



STATE OF TENNESSEE
PROCUREMENT COMMISSION
3rd Floor, William R. Snodgrass TN Tower, 312 Rosa L. Parks Avenue
Nashville, Tennessee 37243-1102
(615) 741-1035 Fax (615) 741-0684

- AGENDA -

PROCUREMENT COMMISSION MEETING #004
THURSDAY, JANUARY 31, 2013 – 10:30 A.M.
LEGISLATIVE PLAZA – ROOM 29

| Agenda Item | Page # |
|--|--------|
| I. Call to Order/Roll Call | -- |
| Old Business: | |
| II. Approval of Minutes from October 31, 2012 Meeting (see attached documentation) | 1 |
| New Business: | |
| III. Draft “Policies and Procedures of the Central Procurement Office” (see attached documentation) | 7 |
| IV. Proposed Revisions to the Procurement Commission By-Laws and Rules of Procedure as Requested by Comptroller of the Treasury (see attached documentation) | 86 |
| V. Proposed Mid-Cumberland Human Resource Agency (“MCHRA”) Procurement Policy (see attached documentation) | 88 |
| VI. Ratification of Southeast Consortium for Unemployment Benefits Implementation (SCUBI) Cooperative Purchasing Agreement (see attached documentation) | 102 |
| Reports: | |
| VII. Certification Related Items (see attached documentation) | 116 |
| Other Business: | |
| VIII. Update to Central Procurement Reform Transition Plan (see attached documentation) | 134 |
| IX. Adjournment | -- |

MARK EMKES, Chairman
Commissioner of Finance & Administration

JUSTIN P. WILSON
Comptroller of the Treasury

STEVEN G. CATES, Secretary
Commissioner of General Services

JESSICA ROBERTSON
Chief Procurement Officer

**MINUTES OF OCTOBER 31, 2012
MEETING**



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MINUTES
PROCUREMENT COMMISSION #003
WEDNESDAY, OCTOBER 31, 2012
LEGISLATIVE PLAZA, ROOM 29

Members in Attendance:

Justin P. Wilson, Comptroller of the Treasury; Steven G. Cates, Commissioner for the Department of General Services; Mark Emkes, Commissioner for the Department of Finance and Administration; Jessica Robertson, Chief Procurement Officer

Others in Attendance:

John Bissell, Paul Krivacka, Toni Stuart, Tom Lee, Debi Moss, Charles Key, Kyle Hunter, Elaine Williams, Claire Harris, Charlotte McKinney, Tommy Chester, Reen Baskin, Mike Morrow, Melinda Parton, Bryan Chriske, Mary Anne Queen, Terry Mason, Thad Watkins, Abigail Lipshie, Marcy Damon, Michael Winston, Mike Perry, Katie Lillard, Britt Myers, Tony Tringale, Sharon Pope, Kathleen Hansen, Caramon Stovall

I. Call to Order

Commissioner Emkes called the meeting to order and asked for a roll call of the members.

II. Minutes from the June 28, 2012 Procurement Commission Meeting

Commissioner Emkes presented the June 28, 2012 minutes of the Procurement Commission. Comptroller Wilson asked if Commissioner Cates had received the information he requested concerning the history and geographic distribution of CMRA contracts. He also inquired if the transition plan and goals were going to be reviewed in this meeting. With that information received and acknowledged, he then made a motion to move forward with the meeting. The Procurement Commission's June 28, 2012 minutes were unanimously approved by the Procurement Commission upon the motion of Comptroller Wilson and a second by Commissioner Cates.

III. Draft *Comprehensive Rules and Regulations of the Central Procurement Office*

Jessica Robertson, Chief Procurement Officer, presented the *Comprehensive Rules and Regulations of the Central Procurement Office* for the Procurement Commission's consideration and adoption. Chief Procurement Officer Robertson stated that a revised version was placed at

CENTRAL PROCUREMENT OFFICE

312 ROSA L. PARKS AVENUE, 3RD FLOOR * NASHVILLE, TENNESSEE 37243
(615) 741-1035 * FAX: (615) 741-0684 * WWW.TN.GOV/GENERALSERV/

the seats of each Procurement Commission member prior to the meeting. This revision contains minor grammar and language edits that do not affect the substance of the document. Chief Procurement Officer Robertson offered to walk through the changes if any Commission member felt it was necessary. At this point, Chief Procurement Officer Robertson asked that the Procurement Commission adopt the public hearing process that is a prerequisite for State agencies to adopt new administrative rules. Comptroller Wilson moved that this process be adopted with a second by Commissioner Cates. Commissioner Emkes asked for additional clarification. Chief Procurement Officer Robertson explained that when an agency establishes new administrative rules or makes changes to administrative rules, the Secretary of State manages that process, which includes public hearings and comments from the public. Commissioner Emkes clarified that the Procurement Commission was voting on the draft *Comprehensive Rules and Regulations of the Central Procurement Office* as presented. Commissioner Emkes asked for a motion to approve the draft *Comprehensive Rules and Regulations of the Central Procurement Office* with Commissioner Cates seconding the motion.

IV. Cooperative Contract for Multi-Manufacturer - Storage

Chief Procurement Officer Robertson presented the *NASPO/WSCA (National Association of State Procurement Officials/Western States Contracting Alliance) Cooperative Purchasing Contract for Data Content Storage Devices* (the "NASPO/WSCA Cooperative Contract"). The proposal allows the State to contract with six of the manufacturers listed in the cooperative NASPO/WSCA Cooperative Contract, which will result in several significant benefits including robust competition, contract consolidation, and cost savings. Comptroller Wilson sought clarification that the NASPO/WSCA Cooperative Contract was for data content storage devices only and he also inquired about whether the addendums required approval by the Procurement Commission. Chief Procurement Officer Robertson stated that the Participating Addendums were ready for distribution and would be provided to the Procurement Commission members. Comptroller Wilson stated that the NASPO/WSCA Cooperative Contract was a good idea as the State had the potential to save approximately \$1,700,000, but he wanted to ensure that it was done correctly. Comptroller Wilson also recommended that although the NASPO/WSCA Cooperative Contract had less than two years remaining on its term, upon review of the addendum by F&A and OIR, that it be approved. Ms. Melinda Parton asked whether the Comptroller's Office had received the master NASPO/WSCA Cooperative Contract. It was determined that they had received the master NASPO/WSCA Cooperative Contract, but not the addendums. Ms. Parton stated that there may be differences between the master NASPO/WSCA Cooperative Contract and the participating addendums. Commissioner Emkes asked if the matter should be tabled. Comptroller Wilson was comfortable in proceeding with the approval. Commissioner Emkes moved that the NASPO/WSCA Cooperative Contract be adopted with a second by Commissioner Cates, whereupon entry into the master cooperative contract was unanimously approved.

V. Multi-Contract Award – Cisco Systems, Inc.

Chief Procurement Officer Robertson presented a request of a multi-contract award involving Cisco Systems, Inc., which would support the Office of Information Resources (OIR) statewide rollout while the State migrates from two independent networks (voice and data) to one IP telephony infrastructure rollout. This multi-contract award will allow the State to minimize the risks of this rollout and will allow the State to realize an increase in product discount by

revitalizing the competitive vendor network. Commissioner Emkes sought clarification that the State would increase competition and receive the savings from that added competition under the multi-contract award. Chief Procurement Officer Robertson responded that she anticipated having approximately 29 resellers who would compete for projects. Comptroller Wilson stated that the contract for resellers would be subject to approval by F&A, OIR, and the Comptroller's Office. Commissioner Cates asked for a brief description of the process used by the Central Procurement Office in finding these types of potential savings. Chief Procurement Officer Robertson stated that OIR has been working with Elaine Williams, Central Procurement Office Category Team Lead for Technology, on this model and that it complements OIR's IP telephony project. Commissioner Emkes stated that OIR is happy with the situation and the cost savings is a plus. Commissioner Emkes made a motion to approve, which was seconded by Commissioner Cates, whereupon the Procurement Commission unanimously approved the Multi-award Contract with Cisco Systems, Inc.

VI. Statewide Contract #205 – WeCar/Enterprise Contract Spend, Savings and Usage Analysis

Chief Procurement Officer Robertson presented to the Procurement Commission the *Statewide Contract #205 – WeCar/Enterprise Contract (the "Cooperative Contract") Spend, Savings, and Usage Analysis (the "Analysis")*, which was requested by the former Board of Standards in its November 20, 2011 meeting. Deputy Commissioner Tommy Chester presented the Analysis on this Cooperative Agreement. Deputy Commissioner Chester stated that the Cooperative Agreement that the State entered into was a Cooperative Contract that the University of Tennessee owned. This Cooperative Contract allowed the State to change the way it manages the State's fleet. The Board of Standards approved the Cooperative Contract for one year with a request for an update before approving an extension of the term. The Analysis provided by Mr. Chester summarized how well the program performed and included a report on the anticipated savings from the Cooperative Contract. Commissioner Steve Cates asked Deputy Commissioner Chester to speak on the time it took to get this contract started and why the numbers do not reflect 12 months in savings. Deputy Commissioner Chester stated that the contract was approved in November 2011 with the anticipated start date of January 1, 2012. Due to unforeseen delays the actual start date was February 1, 2012. Deputy Commissioner Chester stated that it took several months for the State to realize the benefits of the new program. Therefore, only seven months of reliable data was available. Deputy Commissioner Chester made a request to extend the WeCar/Enterprise Cooperative Contract an additional year in order to best determine whether the program should be continued. Commissioner Emkes stated that actual savings were realized and that the projected future savings were encouraging. Commissioner Emkes thanked the Central Procurement Office for the update and called for the next item.

VII. Consent to Cancel November 8, 2012 Meeting

Chief Procurement Officer Robertson stated that the last item that needed a formal vote was the consent to cancel the November 8, 2012 meeting.

Comptroller Wilson made a motion to cancel the meeting with Commissioner Cates making a second. Commissioner Emkes asked for a vote; Comptroller Wilson's motion passed unanimously.

VIII. Certification Related Items

Chief Procurement Officer Robertson reported to the Procurement Commission a list of CMRA contracts for certification, re-certification, and de-certification. Chief Procurement Officer Robertson stated that each of the matters on the CMRA report had been previously reviewed by the Certification Committee and approved by Central Procurement Office staff. Chief Procurement Officer Robertson stated that the certification list was being presented to the Procurement Commission as an informational item. Comptroller Wilson asked for a F&A representative on the Certification Committee. Commissioner Emkes appointed Mr. Buddy Lea to look into an appointment from F&A. Commissioner Emkes acknowledged receipt of the report on behalf of the Procurement Commission.

IX. Strategic Sourcing Introduction – Presentation by GEP

Chief Procurement Officer Robertson presented an update on the transition plan that was introduced in June of 2012. The transition plan contains approximately 15 projects that are critical to the Central Procurement Office transformation. These projects consist of:

- Tactical and process-oriented objectives for streamlining processes; and
- Project-based objectives such as obtaining a strategic sourcing vendor and creating new administrative rules.

Chief Procurement Officer Robertson stated that the transition plan progress and an executive summary of each project would be posted on the Central Procurement Office website by mid-November 2012. Chief Procurement Officer Robertson also introduced Tony Tringale of Global eProcure (GEP) and stated that GEP was chosen as the Strategic Sourcing vendor for the Central Procurement Office. Mr. Tringale stated that the process utilized by GEP will take place over the next ten to eleven months and consists of two phases. Phase 1 will identify savings by utilizing the following methods:

- Spend analysis;
- Identification of key areas of opportunity; and
- Interview of agencies in particular spend categories.

Phase 2 will create savings by:

- Addressing the roster of categories for opportunities to pursue; and
- Utilizing knowledge transfer from GEP to the CPO emphasizing tools, techniques, methodology, and market intelligence.

Mr. Tringale stated that GEP's ultimate goal is to transfer GEP knowledge and experience such that the Central Procurement Office can continue this work on behalf of the State after GEP's contract with the State has expired. Commissioner Emkes asked what other states have worked with GEP in similar capacities. Mr. Tringale stated that GEP has worked with a variety of public entities from federal agencies to state governments and local municipalities. Mr. Tringale stated that he has personally worked with Pennsylvania, Ohio, and Virginia. Commissioner Emkes

asked if GEP has received the necessary State cooperation in the agency interviews. Mr. Tringale stated that Tennessee is in a prime position to realize the full benefit of this type of opportunity and the representatives of the State have been very cooperative, interested in the project, and engaged in the interviews. Commissioner Cates stated that in the past, RFP best practices or savings opportunities were not explored by the State. Mr. Tringale believes that even though State officers have the fiscal responsibility and represent the stewardship of managing taxpayer dollars, sometimes a different prospective is needed to identify additional savings opportunities. Comptroller Wilson asked for an example, such as buying paper. Mr. Tringale responded that GEP would take the process of buying paper and:

- Review State expenditures and compare to existing benchmarks from other clients;
- Recognize the way the State is buying and the kind of diversity the State has from different agencies; and
- Assess for opportunities that GEP has direct market intelligence on and is able to target for immediate savings.

Commissioner Emkes asked if Chief Procurement Officer Robertson had a system in place to track project performance. Chief Procurement Officer Robertson stated that the Central Procurement Office is establishing the method so that when new contracts and new prices are established. She further stated that the Central Procurement Office can track the actual savings when the agencies are making purchases. Chief Procurement Officer Robertson also stated that savings can be estimated at this time and the system will be able to track actual savings. Commissioner Cates asked Mr. Tringale to explain why using GEP would be beneficial to the State. Mr. Tringale responded that the State must utilize its staff to continue daily work activities and GEP can provide extra manpower for a faster savings impact. GEP brings revolutionary spend analysis from the data transparency perspective. Central Procurement Office resources will receive a knowledge transfer on the processes, tools, strategies, and methods of strategic sourcing to enable self-reliance going forward. GEP also provides a broad base of market intelligence such as benchmarks and experience with other clients that the State can benefit from. Commissioner Emkes asked if there were any other questions. There being none, he thanked Mr. Tringale for his presentation.

X. Adjournment

A motion to adjourn was made by Comptroller Emkes and seconded by Comptroller Wilson, which was unanimously approved, whereupon the October 31, 2012, Procurement Commission meeting was adjourned.

DRAFT POLICIES AND PROCEDURES OF THE CENTRAL PROCUREMENT OFFICE

1. Procurement Methods

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Procurement Methods Policy and Procedures

Effective: ____ day of _____, 2013
Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish a policy and procedure concerning procurement methods used by the Central Procurement Office and Delegated State Agencies when procuring goods and services that ensures fairness, transparency and the maximum amount of competition for State contracts.

2. Scope.

This policy applies to all procurements and resulting contracts as required by statute or rule.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

“Agency” - means each State board, commission, committee, department, officer, or any other unit of State government.

“Agency Term Contract”- means a State Agency Contract in which a source or sources of supply are established for a specified period of time at an agreed upon unit price or prices.

“Best and Final Offer” or “BAFO” - means a negotiation tool whereby the State requests that respondents provide their best and final offer or response.

“Central Procurement Office” means the State office established and empowered by Tenn. Code Ann. § 4-56-104.

“Central Procurement Office Policy” means a documented set of guidelines concerning procurement related strategy, which directs and restricts the plans, decisions, and actions of State procurement professionals as approved by the Procurement Commission in accordance with Tenn. Code Ann. §§ 4-56-101, *et seq.*

“Competitive Negotiation” – means a competitive procurement method that involves direct contract negotiation with one or more respondents who have been pre-qualified or pre-selected by the Central Procurement Office through a competitive process.

“Competitive Negotiation Techniques” – means those direct negotiation techniques used in connection with a competitive negotiation method of procurement.

“Contract” means any duly authorized and legally binding written agreement or purchase order for goods or services by and between the State of Tennessee and any person or any separate entity with the independent legal capacity to contract and sue and be sued.

“Contracting Party” means a person or legal entity with the independent legal capacity to contract or sue and be sued that has been awarded a contract through proper authority.

“Delegated Authority” means a written document, approved in accordance with Central Procurement Office Policy, that authorizes a State Agency to award a grant, make a loan consistent with a grant, or procure goods or services on behalf of the State.

“Delegated State Agency” means a State Agency that, in accordance with Central Procurement Office Policy, has authority to award a grant, make a loan consistent with a grant, or procure goods or services program(s) within specified limits and guidelines.

“Emergency Purchases” means a State Agency purchase made during an actual emergency arising from unforeseen causes without the issuance of a competitive solicitation.

“Immaterial Defect” – means a defect in a response to a solicitation, which is of no substantial consequence, that is capable of correction through supplemental information or a clarifying response. A defect is immaterial when the effect on price, quantity, or delivery is negligible when contrasted with the total cost or scope of the goods or services being procured. Any defect, the correction of which gives a respondent a competitive advantage vis-à-vis other respondents or prejudicial to one or more respondents, shall not be deemed to be an immaterial defect.

“Person” – means a natural person or legal entity with the legal capacity to enter into contracts or sue and be sued.

“Procurement” - means buying, purchasing, renting, leasing, or otherwise acquiring any goods or services. It also includes all functions that pertain to the obtaining of any goods or services, including the description of requirements, selection and solicitation of sources, negotiation, preparation and award of a Contract, and all phases of Contract administration.

“Purchase Order” - means a document issued by the Central Procurement Office or a State Agency to a Contracting Party authorizing a purchase. Upon delivery to the Contracting Party, a “purchase order” becomes a binding Contract on both parties.

“Respondent” – means a natural person or legal entity with the capacity to contract or sue and be sued who has submitted a written response to a solicitation.

“Responsible” – with respect to a respondent or a proposer means a person who has the capacity in all material respects to perform fully the Contract requirements, and the integrity and reliability that will assure good faith performance.

“Responsive” – with respect to a respondent or a proposer means a person who has submitted a proposal, which conforms in all material respects, to the terms of the Solicitation.

“Reverse Auction” – shall have the meaning set forth in Tenn. Code Ann. § 12-3-219.

“Rules” means the Comprehensive Rules and Regulations concerning the procurement of goods and services adopted by the Procurement Commission of the State of Tennessee.

“Solicitation” means a written document that facilitates the award of a contract to Contracting Parties for goods or services. Examples of solicitations include, but are not limited to, an Invitation to Bid, a Request for Information, a Request for Proposals, and a Request for Qualifications.

“Sole Source Procurement” means a procurement for which only one vendor possesses the unique and singularly available capability to meet requirement of the solicitation, such as technical qualifications, ability to deliver at a particular time, or services from a public utility or a situation where a particular supplier or person is identified as the only qualified source available to the requisitioning authority.

“Specification” -means any description of the physical, functional, or performance characteristics, or of the nature of a supply, service, or construction item. “Specification” includes, as appropriate, requirements for inspecting, testing, or preparing a supply, service, or construction item for delivery.

“State” – means the State of Tennessee and its Agencies, boards and commissions as the context requires.

“State Agency” - means the departments, agencies, and entities of the State of Tennessee.

“Statewide Contract” means a contract for goods or services established by the Chief Procurement Officer that all State Agencies must utilize and that may be used by local governments, higher education and not-for-profit entities.

“Target Pricing” – means a negotiation tool whereby the State provides respondents with the price the State expects to pay for a good or service.

4. Procurements - Generally.

All procurements shall utilize an approved procurement method in accordance with applicable statutes, the Rules or Central Procurement Office Policy. Allowable procurement methods and information gathering methods and techniques include, but are not limited to, the following:

- Informal Solicitations
- Invitation to Bid (ITB)
- Request for Proposals (RFP)
- Emergency Purchases

- Competitive Negotiation
- Sole Source
- Reverse Auction
- Request for Information
- Request for Qualifications (RFQ)

5. Waiver of Immaterial Defects in a Response.

The maximum amount of competition for State contracts is in the best interests of the State. Immaterial defects in a response should be waived, corrections or clarifications by respondents should be allowed after responses are reviewed, provided these defects are not of the type to give one respondent an unfair competitive advantage over other respondents. Procurement professionals should use restraint in deeming responses to be non-responsive on the basis of immaterial defects in a response that do not impugn competition, but that are capable of being responsive through correction or clarification.

6. Addenda, Amendments, and Clarifications to a Solicitation.

Prior to public release, all solicitations and subsequent addenda, amendments, and clarifications to a solicitation require the approval of the Central Procurement Office and all other State entities that endorsed or approved the original solicitation. All solicitations, including any addenda, amendments, and clarifications to a solicitation, shall be approved based on the following:

- Application of the requirements of Central Procurement Office Policy and the Rules;
- Adequacy of the scope of service description; and
- Adequacy of the solicitation's assurance of:
 - Fairness to potential providers of commodities or services;
 - Clear and open competition;
 - Achievement of procurement objectives; and
 - Protection of the State's best interests.

7. Pre-Proposal Conference.

Central Procurement Office or procuring State Agency staff may conduct a Pre-Proposal conference after release of the solicitation, but before responses are submitted, if such is determined to be in the best interests of the State.

8. Oral Presentation.

A solicitation may require oral presentations in a manner set forth in the solicitation. Oral presentations shall be conducted after the solicitation is released, but before responses are submitted to the Central Procurement Office or procuring State Agency.

9. General Requirements of Solicitations and Response Evaluation.

Each solicitation shall establish a time schedule for opening and evaluation of responses and inspection of the procurement file.

9.1. *Technical Response.*

The technical response evaluation should include, but is not limited to, consideration of the following factors:

- Quality of the goods or reliability of the services;
- Experience and qualifications (e.g., pending litigation, years in business, utilization of diverse business enterprises as sub-consultants, subcontractors, or suppliers to assist in providing goods or services, partnering with or mentoring of diverse business programs associated with the delivery of goods or services, and customer references, etc.);
- Technical approach;
- Financial ability to perform;
- Delivery terms (e.g., number of days for product to be shipped or for job to be started, etc.);
- Past vendor performance, financial resources, and ability to perform to specification requirements;
- The effect of the purchase on Agency productivity;
- Environmental options and resources (e.g., green, energy efficiency, earth-conscious considerations, recycle options, remanufactured/refurbished products or equipment, packaging, certificates, permits, awards, successful and ongoing programs, etc.); and
- Used products or equipment.

9.2. *Cost Proposal.*

The cost proposal should include, but not be limited to, the following considerations:

- Acquisition costs;
- Costs of implementation;
- Delivery costs;
- Discounts or Rebates;
- Cost of any State employee training associated with the purchase;
- Implementation and start-up costs, including installation costs, life cycle costs, trade-in value and warranty options;
- Discounts;

Once the evaluation team has completed the evaluation of the technical portion of the response, the cost proposal (e.g., single award, line item, or group award) will be calculated using a formula set forth in the solicitation. The relative scoring and weight between the technical response and the cost proposal shall be set forth in the solicitation.

The evaluation team shall combine the technical response scores with the cost proposal scores for each respondent to determine the response that has the highest evaluated score. Technical responses and cost proposals may be contemporaneously evaluated or tabulated so long as the evaluation panel for the technical responses is independent of the persons tabulating or otherwise analyzing the cost proposals. In no event should the persons serving on the evaluation panel for the technical responses be influenced by the cost proposals and all safe guards must be in place to maintain a proper segregation of duties and responsibilities.

10. Rejection of Responses.

The Chief Procurement Officer or Delegated State Agency, with the approval of the Chief Procurement Officer, shall have the absolute discretion to reject any and all responses. The Chief Procurement Officer or Delegated State Agency shall provide written notification to all respondents whose responses were rejected. If the evaluation team determines that a response is non-responsive, non-responsible, or rejects a response for any reason, the State should not complete the technical response evaluation or open the associated cost proposal. Minor clerical errors or immaterial defects will not automatically result in rejection of a response.

Any response that does not meet the requirements of the solicitation may be considered to be nonresponsive and the response may be rejected. Examples of non-responsiveness include, but are not limited to:

- The response is untimely;
- The response is incomplete;
- The response is inconsistent with the specifications as set forth in the solicitation; or
- The response restricts the rights of the State or otherwise qualifies the respondent's proposal as set forth in his or her response.

All responses may be rejected by the Chief Procurement Officer or Delegated State Agency for the following reasons:

- Unreasonably high prices or failure of all responses to meet technical specifications as set forth in the solicitation;
- Error or defect in the solicitation;
- Cessation of need;
- Unavailability of funds;
- Lack of adequate competition;
- A determination by the State Agency, with the concurrence of the Chief Procurement Officer, that proceeding with the Procurement would be detrimental to the best interests of the State.

