

PROCUREMENT REGULATIONS

KNOX COUNTY PROCUREMENT DIVISION

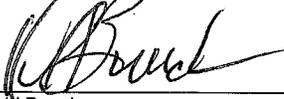


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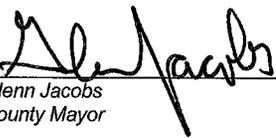
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Date

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INTRODUCTION

The Knox County Charter requires the existence of a centralized procurement agency within Knox County Government. The Knox County Procurement Division, a service agency, operates under the direction of the Knox County Mayor.

This manual contains the procedures and regulations by which Knox County agencies and using departments are required to operate. It is to serve as a user's guide for Knox County employees and officials when implementing centralized and authorized, decentralized procurement procedures. All purchases shall be processed in accordance to these regulations and procedures.

The contents of this manual represent the minimal requirements. Knox County's elected and/or appointed officials, boards, or agencies, may establish other requirements, as they deem necessary. The contents of this manual are not intended to conflict with any existing law. Should any aspect of this manual conflict with law, law shall take precedence.

The success and integrity of the procurement process depends on the honesty and accuracy of all the elected officials, appointees, and employees of Knox County. Any comments or suggestions concerning the design or content of this manual will be appreciated. The Procurement Division is available to assist all Knox County offices, departments, and agencies at all times.

PURPOSE OF MANUAL

The Procurement Division is responsible for maintaining centralized procurement, supply management, project management, business outreach property management, property development and all other services and commodities purchased and/or leased for Knox County.

This manual describes and illustrates correct operating procedures and policies for Knox County's centralized procurement system. Knox County employees and agencies are expected to be familiar with and comprehend the contents of this manual in order to sustain and enhance the overall procurement process.

UPDATING THE MANUAL

These policies and procedures are current as of the date of publication. However, they will be reviewed and continually updated. As revisions occur, replacement pages will be published with corresponding publication dates and revision numbers. Outdated portions of the manual are to be removed and replaced with these revised pages as they are made available.

The Procurement Director will issue revisions and deletions of this manual. The regulations so issued shall be distributed to the County Mayor, the Senior Director of Finance, and the Law Director for approval. The Procurement Director shall be responsible for effectively disseminating and communicating the Procurement Regulations to all Department Heads and Elected Officials affected thereby.

SECTION I: ETHICS

The ethical standards in this section apply exclusively to the Procurement Division, Procurement Card Holders and Requisitioning authorities unless the standard is by ordinance or law. In such case the applicable law shall prevail.

A. NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING CODE OF ETHICS

The Institute believes, and it is a condition of membership, that the following ethical principles should govern the conduct of every person employed by any public sector procurement or materials management organization.

1. Seeks or accepts a position as head or employee only when fully in accord with the professional principles applicable thereto and when confident of possessing the qualifications to serve under those principles to the advantage of the employing organization;
2. Believes in the dignity and worth of the services rendered by the organization and the social responsibilities assumed as a trusted public servant;
3. Is governed by the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the organization and the public being served;
4. Believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest and not tolerable;
5. Identifies and eliminates participation of any individual in operational situations where a conflict of interest may be involved;
6. Believes that members of the Institute and its staff should at no time nor under any circumstances, accept directly or indirectly, gifts, gratuities, or other things of value from suppliers;
7. Keep the governmental organization informed, through appropriate channels, on problems and progress of applicable operations, but personally remains in the background by emphasizing the importance of facts;
8. Resist encroachment on control of personnel in order to preserve integrity as a professional manager. Handles all personnel matters on a merit basis. Political, religious, racial, gender, disability, and age considerations carry no weight in personnel administration in the agency being directed or served;
9. Seeks or dispenses no personal favors. Handles each administrative problem objectively and emphatically without discrimination on the basis of principles and justice; and
10. Subscribes to and supports the professional aims and objectives of the National Institute of Governmental Purchasing.

B. ETHICAL STANDARDS

Public Service is a Public Trust. Though enunciated over ninety years ago by President Coolidge, this axiom is still very valid. As a governmental organization, Knox County is obligated to aspire and attain to the highest level of ethical standards. The following guidelines are not an exhaustive detailing of all ethical situations. If further questions arise, consult with your immediate supervisor and the County Legal Department for a definitive ruling.

1. CONFLICT OF INTEREST POLICY (REFER TO SECTION 8.08 OF THE KNOX

COUNTY CHARTER.)

The purpose of this policy is to inform employees involved in the procurement function about the avoidance of conflict of interest. This policy applies to all employees who participate in any phase of the procurement process. Employees engaged in the procurement function are to be free of interests or relationships that are actually or potentially inimical or detrimental to the best interests of Knox County, and shall not engage in or participate in any commercial transaction involving the County, its affiliates, divisions or subsidiaries in which they have a significant financial interest.

Any employee engaged in procurement who has assumed, or is about to assume, a financial or other outside business relationship that might involve a conflict of interest, must immediately inform the supervisor of the circumstances involved. This information will be reviewed at an appropriate level for a decision whether or not a conflict of interest is present and, if so, what course of action will be taken. In this connection, a conflict of interest exists where an employee:

- a. Has an outside interest, which materially encroaches on time or attention, which should be devoted to the affairs of the County.
- b. Has a direct or indirect interest in or relationship with an outsider that is inherently un-ethical or that might be implied or construed to be, or make possible personal gain due to the employee's partiality toward the outsider for personal reasons or otherwise inhibit the impartiality of the employee's business judgment, place the employee or the County in an equivocal, embarrassing or ethically questionable position; or reflect on the integrity of the organization.
- c. Takes personal advantage of an opportunity that properly belongs to the County.
- d. Uses County property without approval.
- e. Discloses County "trade secrets" or any other proprietary information to unauthorized persons.

2. GIFTS

Gratuities from current or potential business partners can lead to questions of conflict of interest. Therefore, the following policies are set forth:

- a. No Knox County employee shall accept gifts, personal loans, entertainment, or other special consideration from an individual or business organization doing business with the County or which might do business with the County.
- b. Loans are not accepted from an individual or organization having prospective dealings with the County unless such individual or organization is in the business of making loans to individuals.
- c. No employee shall permit any influence that could conflict with the best interest of the County, or prejudice the County's reputation.
- d. Association with supplier representatives at luncheons, dinners, or business organization meetings are helpful in establishing better business understanding. These associations are neither questionable nor un-ethical, provided the Knox County employee remains completely free of obligations.
- e. Any employee who is offered or receives such payment or gift of more than a nominal value shall refuse it or return it to the giver in a tactful and dignified manner, advising the giver of the County's policy prohibiting its acceptance.

3. VENDOR SAMPLES

When vendors offer samples for evaluation, they will be accepted only under the following conditions:

- a. The product is one, which is of a type presently in use or is of potential use to the County. Samples of goods not likely to be purchased are not to be accepted.
- b. The quantity or size of the sample is small and is of low value. The purpose of a sample is to serve as an example to help determine its ability for Knox County service - not to provide an inventory of the material.
- c. Any chemicals offered as vendor samples are not acceptable unless accompanied by an OSHA Material Safety Data Sheet.
- d. If vendor samples are accepted, they shall be promptly conveyed to the appropriate department for testing. The vendor is entitled to a prompt evaluation of the sample, and Knox County intends to provide this courtesy.

4. PRODUCT ENDORSEMENTS

Requests for approval of a news release or advertisement stating the County, or any of its operating units or personnel, uses a product or service offered by particular firm shall be referred to the Senior Director of Finance for approval.

5. PURCHASES FROM EMPLOYEES

It shall be the policy of the County not to purchase any goods or services from any employee or close relative of any employee without the prior approval of the Procurement Director, Senior Director of Finance and/or the County Mayor.

6. VENDOR RELATIONS

It is the policy of Knox County to maintain and practice the highest possible standards of business ethics, professional courtesy, and competence in all dealings. Applicable laws must always be scrupulously observed. In this regard, the following must be observed when dealing with suppliers and their representatives:

- a. Grant prompt and equal reception, as well as fair and equal treatment, to all suppliers and their representatives.
- b. Provide equal opportunity for all suppliers to make price and specifications quotations.
- c. Decline to take advantage of seller's errors, and show consideration for seller's difficulties by cooperating with the seller whenever possible.
- d. Avoid putting sellers to unnecessary expense or inconvenience on returned goods.
- e. Explain as clearly as possible to suppliers the reasons for the rejection of their bids or proposals.
- f. Stay informed about the sources of supply, services and materials, and encourage their testing.
- g. Communicate the procurement procedures, solicitation terms and conditions, vendor guide, and other requirements to the Seller.

7. RESTRICTIONS ON EMPLOYMENT OF PRESENT EMPLOYEES

Contemporaneous Employment is prohibited. It shall be a breach of ethical standards for any employee who is participating directly or indirectly in the procurement process to become or be, while such an employee, the employee of any person contracting with the County.

8. CIVIL AND ADMINISTRATIVE REMEDIES AGAINST EMPLOYEES WHO BREACH ETHICAL STANDARDS

A department head, immediate supervisor, or the Senior Director of Finance may impose any of the following penalties depending upon the nature of the breach:

- a. Oral warnings
- b. Written warnings
- c. Oral reprimands
- d. Written reprimands
- e. Suspension with or without pay for a specified period
- f. Termination of employment

C. REPORTING OF SUSPECTED COLLUSIVE BIDDING OR NEGOTIATION

When collusion is suspected among any bidders a written notice of such suspicion shall be submitted to the Law Director. The Law Director may coordinate any investigation of alleged collusive activity with the State of Tennessee Attorney General Antitrust Division. All documents involved in any procurement in which collusion is suspected shall be retained until the Law Director gives notice that they may be destroyed. All retained documents shall be made available to the Law Director or his/her designee upon request.

SECTION II: DEFINITIONS

When used in the context of this manual and in the authorization of Purchase Orders, Contractual Agreements, Invitations to Bid, Request for Proposals or other pertinent documents, the words, conditions, and phrases below shall have the following meanings:

1. Accept: To receive with approval or satisfaction.
2. Acknowledgement: 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 or more parties.
4. All or None: Knox County 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.
7. Approved: To be satisfied with; admit the propriety or excellence of; to be pleased with; to conform, to ratify.
8. Approved equal: Alike; uniform; on the same plane or level with respect 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. Authorized Price List: A price list of the products or services covered in a contract that contains minimum essential information needed by users for placing orders.
11. Award: The presentation of a contract to a vendor; to grant; to enter into with all required legal formalities.
12. Awarded Bidder: Any individual, company, firm, corporation, partnership, or other organization to whom an award is made by the County.
13. Best Interests of the County: A term frequently used in granting a procurement official the authority to use discretion in taking whatever action that is most advantageous to the government. The term is used when it is impossible to anticipate extraordinary circumstances

that may arise, substituting for specific directions that would, under normal circumstances, be delineated by law or regulation.

14. Best Value: Means more than low cost. It includes initial cost, service, quality and other factors related to the acquisition.
15. Bid: A vendor's response to an Invitation for Bids; the information concerning the price or cost of materials or services offered by a vendor.
16. Bidder: Any individual, company, firm, corporation, partnership or other organization or entity bidding on solicitations issued by the Procurement Director and offering to enter into contracts with the County. The term "bidder" will be used throughout this document and shall be construed to mean "offeror" where appropriate.
17. Bidder's List: A list of suppliers of various goods and services from whom bids, proposals, and quotations can be solicited.
18. 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.
19. 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 sent, the responses of the vendors, the bid tabulation, the award sheet and any other information as may be necessary.
20. 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.
21. Bid Solicitation: Invitations for Bids
22. Blanket Bid (order): A type of bid used by buyers to purchase repetitive products. The County establishes its need of a product for a specified time. The vendor is then informed of the County's expected usage during the duration of the contract. The County agencies will order small quantities of these items from the vendor over the life of the contract.
23. Bulk Procurement: Procurement in large quantities in order to reduce the price per unit.
24. Business: Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or legal entity through which business is conducted.
25. Buyer: An assistant to the Procurement Director. The buyer is responsible for negotiating with the vendors and obtaining the quotes and information from which bids are solicited.
26. Cancel: To revoke a contract or bid.
27. Cancellation: To annul or invalidate; to strike or cross out; to make void.
28. Capital Items: Equipment that has an expected life-span of one year or longer and a value (usually) in excess of \$10,000.00.
29. Cash Discount: A discount from the purchase price allowed to the purchaser if payment is made within a specified time.
30. Caveat Emptor: Let the buyer beware; used in proposals or contracts to caution a buyer to avoid misrepresentation.
31. Certify: To testify in writing; to make known or establish as a fact.

32. Commodity Code: A numbering system that enables the computer software to monitor the purchase and usage of items bought by Knox County. Every item purchased is assigned up to an eleven-digit commodity code that represents one, and only one, item.
33. Competitive Solicitation: Bidding on the same undertaking or material items by more than one vendor; competitive bidding must, by due advertising, give opportunity for everyone to bid, but does not mean that more than one bid must be submitted.
34. Competitive Negotiations: A procurement method for obtaining goods, services, and construction in which discussion and negotiations may be conducted with responsible proposers who submit responsive proposals. The process concludes with the award of a contract to the proposer who offers best value.
35. Concealed Damage: Damage that is not readily identifiable by routine visual examination.
36. Confidential Information: Information available only to specified personnel or officers of the County that is not necessarily open to public scrutiny.
37. Confirming Order: A form used to verify a purchase order made by telephone, fax and/or any other approved electronic method of procurement that serves as the vendor's original hard copy, listing the pertinent information of the order. This is for verification only and is designed to avoid order duplications and misunderstandings.
38. Conspicuously: To be prominent or obvious; located, positioned, or designed to be noticed.
39. Construction: The building, alteration, demolition or repair (including, but not limited to, dredging, excavating and painting) of public buildings, structures and highways, and other improvements or additions to real property.
40. Contract: An agreement, grant or order for the procurement, use, or disposal of supplies, services, construction, insurance, real property or any other item.
41. Contract Modification: The alteration of a provision within an existing contract.
42. Contractor: A supplier of labor, services, or materials; any person having a contract with the County.
43. Control: Authority to manage, direct, regulate, or oversee.
44. Cooperative Procurement: Procurement conducted by, or on behalf of, more than one public procurement unit, or by a public procurement unit with a foreign procurement entity.
45. County: Knox County, Tennessee.
46. Debarment: Means the disqualification of a person to receive invitations for bids, requests for proposals, or the award of a contract by the County.
47. Deficient Materials: Material found to be faulty or unsuitable for its intended use because of one or more deficiencies, such as quality, design, or procurement deficiency, that is not the result of damage.
48. Delivery Schedule: The required or agreed upon rate of delivery of goods or services.
49. Demurrage: Charges made on freight shipments that are not unloaded within two days after arrival.
50. Department: Any agency or, division thereof, which is authorized or created by the Charter of Knox County, or by ordinance made pursuant thereto.

