator and are authorized when an existing agency contract is available for use. Emergency Purchases will be performed using competitive sources of supply when practical under the restrictions imposed by the emergency situation. A Purchase Requisition, including a written explanation of the basis for the emergency and the Supplier selection, shall be submitted to support and request payment for the Emergency Purchase. Emergency repairs to in-service Public Safety or Public Works vehicles, equipment or infrastructure are considered Emergency Purchases when timely repairs are necessary to continue essential City services. An Emergency Purchase scenario can also be utilized in circumstances when a contractor does not perform to the City's satisfaction or when a breach of contract occurs and there is no time to re-bid the work. "Emergency Purchase" should be included as a note that prints on the Purchase Order, entered in the General Notes or Vendor/Sourcing Notes section of the requisition.

Original Equipment Manufacturer Purchases - Competitive bids are not required for purchases when the purchase is made from the original equipment manufacturer (OEM) and other sources are not available. Purchasing will document the purchase by indicating "OEM Purchase" on the purchase requisition. Purchasing will encourage the consideration of "like" or "similar" products by notifying the operating department of product availability. The operating department will evaluate the additional source of supply and the product's acceptability prior to purchasing. Approval is required by Mayor and Council for purchases over \$50,000. It should be noted on the purchase requisition that the purchase is from an original manufacturer.

Sole Source Procurement - Sole source procurement is initiated by a department with the completion of a written statement verifying the Supplier is the only source. This letter is attached to the Purchase Requisition and sent to the Purchasing Department. The statement briefly identifies the product or service to be purchased and the reason(s) justifying the sole source selection. Supplemental documentation (specifications, manufacturer letter etc.) should be furnished when available. A copy of the Sole Source letter from the Vendor or the completed Sole Source/Brand form must be scanned into the requisition, along with the invoice.

Split Bid Awards - At its discretion, the City may elect to award a percentage or a portion of a service contract to a secondary supplier. This option will be stated in the RFP/RFQ document and may be exercised if the primary supplier is unable to meet all of the needs of the operating department or if the existence of a secondary supplier is deemed to be of benefit for maintaining continuity of service. The City's final determination regarding the use of a secondary supplier and corresponding percentage of the contract to be awarded shall be determined by the evaluation team during the evaluation and negotiation stages of the formal Sealed Bid process. The RFP/RFQ number must be included in the requisition Notes.

ADDITIONAL PROCESSES AND DOCUMENTATION:

Where applicable, the following processes and corresponding documentation are to be maintained by the Purchaser and/or Supplier as described:

Bid Authority Form - A Bid Authority Form is required for initiating all Sealed or Informal Bids over \$20,000. An example is found in Exhibit I.

Immigration Compliance Reporting - In compliance with O.C.G.A. §§13-10-91(b)(1) and as amended in SB 160, all Contractors and Subcontractors bidding on City projects wherein the labor or services exceed \$2,499.99, must complete and submit a Contractor's or Subcontractor's Affidavit of Immigration Compliance indicating the firm adheres to and is participating in a federal work authorization program [any of the electronic verification of work authorization programs operated by the United States Department of Homeland Security to verify information of newly hired employees, pursuant to the Immigration Reform and Control Act of 1986 (IRCA) P.L. 99-603]. The Purchasing Manager shall maintain copies of these Affidavits and submit a report of all collected during the year to the State Department of Audits and Accounts in December.

Insurance Requirements - The Purchasing Department is responsible for obtaining Certificates of Insurance on service contracts or service Purchase Orders. Insurance certificates shall be complete, current and in accordance with the limits set in the contract language. The City of Smyrna shall be named as Additional Insured. Purchasing is responsible for maintaining current certificates on all active contracts. If the Contractor fails or refuses to provide a renewal certificate, Purchasing should take immediate action to stop work and file a breach of contract notice to the contractor. Operating departments should assist Purchasing with the enforcement of a stop work order given to the contractor.

Performance Bond - For all Public Works construction projects and for other work over \$50,000 as required in the bidding documents, a Contractor may be required to furnish a corporate surety bond as security for the performance of the service or construction contract awarded via a sealed bid. Said surety bond shall be in the amount of one hundred percent (100%) of the annual gross revenue of the contractor under the service contract.

Georgia Code §36-91-2 defines a Performance Bond as a bond with good and sufficient surety or sureties for the faithful performance of the contract and to indemnify the governmental entity for any damages occasioned by a failure to perform the same within the prescribed time. Such bond shall be payable to, in favor of, and for the protection of the governmental entity for which the work is to be done.

In certain cases, the City may adopt Georgia Code §36-91-71: Credit In Lieu Of Bond - When the amount of the performance bond required under this article does not exceed \$750,000.00, the governmental entity may, in its sole discretion, accept an irrevocable letter of credit by a bank or savings and loan association, as defined in Code Section 7-1-4, in the amount of and in lieu of, the bond otherwise required under this article.

