



Meeting Agenda

Budget & Finance Committee

Thursday, October 10, 2024

3:00 PM

Board Room

CALL TO ORDER

SETTING OF THE AGENDA

1. Consideration Of Changes In Agenda And Setting The Agenda
 - i. Discussion Of Removal Of Items From Consent/Changes Not Requiring A Vote
 - ii. Proposed Changes To The Agenda
 - iii. Approval Of Agenda As Submitted Or Changed

CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)

Comments on agenda items may be made in person at City Hall or by emailing recorder@franklinton.gov before noon on the day of the meeting. Comments will be submitted for the record.

APPROVAL OF MINUTES

2. Consideration Of Approval Of Minutes
September 12, 2024 Budget & Finance Committee Meeting

NEW BUSINESS

3. Report Of The Actuary Regarding The Closed And Open Defined Benefit Pension Plans

Sponsors: Kristine Brock

4. Consideration Of Procurement Award To USI Consulting Group Of Brentwood, Tennessee In The Total Estimated Amount Of \$228,000 Over Five Years For Closed Employee Pension Plan And Other Post-Employment Benefits (OPEB) Actuarial Consulting Services For A Term Of Award For The Finance Department (Purchasing Office Procurement Solicitation No. 2025-005; Contract No. 2024-0336)

Sponsors: Kristine Brock, Mike Lowe, Margaret Wilson

5. Consideration Of Resolution No. 2024-88, A Resolution Adopting A Revised Procurement Policy Of The City Of Franklin, Tennessee

Sponsors: Kristine Brock, Brian Wilcox

6. Consideration Of Resolution No. 2024-89, A Resolution Adopting A Revised Procurement Protest Procedure Of The City Of Franklin, Tennessee

Sponsors: Kristine Brock, Brian Wilcox

7. Report Of The Audit Plan For FY 2024

Sponsors: Mike Lowe, Margaret Wilson

8. Monthly Reports For October 2024

Sponsors: Mike Lowe, Margaret Wilson

OTHER BUSINESS

ADJOURN

Anyone needing accommodations due to disabilities please contact the ADA Coordinator at 615-791-3277 at least 24 hours prior to the meeting.



Meeting Minutes

Budget & Finance Committee

Thursday, September 12,
2024

3:00 PM

Board Room

CALL TO ORDER

Chairman Clyde Barnhill called the meeting to order at 03:01 PM

Board Members Present: Clyde Barnhill, Ann Petersen, Patrick Baggett, Jason Potts

Board Members Absent: None

Staff Present: Kristine Brock, Angie Skarp

SETTING OF THE AGENDA

1. **Consideration Of Changes In Agenda And Setting The Agenda**
 - i. Discussion Of Removal Of Items From Consent/Changes Not Requiring A Vote
 - ii. Proposed Changes To The Agenda
 - iii. Approval Of Agenda As Submitted Or Changed

Sponsors:

A motion was made by Vice Chair Jason Potts, seconded by Alderman Ann Petersen to Approve the Agenda as Submitted. The motion passed 4-0.

CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)

Comments on agenda items may be made in person at City Hall or by emailing recorder@franklintn.gov before noon on the day of the meeting. Comments will be submitted for the record.

APPROVAL OF MINUTES

2. **Consideration Of Approval Of Minutes**
June 13, 2024 Budget & Finance Committee Meeting

Sponsors:

A motion was made by Alderman Ann Petersen, seconded by Vice Chair Jason Potts to Approve the June 13, 2024 Budget & Finance Committee Meeting Minutes. The motion passed 4-0.

NEW BUSINESS**3. Consideration Of DRAFT Ordinance 2024-29, An Ordinance To Amend The Budget Of The City Of Franklin For Fiscal Year 2024-2025**

Sponsors: Kristine Brock, Michael Walters Young, Eric Stuckey

A motion was made by Vice Chair Jason Potts, seconded by Alderman Patrick Baggett to Recommend Approval of the Ordinance to the Board of Mayor and Aldermen. The motion passed 4-0.

4. Consideration Of Resolution 2024-73, A Resolution Adopting An Amended Customer Service Policy For The City Of Franklin

Sponsors: Jessica Davey

A motion was made by Alderman Patrick Baggett, seconded by Vice Chair Jason Potts to Recommend Approval of the Resolution to the Board of Mayor and Aldermen. The motion passed 4-0.