51. Department Head: The chief administrative officer of a department.
52. Design-Build: A delivery method for construction projects that combines the architectural, engineering, and construction services required for a project into a single contractual agreement.
53. Disadvantaged Business: A business that is owned or controlled by socially and economically disadvantaged individuals.
54. Discount for prompt payment: A predetermined discount offered by a vendor for prompt payment.
55. Dispute: Disagreement between parties to a contract over performance or other contract term requiring administrative action to resolve.
56. Distribution: The movement of goods from manufacturer to consumer; includes marketing, buying, selling, promotion, advertising, handling, storage, and transportation.
57. Employee: A person drawing a salary from the County, whether elected or not.
58. Encumber: Reserve funds against a budgeted line item; to charge against an account.
59. Established Catalogue Price: A price included in the most current catalogue, price list, schedule, or other source.
60. Ethical: Conforming to professional standards of conduct; conforming to the Code of Ethics and/or Ethical Standards as provided in this manual or other county and state provisions.
61. Evaluation of Bid: The process of examining a bid to determine a bidder's responsibility, responsiveness to requirements, and other characteristics of the bid that determine the eventual selection of a winning bid.
62. Evaluated Bid Price: The dollar amount of a bid after bid adjustments are made pursuant to a precise mathematical formula set forth in the invitation for bids, which measures the effective price to the County. Such formula shall take into account factors that contribute to the economy and effectiveness in the operation of a procured item, such as reliability, maintainability, useful life and residual value.
63. Expediting: Ensuring the speedy delivery of a shipment to its destination; the attempt to avoid delays that might require tracing.
64. Extend: To continue for a period of time; prolong.
65. Federal Excise Tax: An inland imposition, paid sometimes upon the consumption of the commodity, and frequently upon the retail sale.
66. Financial Interest: Means:
 - (a) Ownership of any interest, or involvement in any relationship, from which the individual or entity has, within the past three (3) years, received, is presently receiving, or is entitled to receive in the future, more than one hundred dollars (\$100.00) per year; or
 - (b) Holding a position in a business such as officer, director, trustee, partner, employee or the like, or holding any position of management.
67. Firm-Fixed-Price Contract (FFP): A fixed-price contract with a price that is not subject to any adjustment on the basis of the contractor's cost experience or other circumstances arising during the performance of the contract.

68. Fiscal Year: An accounting period of 12 months, beginning July 1 of the current year through June 30 of the upcoming year.
69. Formal: Arranged in proper and methodical order. The proper technical terms or phrases, arranged in logical order and capable of being adapted to the circumstances of the specific case.
70. Good Faith: Factual honesty in the conduct of a transaction; the observance of reasonable commercial standards of fair dealing.
71. Goods: All materials, equipment, and supplies.
72. Immediate Family: Spouse, children, grandchildren, parents, and brothers and sisters.
73. Ineligible Bidder: A supplier, who by reason of historical financial instability, unsatisfactory reputation, poor performance, or other similar reasons, cannot meet the qualifications for placement on the bidder's list for award of a contract.
74. Informal Bid: Contacting a minimum of three vendors to obtain three (3) written quotes for items of a value more than \$25,000.00.
75. Inspection: Examination and testing, including processes, raw materials, components, intermediate assemblies, and end items to determine whether the items conform to contract requirements.
76. Inventory: The stock of goods on hand or an itemized list of a stock of goods indicating volume and values.
77. Invitation for Bid (IFB): A formal request to prospective vendors soliciting price quotations or bids; contains, or incorporates by reference, the specifications or scope of work and all contractual terms and conditions.
78. Invoice: A written account of merchandise and process, delivered to the purchaser; a bill.
79. Lead Time: The period from date of ordering to date of delivery that the buyer must reasonably allow the vendor to prepare goods for shipment.
80. Legal: Conforming to law, according to law; required or permitted by law; not forbidden or discountenanced by law; good and effectual in law.
81. Lessen: To cause decrease; make less; to minimize to decrease.
82. Life Cycle Costing: A procurement technique that considers the total cost of procurement, maintaining, operating and disposing of a piece of equipment when determining low bid.
83. Lowest Responsible Bidder: The bidder who is awarded a contract because in the unit price, total cost of operation, or value per dollar, the vendor's bid is lower than any of the other bidders whose reputation, past performance, business and financial capabilities are such that they would be judged to be capable of satisfying the government's needs for the specific contract.
84. Non-stocked Items: Items of material centrally managed and purchased but not stocked to meet demands from requisitioners.
85. Performance Bond: A bond given to a purchaser by a vendor (or contractor) guaranteeing the performance of certain services or delivery of goods within a specified time. The purpose is to protect the purchaser against a cash loss that might result if the vendor did not deliver as promised.

86. Policy: The general principles by which a government is guided in its management of public affairs.
87. Pre-award Survey: Physical survey and evaluation of a prospective contractor's plant, equipment, and capacity to perform (both technically and financially), made before an agency signs the contract. Used in those circumstances where additional information is required for a determination of the responsibility of the prospective contractor.
88. Pre-bid Conference: A meeting held with potential vendors a few days after an invitation for bids has gone out to promote uniform interpretation of work statements and specifications by all prospective contractors.
89. Procured Item: Any supply, service, construction, insurance or any other item obtained in accordance with this code.
90. Procurement: Buying, renting, leasing or otherwise obtaining supplies, services, construction, insurance or any other item. It also includes all functions that pertain to the acquisition of such supplies, services, construction, insurance and other items, including description of requirements, selection and solicitation of sources, preparation and award of contract, contract administration, and all phases of warehousing and disposal.
91. Product Analysis: A study of products through market research in order to develop new ones, adapt old ones to new uses or to determine product characteristics most valuable to the consumer. Also, in industry, the studying of how to produce the best possible product for the most economical price.
92. Project Management: The application of processes, methods, knowledge, skills and experience to achieve the project objectives.
93. Protest: A complaint about a governmental administrative action or decision brought by a vendor with the intention of achieving a remedy. A protest is a controversy that may occur during solicitation and through award of a contract. It often takes the form of a written objection to an invitation for bid or request for proposal solicitation, or to a proposed award.
94. Public Document: Any document or record connected with the public business or the administration of public affairs issued and preserved by any department of the government.
95. Public Procurement 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.
96. Purchase 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 the goods or services ordered; agreed terms to payment, discounts, date of performance, transportation terms, and all other agreements pertinent to the purchase and its execution by the vendor.
97. Qualifications-Based Selection (QBS): A procurement process for the competitive selection of architectural and engineering services under which the most appropriate professional or firm is selected based on qualifications such as knowledge, skill, experience, and other project-specific factors, rather than on fees. Fair and reasonable fees are negotiated with the top-ranked firm for an agreed-upon scope of services.
98. Quotation: A statement of the market price of one or more commodities; the price specified to a correspondent.
99. Receiving: The act that physically receives shipments from a carrier and makes Knox County legally liable for payment.

100. Reject: Refuse to accept, recognize, or make use of; repudiate, to refuse to consider or grant.
101. Request for Proposal (RFP): All documents utilized for soliciting competitive proposals. A bid solicitation method used for requirements exceeding authorized limits when it is expected that negotiations with one or more bidders may be required with respect to any aspect of the requirements, or other factors will be considered in the selection of the contractor in addition to price, or only one source is being solicited.
102. Request for Qualifications (RFQ): A document, which is issued by a procurement entity to obtain statements of the qualifications of potential responders (development teams or consultants) to gauge potential competition in the marketplace, prior to issuing the solicitation.
103. Requisition: Any document whereby a using agency requests that a contract be obtained for a specified need.
104. Responsive Bidder: One who has submitted a bid that conforms in all material respects to the invitation for bids.
105. Schedule Contract: A contract that consolidates agency requirements by pre-establishing a bid opening date and requiring using agencies to submit requirements by a specified time.
106. Sealed: Secured in any manner so as to be closed against inspection of contents.
107. Sealed Bids/Proposals: Written and/or electronic bids or proposals that are submitted in response to an invitation for bid/request for proposals, by potential vendors before a certain date. The bid is submitted in a sealed envelope or through the County's on-line procurement system to prevent dissemination of its contents before the deadline for the submission of all bids.
108. Services: Any work performed by an independent contractor wherein the service rendered does not consist primarily of acquisition of equipment or materials, the rental of equipment or materials, or supplies.
109. Signatory Agent: One that acts for or as the representative of another, by affixing his/her signature to a document.
110. Small Business: A United States business which is independently owned and operated and is not dominant in its field of operation or an affiliate or subsidiary of a business dominant in that field of operation.
111. Sole Source Procurement: An award for a commodity, which can only be purchased from one supplier, usually because of its technological, specialized, or unique character.
112. 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.
113. Standardization: The making, causing, or adapting of items to conform to recognized qualifications.
114. Subcontractor: Any business that holds an agreement or purchase order to perform a part of the work or to make or furnish any article or service required for the performance of a county or county-funded prime contract or subcontract there under.
115. Supplies: All property except land or interest in land.
116. Suspension: The disqualification of any person to receive invitations for bid, or request for proposals, or to be awarded a contract by the county or any governmental body thereof, for a temporary period pending the completion of an investigation, and any legal proceedings that may ensue.

- 117. Term Contract: A contract in which a source of supply is established for a specified period of time for specified services or supplies; usually characterized by an estimated or definite minimum quantity, with the possibility of additional requirements beyond the minimum, all at a predetermined unit price.
- 118. Termination for Convenience: Action by which the procurement entity, in accordance with contract provisions, unilaterally cancels all or part of the contract work for the best interest of the jurisdiction, and with no reflection on the contractor's performance.
- 119. Termination for Default: Action by which the procurement entity, in accordance with contract provisions, unilaterally cancels all or part of the contract work due to the contractor's failure to perform in accordance with the terms of the contract.
- 120. Textbook (to include "Books" and Periodicals): "Textbook" or "textbooks" includes "electronic textbook" or "electronic textbooks," which means computer software, interactive videodisc, magnetic media, CD-ROM, computer courseware, local and remote computer assisted instruction, online services, electronic medium or other means of conveying information to the student, or otherwise contributing to the learning process through electronic means.
- 121. Unconcealed Damage: Damage visible upon arrival of the shipment and indicated on the receipt returned to the carrier.
- 122. Using Agency: Any department that utilizes supplies, services, insurance, construction or any other item procured under this code.
- 123. Value: The estimated or appraised worth of any object or property calculated in money.
- 124. Vendee: A purchaser, buyer, or consumer; one to whom anything is sold.
- 125. Vendor: The person who transfers property, goods, or services by sale.

SECTION III: GENERAL POLICIES

The Senior Director of Finance is the legally authorized procurement agent for Knox County. The Senior Director of Finance delegates the procurement and signatory authority to the Procurement Director and the duly authorized buyers. Unlimited procurement and signatory authority has been delegated to the Procurement Director and buyers. This authority must not conflict with any existing Federal, State or local laws, and it must conform to the formal regulations and procedures adopted by Knox County. Finally, this authority must be within the budgetary limitations of Knox County Government.

The Procurement Division of Knox County is the SOLE agency vested with the responsibility of expending Knox County funds in the procurement of equipment, materials, and services. It is a service department created to assist all departments of Knox County in procuring their needs and to counsel, advise, expedite and assist in ***true emergencies.***

A. IN ORDER TO PROVIDE THIS SERVICE, THE OBJECTIVES OF THE PROCUREMENT DIVISION ARE:

- 1. To secure the advantages of a centralized procurement process;
- 2. To promote effective competition among prospective suppliers of goods and services;
- 3. To make the procurement procedures as uniform as possible among the various departments and offices of the County;
- 4. To simplify, clarify, and modernize the law governing procurement by the County;
- 5. To promote fair and equitable treatment to all suppliers or prospective suppliers of goods and services;

6. To provide for increased public confidence in procedures followed in public procurement;
7. To permit the continued development of procurement policies and practices;
8. To process all requisitions with the least possible delay;
9. To purchase items that will best meet the needs of the using departments, and to assist departments in budget development by provision of cost estimates.
10. To promote the effectiveness, efficiency, and economy of the procurement function.
11. To promote diversity in the supplier base.
12. To provide inventory control services.

a. **RESPONSIBILITIES OF THE USING AGENCIES**

Procurement must be a combined effort of the using agencies and the Procurement Division. Only when both of these entities perform properly will the procurement process maximize savings for Knox County taxpayers. Using agencies should learn the processes and procedures contained in this manual and adhere to them. Responsibilities of the using agencies are outlined below:

- i. To allow ample lead-time for the Procurement Division to process the requisition, issue the purchase order, and allow the supplier time to deliver the needed items. The designations "ASAP and Immediately" are misleading and should not be used unless there is a bona-fide emergency.
- ii. To prepare a complete and accurate description of the materials to be purchased - as the requisition instructions in the manual indicate.
- iii. To Plan Purchases to eliminate avoidable emergencies.
- iv. To initiate specification preparation on items to be bid.
- v. To advise the Procurement Division of defective merchandise or dissatisfaction with vendor performance.
- vi. To promptly receive when requisitioned items are delivered. All receiving is electronic and is done in the MUNIS Purchase Order Receiving File Maintenance Application.
- vii. To notify Procurement of any requirements for grant funds (CFR/ESSER, etc.)

b. **PURCHASE REQUISITION PROCEDURES**

PROPERLY COMPLETING REQUISITION INFORMATION

The way a requisition is filled out in the using department is very important to the procurement function. The requisitioner has a specific need when the requisition is prepared. If the need is not communicated properly to the Procurement Division, the results could be less than satisfactory. The following are typical problems with requisitions:

- i. Insufficient description or too much abbreviation
- ii. No word description-just part or model numbers
- iii. Incorrect unit of measure or incorrect quantity
- iv. Incorrect address or telephone number
- v. Restrictive specifications

The Buyer needs to be able to understand the requisition because each item has a corresponding class-item code for input into the computer. **The Procurement Division reserves the right to reject requisitions, which are not properly completed.**

B. REQUISITIONER'S AUTHORITY

The SOLE authority for requisitioning resides in and for the departments of Knox County. The Procurement Division cannot requisition items without a written and/or electronic request from a using agency. The departments of Knox County can request any equipment, materials, or supplies that are necessary for the operation of that office. However, requisitioning departments **DO NOT HAVE** the legal authority to commit Knox County funds for the purchase of items. Only the Knox County Procurement Division has the legal authority and obligation to commit County funds for expenditure. For the procurement activities of Knox County government to operate effectively, there needs to be a professional and complimentary working relationship between the Procurement Division and using agencies. Only when these departments work in unison can the public interest be served best.

