

**TITLE 5****MUNICIPAL FINANCE AND TAXATION<sup>1</sup>****CHAPTER**

1. MISCELLANEOUS.
2. PRIVILEGE TAXES.
3. WHOLESALE BEER TAX.
4. HOTEL-MOTEL OCCUPANCY PRIVILEGE TAX.
5. CAPITAL ASSET REPLACEMENT PROGRAM.
6. PURCHASING POLICY.

**CHAPTER 1****MISCELLANEOUS****SECTION**

5-101. Designated signors for the town.

**5-101. Designated signors for the town.** All members of the board of mayor and aldermen are hereby designated to be signors on any account in any financial institution. The mayor and vice-mayor are authorized to counter-sign checks in conjunction with the alderman, two (2) signatures being required for the withdrawal of funds. (Ord. #04-13, April 2013, modified)

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<sup>1</sup>Charter references

Charter provisions on taxation and expenditures are contained in Tennessee Code Annotated, title 6, chapter 2, part 3. For specific charter provisions on finance and taxation, see the section indicated:

Restriction on expenditures: §§ 6-2-301 through 6-2-303.

Restriction on property tax exemptions: § 6-2-305.

## CHAPTER 2

### PRIVILEGE TAXES

#### SECTION

5-201. Tax levied.

5-202. License required.

**5-201. Tax levied.** Except as otherwise specifically provided in this code, there is hereby levied on all vocations, occupations, and businesses declared by the general laws of the state to be privileges taxable by municipalities, an annual privilege tax in the maximum amount allowed by state laws. The taxes provided for in the state's "Business Tax Act" (Tennessee Code Annotated, title 67, chapter 58) are hereby expressly enacted, ordained, and levied on the businesses, business activities, vocations, and occupations carried on within the town at the rates and in the manner prescribed by the act. (1989 Code, § 5-101)

**5-202. License required.** No person shall exercise any such privilege within the town without a currently effective privilege license, which shall be issued by the recorder to each applicant therefor upon the applicant's payment of the appropriate privilege tax. (1989 Code, § 5-102)

## CHAPTER 3

WHOLESALE BEER TAX

## SECTION

**5-301.** To be collected.

**5-301. To be collected.** The town recorder is hereby directed to take appropriate action to assure payment to the town of the wholesale beer tax levied by the "Wholesale Beer Tax Act," as set out in Tennessee Code Annotated, title 57, chapter 6.<sup>1</sup> (1989 Code, § 5-201)

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<sup>1</sup>State law reference

Tennessee Code Annotated, title 57, chapter 6 provides for a tax of 17% on the sale of beer at wholesale. Every wholesaler is required to remit to each municipality the amount of the net tax on beer wholesale sales to retailers and other persons within the corporate limits of the municipality.

## CHAPTER 4

**HOTEL-MOTEL OCCUPANCY PRIVILEGE TAX**<sup>1</sup>**SECTION**

5-401. Hotel-motel tax established.

5-402. Use of tax revenues.

5-403. Limitations.

**5-401. Hotel-motel tax established.** A privilege tax on the occupancy of any and all hotel and motel rooms in the Town of Monteagle established at a rate of three percent (3%) of the consideration charged by the operator for the rental of said rooms. (1989 Code, § 5-301)

**5-402. Use of tax revenues.** The revenues received by the Town of Monteagle from the establishment of this tax shall be deposited in the general fund and used in the general budget. (1989 Code, § 5-302)

**5-403. Limitations.** The definitions, liabilities, collections, and all other factors associated with the aforementioned tax shall be controlled by Senate Bill No. 2219, Private Chapter No. 224, of the Private Acts of 1984. (1989 Code, § 5-303)

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<sup>1</sup>Charter reference

This hotel-motel occupancy privilege tax was authorized by Private Acts 1981, Chapter 45, as replaced by Private Acts 1984, Chapter 224.

## CHAPTER 5

### CAPITAL ASSET REPLACEMENT PROGRAM

#### SECTION

5-501. Established.