5. Annual Investment Report

Sponsors: Deanne Woodring, Kristine Brock

The item was acknowledged.

6. Report On State Comptroller's Review, Acceptance and Approval Of The City's FY 2025 Annual Operating Budget.

Sponsors: Michael Walters Young

The item was acknowledged.

7. Financial Report For 4th Quarter Of FY 2024 (Unaudited)

Sponsors: Mike Lowe, Margaret Wilson

The item was acknowledged.

8. Monthly Reports For September 2024

Sponsors: Mike Lowe, Margaret Wilson

The item was acknowledged.

9. DRAFT 2025 Budget & Finance Calendar

Sponsors: Kristine Brock, Cayce Anderson

The item was acknowledged.

OTHER BUSINESS**ADJOURN**

A motion was made by Vice Chair Jason Potts, seconded by Alderman Ann Petersen to Adjourn the Meeting. The motion passed 4-0.

Meeting Adjourned @ 3:54 PM

Clyde Barnhill, Chair

Minutes Prepared by Sarah Schilling, Assistant Deputy City Recorder, City Administrator's Office - 10/3/2024, 2:36PM

City of Franklin Employees' Pension Plan

2024 Funding Valuation

2018-2024 Experience Study

October 10, 2024

Kevin Sullivan, FSA, MAAA, EA | Principal



COF Employees' Pension Plan Agenda

- Experience Study Results
- Key Results – 2024 Funding
- Key Demographics Information
- TCRS Open Plan Update

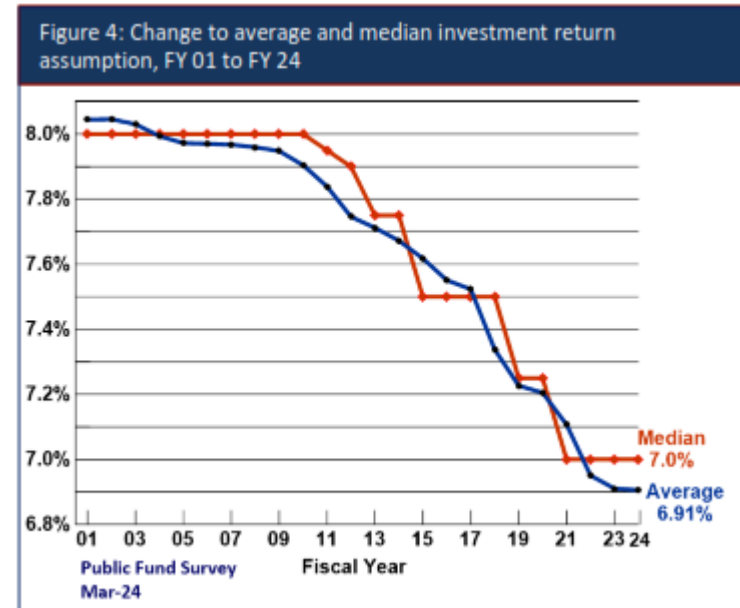
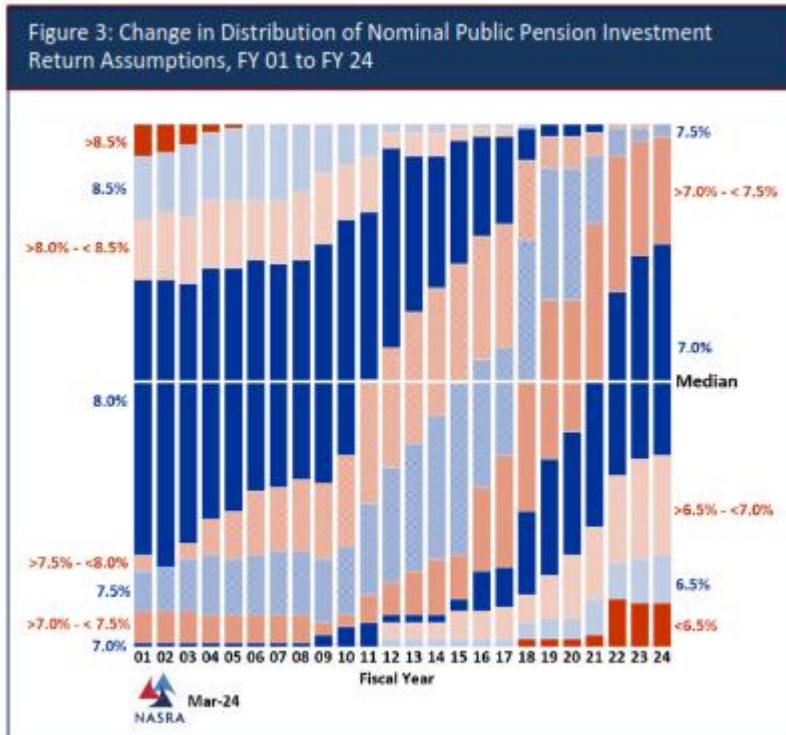
COF Employees' Pension Plan