C. FLOW OF REQUISITIONS AND BIDS

Please refer to the MUNIS/BuySpeed Manual for Procurement and Departmental Users.

D. IRAN DIVESTMENT ACT

Pursuant to Tennessee Code Annotated §12-12-106, by submission of a response to a solicitation, each vendor and person signing on behalf of any vendor certifies, and in case of a joint submission each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each vendor is not on the list as published in the Tennessee Department of General Services Public Information Library.

E. NO BOYCOTT OF ISRAEL

Pursuant to Tennessee Code Annotated Title 12, Chapter 4, Part 1, by submission of a response to any solicitation, each vendor and each person signing on behalf of any vendor certifies, and in the case of a joint response each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each vendor is not currently engaged in, and will not for the duration of the contract engage in, a boycott of Israel.

SECTION IV: PROCUREMENT PROCEDURES AND CODES

The Procurement Director, or his/her designee, receives the requisition from the requisitioner and examines it for proper completion. If completed properly, the procurement process is initiated. All purchases of \$50,000.00 or more must be competitively bid. In the purchase of goods and services, it is the objective of the Procurement Division to establish full and free competition. All legitimate and bona fide vendors are given maximum opportunity to bid on open requirements. Using agencies do not have the authority to purchase up to the amount of \$50,000.00. Only the Procurement Division is authorized to make purchases on behalf of Knox County. However, emergencies or other urgent conditions will necessitate departmental procurement. This information is reflected in the Procurement Code.

Procurements not exceeding \$25,000 shall be defined as Small Procurements and are at the discretion of the department head as to where the commodity or service is procured. These Small Procurements shall follow all Requisition, Electronic Commerce Card and Purchase Order procedures as set out in the Procurement Regulations.

Procurements exceeding \$25,000 but not exceeding \$50,000 shall be acquired by Informal Bidding which requires three (3) written quotes for the commodity or service. If three written quotes are not obtainable the procurement shall be procured through the formal sealed solicitation, or other methods.

The above dollar thresholds for Small Procurements and Informal Bidding are to be considered in aggregate by Vendor for any fiscal year. The Procurement Director shall have the final decision on whether an item or service is deemed a Small Procurement.

Aggregate spend totals in any fiscal year shall not exceed \$25,000 with any vendor without an established contract.

A. THE PURCHASE ORDER

The purchase order is an authorization for the vendor to deliver or supply equipment, materials, or services for use of a County department. ***The Procurement Division is the only party authorized and empowered to make purchases for agencies, offices, and departments of the County Government.***

The Purchase Order is computer generated and addressed to the selected vendor. The date issued, requisition number, point of delivery, description and quantity, unit price, and a total price of the equipment, service, or material is contained within the Purchase Order. The acceptance of a Purchase Order by the vendor is subject to the standard terms and conditions of Knox County. The terms and conditions are publicly displayed in the Procurement Division and are included, and must be complied with in order to successfully complete "Vendor Registration", as part of the vendor registration process.

Any change to the Purchase Order must be submitted to the Procurement Division. A change order will not be done until such request has been submitted. The vendor must place the purchase order number on all invoices submitted for payment. Two copies of the invoice are to be mailed promptly to the address as listed on the Purchase Order.

B. CHANGE ORDERS

Occasionally, it will be necessary for the Procurement Division to modify previously issued purchased orders. When changes are made on a purchase order the buyer must complete the necessary steps in order to make the required changes in the on-line procurement system. Please refer Munis/BuySpeed Manual for procurement and Departmental Users.

C. PROCUREMENT COMPUTERIZATION

Knox County's Procurement Division use of an automated procurement system facilitates the flow of paperwork and enables the department to meet the needs of the various departments it serves more efficiently. The software utilized to achieve this service requirement is Munis/BuySpeed. End User Training manuals are provided to all users after successful completion of system training administered by the Procurement Division.

D. STATE PROPERTY UTILIZATION

On occasion, Knox County will find it beneficial to purchase supplies or equipment from the State of Tennessee Surplus Property system. The normal procurement process will be followed to procure these items.

E. TENNESSEE STATE INDUSTRIES

Tennessee State Industries operated by the residents of the State Penal System, produces goods for sale to non-profit entities in the State of Tennessee. Often these high quality goods are less expensive than items purchased elsewhere. Whenever Knox County desires to purchase an item that TSI produces, the TSI price and specifications should be considered, as are the prices of other vendors. TSI products, such as pillows, pillow cases, uniforms, mattresses, office furniture and furniture refurbishing, are often utilized in the criminal justice departments/offices of Knox County.

F. STATEWIDE CONTRACTS

The State of Tennessee has contracts on many items and local governments can purchase from these contracts if they so desire. At times it will benefit Knox County to purchase from

the state contract. Knox County is not required to purchase from the state contract. Once a sealed bid is opened, the Buyer should consult the states website to determine if the state contract will provide the item at a lower cost than the responding vendors.

If the state contract is less expensive than the lowest bid received on the item, the purchase should be made from the state contract. The purchase order should be issued to the vendor specified on the state contract and a notation made that the purchase is through a statewide contract. When the purchase order is issued, the normal procurement procedures will continue. The vendor's invoice must be carefully examined to ensure that Knox County was charged at the state rate.

G. ITEMS REQUIRING COMMISSION APPROVAL

Approval of the Knox County Commission shall be required in the following instances:

1. The acceptance of grants from the United States of America or the State of Tennessee and as required by Tennessee Code Annotated 5-8-101.
2. Proposed contracts involving projects or programs not previously approved by the Commission;
3. Proposed contracts or agreements wherein funds have not been appropriated or which require new or additional appropriations for their funding.
4. All proposed contracts for the purchase, sale or lease of real property, and all proposed franchises granted by the county shall require the approval of the Commission after the bidding or negotiation process has been completed and prior to execution on behalf of the County.
5. All proposed contracts for which payment to the contractor shall exceed One Hundred Thousand Dollars (\$100,000.00) over the anticipated life of the contract; and
6. All modifications or changes to existing contracts, **except for road, and/or bridge construction**, that would increase expenditures under the existing contract by Twenty-Five Thousand Dollars (\$25,000.00) or more.
7. All modifications or changes to existing road, and/or bridge construction contracts that would increase expenditures under the existing contract by One Hundred Thousand Dollars (\$100,000.00) or more.

H. INFORMAL PROCUREMENT METHODS

At times, an item is not available through the sealed competitive solicitations process or through federal or state property utilization. Furthermore, at times the cost of the sealed bid process is not justified by the purchase cost of an item. In these cases, a less formal method of procurement will be utilized to obtain the item. The object of these informal procurement methods is to obtain the necessary item at the lowest possible cost to Knox County.

1. ELECTRONIC QUOTES

Frequently, the Procurement Division utilizes e-mail to obtain pricing, availability, and handling charges of items before a purchase order is issued. This reduces the number of purchase orders that must be revised once the goods are received. In addition, the on-line procurement system allows Buyers to solicit, receive, and tabulate quotes electronically in a secured environment.

I. AMOUNTS PROCESSED WITHOUT FORMAL SEALED BIDS OR INFORMAL BIDS

Formal sealed bids are often impractical for the purchase of certain items. The goal of the Procurement Division is to obtain the supplies necessary for the efficient operation of the Knox County Government. For reasons of cost effectiveness, single sources, delivery considerations, fair price, limited time for procurement, etc. the Procurement Division will, at times, purchase items on the "Open Market." This simply means that telephone/facsimile bids nor sealed bids will be utilized. The Procurement Director, or his/her designee, will determine which (if any) of the requisitions should be procured through the open market system. The prices paid for these items will be fair and in accord with prevailing market prices. This "open market" provision will not be used to circumvent any established procurement statute or procedure.

J. REQUISITION FOR AN ITEM TO BE SENT OUT ON BID

Purchases exceeding \$50,000.00 in value will be made through the use of competitive sealed bids. If the award criteria are not easily measured (or objective) competitive sealed proposals may be utilized. Once the Procurement Director has determined that a requisition will be fulfilled through sealed bids, the buyer then prepares the specifications. The requisitioning agency will be asked to assist in the preparation of these specifications.

Once the specifications are prepared, the buyer prepares the general terms and conditions for Invitation for Bids. The Procurement Division will coordinate any changes in the requisitioning department's specifications, or substitutions in quality, with the requisitioning department.

Vendors must be registered with the Procurement Division prior to bid opening. The vendor must complete a vendor application, which identifies the entity, address, telephone and facsimile number, point of contact, commodities/services they provide, and business license information. The vendor must also comply with the Conflict of Interest policy, which is included with the vendor application. Now, vendors may utilize the on-line vendor registration feature of the on-line procurement system.

Once the bid box is opened, each bid is brought out individually/or electronically unlocked and publicly opened. The buyer either reads aloud or passes the bids received around to any interested parties who may be present. The buyer stamps the received bids as "Official File Document Do Not Remove Or Mark." The buyer sends applicable copies of the bids to the using department for review. The bids are placed in the appropriate folder and are later tabulated and compared.

If bids will not fit into the bid box, the BID CARD FORM is completed and inserted in the bid box instead. This form is clocked in when the bid arrives. The vendor's name, the bid number and the receiver's name are noted on the form. This proves that the bid was received before the designated bid opening time.

The buyer analyzes the bids for responsiveness, completeness, and price. Using the evaluation criteria, the buyer decides which vendor should be awarded the bid and completes a Statement of Award Form. If the award is over \$100,000, the Procurement Director will also review the file and sign the Statement of Award Form. This signifies that these buyers agree with the award decision. A notification of award is prepared for the successful bidder and a purchase order is prepared. All pertinent documents are placed in the permanent folder.

The buyer will send written and/or electronic notification to all unsuccessful vendors who submitted bids. In addition, any vendor bid bonds will be returned.

If a bidder has a complaint about the bidding process or the award process, Knox County has a bid award protest procedure. This procedure is used to resolve any differences that might arise between Knox County and potential vendors.

Knox County reserves the right to accept or reject a bid or any part of a bid; to award a bid on an "all or none basis;" to cancel a bid at any time by giving appropriate notice; to lessen a bid (after it is opened); and to require necessary bonds as required by law.

The requesting department and a Procurement Division representative should make an evaluation of the bids. A written form of the evaluation is submitted to the appropriate buyer, by the requesting department, before a bid award is made. Bid evaluation must be completed in a timely manner. The buyer will document the purchase with the appropriate amount of detail for the given purchase. More complex purchases (e.g. requests for proposals with evaluated criteria, technical buys, etc.), will receive more documentation to provide a history of the buy and an audit trail.

Please refer to **Section 2, "Bid Administration"** of the Buyers Guide to BuySpeed On-Line, for additional details related to the processing of bids in the on-line procurement system.

K. COMPETITIVE NEGOTIATIONS

Competitive Negotiation may be used when competitive sealed bidding is impracticable. A contract may be awarded by competitive negotiation when it is determined by the Procurement Director that the use of competitive sealed bidding is not practicable. In such cases, Requests for Proposals shall be used unless Noncompetitive Negotiation is utilized.

L. USE AFTER UNSUCCESSFUL COMPETITIVE SEALED BIDDING

Contracts may be competitively negotiated when it is determined by the Procurement Director that the bid prices received by competitive sealed bidding either are unreasonable as to all or part of the requirements, or were not independently reached in open competition, and when:

1. Each responsible bidder has been notified of the intention to negotiate and is given reasonable opportunity to negotiate; and
2. The negotiated price is lower than the lowest rejected bid of any responsible bidder; and
3. The negotiated price is the lowest negotiated price offered by any responsible supplier.

The request for proposals shall be given adequate public notice in the same manner as provided for Competitive Sealed Bidding.

M. EVALUATION FACTORS

When an award is not to be made solely on the basis of the lowest evaluated price, the Request for Proposals shall indicate the relative importance of price and other significant evaluation factors. Very often a point-rating system is useful. Specific evaluation categories need to be developed for each request for proposal. Here is a typical breakdown for the point rating systems:

Price	40 points/percent
Experience	20 points
Usefulness of Plan	20 points
Proximity of Operation	10 points
Delivery Schedule	10 points

The Knox County Procurement Code requires that vendors must be informed of the major evaluation factors. Award shall be made to the offeror whose proposal is determined to be more advantageous to the County.

N. DISCUSSION WITH ALL RESPONSIBLE OFFERORS

Written or oral discussions may be conducted with all responsible offerors who submit proposals determined to be potentially eligible for award or within the determined competitive range for the award. The buyer shall not disclose or discuss any information derived from proposals submitted by competing offerors. The buyer shall not disclose the scores or ranking of proposals received with competing offerors. The buyer will courteously prohibit vendors from reviewing proposal files prior to the selection of a vendor and the award of the contract. This protects the integrity of the procurement process.

O. NON-COMPETITIVE NEGOTIATION

A contract may be made by noncompetitive negotiation only when competition is not feasible, as determined by the Procurement Director and Senior Director of Finance prior to award.

P. NEGOTIATIONS AFTER COMPETITIVE BIDDING WHEN ALL BIDS EXCEED AVAILABLE FUNDING

In the event that all bids submitted pursuant to a competitive sealed bidding result in bid prices in excess of the funds available for the purchase, a negotiated award may be made as set forth below when the Procurement Director determines:

1. That there are no additional funds available from any source that would allow an award to the most responsible bidder; and
2. The delay required for re-solicitation under revised specifications and/or quantities by competitive sealed bidding would not serve the best interests of the County.

Competitive negotiations shall be conducted with the most responsive and responsible bidder. In the event negotiations are unsuccessful with the most responsive and responsible bidder, then new invitations for bids shall be issued.

Q. EXPLANATION OF SOURCE SELECTION METHODS FOR COMPETITIVE BIDDING

1. Invitation for Bid (IFB):
Competitive sealed bidding is the preferred method of source selection for acquiring all supplies, equipment, commodities, and services, and it should be used whenever possible. Competitive sealed bidding is normally used when the following conditions prevail:

- Clear and adequate specifications are available.
- Two or more responsible bidders are willing to do business with the County in accordance with the County's requirements.
- The dollar value of the purchase is large enough to justify to both buyer and seller the expense associated with competitive sealed bidding (purchases in excess of \$25,000.00 bid limit)
- Sufficient time is available for solicitation, preparation, and evaluation of sealed bids.

2. Request for Proposal (RFP):
When the County must purchase relatively new technology or non-standard items, and "regular" competitive bidding is not practical or advantageous it may choose to request competitive sealed proposals.

When an award is not to be made solely on the basis of the lowest evaluated price, the Request for Proposals shall indicate the relative importance of price and other significant evaluation factors. Very often a point-rating system is useful. Specific evaluation categories need to be developed for each Request for Proposal. Vendors must be informed of the major evaluation factors. The Knox County

Procurement Code requires this. Written or oral discussions may be conducted with all responsible offerors who submit proposals determined to be potentially eligible for award.