Purchase Requisitions - All purchases – regardless of funding sources - will be made using properly prepared and authorized Purchase Requisitions which must be reviewed, converted to a Purchase Order and signed by the Purchasing Manager. Purchase Requisitions shall specify the requirements for goods and/or services in full detail and are required of all purchases, except those made with purchasing cards.

In an effort to circumvent the required competitive bid process, the departments must not divide any purchases into smaller quantities of the same goods/services and submit these invoices separately on multiple purchase requisitions. Incorrect or incomplete Purchase Requisitions will be rejected and sent back to the applicable operating department with comments about what is needed for approval.

Sales Tax Exemption - The City of Smyrna is exempt from sales tax. Suppliers may request a tax exemption certificate or tax exemption form for their records. These forms are available from the Finance Department.

Securing Payment - Following any Purchasing Method and upon receipt and verification of any purchased materials, equipment, or services, an operating department shall go to the corresponding Purchase Order and Receipt it. Then, the department should send the paper invoice, along with the Purchase Order number or copy to the Finance Department. The invoice supporting the Purchase Order will be processed in the next weekly check run.

All Purchases of any dollar amount shall be consistent with the purchasing procedures as described in “Purchase Thresholds.” In addition to those procedures, the guidelines below are also applicable:

Material, Supplies, and Equipment Receipts – When operating departments receive materials, supplies and/or equipment at any location, the receiver should immediately count the goods and compare to the packing list quantity. Discrepancies in quantity or damage to goods must be noted on the shipping ticket and the department’s order copy. This packing list, bill of lading, or other documentation for the items received must be scanned into the financial system during the PO Receipting process.

If the packing slip does not accompany delivery of goods, the receiver should make a record of the delivered quantity and date on the order file copy. A copy of this documentation must be scanned into the financial system during the PO Receipting process.

Construction, Maintenance and other Service Receipts - An operating department receiving services for construction, maintenance, and other services should compare the Purchase Order document and/or contract for the agreed to payment terms. The Purchase Order Receipting process must be completed for invoice payment in strict accordance with the payment terms, such as payment for lump sum contracts, where payment is made upon completion; or payment is made for completed work progress; etc. Under no circumstances should an operating department pay in advance for work or material received related to the project, unless provided under the contract terms.

THE FORMAL SEALED BID PROCESS

The Formal Sealed Bid process is required for all solicitations with a value greater than \$50,000 and optional for solicitations greater than \$10,000 but less than \$50,000. Exceptions may be Public Works Construction Contracts under \$100,000, per state law. The Sealed Bid process is used only by the Purchasing Department. The only exception to the dollar threshold for the Sealed Bid process is when the purchase meets criteria for Special Types of Purchasing Methods. Transparent business practices are always followed to encourage suppliers to participate in a protected, competitive environment.

All Formal Sealed Bid responses are opened in a public venue and recorded at the exact time and date designated in the bidding documents. Depending on the type of Bid, the award will be made to the most qualified, responsive and lowest responsible bidder whose bid satisfies all requirements contained in the bid or additional evaluation will commence, followed by the award. Bid Awards and Bid Tabulations will be posted on the City's website. The successful bidder will receive a Notice of Award, followed by a Purchase Order and/or contract for the goods or services.

BIDDING FORMATS:

The City of Smyrna's Purchasing Department uses two bidding formats to solicit Formal Sealed Bids from suppliers - Request for Quotation (RFQ) and Request for Proposal (RFP). The RFQ/RFP process may be augmented by use of electronic bidding or reverse auctions for the pricing segment of the bid. Electronic transactions, such as electronic RFPs and/or reverse auctions are also defined. In addition to the RFQ and RFP, the Purchasing Department may also issue a Request for Information (RFI) or Request for Qualifications (RFQu) without the intention to purchase.

Request for Quotation (RFQ):

The City's Purchasing Manager may elect to use the Request for Quotation (RFQ) bidding format when both the specifications and the process are predetermined. The RFQ clearly defines the scope of the work and contains contractual terms and conditions. In most cases, the bid award will be made on best price, but the award may be made in what is determined to be the most responsive and responsible and/or in the best interest of the City. The RFQ may require the submission of bid samples, descriptive literature, and technical data and may require inspection or testing of a product before a final award.

Request for Proposal (RFP):

The Request for Proposal (RFP) bidding format may be used when the goods and services do not lend themselves to a clear and accurate statement of work, and/or the objective of the solicitation is to identify the bidder who can offer the best possible solution at the most reasonable cost. The RFP seeks to identify the "best value" for the City by using a combination of technical and commercial factors to evaluate bidders' proposals. All eligible proposals will be subjected to confidential evaluations prior to award (see "Bid Evaluations" section). During the evaluation stage, the City may request interviews, clarifications or negotiate scope changes with a short list of select bidder(s) in an effort to finalize technical and/or cost proposals. Following the evaluation stage, the suppliers may be asked for a "best and final offer" to obtain the lowest price.

Request for Information (RFI) or Request for Qualifications (RFQu):

At the request of an Operating Department, the City's Purchasing Manager, shall support the request for technical and commercial data to evaluate the feasibility of a commodity or service, the qualifications of potential suppliers or to prepare fiscal year budget information. Should price be requested from suppliers, suppliers will be instructed that price(s) is budgetary only and the City of Smyrna shall not be obligated to purchase. Information received by this process will remain confidential to both the City and to the participating suppliers. Disclosure of the information associated with a specific RFI is prohibited.