Experience Study – Key Assumptions

- Demographic
 - Post-retirement mortality
 - Pre-retirement mortality
 - Disability mortality/recovery
Disability
 - Withdrawal
 - Retirement
- Economic
 - Inflation
 - Investment Return
 - Compensation Increases/
Salary Scale
 - Asset Valuation Method

COF Employees' Pension Plan

Public Plan Assumptions*

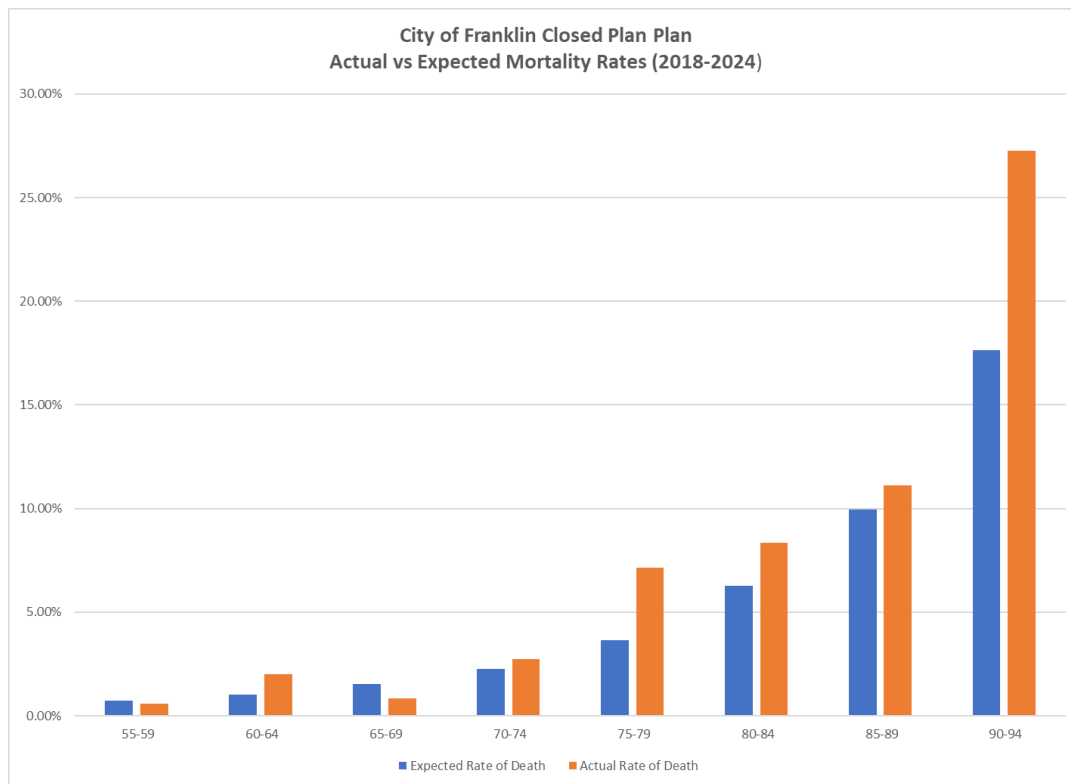


*From NASRA Issue Brief: Public Pension Plan Investment Return Assumptions (March 2024)

- Discount rate scheduled to move down to 6.80% from 6.90%
 - Currently below the average for large public plan
 - Set to move down again in 2025 to 6.70%

COF Employees' Pension Plan

Mortality Experience



- Mortality experience was higher than expected over the past six years
 - The same was true over the preceding five years
 - Aggregate experience was 35% higher than expected (~10 additional deaths)
- Impact of COVID is difficult to evaluate
 - Net of COVID, experience is likely still higher than expected
- We are not recommending a change to the underlying mortality assumption for 2024
- Pursuant to state funding rules, mortality improvement is assumed with the 2024 valuation