The competitive sealed proposals method differs from the competitive sealed bidding in at least two important aspects. First, when the competitive sealed proposals method is used, the County may hold discussions, and bargains with, the offerors whose proposals are acceptable or potentially acceptable. Second, unlike the competitive sealed bid method, which compares the prices of responsive bidders to determine award, the competitive sealed proposal method evaluates proposal against proposal on a cost and qualitative basis to determine award.

In an RFP price is not normally the determining criterion for award. The criteria must be carefully developed and a weighting factor formulated around the most important features of each procurement action. Frequently, the criteria are divided into three main categories: managerial capability, technical acceptability and approach in meeting performance requirements, and reasonableness of price.

An Evaluation Committee evaluates proposals received. Membership on this body should include:

- User Department Personnel
- Individuals with Project Responsibility
- Personnel with Technical Familiarity with Project Requirements
- Procurement Division Representative

The award is always based upon the evaluation committee's recommendation unless, after review by the Procurement Division (the Procurement Director) or upon protest of a bidder or proposer, the recommendation is overridden because:

- Mathematical errors were made in scoring proposals;
- The proposer should have been disqualified as not responsive to all the mandatory requirements of the RFP;
- Evidence of collusion or fraud involving either the proposer or a member of the evaluation committee is found;
- The evaluation committee failed to follow the evaluation criteria set forth in the RFP;
- Other violations of the laws of the jurisdiction have occurred.

The proposals and all related materials must be open for public inspection after the intent to award the contract to a particular respondent is announced.

3. **Qualifications Based Selection (QBS) and/or Request for Qualifications (RFQ):**
The basis for selection is qualifications of the prospective professional.

The County's risks are reduced because requirements are fully understood and peace of mind follows from confidence that the work can be completed as negotiated. In Tennessee, at the local government level, price bidding for professional services is prohibited (TCA 12-4-106 and 12-4-109). Under Tennessee Law, recognized competence and integrity is the required basis for procuring professional services and QBS does just that.

The QBS System Processes are as follows:

- Step 1. A request for a Statement of Qualifications is sent to identified firms or those requesting participation.
- Step 2. Qualified interested firms respond to the requirements in the request for Statement of Qualifications.

- Step 3. A County appointed selection committee reviews responses and evaluates them.
- Step 4. A short list of firms is developed from the total list of respondents to the request for Statement of Qualifications. All firms on short list are given notification.
- Step 5. A separate notice is sent to those firms not making the cutoff for the short list.
- Step 6. Visits and tours of the project site may be conducted.
- Step 7. Interviews for short listed firms are conducted.
- Step 8. Interviewed firms are evaluated against the established criteria, scores are tallied and firms are ranked accordingly.
- Step 9. Negotiations are initiated with the top-ranked firm which the firm is deemed most qualified by these procedures.
- Step 10. The selected firm prepares a detailed fee estimate based upon the jointly developed scope of work.
- Step 11. The fee proposal is reviewed and agreed upon by the County and the firm.
- Step 12. Contract negotiations should be initiated once the scope of work and fee are agreed upon.

A Selection Committee evaluates qualifications received. Membership on this body should include:

- User Department Personnel
- Individuals with Project Responsibility
- Personnel with Technical Familiarity with Project Requirements
- Procurement Division Representative (when this person adds value to the process)

R. UNFORESEEN CIRCUMSTANCES POLICY

During periods of closure due to unforeseen circumstances in Knox County or closures at the direction of the Knox County Mayor, the Procurement Division will enact the following procedures in regard to solicitations and closures:

- If the Mayor closes the Administrative offices prior to the time set for solicitation opening on any business day, all solicitations due that same day will be moved to the next operational business day.
- Other unforeseen circumstances shall be at the sole discretion of the Procurement Director.
- Knox County shall not be liable for any commercial carrier's decision regarding deliveries during any unforeseen circumstances.

S. ADDITIONAL GRANT REQUIREMENTS

The Procurement Division will adhere to any additional grant requirements as outlined in the associated grant. These requirements are conditions upon which the grant funds were approved and must be adhered to by the County. If any condition exists that is ambiguous, the most restrictive regulation shall prevail.

SECTION V: OTHER PROCUREMENT METHODS

A. BLANKET AND TERM CONTRACTS

The Procurement Division has established numerous types of these purchase arrangements. Procurement Officials need to determine which items to place on a term bid. Typical items include construction materials, auto-parts, institutional food, office supplies, and maintenance items. Procurement will establish discounts off shelf/catalog price or specific unit prices for a

given time with various vendors around the County for those items specified. Each affected department will purchase from these vendors when contract items are needed.

B. DELEGATED PROCUREMENT AUTHORITY

A method of making purchases is through Delegated Procurement Authority. This Procurement method extends procurement authority to certain key people through the use of Electronic Commerce Cards. Please reference <https://knoxcounty.org/finance/ecc/index.php>, Electronic Commerce Card Manual, of this document for details. All of this delegated procurement authority is limited in nature and lacks independent authority. The Procurement Division is simply extending authority based on certain key conditions. Close monitoring of these procurement methods is required. All of these purchases must be examined for repetitiveness and availability through other procurement methods (term bids, etc.).

THE USE OF THESE CARDS IS NOT TO BE UNDERSTOOD TO IMPLY THAT THE REQUIREMENT FOR SEALED BIDS CAN BE CIRCUMVENTED. This is a procurement tool to help departments meet day to day immediate purchase requirements which are not emergencies, but which pose an operational crisis for a user department. Whenever possible, agencies should forecast projected usage in advance and obtain the items in the normal procurement process.

True emergencies can be handled through emergency purchase methods. True emergencies have no dollar limits. The appropriate elected official must make a statement declaring that a true emergency exists. True emergencies are defined as an act of God or otherwise **uncontrollable or unforeseen** circumstances. It is a condition that would endanger the health of the residents of Knox County, or cause additional and extensive damage to County property, or would adversely affect programs in Knox County Government. Once a true emergency has been certified by the elected official the purchase can be made.

C. EMERGENCY PURCHASES

AN EMERGENCY CONDITION IS:

A situation, which creates a threat to public health, welfare, or safety such as, may arise by reasons of flood, epidemics, riots, equipment failures, or other such reasons that may be proclaimed by the County Mayor. The existence of such condition creates an immediate and serious need for supplies, services, or construction that cannot be met through normal procurement methods and the lack of which would seriously threaten:

- a. The functioning of the Knox County Government
- b. The preservation or protection of property
- c. The health or safety of any person

1. PROCEDURES FOR EMERGENCY PURCHASES

EMERGENCY PURCHASE DEFINITION:

Emergencies are defined as acts of God or otherwise uncontrollable or unforeseeable circumstances. A condition that would endanger the health of the residents of Knox County, or cause additional and extensive damage to county property or would adversely affect programs in Knox County Government. All emergencies outside the physical boundaries of Knox County, which requires some action or response by Knox County, will be handled pursuant to **Tennessee Code Annotated 5-14-110. Emergency purchases. See Exhibit "B" Emergency Procurement Manual.**

WHO CAN MAKE EMERGENCY PURCHASES:

Emergency Purchases may be made directly by the using department without competitive bids provided that sufficient appropriation has been made to cover such occasions and necessary approvals have been made.

WHO AUTHORIZES AN EMERGENCY PURCHASE:

The signature of the elected department head provides authorization for an emergency expenditure. True emergencies have no dollar limits.

HOW TO MAKE AN EMERGENCY PURCHASE:

After determining that a true emergency exists, the following procedure shall be used:

- a. Notify the Procurement Division of the need and nature of the emergency. The Procurement Division will provide a written or verbal purchase order number or an Emergency Purchase Order to the department
- b. The department will obtain the equipment or services, complete a requisition and an emergency purchase justification form. Both forms must be submitted to the Procurement Division before the vendor can be paid. If the department has acquired an Emergency Purchase Order from the Procurement Director it may be submitted to the Finance Department for processing but must be accompanied with all required documentation. (See item "d." below)

or

Procurement will expedite the procurement. This can mean taking telephone bids instead of sealed bids or it can mean shortening the time required for sealed bids to less than two weeks.

- c. Departments shall use sound judgment in making emergency purchases of materials and supplies and obtain reasonable prices. Orders should be placed with vendors who are providing or have provided the using department with satisfactory service in the past.
- d. Suppliers shall furnish sales tickets, delivery slips, invoices, etc. for the services and supplies rendered. Terms of the transactions, indicating price and other important data, shall be shown.
- e. Emergency purchases must be approved by the County Mayor or other elected officials (often, after the actual purchase has taken place).
- f. Emergency justification forms and Emergency Purchase Orders may be obtained from the Procurement Director or the Procurement Director may determine that it would be more feasible to employ the use of an electronic commerce card.

ROUTING OF EMERGENCY PURCHASE ORDER COPIES:

The **Original Copy (white)** of the Emergency Purchase Order is issued to the vendor. The **Second Copy (canary)** of the Emergency Purchase Order is to be retained by the issuer until an invoice is prepared. Attach the invoice to the second copy and mail it to:

Knox County Finance Department
Room 630 City-County Bldg.
400 W. Main Ave.
Knoxville, TN 37902

The **Third Copy (pink)** of the Emergency Purchase Order is sent to the Procurement Division at time of submittal for payment by the issuing agency or office.

The **Fourth Copy (gold)** of the Emergency Purchase Order is retained by the issuing agency.

D. SOLE SOURCE PROCUREMENT

The Knox County Procurement Code allows for the use of Sole Source Procurement. The basic requirement when utilizing sole source procurement is for a written statement declaring there is only one source for the required service, supply, or construction item. The SOLE SOURCE REQUEST form has been developed for these cases. The requisitioner signs the form requesting that the item be declared sole source. Upon the signature of the Procurement Director, the purchase will be treated as a sole source.

A requirement for a particular proprietary item does not justify sole source procurement if there is more than one potential bidder or offeror for that item. The following are examples of circumstances, which could necessitate sole source procurement:

1. Where the compatibility of equipment, accessories, or replacement parts is the paramount consideration.
2. Where a sole supplier's item is needed for trial use or testing.
3. Where a sole supplier's item is to be procured for resale.
4. Where public utility services are procured.

The determination of whether procurement shall be made as sole source or not must be made by the Procurement Director. In cases of reasonable doubt, competition should be solicited. Any request by a using agency that a procurement be restricted to one potential contractor shall be accompanied by an explanation as to why no other will be suitable or acceptable to meet the need.

A record shall be maintained of all sole source procurement. The record will contain the following information:

1. Each contractor's name
2. The amount and type of each contract
3. A listing of the supplies, services, or construction procured under each contract

E. PROCUREMENT OF UNDERCOVER NARCOTIC VEHICLES

Vehicles to be purchased for the Knox County Sheriff's Office (KCSO), which are for the specific use of undercover narcotic operations, shall be acquired in the following manner.

- a. KCSO will submit a requisition to the assigned Procurement Division representative. This request will include a generic description of the type of vehicle(s) to be procured.
- b. The Procurement Division representative will then solicit, at a minimum, three (3) written, "Confidential Quotes" from perspective automobile dealerships.
- c. The Procurement Division representative and the KCSO representative will then evaluate the quotes to determine Best Value.
- d. Recommendation will then be made to the Procurement Director for signature approval.
- e. The Procurement Director will forward to the Finance Director for signature approval.

- f. Once approvals from the Procurement Director and Finance Director have been obtained the Procurement Division representative will make an award and issue a purchase order to the successful dealership.
- g. All information relating to the type of vehicle procured will not be made part of the procurement record. Only information pertinent to acquisition and payment. KCSO will retain all other information deemed confidential.

F. APPLICABILITY OF REGULATIONS

The procedures and policies established in this document apply to all employees and agents of Knox County involved (directly or indirectly) in procuring goods and services of any type. Any order, agreement, or obligation that is contrary to these policies and procedures is void, and no person shall have any claim or demand whatsoever against the County.

However, these policies and procedures do not take precedence over federal regulations such as the U.S. Department of Housing and Urban Development (HUD) regulations concerning procurements. For example, in the cases where the County, through the Department of Community Development, expends HUD funds to procure products, services, or real property, HUD regulations shall prevail.

G. SPOT MARKET PROCUREMENT

When it is determined that market conditions for procurement of gasoline, oil and perishable food commodities make any other method of source selection under these regulations impractical, contracts may be awarded by spot market procurement, as provided for in this subsection. Factors to be used in determining whether other methods of source selection are impractical shall include:

1. There must exist a formal or informal open market for the commodity to be procured.
2. The nature of the market for the commodity to be procured must be subject to such fluctuations in price and/or availability of the commodity that the use of any other method of source selection would prevent the County from effectively participating in the market.

Limitation on use. The use of spot market procurement is intended to be used only under limited circumstances and the procedures for such use as described herein are not intended to displace the procedures for competitive sealed bidding and competitive negotiation as set forth in other sections of these regulations.

Notice. Invitations for bids shall be sent in the manner that is customarily used in the market, including but not limited to, electronic transmissions.

Receipt of bids. The invitation for bids for spot market purchases shall specify a time for submission of bids. Any bid received after the specified bidding time may be considered by the County but any such bid is not required to be considered. Bids may be submitted in any manner customarily used in the market, including, but not limited to, electronic transmissions and telephone bids. Each bid and the name of the bidder shall be recorded and the record of all bids shall be open for public inspection. The assigned Procurement Division Representative shall employ appropriate safeguards to ensure that the bid is not disclosed to any other bidder prior to contract award.

Award. The contract shall be awarded with reasonable promptness by written and /or electronic notice to the responsive and responsible bidder whose bid is determined to be the "Best Value" to the County.

SECTION VI: BID AND PROPOSAL EVALUATION

The integrity of the competitive sealed-bid system depends upon the submission of bids without knowledge of competing bids. Therefore, the bidding procedure must maintain the security and secrecy of all bids and proposals until they are opened, allow the opening of bids at the prescribed time and in public, and provide for the examination and recording of all bids by interested persons. It is essential that the procedures be carefully followed to avoid administrative mistakes that may require cancellation and re-advertisement of the procurement. All bids (including modifications) received prior to the time set for opening must be kept unopened and placed in a locked bid box or the electronic lock box that is a part of the County's on-line procurement system. When bid samples are submitted, they also should be secured to prevent disclosure of bidder's information. **Prior to bid/proposal opening/closing, information concerning the identity and number of bids received should be made available only to Knox County employees who need such information.**

Improperly identified bids may be opened solely for identification and only by an authorized official. If a sealed bid is opened accidentally, the person who opens it should immediately sign the envelope and deliver it to the Procurement Division. The Procurement Director or designee should then immediately write on the envelope an explanation of the circumstances of the opening, the date and time opened, and his/her signature. Bids opened by mistake or for identification purposes must be resealed in the envelope, and no information contained therein can be disclosed prior to the public bid opening.