A rejection of all responses shall be documented and set forth the reasons for rejection of all responses. The Chief Procurement Officer shall report rejection of all responses to the Comptroller of the Treasury.

Selection or rejection of a response does not affect its status as a public record. Upon completion of the review and evaluation of responses submitted in response to a solicitation, evaluated responses and associated materials shall be open for review by the public in accordance with Tenn. Code Ann. § 10-7-504(a)(7).

The Chief Procurement Officer may reject any response, even a response that is ostensibly responsive, that contains prices for individual items or services that are inconsistent with the solicitation or unrealistic when compared to other prices in other responses to the same solicitation, provided that doing so is in the best interests of the State.

11. Verification of Ability to Perform.

Responses may be deemed non-responsive for lack of apparent ability to perform the proposed contract after adequate assurance of performance is requested by the Central Procurement Office and the respondent is unable to provide the requested assurance. A respondent must, upon request of the State, furnish satisfactory evidence of the ability to furnish products or services in accordance with the terms, conditions, and specifications of the solicitation. Proposal bonds, performance bonds or other security may be required for any contract. All such requirements shall be set forth in the solicitation.

The procuring Agency may inspect the facilities of any respondent or require additional information regarding a respondent's ability to perform the proposed contract. A site visit may be conducted by an Agency where the commodity or service at issue may be impacted by site conditions

12. Amendment or Withdrawal of Responses.

A respondent may withdraw or amend a response prior to its opening. After response opening, and prior to award, a respondent may withdraw a response or a portion thereof only upon a written determination by the Chief Procurement Officer that there is an obvious response error supported by appropriate industry, market or vendor cost information and where enforcement of the response would impose an unconscionable hardship on the respondent.

13. Notice of Intent to Award.

A Notice of Intent to Award shall be communicated in writing or by electronic transmission to all respondents. Each contract shall be awarded and let by the State with reasonable promptness to the apparent winning respondent, e.g., on the basis of highest evaluation score or lowest cost, whose response meets the requirements and criteria set forth in the solicitation. Where more than one item is specified in a solicitation, the State reserves the right to determine the winning respondent, or respondents in the case of a multiple award, either on the basis of each individual item, a group of items, or the total of all items, unless otherwise provided in the solicitation.

14. Contract Award.

The Central Procurement Office or Delegated State Agency shall document the evaluation team members' names, scores, and evaluation results and recommend an award to the respondent who has received the highest evaluation score or in the case of an ITB, an award to the responsive and responsible respondent with the lowest cost response.

Notwithstanding the foregoing, there are situations where it is in the best interests of the State to award a contract to a respondent other than the respondent with the lowest cost proposal. In such event, the Chief Procurement Officer, or his or her designee, shall document the reasons for awarding a contract to a respondent other than one with the lowest cost proposal. Justifications for such an award include, but are not limited to:

- The highest evaluated response, taken as a whole, falls outside the competitive range;
- The respondent is not capable of meeting the solicitation requirements;
- The respondent is not able to perform under the terms of the contract as awarded, e.g., in terms of quality, quantity or timeliness of performance; or
- Based on the totality of the above and other considerations, award to another respondent is in the best interests of the State, provided this determination is supported by sufficient documentation that will become part of the procurement file.

After the evaluation team completes the award recommendation process and notifies the respondents of the official award recommendation, the procurement file shall be open and available for public inspection for at least seven (7) calendar days prior to the actual award of the contract. Protests shall be governed by Tenn. Code Ann. § 4-56-101, *et seq.*, and the Rules of the Central Procurement Office.

15. Single Response to Solicitation.

In the event that only one response is received by the Central Procurement Office or the procuring State Agency by the response deadline in response to a solicitation, the State may elect one of the following actions:

- The procuring Agency head may request the Chief Procurement Officer to cancel the solicitation based upon insufficient competition;
- Open the technical response to determine whether it meets minimum requirements. If it does not meet minimum requirements, the procuring Agency head may request the Chief Procurement Officer to approve to cancel the solicitation;
- If the response meets minimum requirements, the procuring Agency may open the cost proposal and negotiate with the respondent; or
- The procuring Agency head may also request the Chief Procurement Officer to approve or cancel the solicitation if the cost is deemed excessive after attempts at negotiation.

16. Cancellation or Reissuance of Solicitation.

Cancellation or reissuance of a solicitation requires a written notice of cancellation or reissuance from the Central Procurement Office for contracts procured by the Central Procurement Office or written notice of cancellation or reissuance from the procuring Agency if it is an Agency

procured contract. Any notice of cancellation or reissuance of a solicitation by an Agency shall also be provided to the Central Procurement Office. All decisions to cancel or reissue a solicitation shall be documented and become part of the procurement file.

17. Tie Responses.

A tie will exist where two or more respondents offer goods or services that meet all specifications and terms and conditions at identical prices, including cash discount offered for prompt payment. A tie will be broken by considering the following factors, in descending order:

- First preference shall be given to a “Tennessee Respondent.” Pursuant to Tenn. Code Ann. § 12-4-121(c)(2), a “Tennessee Respondent” means a business that is:
 - Incorporated in this State;
 - Has its principal place of business in this State; or
 - Has an established physical presence in this State.
- Second preference shall be given to certified disadvantaged business enterprise (“DBE”) respondents.
- Third preference shall be given to the respondent who was the low cost respondent on other items being procured for the same solicitation.
- Fourth preference shall be given to the respondent who offers the best delivery.
- If a tie remains, it shall be broken by lot or coin toss.

18. Protests.

Protests shall be governed by Tenn. Code Ann. § 4-56-101, *et seq.*, Central Procurement Policy, and the Rules.

19. Procurement and Information Gathering Methods and Techniques.

19.1. Informal Solicitations.

Informal solicitations may be used for one time purchases or for contracts with a total value not to exceed twenty-five thousand dollars (\$25,000.00) or such amount approved by the Procurement Commission. Three quotes should be obtained, when practicable. The person soliciting quotes shall document the quotes received in accordance with Central Procurement Office Policy, which shall become part of the procurement file. Purchase orders or contracts may not be artificially divided by a Delegated State Agency in order to make the purchase amount fall below limitations established in Central Procurement Office Policy or the Rules.

19.2. Invitation to Bid (“ITB”).

An ITB is a request, verbal or written, which is made to prospective suppliers of commodities or providers of services requesting the submission of a response for the

purpose of awarding a contract or transmitting a purchase order. An ITB is generally an objective determination where the award is made to the responsive and responsible respondent who meets the minimum specifications and requirements at the lowest cost.

All ITBs shall require, at a minimum, that respondents:

- Provide a valid mailing or email address;
- Sign the response prior to opening;
- Provide a net price for the unit specified for each item;
- Initial in ink any corrections of a line item unit price made by the respondent;
- Provide the number of calendar days required for delivery after receipt of order; and

- State the length of time in which a proposed pricing is valid (failure to do so will result in pricing being valid for sixty (60) days).

Alternate items may be proposed in a response if allowed by the terms of the solicitation and if the alternate item or items meet the specifications in terms of quality, form and function. The procuring Agency may specify whether alternate items are allowed.

19.3. *Request for Proposals ("RFP")*.

A RFP is a formal invitation to potential respondents to submit a proposal to provide a good or service to a State or one or more of its Agencies. Additionally, a RFP is a Procurement process whereby the State has the ability to judge if a respondent's qualifications, experience, and approach will result in an award of a contract to a respondent on terms and conditions in the best interests of the State.

Terms and conditions for a RFP are derived from the *pro forma* Contract (located on the Central Procurement Office website) developed during the RFP creation and attached to the solicitation. A RFP shall set forth specific provisions in accordance with Central Procurement Office Policy and include and meet the following:

- The description of the technical requirements for the goods or services to be procured by RFP shall provide sufficient detail to minimize the likelihood of respondent confusion;
- The technical requirements and scope in the RFP shall not contain features that unduly restrict competition;
- The RFP shall contain directions regarding the submittal of responses;
- State requirements and restrictions regarding the RFP should be detailed in the RFP;
- A description of the evaluation factors to be considered in evaluating the responses should be detailed in the RFP. Evaluation factors should include, by way of example only, respondent qualifications, experience, technical approach, and cost; A declaration of whether the contract award is subject to successful contract negotiation should be detailed in the RFP; and
- The RFP shall contain a schedule of events that specifies RFP deadlines. Respondents shall be given a reasonable time, as determined by the Chief Procurement

Officer, to consider the required scope and the response evaluation factors before responses are submitted. The schedule of events may contain the deadlines for events, which includes by way of example only:

- RFP Issuance Date;
- Disability Accommodation Request;
- Pre-Proposal Conference;
- Notice of Intent to Propose;
- Respondent Written “Questions and Comments” Submission;
- State Response to Written “Questions and Comments”;
- Oral Presentation;
- Site Visit;
- Performance Bond Submission;
- Response Submission;
- State Completion of Technical Response Evaluations;
- State Opening and Scoring of Cost Proposals;
- State Evaluation Notice Released and RFP Files Opened for Public Inspection;
and
- Contract Signing.

The Central Procurement Office or Delegated State Agency shall carefully consider all persons involved with the development, formulation, drafting, or review of a RFP and safeguard against any perceived or actual conflicts of interest.

The Central Procurement Office or Delegated State Agency shall approve all RFPs and any addenda, amendments, and clarifications to RFPs before their public release. All RFPs that would result in contracts requiring the Comptroller’s approval shall also require the approval of the Office of the Comptroller of the Treasury before their public release. Further, any addenda, amendments, and clarifications to RFPs that would result in contracts requiring the Comptroller’s approval shall be filed by the procuring Agency with the Comptroller of the Treasury contemporaneously with their public release.

A RFP or its revisions shall be approved based on the following:

- Application of the requirements of the Rules and Central Procurement Office Policy;
- Adequacy of the scope description; and
- Adequacy of the RFP’s assurance of:
 - Fairness to respondents;
 - Clear and open competition;
 - Achievement of procurement objectives; and
 - Protection of the State’s interests.

Upon approval, the Central Procurement Office or Delegated State Agency shall send the RFP or a written or electronic notice that the specific RFP has been released to a documented list of potential providers.

19.3.1. *Evaluation of Responses.*

To foster the integrity of the RFP evaluation process, each respondent shall be required to submit the Cost Proposal component of the response in a sealed and labeled envelope separate from the technical response component. The cost proposal shall be evaluated separately from the technical response:

- The technical response and the cost proposal may be opened and evaluated simultaneously provided safeguards are in place to avoid the panel evaluating the technical proposal being influenced by the cost proposal;
- The scores of both technical response and the cost proposal may be combined to arrive at a total evaluation score.
- Any response that fails to adequately separate the cost proposal components from the technical response components may be considered non-responsive and rejected by the Chief Procurement Officer in his or her sole discretion.
- Response evaluations shall be impartial and ensure that all material requirements of the RFP have been met.
- Responses shall be evaluated in a manner consistent with the Rules and Central Procurement Office Policy.
- Prior to reviewing responses, each Response Evaluation Team member shall review a list of persons making responses and determine if the member has a conflict of interest with serving on the Response Evaluation Team. Each member shall sign a conflict of interest statement as required by Central Procurement Policy. The conflict of interest statement shall be retained in the Procurement file.
- Responses shall be evaluated based on criteria set forth in the solicitation and on the basis of factors pertinent to the goods or services being procured.
- The Central Procurement Office or Delegated State Agency shall award a contract to the respondent whose response receives the highest evaluation score based on the respondent's technical response and cost proposal.
- Contract awards to a respondent other than the respondent receiving the highest evaluated score shall require the written approval of the Chief Procurement Officer. Justification for the contract award shall be documented in the procurement file.

19.4. *Emergency Purchases.*

“Emergency Purchases” are State Agency purchases made during an actual emergency arising from unforeseen causes without the issuance of a competitive solicitation.

The Central Procurement Office or Delegated State Agency may make purchases of goods or services in the open market to meet emergencies arising from an unforeseen cause.

Emergency purchases shall be made by contract in accordance with Central Procurement Office Policy and the Rules and utilize competitive procurement methods or negotiations whenever practicable. The procuring Agency shall maintain a procurement file that addresses the following:

- The circumstances leading to an emergency purchase;
- Procurement-related actions taken in response to the emergency, including procurement methods used; and
- A complete list of goods or services procured, including prices paid and total purchase amount.

19.4.1. Conditions of Use for Emergency Purchase.

Typical circumstances that warrant the use of an Emergency Purchase method include, by way of example only, natural disasters, e.g., tornadoes and floods, fire and oil or other hazardous material spill, mechanical failures, system outages, or unforeseen police action. An “emergency” does not require the declaration of a State of Emergency. Poor planning or the expiration of funds does not constitute an emergency. While these circumstances may require immediate action or may justify use of Non-Competitive Procurement methods, these circumstances do not warrant use of an Emergency Purchase method.

19.4.2. Emergency Purchase Approval Process and Written Documentation.

The Chief Procurement Officer may delegate Emergency Purchase authority to a State Agency to address emergencies arising from any unforeseen cause, including, but not limited to, delays by contractors, delays in transportation, unanticipated work volume, system or mechanical failures acts of God, or unforeseen police action. Delegated State Agencies may procure goods or services through the Emergency Purchase method in accordance with applicable rules, policies, and procedures. State Agencies should make Emergency Purchases through the Edison system and submit in writing to the Central Procurement Office the following information upon request by the Central Procurement Office:

- The circumstances leading to the Emergency Purchase;
- The procurement-related actions taken in response to the emergency, including procurement methods used;
- A complete list of goods or services procured, including prices paid and total purchase amount; and
- As applicable, additional purchases expected, including expected price and total purchase amount, as of the time of the report.

19.5. Competitive Negotiation.

A competitive negotiation is a procurement method that involves direct discussions between the State and respondents who have been pre-qualified through a pre-

qualification method and found to be responsive and responsible. The purpose of a competitive negotiation is to facilitate discussion between the State and the best evaluated respondent or respondents to ensure award of a contract or contracts on terms on conditions in the best interests of the State.

Competitive negotiation techniques may be used in conjunction with any procurement method. All negotiations shall be conducted by the Chief Procurement Officer, his or her appointed lead negotiator, or an appointed negotiation team. The State may elect to negotiate by requesting revised cost proposals from one or more responsive and responsible respondents. The State, however, reserves the right to award a contract on the basis of initial responses received. Accordingly, each response should contain the respondent's best terms from a price and technical standpoint.

The State reserves the right to conduct multiple negotiation rounds or limit negotiations to only respondents in the competitive range or to only the highest evaluated respondent. If the State exercises its right to enter into negotiations, it may identify areas of one or more proposals that may require further clarification or areas in which it is apparent that there may have been miscommunications or misunderstandings as to the State's specifications or requirements. The State may seek to clarify those identified issues during negotiations.

All responsive and responsible respondents the State has identified for further cost negotiation will receive equivalent information. All cost negotiations will be documented for the procurement file. Additionally, the State may conduct Target Pricing and other price or service level negotiations. Target Pricing may be based on considerations such as current pricing, market considerations, benchmarks, budget availability, or other methods that do not reveal individual respondent pricing. During Target Price negotiations, respondents are not obligated to meet or beat target prices, but respondents will not be allowed to increase prices they propose. All communications, clarifications and negotiations shall be conducted in a manner that supports fairness in proposal improvement. Note that each clarification sought by the State may be unique to an individual respondent.

The Central Procurement Office staff shall maintain, at a minimum, the following documentation for a competitive negotiation:

- A log of the date and time of each meeting with a respondent, including the identity of the respondent and its representative;
- A description of the nature or reason for all material communications with each respondent; and
- A copy of all written and electronic communications between the Central Procurement Office or State Agency and each respondent.

19.6. *Sole Source Procurements.*

Sole source procurements may be made when an item or service possesses specific characteristics that can only be filled by a single source or where exclusive rights exist. Sole source procurements shall require the State Agency to provide advance justification to the Central Procurement Office in accordance with Central Procurement Office Policy. All sole source procurements, regardless of the dollar amount, require the Chief Procurement Officer's prior approval. Reporting of sole source procurements shall be provided to the Comptroller of the Treasury in such form and time period as prescribed in Central Procurement Policy. The Chief Procurement Officer in approving the use of a sole source method of procurement shall consider and adequately document in the procurement file the following:

- Whether the vendor possesses exclusive or predominant capabilities or the item or service contains features providing a superior utility not obtainable from similar vendors;
- Whether the product or service is unique and available from only one source;
- Whether the program requirements can be modified so that competitively procured goods or services may be used;
- Whether items must be interchangeable or compatible with in-place items;
- Whether or not it is in the State's best interests to conduct a pilot program for a defined period of time; or
- Whether the economics, technical aspects, or other facts and circumstances of the procurement in question make the use of a sole source procurement method a more prudent choice than a competitive procurement method.

Sole source procurements shall also be conducted in accordance with the Central Procurement Office's *Non-competitive Procurement Policy and Procedures*.

19.7. *Reverse Auction.*

A Reverse Auction is a competitive process that allows respondents to bid on specified goods or services electronically and adjust cost proposals during a specified time period. An award shall be made to the respondent determined to be the lowest responsible and responsive respondent at the close of the specified response period.

19.8. *Request for Information ("RFI").*

A "Request for Information" or "RFI" is a solicitation sent to a broad base of potential suppliers for the purpose of developing strategy, building a database, or preparing for a Request for Proposals or a Request for Qualifications. A RFI enables an equitable and simultaneous comparison of vendors. Agencies may use this tool to gather information about the availability of goods or services. A RFI is created through the Edison system and should be utilized when:

- An Agency has a procurement need, but requires more information to fully understand the industry;
- The Agency desires to identify vendors who are available to supply the needed good or service; or

- When the Central Procurement Office or procuring State Agency determines that a RFP process will benefit from a RFI.

19.9. *Request for Qualifications (“RFQ”).*

A “Request for Qualifications” or “RFQ” is a written solicitation containing a list of qualifications that must be met before a vendor may propose in response to a Request for Proposals. A written response from a vendor is the appropriate response to a Request for Qualifications. A RFQ is a document that may be distributed before initiation of the Solicitation process. It is used to gather information from potential vendors regarding qualifications of providers of goods and services within the market place.

Related Statutes, Rules and Policies.

Tenn. Code Ann. §§ 4-56-101, *et seq.*

Tenn. Code Ann. §§ 12-3-101, *et seq.*

Tenn. Code Ann. §§ 12-4-101, *et seq.*

Approval Signature

Jessica Robertson, Chief Procurement Officer

**DRAFT POLICIES AND PROCEDURES
OF THE CENTRAL PROCUREMENT
OFFICE**

2. Non-competitive Procurement

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Non-Competitive Procurement Policy and Procedures

Effective: ____ day of _____, 2013

Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish a policy and procedures for utilizing non-competitive procurement methods for goods or services by the Central Procurement Office or Delegated State Agencies.

2. Scope.

This policy applies to all non-competitive procurements and resulting contracts and amendments procured under Title 12 of the Tennessee Code, the Rules or Central Procurement Office Policy.

3. Definitions.

For purposes of this policy, existing definitions are listed below:

“Agency” - means each State board, commission, committee, department, officer, or any other unit of State government.

“Central Procurement Office” – means the Central Procurement Office of the State of Tennessee acting by and through the Chief Procurement Officer or his or her designee as the context requires.

“Emergency Purchases” means a State Agency purchase made during an actual emergency arising from unforeseen causes without the issuance of a competitive solicitation.

“Procurement” - means buying, purchasing, renting, leasing, or otherwise acquiring any goods or services. It also includes all functions that pertain to the obtaining of any goods or service, including the description of requirements, selection and solicitation of sources, preparation and award of a contract, and all phases of contract administration [Tenn. Code Ann. §4-56-101(6)].

“Proprietary” means a good or service that is used, produced, or marketed under exclusive legal right of the inventor, maker or service provider that is protected under trade secret, patent, trademark, or copyright law.

“Proprietary Procurement” means a procurement of a service or a product that is manufactured and marketed by a person or persons having the exclusive right to provide the service or manufacture or sell the product.

“Sole Source Procurement” means a procurement for which only one vendor possesses the unique and singularly available capability to meet requirement of the solicitation, such as technical qualifications, ability to deliver at a particular time, or services from a public utility or a situation where a particular supplier or person is identified as the only qualified source available to the requisitioning authority.

“State” – means the State of Tennessee and its agencies, boards and commissions as the context requires.

“State Agency” - means the departments, agencies, and entities of the State of Tennessee.

4. Authorization for Non-Competitive Solicitations.

The Chief Procurement Officer must approve all non-competitive procurements under Title 12 of the Tennessee Code. The allowed non-competitive procurement methods include:

- Emergency Purchases;
- Proprietary Procurements;
- Sole Source Procurements; and
- Small Purchases.

4.1 Emergency Purchases.

4.1.1. Description of Emergency Purchases.

An Emergency Purchase may occur when there is a serious and unexpected situation that poses an immediate risk to health, life, property or environment which calls an agency to action; such action entails the need to secure goods or services to carry out an emergency response. In such situations, competition should be engaged when practicable, but this policy recognizes that some emergencies are such that the exigencies of the situation may not allow for a competitive procurement.

4.1.2. Conditions of Use for Emergency Purchases.

Conditions of use for an Emergency Purchase may include, by way of example only, natural disasters, hazardous material spill or systems failure. An Emergency Purchase does not require the declaration of a State of Emergency. Poor planning (e.g., failure to manage contract beginning dates or expiration dates) or the expiration of funds (e.g., expiration of federal funding for a project), however, do not constitute an emergency. These circumstances may require immediate action and may justify use of another Non-Competitive Procurement method, but not an Emergency Purchase.

4.1.3. Emergency Purchase Approval Process & Written Documentation.

The Chief Procurement Officer may delegate Emergency Purchase authority to a State Agency to meet emergencies arising from any unforeseen cause, including, but not limited to, delays by contractors, delays in transportation, unanticipated work volume, acts of God or systems failures. Such delegations must not conflict with an activated Tennessee Emergency Management Agency (TEMA) declared emergency.

Delegated State Agencies may procure goods or services via the Emergency Purchase method in accordance with the Rules or Central Procurement Office Policy. State agencies should make Emergency Purchases through the Edison System and submit in writing to the Central Procurement Office the following information when requested by the Central Procurement Office:

- The circumstances leading to the Emergency Purchase;
- The Procurement-related actions taken in response to the emergency, including procurement methods used;
- A complete list of goods or services procured, including prices paid and total purchase amount; and
- As applicable, additional purchases expected, including expected price and total purchase amount, as of the time of the report.

4.2. *Proprietary Procurements.*

4.2.1. *Description of Proprietary Procurements.*

A Proprietary Procurement occurs when a required good or service is restricted to a particular manufacturer but may be sold through multiple distributors. If competition between distributors is obtained, then products or services should be secured by means of a competitive procurement method:

- Total value exceeds \$50,000, use Request for Proposal, Invitation to Bid or other available competitive procurement method;
- Total value exceeds \$10,000 but is less than \$50,000, use Informal Procurement Method.

4.2.2. *Conditions of Use for Proprietary Procurement.*

Circumstances whereby a Proprietary Procurement may be justified include, but are not limited to:

- Compatibility of existing equipment or products is at issue;
- The good or service is covered by one or more patents or copyrights;
- Continuity of results is absolutely dependent upon the proprietary good or service at issue; or
- State users have extensive training or experience and use of similar goods or services would require significant reorientation and training.

4.2.3. *Proprietary Procurement Approval Process.*

Requests for Proprietary Procurements, with accompanied justification and circumstances for limiting competition to a select group of distributors or suppliers, must be submitted to the Chief Procurement Officer for approval prior to the draft or issuance of any associated procurement document. All other approvals for the selected procurement method still apply.

4.3. *Sole Source Procurements.*

4.3.1. *Description of Sole Source Procurements.*

A Sole Source Procurement may occur when only one vendor possesses the unique and singularly available capability to meet the solicitation requirements such as technical qualifications, ability to deliver at a particular time, or services from a public utility or a situation where a particular supplier or person is identified as the only qualified source available to the requisitioning authority.