COF Employees' Pension Plan

COLA Assumption

- Current Assumption is 2.00%
- Resolution 2022-79 put maximum and minimum COLAs in place based on funded ratio of the Plan

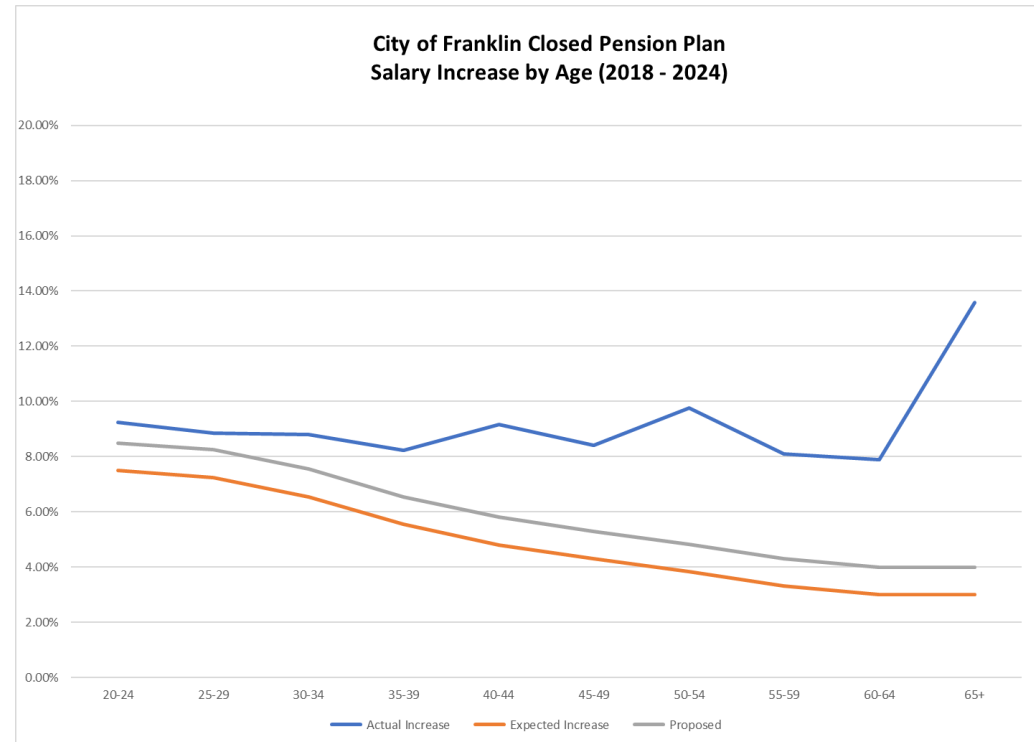
Funded Ratio of the Closed Plan	Maximum Cost of Living Percentage Increase	Minimum Cost of Living Percentage Increase
≥80%	3.5%	1%
60%≥79%	2.5%	1%
≤59%	0%	0%

- The 10 Year CPI history would produce an average COLA of 2.2% (if >80% funded) or 1.9% (if between 60 and 79% funded)
- COLA assumption is recommended to remain at 2.0%