Bids received after the exact time set for opening of bids/closing of proposals are late bids/proposals and shall not be considered. Late bids/proposals will not be returned to submitting vendors. Instead, they will remain unopened and become a part of the bid file.

The buyer, acting as the bid-opening officer, will open the bid box when the time set for bid opening has arrived. The buyer publicly opens each bid received, reads the bids aloud, or passes the bid received around to any interested parties who may be present. Each page of the bid document will be stamped OFFICIAL BID DOCUMENT DO NOT MARK OR REMOVE. At most bid openings only the important elements of the bid are read aloud, such as price offered, discounts, delivery terms, quantity bid, and so forth. It is important that the original of each bid be safeguarded. It is the duty of the buyer to ensure that bids are not changed in any way. Bidders who desire to examine original bids may do so, but only under County supervision. The original bids and the tabulation form are subject to examination by interested parties.

If the buyer suspects that a mistake has been made in the bid, verification or clarification must be obtained from the bidder. This request must include the specific reasons for the buyer's suspicions. If the vendor verifies the bid, it shall be considered as submitted. If the vendor alleges a mistake, pertinent evidence to support this allegation must be provided. The item or items that were mistakenly priced can be removed (but not altered) by the bidder without prejudicing the rest of the bid.

If the products offered by each of the bidding vendors were of equal quality, if each vendor promised the same delivery date and if there were no other considerations, the order would go to the low bidder or proposer. However, these factors are seldom equal, and, for valid reasons, orders are occasionally placed with a vendor that was not the low bidder. No set formula can be devised that can be applied to all products, for all orders. The quality and delivery requirements will vary for different products and for different uses. The delivery requirements may vary for different orders as well. For these reasons, the act of selecting the bid which best suits the need of the County is one that requires professional judgment and experience.

It is important to specify in the Invitation for Bid, the requirements and criteria that will be used to determine the most responsive, responsible bidder. **No bid shall be evaluated for any requirement or criterion that is not disclosed in the Invitation for Bids.**

THERE ARE TWO STEPS IN BID EVALUATION:

First, there must be a determination as to whether each bid is responsive or not. A "responsive bidder" is a person who has submitted a bid that conforms in all material respects to the Invitation to Bid. If a bid fails to meet the specifications and standards it may be disregarded. Alternative bids will not be considered unless authorized by the Invitation for Bids. Multiple bids (meeting the minimum specifications) will be considered.

Second, there must be the Determination of the Lowest Bid. The bids must be evaluated to determine which bidder offers the lowest cost to the County in accordance with the evaluation criteria set forth in the Invitation for Bids. "Only objectively measurable criteria which are set forth in the Invitation for Bids shall be applied in determining the lowest bidder. Examples of such criteria include, but are not limited to: transportation costs and life cycle formulas."

Life Cycle costing enables the purchaser to consider the initial purchase price, life, output, maintenance, consumption, disposal value, complexity of operation, required training, and other factors contributing to the overall cost of an item. Only if all factors are considered can an item honestly be called the "best value." Life Cycle Costing is very common for capital projects and is becoming more common for non-capital items.

A. DISCOUNTS

In bid evaluation, Knox County will consider discounts for prompt payment. Discounts must be valid for at least thirty (30) days.

B. AWARD SPLITTING

If the total savings generated by splitting an order between two different vendors is less than \$500.00, Knox County may not split the award. This is due to the cost of generating and processing purchase orders as well as the cost of issuing two payments.

1. OTHER CONSIDERATIONS

Other factors may affect the decision as to which bidder will receive the order. When present they can be very important. Some of the common factors are:

- a. The County wishes to maintain alternative sources of supply. In these cases, the alternative vendor will usually be the second best (determined by the method of bid evaluation). The use of alternative sources for this purpose and the volume of purchase to be procured from each vendor involved should be reviewed.
- b. If an order is being placed with a new vendor, the buyer may be reluctant to rely entirely on an untried supplier. The buyer may, therefore, split the order between the new vendor and a vendor previously used to assure that at least the minimum quantity required is available if the new vendor cannot deliver acceptable goods.
- c. Discounts offered for prompt payment may be considered by the buyer in determining best value to the County. Discounts may be of particular importance when the dollar value of the bid is extremely high. In such cases the discount must be open for at least thirty (30) days.

All vendors who are to be granted a contract must meet certain standards. Specifically, the vendor must:

- a. Have adequate financial resources or the ability to obtain such resources as required during the performance of the contract.
- b. Be able to comply with the required or stated delivery or performance schedule, taking into consideration all existing business commitments, commercial as well as governmental.

- c. Have a satisfactory record of performance. Contractors who are or have been seriously deficient in contract performance shall be presumed to be unable to meet this requirement. Past unsatisfactory performance will ordinarily be sufficient to justify a finding of non-responsibility.
- d. Have a satisfactory record of integrity and business ethics.
- e. Be otherwise qualified and eligible to receive an award under applicable laws and regulations.
- f. Certify that the firm is duly qualified, capable, and otherwise bondable, that the firm is not in Receivership or contemplating this, and that the firm does not owe any back taxes to federal, state or local entities.
- g. Have complied with the County's Conflict of Interest policy.

Additional standards apply where the procurement involves production, maintenance, construction, or research and development work. These standards require a prospective contractor to have (or the ability to obtain) the necessary experience, operational controls, and organizational and technical skills. Also required are the necessary production, construction, and other technical equipment and facilities.

C. AMENDMENTS TO INVITATIONS FOR BIDS

Occasionally, it will be necessary for the Procurement Division to update specifications after an Invitation for Bids has been issued. If a buyer realizes that specifications must be adjusted, and there is sufficient time for the potential vendors to adjust their bids, the buyer will create and make available the addendum to all potential vendors.

The Procurement Division reserves the right to utilize a facsimile machine, the County's on-line procurement system or any other method of electronic data transfer which may be available, such as the Procurement Division website, to communicate the changes to vendors.

Should time not permit vendors to change their bids, the bid can be canceled. After the bid opening the bids will remain sealed.

D. MODIFICATION OR WITHDRAWAL OF SOLICITATIONS

Vendors may occasionally make mistakes in the preparation of their solicitation. When a buyer is certain that a mistake has been made in the preparation of a offer, the buyer should request the bidder/proposer to confirm the offer. Provisions must be made so that mistakes can be taken care of and the ambiguity resolved satisfactorily. The following are the Knox County procedures for modification or withdrawal of the solicitation.

1. PRE-OPENING MODIFICATION OR WITHDRAWAL OF SOLICITATIONS:

Solicitations may be modified or withdrawn by written notice received in the Procurement Division **prior to the time and date set for the solicitation opening**. The changes or withdrawal of solicitations should be in writing and signed by an official of the company. The envelope containing the modification should clearly state " modification to solicitations." Either the entire solicitation or a particular item may be withdrawn or modified in this manner. Vendors submitting solicitation through the County's on-line procurement system may modify or withdrawal their submittal up to the time of solicitation opening/closing.

2. LATE WITHDRAWALS AND MODIFICATIONS (ONLY BEFORE AWARD):

Because the correction or withdrawal of a solicitation requires careful consideration to protect the integrity of the competitive bidding system and to assure fairness, no late modification or late withdrawal will be considered unless it is received before the award of the contract unless:

- a. The mistakes are not of a substantive nature but of style or form and that the waiving of these mistakes would not be prejudicial to other bidders/proposers. Specifically, this means that the effect on price, quantity, quality, delivery, or other contractual requirements is slight or nonexistent.
- b. The intended correct bid is evident. Examples include typographical errors, errors in extending unit prices, and other mathematical errors. The usual practice of the Procurement Division will be to evaluate solicitations on the basis of the unit price - not the extended price total. Therefore, the most important price is the unit price.

A bidder may be permitted to withdraw a bid, or part of a bid, if: there is a mistake on it and the correct bid is not evident, or if the bidder submits proof that the bid was quoted mistakenly.

If the request is based on a claim of error, documentation must show the basis of the error. Such documentation may take the form of supplier quotations, vendor work sheet, etc. If bid bonds were tendered with the bid, the County may exercise its right of collection.

3. MISTAKES DISCOVERED AFTER AN AWARD HAS BEEN MADE:

Mistakes shall not be corrected after award of the contract except where the Procurement Director makes a written determination that it would be unreasonable not to allow the mistake to be corrected.

E. EVALUATION OF TIE SOLICITATIONS

If Knox County received more than one low response, identical in dollar amounts, the following procedures would be utilized in awarding the solicitation:

1. Each solicitation would be carefully examined for adherence to specifications. If any bid failed to meet the exact specifications it would not be considered for evaluation.
2. Life Cycle Costing techniques would be utilized to determine the life time cost of the item from each vendor. If either item was more expensive over its lifetime, it would not be considered.
3. Delivery factors such as lead times, schedules and cost could be considered.
4. Locality could be a factor of the decision. If either vendor was local or if one vendor was in the State of Tennessee and the other one was not, the award can be made to the company having local ties.
5. Discount rates for prompt payment can be utilized to decide tie responses.
6. If no other method of breaking the tie is useful, a publicly witnessed drawing of lots can be utilized.
7. Finally, the responses could be rejected and the item re-bid.

F. SINGLE BID RESPONSE

Should Knox County receive only one response from an invitation for bids, the sole response will be awarded the contract provided that:

1. The price seems fair, reasonable, and in line with current market conditions.
2. There is no hint of collusion among the bidders.
3. There were no inhibiting factors that limited the participation of potential vendors.

G. BID REJECTION

Knox County reserves the right to reject all bids/proposals received if it is in the best interest of Knox County for any of the following reasons:

1. The dollar amount of the lowest bid is higher than the total funding available for the project, equipment, materials, or services.
2. The County no longer desires to pursue the project.
3. There is evidence of collusive behavior on the part of the bidders.
4. The project or acquisition is going to be delayed for a long or indefinite period of time.
5. In any case where the best interests of the County would indicate that the bids should be rejected.

H. EVALUATING VENDOR CAPABILITIES

The selection of vendors is the responsibility of the Procurement Division and requires careful consideration of numerous factors. In making the selection, the buyer will coordinate closely with other departments to obtain adequate and reasonable specifications. Whenever possible, identification of brand names or equals should be made and sufficient detail should be obtained to ensure that the order can be correctly filled.

Buyers should endeavor to place orders with regard to the dependability and service record of the vendor, the nature of the guaranty and warranty of the product, its price, and quality. Additionally, the life-time cost of an item should be considered. An item with a lower initial cost may cost significantly more than other items over their lifetimes.

Below is a partial list of questions for determining vendor capabilities that was developed by the Institute of Supply Management. Of course this is a limited list and its applicability would depend upon the nature of the product being purchased.

1. Who are the key people in the organization?
2. What are their titles and functions?
3. What is the average experience and educational level of each organization?
4. What is the nature of the vendor's planning, scheduling, and inventory control systems?
5. What is the vendor's current financial condition?
6. What is the vendor's cash-flow forecast for the period of the proposed contract?
7. What is the vendor's reputation in the appropriate professional societies and organizations?
8. What type of warranty will the vendor provide for the services/products?
9. How active is the vendor's design and development department?
10. How extensive are the vendor's inspection procedures and controls?
11. How well has the vendor performed for other customers?
12. How long has the vendor been in this type of business?
13. Are the vendor's employees unionized? If so, what is their strike history?
14. Does the vendor employ an adequate accounting system?
15. Will and can the vendor comply with the County's standards?

I. VENDOR REQUIREMENTS

The selection of sources and vendors is the responsibility of the Procurement Division. **Departments are encouraged to request that invitations be sent to specific vendors.** They also may request the removal of a particular vendor for unsatisfactory performance. If a vendor is performing inadequately, the department needs to document the problem(s) and send a written notice (verbal notice is not acceptable) of complaint to the Knox County Procurement Division and the applicable Buyer. This allows the Procurement Division to maintain complete vendor files. The Procurement Division recognizes that more competition for bids will result in savings for Knox County. Thus the Procurement Division encourages interested persons or firms to register with the County in order to be considered for any future contracting opportunities.

After becoming a registered vendor, the individual and /or firm becomes eligible to receive notices for bidding events as they become available. Normally invitations for bids/proposals are retrieved through the County's on-line procurement system or the Procurement Division

website. Occasionally, bids/proposals will be mailed to vendors at the request of the using department. A copy of each Invitation for Bids/Request for Proposals is placed on the public bid boards located in the Procurement Division for any interested vendor to pick up.

Vendors are advised that:

No obligation for supplies, equipment, goods or services shall be recognized as valid or binding on Knox County unless such conditions have been authorized by a purchase order or credit card information signed by an authorized representative of the County Procurement Division. Knox County reserves the right to award each item individually or to award all items on an "all or none" basis. Vendors are advised that Knox County is exempt from both state sales tax and Federal Excise tax (except for contracts for labor and materials). **These taxes should not be included in any proposals or bids.**

J. VENDOR SELECTION

The selection of vendors is the responsibility of the buyer and requires the consideration of several factors. Buyers should endeavor to place orders with regard to the dependability and service record of the vendor, the nature of the guaranty and warranty of the product, its price, and quality. Preference (no priority is intended) should be given to the following types of vendors, providing this involves no sacrifice in quality, service or price:

1. Suppliers who are developing new and improved products or equipment, or designing and developing a special product for the County's exclusive use.
2. Suppliers located near Knox County.
3. Suppliers with adequate financial strength who also have a reputation for adhering to specifications and delivery schedules.

K. DEBARRING VENDORS

Most vendors perform their contractual obligations excellently and therefore create no problems. However, some vendors fail to meet the terms of their contract or award. In these cases, if a reasonable settlement cannot be reached, steps can be taken to remove vendors from any future activities with the Knox County Government.

The Senior Director of Finance, upon the recommendation of the Procurement Director, can remove or debar vendors for the following reasons:

1. Violating contract provisions of a character, which is serious enough to justify debarment.
2. Violating ethical standards.
3. Conviction under state or federal antitrust statutes arising out of submission of bids or proposals.
4. Conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract, or in the performance of such contract.
5. Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or honesty which currently, seriously, and directly affects responsibility as a contractor.
6. Failing to comply with Knox County Resolution R-07-1-903, Delinquent Tax status.

Once a determination has been made to remove a vendor from the potential vendor list (for cause-as opposed to non-response) three steps are necessary:

1. The reasons for the action must be written and kept on file.
2. The representatives of the debarred firm must be made aware of their due process rights.
3. The firm must be provided with a written copy of the decision.