4.3.2. *Conditions of Use for Sole Source Procurements.*

Sample justifications for Sole Source Procurements include, but are not limited to:

- Only one company has the good or service that will meet the State's needs;
- Compatibility of existing equipment or products is at issue;
- The good or service is covered by one or more patents or copyrights;
- Continuity of results is absolutely dependent upon the specific good or service;
- The supplier possesses exclusive capabilities for the good or service at issue that are not obtainable from similar suppliers;
- An unusual or compelling urgency exists; or
- State users have extensive training or experience and use of similar goods or services would require significant reorientation and training.

4.3.3. *Sole Source Procurement Approval Process.*

Requests for Sole Source Procurements, with accompanied justification and circumstances, must be submitted by the State agency for approval by the Central Procurement Office prior to the drafting of any associated contract. Upon approval by the Central Procurement Office, the sole source procurement may be made without following competitive procurement procedures. A written quote should be obtained from the single-source supplier, and a purchase order will be issued without utilizing the competitive bidding process. The Central Procurement Office shall report approved Sole Source Procurements to the Comptroller of the Treasury in the form of a quarterly report.

4.4. *Small Purchases.*

4.4.1. *Description of Small Purchase.*

State procurement professionals are encouraged to use competitive methods whenever practicable. State Agencies may utilize a Small Purchase authority without soliciting quotes or proposals from multiple suppliers when the total value of a contract or a purchase will cost less than \$10,000.

4.4.2. *Conditions of Use for Small Purchase.*

Small Purchase authority may be used for goods or services will cost less than \$10,000. It is important to note that no procurement shall be artificially divided or split in order to fall within the \$10,000 Small Purchase authority. Similarly, if purchases that fall within the Small Purchase authority are of a recurring nature and the aggregate total exceeds \$10,000, the contract is presumed to exceed the Small Purchase authority and a competitive procurement method must be used (e.g., Request for Proposals, Invitation to Bid or informal quotes).

4.4.3. *Small Purchase Approval Process.*

Small Purchases must be approved by the contract manager of a State Agency prior to communication or issuance of a contract or purchase order to a supplier of goods or services.

Related Statutes, Rules and Policies.

Tenn. Code Ann. §§ 4-56-101, *et seq.*

Tenn. Code Ann. §§ 12-3-101, *et seq.*

Tenn. Code Ann. §§ 12-4-101, *et seq.*

Approval Signature

Jessica Robertson, Chief Procurement Officer

**DRAFT POLICIES AND PROCEDURES
OF THE CENTRAL PROCUREMENT
OFFICE**

3. Contract Management

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Contract Management Policy and Procedures

Effective: ____ Day of _____, 2013

Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish a uniform policy governing the State's contracts for goods and services. This policy shall provide guidance to State procurement professionals in determining which contract to use and to highlight distinguishing factors or considerations for each contract type. This policy also provides guidance and describes the approval process for each contract type (including original contract, amendments, renewals and terminations) and contract management. Finally, this policy delineates the party responsible for contract management. This Contract Management Policy and Procedures will be further augmented by the Central Procurement Office's Contract Manual.

2. Scope.

The scope of this policy includes all contracts procured under the jurisdiction of the Central Procurement Office.

3. Definitions.

For purposes of this policy, existing definitions are listed below:

"Agency Term Contract" - means a State Agency contract in which a source or sources of supply are established for a specified period of time at an agreed upon unit price or prices for a single State Agency.

"Award" – in the context of a Grant Contract means any grant of money awarded to the State, or awarded by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law. The term "Award" in the context of a procurement shall mean the award of a contract to a Contracting Party pursuant to a procurement.

"Contract Manager" – means, with respect to a Statewide Contract, the category specialist responsible for the procurement or such other person as appointed by the Chief Procurement Officer to act as the Contract Manager. "Contract Manager" with respect to an Agency Term Contract shall mean the State Agency official appointed by the State Agency to act as the person responsible for contract management.

"Contracting Party" – means a party to a contract with the State to provide goods or services.

“Delegated State Agency” - means a State Agency that, in accordance with Central Procurement Office Policy, has authority to award a grant, make a loan consistent with a grant, or procure goods or services for an individual State Agency within specified limits and guidelines.

“Fair Pricing” – means pricing that is mutually acceptable to the parties after considering:

- the level of competition within the marketplace,
- time sensitivities,
- technical qualifications,
- the scope of work at issue,
- economies of scale benefits,
- learning curve costs,
- the presence of proprietary, intangible, personal or real property rights at issue,
- the scarcity or abundance of manpower and resources, or
- other considerations.

The “Fair Pricing” shall be ascertained after benchmarking for time, labor, pricing, or deliverables when practicable. Benchmarking shall compare the individual or market basket of goods and services, as applicable, for the contract or amendment at issue in the relevant market place for the relevant period of time.

“Grant Contract” – means a written contract to facilitate an Award to a Grantee or Subrecipient. “Grant Contract” does not include an Award with the primary purpose of procuring an end product for a Grantor State Agency, whether in the form of supplies, services, or construction, or any contract resulting from such an award that should otherwise be procured on a competitive basis.

“Interagency Agreement” means an agreement between two State Agencies, neither of which has the legal capacity to sue and be sued or enter into contracts separate and apart from the State that is reduced to writing, contains an adequate description of the duties of each party, a statement of the term of agreement, and a statement of the maximum amount payable as between the State Agencies.

“No Cost Contract” means a written contract that does not result in a pecuniary obligation between the State and a Contracting Party.

“Procurement” - means buying, purchasing, renting, leasing, or otherwise acquiring any goods or services. It also includes all functions that pertain to the obtaining of any goods or service, including the description of requirements, selection and solicitation of sources, preparation and award of a contract, and all phases of contract administration.

“Purchase Order” means a written or electronic document issued by the Central Procurement Office or a State Agency to a Contracting Party authorizing a purchase. Upon delivery to the Contracting Party, a “purchase order” becomes a binding contract on both parties.

“Revenue Contract” means a written contract obligating a State Agency to provide specific deliverable services for monetary compensation.

“Rules” means the Comprehensive Rules and Regulations concerning the procurement of goods and services adopted by the Procurement Commission of the State of Tennessee.

“State Agency” means the departments, agencies, and instrumentalities of the State of Tennessee.

“Statewide Contract” - means a contract for goods or services established by the Chief Procurement Officer that all State Agencies must utilize and that may be used by local governments, higher education and not-for-profit entities.

“Utility Contact” – means a contract for telephone, telegraph, electric light, gas, power, postal, and other services for which a rate for the use thereof has been established by a public authority.

4. Contract Types.

All contracts awarded pursuant to a procurement event shall meet the requirements of the Rules and Central Procurement Office Policy. A contract shall be one of the following contract types:

- *Agency Term Contracts*
- *Statewide Contracts*
- *Purchase Orders*
- *No Cost Contracts*
- *Revenue Contracts*
- *Grant Contracts*
- *Utility Contracts*

4.1. Agency Term Contracts.

4.1.1. Description of Agency Term Contracts.

An Agency Term Contract is a written contract for goods or services for a specified term for the benefit of a single State Agency. The parties to an Agency Term Contract include, at a minimum, the State, acting by and through one of its agencies or instrumentalities and one or more Contracting Parties with the legal capacity to enter into contracts or to sue and be sued.

4.1.2. Condition of Use for Agency Term Contracts.

An Agency Term Contract should be used when goods or services, as defined in the scope of work, will be provided over an established period of time, known as the contract term period. Agency Term Contracts shall be used where

performance by the Contracting Party cannot be completed in less than ninety (90) days. The Chief Procurement Officer may establish a Statewide Contract for common goods or services needed by more than one State Agency. The Central Procurement Office or Delegated State Agencies may establish Agency Term Contracts for goods or services needed solely and uniquely by their agency in accordance with the Rules or Central Procurement Office Policy.

4.1.3. *Management of Agency Term Contracts.*

After the award of an Agency Term Contract, the State Agency procuring the Agency Term Contract shall have primary responsibility for managing the contract, which includes decisions concerning extensions and renewals. The Central Procurement Office shall have compliance responsibility over all Statewide Contracts, which includes by way of example only, Contracting Party compliance, acceptability of goods or services, notice of default, curing performance and contract termination. State Agencies shall manage all contracts for which the State Agency is primarily responsible in accordance with the Rules and Central Procurement Office Policy. All contract management plans of State Agencies shall comply with the Rules and Central Procurement Office Policy in terms of form, content, amendments or modifications, and reporting.

4.2. *Statewide Contracts.*

4.2.1. *Description of Statewide Contract.*

A Statewide Contract is a contract for goods or services established by the Central Procurement Office that all State Agencies must utilize and that may be used by local governments, higher education and not-for-profit entities. The purpose of a Statewide Contract is to obtain a source of supply for commonly procured goods or services for the State, its Agencies, local governments, higher education and not-for-profit entities.

4.2.2. *Condition of Use for Statewide Contract.*

Only a contract that benefits two or more State Agencies will be considered a Statewide Contract. A contract that otherwise meets the requirements of a Statewide Contract, but is restricted to certain State Agencies is a Restricted Statewide Contract. Only the Central Procurement Office has authority to procure and award a Statewide or Restricted Statewide Contract.

4.2.3. *Management of Statewide Contracts.*

The Central Procurement Office shall have primary responsibility for procuring and managing all Statewide Contracts, which includes by way of example only, decisions concerning extensions, renewals or price increases. All State Agencies are required to procure goods and services from Statewide Contracts when

practicable. No State Agencies shall procure goods or services that are within the scope of a Statewide Contract without first obtaining the consent of the Chief Procurement Officer. Grounds for the Chief Procurement Officer's approval of a State Agency's request to procure goods or services outside a Statewide Contract may include, by way of example only, Contracting Party's past performance and concerns over future performance, timeliness of performance, the Contracting Party's ability to supply the goods or services, pricing, quality or compatibility concerns. The Central Procurement Office shall also have compliance responsibility over all Statewide Contracts, which includes, by way of example only, Contracting Party compliance, acceptability of goods or services, notice of default, curing performance and contract termination.

4.3. *Purchase Orders.*

4.3.1. *Description of Purchase Order.*

A Purchase Order is a commercial document (issued electronically or on hard copy), generated by the Edison System (except procurements made pursuant to a natural or declared disaster), that indicates types, quantities and agreed upon prices for goods or services. A State Agency issuing a Purchase Order to a supplier constitutes an offer to buy goods or services, and acceptance of a Purchase Order by a supplier forms a contract between the parties.

4.3.2. *Condition of Use for Purchase Order.*

A Purchase Order is generally used for those procurements of goods or services where performance can be completed in less than ninety (90) days or that represent a single transaction. An Agency Term or Statewide Contract must be used for any procurement of goods or services where Contracting Party performance cannot be completed within ninety (90) days.

4.3.3. *Management of Purchase Orders.*

After issuance of a purchase order, the State Agency issuing a Purchase Order for goods or services shall have primary responsibility for managing the Purchase Order. State Agencies shall also have compliance responsibility over all Purchase Orders that it issues or that are issued on the State Agency's behalf, which includes by way of example only, Contracting Party compliance, acceptability of goods or services, notice of default, curing performance and contract termination.

4.4. *No Cost Contracts.*

4.4.1. *Description of No Cost Contract.*

A No Cost Contract is a written contract entered between the State and a Contracting Party that does not involve a payment or create a pecuniary obligation of the State to the Contracting Party.

4.4.2. *Condition of Use for No Cost Contract.*

A No Cost Contract may be used when there is no payment or pecuniary obligation of the State to the Contracting Party, and when goods or services, as defined in the scope of work, will be provided over an established period of time, known as the contract term. A No Cost Contract can be either an Agency Term Contract or a Statewide Contract.

4.4.3. *Management of No Cost Contracts.*

A Statewide No Cost Contract will be managed by the Central Procurement Office in the same manner as all other Statewide Contracts. An Agency Term Contract that is a No Cost Contract will be managed by the State Agency procuring the No Cost Contract in the same manner that a State Agency manages all other Agency Term Contracts.

4.5. *Revenue Contracts.*

4.5.1. *Description of Revenue Contract.*

A Revenue Contract is a standard written contract entered into between the State and a Contracting Party where the State provides goods or services for payment by a Contracting Party.

4.5.2. *Condition of Use for Revenue Contract.*

A Revenue Contract may be used where the State provides goods or services to a Contracting Party for payment, and when goods or services, as defined in the scope of work, will be provided over an established period of time.

4.5.3. *Management of Revenue Contracts.*

After contract award, the State Agency entering into a Revenue Contract shall have primary responsibility for managing all aspects of the Revenue Contract, which includes, by way of example, decisions concerning extensions, renewals or revenue increases or decreases. State Agencies shall also have compliance responsibility over all Revenue Contracts, which includes by way of example only, Contracting Party compliance, notice of default, curing performance and contract termination.

4.6. *Grant Contracts.*

4.6.1. *Description of Grant Contracts.*

A Grant Contract is a written contract between the State, a grantor, a natural person or a legal entity to facilitate an Award to a person or legal entity to support a program authorized by law.

4.6.2. *Condition for Use of Grant Contracts.*

A Grant Contract should be used to facilitate an Award, but should not be used where the true object of the contract is to purchase goods or services for the Grantor State Agency. State Agencies that have entered into Grant Contracts with other State Agencies that create subrecipient grant relationships should continue to use a Grant Contract to memorialize the subrecipient grant relationship.

4.6.3. *Management of Grant Contracts.*

The Grantor State Agency shall be primarily responsible for managing a Grant Contract in accordance with the *Grant Management and Subrecipient Monitoring Policy*.

4.7. *Utility Contracts.*

4.7.1. *Description of Utility Contracts.*

A Utility Contract is a contract between the State and a private or public legal entity that is regulated by one or more states or the federal government as a public utility.

4.7.2. *Condition for Use of Utility Contracts.*

A Utility Contract should only be used for the procurement of utilities.

4.7.3. *Management of Utility Contracts.*

The Central Procurement Office shall have primary responsibility for procuring and managing all Utility Contracts, which includes by way of example only, decisions concerning extensions, renewals or price increases. No State Agency shall procure any goods or services that are within the scope of a Utility Contract without first obtaining the consent of the Chief Procurement Officer. The Central Procurement Office shall also have compliance responsibility over all Utility Contracts, which includes by way of example only, Contracting Party compliance, merchantability of goods, acceptability of services, notice of default, curing performance and contract termination.

5. Contract Terms and Conditions.

5.1. *General Requirements of Terms and Conditions.*

All contracts must be in writing and contain such terms and conditions as set forth in contract templates prescribed by the Chief Procurement Officer, the Rules, or Central Procurement Office Policy.

5.2. *Termination and Length of Term.*

All contracts shall contain a provision that allows the State to terminate for convenience upon a period of time prescribed by the State unless otherwise approved by the Chief Procurement Officer. All contracts shall also contain a provision that allows the State to terminate for lack of funding. The length of a contract, including all renewals, shall not exceed sixty (60) months unless a longer term is approved by the Chief Procurement Officer as being in the State's best interests.

5.3. *Prohibited Terms and Conditions.*

5.3.1. *Indemnification and Hold Harmless.*

Contract provisions requiring the State to indemnify and hold a Contracting Party harmless are prohibited.

5.3.2. *Limitations of Liability.*

All limitations of liability must comply with Tenn. Code Ann. §§ 12-3-314 and 12-4-119 and Central Procurement Office Policy. Limitations of Liability that do not comply with Tenn. Code Ann. §§ 12-3-314 and 12-4-119 or Central Procurement Office Policy are prohibited. Contractual provisions limiting a Contracting Party's liability for intentional torts, criminal acts, or fraudulent conduct are prohibited. Contractual provisions that limit a Contracting Party's liability to an amount less than two times the value of the contract are subject to approval by the Chief Procurement Officer and are otherwise prohibited without the Chief Procurement Officer's approval. The Chief Procurement Officer must make a finding that limiting a Contracting Party's liability to less than two times the value of the contract is in the best interests of the State.

5.3.3. *Bonus Payments.*

Bonus payment provisions are prohibited for all contracts subject to these Rules.

6. Approval Process for Statewide and Agency Term Contracts and Amendments.

6.1. *Minimum Approvals.*

All Agency Term Contracts shall be approved by the head of the State Agency and the Chief Procurement Officer or any other state officials as required by statute or rule. All Statewide Contracts shall be approved by the Chief Procurement Officer. Except for Agency Term Contracts procured by a Delegated State Agency, the Central Procurement Office shall initiate a Statewide or Agency Term Contract or amendment approval through the Edison System. The Delegated State Agency shall initiate approval of an Agency Term Contract procured by the Delegated State Agency, or an amendment to such contract, by delivering the contract or amendment, signed by the contract parties, to the Central Procurement Office.

6.2. Additional Approvals.

Additional approvals are required for all contracts or amendments that fall within the following types of contract scope of services:

| Contract Subject Matter | Required Approval or Endorsement |
|---|---|
| Information technology | OIR Endorsement |
| Medical/mental health-related professional, pharmaceutical, laboratory, or imaging | F&A eHealth Initiative Endorsement |
| Contract between State agencies that includes provisions for cooperative programs; Provision for State legal consultation services | Governor |
| Provision for State legal consultation services | Attorney General |
| Term provisions requiring or making possible expenditures from appropriations of more than one fiscal year; Provisions for financial management (including electronic data processing systems impacting financial management), auditing, or accounting services; Provisions concerning management services of all types, including management studies, planning services, public relations, evaluations, systems designs, data processing; High risk procurements; | Comptroller of the Treasury |
| Contract with an individual; Contract that involves training State | Human Resources Commissioner |

| Contract Subject Matter | Required Approval or Endorsement |
|--|----------------------------------|
| employees (except training pursuant to an information technology system procurement); Services relating to the employment of current or prospective State employees; | |
| Contract that involves engineering or architectural services relating to an improvement (including demolition) to real property in which the State of Tennessee has an interest. | State Architect |

Additionally, all contracts or amendments to such contracts with a duration period of more than twelve (12) months must be approved by the Office of the Comptroller. Amendments and renewals must follow the same approval process as that of the original, or base, contract. The termination of a contract, for any reason, must be approved by the Chief Procurement Officer (or Delegated State Agency official by Chief Procurement Officer) and filed by the affected State Agency with the Office of the Comptroller.

7. Fiscal Review.

7.1. Generally.

Tenn. Code Ann. § 4-56-108 generally requires that certain contracts or amendments to certain contracts be contemporaneously filed with the Central Procurement Office, Office of the Comptroller for approval and with the Fiscal Review Committee of the General Assembly for review. Tenn. Code Ann. § 4-56-108 requires filing with Fiscal Review in pertinent part:

- (1) All proposed noncompetitive contracts with a term of greater than one year or containing a provision authorizing a contract renewal beyond one year, and having a cumulative value of \$250,000 or more;
- (2) Any amendment to a contract described in subdivision (1); and
- (3) Any amendment to a contract described in subdivision (1), whether originally procured competitively or noncompetitively which:
 - a. Increases or decreases funding and extends or shortens the contract term, unless the original contract contained term extension language and so long as the additional funding does not increase the amount per compensable increment;
 - b. Changes the entity or name of the entity with which the State is contracting; or
 - c. Otherwise changes an original or amended contract in a substantive manner.

8. Interagency Agreements.

8.1. *Description of Interagency Agreement.*

An Interagency Agreement is a written document that describes a bilateral or multilateral agreement between State agencies. This type of document should memorialize the description of duties for each State Agency, any applicable exchange of funds and the term for the agreement.

8.2. *Condition of Use for Interagency Agreement.*

An Interagency Agreement should be used to memorialize one or more State Agencies' agreement and should be used when the parties (State Agencies) do not have the legal capacity to contract or sue and be sued by one another. While Interagency Agreements should be tracked in the Edison system, these agreements are exempt from the requirements of the Rules and Central Procurement Office Policy and they do not require the approval of the Chief Procurement Officer. The Central Procurement Office shall prescribe or approve the form of Interagency Agreement that will be used by State Agencies.

8.3. *Management of Interagency Agreements.*

The State Agency parties to an Interagency Agreement shall have primary responsibility for managing the Interagency Agreement, which includes by way of example only, decisions concerning extensions, renewals or price increases. State Agency parties to an Interagency Agreement shall also have compliance responsibility over all Interagency Agreements, which includes by way of example only, State Agency party compliance, acceptability of goods or services, notice of default, curing performance and contract termination.

Related Statutes, Rules and Policies

Tenn. Code Ann. §§ 4-56-101, *et seq.*

Tenn. Code Ann. §§ 12-3-101, *et seq.*

Tenn. Code Ann. §§ 12-4-101, *et seq.*

Approval Signature

Jessica Robertson, Chief Procurement Officer

**DRAFT POLICIES AND PROCEDURES
OF THE CENTRAL PROCUREMENT
OFFICE**

**4. Certification of Goods and Services
Recommended by the Central Non-
profit Agency or TRICOR**

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Certification of Goods and Services Recommended by the Central Nonprofit Agency or
TRICOR
Policy and Procedures

Effective: ____ day of _____ 2013

Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish Certification procedures related to TRICOR, CMRA, Certification of Products, Reevaluation of a Certified Product or Service, Decertification, Certified Service Change, Product Design or Composition Change, Certified Product or service Price Increase/Decrease for commodities and services that have been recommended by a Tennessee Central Nonprofit Agency or TRICOR as suitable for procurement by state entities.

2. Scope.

These policies and procedures apply to all procurements, contract awards, and amendments to such awarded contracts related to a certified good or service provided by a Tennessee Central Nonprofit Agency or TRICOR.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

“Advisory Committee” – means the committee established pursuant to Tenn. Code Ann. Sec. 71-4-703.

“Certification” – means the process by which goods or services are certified by the Procurement Commission. A certification shall expire after three hundred sixty-five (365) days.

“Certification Committee”- means the committee established by Title 41, Chapter 22, Part 119 (c), Tennessee Code Annotated.

“Certification”- means the formal determination by the Procurement Commission that a given commodity or service is certified by the Procurement Commission Staff as being of satisfactory quality, reasonable in price, and commercially available.

“Certification Term” – means the one (1) year term following the effective date of a Certification.

“CMRA”- Community Rehabilitation Agencies of Tennessee- the central nonprofit agency designated by the advisory committee for purchase from the blind and other severely disabled, created by Title 71, Chapter 4, Part 703, Tennessee Code Annotated)

“Effective Date of Certification” – means the date on which Procurement Commission staff has determined to be the effective date of any approved certification of goods or services.

“Fair Market Value” means a price for goods or services at which buyers and sellers with a reasonable knowledge of all pertinent facts, and not acting under any compulsion to buy or sell, are willing to transact business.

"Procurement" means the act of buying, purchasing, renting, leasing, or otherwise acquiring any goods or services covered by these Rules. It also includes all functions that pertain to the obtaining of any goods or services, including the description of requirements, selection and solicitation of sources, preparation and award of a contract, and all phases of contract administration.

“Procurement Commission”- means the State entity created and empowered by Tenn. Code Ann. § 4-56-102.

“Procurement Commission Staff” means the staff under the supervisory control of the Chief Procurement Officer.

“Tennessee Central Nonprofit Agency” – means the agency designated by the Committee to facilitate the distribution, by direct allocation, subcontract or any other means, of orders from state government for commodities and services on the procurement list among work centers for the blind and agencies serving individuals with severe disabilities.

“TRICOR”- Tennessee Rehabilitative Initiative in Correction- produces, assembles or manufactures products with the labor of convicts confined within institutions or elsewhere employed within the State.

“Work Center” – shall have the meaning set forth in Tenn. Code Ann. § 71-4-702(8).

4. Policy and Procedure - Committee.

4.1. Procedure.

TRICOR and CMRA may request of the Procurement Commission certify certain goods or services. The Committee advises the Procurement Commission regarding the "Certification" of articles and services.

Pursuant to TCA §§ 41-22-119, *et seq.*, and 71-4-701 *et seq.*, all departments, institutions, agencies, and political subdivisions of this state, which are supported in whole or in part by the state, shall purchase all needed commodities or services from

the Tennessee Rehabilitative Initiative in Correction (TRICOR) or from nonprofit work centers for the blind or agencies serving individuals with severe disabilities, provided, that such services or articles are certified by the Procurement Commission in accordance with this Procedure. While, the procurement of certified articles or services are not subject to competitive requirements, certified articles and services must nonetheless be competitive with available goods or services generally available in the market place in terms of price and quality.

4.2. *Establishment of Policies and Procedures.*

The Committee may establish certain policies and procedures, as approved by the Procurement Commission, or for the effective implementation of the certification program. Revisions to this policy shall be submitted to the Procurement Commission for approval.