ELECTRONIC BIDDING AND REVERSE AUCTIONS:

Pursuant to the State's Uniform Electronic Transactions Act, (§10-12-1 through §10-12-20 and subsequent changes to Titles 14, 15, 31, 33, 43, 44 and 50) the use of electronic media, including acceptance of electronic signatures, is authorized consistent with the State's applicable statutory, regulatory or other guidance for use of such media, so long as such guidance provides for:

- a. Appropriate security to prevent unauthorized access to the bidding, approval, and award processes; and
- b. Accurate retrieval or conversion of electronic forms of such information into a medium which permits inspection and copying.

Currently, the City may utilize Electronic Bidding through a state run or state approved electronic bidding or auction website with proper security and encryption. An Electronic Reverse Auction may be used for certain commodity bids. In this scenario, all steps of the RFP or RFQ are followed, including issuing a sealed bid and receiving responses, but responses do not contain pricing. During the auction process, which is often managed by an outside firm, all vendor participants who submitted bid responses will submit pricing in a real time, web-based format that allows a specified time frame for submission. While the auction is running, the vendors can view their standing by low to high price. The auction continues as long as vendors are still submitting prices before time out occurs. The award is made to the lowest price vendor who has met all other qualifications and criteria.

BIDDING PROCESS:

Bid Authority Form

A Bid Authority Form must be completed by the operating department, approved by the Department Head, Budget Officer, Finance Director and City Administrator and then sent to the Purchasing Department to schedule the bid preparation. This form must be accompanied by a complete list of specifications and potential suppliers, including name, address, phone, fax, email, and contact person.

Solicitation

Once the Bid Authority Form is completed, signed, and sent to Purchasing, the Purchasing Department will assign a bid number, set a date for bid opening and prepare bid packages. Bid packages will include, at a minimum, the following information and/or materials:

- A cover letter inviting the suppliers to bid
- The date and time the bids are due and any pre bid conference meetings
- Address of the office in which bids are to be received
- A Scope of Work or Specifications including a complete description of the goods or the services required
- The technical specifications plans and drawings (if applicable)
- Contract terms and conditions, including warranty and bonding or other security instruments (if applicable)
- A proposal/ pricing form
- Acknowledgment of agreement with all aspects of the bid including a date or schedule on which goods or services are required
- Contractor's/Subcontractor's Affidavits for Immigration Compliance or SAVE Documents; Supplier's References, Business License and Certificate of Insurance with minimum coverage as required by the City.
- Any other special requirements as outlined in the bid documents.
- A sealed bid label to be affixed to the outside of the bid submission envelope.

Public Posting

- For purchases over \$50,000, Purchasing will post the formal solicitation on the City website, on the notices board at City Hall and may advertise through the legal organ of the county newspaper and other means, such as trade journals.
- Public Works Projects over \$100,000 must be advertised in the official legal organ of the county.
- Purchasing shall notify the public in regards to the bidding of projects funded under Community Development Block Grant regulations (CDBG). This public notification shall be in accordance with the U.S. Department of Housing and Urban Development (HUD) regulations and policies and advertised in the legal organ of the county.
- Bid packages will be mailed via the United States Postal Service or other delivery service and are posted on the city website. Bid packages retrieved electronically will still need the Sealed Bid label which may be added at the submission provided the bid is submitted prior to the bid opening time. Electronic submissions without the corresponding paper sealed bid submissions are not accepted.
- Any change to a formal solicitation after the initial public posting, including but not limited to changes to requirements, attachments, or the closing date and time, must be posted as official written addenda. When posting an addendum, the City must ensure bidders are provided adequate time to view and process the new information. Addenda are also posted on the City's website.

Pre-Qualified Suppliers

The City of Smyrna will strive to pre-qualify its suppliers and maintain the qualified suppliers in a database, classified by commodity and service type along with technical and commercial factors. Vendor registration for this database is accomplished on the City's website. Additions to or removals from the database will be a consensus of the operating department and Purchasing. Suppliers currently utilized by the City will be considered qualified and/or pre-approved. Registering as a Vendor does not guarantee a business opportunity.

Instructions for Bid Packages

Sealed bid packages may be distributed via the following processes:

- Bid packages may be hand delivered at a pre-bid conference. Purchasing will issue a letter of invitation to the bidders announcing the bid solicitation, the pre-bid conference location, and the requirement to attend.
- Bid packages may be sent via USPS or another delivery service.
- Bid packages may be picked up at the Purchasing Department.
- Bid packages may be downloaded from the City's website, but submissions must be in paper form and must still include the official Sealed Bid sticker.

At its discretion, the City may choose to hold a pre-bid conference in order to clarify any ambiguities, answer questions, and ensure that all bidders have a common understanding regarding the supplies or services required. The conference shall be held at least seven (7) days prior to the bid deadline, and the bid solicitation should contain all conference details, including whether or not bidder attendance is mandatory. Statements made at the pre-bid conference shall not be considered addenda to the bid solicitation unless a written addendum is issued pursuant to the conference.