L. BONDS

Requiring bonds as a part of the bidding and award process is protection for the taxpayers against bad faith or failure on the part of bidders and contractors.

KNOX COUNTY MAY UTILIZE ANY ONE OR ALL OF THE FOLLOWING:

1. **BID BOND:** Often required on bids for services and is always required on construction bids. The bid bond called for is equal to five percent of the dollar amount of the bid. The bond may be in the form of a cashier's check. The bid bond has three key purposes:
 1. To ensure that the bidder's proposal will not be withdrawn for a period of thirty (30) days,
 2. To ensure that the bidder will execute a written contract, and
 3. To ensure that the bidder will furnish such bonds, insurance certificates, etc., as required by the bid document.

If an invitation for bids specifies the inclusion of a bid bond, but the bond is not included, the bid will not be considered. Proof of the bond may be submitted to Procurement (i.e. a faxed signed copy) and suffice for the bid opening. The bid bond will be returned to the successful vendor once the contract has been signed.

2. **CONTRACTOR'S BOND:** Used with construction contracts to ensure that the successful bidder will pay those subcontractors and vendors who have furnished materials, equipment, and supplies. Pursuant to the Tennessee Code Annotated and a resolution of the Knox County Board of Commissioners, a contractor's (or payment) bond will be required for any construction contract let through the Knox County Board of Commissioners. The contractor's bond will be equal to at least one hundred percent (100%) of the contract price.
3. **PERFORMANCE BOND:** A guarantee that the successful bidder will properly complete and meet the standards and specifications of the contract. If the vendor fails to meet the conditions of the contract the performance bond is forfeited. By a resolution of the Knox County Board of Commissioners, the performance bond is set at one hundred percent (100%) of the contract price.

If contractor's and performance bonds are required, the successful bidder will be notified. The bonds must be delivered to the Procurement Division before a purchase order and/or contract will be issued. A reasonable amount of time will be permitted for vendors to obtain these bonds.

Additionally, when appropriate, the successful bidder will have to provide proof of insurance before the purchase order is issued. The vendor must provide insurance as specified in the Invitation for Bids.

Both the Contractor's and Performance Bonds are required when the amount of the bid exceeds \$100,000.00.

M. AWARD PROTEST PROCEDURES

Occasionally, there will be complaints from vendors that the process of awarding a sealed bid has been unfair in some manner. While Knox County maintains excellent vendor relations, procedures do exist should a vendor claim that the process is not fair.

The Knox County Procurement Division has established the following procedures concerning protests of awards. The goal of these procedures is not to "protect the department". Instead, the goal of these procedures is to arrive at a just settlement of disputes between the County and vendors.

As a first step, vendors who believe there has been a problem with the process or decision should contact the buyer associated with the bid in question. Usually the buyer will be able to explain the County's rationale for the decision and the vendor will be satisfied. However, if the vendor is still not satisfied, the following steps may be taken:

The vendor may notify the Procurement Director, in writing, during the next three (3) business days. **Knox County will not consider complaints filed electronically.** Complaints received after three (3) business days after the award decision has been made will not be considered for review. The envelope in which the protest is mailed should be clearly marked "Protest of Award Decision." The written protest should include:

1. The name and address of the protestor.
2. The bid name, bid number, date, and any other pertinent information.
3. A statement of reason for the protest.
4. Any supporting documents, exhibits, or evidence to substantiate the protest.

The Procurement Director will review the protest and announce a decision (in writing). Recognizing that holding the procurement process up any longer than necessary is detrimental to the interests of the County, the Procurement Director will announce the decision as soon as possible. In any case, a decision will be made within five (5) business days of the receipt of the protest.

If the vendor is still not satisfied, there is a final appeal process. The concerned vendor may file an appeal with the Senior Director of Finance. This appeal must be filed within three (3) business days from the issuance of the Procurement Director's decision.

The Senior Director of Finance will again review the information and the previous decisions. A decision will be issued within five (5) business days.

Please note that in those cases where delaying the procurement process would endanger the health of the residents of Knox County, cause additional and extensive damage to the County or would adversely affect County programs, Knox County will not stop the process.

N. BID/PROPOSAL CANCELLATION

On occasion it will be necessary for the Knox County Procurement Division to cancel certain bids/proposals. Although the issuance of the solicitation does not compel the County to award a contract, the solicitation should only be canceled when there are clear and compelling reasons to believe that the cancellation of the solicitation is in the County's best interest. The Procurement Director must make a determination to cancel the solicitation. Cancellation must be executed in a non-biased manner. Therefore, the following guidelines apply:

1. **PRIOR TO OPENING:**
 - a. Each solicitation will state the solicitation may be canceled if deemed necessary by the Procurement Division.
 - b. The solicitation may be canceled for the following reasons:
 - i. The County no longer requires the supplies or services.
 - ii. The County can no longer expect to fund the procurement.
 - iii. Proposed amendments to the solicitation are of a nature that would dramatically alter the nature of the solicitation, and it is best to issue a new solicitation.
 - c. If canceled prior to the opening/closing date, all submittals will remain sealed and made a part of the permanent file.
2. **AFTER OPENING/CLOSING:**

- a. The solicitation may be canceled for the following reasons:
 - i. The supplies or services are no longer necessary.
 - ii. Ambiguous or otherwise inadequate specifications were used in the solicitation.
 - iii. The solicitation did not provide for consideration of all factors of significance to the County.
 - iv. Prices exceed available funds and it would not be appropriate to adjust quantities.
 - v. All acceptable submittals are of unreasonable prices.

If the bid/proposal is canceled, before or after opening/closing, a notice of Bid/Proposal Cancellation shall be sent to all vendors who were sent the solicitation or who picked up a copy.

SECTION VII: MISCELLANEOUS INFORMATION

A. LONG TERM AGREEMENTS

Knox County does not enter into agreements that are any longer than one budget year (twelve months). However, some contracts are written to provide for an option to renew for additional years. When this arrangement is in the best interest of Knox County, it will be utilized. If a contract with option to renew is utilized, the renewal is subject to the following conditions:

- 1. Funds are available for the purchase of the items or services.
- 2. The items are still desired by the County.
- 3. Merchandise quality and vendor service have been satisfactory.

B. CONTRACTING FOR SERVICES

Subject to the exclusions listed hereafter, any type of contract that will promote the best interest of Knox County may be used. No cost reimbursement contract may be made under Competitive Negotiation or Noncompetitive Negotiation unless the Procurement Director determines that such contract is likely to be less costly to the County than any other type of contract. The Procurement Director may also certify that it is impracticable to obtain property or services of the kind or quality specified except under such a contract.

C. MULTI-YEAR CONTRACTS

Unless otherwise provided for in the ordinance, a contract for procured items may be entered into for periods of not more than five years if funds for the first fiscal year of the contemplated contract are available at the time of contracting. Payment and performance obligations for succeeding fiscal years shall be subject to the availability of funds.

Prior to the utilization of a multi-year contract, the Procurement Director shall make a determination:

- 1. That estimated requirements covering the period of the contract are reasonably certain and continuing; and
- 2. That such a contract will serve the best interests of the County by encouraging effective competition or otherwise promoting economy in county procurement.

D. CONTRACT ADMINISTRATION

The contract administration function is a cooperative effort between the Procurement Division's Contracts Administrator, Buyers and departmental representatives. Procurement Division representatives are charged with the following duties:

- 1. To receive all proposed contracts or draft proposed contracts (for which the Procurement Division is or will be involved).

2. To review contracts (with the Law Department) before the Knox County Mayor signs them. By the terms of the Knox County Charter only the County Mayor has the authority to sign contracts that bind Knox County.
3. To obtain the Law Department's approval of all contracts as to legal form.
4. To present approved contracts to the County Mayor for signature.
5. To insure that terms of the contracts are adhered to by the Contractor, with assistance from using departments.
6. To resolve disputes between Knox County and the Contractor.

E. LEASE VERSUS PURCHASE DETERMINATION

The Procurement Division will, on major lease/purchases, determine which procurement method will best serve the long-term financial interests of the County. Should a department wish to lease an item and the overall purchase price is more beneficial to Knox County, the department will be advised on this determination. The appropriate departmental official can then discuss the issue with Procurement Division personnel.

F. CANCELLATION DUE TO UNAVAILABILITY OF FUNDS IN SUCCEEDING YEARS

When funds are not made available to support continuation of performance in a subsequent year of a multi-year contract, the contract for such subsequent year shall be canceled.

G. PROFESSIONAL SERVICES

The Home Rule Charter of 1990 and the Procurement Code requires that contracts for legal, medical, fiscal agent, financial advisor or advisory services, services from an insurance producer, educational consultant services, and other similar professional services need not be based on competitive bidding. Such services may be awarded on the basis of recognized competence and integrity at customary rates of compensation as determined by the appropriate elected official.

Before the decision is made to contract with a professional, the nature of the problem that the professional is supposed to address must be clearly defined. The hiring authority needs to state, in writing:

1. The technical requirements, extent and limitations of the project.
2. A list of objectives and what is to be accomplished.
3. Nature of the work and the process: mandatory approaches to be taken, format, the extent to which the County's employees will be available to assist the consultant, etc.
4. Time guidelines: commencement, reports, and final submission.
5. Extent to which periodic payments will be allowed and how final payment will be made.

A request for proposals on how to resolve a situation is highly useful in this situation.

ALL SUBMITTED RFP'S SHOULD INCLUDE:

1. A description of the potential vendor's qualifications. Examples of similar type work should be provided. If appropriate, samples of work should be requested.
2. A description of the personnel the vendor proposes using on the study. This should include: a resume of each person; a statement of experience, education, and training; and other information considered important to the contract.
3. An overall description of the techniques by which the vendor proposes to achieve the objectives: amount of time and manpower to be expended, equipment and facilities to be utilized, and information about subcontractors (if they are to be utilized). There should be a detailed specification sheet about the equipment proposed to be used in the process.
4. The cost of the proposal, including a breakdown of how the price was calculated.

Once the proposals have been returned they must be evaluated. It is recommended that a team approach be utilized in the evaluation process. The team should consist of:

1. The buyer responsible for drawing up the request for proposals.
2. Knowledgeable personnel in the technical area being examined.
3. The key operating personnel who will be involved in the services being purchased.

THE NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING HAS DETERMINED THAT THE REVIEW SHOULD EXAMINE:

1. General quality and responsiveness of the offeror;
 - a. Responsiveness to terms, conditions, and time requirements.
 - b. Completeness and thoroughness.
 - c. Grasp of the problem or work to be performed and of the approach to be used.
2. Organization;
 - a. Evidences of good organizational and management practices.
 - b. Qualifications of personnel.
 - c. Experience and past performance.
 - d. Financial condition.
3. Price and bid-price breakdown, or price range and cost schedule. **While cost alone cannot be the determining factor in an award of this nature, it should play a major role.**

Once a decision has been made, the vendor who is to be awarded the contract should be notified in writing. All of the requirements and qualifications should be carefully detailed. Additionally, those vendors not selected should be notified in writing that they were not selected.

H. NON-PROFESSIONAL SERVICES

Non-professional services can be awarded on a bid basis or on a proposal basis. If the award is to be on a proposal basis, the guidelines under Professional Services apply. If the award is to be made by sealed bid, the following guidelines apply.

The Buyer will carefully specify the project with input from specialists on the County staff and by those closely associated with the project. Once this has been done, invitations for bids must be developed.

The invitation for bids (IFB) shall include:

1. A description and location of the work to be performed.
2. References to applicable specifications, drawings, and general conditions.
3. Information as to who questions should be addressed.
4. Information on when and where a pre-bid conference will be held. In many cases this will be extremely important and should be mandatory for all potential vendors.
5. The date on which the bids are due.
6. The proposed method of reimbursing the contractor, i.e. progress payments, lump sum, etc.

I. SCHEDULED BUYING

Purchases of many items can be planned and items can be purchased in quantity at the same time. Whenever possible, the purchase of vehicles, equipment, and supplies should be done on an annual basis. This facilitates standardization and open-market procurement that results in lower pricing. **This requires the operating departments to anticipate and plan ahead for their needs.**

A schedule can be set up for the annual purchase of goods. It is necessary to first determine the using department's need date. From this, work backward to the purchase order issuance date, allowing sufficient lead-time as determined by market conditions. Next, work back to the bid opening date based on time needed to evaluate bids and process awards. The last step is to work back from the bid opening date and set a procurement requisition issue date. Sufficient time for preparing specifications, bid invitations, and for sellers to submit their bids must be allowed.

As the County begins to utilize scheduled bids on a regular basis, the departments and agencies of Knox County will realize the time and money savings. If an agency or department has discovered items that can be put on scheduled bids, please call the Procurement Division and share the information.

J. CAPITAL EXPENDITURES

A capital purchase requires a slightly different procurement procedure than a non-capital purchase. The basic difference is that a capital purchase must receive prior approval from the Knox County Finance Department before a purchase order can be issued. Capital items have a value in excess of \$10,000.00 and a life expectancy of over one year.

K. LEAD-TIMES

Lead-time is the amount of time that elapses between the preparation of the requisition and the delivery of the product. Obviously, processing a requisition and purchase order will require some time.

The Procurement Division has determined that the proper minimum amount of lead-time for a formal solicitation is twenty-one (21) business days. Therefore, it will be in the best interest of the requisitioning department to have their requisitions for bid to the Procurement Division at least sixty (60) days in advance. In cases of emergency, the Procurement Director has the authority to shorten lead-time requirements in order to satisfy an urgent need. The Procurement Director requires the requisitioning department to fill out an Emergency Form, in order to shorten lead times. The Emergency Form must be approved by the Procurement Director. The time required to process non-bid items is shorter than for sealed bids. However, the requisitioning department should allow as much time as possible.

While twenty-one (21) business days is the most favorable timeframe to allow vendors to respond to a solicitation, there may be instances where this is not practical. At the sole discretion of the Procurement Director, the lead time for Invitation for Bids for common commodities and services may be shortened.

L. QUALITY CONTROL

Quality control is a joint responsibility of the receiving departments and the Procurement Division. The Procurement Division makes every effort to ensure that only quality goods are ordered and received. At times, however, items will arrive which are less than satisfactory.

Departments need to conduct systematic inspections of all goods that are directly received. Thus, inspection is the responsibility of the receiving department. Complaints about

vendors should be submitted to the Procurement Division in written form. This will enable Procurement personnel to work with the vendor to resolve these problems.

M. BOOKS AND PERIODICAL ORDERING

The Knox County Procurement Division annually orders many books and periodicals. The process for ordering these books and periodicals is slightly different from ordering other items.

When a department has determined that it needs a book or periodical, a requisition shall be completed. Make sure that the title of the book is clearly printed. Additional information such as the publisher, author, edition, year, ISBN number, etc. should be included.