4.3. *Membership.*

The Committee shall be comprised of a representative from the TRICOR board (voting member), CMRA of Tennessee (ex-officio only), the Departments of General Services and Finance and Administration, and the Office of the Comptroller of the Treasury as follows:

- Finance and Administration- Voting Member
- Comptroller- Voting Member
- General Services- Voting Member
- TRICOR- Voting Member
- CMRA- Ex-Officio Member

The representative from The Department of Finance and Administration shall serve as the Committee Chairperson, who will have the following duties:

- To preside at all meetings of the Committee;
- To insure that the functions of the Committee as described in legislation and regulations are carried out;
- To promote the Committee's continuous cooperative working relationship with state government and political subdivisions;
- To serve as official spokesperson for the Committee in all activities for which the Committee may deem necessary; and
- To provide direction, support, and guidance to the nonprofit work centers in interpreting or fulfilling Committee activities.

The representative from the Office of the Comptroller of the Treasury shall serve as the committee Vice-Chairperson.

The representative from the Department of General Services shall serve as the Committee Secretary, who will have the following duties:

- Schedule monthly Committee meetings;
- Follow-up and coordinate TRICOR and CMRA agenda items for Committee meetings; and
- Record, prepare, and submit Committee meeting minutes and product or service request recommendations and rejections, along with supporting data submitted by TRICOR and CMRA for review and approval by the Procurement Commission Staff.

5. TRICOR.

5.1. *Generally.*

Products that are produced, assembled or manufactured by TRICOR with the labor of convicts confined within institutions or elsewhere employed within the State shall be considered for Certification.

5.2. *Establishment of Policies and Procedures.*

TRICOR, at its expense, will defend any suit that may be brought against the State to the extent that the suit is based on a claim that the goods certified by the Procurement Commission and purchased by State agencies infringes on a United States patent. TRICOR shall pay those costs and damages that are attributable to infringement claims and finally awarded against the State.

By January 1 of each year, TRICOR shall submit to Procurement Commission Staff, as recommended by the Committee, a preliminary listing of products on which TRICOR seeks certification. The Committee will utilize the preliminary list for the Committee's background review of products on which TRICOR seeks certification.

The Committee will make recommendations based upon one or more of its findings to Procurement Commission Staff. No products shall be certified until approved by the Procurement Commission Staff for recommendation to the Procurement Commission.

The Committee may, when it deems appropriate, contact persons and agencies independent of TRICOR in order to gather information concerning the price, quality and availability of the products proposed for certification.

The Committee shall meet at least once a month, or as needed, to evaluate the products upon which a formal request for product certification has been made by TRICOR. In addition to the formal request, supporting data in accordance with these procedures for the determination of quality, price and availability shall be submitted to the Committee by TRICOR.

Each certified product shall be reevaluated by the Committee beginning approximately sixty (60) days prior to the end of the Certification Term to

determine if the product should either continue to be certified or be recommended for decertification.

The price of a product formally requested to be certified by TRICOR shall be based upon a "Fair Market Value." The cost may be established by submitting the cost of providing the products and the basis and justification for each cost item, and by establishing that the price is competitive with the costs of comparable products.

6. CMRA.

6.1. Generally.

The purpose of this program as set forth in Title 71, Chapter 4, Part 7, Tennessee Code Annotated, is to achieve employment of the blind, deaf, mentally disabled and severely disabled persons by assuring and expanding the market for such persons' products or services. Products or services that are produced, assembled or manufactured and provided by CMRA by subcontracting with State certified non-profit agencies, who employ the blind, deaf, mentally disabled and severely disabled, shall be considered for Certification.

6.2. Establishment of Policies and Procedures.

In accordance with Title 71, Chapter 4, Part 7 of the Tennessee Code, as amended, the price of a product or service formally requested to be certified by CMRA shall be based upon the fair market value of the product or service.

The Committee will make recommendations based upon its finding(s) to the Procurement Commission Staff. No products or services shall be certified until approved by the Procurement Commission Staff.

The Committee may, when it deems appropriate, contact persons and agencies independent of CMRA in order to gather information concerning the price, quality and availability of the products or services proposed for Certification.

The Committee shall meet at least once a month, or as needed, to evaluate the products or services upon which a formal request for product or service certification has been made by CMRA. In addition to the formal request, supporting data in accordance with these procedures for the determination of quality, price and availability shall be submitted to the Committee by CMRA.

Each certified product or service shall be reevaluated by the Committee beginning approximately sixty (60) days prior to the end of the Certification Term to determine if the product or service should either continue to be certified or be recommended for decertification.

The price of a product formally requested to be certified by CMRA shall be based upon a "Fair Market Value." The cost may be established by submitting the cost of providing the products and the basis and justification for each cost item, and by establishing that the price is competitive with the costs of comparable products.

7. Certification of Products.

7.1. Formal Request.

TRICOR and CMRA shall submit to the Committee formal requests for product and service Certifications along with supporting data regarding quality, price and availability. The following is required for each product and service submitted for Certification:

- Product or service name
- General description of product or service
- Current or proposed Edison item number
- An identification of the agencies that would benefit from TRICOR's or CMRA's product or service offering
- Packaging of the product
- Additional information, if requested by the Committee

The following documentation is required, if applicable, for each product or service submitted in order for the Committee to review the quality of the product or service offered:

- Product or service specifications
- Materials or chemical composition and the approximate amount of usage of each for unit of production
- Product warranties (e.g., warranty against defects; warranty as to fitness for purpose)
- Description of inspection program
- Description of quality control program
- Production time
- Description of assembly or mix process
- Independent laboratory evaluation, as may be requested by the Committee
- Additional information, as may be requested by the Committee
- Submit product sample, as may be requested by the Committee

The following documentation is required, if applicable, for each product or service submitted in order to review the price of the product or service:

- Unit of measurement
- Unit price
- Breakdown of unit price by cost of supplies, labor, factory overhead, and profit, if applicable

- Supply copies of invoices to support the cost of supplies, and calculations of any factory overhead or profit applied, if requested by the Committee
- Costs associated with delivery and any other associated delivery costs, and who will be responsible for payment
- Estimated annual sales volume based upon price
- Minimum order quantities
- Volume or any other discounts offered for the purchase of the product or service
- Supply pricing on at least three (3) comparable products or services from three different companies, if possible. If it is not possible to supply pricing for at least three (3) comparable products or services from three (3) different companies, a memorandum must be supplied justifying why it is impossible to obtain at least three (3) comparable prices. At a minimum, the documentation included in the memorandum should include the company names, dates contacted, and relevant business contact information of those vendors from whom a comparison price was sought. Documentation must also detail the alternate method used for determining the price of the product or service to be certified. The cost of comparable products should take into account volume discounts and other pricing structures used in private industry. The price of comparable products should be F.O.B. destination, unless otherwise stipulated.
- Any other special requirements or terms and conditions

The following documentation is required, if applicable, for each product or service submitted in order to review the availability of the product or service:

- Description of the delivery terms, including, but not limited to: destinations to which TRICOR or CMRA will not deliver and the means of delivery
- Delivery time (from point the order is received until reaching delivery destination)
- Description of Return Goods Policy
- Specific conditions under which a restocking charge will be levied and how much that charge will be
- A survey of three (3) companies from which comparable prices were obtained to determine the time in which the private sector could supply comparable products to the State. The survey should take into account the quantity ordered and the complexity of the product or service.

7.2. *Committee Review.*

7.2.1. *Quality, Price, Availability.*

Committee review will be based upon, but not be limited to, the documentation required to be submitted to the Committee. If requested by the Committee, TRICOR or CMRA will submit, as part of its quality report, an independent laboratory evaluation of a given certified product. The program for evaluation will include a product comparison chart that establishes brands or models manufactured by the private sector, which are comparable to the products

submitted by TRICOR or CMRA for Certification. The review will involve a determination as to whether the quality is satisfactory or meets the State's standards for quality.

The Committee will review the price of the three (3) comparable products. If TRICOR's or CMRA's price is higher than comparable products or services, the Committee will require documentation of costs. The Committee will determine whether the TRICOR or CMRA pricing is at fair market value based on the documentation provided by TRICOR or CMRA or such other information as may be available relating to price or quality of the good or service for which certification is sought.

The survey conducted by TRICOR or CMRA will be used to compare the delivery time of TRICOR or CMRA in order to determine if the product can be supplied within a reasonable time frame. The Committee review will also be based upon other documentation required to be submitted to the Committee per the Formal Request Section.

7.2.2. Committee Recommendation to the Procurement Commission Staff Form of Recommendation.

The Committee's recommendation to certify or not certify the product or service will be submitted at least monthly to Procurement Commission Staff and documented in the Committee's meeting minutes, including data submitted by TRICOR and CMRA. The product or service type job costing information, i.e., comparison private sector survey data and work center costs, as well as package type, location, satisfaction, requested price, and effective date, submitted by TRICOR or CMRA shall be used to support the Committee's review of price, quality and availability.

7.2.3. Recommendation Not to Certify.

If the Committee recommends against certifying a certain product or service, the Committee's recommendation shall be reported and based upon one or more of the following criteria:

- The price is not fair taking into consideration the cost of comparable products or services and the costs of the work center in supplying the product or service.
- The quality is not satisfactory or does not meet acceptable State quality standards.
- TRICOR or CMRA cannot supply the product within a reasonable time frame.

7.2.4. Approval for Certification.

Procurement Commission Staff approval is required to certify a product or service.

7.2.5. Effective Date of Certification.

The effective date of a product or service approved for Certification will be the date as determined by Procurement Commission Staff, which will be reported to the Procurement Commission and entered into the Edison System.

8. Reevaluation of a Certified Product or Service.

8.1. Review of a Certified Product or Service by the Committee.

Each certified product or service shall be reevaluated by the Committee beginning approximately sixty (60) days prior to the ending date of the Certification Term in order to determine if the product or service should either continue to be certified or not certified by the Committee to Procurement Commission Staff. The following documentation is required for each product or service being reevaluated in order to perform the end of Certification term review:

8.2. Price.

TRICOR or CMRA shall conduct a survey of three (3) original vendors, if possible, who were contacted for comparison of prices for Certification to determine:

- Current price for comparison to the Certification products or service price.
- If there have been any changes in the product or service since the original comparison which would account for changes in price.
- If there has been any change in market conditions or technology.

If it is not possible to supply information noted above concerning pricing from the three (3) original vendors or from at least three (3) vendors who produce the same or similar product or service, a memorandum must be supplied to the Committee justifying why it is impossible. At a minimum, the documentation included in the memorandum should include the company names, dates contacted, and relevant business contact information of those vendors from whom a comparison price was sought. Documentation must also detail the alternate method used for determining the price of the product or service to be certified.

8.3. Quality and Availability.

The following shall be obtained for reevaluation of the certified product or service under review:

- The Complaint to Vendor file shall be obtained from the Department of General

Services for review by the Committee.

- A current production model shall be supplied to the Committee by TRICOR or CMRA to determine if the same or better quality or production standards are being maintained.
- A list of the number of orders placed or the dollar volume of sales during the current Certification term shall be supplied by TRICOR or CMRA to the Committee.

8.4. *Committee Recommendation.*

8.4.1. *Form of the Recommendation.*

The Committee's recommendation to certify or not certify the product or service will be submitted monthly to the Procurement Commission Staff and documented in the Committee's meeting minutes, including data submitted by TRICOR and CMRA. The product or service type job costing information, i.e., comparison of private sector survey data and work center costs, as well as package type, location, satisfaction, requested price, and effective date, submitted by TRICOR and CMRA shall be used to support the Committee's review of price, quality and availability.

8.4.2. *Recommendation Not to Recertify.*

If the recommendation from the Committee is to not continue Certification of the product or service, the cause for not recommending shall be based upon any of the following criteria:

- The price is not fair taking into consideration the cost of comparable products or services and the costs of the work center in supplying the product or service.
- The quality is not satisfactory or does not meet acceptable State quality standards.
- TRICOR or CMRA cannot supply the product within a reasonable time frame.

8.4.3. *Approval for Recertification.*

Procurement Commission Staff approval is required for recertification upon reevaluation of the certified product or service with reporting of such approval to the Commission.

9. **Decertification.**

9.1. *Conditions for Decertification.*

Products or services which have been previously certified by Procurement Commission

Staff are subject to decertification when one of the following conditions exists:

- A sufficient number of complaints are issued by an agency relating to the unavailability or poor quality of the products or services at issue.
- Design modifications or changes in material were made by TRICOR or CMRA that diminish the quality of the product.
- Price increases are requested by TRICOR or CMRA that are not supported by the work center's costs, and are beyond the current fair market price for comparable products or services.
- By request of TRICOR or CMRA upon supplying reasonable justification for decertification.
- Submission of sufficient criteria for not recommending recertification during the reevaluation process.

9.2. *Committee Recommendation.*

The Committee will make recommendations regarding decertification to Procurement Commission Staff based upon at least one of the conditions listed in the Decertification Section.

9.3. *Approval of Decertification.*

Procurement Commission Staff approval is required to remove a product from the certified products catalog or to decertify a service. Any products or services that are decertified by Procurement Commission Staff will be reported to the Procurement Commission.

10. **Changes to Certified Goods or Services.**

10.1. *Requests to Change Certification for Goods or Services.*

All requests for any design, composition, or other significant changes or modification to any product or service that has been certified must be submitted in writing by TRICOR or CMRA to the Committee within sixty (60) days prior to the scheduled change or modification as an addendum.

10.2. *Documentation Required for Approval.*

TRICOR or CMRA must also submit the following together with its request for a change:

- Complete documentation of the nature of the change or modification.
- The reason for the change or modification.
- Any changes in price, quality or availability information submitted with the original request for Certification.
- A list of primary customers of the certified product to be changed.

10.3. *Committee Review of Change.*

The Committee will review the change in the product or service to determine if the change has affected the quality, price or availability as currently certified.

10.4. *Causes for Rejection of Change.*

If any one of the following occurs, it will be cause for not recommending a change in the product or service:

- The price change is not supported by the Work Center's costs and is beyond the current fair market value price for comparable goods or services.
- The quality of the product or service has been lessened and is no longer satisfactory or no longer meets the State's quality standards.
- The good or service can no longer be supplied within a reasonable time frame.

10.5. *Committee Recommendation.*

The Committee will make recommendations regarding acceptance or rejection of a change to a certified good or service to Procurement Commission Staff based upon information supplied as required in Policy and Procedure- Certified Service Change, Product Design, or Composition Change section.

10.6. *Approval of Change.*

Procurement Commission Staff approval is required for a design, composition, or other significant changes or modifications to any product from the certified products catalog or certified service and shall be reported to the Procurement Commission.

10.7. *Disapproval of Change to a Certified Product or Service.*

If the Procurement Commission Staff disapproves the modification, TRICOR or CMRA has the option of continuing with the currently certified product or service, or modifying the product or service and being subject to decertification.

11. Policy and Procedure - Certified Product or Service Price Increase or Decrease.

11.1. *Conditions for Price Increase or Decrease for Certified Product or Service Firm Price Period.*

Prices for goods or services certified by Procurement Commission Staff shall remain firm for the Certification Term or any remainder of the Certification Term after a price increase or decrease is approved by Procurement Commission Staff.

11.2. *Request for Price Increase.*

A request for a price increase of a certified product shall be submitted in writing by TRICOR or CMRA to the Committee. TRICOR or CMRA must also submit sufficient documentation to justify the increased price.

11.3. *Documentation Required for a Price Increase.*

The following must be submitted by TRICOR or CMRA to the Committee as documentation to justify the increase in price:

- The cost of raw material, labor, overhead and any profit before the price increase for one (1) unit of production of the product or service for which the increase is requested, along with supporting documentation such as, but not limited to, supplier's invoices, calculations of labor costs, overhead, and profit.
- The cost of raw material, labor, overhead and any profit after the price increase for one (1) unit of production of the product or service for which the increase is requested, along with supporting documentation such as, but not limited to, supplier's invoices, calculations of labor costs, overhead, and profit.
- Any other information, upon request of the Committee.

11.4. *Committee Review of the Request.*

The Committee shall conduct a survey of private industry, and such other documentation supplied by TRICOR or CMRA, to determine the cost of comparable products or services to which the Committee's review of the price increase will be compared for reasonableness and meeting the fair market price criteria for TRICOR or CMRA.

11.5. *Committee Recommendation of Price Increase.*

The Committee will make recommendations regarding acceptance or rejection of a price increase to Procurement Commission Staff based upon whether the price increase is supported by the work center's costs and whether those cost are reasonable and meet the fair market criteria for TRICOR or CMRA.

11.6. *Approval of Pricing Change.*

Procurement Commission Staff approval is required for a price increase to any product or service from the certified product's catalog or certified service, and such approval shall be reported to the Procurement Commission.

11.7. *Effective Date of Price Increase.*

Price increases, when approved, will be effective on the first day of the following month. No increase shall be effective until approved by the Procurement Commission

Staff. Approval of any price increase will remain in effect for the remainder of the Certification Term. Price increases for products or services will be entered into Edison.

11.8. Price Increase Rejection.

When the Procurement Commission Staff rejects a request for a price increase, TRICOR and CMRA will be notified of the Procurement Commission Staff's decision prior to the first of the following month. TRICOR or CMRA has the option of continuing with the current price or modifying the price and being subject to decertification.

11.9. Certified Product or Service Price Decrease, Notice of Price Decrease,

TRICOR or CMRA shall report to Procurement Commission Staff price decreases of certified products or services immediately upon receipt or realization of the decrease, and the price shall be proportionately reduced based upon the decrease.

11.10. Effective Date of Price Decreases.

Price decreases will be effective on the first day of the following month upon receipt of notice, and will be updated in Edison.

Related Statutes, Rules and Policies

TCA § 41-22-118

TCA § 41-22-119

TCA § 41-22-120

TCA § 41-22-122

TCA § 41-22-124

TCA § 71-4-701

TCA § 71-4-702

TCA § 71-4-703

TCA § 71-4-704

TCA § 71-4-705

Approval Signature

Jessica Robertson, Chief Procurement Officer

**DRAFT POLICIES AND PROCEDURES
OF THE CENTRAL PROCUREMENT
OFFICE**

5. Authority Delegation

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Authority Delegation Policy and Procedures

Effective: ____ day of _____, 2013

Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish conditions under which the authority of the Chief Procurement Officer may be delegated with the approval of the Comptroller of the Treasury to State Agencies for the purposes of issuing, executing, and managing grants, loans, procurements, purchases, or contracts.

2. Scope.

This policy applies to all grants, loans, procurements, purchases, or contracts including revenue or no-cost contracts executed or approved by a State Agency where such execution or approval is otherwise required by the Chief Procurement Officer under statute or rule.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

“Agency” - means each State board, commission, committee, department, officer, or any other unit of State government.

“Contract” means any duly authorized and legally binding written agreement or purchase order for goods or services by and between the State of Tennessee and any person or any separate entity with the independent legal capacity to contract and sue and be sued.

“Central Procurement Office” – means the Central Procurement Office of the State of Tennessee acting by and through the Chief Procurement Officer or his or her designee as the context requires.

“Delegated Authority” - means authority granted to a Delegated State Agency under a Delegated Grant Authority, Delegated Loan Authority, or Delegated Purchase Authority.

“Delegated Grant Authority” - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to issue grants for an individual program within specified limits and guidelines.

“Delegated Loan Authority” - means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to loan funds and to enter into loan

agreements with Contracting Parties in accordance with a State or federally funded program.

“Delegated Purchase Authority” - means the approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to purchase services for an individual program, within specified limits and guidelines.

“Delegated State Agency” - means a State Agency that has received approval from the Chief Procurement Officer and the Comptroller of the Treasury to procure goods or services , award grants, enter into contracts including revenue or no-cost contracts or make loans for an individual program within specified limits and guidelines.

“Emergency Purchase” – means a State Agency purchase made during an actual emergency arising from unforeseen causes.

“Primary Agency Purchasing Official” – means the individual responsible for the day-to-day management of a State Agency’s purchasing function.

“Procurement” - means buying, purchasing, renting, leasing, or otherwise acquiring any goods or services. It also includes all functions that pertain to the obtaining of any goods or services, including the description of requirements, selection and solicitation of sources, negotiation, preparation and award of a contract, and all phases of contract administration.

“Purchase Order” means a document issued by the Central Procurement Office or a State Agency to a Contracting Party authorizing a purchase. Upon delivery to the Contracting Party, a “purchase order” becomes a binding contract on both parties.

“Special Delegated Authority” – means approval given by the Chief Procurement Officer and the Comptroller of the Treasury to a State Agency to enter into agreements for individual programs within specified limits and guidelines.

“State” – means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

“State Agency” - means the departments, agencies, and entities of the State of Tennessee.

“Statewide Contract” - means a contract for goods or services established by the Central Procurement Office that all State Agencies must utilize and that may be used by local governments, higher education and not-for-profit entities.

4. Delegated Authority - Generally.

No grants, loans, procurements, purchases, or contracts including revenue or no-cost contracts shall be initiated and no obligation shall be incurred on behalf of the State by a State Agency unless a Delegated Authority is granted by the Chief Procurement Officer and Comptroller of the

Treasury. The granting of an initial or subsequent change to a Delegated Authority requires the approval of the Chief Procurement Officer and the Comptroller of the Treasury.

5. Delegated Authority Types Covered by This Policy.

This policy applies to Delegated Purchase Authority, Delegated Grant Authority, Delegated Loan Authority, Special Delegated Authority and Miscellaneous Delegated Authority. A State Agency may request other forms of Delegated Authority, which may be approved at the discretion of the Chief Procurement Officer and the Comptroller of the Treasury. Applicable Delegated Authority application templates are available on the Central Procurement Office website.

5.1. Delegated Purchase Authority.

A Delegated Purchase Authority authorizes a State Agency to make purchases for the specified program within the limits, guidelines, and conditions specified within the Delegated Purchase Authority.

A Delegated Purchase Authority may be approved when:

- The subject service needs are sporadic, and it is not possible to determine in advance their volume, delivery, or exact costs;
- It is impractical to award one or more fee-for-service contracts for the category of services with compensation based upon unit or milestone rates;
- The program needs and general categories of services are such that adequate guidelines can be developed to direct the agency in competitively procuring services;
- The procurement terms, conditions, and criteria to be followed by the agency in conducting each purchase shall be of such uniformity that the approval by the Central Procurement Office of each individual purchase is not necessary;
- The individual purchases involved are such that individual review by the Central Procurement Office is impractical; and
- The procuring agency staff has made appropriate and justified inquiries and assured the validity and justification of the maximum rates detailed in the authority.

A Delegated Purchase Authority shall set forth all provisions including but not limited to selection criteria and limitations required by the Central Procurement Office.

All purchases made pursuant to a Delegated Purchase Authority shall be made by the use of a written authorization to vendor approved by the Chief Procurement Officer. No changes shall be made to the approved authorization to vendor without a formal amendment of the approved Delegated Purchase Authority.

5.2. Delegated Grant Authority.

A Delegated Grant Authority authorizes a State Agency to award grants for a grant program within the limits, guidelines, and conditions specified within the approved Delegated Grant Authority.

Such a delegation may be approved when:

- The program needs and category of services are such that adequate guidelines can be developed to direct the agency in competitively issuing a number of similar grants; and
- The individual grants involved are of such uniformity that there is little necessity or practicality in individual review by the Central Procurement Office.

A Delegated Grant Authority shall set forth all provisions, including but not limited to selection criteria, required by the Central Procurement Office rules, policies, and applicable State statutes.

No changes shall be made to the approved grant form detailed within the Delegated Grant Authority without an amendment to the Authority.

5.3. Delegated Loan Authority.

A Delegated Loan Authority authorizes a State Agency to make loans and associated loan agreements for the specified program are within the limits, guidelines, and conditions specified within the approved Delegated Loan Authority.

A Delegated Loan Authority shall set forth all provisions, including but not limited to selection criteria, required by the Central Procurement Office rules, policies, and applicable State statutes.

No changes shall be made to the approved loan and associated loan agreement form detailed within the Delegated Loan Authority without an amendment to the Authority.

5.4. Special Delegated Authority.

A Special Delegated Authority authorizes a State Agency to make agreements or payments for the specified program without individual, independent approval review, so long as all such agreements and payments are within the limits, guidelines, and conditions specified within the approved Special Delegated Authority.