5-502. Annual depreciation cost.

5-503. General government capital assets defined.

5-504. Expenditures.

**5-501. Established.** There is hereby established a capital asset replacement fund for the Town of Monteagle. Funds deposited therein shall be used for no other purpose than the purchase of general government capital assets such as buildings, vehicles, equipment and infrastructure. To provide for an operational fund of one million two hundred and two thousand six hundred sixty one dollars (\$1,202,661.00) is hereby deposited in the capital asset replacement fund. Any interest accumulated in the fund shall become a part of the capital asset replacement fund. (Ord. #02-12, Feb. 2012)

**5-502. Annual depreciation cost.** Upon purchase of a capital asset, the annual depreciation cost of capital assets of the general government (excluding the water and sewer fund) for the year shall hereby be deposited in the capital asset replacement fund from the general fund, drug control fund, street aid fund and any other special revenue fund that may be established for their respective assets. The money from respective funds shall not be commingled, in accordance with state law. (Ord. #02-12, Feb. 2012, modified)

**5-503. General government capital assets defined.** For the purpose of this chapter "general government capital assets" shall be defined as assets, which include property, buildings, equipment, and infrastructure assets (e.g., primary roads, secondary roads, drainage), with an initial individual cost of more than five thousand dollars (\$5,000.00) and an estimated useful life in excess of two (2) years. Such assets shall be recorded at historical cost. Donated capital assets shall be recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not considered capital assets. Depreciation of these capital assets is computed and recorded by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	5-40 years
Furniture, fixtures, equipment and vehicles	3-10 years
Infrastructure	20 years.

(Ord. #02-12, Feb. 2012)

**5-504. Expenditures.** Expenditures of this fund shall be approved annually in the budget adopted by the board of mayor and aldermen. All purchases made by this fund shall be made in accordance with the Town of Monteagle's purchasing policies. (Ord. #02-12, Feb. 2012)

## CHAPTER 6

### PURCHASING POLICY

#### SECTION

- 5-601. Definitions.
- 5-602. General procedures.
- 5-603. Rejection of bids.
- 5-604. Conflict of interest.
- 5-605. Purchasing from employees.
- 5-606. Sealed bid requirements \$10,000.00 or greater.
- 5-607. Competitive bidding \$2,500.00 to \$10,000.00.
- 5-608. Purchases and contracts \$1,500.00 to \$2,500.00.
- 5-609. Purchases and contracts costing less than \$1,500.00.
- 5-610. Bid deposit.
- 5-611. Performance bond.
- 5-612. Record of bids.
- 5-613. Considerations in determining bid awards.
- 5-614. Award in case of tie bids.
- 5-615. Back orders.
- 5-616. Emergency purchases.
- 5-617. Waiver of the competitive bidding process.
- 5-618. Goods and services exempt from competitive bidding.
- 5-619. Split invoices.
- 5-620. Protested bids.
- 5-621. Procedures upon taking delivery of purchased items.
- 5-622. Property control.
- 5-623. Disposal of surplus property.
- 5-624. Employee participation in disposal of surplus property.
- 5-625. Surplus property; items consumed in the course of work thought to be worthless.
- 5-626. Surplus property; items estimated to have monetary value.
- 5-627. Surplus property; town identification removed prior to sale.
- 5-628. Liability for excess purchases.
- 5-629. Additional forms and procedures.

**5-601. Definitions.** For the purpose of implementing this chapter the following definitions shall apply:

- (1) "Accept." To receive with approval or satisfaction.
- (2) "Acknowledgment." Written confirmation from the vendor to the purchaser of an order implying obligation or incurring responsibility.
- (3) "Agreement." A coming together in opinion or determination, understanding and agreement between two (2) or more parties.