If an order form for the book or periodical is available, attach it to the requisition going to the Procurement Division.

Once the books and periodicals have been received both physically and electronically, the vendor can be paid. However, in some cases vendors require prepayment for books and periodicals. If that is the case, a warrant will be issued and sent with the order.

N. DISCOUNT POLICY

Believing that public funds are to be maximized, the Knox County Government takes advantage of every opportunity to minimize costs. One way in which this can be accomplished is through utilizing prompt payment discounts.

If a bid submitted by a vendor specifies that a certain discount may be taken for prompt payment of bills, the Procurement Division may use this information in the bid evaluation process. Only discounts open and available for at least thirty (30) days or longer will be considered.

The time of the discount period will begin with the date of receipt, inspection, and acceptance of the supplies, or from the date a correct invoice is received in the office specified by the County-as specified in the purchase order.

Every Knox County governmental office or agency can help the County minimize its costs by promptly receiving goods that have been inspected and accepted and that meet all requirements as specified in the purchase order.

O. LIFE CYCLE COSTING

Life Cycle Costing is a concept that can be utilized to determine the total cost of an item over its useable lifetime. Although life cycle costing has been primarily used for capital items, it is becoming more common to utilize these principles for ordinary purchases.

With the tight budgetary constraints that most governments operate within, it is simply common sense to examine the total cost of owning and operating an item.

Life cycle costing includes factors such as:

1. The initial purchase price - what will it cost to obtain the item?
2. The life expectancy of the item - how long will it be useful?
3. Output - what level of service will the item provide?
4. Maintenance - how much maintenance will be required to keep the item in proper operating condition?
5. Consumption - if the item requires input of energy, how much more energy will be required to operate it?
6. Disposal Value - when the item is no longer useful to how much will it bring in trade-in value or scrap?
7. Complexity of Operation - will the operation or use of this item require a great deal of training or very little training?

To illustrate Life Cycle Costing the National Institute of Governmental Purchasing provided the following example:

In the purchase of vehicles, a jurisdiction decides that it will consider the total costs of owning and operating the vehicles. This includes purchase price, cost of upkeep, and operating costs. The jurisdiction develops the following formula for bid evaluation and **includes it in the Invitation for Bid**:

Life Cycle Costing = $C + (a/b \times d)$ where:
LCC = total cost
C = initial cost
a = anticipated life of vehicle in miles
b = E.P.A. miles per gallon rating
d = cost per gallon of gasoline

The anticipated life of the vehicle (a) and the cost per year (d) are constants assigned by the jurisdiction. For example:

a=50,000 miles
d=\$2.00 per gallon

If a bidder submits a price of \$25,000 on a vehicle rated by the E.P.A. as averaging 20 miles per gallon, then:

C=\$25,000
b=20 miles per gallon

Using the proceeding figures, the evaluation of the bid would be:

$LCC = C + (a/b \times d)$
 $= 25,000 + (50,000/20 \times 2.00)$
 $= 25,000 + (2,500 \times 2.00)$
 $= 25,000 + 5,000$
 $= \$30,000$ (for the life of the car)

Thus, the evaluated bid price and the figure considered in making the award would be \$30,000.

Other factors, such as repair, maintenance, insurance, down time, and theft potential could have been added to the formula. However, it was kept simple so it could achieve its purpose - providing an example.

Life Cycle costing is not performed on every purchase nor, should it be. However, if it is properly applied and calculated, life cycle costing can provide significant long-term savings for the citizens of Knox County.

P. RUSH ORDERS/EXPEDITING ORDERS

It is in the best interest of Knox County and, more specifically, the using agencies to plan in advance and allow sufficient lead time for all purchases. If an item is to be bid, please try to allow a lead-time of at least twenty-one (21) business days. For non-bid items a similar lead-time is suggested.

At times agencies will need a rush order, yet the order will not be a true "emergency." In these cases the Knox County Procurement Division will expedite the process.

The requisitioning agency should note in the notes section of the electronic requisition all details related to delivery requirements.

Q. GOVERNMENT CERTIFICATE OF EXEMPTION

Knox County Government is exempt from state, county and federal sales and excise taxes. Completion of a certificate that states that purchases of property or services are for the exclusive use of the government is necessary. The Procurement Division issues certificates of exemption as needed but only for items requisitioned through the Procurement Division.

R. RECEIVING

Please refer to the MUNIS/BuySpeed Manual for procurement and Department Users.

S. INSPECTION

1. WHY IS INSPECTION NECESSARY:

The purpose of inspection is to make certain that vendors furnish the exact goods ordered. No matter how large, efficient, or reliable a vendor may be, errors do occur. Inspections are necessary to insure that the requirements are actually met, and to protect the using agencies from receiving material below an acceptable level of quality.

2. DEFINITION OF INSPECTION

Inspection is the close and critical examination of goods delivered to County using agencies and offices in accordance with an authorized purchase order or contract. Unless otherwise ordered, all deliveries are expected to consist of:

- a. New and unused merchandise.
- b. Goods of the quality, grade, or standard specified in the purchase order or contract award.
- c. Goods that conform to the design, construction, ingredients, size, weight, kind, type, make, color, style, price, etc. as specified in the purchase order or contract.
- d. Packaging and labeling that conform to acceptable commercial practices for protecting the items during transportation, storage, handling and distribution.
- e. No goods classed as seconds, factory rejects, mill ends, distressed merchandise, war surplus, or having any other objectionable characteristics.
- f. The quantity specified in the purchase order or contract.

3. DUTIES OF RECEIVING AGENT/INSPECTOR

Any County employee assigned to receiving goods, whether temporarily or as a permanent duty, is responsible for inspecting items as they are received. Inspection is an integral part of centralized procurement. A great deal of material is delivered directly to the using agencies and offices. Therefore, designation of a receiving agent within County agencies and offices is a must.

Receiving Agents and Inspectors should first and foremost always employ common sense when receiving goods. The definition of inspection provided in Section 2 of this manual should be used as a guideline. Otherwise, methods of inspection, documentation of incomplete orders, and communication with the Procurement Division and/or the Property Management Office are described in the following Sections.

4. TIME AND PLACE OF INSPECTION

Goods should be inspected immediately after they are delivered. Inspection should not impede the ordinary functions of the using agency or office, yet it should be completed before any of the merchandise is distributed or used. Designating a

particular area or room as the receiving/inspecting area makes the inspection and distribution process easier and more organized. Maintaining a convenient yet effective process of receiving and inspection benefits the using agency; shipments that do not pass inspection are accounted for immediately, thus expediting the return and replacement process.

5. METHODS OF INSPECTION

Visual Inspection. This includes using one or more of the five basic senses: sight, taste, smell, hearing, and touching. Generally, visual inspection is sufficient to establish the acceptance or rejection of most goods without resorting to laboratory analysis. The following aspects should be considered when making a visual inspection:

- a. Sight - Does the item look right? Is the color appropriate, is it too dark or too light, does it look damaged, does the package appear to have been previously opened, is the container leaking, is the expiration date O.K., is the container intact?
- b. Taste - Fruits, vegetables, canned goods, pastries, desserts and similar food products lend themselves to inspection by taste to determine whether or not they are dry, juicy, sweet, sour, fresh, stale, soured, etc.
- c. Smell - Does the item possess the normal odor associated with it? Is there a foul or unpleasant odor?
- d. Hearing - Defects are often indicated by sounds audible when observing the operation of motors, machinery, electrical or automotive equipment, such as knocking, squeaking, rattling, etc.
- e. Touch - Does the item feel as it should? Is it rough, smooth, dry, wet, hot, cold, soft, hard, too thick, too thin, too soft, too hard, etc.

When necessary, analytical inspections (requiring laboratory analysis) can be made. This usually pertains to chemicals and petroleum products, such as cleaning agents and gasoline. Contact the Procurement Division if there is reason to believe an analytical inspection is needed.

The other aspect of inspection to be considered is whether or not the goods delivered meet the specifications listed on the purchase order or contract. **Always count the items and compare your result with the packing slip, then compare the packing slip with the purchase order.** Once you have determined that the quantity is correct, check all the prices and compare them with what the items are listed for on the purchase order.

To ensure effective quality control, Receiving Agents and Inspectors must (1) use common sense, (2) devote enough time to allow for thorough inspections, and (3) be familiar with the type and quality of goods typically ordered by the using agency they represent. Also, a copy of the purchase order or contract must be available in order to ascertain specifications, quantities, and prices. The purchase orders and contracts also include vital information such as the buyer who made the purchase, the vendor name, and the date the order was made. All of this information will be needed if any aspect of an order is questionable.

6. ACCEPTANCE AND REJECTION

All goods received should be inspected at the time they are delivered. If, upon delivery, all or part of a shipment is determined to be incorrect or unacceptable, the shipment should be refused. However, this may not always be convenient or possible. When it is too late to refuse goods (at the time of shipment), the Receiving Agent should contact the vendor as soon as possible and make the necessary arrangements to get the proper merchandise. If a discrepancy cannot be settled in this manner, the Procurement Division should be notified immediately.

7. DOCUMENTATION OF FAILURE TO COMPLY WITH SPECIFICATIONS

It is in the best interests of the County to maintain a high standard of quality for the goods and services purchased with the taxpayer's dollars. This includes continually evaluating vendors. For the Receiving Agent or Inspector, this means documenting vendor performance.

Vendors are expected to comply with all specifications on all orders and contracts. Receiving Agents and Inspectors should make note of any vendor that does not comply with specifications or that is not cooperative or professional in behavior.

The Procurement Division maintains an electronic database of vendors for distribution of Invitations for Bids and Requests for Proposals. Any vendors that have a habit of failing to meet specifications may be removed from the database. The Procurement Division depends on the using agencies to report any complaints about vendors. **Comments and complaints about vendor performance should be documented in writing with specific details of the complaint. Copies of such complaints should be forwarded to the Procurement Director, Suite 100, Knox Central Building, Knoxville, 37917 (865-215-5777).**

SECTION VIII: CONSTRUCTION CONTRACTING

Construction contracting requires special steps and skills in the procurement process. Careful preparation of the invitation for bids or request for proposals can result in significant long-term savings.

A. INVITATION FOR BIDS

Among the topics that an Invitation for Bids should cover are:

1. Instructions to Bidders:
 - a. definitions
 - b. bidder's representation
 - c. bidding procedure
 - d. examination of bidding documents
 - e. substitution policy
 - f. qualification of bidders
 - g. rejection of bids
2. General Contract Conditions:
 - a. contract documents
 - b. architect
 - c. owner
 - d. contractor
 - e. subcontractors
 - f. miscellaneous provisions
 - g. time
 - h. payments and completion
 - i. protection of persons and property
 - j. insurance
 - k. changes in work
 - l. correction of work
 - m. termination of the contract
3. Other Sub-topics:
 - a. County owned and furnished equipment
 - b. labor related regulations

- c. site conditions
- d. rules covering acceptance of work
- e. contractors' responsibilities and rights
- f. list of specifications and documents
- g. method of pricing
- h. tax exemption status of the County
- i. basis for award

An Evaluation Committee shall review all properly submitted bids. The committee should include the buyer, the project manager, the construction manager, the architect, and often the legal department. The apparent low bidder may be requested to fill out a qualification questionnaire, which asks these questions:

- a. Names of officers and partners
- b. Experience and equipment
- c. Current construction contracts and projected future work
- d. Trade union relationships
- e. Association memberships
- f. List of subcontractors utilized
- g. Resumes of key personnel
- h. Latest financial statements

Once this form is returned, the committee reviews it. If the apparent low bidder is qualified for the type of work to be performed, and all other aspects of the firm's background are satisfactory, the firm is invited to a pre-award meeting. At this meeting key personnel from the contracting party and the key personnel from the County will review all aspects of the bid specifications, terms, and conditions to assure mutual understanding.

Should the questionnaire of the low bidder disclose deficiencies, the firm should be invited to meet with the Evaluation Committee. At this meeting any deficiencies that were noted in the questionnaire will be resolved. If a satisfactory explanation is not obtained, the Committee should then invite the next or second apparent low bidder to a pre-award conference. At this meeting the steps outlined above should be repeated.

B. REQUEST FOR PROPOSALS

The Request for Proposals method may also be used in the solicitation of construction services. A Request for Proposals is used when the Design/Build or Construction Manager format is desired.

1. Design/Build is a performance-based project delivery method in which the procurement agency enters into a single contract for design and construction of an infrastructure facility. This is also referred to as a "turn-key" method. The contractor is selected on the basis of best value including qualifications. Projects are distinguished by size, complexity, and schedule. Concurrent project phases result in time savings and value engineering can be beneficially employed. The risk is held by the design/build firm.
2. Construction Manager is a fee based service in which the construction manager is responsible exclusively to the owner and acts in the owner's interests. Comprehensive management of every stage of the project yields the greatest possible benefit to the owners.
3. The construction manager is selected on the basis of best value including qualifications. A construction manager objectively offers delivery and packaging options, is strong in both design and construction management, and bases their fees on service and value delivered, not on construction costs.

C. BONDS IN CONSTRUCTION PROCUREMENT

In the solicitation of construction services, a bid bond or other form of bid guarantee satisfactory to the County shall be required when the contract to be awarded is expected to exceed twenty-five thousand dollars (\$25,000.00) and such bond shall be provided by a surety company authorized to do business in this State. A bid bond may be required when the contract to be awarded is expected to be less than twenty-five thousand dollars (\$25,000.00) if so specified in the Invitation for Bids.

When the solicitation requires that a bid bond support (is to be provided with) a bid, and the bidder fails to provide, the bid will be rejected.

D. CONTRACT PERFORMANCE AND PAYMENT BONDS

Before any construction contract exceeding one hundred thousand dollars (\$100,000.00) is awarded, the following bonds shall be furnished to the County:

1. A performance bond executed by a surety company authorized to do business in this State, or by other form of surety, either of which is satisfactory to the County, in the amount equal to one hundred percent (100%) of the contract price as it may be increased or decreased.
2. A payment bond executed by a surety company authorized to do business in this State, or otherwise supplied, satisfactory to the County for the protection of all persons supplying labor and materials to the contractor or his subcontractors for the performance of the work provided for in the contract. The bond shall be in the amount of one hundred percent (100%) of the total of the contract price as it may be increased or decreased.

Nothing in this section shall be construed to limit the authority of the County to require a performance bond or other security in addition to the aforementioned bonds.

The three major differences between construction contracting and other purchases are:

1. Requirement for a pre-bid meeting-usually at the site. If this is going to be the case, it should be specified in the IFB. All pre-bid meetings are taped for future reference.
2. The requirement that each bid contain a Bid Bond.
3. A **Performance Bond and Payment Bond** will be required of the successful bidder for an amount equal to one hundred percent (100%) of the contract.