A Special Delegated Authority is unique and there is not a standard application template. The application document should be drafted in consultation with Central Procurement Office staff and include selection criteria.

5.5. Miscellaneous Delegated Authorities.

Miscellaneous Delegated Authorities include Delegated No Cost Contract Authority (DN), Delegated Revenue Contract Authority (DR), Authorization to Vendor Less than \$1,000 Delegated Authority (DAV1000), Delegated Purchase Authority for Court Reporting Service (DPCR), Special Delegated Authority for Funding Awards (DA). State Agencies seeking authorizations relating to these authorities should utilize model application templates for these grants of authority. A Miscellaneous Delegated Authority requires the approval of the Chief Procurement Officer and the Comptroller of the Treasury.

5.6. Special Delegated Authority for Federal or State Declared Disaster.

A Special Delegated Authority for Declared Disaster is for Tennessee Emergency Management Agency (“TEMA”) use only. It authorizes TEMA to issue agreements related to funds awarded for the response to and recovery from a disaster formally declared by the Federal government or the Governor of Tennessee.

5.7. Emergency Purchase Authority.

The Chief Procurement Officer solely may delegate Emergency Purchase Authority to a State Agency to meet emergencies arising from any unforeseen cause, including, but not limited to, delays by contractors, delays in transportation, unanticipated work volume, and acts of God. Such delegations will be made when the emergency occurs outside of regular State business hours, and must not conflict with an activated Tennessee Emergency Management Agency (TEMA) declared emergency.

Delegated State Agencies may procure goods or services via the Emergency Purchase method in accordance with applicable rules, policies, and procedures. State agencies should make Emergency Purchases through the Edison system and submit in writing to the Central Procurement Office the following information as soon as practicable:

- The circumstances leading to the Emergency Purchase;
- The procurement-related actions taken in response to the emergency, including procurement methods used;
- A complete list of goods or services procured, including prices paid and total purchase amount; and
- As applicable, additional purchases expected, including expected price and total purchase amount, as of the time of the report.

6. Allowable Actions Under Delegated Authority.

Purchase Orders and Contracts \$50,000 and below:

Delegated State Agencies may procure goods and services valued over \$10,000 and up to \$50,000 via the informal written, verbal or telephone quotation method in accordance with applicable rules, policies, and procedures. Purchase Orders and Contracts, within Delegated State Agency authority, are subject to the final approval of the Central Procurement Office.

Purchase Orders or Contracts may not be artificially divided by a Delegated State Agency in order to make the purchase amount fall below limitations established in rule or policy. All contracts procured under a Delegated Authority shall comply with Central Procurement Office Policy.

7. Delegated State Agency Responsibilities and Revocation of Delegated Authority.

The Delegated State Agency is responsible for ensuring it does not exceed its Delegated Authority and that all conditions of the Delegated Authority are met. Further, the head of the Delegated State Agency is responsible for ensuring all staff exercising such Delegated Authority are properly authorized and complete all required training by the Central Procurement Office to perform the assigned tasks. The exercise of the Delegated Authority shall not violate or circumvent State or Federal law, executive orders, appropriations, or Central Procurement Office rule and policy. Delegated Agencies must develop written procedures implementing the Delegated Authority. They may contain more restrictive requirements, but they must conform to the provisions of Central Procurement Office rule and policy and shall be available for public inspection and to the Central Procurement Office upon request. The Chief Procurement Officer may revoke a Delegated Authority at any time, at his or her sole discretion. The Chief Procurement Officer will notify the Comptroller of the Treasury in writing of any such revocation.

8. Limitations.

Agencies shall procure a good or service available on a Statewide or Agency Term Contract through such contract, rather than a Delegated Purchase Authority. Delegated Authority granted under this policy does not substitute for other approvals as may be required by applicable statute, rule or policy. Pre-approval may be required for certain contracts depending upon the nature of the proposed contract scope of service. The Delegated Agency must obtain signed approval or endorsement documentation as indicated in the table below:

| Contract Involving | Required Pre-Approval or Pre-Endorsement |
|---|---|
| Information technology | OIR Pre-Endorsement |
| Medical/mental health-related professional, pharmaceutical, laboratory, or imaging | F&A eHealth Initiative Pre-Endorsement |
| Contract between State agencies that includes provisions for cooperative programs; Provision for State legal consultation services | Pre-approval of Governor |
| Provision for State legal consultation services | Pre-approval of Attorney General |
| Provision for auditing services; | Pre-approval of Comptroller of the Treasury |
| Contract with an individual; | Pre-approval of Commissioner of Human |

| Contract Involving | Required Pre-Approval or Pre-Endorsement |
|---|---|
| Contract that involves training State employees (except training pursuant to an information technology system procurement); Services relating to the employment of current or prospective State employees (interviewing, screening, evaluating, et cetera) | Resources |
| Contract that involves engineering or architectural services relating to an improvement (including demolition) to real property in which the State of Tennessee has an interest | Pre-approval of State Architect |

Any endorsement or approval granted to a Delegated State Agency shall remain in force and effect for no more than five (5) years. An endorsement or approval may be revoked by the Chief Procurement Officer if a Delegated State Agency fails to comply with Central Procurement Office Policy.

9. Required Actions Under Delegated Authority.

All purchases or contracts are subject to applicable provisions of Central Procurement Office rules or policy. The Delegated State Agency must use and apply all current Central Procurement Office approved templates and forms, and maintain a procurement file for all Procurements in accordance with Central Procurement Office Policy. All relevant documentation must also be maintained in Edison as appropriate.

10. Authorized Signatories.

Requests for Delegated Authority must identify the primary Agency purchasing official and each individual proposed to have signature and approval authority under the Delegated Authority. Contracts executed by individuals not identified in a Delegated Authority as having signature authority, or otherwise approved in violation of this policy, shall be null and void.

Related Statutes, Rules and Policies

Tenn. Code Ann. §§ 4-56-101, *et seq.*

Tenn. Code Ann. §§ 12-3-101, *et seq.*

Tenn. Code Ann. §§ 12-4-101, *et seq.*

Approval Signature:

Jessica Robertson, Chief Procurement Officer

**DRAFT POLICIES AND PROCEDURES
OF THE CENTRAL PROCUREMENT
OFFICE**

**6. Grant Management and Subrecipient
Monitoring**

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Grant Management and Subrecipient Monitoring Policy and Procedures

Effective: ____ day of _____, 2013

Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To provide uniformity in the reporting of, and controls over, the expenditure of awards in connection with the delivery of services by subrecipients of federal and State awards.

To establish guidelines for subrecipient monitoring by Grantor State Agencies.

2. Scope.

These policies and procedures apply to all State agencies that award State or federal funds or non-cash assistance to subrecipients.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

“Award” - means any grant of money, loans, non-cash assistance, etc. awarded to the State, or awarded by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law.

“Cognizant State Agency” - means the State Agency whose funds comprise the greatest percentage of Awards received by a subrecipient as determined by the Department of Finance and Administration (F&A) as defined in F&A Policy 3.

“Cost Allocation Plan” - means the method of distributing to various programs, costs which benefit more than one program and are not directly assigned as approved by the Department of Finance and Administration.

“Central Procurement Office” - means the Central Procurement Office of the State of Tennessee acting by and through the Chief Procurement Officer or his or her designee as the context requires.

“Endowment Grant” - means a limited Grant Contract that originates from a specific appropriation, effecting an award and conveyance of funds or property to a Grantee for a particular purpose to benefit the general public as a whole or some population of the general public. An Endowment Grant is used to transfer funds to a Grantee pursuant to an appropriation.

"Grant" - means any grant of money awarded to the State, or awarded by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law. The term "Grant" does not include an award with the primary purpose of procuring an end product, whether in the form of supplies, services, or construction, or any contract resulting from such an award that should otherwise be provided on a competitive basis.

"Grant Budget" - means a budget itemizing one or more specific activities or purposes under the grant and the maximum amounts a Grantee may be reimbursed.

"Grant Contract" – means a written contract between the federal government, the State, a Grantee, or a Subrecipient that contains the terms and conditions govern the parties duties and responsibilities with respect to an Award.

"Grantee" - means the person or entity receiving an Award.

"Grantor State Agency" - means a State Agency that provides an Award to a person or entity.

"State" - means the State of Tennessee and its agencies, boards and commissions as the context requires.

"Subrecipient" - means a non-federal entity that expends State or federal funds received from the State to carry out a State or federal program. Subrecipients may also include, by example only, natural persons, not-for-profit organizations, for-profit organizations, cities, municipalities, counties, authorities, the State and its agencies, boards, commissions, or private and public colleges and universities if they receive federal funds from a State department or agency.

"Vendor" - means a dealer, distributor, merchant, or other seller providing goods or services that are in support of project activities. These goods or services may be for an organization's own use or for the use of beneficiaries of a State or federal program.

4. Grantee Selection Process.

Competition is encouraged with all Grantee selections. If competition is not sought, the Grantor State Agency is required to justify the selection of the Grantee to the Central Procurement Office for approval on such forms as required by the Central Procurement Office.

5. Advance Payments.

Upon approval by the Chief Procurement Officer, a grant contract may authorize a partial, periodic, or total advance payment. The Grantor Agency must provide a written justification for any type of advance payment. All grant contracts with approved advanced payments will be reported to the Comptroller of the Treasury.

6. Cognizant Agency Determination Process.

The Cognizant State Agency shall be responsible for approval of the cost allocation plan of the Grantee State Agency. Other funding State Agencies, which also have funds at the Grantee State Agency, must abide by the methods of cost allocation approved by the Cognizant State Agency. Determination of the Cognizant State Agency shall be made by the Department of Finance and Administration. Once assigned, the term of responsibility shall be indefinite, although responsibility may be reassigned upon written request and justification to the Department of Finance and Administration by either the Cognizant State Agency or the Grantee State Agency.

7. Grant Budget/Cost Allocation Plan.

Allocation Plan requirements apply to subrecipients other than cities, counties (and subdivisions thereof), and state colleges universities and technology centers. Affected Subrecipients, include all legal entities, which includes without limitation, for profit entities and private not-for-profit entities that are subject to accounting and financial reporting standards promulgated by the Financial Accounting Standards Board (FASB). Allocation Plan requirements also apply to governmental not-for-profit entities that are subject to Governmental Accounting Standards Board (GASB) standards. Vendor contracts are exempt from this requirement.

Acceptable allocation methods to be used by Grantee shall be determined by the Cognizant State Agency. Methods used for allocating costs may differ between Grantees. Once a Grantee receives approval for its method of cost allocation, all other Grantor State Agencies shall accept the Grantee's program application. However, Grantor State Agencies are not required to fully fund the costs that are charged to a particular program under an allocation method if such costs are not allowable under the Grantor State Agency's agreement with the Grantee or exceed the prescribed funding percentage or budgets.

7.1 Types of Costs.

7.1.1. Direct costs.

Direct costs are those costs that can be identified to benefit a specific program. Such costs include:

- Salaries of persons who provide direct services to program beneficiaries and work on only one program (e.g. aging director, transportation program director);
- Travel costs that can be specifically identified to benefit a particular program;
- Equipment purchased for use in only one program;
- Maintenance or insurance for purchased equipment;
- Supplies which are utilized in only one program;
- A contract for professional services which benefits a single program; and
- Printing which benefits a single program.

7.1.2. *Allocable direct costs.*

Allocable direct costs are those that benefit more than one program, but do not fall under the criteria of administrative costs. Such costs include:

- Salaries and benefits of program employees whose work benefits more than one program (e.g. nurses, eligibility workers, etc.);
- Travel costs of employees whose work benefits more than one program;
- Occupancy costs of programs;
- Telephone costs of programs;
- Supplies utilized by more than one program;
- Rental and maintenance of equipment used by more than one program;
- Audit costs; and
- Contracted Services that benefit more than one program.

7.1.3. *Administrative costs.*

Administrative costs are those that benefit the operations of the entire entity, but cannot be identified to specific programs. Such costs include:

- Executive director's salary and benefits (or the administrative portion thereof if the executive director spends time on program-related activities);
- Fiscal Officer's salary and benefits;
- Secretarial support of administrative employees;
- Supplies of administrative employees;
- Travel of administrative employees;
- Occupancy costs (e.g. rent and utilities) of administrative employees;
- Postage and telephone costs of administrative employees; and

7.2 Liability Insurance.

7.2.1. *Allocation Methods.*

The periodic allocation of actual expenditures, rather than the use of a fixed or provisional indirect cost rate, is the most equitable method of cost allocation. The following are allowable methods to allocate administrative costs and allocable direct costs. Any exceptions to these methods must receive prior approval by the Cognizant State Agency.

Administrative costs allocable to programs should be accumulated in a separate cost pool. After allocating the administrative cost pool its share of the allocable direct costs, the total should be periodically allocated to the programs based on the percentage of direct program salaries versus total direct salaries, applied to total administrative costs.

Administrative costs may also be allocated by using total costs to distribute administrative costs. The actual administrative costs are allocated to each program based on its percentage of total actual direct costs for the period after allocation of allocable direct costs.

Usually, the appropriate time for allocation of allocable direct costs is when they are recorded on the books. However, cost pools may be used for various categories of allocable direct costs for periodic allocation to programs and the administrative cost pool. Examples of acceptable methods for the allocation of allocable direct costs include:

- Salaries and Benefits – allocate on the basis of time records, records of the number of clients served, or other approved bases.
- Travel – allocate on the same basis as salaries and benefits.
- Occupancy costs for program areas – allocate based on the number of square feet occupied by the program area as a percentage of total square feet allocated to all program areas.
- Telephone costs – allocate based on the number of personnel, number of lines, or other equitable method for local service.
- Supplies – allocate based on the number of personnel per program, number of clients served, or other equitable method.
- Contracts for services benefitting more than one program – allocate based on the number of clients served or other equitable method.
- Equipment rental and maintenance – allocate based on usage logs or other equitable method.

7.2.2. Instructions for Cost Allocation Plans

Each subrecipient shall prepare a narrative describing in detail the methods used to allocate costs to the various programs. The plan should include an organizational chart and documents and schedules to support the allocation methods.

The following guidelines should be used when preparing the Cost Allocation Plan:

- The nature of the charges to be allocated will depend on the sophistication of the accounting system. The more sophisticated the system, the fewer the types of charges will be treated as allocable direct expense and included for distribution. For example, if each employee keeps a detailed time report, the payroll expenditures might be charged directly to each program, and cost allocation per se would not be involved.
- The cost allocation plan must include plans for allocation of allocable direct costs as well as administrative costs. Allocable direct costs will be included with other direct costs of the program in reports to the grantor. Allocations that are reported in separate line items on the grantor reports should involve

the administrative cost pool only. An entity may wish to have more than one cost allocation pool so that certain types of costs are allocated on different bases.

- All proposed cost allocation plans developed by the Grantee must be reviewed and approved by the entity's designated Cognizant State Agency.
- Once the cost allocation plan has been approved by the Cognizant State Agency, all other funding state agencies must accept the approved plans. Where a contracting state agency has reason to believe that special factors affecting its awards necessitate special consideration, the contracting State Agency should communicate this to the Cognizant State Agency.
- If a dispute arises between the Cognizant State Agency and a Grantor State Agency, the dispute shall be resolved through an appeals process headed by the Commissioner of the Department of Finance and Administration or his or her designee.

8. Subrecipient Contract Monitoring Plan - General Rule.

All State agencies affected by this Policy shall develop and submit an annual monitoring plan for review and approval to the Central Procurement Office annually by October 1.

The monitoring plan is a summary of the agency's planned monitoring activities for the current annual monitoring cycle and must include:

- The total subrecipient contract population;
- All subrecipient contracts to be monitored during the agency monitoring cycle;
- The identification of the agency monitoring cycle (e.g., the State or federal fiscal year);
- Sample monitoring guides to be utilized for each State or federal program;
- Full-time equivalents and personnel classifications for all staff dedicated to monitoring activities;
- A program description of each State or federal program to be monitored;
- A risk assessment for each subrecipient and its related contracts;
- An explanation of the criteria used to assign risk to subrecipients and their related contracts;
- A summary of the findings from the previous monitoring cycle; and
- An explanation of the agency's corrective action process.

Any changes to the agency monitoring plan following approval by the Central Procurement Office shall be documented by the agency and maintained with their approved plan. Changes to the population of contracts to be monitored should be well documented with an explanation accompanying the changes.

9. How to Distinguish Between a Subrecipient and a Vendor.

If it is determined that the grantee is a subrecipient, monitoring requirements set forth in this policy shall apply.

There may be unusual circumstances or exceptions to the characteristics of subrecipients and vendors. When determining whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all subrecipient characteristics will be present. Judgment should be used in determining whether a contract represents a subrecipient or a vendor relationship. If the contractual relationship with the State meets the vendor criteria, the State agency must ensure that the procurement, receipt, and payment for goods and services comply with laws, regulations, and contract provisions.

Any entity meeting the subrecipient criteria will be subject to subrecipient contract monitoring. This includes private non-profit entities, for-profit entities, governmental entities, and State and local governments.

To distinguish a subrecipient from a vendor, the characteristics below from OMB Circular A-133, Section 210 should be considered.

9.1 *Subrecipient.*

9.1.1 *Subrecipient Characteristics.*

A subrecipient determines who is eligible to receive the State or Federal financial assistance available through the program that is administered:

- A subrecipient determines the means and methods for carrying out the State or Federal program.
- A subrecipient must fulfill the scope of work requirements.

A subrecipient has its performance measured against whether the objectives of the State or Federal program are met through methods such as, but not limited to:

- A subrecipient must meet performance goals.
- The State must monitor the subrecipient to ensure funds are properly expended.
- The subrecipient must submit periodic progress reports.

A subrecipient has responsibility for programmatic decision making :

- A subrecipient has the authority to make decisions within the terms of agreement.
- A subrecipient determines how to implement its program.
- A subrecipient determines the type of assistance to program beneficiaries.

A subrecipient has responsibility for adherence to applicable State or federal program compliance requirements:

- A subrecipient shall comply with applicable statutes, regulations, rules, and policies.
- The State shall monitor the subrecipient for compliance with program requirements.

9.2 *Vendor*

9.2.1 Vendor's Characteristics

Vendor's characteristics include the following:

- The vendor provides goods or services to many different purchasers.

Goods or services are provided by the vendor in the normal course of business operations and where:

- The vendor controls the means and methods of how it will produce its goods and services.
- The vendor is not required to provide periodic or year-end reports.
- The vendor's performance is measured against whether it meets contract specifications, not whether it achieves a program's performance outcomes.

The vendor operates in a competitive environment, i.e., more than one vendor provides similar goods or services.

The vendor provides goods or services that are ancillary to the operation of a State or Federal program.

The vendor is not subject to compliance requirements of the State or Federal program, e.g., subrecipient monitoring.

10. State Monitoring Requirements.

All subrecipient grant contracts must be monitored by the Grantor State Agency at least once every three years. However, it is the Grantor State Agency's responsibility to monitor at a frequency required by the Federal Government. Additionally, more frequent monitoring should be conducted if there are findings from the previous monitoring efforts.

Subrecipient grant contracts with federal frequency monitoring requirements should be reviewed in accordance with such requirements.

Both State and federally funded subrecipient grant contracts shall be reviewed for compliance with the core monitoring areas listed in Section XI of this Policy. All applicable core monitoring areas must be addressed in each monitoring report.

Risk should be assigned to all subrecipients by the Grantor State Agency. At a minimum, the scope of a review must include the program-specific monitoring requirements and the core monitoring areas listed in Section XI of this Policy.

When the Grantor State Agency is selecting the population of grant contracts to be included in the monitoring plan, the following should be considered:

- The level of programmatic or financial risk to the State;
- Whether the grant contract has been monitored in the past three years; and
- Whether the grant contract has had prior findings indicating serious deficiencies.

11. Core Monitoring Areas.

In addition to State or federal program specific monitoring requirements, all monitoring activities undertaken by any State agency should address the following areas:

- All applicable requirements of Title VI of the *Civil Rights Act of 1964*, as defined in the Title VI Compliance Commission Advisory Memorandum No. 3, April 14, 2004.
- The applicable core monitoring areas, as defined by OMB Circular No. A-133 Compliance Supplement. Currently, these core areas include: activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, and earmarking; period of availability of funds; procurement, suspension and debarment; program income; real property acquisition and relocation assistance; reporting and special tests and provisions.

12. Exception.

Pursuant to Tenn. Code Ann. §§ 42-3-114 and 42-2-203, the Tennessee Department of Transportation (TDOT) may accept and expend transit and aviation grant dollars according to the terms and conditions as prescribed by the federal government.

The federal government permits grantees to incur preliminary incidental costs prior to the grant start date. For such TDOT subrecipient grants, preliminary incidental costs incurred by the grantee may be reimbursed.

Other exceptions to this policy may also be set forth in applicable Federal or State law.

13. Reporting Requirements.

Grantor State agencies shall issue reports summarizing any findings or observations identified during monitoring reviews within 30 business days of completing all field work. Reports shall be distributed to the subrecipient entity and the Comptroller of the Treasury, Division of State Audit. The State agency shall retain a copy of the report.

Upon receipt of a monitoring report with findings, the subrecipient shall prepare a corrective action plan detailing the actions to be taken to correct such findings. The corrective action plan shall include:

- The name of the contact person responsible for the corrective action plan;
- The corrective actions to be taken; and
- The anticipated completion date.

The corrective action plan shall be submitted to the Grantor State Agency for review and approval. It is the responsibility of the Grantor State Agency to notify the subrecipient, in a timely manner, of the approval or rejection of the corrective action plan. If a corrective action plan is not approved, the State Agency and the subrecipient shall work together to develop solutions for correcting the monitoring report findings.

14. Compliance Reviews.

Agency records obtained pursuant to this Policy shall be subject to evaluation by the Chief Procurement Officer or the Comptroller of the Treasury, or their duly appointed representatives.

Related Statutes, Rules and Policies

Tenn. Code Ann. §§ 4-56-101, *et seq.*

Tenn. Code Ann. §§ 12-3-101, *et seq.*

Tenn. Code Ann. §§ 12-4-101, *et seq.*

Approval Signature:

Jessica Robertson, Chief Procurement Officer

**DRAFT POLICIES AND PROCEDURES
OF THE CENTRAL PROCUREMENT
OFFICE**

**7. Energy Efficiency Standards and Life
Cycle Costing**

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Energy Efficiency Standards and Life Cycle Costing
Policy and Procedures

Effective: ____ day of _____, 2013

Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish a process by which commodities and products shall be procured by the State in accordance with Federal and State energy efficiency regulations.

2. Scope.

These policies and procedures apply to all procurements, contract awards, and amendments by which products with energy efficiency standards apply.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

“Energy Efficient Products” means those products that meet or exceed applicable Energy Efficiency Standards.

“Energy Efficiency Standards”- shall have the meaning set forth in Tenn. Code Ann. § 12-3-603(3).

"Procurement" means the act of buying, purchasing, renting, leasing, or otherwise acquiring any goods or services covered by these Rules. It also includes all functions that pertain to the obtaining of any goods or service, including the description of requirements, selection and solicitation of sources, preparation and award of a contract, and all phases of contract administration.

"State" means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

4. Energy Efficiency Standards.

4.1. Description of Energy Efficiency Standards.

Energy Star is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that has established energy efficiency standards that are used by the Federal government when Contracting for major energy-consuming products, as well as best practices regarding energy efficiency.

4.2. Conditions of Use for Energy Efficient Products

Life cycle costs of commodities as developed and disseminated by the Federal government that are purchased by the state or its political subdivisions shall meet established energy efficiency standards where feasible.

Where Federal energy efficiency standards are established, life cycle costs shall be used by the State in Contracting for major energy consuming products. In determining life cycle costs, the acquisition cost of the product, product performance, cost of operation, energy consumption, projected cost of energy over the useful life of the product and the anticipated resale or salvage value of the product may all be utilized to develop specifications and in the evaluation of bids received to determine total cost. Pursuant to T. C. A. § 12-3-605, State of Tennessee agencies shall use energy efficiency standards prescribed by Energy Star for the purchase of energy consuming products. The Energy Star website (<http://www.energystar.gov>) provides a qualified list of products and commodities meeting Energy Star's minimal energy usage specifications, life cycle costing calculations, life cycle cost formula information and qualified products that meet Energy Star's rating for energy consumption and sustainability. The Energy Star rating can be found on products in more than 40 product categories. Only brands and models provided on the Energy Star website's list of qualified products and commodities may be used as "acceptable brands and models" on bid documents.