COF Employees' Pension Plan

Salary Increase Assumption – Six Year History

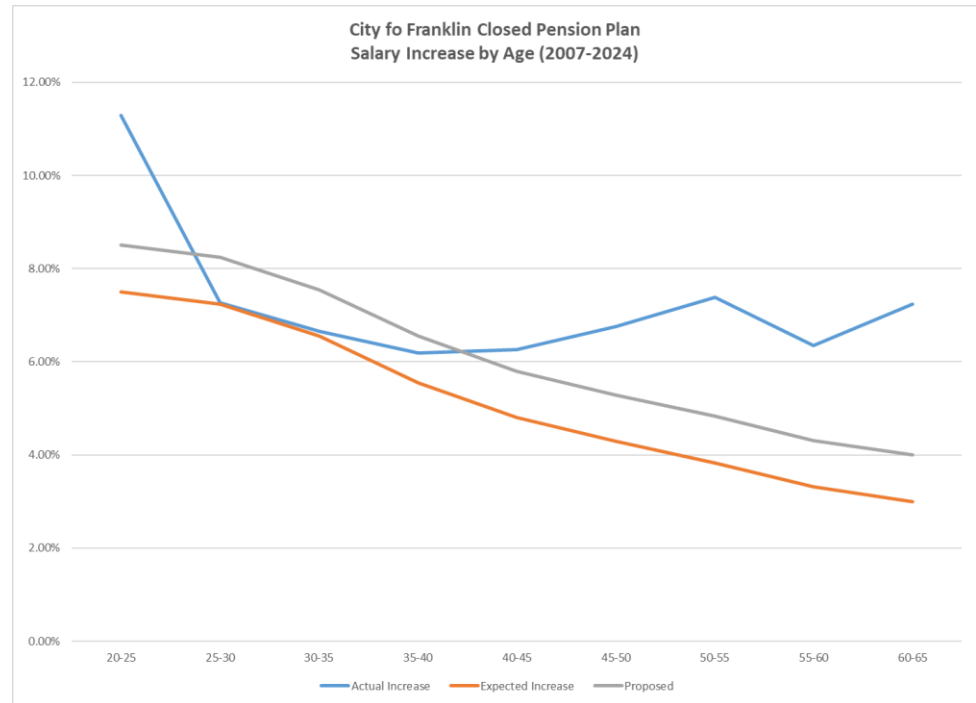
- Payroll increases have been higher than expected
 - Mostly in the last two years
 - Much lower increases seen in the five years ending in 2018
 - We would recommend a move toward recent experience



COF Employees' Pension Plan

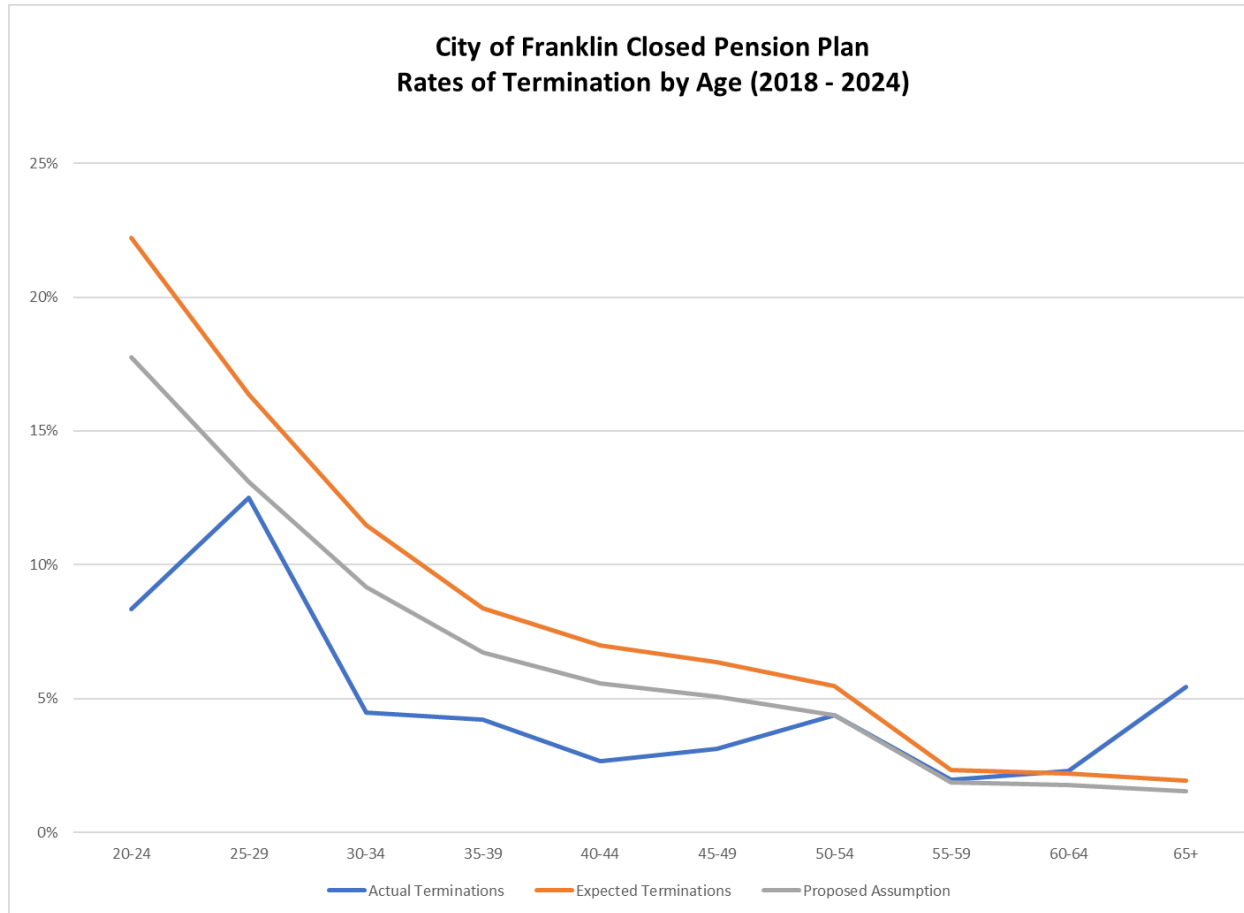
Salary Increase Assumption – 15+ Year History