- (4) "All or none." In procurement, the town reserves the right to award each item individually or to award all items on an all or none basis.
- (5) "Annual." Recurring, done, or performed every year.
- (6) "Appropriations." Public funds set aside for a specific purpose or purposes.
- (7) "Approved." To be satisfied with; admit the propriety or excellence of; to be pleased with; to confirm or ratify.
- (8) "Approved equal." Alike; uniform; on the same plane or level with regard to efficiency, worth, value, amount or rights.
- (9) "Attest." To certify to the verity of a public document formally by signature; to affirm to be true or genuine.
- (10) "Award." The presentation of a contract to a vendor; to grant; to enter into with all required legal formalities.
- (11) "Awarded bidder." Any individual, company, firm, corporation, partnership or other organization to whom an award is made by the town.
- (12) "Back order." The portion of a customer's order undelivered due to temporary unavailability of a particular product or material.
- (13) "Bid." A vendor's response to an invitation to bids or request for proposal; the information concerning the price or cost of materials or services offered by a vendor.
- (14) "Bidder." Any individual, company, firm, corporation, partnership or other organization or entity bidding on solicitations issued by the town and offering to enter into contracts with the town.
- (15) "Bid bond." An insurance agreement in which a third party agrees to be liable to pay a certain amount of money should a specific vendor's bid be accepted and the vendor fails to sign the contract as bid.
- (16) "Bid file." A folder containing all of the documentation concerning a particular bid. This documentation includes the names of all vendors to whom the invitation to bid was mailed, the responses of the vendors, the bid tabulation forms and any other information as may be necessary.
- (17) "Bid opening." The opening and reading of the bids, conducted at the time and place specified in the invitation for bids and in the presence of anyone who wishes to attend.
- (18) "Bid solicitation." Invitations for bids.
- (19) "Blanket bid order." A type of bid used by buyers to purchase repetitive products. The town establishes its need for a product for a specified period of time. The vendor is then informed of the town's expected usage during the duration of the proposed contract. The town may then order small quantities of these items from the vendor, at the bid price, over the term of the contract.
- (20) "Business." Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or legal entity through which business is conducted.
- (21) "Cancel." To revoke a contract or bid.



(22) "Capital items." Equipment which has a life expectancy of one (1) year or longer and a value in excess of five thousand dollars (\$5,000.00). Additionally, real estate shall be considered a capital item.

(23) "Cash discount." a discount from the purchase price allowed to the purchaser if payment is made within a specified period of time.

(24) "Caveat emptor." Let the buyer beware; used in proposals or contracts to caution a buyer to avoid misrepresentation.

(25) "Certify." To testify in writing; to make known or establish as a fact.

(26) "City." The Town of Monteagle, Tennessee.

(27) "Competitive bidding." Bidding on the same undertaking or material items by more than one (1) vendor.

(28) "Conspicuously." to be prominent or obvious; located, positioned, or designed to be noticed.

(29) "Construction." The building, alteration, demolition, or repair of public buildings, structures, highways and other improvements or additions to real property.

(30) "Contract." An agreement, grant, or order for the procurement, use or disposal of supplies, services, construction, insurance, real property or any other item.

(31) "Date." Recorded information, regardless of form or characteristic.

(32) "Delivery schedule." The required or agreed upon rate of delivery of goods or services.

(33) "Discount for prompt payment." A predetermined discount offered by a vendor for prompt payment.

(34) "Encumber." To reserve funds against a budgeted line item; to charge against an account.

(35) "Evaluation of bid." The process of examining a bid to determine a bidder's responsibility, responsiveness to requirements, qualifications, or other characteristics of the bid that determine the eventual selection of a winning bid.

(36) "Fiscal year." An accounting period of twelve (12) months, July 1 through June 30.

(37) "F.O.B. destination." An abbreviation for free on board that refers to the point of delivery of goods. The seller absorbs the transportation charges and retains title to and responsibility for the goods until the Town of Monteagle, Tennessee has received and signed for the goods.

(38) "Goods." All materials, equipment, supplies, and printing.

(39) "Invitation for bid." All documents utilized for soliciting bids.

(40) "Invoice." A written account of merchandise and process, delivered to the purchaser; a bill.

(41) "Lead time." The period of time from the date of ordering to the date of delivery which the buyer must reasonably allow the vendor to prepare goods for shipment.