The minimal energy specifications for products and commodities listed on the Energy Star Qualified Products List may be included in the line item specifications on bid documents for the purchase of major energy consuming products.

Related Statutes, Rules and Policies

T. C. A. § 12-3-601, *et seq.*

Approval Signature:

Jessica Robertson, Chief Procurement Officer

**DRAFT POLICIES AND PROCEDURES
OF THE CENTRAL PROCUREMENT
OFFICE**

8. Business Conduct and Ethics

DRAFT
Policy Number ____ - 2013
Central Procurement Office
Business Conduct and Ethics Policy and Procedures

Effective: ____ day of _____, 2013

Prepared by: The Central Procurement Office of the State of Tennessee

1. Purpose.

To establish a code of business and ethical conduct for employees involved in the procurement or contracting processes on behalf of the State of Tennessee.

2. Scope.

The Central Procurement Office recognizes that persons involved in the procurement or contracting process on behalf of the Central Procurement Office and State agencies represent the State in all facets of their work. All employees of the Central Procurement Office and State agencies involved in the procurement or contracting process are expected to conduct themselves such that their personal and professional conduct does not have a negative effect on the work of the Central Procurement Office or the procuring State Agency or reflect poorly on the public image, reputation, or credibility of the State. Accordingly, these policies and procedures apply to all employees of the Central Procurement Office and procuring State Agencies involved with procurements, solicitations, negotiations, contract awards and amendments to such awarded contracts, or protest and termination hearings with respect to procurements.

3. Definitions.

For purposes of this policy, the following terms shall have the meanings described below:

“State Agency” - means the departments, agencies, and entities of the State of Tennessee.

“Immediate Family” – means a Central Procurement Office or procuring State Agency employee’s spouse, parent, sibling, or child.

“Procurement” - means requesting, buying, purchasing, renting, leasing, or otherwise acquiring any goods or services on behalf of the State.

"Procurement"- means the act of buying, purchasing, renting, leasing, or otherwise acquiring any goods or services covered by these Rules. It also includes all functions that pertain to the obtaining of any goods or service, including the description of requirements, selection and solicitation of sources, preparation and award of a contract, and all phases of contract administration.

“State” – means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

4. Requirement of Good Faith and Fair Dealing.

All procurement professionals involved in the public procurement process, which includes without limitation, solicitations, negotiation, performance, award, administration of State contracts or hearing of protests, must act in good faith and deal with the public in a fair and impartial manner. Each Central Procurement Office and procuring State Agency employee must act with honesty and integrity and shall remove himself or herself from the procurement process in the event he or she cannot act in good faith or conduct his or her work in a fair and unbiased manner.

5. Fiduciary Duty.

Public employment is a public trust. All procurement professionals owe a fiduciary duty to the State and each employee plays an important role in ensuring that the State's needed goods and services are procured in an efficient and economical manner on terms and conditions in the best interests of the State.

6. Avoiding Conflicts of Interest.

All Central Procurement Office Employees or employees of procuring State agencies should avoid any actions, relationships, or business transactions that conflict with the State's best interests or otherwise create conflicts of interests, real or perceived, that taint the procurement process or the reputation of the State.

No employee of Central Procurement Office or procuring State Agency that is involved in the procurement process shall participate in any portion of the procurement process when:

- The employee is contemporaneously employed by a bidder, offeror, or contractor involved in the procurement;
- The employee, any member of the employee's immediate family, or persons with whom the employee has personal or professional relationships that preclude the employee from acting in a fair and impartial manner, holds a position with a bidder, offeror, or contractor such as an officer, director, trustee, partner or the like;
- The employee owns or controls an interest of more than one percent (1%) in any business that has a financial interest arising from the procurement;
- The employee, any member of the employee's immediate family, or persons with whom the employee has personal or professional relationships that preclude the employee from acting in a fair and impartial manner, has a financial interest arising from the procurement; or
- The employee, a member of the employee's immediate family, or persons with whom the employee has personal or professional relationships that impair the employee's ability to act in a fair and impartial manner, is negotiating, or has an arrangement concerning prospective employment with a bidder, offeror, or contractor.

7. Prohibition against Rebates, Gifts, Compensation.

No Central Procurement Office or procuring State Agency employee shall solicit, demand, accept, or agree to accept from any person, which includes without limitation, a bidder, offeror,

contractor, or subcontractor, any rebate, gift, money, or anything of value whatsoever, or any promise, obligation, or contract for future rewards or compensation in connection with the procurement process.

8. Site Visits Related to a Procurement.

Site visits needed to properly evaluate goods or services for a pending or future solicitation are allowed subject to the following conditions:

- If site visits are required within the solicitation for evaluation purposes, the State, and not the respondent being evaluated, must pay for such visits.
- Exceptions to this policy may be made by the Chief Procurement Officer or his or her designee. Any exception must be made on a case-by-case basis. If an exception is made, a written determination signed by the Chief Procurement Officer or his or her designee shall be included in the contract file.
- State employees making such site visits will incur and recover travel costs from the State entity for which the procurement is being conducted in accordance with State travel regulations.
- No direct reimbursement of individuals by a respondent is permitted. The procuring agency will determine all costs incurred by State employees in connection with the site visit and bill the appropriate respondent for reimbursement of costs by means of a check payable to the State entity.

9. Disclosures Related to Procurements.

All persons participating in the Procurement Process shall execute a disclosure substantially in form to Attachment A to this policy. From time-to-time, evaluation panel members, by virtue of the nature of their roles as evaluators, will be privy to confidential or sensitive information that is only available to panel members. The Chief Procurement Officer shall require participants to execute a confidentiality agreement, substantially in form to Attachment B to this policy, whereby the participants agrees not to disclose any information, whether written or oral, received by the participants during the solicitation process.

10. Required Disclosures.

An employee of the Central Procurement Office or procuring State Agency involved in a procurement shall make disclosures to the Chief Procurement Officer in the following situations:

- When the employee has family or personal or professional relationships that conflict with, or give the appearance of a conflict;
- When the employee has an interest, familial, personal, professional or financial, that conflicts with the best interests of the State;
- The employee was previously employed by a bidder, offeror, or contractor involved in the procurement;
- When the employee is aware of or should be aware of any other facts or circumstances that compromise the employee's ability to carry out his or her fiduciary duty to the State and act in a fair and impartial manner with respect to the State or the public.

Annual Disclosure.

All Central Procurement Office or procuring State Agency employees shall execute an annual conflict of interest questionnaire on such forms as prescribed by the Chief Procurement Officer. The annual conflict of interest questionnaire shall be maintained by the Director of Category Management and Legal Team.

Related Statutes, Rules and Policies

Tenn. Code Ann. §§ 4-56-101, *et seq.*

Tenn. Code Ann. §§ 12-3-101, *et seq.*

Tenn. Code Ann. §§ 12-4-101, *et seq.*

Approval Signature:

Jessica Robertson, Chief Procurement Officer

**ATTACHMENT A
CONFLICT OF INTEREST DISCLOSURE STATEMENT**

INSTRUCTIONS FOR THE STATEMENT SIGNATORY:

Complete the space provided with the Procurement number applicable to the statement.

Complete, sign and date the applicable section (development or evaluation).

Complete each space provided beside the disclosure statements by either "initialing" the statement (to indicate an affirmation of the corresponding statement) OR by writing "N/A" (to indicate that the corresponding statement is not applicable).

If a possible conflict of interest is identified, a description of such should be attached to this document.

**Solicitation
NUMBER:**

| |
|--|
| |
|--|

INDIVIDUAL INVOLVED WITH PROCUREMENT DEVELOPMENT—

| | |
|--|--|
| | I did not identify any potential conflict of interest, financial or otherwise, regarding my involvement with the development, formulation, drafting or review of the subject RFP or its scope of services. |
| | I identified the following possible conflict of interest issues, detailed and attached hereto, which might adversely reflect on or threaten the integrity of the subject RFP process: |

SIGNATURE & DATE: _____

PRINTED NAME: _____

INDIVIDUAL INVOLVED WITH PROPOSAL EVALUATIONS—

| | |
|--|--|
| | I reviewed the attached listing of service providers making proposals in response to the subject RFP and did not identify any potential conflict of interest, financial or otherwise, regarding my ability to fairly evaluate OR assist with the evaluation of all proposals. |
| | I reviewed the attached listing of service providers making proposals in response to the subject RFP and identified the following possible conflict of interest issues, detailed and attached hereto, which might adversely reflect on my ability to fairly evaluate OR assist with the evaluation of all proposals. |

SIGNATURE & DATE: _____

PRINTED NAME: _____

ATTACHMENT B

**ATTESTATION REGARDING CONFIDENTIALITY IN THE EVALUATION OF [INSERT
PROCUREMENT METHOD] # _____ FOR _____**

Employee Name: _____

Employee Phone Number: _____

Employee Email Address: _____

I, _____ (*print name*), do hereby attest, certify, warrant, and assure that I shall not disclose any procurement evaluation information related to [INSERT PROCUREMENT METHOD] # _____ for _____ until the Notice of Intent to Award is communicated in writing or electronic transmission to all respondents.

Employee's Signature

Date

**PROPOSED REVISIONS TO
PROCUREMENT COMMISSION
BY-LAWS AND RULES OF PROCEDURE
AS REQUESTED BY OFFICE OF
COMPTROLLER OF THE TREASURY**

Proposed Revisions to the Tennessee Procurement Commission
By-Laws and Rules of Procedure

ARTICLE V

FILING

All documents to be filed with the Commission for consideration or approval must be filed with and received by the Chief Procurement Officer at least Fifteen(15) calendar days in advance of a Commission meeting by no later than 4:00 PM CST. Electronic filing by email with return receipt requested is recommended, but not required. All documents will be provided by the Chief Procurement Officer to Commission members and staff at least ten (10) calendar days in advance of a Commission meeting no later than 4:00 PM CST.

ARTICLE XV

COMMISSION STAFF

The Commission's staff shall consist of the Chief Procurement Officer, ~~and such other~~ staff of the Central Procurement Office as designated by the Chief Procurement Officer and such other staff as designated by each Commission member.

**PROPOSED MID-CUMBERLAND HUMAN
RESOURCE AGENCY (“MCHRA”)
PROCUREMENT POLICY**

| | | |
|---------------------------|--|------------------------|
| PROCUREMENT POLICY | Issued by: Mid-Cumberland Human Resource Agency | Policy #: |
| | Prepared By: | Revision # |
| | Approved By: | Effective Date: |

PROCUREMENT POLICY

BACKGROUND

Mid-Cumberland Human Resource Agency ("MCHRA"), was established pursuant to the Human Resource Agency Act of 1973, as amended, as a not-for-profit delivery system designed to implement human services programs. The MCHRA is empowered to own and dispose of property both real and personal and to receive and administer funds and contributions from private and public sources which may be used in support of human resource programs, and other funds under State and Federal assistance programs.

SCOPE

The Policy applies to all company Employees who purchase supplies, equipment or services, and/or select Vendors providing such items.

PURPOSE

The Procurement Policy, issued by the MCHRA, shall describe the procedures that are to be followed by MCHRA in the handling of procurement activities and to provide direction and ensure a process for the review of the purchase of supplies, goods and services.

POLICY

1.0 INTRODUCTION

1.1 Standard of Conduct

No officer, Employee, or agent of the MCHRA shall unlawfully benefit directly or indirectly from the purchasing of materials or services by the MCHRA. All transactions shall be conducted in a manner so as to provide maximum open and free competition.

MCHRA shall adhere to and strictly enforce all prevailing civil rights legislation. MCHRA complies with Title VI of the Civil Rights Act of 1964, as codified in 42 U.S.C. § 2000D, which states that "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity receiving Federal assistance." MCHRA does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities in compliance with ADA (Americans with Disability Act of 1990), 42 U.S.C. § 12101.

1.2 Initiation of Purchases

Employees may requisition specific items for the purpose of carrying out their work assignments. After the Purchasing Requisition is completed and approved, orders will be placed by the Executive Director. Any Employee that makes a purchase in violation of these policies may be held personally responsible for payment.

1.3 Purchasing Requisition

Purchasing Requisitions shall be required for those items so identified in this Policy. All Purchasing

Requisitions shall be reviewed by the Executive Director. Each Purchase Requisition that is approved and processed by the Executive Director results in a Purchase Order. All Purchase Orders will be assigned an identification number and that number shall appear on invoices and receipts as appropriate. Purchases are authorized on consecutively numbered Purchase Order forms by the Executive Director.

Purchase Orders shall not be required for items below the threshold amount as set forth in **Section 3.1 and 3.2** or for specific items listed in **Section 3.5** of this policy.

1.4 Specification Requirements

1.4.1 Specification requirements shall be based upon a clear and accurate description of the technical requirements for the material, product or service. The absence of such detail shall be recognized as meaning that only the best commercial practices are to prevail and that only first quality materials and workmanship are to be used. Reference to brand names, trade names, model numbers or other appropriate identification should be included to establish the required level of quality and functional capabilities. Comparable products of other manufacturers will be considered if proof of comparability is contained in the bid. Provision of such proof is the total responsibility of the Vendor and could include such things as brochures, catalog pages or other data, attached to the bid.

1.4.2 Wherever possible, all specifications for materials, products or services to be purchased by the MCHRA shall be worded or designed so as to permit open and competitive bidding for the supplying of such items or services to which they apply.

1.5 Vendor Selection

All Vendors providing supplies, equipment or services must be reputable organizations having the demonstrated capacity to produce or provide services within a reasonable period of time as established by the MCHRA. Vendors shall be subject to disqualification if they are found to misrepresent quality, quantity, or price.

Selection of Vendor shall be based primarily on price, geographical location and past performance of the Vendor, as well as its apparent ability to provide the good or service.

2.0 PURCHASING METHODS

The following are the purchasing methods that may be utilized for the purchase of goods and/or services:

2.1 Competitive Bidding Process

Purchases of items that, by their nature, have sufficiently uniform and impersonal criteria so that their purchase may be based on conformance with required specifications and lowest overall price, may be procured based on price quotes received from a number of prospective Vendors, as specified by the Executive Director and included in **Section 3**.

2.2 Sealed Bid Process/Invitation to Bid

MCHRA shall strive to obtain at least three (3) sealed bids on all purchases which exceed \$5,000, except as otherwise provided in this policy. All sealed bid requests/invitations to bid shall be approved by the Finance Department prior to issuance. Please see **Exhibit 1** for a description of the invitation to bid process.

2.3 Request for Proposals (RFPs)

MCHRA shall use the formal process of written proposal for certain services that exceed \$5,000 and for which an RFP shall be issued by MCHRA that identifies the criteria to be met. Please see **Exhibit 2** for a description of the RFP process.

2.4 Competitive Negotiation

2.4.1 Competitive Negotiation is an informal method for contracting for goods and services, whereby proposals are solicited from qualified suppliers, following submission of which changes in proposals and prices may be allowed, and the offer deemed by the Executive Director to be most advantageous in terms of criteria/specifications is accepted.

2.4.2 Such negotiation shall be in accordance with the procedures as specified by the Executive Director. The Executive Director shall prescribe the procedures under which the negotiation is to be conducted. These procedures shall provide for the safeguarding of the information and provide fairness to the Vendors in the negotiation process, ensuring that all communication is conducted in a manner so as not to disclose any information that would give one or more Vendors unfair advantage or unfairly enable one or more Vendors to improve their proposal.

2.4.3 In the event that such a process is to take place, purchases for amounts exceeding \$2,000 but less than \$50,000 must be approved by the Executive Director. Purchase amounts greater than \$50,000 annually shall be approved by the Executive Director and submitted to the MCHRA's Executive Committee for approval prior to entering into a contract. All such contracts shall be reported to the MCHRA's Policy Council and Board of Directors.

2.5 Federal, State and Local Government Contracts

2.5.1 MCHRA may purchase, without using the formal procedures as herein contained, goods and services through a Federal, state or local government contract, which has been duly negotiated by such authorized entities.

2.6 Proprietary/Single Source

2.6.1 Proprietary or single source purchases shall be allowed. These purchases are those generally associated with restricted brands or models but for which bids or quotes may be obtained from distributors or dealers. Single source purchases may be arranged without benefit of bid when an item or service is unique and has specific characteristics that can be filled by only one source. Such purchases shall be allowable on the basis that no other Vendor could reasonably provide the item(s) or services using the procedures as herein provided.

All such purchases shall adhere to the provisions as herein contained.

2.6.2 A justification for single source or proprietary purchases must be included in the file. In making the final determination, the Executive Director should consider at least the following:

1. Whether the Vendor legally possesses exclusive or predominant capabilities or the item contains a patented feature providing a superior utility not obtainable from similar products;

2. Whether the product or service is unique and easily established as one of a kind;
3. Whether the program requirements can be modified so that competitive products or services may be used;
4. Whether the product is available from only one source and not merchandised through wholesalers, jobbers, or retailers;
5. Whether items must be interchangeable or compatible with in-place items.

2.6.3 After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the aforementioned criteria, the single source purchase may be made without following competitive bid procedures as herein contained. A written quote from the supplier should be placed in the file.

3.0 CATEGORIES OF PURCHASES

MCHRA has determined there are specific categories for which they make purchases. The requirements for each type of purchase are outlined below:

3.1 Durable and Consumer Goods

| Purchase Price | Purchasing Requirement |
|-----------------|--|
| \$0 - \$499 | Must be purchased pursuant to the Program Director's instructions. |
| \$500 - \$5,000 | Requires that MCHRA secure at least three (3) competitive bids. Must be purchased using a Purchasing Requisition and Purchase Order, with approval from the Program Director, and either: (1) the Executive Director; or (2) the Finance Director. |
| \$5,001 and Up | Must utilize a sealed bid process unless the item is available under a Federal, State or Local government contract. |

3.2 Vehicle Maintenance

| Estimated Cost | Purchasing Requirement |
|-----------------|--|
| \$0 - \$799 | Must be procured from a Vendor on the "Approved Vendor List," and with approval from the Regional Coordinator. |
| \$800 - \$1,999 | Must be purchased using a Purchasing Requisition and Purchase Order, with approval from the Program Director and either: (1) the Executive Director or (2) the Finance Director. |
| \$2,000 and Up | Must be purchased using a Purchasing Requisition and Purchase Order, with approval from the Program Director and the Executive Director. |

3.3 Personal, Professional or Consultant Services

Where the MCHRA desires to procure personal services, professional services and/or consultant services, the MCHRA shall either follow the requirements as specified herein or, as appropriate, utilize a method that in the discretion of the Executive Director is determined to be efficient and reasonable. The process shall generally include a consideration and comparison of potential contractors, based upon factors such as service provider qualifications, experience, and technical approach.

3.4 Emergency Orders

Emergency orders may be placed by the Executive Director when immediate delivery is necessary to meet emergencies from unforeseen causes for continuation of services. A written memo must be attached to the file copy of the purchase order. All emergency purchases shall, if practicable, be made on the basis of at least the use of price quotes.

3.5 Exceptions. MCHRA shall not be required to utilize the purchasing methods in **Section 2** for the items or services that have sufficiently uniform and impersonal criteria, so that their purchase is based upon conformance with certain specifications and lowest overall price including but not limited to the following items:

1. Telephone billings;
2. Freight charges not incurred in connection with the purchase of supplies and equipment;
3. Postage including purchase of metered postage;
4. Charges on airlines and gasoline credit cards;
5. Bonding fees or notary public fees;
6. Utility billings and connection fees;
7. Tuition, fees and other supplies for training of individuals, or other purchases at institutions which courses of study are on the approved THEC list, provided such expenses do not exceed \$1,000;
8. Occasional charges for rooms for meetings and attendant costs;
9. Rental of vehicles while on approved travel;
10. Rental or leasing of office and storage space;
11. Or other contractual agreement with detailed documentation provided for within the agreement;
12. Newspaper advertisements or listings; and
13. Such other items as may be determined by the Executive Director from time to time.

4.0 GENERAL PROVISIONS

4.1 Liability Claims and Damages

The MCHRA, its officers, agents, and employees shall be held harmless from liability from any claims, damages and actions of any nature arising from the use of any materials furnished by the Vendor, provided such liability is not attributable to negligence on the part of the MCHRA or failure of the MCHRA to utilize the materials in the manner outlined by the Vendor in descriptive literature or specifications submitted with the Vendor's bid. Vendor will agree to abide by MCHRA's purchasing procedures.

4.2 Controversies/Disputes

Resolving controversies/disputes concerning protest of qualifications of bidders, suspension from bidding, and invitation to bid process, and stay of award prior to actual award shall be resolved in the manner provided herein. Vendors who disagree in any of the aforementioned areas may document their position and protest in writing and request reevaluation within ten (10) days of the bid opening or award. This reevaluation shall be initiated by the person or person(s) who were responsible. They shall review and provide a memorandum to the Program Director, Division Manager and Executive Director. All relevant levels of administration shall review the reevaluation and make written comments regarding their thoughts and recommendations. The Executive Director or designee shall review the reevaluation, make a determination and notify the Vendor of the decision. If the reevaluation does not resolve the disagreement, the Vendor may request evaluation of the record, including the written protest documentation, through a hearing with the Executive Director. The Executive Director shall issue a letter to the bidder(s) as to his/her findings and decisions. The evaluation by the Executive Director shall be submitted to the Executive Committee for review. This process shall constitute the final determination for the Agency.

4.3 Revisions/Amendment

Any revisions or amendments to the Purchasing Policies and Procedures set forth in the policy shall be submitted to the MCHRA's Executive Committee and the Board of Standards for review and approval.

4.4 Taxes

MCHRA is exempt from Federal Excise Taxes and State Sales Tax, and purchases shall be made in accordance with this tax status. For instance, prices quoted by Vendors shall not contain provisions for Federal Excise Taxes or State Sales Tax unless required by law or contract.

EXHIBIT 1

PROCEDURES FOR SEALED BIDS: INVITATIONS TO BID

1.0 SEALED BID/INVITATIONS TO BID PROCESS

1.1 Bid Submission. Invitations to bid shall indicate that bids must be received by the MCHRA on or before a specified date or hour.

In preparation of Invitations to Bid it shall be the intent of the MCHRA to set forth such invitations in a manner which, where possible, provides the following:

1. Terms and conditions clearly stating the requirements for the bid response and language to bind the parties in the event of award;
2. Clear and definitive specifications which shall, wherever possible, permit open and competitive bidding and minimize the likelihood of requests by prospective proposers for clarification;
3. Instructions for delivering the service requested or packaging, shipping, and delivering the commodity purchased, and, where appropriate, instructions for storage by the Vendor;
4. A timeline of the process that specifies deadlines;
5. A description of the factors to be considered in evaluating the proposals – factors may include but are not limited to service provider qualifications, experience, technical approach, and cost;
6. A declaration of the contract terms and conditions which shall be required; and
7. Any requirements for bid and/or performance bonds.

Bids should be returned in sealed envelopes, addressed in the follow manner:

From _____

*ATTN: PURCHASING DIVISION
MID-CUMBERLAND HUMAN RESOURCE AGENCY
1101 Kermit Drive, Suite 300
NASHVILLE, TN 37217*

*DO NOT OPEN
SEALED BID*

To be opened by: _____

1.2 The MCHRA may cancel an invitation to bid any time prior to bid opening. Bids delivered past the date and hour designated for opening will be rejected and placed in the file unopened.

1.3 Invitations to bid may be mailed (in written or electronic form) to prospective Vendors. Invitations for bid may also be published in a newspaper of general circulation. Only one copy of a bid is required to be returned to the MCHRA. When a sealed bid is opened, examined and recorded, the original copy is placed in a file for evaluation by the Executive Director.