Receipt and Evaluation of Sealed Bids

The Sealed Bid process prohibits fax, email, telegram, or verbal responses unless specified in the bid documents. All bids solicited under the Sealed Bid process will be processed and maintained as follows:

- Bidders' responses to the solicitation shall be in written form and subject to the Sealed Bid process. Purchasing will only accept responses through the USPS, other overnight delivery service, or by hand-delivery to the Purchasing Department unless specified in the bid documents. Regardless of delivery methods, all bids must be presented in paper format to be considered.
- For consideration, all bids shall be placed in a sealed package and marked with the sealed bid label provided by Purchasing. Failure to follow this process is reason to disqualify a Supplier's bid.
- All bid packages will be date and time stamped when received to indicate timeliness. Late bids are generally rejected unless due to a fully documented delivery service delay. Late bids are not opened.
- All bids subject to and received on or before the due date shall be maintained unopened in a protected, proprietary environment.
- A public opening of bids/proposals will be held at City Hall on the date and time specified in the solicitation package. The information read aloud shall consist of the bidder names, including those who submitted "no bids" and "non-responses and the submitted pricing. There are no awards made at the bid opening.
- Operating departments and Purchasing personnel may prepare independent evaluations depending on the purchase transaction. The evaluation process for each of the two formal bidding processes is described in the "Bid Evaluations" section of this Policy.
- If an electronic Reverse Auction will be conducted to submit pricing, the auction date will be set in the bid documents and conducted after the sealed bids have been received. The only process change is when and how pricing is submitted.

Extension of Due Date

Extension of the due date during the bid solicitation process is granted uniformly to all bidders by the Purchasing Department and with the concurrence of the operating department. Any extension of the due date will be based on the technical, commercial and financial impact on the City of Smyrna. Bid extensions may be verbally granted, but they will be confirmed in writing to all bidders as an addendum to the bid and will be posted on the City's website.

Late Bids

A proposal or modification to a bid received after the due date is classified as a "late bid." The Purchasing Manager usually rejects all late bids or modifications, with the following rare exception:

- If the supplier's bid is delayed no more than one business day due solely to failure of the USPS or other delivery services to deliver on time, Purchasing may consider the postmark or other date stamp indicator as documentation the delivery was attempted prior to the due date and time. Fully documented delivery failures will be taken into consideration as to when the package was entered into the delivery service system. This is rarely approved. Suppliers should plan ahead and allow enough time to avoid delivery issues when using carriers.

Modifications or Withdrawal of Bids Prior to Bid Closing

- A bidder or an authorized representative may modify or withdraw the bid in person before the time and date set for bid closing. The modification or withdrawal must be in writing and must be received before the time and date set for the bid closing.
- All documents concerning a modification or withdrawal of a bid shall be retained in the appropriate procurement file.

Late Modifications or Withdrawal of Bids

- During the evaluation process, if the evaluator suspects a bid has a calculation error, the bidder will be given opportunity to reconfirm the bid before a final recommendation is made. The supplier shall not be permitted to correct the bid unit price, but will be permitted to correct extended amounts. Should the supplier determine a unit price(s) is in error, the supplier will be permitted to withdraw its bid without penalty and without affecting future bidding opportunities.
- Purchasing, at its option, will be permitted to exercise a supplier's bid bond if the supplier does not produce satisfactory evidence of the error (Smyrna Code 1995, § 2-183). In such case, it will be the practice of the Purchasing Department to accept a bid withdrawal and exclude the supplier from future bidding for a period of one year. Purchasing will document the decision.

BID EVALUATIONS:

Bid Evaluations- Technical and/or Commercial - are components of the Request for Proposal (RFP) process and are sometimes used in consideration of Requests for Quotation (RFQ) where price is not the only factor used in making an award. An ad-hoc team of subject matter experts conducts the technical evaluations. This team of employees may conduct interviews and negotiations for a specific product or service following receipt of sealed bids. Commercial evaluations are conducted by the Purchasing Department and those results blended with those of the Technical Evaluation team. All evaluation criteria for analyzing the technical and cost proposals should be developed in a manner that is straightforward and fair to all bidders.

Technical Evaluations –When considering an RFP in which fulfilling or developing technical specifications is critical, the bid response is expected to describe in detail what an offeror proposes to furnish and the method of delivery, along with the price proposal. The evaluation team will perform technical evaluations on bids that must consider the bidders' specifications, the City's specifications, the product or service performance, the bidders' delivery or completion schedule and any alternate proposals or options that might impact the operating department's requirements.

The team members typically represent the functional areas identified in the Statement of Work (SOW) which need to be addressed in the discussions, is chaired by a purchasing representative and may include staff from City Departments. Before the evaluation team reviews any proposal(s), its members should be provided the evaluation criteria and a list of bidder names so that any conflicts of interest may be exposed and members recused, if necessary. The Technical Evaluation does not consider the price proposal or contractual areas since the Commercial Evaluation will review those.