(42) "Life cycle costing." A procurement technique that considers the total cost of purchasing, maintaining, operating, and disposal of a piece of equipment when determining the low bid.

(43) "Local bidder." A bidder who has and maintains a business office located within the corporate town limits of the Town of Monteagle, Tennessee.

(44) "Material receiving report." A form used by the department head or supervisor to inform others of the receipt of goods purchased.

(45) "Performance bond." A bond given to the purchaser by a vendor or contractor guaranteeing the performance of certain services or delivery of goods within a specified period of time. The purpose is to protect the purchaser against a cash loss which might result if the vendor did not deliver as promised.

(46) "Pre-bid conference." A meeting held with potential vendors a few days after an invitation for bids has been issued to promote uniform interpretation of work statements and specifications by all prospective contractors.

(47) "Procurement or purchasing." Buying, renting, leasing, or otherwise obtaining supplies, services, construction, insurance or any other item. It also includes functions that pertain to the acquisition of such supplies, services, construction, insurance and other items, including descriptions of requirements, selection and solicitation of sources, preparation and award of contracts, contract administration, and all phases of warehousing and disposal.

(48) "Public." Open to all.

(49) "Public purchasing unit." Means the State of Tennessee, any county, city, town, governmental entity and other subdivision of the State of Tennessee, or any public agency, or any other public authority.

(50) "Purchasing order." A legal document used to authorize a purchase from a vendor. A purchase order, when given to a vendor, should contain statements about the quantity, description, and price of goods or services ordered, agreed terms of payment, discounts, date of performance, transportation terms, and all other agreements pertinent to the purchase and its execution by the vendor.

(51) "Reject." Refuse to accept, recognize, or make use of; repudiate, to refuse to consider or grant.

(52) "Responsive bidder." One who has submitted a bid which conforms in all materials and respects to the invitation for bids.

(53) "Sealed." Secured in any manner so as to be closed against the inspection of contents.

(54) "Sole source procurement." An award for a commodity which can only be purchased from one (1) supplier, usually because of its technological, specialized, or unique character.

(55) "Specifications." Any description of the physical or functional characteristics of a supply, service, or construction item. It may include a description of any requirement for inspecting, testing, or preparing a supply, service, or construction item for delivery.

(56) "Standardization." The making, causing, or adapting of items to conform to recognized qualifications.

(57) "Telephone bids." Contacting at least two (2) vendors to obtain verbal quotes for items of a value of less than ten thousand dollars (\$10,000.00).

(58) "Town." The Town of Monteagle, Tennessee.

(59) "Using department." The town department seeking to purchase goods and services or which will be the ultimate user of the purchased goods and services.

(60) "Vendor." The person who transfers property, goods, or services by sale. (Ord. #01-13, April 2013, modified)

**5-602. General procedures.** The following procedures shall be followed by all town employees when purchasing goods or services on behalf of the town:

(1) Items expected to cost more than ten thousand dollars (\$10,000.00). (a) The department head of the using department shall deliver to the town recorder a written purchase request for the item(s) to be purchased. Such request shall include a brief description of the item(s) to be purchased, specifications for the item being purchased, the estimated cost of the items, and shall indicate whether the item(s) have been approved in the annual budget.

(b) The town recorder shall review the purchase request for completeness and accuracy. The request shall then be forwarded to the board of mayor and aldermen for final review and approval. The board shall have the authority to adjust or eliminate various specifications for goods and services, or may disapprove the purchase request, to comply with town's policy, the annual budget, or for any other reason it deems in the public interest.

(c) All approved purchase requests shall be signed by the mayor and returned to the town recorder who shall proceed with procurement in compliance with this chapter.

(2) Items expected to cost one thousand five hundred to ten thousand dollars (\$1,500.00 to \$10,000.00). (a) The department head of the using department shall deliver to the town recorder a written purchase request for the item(s) to be purchased. Such request shall include a brief description of the item(s) to be purchased, specifications for the item(s) being purchased, the estimated cost of the item(s), and shall indicate whether the item(s) have been approved in the annual budget.

