

**TITLE 5**

**MUNICIPAL FINANCE AND TAXATION**

**CHAPTER**

1. MISCELLANEOUS.
2. REAL AND PERSONAL PROPERTY TAXES.
3. PURCHASING POLICY.

**CHAPTER 1**

**MISCELLANEOUS**

**SECTION**

5-101. Business Tax Act adopted.

**5-101. Business Tax Act adopted.** The taxes provided for in chapter 387 of the Public Acts of 1971, known as the Business Tax Act, are hereby levied on the businesses, business activities, vocations or occupations carried on in the city, at the rates and in the manner prescribed by the act. (1973 Code, § 17-1)

## CHAPTER 2

**REAL AND PERSONAL PROPERTY TAXES****SECTION**

5-201. When due and payable.

5-202. When delinquent--penalty and interest.

**5-201. When due and payable.** (1) All real property taxes shall be assessed as of the tenth day of January of the year for which levied.

(2) Taxes levied by the city against real property shall become due and payable annually on the first day of October of the year for which levied. (1973 Code, § 17-2(a)and(b))

**5-202. When delinquent--penalty and interest.** All real property taxes levied by the city shall become delinquent on and after the first day of March next after , they become due and payable and shall thereupon be subject to such penalty and interest as is authorized and prescribed by the general law of the state for delinquent state and county taxes. (1973 Code, § 17-2(c))

## CHAPTER 3

### PURCHASING POLICY

#### SECTION

- 5-301. Purchasing agent designated.
- 5-302. Purchasing agent--authority.
- 5-303. Purchases of \$5,000.00 or more submitted for bids.
- 5-304. Purchases of \$5,000.00 or more not submitted for bids.
- 5-305. Purchases of \$500.00 to \$4,999.99.
- 5-306. Purchases of \$100.00 to \$499.99.
- 5-307. Purchases of less than \$100.00.
- 5-308. Purchasing agent--responsibilities.
- 5-309. Relations of other departments with the purchasing department.
- 5-310. Purchasing department's responsibility.
- 5-311. Using department's responsibility.
- 5-312. Disposal of real property.
- 5-313. Purchase of used equipment.
- 5-314. Formal purchase contracts.
- 5-315. Surety requirements.
- 5-316. Quality assurance, inspection, and testing.
- 5-317. Surplus property.
- 5-318. Federal and state surplus property.
- 5-319. Conflict of interest.
- 5-320. Debt owed to city.
- 5-321. Violation of purchasing policies.

**5-301. Purchasing agent designated.** Interim city recorder/city administrator, chief administrative officer of the city, or city recorder shall act as purchasing agent for the city with power, except as set out in these procedures, to purchase materials, supplies, and equipment; secure leases and lease purchases; and dispose of and transfer surplus property for the proper conduct of the city's business. All contracts, leases, and lease-purchase agreements extending beyond the end of any fiscal year must have prior approval of the governing body. (Ord. #07-19-05-01, July 2005)

**5-302. Purchasing agent--authority.** The purchasing agent shall have the authority to make purchases, leases, and lease-purchases of less than five thousand dollars (\$5,000.00) singly or in the aggregate during any fiscal year and except as otherwise provided herein, shall require three (3) competitive bids or quotations, either verbal or written, whenever possible prior to each purchase. All competitive bids and quotations received shall be recorded and maintained in the office of the purchasing agent for a minimum of seven (7) years after contract expires. When requisitions are required, the competitive

bids and quotations received shall be listed on that document prior to the issuance of the purchase order. Awards shall be made to the lowest and best bid or "quote." (Ord. #07-19-05-01, July 2005)

**5-303. Purchases of \$5,000.00 or more submitted for bids.** A description of all projects and purchases, except as herein provided, that require the expenditure of city finds of five thousand dollars (\$5,000.00) or more shall be prepared by the purchasing agent and submitted to the governing body for authorization to call for bids or proposals. After the determination that adequate funds are budgeted and available for a purchase, the governing body may authorize the purchasing agent to advertise for bids or proposals. The award of purchases, leases, or lease-purchases of five thousand dollars (\$5,000.00) or more shall be made by the governing body to the lowest and best bid. (Ord. #07-19-05-01, July 2005)

**5-304. Purchases of \$5,000.00 or more not submitted for bids.** Purchases amounting to five thousand dollars (\$5,000.00) or more that do not require public advertising and sealed bids or proposals, may be allowed only under the following circumstances, except as otherwise provided herein, when such purchases are approved by the governing body:

