

## Mayor-Aldermanic (General Law) Charters

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

The University of Tennessee  
Municipal Technical Advisory Service  
1610 University Avenue  
Knoxville, TN 37921-6741  
865-974-0411 phone  
865-974-0423 fax  
[www.mtas.tennessee.edu](https://www.mtas.tennessee.edu)

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## Mayor-Aldermanic (General Law) Charters

**Reference Number:** MTAS-1628

### ***T.C.A. §§ 6-1-101 et seq.***

There are no clear-cut purchasing requirements in the mayor-aldermanic (general law) charter. Since there are no provisions in the charter regulating competitive bidding and public advertisement, the 1983 Municipal Purchasing Law applies. However, the governing body of the municipality is authorized to increase or decrease the amount specified in the law concerning public advertising and competitive bidding.

All acquisitions made under this law must be purchased within the limits of the approved budget and appropriations for the department, office or agency for which the purchase is made.

## Organizations Exempt from the Purchasing Law (Mayor-Ald.)

**Reference Number:** MTAS-1630

When a city buys from any of the following organizations, the purchase is exempt from the 1983 Municipal Purchasing Law:

- Agencies created by two or more cooperating governments such as those established under the Inter-local Cooperation Act (T.C.A. §§ 12-9-101 *et seq.*);
- Nonprofit corporations, such as the Local Government Data Processing Corporation, that provide goods or services specifically to municipalities; and
- Federal, state, and local governmental units or agencies when purchasing second-hand supplies, commodities and equipment.

## Purchases Exempt by the Purchasing Law

**Reference Number:** MTAS-1631

The following city purchases are exempt from competitive bidding and public advertisement requirements according to the 1983 Municipal Purchasing Law:

- Products and services available only from a single source of supply and those of a proprietary nature (brand name products made and marketed by one having the exclusive right to manufacture and sell).
- Purchases, leases and lease-purchases of real property.
- Emergency purchases; however, there are certain reporting requirements when this exemption is used.
- Purchases, leases, and lease-purchases of \$1,000 or less in any fiscal year do not require public advertisement or competitive bidding. By ordinance, the \$1,000 limit may be increased up to 40% of the public advertising and competitive bid limit. Although not required, it is recommended that you try to get the best deal by soliciting price quotes.
- Purchases, leases, and lease-purchases of more than \$1,000 but less than \$2,500 do not require public advertisement but do require, whenever possible, at least three competitive quotes. The \$2,500 threshold may be lowered or increased up to \$10,000 by the municipality's governing body. <sup>[1]</sup>

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[1] Cities with populations of not less than 40,000 nor more than 42,500 or populations over 150,000, according to the 2000 federal census or any subsequent census may increase the minimum dollar

amount required for public advertisement and competitive bidding to \$25,000, provided that purchases between \$10,000 and \$25,000 are based upon three competitive bids (quotes).

## Competitive Bids/Proposals (Mayor-Ald.)

**Reference Number:** MTAS-1632

According to the 1983 Purchasing Law, municipal purchases, leases, and lease-purchases that cost between \$1,000 and \$2,500, must be based on at least three competitive bids (quotes). <sup>[1]</sup>

However, the municipality may, by ordinance, increase the \$1,000 limit to a maximum of 40 percent of the amount established by the governing body as authorized by law for purchases requiring public advertisement and competitive bidding.

Purchases, leases, and lease-purchases totaling \$2,500 or more during the fiscal year must be competitively bid. This also includes purchases, leases, and lease-purchases of like or related items usually acquired by two or more buys during the fiscal year. The amount may be lowered or increased up to \$10,000 by the municipality's governing body. <sup>[1]</sup>

"Competitive sealed bids" generally include both sealed bids and sealed proposals. Sealed proposals should be used if the criteria for vendor selection can be clearly defined, the selection process will benefit the municipality, and the process is approved by the municipality. For more information see T.C.A. § 12-3-1207.

A city may exempt a purchase of perishable goods from competitive bidding requirements when the items are bought in the open market. The person or body authorizing the acquisition must prepare a record specifying the amount paid, the items purchased and the vendor. This purchase record must be reported at least monthly to the chief executive officer and governing body of the municipality.

Purchases of natural gas and propane for re-sale are exempt from competitive bidding.

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## Public Advertisement (Mayor-Ald.)

**Reference Number:** MTAS-1633

According to the 1983 Municipal Purchasing Law, purchases, leases and lease-purchases of less than \$2,500 do not have to be publicly advertised.

Municipal purchases, leases, and lease-purchases of more than \$1,000 but less than \$2,500 do not require public advertisement but do require, whenever possible, at least three competitive quotes. The municipal governing body may, by ordinance, increase this \$1,000 limit to a maximum of 40% of the amount established under TCA 6-56-306 for purchases requiring public advertisement and competitive bidding.

Unless specifically exempt, all purchases, leases, and lease-purchases of like or related items usually bought alone or by two or more purchases totaling \$2,500 or more during the fiscal year must be publicly advertised. The amount may be lowered or increased up to \$10,000 by the municipality's governing body. <sup>[1]</sup>

The municipality may exempt perishable goods from public advertisement requirements when the items are bought in the open market. Whoever authorizes the purchase must prepare a record specifying the amount paid, the items purchased and the vendor. This record must be provided at least monthly to the chief executive officer and the municipality's governing body.

The municipality also may exempt fuel and fuel products from advertising requirements when the items are bought in the open market. Fuel and fuel products may be bought from the state general services

contract where available. Purchases of natural gas and propane for re-sale do not have to be advertised.

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## Emergency Purchases (Mayor-Ald.)

**Reference Number:** MTAS-1634

Purchases and leases of supplies, materials, or equipment may be made immediately in emergencies without competitive bidding and public advertisement. Emergencies, or unexpected trouble, might include delays by contractors, delays in transportation or an unexpected amount of work.

Once an emergency buy is made, the person or body who authorized it must prepare a record specifying the amount paid, the items purchased, the vendor and the nature of the emergency. As with other purchase records, this log must be provided as soon as possible to the chief executive officer and the municipality's governing body.

## Authority of the Governing Body (Mayor-Ald.)

**Reference Number:** MTAS-1635

Under the 1983 Purchasing Law, a municipality has the power to set its own purchasing procedures. The city's governing body may lower the \$2,500 minimum required for competitive bidding and public advertisement or raise the requirement to a maximum of \$10,000. <sup>[1]</sup>

The city's governing body may also raise the \$1,000 competitive quote threshold up to 40% of the competitive bidding and public advertisement limit.

The municipality also may exempt perishable goods bought in the open market from competitive bidding and public advertisement. But remember, there are certain reporting requirements if this exemption is made.

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[1] Cities with populations of not less than 40,000 nor more than 42,500 or populations over 150,000, according to the 2000 federal census or any subsequent census may increase the minimum dollar amount required for public advertisement and competitive bidding to \$25,000, provided that purchases between \$10,000 and \$25,000 are based upon three competitive bids (quotes).

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