E. PRE-BID CONFERENCES

A pre-bid conference may be required on service or construction contracts. The purpose of a pre-bid conference is to provide vendors with information about the service that is to be provided. If conditions require it, a pre-bid conference can be a mandatory prerequisite for a sealed bid.

IF A PRE-BID CONFERENCE IS REQUIRED OR SUGGESTED:

Knowledge of the Pre-Bid Conference must be made available to all vendors who received an Invitation for Bids and to the public in general. The buyer and departmental contact that conducts the conference must be careful to answer questions factually and not prejudice the process in favor or disfavor of any particular vendor.

Registration of all participants is required. The pre-bid meeting will be taped for future reference.

F. INSPECTION OF CONTRACTOR'S PLANT AND RECORDS

The County shall have the right to inspect the plant or business of a contractor or any subcontractor under any contract awarded by the County.

The County shall have the right to audit the books and records of any person seeking to become a contractor or subcontractor of a contractor, or any subcontractor under any negotiated contract or subcontract other than a firm fixed price type contract. The contractor shall maintain such books and records for three (3) years from the date of final payment under the prime contract and by the subcontractor for a period of three (3) years from the date of final payment under the subcontract.

G. CONTRACT MODIFICATIONS

The Procurement Director is authorized to issue regulations permitting or requiring the insertion in contracts of appropriate clauses to enable the County to effect desired changes and modifications to such contracts; provided however, that any such change or modification, **except for road, and/or bridge construction**, which would result in additional expenditures by the County in the sum of twenty-five thousand dollars (\$25,000.00) or any such larger sum only shall be effected after appropriate authorization and approval by resolution of the Commission.

Change orders less than one hundred thousand dollars (\$100,000.00) for road, and/or bridge construction must be authorized by the Mayor. Change orders for an amount of one hundred thousand dollars (\$100,000.00) or more must be authorized by the Mayor and approved by resolution of the Commission.

SECTION IX: PROPERTY MANAGEMENT POLICIES AND PROCEDURES

The purpose of the Property Management Office, a sub-office of the Procurement Division, is to maximize the value of the property owned by Knox County. The Property Management office is made up of two divisions, Personal Property and Real Property Division. Property Management works with Knox County Finance to account for property with a value in excess of \$10,000 (fixed asset). Property Management serves as the locator of reusable property. Reutilization of property has decreased the need for new purchases and resulting in substantial savings for Knox County.

Property Management conducts sales of surplus property (through public auction, sealed bid and an on-line auction service) and scrap materials.

The size and space Knox County Government encompasses requires that standard policies and procedures be established so Knox County property is properly utilized. In the following pages the general policies and procedures of the Property Office are displayed.

A. FUNCTIONS OF PERSONAL PROPERTY MANAGEMENT

Operating under the general supervision of the Procurement Director, PROPERTY MANAGEMENT:

1. Controls County surplus property and disposes of surplus property in the best method (transfer to other departments, auctions, on-line auctions, sales, scrap, or warehousing).
2. Recommends and follows approved policies and procedures of accountability and control of Knox County personal property.
3. Maintains assorted information and numerical data related to personal property.

B. RESPONSIBILITIES OF THE PERSONAL PROPERTY MANAGEMENT OFFICE

1. Records and processes surplus property data on a continuing basis.

Using set procedures and forms, information covering additions, transfers, and deletions of property is recorded as it becomes available. Property is declared surplus by each department using a Declaration of Surplus Personal Property/Equipment form upon delivery at the Property Management warehouse or before being picked up by Property Management staff.

Transfers of property are declared using a Transfer of Surplus Personal Property/Equipment form and reflect the changes in assignment and location.

Deletions of property are recorded after an authorized person signs a letter declaring the item surplus.

Declaration of Surplus Personal Property/Equipment forms, Transfer of Surplus Personal Property/Equipment forms, and pertinent information regarding deletion of personal property are stored electronically to provide a proper audit trail of the surplus property.

2. Supervises the transfer and reutilization of property.

Upon notification by a department or office that certain property is no longer needed, unusable or obsolete via a Declaration of Surplus Property/Equipment form, the Property Management Office takes one of the following actions:

- a. Transfers the property to another department or office.
- b. Sends the property to a surplus depot maintained for salvageable or reusable property.
- c. Prepares the property for sale or auction.
- d. Sells the equipment as scrap metal, wood, etc.

Departments wishing to transfer property are to notify the Property Management Office via a Transfer of Surplus Personal Property/Equipment form

Salvageable property, for which there is no longer any need, is accumulated separately from property which may be reusable. When a sufficient amount is accumulated, the salvage is sold at public auction or through the on-line auction service or by sealed bids.

3. Controls disposal of surplus property.

Surplus Property is disposed of through one of the following methods:

- a. Trade in on replacement equipment
- b. Public auctions
- c. On-line auctions
- d. Sale under sealed bids and sealed proposals, by invitation and publicly advertised, opened, and recorded
- e. Negotiated contract
- f. Sales of scrap metal

Trade-ins of County surplus are to be indicated in the purchase order for the replacement equipment. Property Management is to be notified when the trade-in takes place.

Sales under sealed bids/proposals take place where there are a limited number of prospective buyers for particular properties, where it is not economically feasible to hold an auction, or at the direction of the County Mayor. Auctions may be live or held on-line for real and personal property.

Negotiated contracts cover the sale of scrap and waste products when deemed most advantageous to the County by the Knox County Procurement Director. Typical contracts include accumulated scrap metal, used tires, used batteries, etc. Where an authorized insurance settlement calls for sale to an insurance carrier, surplus vehicles are also sold by two-party negotiation.

Property is destroyed only when there is no economical salvage value. This determination is the sole responsibility of the Property Management Office.

4. Elected/Appointed Official/Employee Personal Property Purchase.

Outgoing Elected/Appointed Official or Employees may purchase electronic items assigned to them by the Knox County Office of Information Technology (IT) upon them leaving County employment. The purchase of these items will be made at fair market value as determined by IT. The purchase will require Department Head or Elected Official and Mayoral approval.

C. DUTIES OF PROPERTY COORDINATORS

1. Oversee the County property assigned to that department/office.
2. Notify Property Management when property becomes surplus via a Declaration of Surplus Personal Property/Equipment form.
3. Notify Property Management when property is transferred to another department via a Transfer of Surplus Personal Property/Equipment form.
4. Notify Property Management when property becomes scrap.
5. Notify Property Management when real property or buildings are purchased, received, or declared surplus.
6. In the event of theft, severe damage, vandalism, or unexplained loss they make a police report and forward a copy to Property Management.

D. PROPERTY UTILIZATION

Property Management also coordinates the pool of surplus items that the County may have at any given time. Often, departments and agencies can forgo the purchase of new items if similar items are in surplus. Whenever a department decides to purchase a capital item, a representative from the department should first be made to contact the Knox County Property Management Office to determine if any similar items are in surplus stock. If so, the requesting department should view the item and consider it for use. Reutilization of equipment declared surplus by one department is one way of maximizing taxpayer dollars.

All surplus equipment is stored at the Property Management warehouse located at 1005 Stewart Street.

E. VEHICLE ACQUISITION/DISPOSAL

Acquisition. All requests for vehicles are submitted to the Knox County Procurement Division using normal procurement procedures. A Knox County Vehicle Request Form (VRF) must be completed and forwarded with your requisition. Prior to submittal of requisition to Procurement, the department must forward the VRF to the County Mayor for approval/signature. Once the VRF has been approved, the buyer is responsible for ensuring a copy of the VRF and a copy of the purchase order are sent to Property Management for inventory purposes.

Vehicle Delivery. A purchase order is prepared and forwarded to the appropriate dealer. The buyer will notify the department when the vehicle is available for pick up. The requesting department is responsible for coordinating pick up of the vehicle from the dealer. The title will be forwarded to Property Management by the department upon receipt from the State of Tennessee. This is to ensure that all departments, in regard to vehicle disposition, are in

compliance with County Procurement Regulations. The requesting department is responsible for taking the new vehicle to the Knox County Fleet Service Center to obtain a fuel key, a tab number and to ensure it has been added to the fleet inventory.

Disposal/Surplus. All surplus vehicles must be turned into Property Management with keys, fuel key and a completed Declaration of Surplus Personal Property/Equipment form. (NOTE: If you are replacing a vehicle, the fuel key can be reprogrammed by the Fleet Service Center and maintained by the department for the new vehicle.) Property Management, in conjunction with the Fleet Service Center, will inspect and prepare the vehicle for surplus. Property Management will assign all surplus vehicles a class code as follows:

Class 1: Vehicle has valuable use to Knox County and may be put back into service.

Class 2: Vehicle has no useable value to Knox County and must be sold. Class 2 vehicles will not be put back into Knox County inventory.

Property Management will store vehicles and equipment until reassignment or sold. All vehicle transfers from surplus property must be requested from Property Management and approved by the County Mayor. The Fleet Service Center must be notified of all vehicle transfers. A replacement vehicle must be turned in for any transfers from surplus property. The County Mayor must approve all additions to the Knox County Fleet. No parts shall be removed from surplus vehicles.

Title Requests. If your department needs a copy of the title, a Vehicle Title Request Form must be completed and forwarded to Property Management. Property Management will verify your request and forward a copy of the title to you. You may hand-carry the request to Property Management to expedite receipt of the title. Titles may only be secured through Property Management.

F. REAL PROPERTY POLICIES AND PROCEDURES

The purpose of the Real Property Division, a sub-office of the Procurement Division, is to manage and report the status of Knox County owned real property by maintaining up-to-date and accurate inventories of County-owned real estate, sufficiently maintaining County-owned real property, and appropriately disposing of County-owned surplus real property in a timely, efficient manner.

The Real Property Division conducts sales of surplus real property (through public auction, sealed bid, and online auction) to maximize the value of surplus real estate.

The size of Knox County and Knox County Government necessitates a significant investment in real estate, which requires that standard policies and procedures be established so Knox County real estate is properly utilized.

G. FUNCTIONS OF THE REAL PROPERTY DIVISION

Operating under the general supervision of the Purchasing Director, the REAL PROPERTY DIVISION:

1. Provide efficient disposition of County owned surplus real property, including delinquent tax property acquired through the Trustee's Tax Sale, to effectively place said property back on the tax rolls.
2. Provide and maintain a current inventory of real property owned by Knox County.
3. Oversee and coordinate the maintenance and general care of Knox County real property and facilities in conjunction with other departments.

4. Provide oversight of Knox County property acquisitions, construction projects, and energy management.

H. DISPOSAL OF COUNTY OWNED SURPLUS REAL PROPERTY

Surplus real property is disposed of through one of the following methods:

- a. Sale under sealed bids or sealed proposals, by mailed invitation and publicly advertised, opened and recorded
- b. Public auction
- c. Online auction
- d. Negotiated contract, including land trades/swaps

Sales under sealed bids/proposals for real property take place when there are a limited number of prospective buyers for particular properties, when there is a specific redevelopment interest in a particular property, when it is not economically feasible to hold an auction, or at the direction of the County Mayor. Auctions may be live or held online for real property and will be advertised at least once in a daily newspaper and on site for a minimum of thirty (30) days.

Knox County may enter into negotiated contracts for the sale of real property. The negotiated sales method for the disposition of real property may be utilized only if the Procurement Director has conducted a market analysis and has determined that due to the unique nature of the property only one purchaser would reasonably be expected to seek to purchase the property. In addition, the Senior Director of Finance and the Knox County Mayor must approve this method of real property disposal. Any sales, leases and/or transfer of real property shall require the approval of Commission.

Any material change to the original scope of development of those real properties awarded by sealed competitive bid (as set forth in the successful bidder's submittal documents) and whose appraised value is determined to exceed seventy-five thousand dollars (\$75,000) is strictly prohibited. Such material change will result in an automatic repeal of the award, necessitating a rebid of the project.

I. DELINQUENT TAX SURPLUS PROPERTY

Surplus real property acquired through the Trustee's delinquent tax sale is managed and sold per T.C.A. 67-5-2507. The Real Property Division provides oversight and maintenance of surplus tax properties from the date acquired at the tax sale through the one (1) year redemption period to the date the Delinquent Tax Attorney closes the sale of the property. Oversight and maintenance is to be no more than what is required by law.

Sale of surplus delinquent tax real property is to be conducted consistent with Section B above, Disposal of County Owned Surplus Real Property, and per the provisions of T.C.A. 67-5-2507.

J. MANAGEMENT OF REAL PROPERTY

The Real Property Division provides for and maintains a current inventory of all real property owned or leased by Knox County. Assorted information about each parcel is gathered. This information includes: agency responsible for the parcel, contact person, size, map number, parcel number, use, description, and comments. This information is available for any office in Knox County that has a legitimate need for any part of the information.

The Property Managers will be responsible for overseeing and maintaining the general care of all land and facilities owned by Knox County. Out of necessity, this function will be shared with other agencies such as Parks & Recreation, Engineering and Public Works, Libraries and the Public Building Authority.

K. SCOPE AND DEFINITIONS

1. **Personal property** means all types of County-owned property other than real or intangible, including furnishings, office machines, communications equipment, heavy machinery, photo equipment, hospital equipment, data processing equipment, motor vehicles, etc.
2. **Real Property** means fixed, immovable property such as land, buildings, etc.
3. **Surplus property** means personal property determined to be unnecessary, unusable or obsolete.
4. Property purchased for, or donated to, any elective office or other governmental office becomes a part of the Knox County inventory.
5. The disposal of all personal property, inventoried or non-inventoried, and accumulated scrap and waste is the responsibility of the Property Management Office. This responsibility extends to the County School system and the Public Library system.

SECTION X: BUSINESS OUTREACH PROGRAM

The purpose of this program is to increase the opportunity for diversity among the companies doing business with Knox County by encouraging participation through site visits, providing education and support regarding policies and procedures, actively recruiting all interested suppliers, ensuring equal opportunity in all procurement related activities and encouraging disadvantaged businesses to seek to do business with Knox County.

A. The Business Outreach Administrator will:

1. Actively seek business entities that have the ability to provide goods and services to Knox County.
2. Provide written materials, training programs, and general assistance to businesses in order to aid them in establishing and maintaining long-term business relationships with Knox County.
3. Develop and maintain listings of disadvantaged businesses, categorized by commodity, to be solicited on Invitations to Bid.
4. Ensure that vendor and commodity listings are current and encourage procurement from disadvantaged businesses.

The Procurement Director may re-evaluate bonding and/or insurance requirements or accept alternative forms of surety to encourage bidding and increase the likelihood of commitment with disadvantaged businesses. The Procurement Director may also recommend contract provisions to include progress or milestone payments.