- 1.4 The person signing the bid must be authorized to bind the Vendor to contract. A bid not signed will be rejected. Unsigned bids cannot be signed after the bid has been opened, even if the Vendor or his representative is present at the bid opening.
- 1.5 Terms and conditions established by the bidder must be noted conspicuously on the face of the invitation. If the conditions vary from the terms listed in the invitation to bid, the bid may be considered unresponsive and the proposal may be rejected.
- 1.6 Net pricing shall be requested for the units specified. Net price is list price less all trade or other discounts offered. Insertion of price escalator clauses, minimum order requirements, delivery costs, and other items should be listed where appropriate.
- 1.7 Erasures or use of correction fluid on bid forms are not acceptable. Errors may be corrected, prior to submission, by lining out and entering the substituted words or figures with the change initialed by the person signing the bid in ink. Bids shall not be altered or amended after the bid opening. In the case of errors in the extension prices, the unit price will govern. No corrections will be made in pencil.
- 1.8 Amendment or withdrawal of bids may be permitted under certain circumstances. Prior to the opening, a letter or email submitted to the Executive Director or designee, may be used to withdraw a bid. Emails should not be used to amend a bid. After the opening, a Vendor may withdraw their bid when there is obvious error in cost data or where enforcement would impose considerable hardship. Consideration for withdrawal is at the sole discretion of the Executive Director or designee and can be made at the written (or e-mail) request of the Vendor. No change in bid price or provision of bids shall be made.
- 1.9 Questions concerning invitations to bid should be directed to the Executive Director or designee or other whose name, phone number or e-mail address is listed on the invitation to bid.
- 1.10 Bid files may be examined or reviewed during normal working hours, after completion of evaluation and prior to award. Request for review should be made through the Executive Director.
- 1.11 **Rejection of Bids.** The Executive Director may reject any or all bids. Action to reject all bids shall be taken for unreasonably high prices, errors in the invitation to bid, cessation of need, unavailability of funds, or any other reason approved by the Executive Director.
- 1.12 **Bonds.** As appropriate, any bonds which are required shall be stated in the invitation. To the extent possible, such bonds shall comply with the rules and regulations which apply to the State of Tennessee or the grant or contract, whichever is more restrictive.

2.0 AWARD PROCESS

- 2.1 Bids shall be awarded to the lowest bidding, qualified responsible and responsive Vendor considering the factors stated in the invitation. Such factors may include but not be limited to:
 1. Apparent ability to perform, including past performance;
 2. Price;
 3. Quality;
 4. Purpose or use;

5. Discount for payment;

6. Freight;

7. Delivery date.

2.2 The invitation to bid sets forth the evaluation criteria to be used, no criteria or factors may be used in bid evaluations that are not set forth in the invitation to bid.

2.3 Where more than one item is specified in the invitation, the MCHRA reserves the right to determine the lowest bidding Vendor, either on the basis of each individual item, or group of items, or total of all items, unless otherwise stated in the invitation to bid.

2.4 Tie bids may exist where two or more Vendors offer products that meet all specifications, terms and conditions at identical prices. Tie bids will be broken by the following methods, in descending order of preference:

1. In-state businesses;

2. Small businesses;

3. Award item(s) to Vendor who was low Vendor on other item(s) being on the same requisition;

4. Best delivery;

5. By lot or coin toss.

3.0 PROCEDURES AND GUIDELINES FOR VENDORS

3.1 Notice of back orders, when necessary, should be presented to the MCHRA in writing, specifying expected shipping or delivery date.

3.2 Product deficiencies or Vendor non-compliance will be reported to the Vendor in writing by the Executive Director. The notification shall request a written response from the Vendor to the MCHRA. A Vendor may be removed from a list of eligible Vendors for failure to follow the published procedures and requirements. Failure to cure non-compliance may also result in removal of the Vendor from the approved list of bidders.

3.3 Cancellation of purchase orders shall be in writing by the Executive Director or his designee. A contractor may request cancellation and the MCHRA may grant this request when it is deemed to be in the MCHRA's and/or general public's best interest to do so. The MCHRA has the right to disqualify any contractor from future bidding if the contractor has defaulted on any previously awarded contract.

3.4 Payment may be withheld until such time as all requirements of the purchasing contract have been complied with in full.

4.0 PROCEDURES FOR PURCHASE ORDERS AND BILLINGS

4.1 Purchase orders will be computer generated and signed by the Executive Director. The original purchase order will be submitted to the Vendor only when required by the Vendor.

- 4.2 Billings will be matched with the invoice and purchase order as materials are received by the MCHRA.
- 4.3 Review for payment will be by the Executive Director. The invoice, purchase order, and receiving slip, where applicable, will be reviewed by the Financial Department prior to certification for payment.

EXHIBIT 2

PROCEDURES FOR REQUEST FOR PROPOSALS (RFPS)

1.0 REQUEST FOR PROPOSALS (RFPS)

The formal solicitation of written proposals shall comply with the following requirements:

- 1.1 MCHRA shall prepare and issue an RFP and evaluate proposals in accordance with this policy. Failure by MCHRA to comply with said rule and policy alone shall not be deemed a defect requiring rejection of all bids, said decision remaining in the discretion of MCHRA.
- 1.2 An RFP shall set forth specific provisions in accordance with this policy including:
 - 1.2.1. a clear and accurate description of the technical requirements for the service to be procured - the service technical requirements and scope shall not contain features which unduly restrict competition and shall be in sufficient detail to minimize the likelihood of requests by potential proposers for clarification;
 - 1.2.2. instructions regarding the submission of proposals;
 - 1.2.3. a timeline of the RFP process that specifies deadlines - service providers shall be given a reasonable time, as determined by MCHRA, to consider the required scope of services and the proposal evaluation factors before proposals must be submitted;
 - 1.2.4. requirements and restrictions regarding the RFP;
 - 1.2.5. a description of the factors to be considered in evaluating the proposals – factors may include but are not limited to service provider qualifications, experience, technical approach, and cost; and
 - 1.2.6. a declaration of the contract terms and conditions which shall be required by MCHRA.
- 1.3 Upon approval, MCHRA shall send an actual RFP document or a formal notice stating that the specific RFP has been released to a documented list of potential service providers. Notice of a RFP may also be published in a newspaper of general circulation. MCHRA shall compile the list of potential service providers from those known to the MCHRA staff. MCHRA shall determine the number of service providers to include on the list by considering the nature of the service sought, the anticipated dollar amount of the resulting contract, and the number of known service providers.
- 1.4 MCHRA is not required to send an RFP or RFP Notice to more than a total of fifteen (15) service providers provided, however, that MCHRA shall disseminate the RFP or RFP Notice as required by this policy and to all that request the specific RFP. A general or standing request for notice of all RFPs or all RFPs of a given type of service shall not suffice as a request for a specific RFP and shall create no obligation on MCHRA.
- 1.5 To foster the integrity of the RFP evaluation process, each proposer shall be required to submit the Cost Proposal component of the proposal in a sealed and labeled envelope separate from the Technical Proposal component. The purpose is to allow the cost component to be evaluated separately from the technical component.
 - 1.5.1 The cost proposals shall not be opened until after the evaluation of the technical component

is completed. After the technical proposal evaluation is completed, the cost proposals shall be opened and evaluated, and the scores of both components shall be combined to arrive at a total evaluation score provided, however, that the cost proposal shall not be opened if the associated technical proposal has been deemed non-responsive and is rejected by MCHRA.

- 1.5.2 Any proposal which fails to adequately separate the cost proposal components from the technical proposal shall be considered non-responsive and rejected by MCHRA.
- 1.6 Proposal evaluations shall be conducted by MCHRA employees in such a manner as to reasonably ensure that all proposals are impartially considered and the policy requirements are adequately met.
 - 1.6.1 Proposals shall be evaluated on the basis of factors pertinent to the service sought and detailed in the RFP document.
 - 1.6.2 Neither the technical proposal nor the cost shall be the only criterion for a contract award recommendation. However, specific factors may be set forth as a criterion for determining which proposals shall be considered responsive to the RFP.
- 1.7 MCHRA shall communicate, clarify, and negotiate in the best interests of MCHRA, provided that all communication is in a manner so as not to disclose any information that would give one or more proposers unfair advantage or unfairly enable one or more proposers to improve their proposal.
- 1.8 MCHRA shall have the right, at its sole discretion, to amend an RFP in writing at any time.
- 1.9 MCHRA shall have the right, at its sole discretion, to reject any and all proposals.
 - 1.9.1 Any proposal that does not meet the requirements of an RFP may be considered to be nonresponsive, and the proposal may be rejected.
 - 1.9.2 Any proposal that restricts the rights of MCHRA or otherwise qualifies the proposal may be considered to be nonresponsive, and the proposal may be rejected.
 - 1.9.3 Whenever MCHRA proposes to reject all proposals for a certain purchase, such action shall be taken only for the following reasons:
 - 1. unreasonably high prices or failure of all proposals to meet technical specifications;
 - 2. error in the request for proposals;
 - 3. cessation of need;
 - 4. unavailability of funds;
 - 5. a determination by MCHRA that proceeding with the procurement would be detrimental to the best interests of MCHRA, the reason for which must be documented.
- 1.10 MCHRA shall have the right, at its sole discretion, to cancel an RFP in its entirety and, at its sole discretion, to reissue or not reissue an RFP. The approval of the Executive Director shall be required prior to the cancellation of an RFP, and MCHRA shall make a record of such approved request.

EXHIBIT 3

DEFINITIONS

“Award” means A notice to a respondent of a solicitation of the acceptance of a bid or proposal. **“Bid”** means an offer, as a price, whether for payment or acceptance given to a prospective purchaser upon his or her request, usually in competition with other offers. Also, an offer by a buyer to a seller, as at an auction.

“Employee” means all officers, employees and staff members of MCHRA.

“Executive Director” means the MCHRA Executive Director or designee.

“Invitation to Bid” a request, verbal or written, which is made to prospective suppliers requesting the submission of a bid on commodities or services. This includes all documents, whether attached or incorporated by reference, utilized for soliciting bids.

“Purchase Order” means a purchaser’s document used to formalize a purchase transaction with a Vendor. A purchase order, when given to a Vendor, may contain statements as to the quantity, description, and price of the goods or services ordered; agreed terms, and all other agreements pertinent to the purchase and its execution by the Vendor.

“Purchase Requisition” means the form used to request the purchasing department to purchase goods or services from Vendors that cost between \$500 and \$5,000.

“Vendor” means a supplier of items, goods or services.

**SOUTHEAST CONSORTIUM FOR
UNEMPLOYMENT BENEFITS
IMPLEMENTATION (SCUBI)
COOPERATIVE PURCHASING
AGREEMENT**

COOPERATIVE PURCHASING AGREEMENT

This Cooperative Purchasing Agreement (this "Agreement") is made and entered into as of _____, 2012, by and among the States of Georgia, North Carolina, South Carolina, and Tennessee (collectively, the "CPA States").

RECITALS

- A. On November 9, 2011, the unemployment insurance program directors of the Georgia Department of Labor, the North Carolina Department of Commerce, the South Carolina Department of Employment and Insurance, and the Tennessee Department of Labor and Workforce Development entered into a Memorandum of Understanding among State Agencies Comprising the Southeast Consortium (the "MOU") (Attachment 1, hereto), with respect to a purchasing consortium, known as the "Southeast Consortium for Unemployment Benefits Integration" ("SCUBI" or the "Consortium"), to procure the design, development and implementation of a core unemployment insurance benefit system that can be used by each of the CPA States (the "System").
- B. The United States Department of Labor (the "US DOL") has awarded funds to the CPA States to design, develop and implement the System.
- C. The CPA States have committed funds to implement the purposes of this Agreement.
- D. The CPA States are authorized to enter into this Agreement, pursuant to Tenn. Code Ann. §12-3-216; N.C. Gen. Stat. Ann. § 147-33.95; 9 NCAC 06B.1006; O.C.G.A. Sections 34-8-70(g) and 50-5-51(9); and S.C. Code Ann. §11-35-4810, and pursuant to the consent of each of the CPA States.¹ In addition, the activities of the Consortium fit within the definition of a "joint federal-state program" under the Interstate Contracting for Federal Programs Act (the "Interstate Contracting Act"), Tenn. Code Ann. § 12-11-101 *et seq.*

In consideration of the promises and covenants set forth herein, the sufficiency of which is hereby acknowledged, the CPA States agree as follows:

1. Purpose.
 - (a) This Agreement establishes a cooperative purchasing agreement, pursuant to the terms of Tenn. Code Ann. §12-3-216; N.C. Gen. Stat. Ann. § 147-33.95; 9 NCAC 06B.1006; Ga. Code Ann. § 50-5-51(9) and § 34-8-70(g); and S.C. Code Ann. §11-35-4810, for the purpose of procuring the System (the "Procurement").
 - (b) The Agreement does not create a separate legal entity to accomplish the purposes of this Agreement. The Consortium is not intended to be, and shall not be deemed, a separate

¹ The Chief Information Officer of the State of North Carolina has authorized North Carolina's participation, pursuant to the authority granted in N.C. Gen. Stat. Ann. § 147-33.95; 9 NCAC 06B.1006.

legal entity, and personnel of any State participating in the Consortium under the terms of this Agreement shall have no direct obligations (including fiduciary or employer duties) to the Consortium or to any other State.

2. Lead Agency.

(a) The CPA States designate the Tennessee Department of Labor and Workforce Development to serve as the lead agency ("Lead Agency") with respect to the Procurement. The non-Lead Agency CPA States shall participate in evaluating the technical proposals submitted pursuant to the Procurement.

(b) The Lead Agency shall, from time to time, take custody of funds from the US DOL and, as necessary, as remitted by the CPA States, and shall conduct the solicitation process for the Procurement in accordance with the terms, conditions and provisions mutually agreed upon by the CPA States, and shall disburse funds to the vendor, contractor or licensor in accordance with the terms and conditions of the contract.

(c) The CPA States shall have the right to receive information regarding, participate in and approve key decisions with respect to the Procurement, specifically including the right to review, comment upon and revise the bid documentation (e.g., the request for proposals and contracts) before posting.

(d) Any contract procured by the Lead Agency for the benefit of the Consortium shall state that each of the CPA States shall retain the right to directly enforce such contract and provide a basis in contract between each CPA State and the Contractor upon which performance may be enforced.

3. Term.

This Agreement shall remain in effect until the earlier (the "Termination Date") of (a) the termination of the Agreement by the unanimous consent of the CPA States, or (b) January 1, 2015.

4. Prohibition of Third Party Beneficiaries.

The CPA States expressly acknowledge that it is not their intent to create or confer any rights or obligations to or on any third person or entity under this Agreement. None of the parties intends to directly or substantially benefit a third party by this Agreement. The parties agree that there are no third party beneficiaries to this Agreement and that no third party shall be entitled to assert a claim against any of the parties based upon this Agreement. Nothing herein shall be construed as consent by an agency or political subdivision of any CPA State to be sued by third parties in any manner arising out of any contract.

5. Records.

Each State shall maintain its own respective records and documents associated with this Agreement in accordance with the records retention requirements applicable to public records in the possession of each State. Each State shall be responsible for compliance with any public documents request served upon it pursuant to the law of the State.

6. Entire Agreement.

This Agreement, including the Exhibits attached hereto, incorporates and includes all prior negotiations, correspondence, conversations, agreements and understandings applicable to the matters contained herein and there are no commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained herein. No deviation from the terms hereof shall be predicated upon any prior representations or agreements, whether oral or written.

7. Amendments.

No modification, amendment or alteration in the terms and conditions contained herein shall be effective unless contained in a writing executed by each of the CPA States.

8. Agreement and Interpretation.

The language agreed to herein expresses the mutual intent of the CPA States and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one State than the others.

9. Compliance with Laws.

Each CPA State shall comply with all applicable Federal and state laws, codes, rules and regulations, including the open meetings laws of each CPA State applicable to its actions, in performing its duties, responsibilities and obligations pursuant to this Agreement.

10. Severability.

If any one or more of the provisions herein shall for any reason be held to be invalid, illegal, unlawful, unenforceable or void in any respect, the invalid, illegal, unlawful, unenforceable or void nature of that provision shall not affect any other provision and this Agreement shall be considered as if such invalid, illegal, unlawful, unenforceable or void provision had never been included herein.

11. Notice.

When any of the parties desire to give notice to the other, such notice must be in writing, addressed to the party for whom it is intended at the place specified on the signature page hereof. The parties may change the addresses set forth on the signature page hereof by giving notice

under the terms of this paragraph. Notice shall be effective if sent by U.S. Mail, first class postage prepaid, certified or registered, or by national courier service (UPS, Fedex or similar), return receipt requested and addressed to the parties hereto.

12. Captions.

The captions, section numbers, article numbers, title and headings in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such articles or sections of this Agreement, nor in any way effect this Agreement and shall not be construed to create a conflict with the provisions of this Agreement.

13. Authority.

Each person signing this Agreement on behalf of each State, or on behalf of any party acceding to this Agreement, individually warrants that he or she has full legal power and authority to execute this Agreement on behalf of such party for whom he or she is signing, and to bind and obligate such party with respect to all provisions contained in this Agreement. If the approval of any division or agency of any CPA State is required in order to execute this Agreement and to bind the procurement officer, division, agency or department of such State, such approval has been obtained by the State.

14. Counterparts.

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

15. No Waiver of Sovereign Immunity.

Nothing contained in this Agreement is intended to serve as a waiver of sovereign immunity by any CPA State, or any agency thereof, to which sovereign immunity may be applicable. Nothing herein shall be construed as a delegation of the lawful powers of any party to any other party.

16. Resolution of Disputes.

In the event that a disagreement relating to the interpretation or application of this Agreement arises between or among two or more CPA States and such disagreement cannot be resolved or settled by negotiation between or among those CPA States, then, upon written notice by any CPA State, the matter may/shall be referred to the Consortium for final resolution. If the Consortium cannot resolve the dispute, then the matter shall be referred to the Lead Agency for final resolution.

17. Termination.

Notwithstanding any other provision of this Agreement, in the event that (1) sources of federal or state funding for the Procurement no longer exist for a CPA State; (2) the sum of all

obligations to any CPA State under the Procurement and all other contracts entered into for the Procurement exceeds the balance of such sources of federal or state funding for the Procurement; or (3) any CPA State determines that it will terminate its participation for other cause designated by that CPA State, then such CPA State may terminate its participation in this Agreement without further obligation. The certification by the Director or administrator of the Unemployment Insurance Division of such CPA State of any of the events or causes identified in this paragraph shall be conclusive.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in counterpart by their authorized representatives on the respective dates set forth below:

STATE OF GEORGIA

By: Andrea Harper
Name: ANDREA HARPER
Title: Deputy Commissioner

Address:

148 ANDREW YOUNG INT'L BLVD
ATLANTA, GA 30303

Date: October 9, 2012

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in counterpart by their authorized representatives on the respective dates set forth below:

STATE OF NORTH CAROLINA

By: 
Name: Dempsey E Benton
Title: Assistant Secretary, Div. of Employment Security

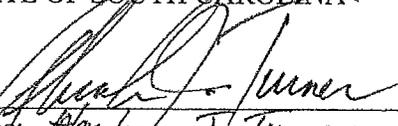
Address:

700 WADSWORTH AVENUE
P.O. BOX 25903
RALEIGH, NC 27611

Date: 5 October 2012

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in counterpart by their authorized representatives on the respective dates set forth below:

STATE OF SOUTH CAROLINA

By: 
Name: Abraham J. Turner
Title: Executive Director, Department of Employment and Workforce

Address:

1550 Gadsden St
Columbia, SC. 29201

Date: 12 October 2012

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed in counterpart by their authorized representatives on the respective dates set forth below:

STATE OF TENNESSEE

By: 
Name: Jessica Robertson
Title: Chief Procurement Officer

Digitally signed by Jessica Robertson
DN: cn=Jessica Robertson, o=Chief Procurement Officer, ou=State of TN -
Department of General Services, email=jessica.robertson@tn.gov, c=US
Date: 2012.11.16 14:07:52 -06'00'

Address:

WRS TN Tower, 3rd Floor
312 Rosa L. Parks Avenue
Nashville, TN 37243

Date: November 16, 2012



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MEMORANDUM

TO: Procurement Commission Members:
Mark Emkes, Commissioner of Finance and Administration
Steven G. Cates, Commissioner of Department of General Services
Justin P. Wilson, Comptroller of the Treasury

FROM: Jessica Robertson, Chief Procurement Officer *Jessica Robertson*

DATE: November 15, 2012

SUBJECT: Approval of a Cooperative Purchasing Agreement
Department of Labor and Workforce Development's SCUBI Project

Digitally signed by Jessica Robertson
DN: cn=Jessica Robertson, o=Chief
Procurement Officer, ou=State of TN -
Department of General Services,
email=jessica.robertson@tn.gov, c=US
Date: 2012.11.16 08:28:37 -06'00'

I. Action Requested of the Procurement Commission.

The purpose of this memorandum is to request the Procurement Commission's approval for the State of Tennessee to enter into a Cooperative Purchasing Agreement ("CPA") by and between the states of Tennessee, Georgia, North Carolina, and South Carolina (collectively the "Consortium States"). Attached hereto for your convenience and review, is a copy of the CPA. Tenn. Code Ann. §12-3-216 requires the Procurement Commission's prior approval before the State of Tennessee can enter into the CPA with the Consortium States.

II. Background.

The CPA will facilitate the competitive award of a contract for the design, development, and implementation of a common-core unemployment insurance benefits system. Tennessee will act as the lead procurement state and will competitively procure the subject contract for the benefit of the Consortium States. Commissioner Karla Davis of the Department of Labor and Workforce Development (the "Department") has asked for an expedited approval of the CPA because Georgia has a statutory requirement that it must publish public notice of the solicitation thirty (30) days prior to the solicitation being released. Logistically speaking, the State of Georgia cannot publish the requisite notice until the Procurement Commission approves the State of Tennessee entering into the CPA.

Attached hereto for your convenience and review, is a copy of a letter from Commissioner Davis requesting approval of the CPA. Commissioner Davis explains in her letter that the Department is a partner to the Southeast Consortium for Unemployment Benefits Implementation ("SCUBI") comprised of Tennessee, Georgia, North Carolina, and South Carolina. The other three states

CENTRAL PROCUREMENT OFFICE

312 ROSA L. PARKS AVENUE, 3RD FLOOR • NASHVILLE, TENNESSEE 37243
(615) 741-1035 • FAX: (615) 741-0684 • WWW.TN.GOV/GENERALSERV/

in the consortium have asked Tennessee, by and through the Department, to act as the “lead” state on this procurement. The procurement will be established through a competitive process using the Request for Proposal (“RFP”) method of procurement. Commissioner Davis also states that the Department has received a \$50 million dollar grant from the U.S. Department of Labor to fund this multi-state project and that it is one of only two active, multi-state unemployment insurance IT procurements in the country. This procurement represents a breakthrough opportunity for Tennessee and Consortium States. A feasibility study done in 2010-2011 concluded that a common-core system, such as the one at issue in this request, will save the taxpayers of the Consortium States several millions of dollars each year. Currently, a draft RFP is being formulated and is being reviewed by the Central Procurement Office, the Office of the Comptroller of the Treasury, and the Department of Finance and Administration’s Office of Information Resources.

Additionally, Tenn. Code Ann. §§ 12-11-101, *et seq.*, permits Tennessee to act as the “lead state” and to negotiate agreements with other Consortium States concerning the joint procurement effort, subject to the approval of the Office of the Attorney General and Reporter. The Attorney General has approved the CPA. Attached hereto is a copy of a letter from the Office of the Attorney General and Reporter approving the CPA under Tenn. Code Ann. §§ 12-11-101, *et seq.*

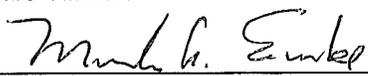
III. Options and Alternatives.

The Procurement Commission’s approval of the CPA will allow the Consortium States to competitively procure a contract for design, development, and implementation of a common-core unemployment insurance benefits system. The contract awarded by the Consortium States is partially funded by a \$50 million grant from the federal government and will save the State of Tennessee several millions of dollars through economies of scale. If the Procurement Commission does not approve the CPA, the State of Tennessee will not be a party to the CPA, the state will have to forego federal funding, and the state will have to fund its own contract for design, development, and implementation of a common-core unemployment insurance benefits system through state funding.

If you have any questions regarding the above or would like additional information, please contact me.

Attachments

APPROVALS:



Mark Emkes, Commissioner of Finance and Administration

11/16/12

Date

Steven G. Cates, Commissioner of General Services

Date

Justin P. Wilson, Comptroller of the Treasury

Date

in the consortium have asked Tennessee, by and through the Department, to act as the “lead” state on this procurement. The procurement will be established through a competitive process using the Request for Proposal (“RFP”) method of procurement. Commissioner Davis also states that the Department has received a \$50 million dollar grant from the U.S. Department of Labor to fund this multi-state project and that it is one of only two active, multi-state unemployment insurance IT procurements in the country. This procurement represents a breakthrough opportunity for Tennessee and Consortium States. A feasibility study done in 2010-2011 concluded that a common-core system, such as the one at issue in this request, will save the taxpayers of the Consortium States several millions of dollars each year. Currently, a draft RFP is being formulated and is being reviewed by the Central Procurement Office, the Office of the Comptroller of the Treasury, and the Department of Finance and Administration’s Office of Information Resources.