(b) The town recorder shall review the purchase request for completeness and accuracy. The request shall then be forwarded to the mayor for final review and approval. The mayor shall not approve the purchase of any item not approved in the annual budget or for which there are not sufficient funds in the town's treasury. The mayor shall have the authority to adjust or eliminate various specifications for goods

or services to comply with the town's policy, the annual budget, or to avoid depletion of the town treasury.

(c) All approved purchase requests shall be signed by the mayor and returned to the town recorder who shall proceed with procurement in compliance with this chapter. (Ord. #01-13, April 2013, modified)

**5-603. Rejection of bids.** The mayor and/or the board of mayor and aldermen shall have the authority to reject any and all bids, parts of bids, or all bids for any one (1) or more supplies or contractual services included in the proposed contract, when the public interest will be served thereby. The mayor and/or the board of mayor and aldermen shall not accept the bid of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the town by said vendor or contractor. (Ord. #01-13, April 2013, modified)

**5-604. Conflict of interest.** All employees who participate in any phase of the purchasing function are to be free of interests or relationships which are actually or potentially hostile or detrimental to the best interests of the Town of Monteagle and shall not engage in or participate in any commercial transaction involving the town, in which they have a significant interest. (Ord. #01-13, April 2013)

**5-605. Purchasing from employees.** It shall be the policy of the town not to purchase any goods or services from any employee or close relative of any town employee without the prior approval of the board of mayor and aldermen and in compliance with the code of ethics. (Ord. #01-13, April 2013, modified)

**5-606. Sealed bid requirements \$10,000.00 or greater.** (1) On all purchases and contracts estimated to be in excess of ten thousand dollars (\$10,000.00), except as otherwise provided in this chapter, formal sealed bids shall be submitted at a specified time and place to the town recorder. The town recorder shall submit all such bids for award by the board of mayor and aldermen at the next regularly scheduled board meeting or special-called meeting.

(2) Notice inviting bids shall be published at least once in a newspaper of general circulation in the Town of Monteagle, and at least five (5) days preceding the last day to receive bids. The newspaper notice shall contain a general description of the article(s) to be secured, and the date, time, and place for opening bids.

(3) In addition to publication in a newspaper, the town recorder may take other actions deemed appropriate to notify all prospective bidders of the invitation to bid, including, but not limited to, direct mail to known vendors, advertisement in community bulletin boards, metropolitan newspapers, professional journals, and electronic media. (Ord. #01-13, April 2013)

**5-607. Competitive bidding \$2,500.00 to \$10,000.00.** (1) All purchases of supplies, equipment, services, and contracts estimated to be in excess of two thousand five-hundred dollars (\$2,500.00) but less than ten thousand dollars (\$10,000.00), except as otherwise provided in this chapter, shall be by competitive bidding. The town recorder shall submit all such bids for award to the mayor for award. The executive committee cannot make any awards on purchases/contracts of un-budgeted items.

(2) A written record shall be required and available for public inspection showing that competitive bids were obtained by one of the following methods:

- (a) Direct mail advertisement;
- (b) Telephone bids;
- (c) Public notice;
- (d) Copies of publicly available catalogs.
- (e) Online sources.

(3) In the town recorder's absence, the mayor shall designate a suitable substitute to perform the town recorder's duties. (Ord. #01-13, April 2013, modified)

**5-608. Purchases and contracts \$1,500.00 to \$2,500.00.** For purchases of supplies, equipment, services, and contracts estimated to be in excess of one thousand five-hundred dollars (\$1,500.00) but less than two thousand five-hundred dollars (\$2,500.00) the town recorder and/or department head is expected to obtain the best prices and services available for purchases; however, these purchases are exempted from the formal bid requirements specified in §§ 5-606 and 5-607 of this chapter. The town recorder shall submit all such purchases to the mayor for approval. The mayor cannot award any purchases/contracts of un-budgeted funds. (Ord. #01-13, April 2013, modified)

