




HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

October 4, 2010

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator 
Russell Truell, Assistant City Administrator for Finance & Administration
Brian Wilcox, Purchasing Manager

SUBJECT: Ordinance No. 2010-72 and proposed revisions to the City's purchasing thresholds

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider an increase to the dollar amounts of the various purchasing thresholds now in effect as permitted by the State of Tennessee. Because the dollar amount required for public advertisement and competitive bidding is established in Sec. 5-502 of the City of Franklin Municipal Code, an ordinance is required to amend that provision.

Background

The Municipal Purchasing Law of 1983 was amended by 2008 Public Chapter 879 of the Tennessee General Assembly, permitting certain municipalities to increase the minimum dollar value of purchases at or above which is required public advertisement and competitive bidding. The City of Franklin is one of the eligible municipalities.

The following table displays the current and proposed purchasing thresholds:

Provision	Current		Proposed	
	Threshold	BOMA approval required?	Threshold	BOMA approval required?
At the discretion of the department head, three quotes, if possible, may be obtained; otherwise, no formal requirement for competitive process	Up to \$2,500	Not unless a contract is involved	Up to \$10,000	Not unless a contract is involved
At the discretion of the department head or purchasing manager, sealed bids, pursuant or not to public notice, may be obtained; otherwise, obtain three quotes, if possible	At least \$2,500, up to \$10,000	Not unless a contract is involved	At least \$10,000, up to \$25,000	Not unless a contract is involved
Public notice and sealed bids required	At least \$10,000	Yes	At least \$25,000	Yes



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Pursuant to a September 16, 2010 vote of the Budget and Finance Committee endorsing the revisions proposed above, staff has prepared the attached Ordinance No. 2010-72 which, if approved, would, effective July 1, 2011, amend Sec. 5-502 of the Franklin Municipal Code by increasing from \$10,000.00 to \$25,000.00 the dollar amount of purchases at or above which is required public advertisement and competitive bidding. Please note that, because of how the state law is written, the dollar amount of purchases at or above which is required three quotes, if possible, would, if Ordinance No. 2010-72 is approved, automatically increase from \$2,500.00 to \$10,000.00, effective simultaneously.

Financial Impact

Staff is not aware that the revisions proposed above would have a negative financial impact on the City. As a rule, staff seeks to obtain the best pricing possible for all purchases.

Options

As an alternative to the revisions proposed above, the purchasing thresholds may be left as they are.

Recommendation

For the following reasons, staff recommends the revisions proposed above:

1. While sealed bids / proposals may be a means of obtaining best procurement pricing, it is a more cumbersome process and therefore may preclude obtaining best pricing as soon as possible.
2. There are times when writing specifications and taking bids is not practical, as for example when only one supplier of a product or service is available. Raising the procurement thresholds would reduce the number of times "sole-source" purchases would have to be brought to BOMA for approval.

ORDINANCE 2010-72

TO BE ENTITLED: "AN ORDINANCE TO INCREASE FROM \$10,000.00 TO \$25,000.00 THE DOLLAR AMOUNT OF PURCHASES AT OR ABOVE WHICH IS REQUIRED PUBLIC ADVERTISEMENT AND COMPETITIVE BIDDING."

WHEREAS, the City of Franklin is subject to the provisions of the "Municipal Purchasing Law of 1983"; and

WHEREAS, this law has been amended by 2008 Public Chapter 879 of the Tennessee General Assembly, permitting certain municipalities to increase the minimum dollar value of purchases at or above which is required public advertisement and competitive bidding; and

WHEREAS, the City of Franklin is one of the eligible municipalities; and

WHEREAS, the Board of Mayor and Aldermen has determined that it is in the best interest of the City of Franklin to increase said amount to the statutory limit.

NOW, THEREFORE:

SECTION I. BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that Section 5-502 of the Franklin Municipal Code be deleted in its entirety and replaced with the following text:

Sec. 5-502. Public advertisement and competitive bidding. Pursuant to the authority granted to the City by T.C.A. § 6-56-306, the dollar amount required in the Municipal Purchasing Law of 1983 (as may be amended) for public advertisement and competitive bidding is \$25,000.00.

SECTION II. BE IT FURTHER ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that this Ordinance shall take effect July 1, 2011, the public health, safety and welfare requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

BY: _____
ERIC S. STUCKEY
City Administrator

BY: _____
JOHN C. SCHROER
Mayor

PASSED FIRST READING _____

PASSED SECOND READING _____