- (1) Sole source of supply or proprietary products as determined after complete search by using department and the purchasing agent, with governing body approval;
  - (2) Emergency expenditures with subsequent approval of the governing body; Purchases from instrumentalities created by two (2) or more cooperating governments;
  - (3) Purchases from nonprofit corporations whose purpose or one of whose purpose is to provide goods or services specifically to;
  - (4) Purchases, leases, or lease-purchases of real property;
  - (5) Purchases, leases, or lease-purchases from any federal, state, or local governmental unit or agency of secondhand articles or equipment or other materials, supplies, commodities, and equipment;
  - (6) Purchases through other units of government as authorized by the Municipal Purchasing Law of 1983;
  - (7) Purchases directed through or in conjunction with the state Department of General Services;
  - (8) Purchases from Tennessee state industries;
  - (9) Professional service contracts as provided in Tennessee Code Annotated, § 12-4-106;
  - (10) Tort Liability insurance as provided in Tennessee Code Annotated, § 29-20-407;
  - (11) Purchases of fuels, fuel products, or perishable commodities;
  - (12) Purchases for resale of natural gas and propane gas.
- (Ord. #07-19-05-01, July 2005)

**5-305. Purchases of \$500.00 to \$4,999.99.** Purchases of five hundred dollars (\$500.00) to four thousand nine hundred and ninety nine dollars and ninety nine cents (\$4,999.99) require two (2) or more written quotations prior to purchase. Purchase orders will be issued. (Ord. #07-19-05-01, July 2005)

**5-306. Purchases of \$100.00 to \$499.99.** A request for payment or use of the city purchasing card or a purchase order may be used for purchases of one hundred dollars (\$100.00) to four hundred ninety nine dollars and ninety nine cents (\$499.99). (Ord. #07-19-05-01, July 2005)

**5-307. Purchases of less than \$100.00.** Low dollar purchases less than one hundred dollars (\$100.00) may be paid by using the city purchasing card or petty cash. (Ord. #07-19-05-01, July 2005)

**5-308. Purchasing agent--responsibilities.** The purchasing agent shall be responsible for following these procedures and the Municipal Purchasing Law of 1983, as amended, including keeping and filing required records and reports as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined. (Ord. #07-19-05-01, July 2005)

**5-309. Relations of other departments with the purchasing department.** The purchasing department is a service agency for all other departments of the city. The purchasing function is a service, and for the mutual benefits gained to go toward the good of the city, all departments must work in harmony. This manual is a guide to help the departments know their buying responsibilities. (Ord. #07-19-05-01, July 2005)

**5-310. Purchasing department's responsibility.** (1) To aid and cooperate with all departments in meeting their needs for operating supplies, equipment and services;

(2) To process all requisitions with the least possible delay;

(3) To procure a product that will meet the department's requirements at the least cost to the city;

(4) To know the source and availability of needed products and services and maintain current vendor files;

(5) To obtain prices on comparable materials after receipt of departmental requisition;

(6) To select vendors, prepare purchase orders, and process and maintain order and requisition files;

(7) To search for new, improved sources of supplies and services;

(8) To assist in preparation of specifications and to maintain specification and historical performance files;

(9) To prepare and advertise requests for bids and maintain bid files;

(10) To keep items in store in sufficient quantities to meet normal requirements of the city for a reasonable length of time within space availability;

(11) To investigate and document complaints about merchandise and services for future reference;

(12) To transfer or dispose of surplus property. (Ord. #07-19-05-01, July 2005)

**5-311. Using department's responsibility.** (1) To allow ample lead time for the purchasing department to process requisitions and issue purchase orders, while permitting the supplier time to deliver the needed items;

(2) To prepare a complete and accurate description of materials to be purchased;

(3) To help the purchasing department by suggesting sources of supply;

(4) To plan purchases in order to avoid emergencies;

(5) To initiate preparation of specifications on items to be bid;

(6) To inspect merchandise upon receipt and complete a receiving report noting any discrepancies in types, numbers, conditions, or quality of goods;

(7) To advise the purchasing department of defective merchandise or dissatisfaction with vendor performance;

(8) To advise the purchasing department of surplus property. (Ord. #07-19-05-01, July 2005)

**5-312. Disposal of real property.** The City of Newport Purchasing Agent or his or her designee or a designee of the Newport Board of Mayor and Aldermen shall be authorized to dispose of and transfer all surplus real property and all improvements to the real property at public auction and as directed by the City of Newport Board of Mayor and Aldermen. Negotiated sales shall be approved by the affirmative vote of the board of mayor and alderman. (Ord. #07-19-05-01, July 2005)

**5-313. Purchase of used equipment.** Used equipment may be purchased without sealed bids if the following conditions exist:

(1) There is a considerable savings over new equipment and the department has a justifiable need.