**5-609. Purchases and contracts costing less than \$1,500.00.** The town recorder and/or department head is expected to obtain the best prices and services available for purchases and contracts estimated to be less than one thousand five-hundred dollars (\$1,500.00), but are exempted from the formal bid requirements specified in §§ 5-606 and 5-607 of this chapter. The town recorder and/or department head cannot expend any budgeted funds. No approval is required of the mayor or the board of mayor and aldermen for purchases less than one thousand five-hundred dollars (\$1,500.00). (Ord. #01-13, April 2013, modified)

**5-610. Bid deposit.** When deemed necessary, bid deposits may be prescribed and noted in the public notices inviting bids. The deposit shall be in such amount as the mayor or board of mayor and aldermen shall determine and unsuccessful bidders shall be entitled to a return of such deposits within ten (10) calendar days of the bid opening. A successful bidder shall forfeit any required

deposit upon failure on his/her part to enter a contract within ten (10) days after the award. (Ord. #01-13, April 2013, modified)

**5-611. Performance bond.** The Town of Monteagle may require a performance bond before entering into a contract, in such amount as the town shall find reasonably necessary to protect the best interests of the town and furnishers of labor and materials in the penalty of not less than the amount provided by Tennessee Code Annotated. (Ord. #01-13, April 2013)

**5-612. Record of bids.** The town recorder shall keep a record of all open market orders and bids submitted in competition thereon, including a list of the bidders, the amount bid by each, and the method of solicitation and bidding, and such records shall be open to public inspection and maintained in the town recorder's office. As a minimum, the bid file shall contain the following information:

- (1) Request to start bid procedures;
- (2) A copy of the bid advertisement;
- (3) A copy of the bid specifications;
- (4) A list of bidders and their responses;
- (5) A copy of the purchase order;
- (6) A copy of the invoice. (Ord. #01-13, April 2013)

**5-613. Considerations in determining bid awards.** The following criteria shall be considered in determining all bid awards:

- (1) The ability of the bidder to perform the contract or provide the material or service required.
- (2) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
- (3) The character, integrity, reputation, experience, and efficiency of the bidder.
- (4) The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service.
- (5) The quality of performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector contractors.
- (6) The sufficiency of financial resources and the ability of the bidder to perform the contract or provide the service.
- (7) The ability of the bidder to provide future maintenance and service for the use of the supplies or contractual service contracted.
- (8) Compliance with all specifications in the solicitation for bids.
- (9) The ability to deliver and maintain any requisite bid bonds or performance bonds.
- (10) Total cost of the bid, including life expectancy of the commodity, maintenance costs, and performance. (Ord. #01-13, April 2013)

**5-614. Award in case of tie bids.** When two (2) or more vendors have submitted the low bid, the following criteria shall be used to award the bid:

(1) If all bids received are for the same amount, quality of service being equal, the purchase contract shall be awarded to the local bidder.

(2) If two (2) or more local bidders have submitted the low bid, quality of service being equal, the purchase contract shall be awarded by a coin toss or drawing lots.

(3) If no local bids are received and two (2) or more out-of-town bidders have submitted the low bid, quality of service being equal, the purchase contract shall be awarded by a coin toss or drawing lots.

When the award is to be decided by coin toss or drawing lots, representatives of the bidders shall be invited to observe. In no event shall such coin toss or drawing lots be performed with less than three (3) witnesses. (Ord. #01-13, April 2013)

**5-615. Back orders.** All orders must be completed, whether through complete fulfillment of the purchase order or through closing the purchase order with items not received. The non-delivered items shall be cancelled from the purchase order and the check will be issued to the equal amount of the amended purchase order. (Ord. #01-13, April 2013)

**5-616. Emergency purchases.** When in the judgment of the mayor an emergency exists, the provisions of this chapter may be waived; provided, however, the town recorder shall report the purchases and/or contracts to the board of mayor and aldermen at the next regular board meeting stating the item(s) purchased, the amount(s) paid, from whom the purchase(s) was made, and the nature of the emergency. All emergency purchases shall be in accordance with state law. (Ord. #01-13, April 2013, modified)