Commercial Evaluations – For all sealed bids, Commercial evaluations are performed by Purchasing using qualitative factors to evaluate/score a proposal and select the most qualified proposer/offeror. These may include such factors as past performance, references, management and technical capability, price, quality and performance requirements and liability and risk exposure to the City. Purchasing may utilize lowest cost, lowest total cost, total cost of ownership, or greatest savings to determine the best price proposal. The cost proposals may be scored on an overall basis or at the category/subcategory/ line level (as applicable) relative to other proposals. The bidder deemed to have the most competitive cost proposal will receive the maximum score for the cost criteria. In the RFP process, alternate proposals and optional pricing will be given consideration based on the technical evaluation developed by the operating department or evaluation team. Purchasing will summarize both the technical and commercial evaluations in a format that offers a concise summary for award consideration.

Clarification and Negotiation - If the evaluation team or operating department and Purchasing agree that further discussion with the bidder(s) is necessary, Purchasing will request one or more rounds of negotiation with the bidder(s) to conclude recommendations. Any proposed modification in scope or process from a bidder must be submitted to the Purchasing Department or during a formal round of negotiation with the evaluation team. These discussions will not permit a bidder to resubmit a proposal with new pricing for the original specification; however, a bidder may propose pricing based on an alternate or option. Price discussion, at this stage, is not intended to circumvent the competitive bid process. The purpose is to negotiate with a short list of the most eligible bidder(s) and seek a best and final offer. If the Operating Department and Purchasing determine the scope has changed too substantially, Purchasing may reject all bids and re-issue a new solicitation for bids.

BID TABULATIONS AND AWARDS:

Bid Tabulations

Bid tabulations are utilized for all RFPs and RFQs. Purchasing will create a Bid Tabulation sheet which may include bid components such as quantity, descriptions, unit price, extended price, FOB, discounts, terms of payment, shipping point, promise date, date required, RFQ due date, and total bid amount. Tabulations shall be maintained in the Purchasing Department files and posted on the City's website following the bid award. From the bid tabulation information, Purchasing will create a Bid Recommendation memo to the operating department or submit a recommendation to the evaluation team or to the City Administrator.

Awards

Following the necessary approvals for tabulations or evaluations, as set forth herein, the winning bidder will be notified of the award.

- Purchase transactions less than \$50,000 will be awarded by the Purchasing Department in the form of a written Purchase Order.
- Transactions greater than \$50,000 shall be awarded by the Mayor and City Council, followed by a Purchase Order and/or Contract. Under certain circumstances, City of Smyrna officials may announce verbal awards.
- Public Works Construction Projects valued at less than \$100,000 may be awarded by Public Works in collaboration with Purchasing. These do not require a vote by City Council.
- All Bid Awards are posted on the City's website as soon as they are approved by Mayor and Council. An award may be made verbally first, followed by a written Notice of Award and the Purchase Order and/or Contract. Verbal awards are often made to allow the Supplier to expedite the delivery schedule or the project start/completion schedule. Details of the process are found in the "Bidding Formats" section of this Policy.

BID PROTESTS:

Any responsive, timely bidder may protest the process or apparent award or recommendation by submitting a protest in writing to the Purchasing Manager within five (5) business days of the bid opening date. Only timely, written protests delivered by overnight carrier, USPS, or hand delivered will be accepted. Emails or faxes are unacceptable. A decision will be issued by City officials within ten (10) business days.

OPEN RECORDS PROVISIONS FOR BIDS AND PROPOSALS:

All submitted bids/proposals shall be subject to the requirements of the State of Georgia open records act, o.c.g.a. § 50-18-70, and made available for public inspection and/or copying per the law. If a bidder or interested party would like to review specific bid(s), that party must first submit a request to the City Clerk. The City of Smyrna has three (3) working days to respond, stating the length of time and associated costs necessary to provide the information, if it is available. Purchasing will make an appointment for time to review the document(s). Proprietary and/or confidential information may be redacted from any bid material in the City's possession, at the charges listed in the adopted City's fee schedule. Information regarding bids and proposals over \$20,000 is not available until the city council approves the award and the award has been made.

ETHICAL & PROFESSIONAL STANDARDS & PRACTICES:

COMPETITIVE PROCESS-

Except in circumstances set forth by this Policy, any other City policy, or pursuant to applicable law, or as determined by Mayor and Council to be in the City's best interest, all purchase orders must result from a competitive process. Prior to payment of any Purchase Order, the purchase must be reviewed by the Budget Officer, Accounting, and signed by the Finance Director and the Purchasing Manager.