(2) The source has been identified as reputable.

(3) Other sources have been researched for availability of item(s).

(4) The price is reasonable and within department budget limits.

(5) The equipment is purchased from another government agency. (Ord. #07-19-05-01, July 2005)

**5-314. Formal purchase contracts.** When an award is made by the City of Newport requiring a signed contract rather than a purchase order for construction or major projects, the original comes to the purchasing department for the mayor's signature. An original of the executed contract and associated documents will be retained in the bid file. The bid file is located in the purchasing department.

A purchase order properly endorsed by the city purchasing agent or his designee and one accepted by the vendor, also forms a binding contract. (Ord. #07-19-05-01, July 2005)

**5-315. Surety requirements.** (1) Bid bond. A bid bond issued by a surety company licensed to do business in the State of Tennessee may be required for a specified solicitation. The amount of the bid bond shall be stated as a set amount or as a percentage of the bid price. In no event may it exceed five percent (5%) of the total contract price. Bid bonds submitted by unsuccessful vendors will be returned upon award of a contract. Personal checks are not acceptable in the place of bid bonds; however, bank cashier's checks, a certified check or any other direct obligation drawn on a bank doing business in the United States is acceptable.

(2) Performance bond. A performance bond issued by a surety company licensed to do business in the State of Tennessee and acceptable to the City of Newport may be required for a specified solicitation. The amount of the performance bond shall be stated as a percentage of the contract price but may not exceed one hundred percent (100%) of the total contract price. Personal checks are not acceptable in the place of performance bonds; however, bank cashier's checks are acceptable. An irrevocable letter of credit from a state or national bank or a state or federal savings and loan association having its principal office in Tennessee may be accepted instead of a performance bond, subject to approval of the terms and conditions of said irrevocable letter of credit. If the successful bidder fails to furnish a performance bond and execute a contract within the time allowed, the bid deposit of the bidder shall be retained by the City of Newport as liquidated damages and not as a penalty. In addition, the city shall remain free to pursue any other remedies it may have.

(3) Payment bond. A payment bond issued by a surety company licensed to do business in the State of Tennessee may be required for a specified solicitation. The bond shall be not less than twenty-five percent (25%) or more than one hundred percent (100%) of the contract price. The bond is to ensure that the contractor will pay for all labor and materials used by the contractor or any immediate or remote subcontractor under the contractor. (Ord. #07-19-05-01, July 2005)

**5-316. Quality assurance, inspection, and testing.** The purchasing agent or a designee may take such steps as deemed desirable to ascertain or verify that supplies, services or construction items procured conform to

specifications. This authority may be delegated to the using department if the best interest of the city operation is served. (Ord. #07-19-05-01, July 2005)

**5-317. Surplus property.** The using departments shall identify in writing surplus, scrap, or obsolete property and report same to purchasing. Centralized purchasing shall have the authority to dispose of surplus, scrap, excess or obsolete property and regulate its disposal in a manner deemed to be in the city's best interest. Equipment acquired by a department through federal or state grant funding which no longer serves the needs for which originally acquired shall be disposed of in accordance with the property management regulations of the funding agency. (Ord. #07-19-05-01, July 2005)

**5-318. Federal and state surplus property.** Authority is granted to the city purchasing agent or his or her designee to monitor both federal and state surplus property programs and to allow using departments to purchase if:

- (1) The price is reasonable;
- (2) The item is budgeted;
- (3) Funds are available; and
- (4) Justification of need is provided.

An approved purchase order and request to purchase will be obtained from the purchasing department before making the purchase. (Ord. #07-19-05-01, July 2005)

**5-319. Conflict of interest.** No employee shall have any financial interest in the profits of any contract, service or other work performed for the city. He/she shall not personally profit directly or indirectly from any contract, purchase, sale or service between the city and any person or company. Any employee violating provisions of this rule shall be subject to appropriate disciplinary action including dismissal. (Ord. #07-19-05-01, July 2005)

**5-320. Debt owed to city.** The City of Newport will not do business with anyone who owes a debt to the city or is a defaulter on surety to the city. Prior to any bid being awarded the city purchasing agent or his/her designee will confirm with accounts receivable whether the bidder is in arrears to the city. (Ord. #07-19-05-01, July 2005)

**5-321. Violation of purchasing policies.** Department heads will be responsible for explaining any such violations in writing to the mayor, city purchasing agent and/or the board of mayor and aldermen. (Ord. #07-19-05-01, July 2005)