**5-617. Waiver of the competitive bidding process.** Upon the recommendation of the mayor, and the subsequent approval of the board of mayor and aldermen, that it is clearly to the advantage of the town not to contract by competitive bidding, the requirements of competitive bidding may be waived provided that the following criteria are met and documented in a written report to the board of mayor and aldermen:

(1) Single source of supply. The availability of only one (1) vendor of a product or service within a reasonable distance of the Town of Monteagle as determined after a complete and thorough search by the using department and the town recorder.

(2) State Department of General Services. A thorough effort was made to purchase the product or service through or in conjunction with the State Department of General Services or via a state contract, such effort being unsuccessful.

(3) Purchase from other governmental entities. A thorough effort was made to purchase the product or service through or in conjunction with other municipalities or from any federal, state, or local agency. These purchases may be made without competitive bidding and public advertisement.

(4) Purchases from non-profit organizations. A thorough effort was made to purchase the goods or services from any non-profit organization whose sole purpose is to provide goods and services specifically to municipalities.

(5) Purchases from Tennessee state industries. A thorough effort was made to purchase the goods or services from Tennessee state industries (prison industries).

(6) Purchases from instrumentalities created by two (2) or more co-operating governments. An effort was made to purchase the goods or services from a co-op or group of governments which was formed to purchase goods and services for their members. (Ord. #01-13, April 2013, modified)

**5-618. Goods and services exempt from competitive bidding.** The following goods and services need not be awarded on the basis of competitive bidding; provided, however, that the town recorder and/or the department head shall make a reasonable effort to assure that such purchases are made efficiently and in the best interest of the town:

(1) Certain insurance. The town may purchase tort liability insurance, without competitive bidding, from the Tennessee Municipal League or any other plan offered by governmental entity representing cities and counties. All other insurance plans, however, are to be awarded on the basis of competitive bidding.

(2) Certain investments. The town may make investments of municipal funds in, or purchases from, the pooled investment fund established pursuant to Tennessee Code Annotated, § 9-17-105.

(3) Motor fuel, fuel products, or perishable commodities. Such commodities may be purchased without competitive bidding.

(4) Professional service contracts. Any services of a professional person or firm, including attorneys, accountants, physicians, architects, engineers, and other consultants required by the town, whose fee is less than two hundred dollars (\$200.00) per hour, may be hired without competitive bidding. In those instances where such professional service fees are expected to exceed ten thousand dollars (\$10,000.00), a written contract shall be developed and approved by the board of mayor and aldermen prior to the provision of any goods or services. Contracts for professional services shall not be awarded on the basis of competitive bidding; rather, professional service contracts shall be awarded on the basis of recognized competence and integrity. (Ord. #01-13, April 2013)

**5-619. Split invoices.** Departments are not allowed to split invoices. A "split" invoice results when a total charge of one thousand five-hundred dollars (\$1,500.00) or more is divided into more than one (1) invoice from the same vendor or from multiple vendors, to avoid the necessity of obtaining a purchase



order. The town will not assume responsibility for "split" invoices. (Ord. #01-13, April 2013)

**5-620. Protested bids.** Any actual bidder/proposer who claims to be aggrieved in connection with a specific solicitation process may submit a protest in writing to the town recorder within seven (7) calendar days after he or she knows or should have known the facts giving rise to the protest.

The mayor has the authority to resolve the protest. If deemed necessary, the mayor may request a meeting with the protesting party to seek clarification of the protest issues. The final determination of the mayor shall be given in writing and submitted to the protesting party.