CONFLICTS OF INTEREST-

No elected official or employee of the City shall participate in the purchase of goods or services that would result in financial gain by the individual or any member of the individual's family. Consequently, all City officials and employees, whether involved in the purchase of goods and services or not, will conduct themselves by the following code of conduct (Smyrna Code 1995, § 2-181(c)):

- Always follow the City of Smyrna's Purchasing Policy and Procedure which places the responsibility of purchasing transactions with the Purchasing Department. Unless authorized or delegated by Purchasing Procedures, employees shall remove themselves from the decision making process when there is an implied or actual conflict of interest.
- Employees shall report all potential or actual conflicts of interest to the Purchasing Manager, their department director, and the City Administrator immediately.
- Full time City employees should not accept part time employment with any supplier or contractor transacting business with the City.
- City employees who have family members negotiating for prospective employment with a supplier or contractor who works for the City shall not be directly or indirectly involved in a purchase transaction with those suppliers.
- City employees are prohibited from executing personal contracts for goods and services with any department of the City of Smyrna.

EMPLOYEES APPROVED FOR PURCHASING-

The financial software system will maintain a list of City employees who are authorized to purchase goods and services or generate and/or approve purchase requisitions above the \$5,000 purchasing thresholds.

ENVIRONMENTALLY PREFERABLE PURCHASING-

The City of Smyrna recognizes the products and services it procures may have a range of environmental repercussions. These environmental impacts may be felt across many areas such as the harvesting of raw materials, the manufacturing of finished goods, and their packaging, transportation, use, and disposal. Where factors such as quality, price, and availability are not impaired, the City encourages the use of environmentally preferable products. Such products may include but are not limited to energy- and water-efficient equipment, products made with recycled or recyclable materials, bio-based products, and products containing no or minimal toxins and pollutants. Purchasing and the operating department will utilize life cycle costing and studies to determine the total cost of ownership, which will help facilitate the cost comparison between environmentally preferable products and their traditional counterparts. This purchasing practice will allow the City to become a model of environmental stewardship and will encourage its various suppliers and contractors to offer environmentally low-impact, sustainable products and services.

FEDERAL WORK AUTHORIZATION PROGRAM-

In compliance with O.C.G.A. §§13-10-91(b)(1) (b)(1) and as amended in SB 160and 13-10-90(2)), the City of Smyrna will require a principal of any corporation providing services under contract with the City to verify that corporation's participation in the Federal Work Authorization Program (known as e-Verify) as defined below:

“Federal work and authorization program” means any of the electronic verification of work authorization programs operated by the United States Department of Homeland Security or any equivalent federal work authorization program operated by the United States Department of Homeland Security to verify information of newly hired employees, pursuant to the Immigration Reform and Control Act of 1986 (IRCA), D.L. 99-603.

FOREIGN VS DOMESTIC SUPPLY-

The City of Smyrna encourages a “buy domestic” philosophy, recognizing that its suppliers may supply both domestic and foreign manufactured products. The City's overall purchasing objective is to buy from suppliers that are the best in quality, service, price, delivery, responsiveness, warranty and other relevant factors. City bids that include foreign sources of supply will be evaluated fairly, but, all factors equal, Purchasing will select the domestic supplier's products.

GIFTS AND GRATUITIES-

City elected officials and employees are not to accept gifts or gratuities valued over \$25.00 from any individual, company, firm, or business establishment that is a supplier to the City or is marketing to the City for future purchases. Under no circumstances should meals, entertainment, etc. be accepted if there is a pending bid or during the bidding process. Any employee activities that might be construed as evidence of favoritism or providing an unfair advantage to a supplier should always be avoided, taking into consideration the results and reactions of public scrutiny. Any offer of a gift by a supplier or their representative in relation to any part of the purchasing process should be rejected and reported. Offers may include, but are not limited to, money, entertainment, event tickets, gifts, favors, loans, or promises of employment. Attendance at events sponsored by governmental, public utility or professional organizations or at regular meetings which include meals, etc., are not considered as gifts or gratuities.

RECORDS RETENTION-

The City of Smyrna Purchasing Department, in accordance with the Georgia Records Act as amended in 1984, shall chronologically file and manage such files related to Bids, Purchase Requisitions, Purchase Orders, Change Orders, Contracts, Amendments, Insurance Certificates, and Bonds (O.C.G.A. § 50-18-99). File structure is by Purchase Order number in reverse chronological order with the Purchase Requisition and supporting documentation attached. File storage shall be locked for security. Retention periods for various document types shall correspond, at a minimum, to the lengths established in the Retention Schedules published biannually by The Georgia Archives.

SOURCES OF SUPPLY-

The Purchasing Department will keep current bidders' lists with a manageable number of active and approved suppliers. Competitive sources will be used.

STANDARDIZATION-

Standardization of supplies, materials, and equipment allows the City to purchase in optimum quantities and negotiate the lowest possible purchase price. The policy is to achieve standardization through attrition rather than unnecessary replacement of inventories. All standardized operating supplies and materials should be recorded in a manual or database for future City purchases.

STATE PURCHASING-

In compliance with state code (O.C.G.A. § 50-5-61) as a local authority in the State of Georgia, the City of Smyrna will give, to a reasonable extent, preference to supplies, materials, equipment and agricultural products manufactured or produced in Georgia. Such preference shall not sacrifice quality, and nothing herein prohibits the City from selecting an out-of-state Supplier deemed to have a more competitive bid.