Additionally, Tenn. Code Ann. §§ 12-11-101, *et seq.*, permits Tennessee to act as the “lead state” and to negotiate agreements with other Consortium States concerning the joint procurement effort, subject to the approval of the Office of the Attorney General and Reporter. The Attorney General has approved the CPA. Attached hereto is a copy of a letter from the Office of the Attorney General and Reporter approving the CPA under Tenn. Code Ann. §§ 12-11-101, *et seq.*

III. Options and Alternatives.

The Procurement Commission’s approval of the CPA will allow the Consortium States to competitively procure a contract for design, development, and implementation of a common-core unemployment insurance benefits system. The contract awarded by the Consortium States is partially funded by a \$50 million grant from the federal government and will save the State of Tennessee several millions of dollars through economies of scale. If the Procurement Commission does not approve the CPA, the State of Tennessee will not be a party to the CPA, the state will have to forego federal funding, and the state will have to fund its own contract for design, development, and implementation of a common-core unemployment insurance benefits system through state funding.

If you have any questions regarding the above or would like additional information, please contact me.

Attachments

APPROVALS:

Mark Emkes, Commissioner of Finance and Administration

Date



Digitally signed by Steve Cates
DN: cn=Steve Cates, o=State of TN - Department of General
Services, ou=Commissioner, email=steve.cates@tn.gov, c=US
Date: 2012.11.16 11:37:13 -0600

Steven G. Cates, Commissioner of General Services

Date

Justin P. Wilson, Comptroller of the Treasury

Date

in the consortium have asked Tennessee, by and through the Department, to act as the "lead" state on this procurement. The procurement will be established through a competitive process using the Request for Proposal ("RFP") method of procurement. Commissioner Davis also states that the Department has received a \$50 million dollar grant from the U.S. Department of Labor to fund this multi-state project and that it is one of only two active, multi-state unemployment insurance IT procurements in the country. This procurement represents a breakthrough opportunity for Tennessee and Consortium States. A feasibility study done in 2010-2011 concluded that a common-core system, such as the one at issue in this request, will save the taxpayers of the Consortium States several millions of dollars each year. Currently, a draft RFP is being formulated and is being reviewed by the Central Procurement Office, the Office of the Comptroller of the Treasury, and the Department of Finance and Administration's Office of Information Resources.

Additionally, Tenn. Code Ann. §§ 12-11-101, *et seq.*, permits Tennessee to act as the "lead state" and to negotiate agreements with other Consortium States concerning the joint procurement effort, subject to the approval of the Office of the Attorney General and Reporter. The Attorney General has approved the CPA. Attached hereto is a copy of a letter from the Office of the Attorney General and Reporter approving the CPA under Tenn. Code Ann. §§ 12-11-101, *et seq.*

III. Options and Alternatives.

The Procurement Commission's approval of the CPA will allow the Consortium States to competitively procure a contract for design, development, and implementation of a common-core unemployment insurance benefits system. The contract awarded by the Consortium States is partially funded by a \$50 million grant from the federal government and will save the State of Tennessee several millions of dollars through economies of scale. If the Procurement Commission does not approve the CPA, the State of Tennessee will not be a party to the CPA, the state will have to forego federal funding, and the state will have to fund its own contract for design, development, and implementation of a common-core unemployment insurance benefits system through state funding.

If you have any questions regarding the above or would like additional information, please contact me.

Attachments

APPROVALS:

Mark Emkes, Commissioner of Finance and Administration

Date

Steven G. Cates, Commissioner of General Services

Date

Justin P. Wilson, Comptroller of the Treasury

Date

**CERTIFICATION RELATED
DOCUMENTATION**



STATE OF TENNESSEE
PROCUREMENT COMMISSION
3RD Floor, William R. Snodgrass TN Tower, 312 Rosa L. Parks Avenue
Nashville, Tennessee 37243-1102
741-1035 Fax (615) 741-0684

CERTIFICATION ITEM(S)

1. Item No. 763.A156
Service: Truck & Car Wash, Vehicle Preparation & Inspection
Agency/Location: Tennessee Department of Transportation
Region III Headquarters
6601 Centennial Blvd.
Nashville, TN 37243
Annual Price: \$71,996.40 or \$11.54 per vehicle washed, prepared and inspected.
Certification Requested for Period of 12/01/12 – 11/30/13

2. Item No. 763.A157
Service: Janitorial and Day Porter Services
Agency/Location: Department of Safety/DL
6502 Bonny Oaks Drive
Chattanooga, TN 37421
Annual Price: \$26,908.20 or \$2.9595 per square foot.
Certification Requested for Period of 12/01/12 – 11/30/13

3. Item No. 763.A158
Service: Janitorial Services
Agency/Location: Department of Human Services/
Children's Services
115 Belmont Drive
McMinnville, TN
Annual Price: \$24,754.68 or \$1.77 per square foot
Certification Requested for Period of 01/01/13 – 12/31/13

RE-CERTIFICATION ITEM(S)

4. Item No. 763.A117
Service: Janitorial Services
Agency/Location: Board of Probation and Paroles
Probation and Paroles Office
129 South Broad Street
New Tazewell, TN 37825
Annual Price: \$3,729.12 or \$1.69505 per square foot,
no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

5. Item No. 763.A142
Service: Janitorial Services
Agency/Location: Department of Human Services/
Children's Services
8421 Rutledge Pike
Rutledge, TN 37861
Annual Price: \$10,582.68 or \$1.25984 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

6. Item No. 763.A132
Service: Janitorial Services
Agency/Location: Department of Children's Services
613 W. Highway 11E
New Market, TN 37820
Annual Price: \$14,136.48 or \$1.130918 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

7. Item No. 763.A133
Service: Janitorial & Day Custodial Services
Agency/Location: Department of Human Services/
Children's Services
194 Clinton/I-75 Industrial Park Drive
Clinton, TN 37716
Annual Price: \$34,173.84 or \$1.102382 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

8. Item No. 763.A134
Service: Janitorial Services
Agency/Location: Department of Children's Services
115 Allensville Road
Sevierville, TN 37876
Annual Price: \$8,839.56 or \$1.17861 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13
9. Item No. 763.A135
Service: Janitorial Services
Agency/Location: Department of Human Services
1050 S. Highway 92
Dandridge, TN 37725
Annual Price: \$10,987.68 or \$1.046446 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13
10. Item No. 763.A136
Service: Janitorial Services
Agency/Location: Department of Children's Services
795 Larry Byrd Road
Kingston, TN 37763
Annual Price: \$5,262.00 or \$1.05240 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13
11. Item No. 763.D138
Service: Janitorial Services
Agency/Location: Department of Labor/WFD
322 Nancy Lynn Lane
Knoxville, TN 37919
Annual Price: \$3,553.08 or \$1.11034 per square foot, no price increase requested.
Satisfaction: One complaint has been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13
12. Item No. 763.D134
Service: Janitorial Services
Agency/Location: Department of Human Services
815 Dolly Parton Parkway
Sevierville, TN 37876
Annual Price: \$10,743.36 or \$1.24923 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

13. Item No. 763.A141
Service: Janitorial Services
Agency/Location: Department of Human Services/
Children's Services
485 Pine Top Street
Lenoir City, TN 37791
Annual Price: \$10,987.68 or \$1.046446 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

14. Item No. 763.B140
Service: Janitorial Services
Agency/Location: Department of Human Services/
Vocational Rehabilitation
1064 N. Gateway Avenue
Rockwood, TN 37854
Annual Price: \$10,776.36 or \$1.171343 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

15. Item No. 763.B133
Service: Janitorial Services
Agency/Location: Board of Probation & Paroles
Probation & Paroles Office
110 E. Centre Stage Business Park Road
Clinton, TN 37716
Annual Price: \$4,974.60 or \$1.08143 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

16. Item No. 763.B138
Service: Janitorial Services
Agency/Location: Board of Probation & Paroles
Probation & Paroles Office
1426 Elm Street
Knoxville, TN 37917
Annual Price: \$20,991.84 or \$1.133102 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

17. Item No. 763.C138
Service: Janitorial Services
Agency/Location: Department of Safety/DL-THP
7320 Region Lane
Knoxville, TN 37914
Annual Price: \$7,208.23 or \$1.50173 per square foot, no price increase requested.
Satisfaction: One complaint has been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13
18. Item No. 763.A139
Service: Janitorial Services
Agency/Location: Department of Safety/DL-THP
306/318/320 Home Avenue
Maryville, TN 37801
Annual Price: \$11,665.80 or \$2.08691 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13
19. Item No. 763.A140
Service: Janitorial Services
Agency/Location: Department of Safety/DL-THP Office
1070 North Gateway Avenue
Rockwood, TN 37854
Annual Price: \$9,986.28 or \$1.99726 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13
20. Item No. 763.C134
Service: Janitorial Services
Agency/Location: Department of Safety/DL-THP Office
704 Charles Sevier Blvd.
Clinton, TN 37716
Annual Price: \$9,022.68 or \$2.02757 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

21. Item No. 763.A138
Service: Janitorial & Day Porter Services
Agency/Location: Tennessee Department of Environment
& Conservation
3711 Middlebrook Pike
Knoxville, TN 37921
Annual Price: \$55,557.72 or \$1.0320 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

22. Item No. 763.A137
Service: Janitorial Services
Agency/Location: Tennessee Department of Environment
& Conservation
761 Emory Valley Road
Oak Ridge, TN 37830
Annual Price: \$21,792.72 or \$1.134033 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

23. Item No. 763.B134
Service: Janitorial Services
Agency/Location: Department of Safety/DL & Tennessee
Highway Patrol Headquarters
1220 Graduate Drive
Sevierville, TN 37862
Annual Price: \$10,705.32 or \$1.64697 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

24. Item No. 763.A68
Service: Janitorial Services
Agency/Location: Department of Health Services
Mid-Cumberland Regional Health Center
710 Hart Lane
Nashville, TN 37216
Annual Price: \$26,420.16 or \$0.7617 per square foot,
no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

25. Item No. 763.B03
Service: Janitorial Services
Agency/Location: Tennessee Department of Transportation
Region 3, Bldg. E (Engineering)
6601 Centennial Blvd.
Nashville, TN 37243
Annual Price: \$6,731.04 or \$3.97816 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

26. Item No. 763.A67
Service: Janitorial Services
Agency/Location: Department of Safety/DL Office
624 Hart Lane
Nashville, TN 37216
Annual Price: \$13,498.68 or \$2.6530 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 11/01/12 – 10/31/13

27. Item No. 763.A150
Service: Janitorial Services
Agency/Location: Tennessee Department of Transportation
TDOT Region 4
Engineering Bldg, Boswell Complex
5334 Boswell Avenue
Memphis, TN 38120
Annual Price: \$8,373.48 or \$0.9775 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

28. Item No. 763.26
Service: Janitorial Services
Agency/Location: Department of Probation & Parole
Adult Probation Office
304 Home Avenue
Maryville, TN 37801
Annual Price: \$8,397.84 or \$2.27 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

29. Item No. 763.A98
Service: Janitorial Services
Agency/Location: Tennessee Department of Transportation
TDOT Region IV
Boswell Help Building
Boswell Complex, 5336 Boswell Ave.
Memphis, TN 38120
Annual Price: \$3,813.96 or \$2.98 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13
30. Item No. 763.A99
Service: Janitorial Services
Agency/Location: Tennessee Department of Transportation
TDOT Region IV
Regional Transportation Management Center
Boswell Complex, 5344 Boswell Ave.
Memphis, TN 38120
Annual Price: \$21,799.32 or \$1.6617 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13
31. Item No. 763.A100
Service: Ground Maintenance Services
Agency/Location: Tennessee Department of Transportation
TDOT Region IV
Boswell Complex
5344 Boswell Ave.
Memphis, TN 38120
Annual Price: \$7,008.84, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13
32. Item No. 763.A154
Service: Janitorial Services
Agency/Location: Department of Children's Services
631 East Madison Street
Pulaski, TN 38478
Annual Price: \$8,512.08 or \$1.5510 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

33. Item No. 763.A155
Service: Janitorial Services
Agency/Location: Department of Safety/DL
235 East Gaines Street
Lawrenceburg, TN 38464
Annual Price: \$6,997.08 or \$2.9449 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13
34. Item No. 763.A151
Service: Janitorial Services
Agency/Location: Department of Education
1519 E. Spring Street
Cookeville, TN 38501
Annual Price: \$5,927.88 or \$1.73 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13
35. Item No. 763.A153
Service: Janitorial Services
Agency/Location: Department of Children's Services
809 North Church Street
Livingston, TN 38570
Annual Price: \$8,566.44 or \$1.7847 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Certification Requested for Period of 12/01/12 – 11/30/13
36. Item No. 763.A69
Service: Beverage Mixes
Sugar Sweetener – 4 Flavors
(Orange, Grape, Cherry, Lemonade)
Annual Price: Price is determined by the number of cases ordered, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13
37. Item No. 763.A70
Service: Beverage Mixes
Artificial Sweetener – 4 Flavors
(Orange, Grape, Cherry, Lemonade)
Annual Price: Price is determined by the number of cases ordered, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

38. Item No. 763.A97
 Service: Tea & Coffee Beverages
 5 Types Plus Required Shipping Rates
 Annual Price: Price is determined by the number of cases ordered,
 no price increase requested.
 Satisfaction: No complaints have been filed.
 Re-Certification Requested for Period of 12/01/12 – 11/30/13
39. Item No. 763.91
 Item No. 763.92
 Service: Janitorial Services
 Agency/Location: Department of Children's Services
 TPS Campus (5 Locations)
 NIX Complex
 (Nix #1: 1268 Foster Avenue)
 (Nix #2: 1274 Foster Avenue)
 (Nix #3: 1272 Foster Avenue)
 (Nix #4: 1276 Foster Avenue)
 TPS Infirmary Building
 (1246 Foster Avenue)
 Nashville, TN
 Annual Price: Nix #1 - \$6,240.48 or \$1.64223 per square foot,
 no price increase requested.
 Nix #2 - \$6,240.48 or \$1.64223 per square foot,
 no price increase requested.
 Nix #3 - \$6,240.48 or \$1.64223 per square foot,
 no price increase requested.
 Nix #4 - \$6,240.48 or \$1.64223 per square foot,
 no price increase requested.
 Infirmary Bldg. - \$9,181.68 or \$1.177138 per square foot,
 no price increase requested.
 Satisfaction: No complaints have been filed.
 Re-Certification Requested for Period of 12/01/12 – 11/30/13
40. Item No. 763.63
 Service: Janitorial Services
 Agency/Location: Military Department
 Tennessee Army National Guard
 Armed Forces Reserve Center
 Volunteer Training Site
 Building 686
 Smyrna, TN 37167
 Annual Price: \$69,135.12 or \$0.8110 per square foot, no price
 increase requested.
 Satisfaction: No complaints have been filed.
 Re-Certification Requested for Period of 12/01/12 – 11/30/13

41. Item No. 763.A71
Service: Janitorial Services
Agency/Location: Department of Education
745 South Church Street, Suite 703
Murfreesboro, TN 37130
Annual Price: \$5,831.04 or \$1.9820 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/11 – 11/30/12

42. Item No. 763.38c
Service: Snap Out Forms, Custom
(4 Order Discount Rates)
& Snap Out Form, Custom Warehousing
(2 Types & Rates)
Annual Price: Price is determined by the number of cases ordered, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

43. Item No. 763.A149
Service: Janitorial Services
Agency/Location: Department of Human Services
Tennessee Business Enterprise
5010 Linbar Drive, Suite 140
Nashville, TN 37211
Annual Price: \$3,313.44 or \$1.94908 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

44. Item No. 763.A156
Service: Janitorial Services
Agency/Location: Property Services Management
Ground Maintenance Crew
TPS Field House
1164 Foster Avenue
Nashville, TN 37210
Annual Price: \$2,254.68 or \$1.3263 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

45. Item No. 763.97
Service: Janitorial Services
Agency/Location: Department of Children's Services
2557 Plymouth Road
Johnson City, TN
Annual Price: \$18,712.44 or \$1.21525 per square foot per year,
no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13
46. Item No. 1019.00
Service: Janitorial Services
Agency/Location: Department of Intellectual and Developmental
Disabilities
Regional Office
190 Serrail Drive
Greeneville, TN 37745
Annual Price: \$15,606.84 or \$1.4779 per square foot per year,
no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13
47. Item No. 763.B73
Service: Janitorial Services
Agency/Location: Department of Health
1501 Riverside Drive, Suite 120
Chattanooga, TN 37406
Annual Price: \$6,101.40 or \$1.0172 per square foot, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13
48. Item No. 763.31a (Single) and 763.31b (Twin)
Service: Razors, Safety Disposable
Single and Twin
Annual Price: Products will be provided by the case, no price
increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13
49. Item No. 763.A157
Service: Janitorial Services
Agency/Location: Department of Human Services
1403 Main Street
Maynardville, TN 37807
Annual Price: \$6,339.96 or \$1.43568 per square foot
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13

50. Item No. 763.86
Item No. 763.87
Service: Janitorial Services
Agency/Location: Memphis Complex (2 Locations)
(Department of Safety/THP HQ)
(Department of Safety/DL)
Memphis, TN
Annual Price: THP/HQ \$9,651.72 or \$1.66410 per square foot, no price increase requested.
Annual Price: DL \$10,034.64 or \$2.15799 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13
51. Item No. 763.B105
Service: Janitorial Services
Agency/Location: Department of Safety
Tennessee Highway Patrol Headquarters
1209 N. Locust Avenue
Lawrenceburg, TN
Annual Price: \$5,954.52 or \$1.3848 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13
52. Item No. 763.89
Service: Janitorial Services
Agency/Location: Department of Labor/Workforce
Development
2850 Austin Peay Highway
Memphis, TN
Annual Price: \$7,867.92 or \$1.71414 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/13 – 12/31/13
53. Item No. 763.85
Service: Janitorial Services
Agency/Location: Department of Safety/Legal
6174 Macon Road
Memphis, TN
Annual Price: \$7,490.64 or \$2.15869 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 01/01/12 – 12/31/12

54. Item No. 763.38d
 Service: Continuous Forms, Custom (5 Order Discount Rates & Polywrapping Rate) & Continuous Form, Custom Warehousing (1 Type & Rate)
 Annual Price: Price is determined by the number of cases ordered, no price increase requested.
 Satisfaction: No complaints have been filed.
 Re-Certification Requested for Period of 01/01/13 – 12/31/13
55. Item No. 763.19b
 Service: Janitorial Services
 Agency/Location: Military Department
 Tennessee Army National Guard
 117th Regional Training Institute
 Building 603
 Smyrna, TN
 Annual Price: \$15,265.92 or \$1.827816 per square foot, no price increase requested.
 Satisfaction: No complaints have been filed.
 Re-Certification Requested for Period of 01/01/13 – 12/31/13
56. Item No. 763.35a
 Service: Janitorial Services
 Agency/Location: Department of General Services
 Fleming Training Center
 2022 Blanton Road
 Murfreesboro, TN 37129
 Annual Price: \$27,948.96 or \$1.164540 per square foot, no price increase requested.
 Satisfaction: No complaints have been filed.
 Re-Certification Requested for Period of 01/01/13 – 12/31/13

ADDENDUM TO RE-CERTIFICATION ITEM(S)

57. Item No. 763.A18
 Service: Janitorial Services
 Agency/Location: Department of Human Services
 1711 Old Fort Parkway
 Murfreesboro, TN 37129
 Annual Price: \$21,203.40 or \$1.24726 per square foot, which reflects a price increase of \$6,110.76 annually and an increase of \$0.3595 per square foot per year. Price increase reflects new job-costing for the changes at the facility.
 Satisfaction: There have been complaints filed.
 Re-Certification Requested for Period of 12/01/12 – 03/31/13

58. Item No. 763.A57
Service: Janitorial Services
Agency/Location: Department of Safety/DLT Office
4600 S. Jefferson Avenue
Cookeville, TN 38506
Annual Price: \$15,992.88 or \$2.16120 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 10/01/12 – 09/30/13
Agency is requesting an additional Edison Item Number to be Added to Edison Contract 247 for semi-annual Deep Cleaning (2X annually).
59. Item No. 763.A29
Service: Janitorial Services
Agency/Location: Department of Safety
THP Headquarters
1291 S. Walnut Avenue
Cookeville, TN 38501
Annual Price: \$9,295.32 or \$1.72136 per square foot, no price increase requested.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 04/01/12 – 03/31/13
Agency is requesting an additional Edison Item Number to be Added to Edison Contract 247 for semi-annual Deep Cleaning (2X annually).
60. Item No. 763.26
Service: Janitorial Services
Agency/Location: Department of Probation & Parole
Adult Probation Office
304 Home Avenue
Maryville, TN 37801
Annual Price: \$9,357.24 or \$1.99 per square foot, which reflects an annual price increase of \$959.40 with a decrease in the cost per square foot of \$0.28 per year due to the expansion of the facility from 3,700 to 4,700 square feet.
Satisfaction: No complaints have been filed.
Re-Certification Requested for Period of 12/01/12 – 11/30/13

DE-CERTIFICATION ITEM(S)

61. Item No. 763.16
Service: Day Porter Services
Agency/Location: Department of General Services
Motor Vehicle Maintenance Building & Garage
2200 Charlotte Avenue
Nashville, TN 37243
Annual Price: \$10,217.04 or \$0.26 per square foot.
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 12/31/12 as the building has been sold and is no longer State property.

62. Item No. 763.98b
Service: Janitorial Services
Agency/Location: Department of General Services
TPS Apartment Complex
Building 1242
TPS Campus, 1242 Foster Avenue
Nashville, TN 37243
Annual Price: \$5,429.76 or \$1.87233 per square foot.
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 11/30/12 as the building is currently unoccupied and has not been in use for the duration of the contract. There are no plans to date for continued usage of this facility.

63. Item No. 763.98a
Service: Janitorial Services
Agency/Location: Department of General Services
TPS Apartment Complex
Building 1244
TPS Campus, 1244 Foster Avenue
Nashville, TN 37243
Annual Price: \$5,429.76 or \$1.87233 per square foot.
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 11/30/12 as the building has been sold and is no longer State property.

64. Item No. 763.80
Service: Ground Maintenance Services
Agency/Location: HQ, Tennessee Bureau of Investigation
901 Hart Lane
Nashville, TN
Annual Price: \$9,693.20
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 11/30/12 Prospect Inc no longer desires to provide these services to Tennessee Bureau of Investigation on Hart Lane.

65. Item No. 763.A127
Service: Ground Maintenance Services
Agency/Location: R.S. Gass Complex
630 Hart Lane
Nashville, TN 37216
Annual Price: \$81,318.78
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 11/30/12 Prospect Inc no longer desires to provide these services to R.S. Gass Complex.
66. Item No. 763.A32
Service: Ground Maintenance Services
Agency/Location: Tennessee Board of Probation and Paroles
Probation & Paroles Office
2816 Dickerson Road
Nashville, TN
Annual Price: \$8,915.85
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 11/30/12 Prospect Inc no longer desires to provide these services to Tennessee Board of Probation and Paroles Office, 2816 Dickerson Pike.
67. Item No. 763.A144
Service: Lawn Maintenance Services
Agency/Location: Department of Intellectual & Developmental Disabilities
Ruilman Center
293 Kirkpatrick Lake Road
Lebanon, TN 37087
Annual Price: \$7,828.65
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 11/30/12 Prospect Inc no longer desires to provide these services to Department of Intellectual & Developmental Disabilities, Ruilman Center.
68. Item No. 763.A155
Service: Janitorial Services
Agency/Location: Department Safety/DL
235 East Gaines Street
Lawrenceburg, TN 38464
Annual Price: \$6,997.08 or \$2.94 per square foot
Satisfaction: No complaints have been filed.
De-Certification Requested Effective 12/31/2012 due to closure of facility.

UPDATE TO CENTRAL PROCUREMENT REFORM TRANSITION PLAN