The protesting party may request that the final determination of the mayor be considered by the board of mayor and aldermen. The request for consideration shall be made in writing to the mayor within seven (7) calendar days from the date of the final determination by the mayor. The determination of the board of mayor and aldermen is final and shall be given in writing and submitted to the protester. (Ord. #01-13, April 2013, modified)

**5-621. Procedures upon taking delivery of purchased items.** Before accepting delivery of purchased equipment, supplies, materials and other tangible goods, the department head of the using department shall:

- (1) Inspect the goods to verify that they are in acceptable condition.
- (2) Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
- (3) Verify that the numbers of items purchased have been delivered; making special note when part or all of a particular purchase has been back ordered.
- (4) Record serial numbers for all capital items, notifying the town recorder of same.
- (5) Complete and return to the town recorder a material receiving report form. (Ord. #01-13, April 2013)

**5-622. Property control.** A physical inventory of the town's fixed assets shall be taken annually. The goals of the annual inventory shall be as follows:

- (1) To identify unneeded and duplicate assets.
- (2) To provide a basis for insurance claims, if necessary.
- (3) To deter the incidence of theft and negligence.
- (4) To aid in the establishment of replacement schedules for equipment.
- (5) To note transfers of surplus property.

To be classified as a fixed asset, an item must be tangible, have an expected life longer than the current fiscal year, and have a value of at least five thousand dollars (\$5,000.00). Any property or equipment that meets these criteria shall be assigned an asset number (affixed with a property sticker), have

a completed property card, and be inventoried annually. Such records shall be controlled and maintained by the town recorder. (Ord. #01-13, April 2013)

**5-623. Disposal of surplus property.** The town recorder shall be in charge of the disposal of surplus property and make a full report to the board of mayor and aldermen after the items are disposed of. When a department head determines there is surplus equipment or materials within the department, he/she shall notify the town recorder in writing of any such equipment. The town recorder may transfer surplus equipment or materials from one department to another. (Ord. #01-13, April 2013)

**5-624. Employee participation in disposal of surplus property.** No surplus property shall be sold or given to a town employee by the board of mayor and aldermen, except through sale by public auction that has been properly advertised. For the purposes of this chapter, members of the board of mayor and aldermen shall be considered town employees. (Ord. #01-13, April 2013)

**5-625. Surplus property; items consumed in the course of work thought to be worthless.** Town property which may be consumed in the course of normal town business and items thought to be worthless shall be disposed of in a like manner as any other refuse. For accounting purposes, such items shall be charged off as a routine cost of doing business. (Ord. #01-13, April 2013)

**5-626. Surplus property; items estimated to have monetary value.** When disposing of surplus property estimated to have monetary value, the town recorder shall comply with the following procedures:

(1) Obtain from the board of mayor and aldermen a resolution declaring said items to be surplus property and fixing the date, time and location for the town recorder to receive bids.

(2) A copy of the resolution shall be posted in at least three (3) locations in the community.

(3) Surplus items may be disposed of in the following manner, in accordance with state law:

(a) govdeals.com or other online dealer.

(b) Public auctions.

(c) Donations.

(d) Other methods as determined by resolution, in accordance with state law.

(4) Such equipment or materials shall be sold to the highest bidder. In the event the highest bidder is unable to pay within twenty-four (24) hours, the item shall be awarded to the second highest bidder.

(5) All pertinent information concerning the sale shall be noted in the fixed asset records of the town.

(6) The advertisement, bids, and property cards shall be retained for a minimum period of five (5) years. (Ord. #01-13, April 2013, modified)

**5-627. Surplus property; town identification removed prior to sale.** No surplus town property shall be sold unless and until all decals, emblems, lettering, or coloring which identifies the item as belonging to the Town of Monteagle have been removed or repainted. (Ord. #01-13, April 2013)

**5-628. Liability for excess purchases.** This chapter shall authorize only the purchase of materials and supplies and the procurement of contracts for which funds have been appropriated and are within the limits of the funds estimated for each department in the annual budget or which have been authorized and lawfully funded by the board of mayor and aldermen. The Town of Monteagle shall have no liability for any purchase made in violation of this chapter. (Ord. #01-13, April 2013)

**5-629. Additional forms and procedures.** The town recorder is hereby authorized and directed to develop such forms and procedures as are necessary to comply with this chapter. (Ord. #01-13, April 2013)