SUPPLIER CONTACT DURING BIDDING-

The City embraces a “no lobbying” policy when Formal Sealed Bids are released for bidding to the public and in the evaluation or negotiation stages. During this time period, staff and elected officials will refrain from discussing the bids or projects with the suppliers. Suppliers may conduct discussions or submit additional information only through the Purchasing Department.

SUPPLIER RELATIONSHIPS-

All supplier transactions and relationships will be conducted in a professional, objective and businesslike manner. Purchasing personnel will avoid any semblance of a conflict of interest by refraining from purchasing from close personal friends or family members. No supplier pricing information will be shared unless such information is a matter of public record. When such public information is requested in writing from a supplier, Purchasing will disclose competitor’s pricing as required by statute or ordinance.

POLICY FOR DISPOSAL OF ASSETS:

Pursuant to O.C.G.A. §50-5-51, §50-5-140 and §50-5-141, the disposal of the City's assets shall be conducted by the following guidelines.

PROPERTY DEFINITIONS:

Real property is assets or property that includes land and buildings and anything affixed to the land.

Personal property is "any fixed or movable tangible property used for operations, the benefits of which extend beyond one year from the date of acquisition." Essentially, personal property refers any item that is owned by the City and is not real estate, regardless of acquisition cost or method.

Capital assets may be either real or personal property that have a value equal to or greater than the capitalization threshold for the classification of the asset and have an estimated life greater than one year. The personal property capitalization threshold is currently \$5,000.

Surplus property is non-consumable personal property that the City no longer requires.

CAPITAL ASSETS:

Capital assets are those defined above as having an original acquisition cost of \$5,000 or more. For the City's asset disposal purposes, these do not include Real Property. Each department, as necessary, will provide to the Purchasing Manager, or designee, a list of capital assets that have no further useful life. The Purchasing Manager, or designee, will forward this list to all other departments for review.

If any department has a need for these assets, an asset transfer will be made to that department for official City use only. The Finance Department will receive a notice of the transfer and facilitate the necessary adjustments to the fixed asset schedules.

After the initial departmental review, the list of unusable capital assets which are ready for disposal will be forwarded to the City Administrator for review. The City Administrator will approve or disapprove the request for disposal of capital assets items with an original value over \$5,000. Upon approval and Finance Department notification, the assets will be disposed in one of the following ways:

- Assets may be used as trade in on new purchases.
- Assets may be donated to another tax supported agency or a direct sale negotiated between the City and another tax supported agency.
- Assets may be offered for sale at public auction either by official City of Smyrna auction, Cobb County auction, or on-line auction through acceptable on-line auction services.
- Assets may be disposed of by the State of Georgia Department of Administrative Services Surplus Division.
- Assets may be destroyed or taken to a recycling facility.

SCRAP/SURPLUS/SALVAGE ASSETS:

Scrap, Surplus and Salvage Assets are non-capital assets, or those which had an original acquisition cost below \$5,000. These items now have limited value and are no longer needed by the City. Department heads can decide to dispose of these assets, but must first notify the Purchasing and Finance Departments. These items will be disposed of by the same methods as above, including recycling, but do not require the approval of the City Administrator.

MAINTENANCE OF DISPOSAL RECORDS AND PROCEDURAL FORMS:

The Purchasing Manager, or designee, will maintain all asset disposal records for the period as required by the City Clerk's office. The Purchasing Manager, or designee, will also create and maintain all forms necessary to comply with this Policy. For all surplus sales in which State Sales Tax is collected, the Purchasing Manager will ensure these taxes are filed and paid annually.

EXHIBIT I – BID AUTHORITY FORM

CITY OF SMYRNA BID AUTHORITY FORM

The below listed items are approved in the _____ budget for the _____ Department.

Account Information

Org _____ Object _____ Project _____

Org, Object & Project are conventions used in the new Tyler MUNIS software system. Org relates to the department, Object relates to the expense account. A project number is required for CIP or SPLOST projects.

Amount Budgeted _____ Anticipated Cost _____

Please authorize the Purchasing Division to issue Request for Quotation Request for Proposal for the below listed item(s): **Explain in detail sufficient for an outside auditor to understand.**

Note: Bids must be out for a minimum of 15 days. Opening date will be approximately 20 days after the below authorization by the City Administrator.

I request that the bids be opened no later than _____

Department Head Date

- I verify that:
- a) _____ the above listed items are budgeted for the Department indicated and that the funds are available for this expenditure.
 - b) _____ the above listed items are budgeted for the Department indicated, however, the funds are not available at this time. Funds should be available by _____.
 - c) _____ the above listed items are not budgeted for the Department indicated.
 - d) _____ the above listed project is budgeted in the CIP fund.
 - e) _____ the above listed project is budgeted and approved as a CDBG project.

Finance Director Date

- _____ Authorization to bid is approved for the above items. (Forward to Purchasing)
- _____ Authorization to bid is denied for the above items. (Return to Department)

City Administrator Date

_____ Bid Number Assigned _____ Received Date _____ Opening Date

Purchasing Manager

**EXHIBIT II – PURCHASE ORDER
SYSTEM GENERATED**



Purchase Order

Fiscal Year 2014 Page 1 of 1

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.
Purchase Order # **14000473-00**

Delivery must be made within doors of specified destination.

BILL TO

AP
ACCOUNTS PAYABLE
2800 KING STREET
SMYRNA GA 30080

VENDOR

ARDITO CONSTRUCTION COMP
2216 WAKILIA DR SE
MARIETTA GA 30060

SHIP TO

PUBLIC WORKS
2190 ATLANTA ROAD
SMYRNA GA 30080

Vendor Phone Number		Vendor Fax Number		Requisition Number	Delivery Reference		
770-435-3776		770-435-3776		091			
Date Ordered	Vendor Number	Date Required	Freight Method/Terms		Department/Location		
08/05/2013	92	08/01/2013	VEND SPEC/FRT ALLOWD		WATER DISTRIBUTION		
Item#	Description/Part No.	Qty	UOM	Unit Price	Extended Price		
	The Above Purchase Order Number Must Appear On All Correspondence - Packing Slips And Bills Of Lading All invoices to be mailed to City of Smyrna Accounts Payable, 2800 King Street, Smyrna GA 30080. CONSTRUCTION SERVICES, HEAVY Construction, Water System/Plants, Main and Service Line INVOICE 407		1.0 EACH	\$10,905.250	\$10,905.25		

By: Renee M. Murray
Purchasing Manager

VENDOR COPY

PO Total	\$10,905.25
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EXHIBIT III - PURCHASE ORDER

TERMS AND CONDITIONS (Reverse Side of Purchase Order)

Purchase Order Terms and Conditions

1. **DEFINITIONS:** The term "Purchaser" means the City of Smyrna, Georgia, and the term "Seller" means the person, firm or corporation from whom the goods or services have been ordered.
2. **CONTRACT:** This form, when properly signed and bearing a Purchase Order Number, is the only form which will be recognized by the Purchaser as authority for charging merchandise or services ordered to the City; supersedes all previous communications and negotiations, except as referenced herein, and constitutes the entire agreement between the parties, except as provided herein.
3. **MODIFICATIONS/SUBSTITUTIONS:** The Seller, without written consent of the Purchasing Manager or an authorized representative of Purchaser, shall not make any changes, alterations or variations in the terms of this Purchase Order. No Modifications to quantities specified in this Order shall be made without Purchaser approval. Goods shipped in excess of quantity designated may be returned at Seller's expense.
4. **INSPECTIONS/ACCEPTANCE:** All merchandise and work completed is subject to Purchaser's inspection and acceptance, within a reasonable time after arrival or completion. If the merchandise or work fails to comply with the Purchaser's specifications or is otherwise of an unsatisfactory condition, the Purchaser may return merchandise to Seller at Seller's expense or require modifications to work completed at Seller's expense. Payment for material on this order shall not constitute acceptance.
5. **TIME IS OF THE ESSENCE:** If delivery of the product(s) or service(s) cannot be made exactly as specified and at the price shown, Seller must notify the Purchaser immediately. If Seller cannot meet the required delivery schedule, Seller may be asked to ship by air or expedited routing to avoid or minimize delays to Purchaser, with any added costs to be borne by Seller.
6. **TERMINATION/CANCELLATION:** Purchaser reserves the right to terminate this order in whole or in part for default if Seller fails to perform in accordance with any of the requirements of this order. Any such termination shall be without liability to Buyer except for completed work or items delivered and accepted by Purchaser.
7. **F.O.B./DELIVERY:** Unless otherwise specified herein, prices are F.O.B. Destination with freight prepaid and included. The order number, name and address of the ordering department must appear on all invoices. All shipments, shipping papers and correspondence must be identified with the purchase order number. All cartons in a shipment must be marked with the order number and accompanied by a detailed packing list. If prices stated are not F.O.B. Destination, Seller is required to notify Purchaser of freight costs, prepay the charges and list on invoice.
8. **TERMS:** By accepting this order, Seller agrees that payment terms shall be Net 30 Days unless otherwise stated. It is understood that the cash discount period to Purchaser will date from receipt of acceptable goods and receipt of invoice and not from the date of invoice.
9. **TAX:** Purchaser is exempt from taxes for tangible personal property so no sales tax shall be included on any invoices.
10. **INDEMNIFICATION:** To the extent authorized by law, Seller shall indemnify, save and hold harmless Purchaser, its employees and agents against any and all claims, damages, liability and court awards including costs, expenses and attorney fees incurred as a result of any act or omission by the Seller, or its employees, agents, subcontractors or assignees pursuant to the terms of this order.
11. **INSURANCE:** If the Seller is required to go on Purchaser property to perform work or services, the Seller shall assume full responsibility and expense to obtain all necessary insurance as required by the City.
12. **ASSIGNMENT:** Any assignment of this order, performance of work hereunder, in whole or in part, or monies due to become due hereunder, shall be void unless consented to by Purchaser in writing and Purchaser shall have no obligations to any assignee of Seller under any assignment not consented to in writing.