- Payroll increases have been higher than expected
 - 15+ Year history still higher than expected at the older ages
 - Most of the remaining population is now older
 - We would recommend a move toward recent experience
 - Proposed increase of 1%



COF Employees' Pension Plan

Rates of Termination



- Rates of termination have generally been lower than expected
 - This follows an increase in the assumption for Groups 1 and 3 in 2018 (small increase for Groups 2 and 4)
 - We would recommend a small reduction in the assumed rates

COF Employees' Pension Plan

Rates of Retirement

- Retirements have generally been less than expected in the early and later ages
 - Much smaller populations in some of these age band/groups
- We would recommend a move toward recent experience
 - Pushing out of the oldest retirement ages for some groups (assuming some work past age 70)

	<i>Ratio of Actual to Expected</i>			
	R1	R2	R3	R4
45-49	57%			
50-54	49%	21%		
55-59	133%	59%		267%
60-64	124%	39%	70%	294%
65-69	85%	98%	62%	
70+	50%			

COF Employees' Pension Plan

Impact of Assumption Changes

Assumption Change	Estimated Impact on Contribution	
Discount Rate Change	300,000.00	Included for 2024
Mortality Projection	600,000.00	Included for 2024
Termination Rates	700,000.00	Preliminary for 2025
Salary Scale	800,000.00	Preliminary for 2025
Retirement Rates	(300,000.00)	Preliminary for 2025

- Salary Scale, Termination and Retirement Rates will be revisited with the 2025 valuation
 - 2024-2025 experience will be considered in changing the assumptions

COF Employees' Pension Plan

Actuarial Value of Assets

Determination of Valuation Assets

Market Assets, January 1, 2023	\$143,656,006
Weighted Prior Year Contributions	1,881,769
Weighted Prior Year Distributions	(4,710,292)
Subtotal	140,827,483
Expected Interest	9,717,096
Total Contributions	8,802,108
Total Distributions	(9,156,218)
Expected Asset Value, January 1, 2024	\$153,018,992
Market Asset Value, January 1, 2024	159,374,145
Variance from Expected Asset Value	\$6,355,153

2023	\$(6,355,153)
2022	27,798,593
2021	(15,371,000)
2020	(5,969,280)

Market Asset Value for January 1, 2024	\$159,374,145
-80% of 2023 Variance	(5,084,122)
-60% of 2022 Variance	16,679,156
-40% of 2021 Variance	(6,148,400)
-20% of 2020 Variance	(1,193,856)
Actuarial Valuation Assets Before Limits	\$163,626,923

Limits of Actuarial Value of assets

a. 90% of Market Value including accruals	\$143,436,731
b. 110% of Market Value including accruals	175,311,560

Actuarial Value of Assets after limits **163,626,923**

COF Employees' Pension Plan

How Well Funded is the Plan?

All measures using 6.80% Discount Rate

Liability Measure	Liability	Asset Value (Actuarial Value)	2024 Funded Ratio	2023 Funded Ratio	Comments
Present Value of Benefits – Value of all benefits expected to be earned by all current participants	\$254.5MM	\$163.6MM	64.3%	72.5%	Not a useful measure of the funded status
Entry Age Normal Accrued Liability – Liability to date under the required funding method	\$237.7MM	\$163.6MM	68.8%	77.8%	The best measure of funded status. Generally considered “well funded” to be above 80%
Accumulated Benefit Obligation – Liability if everyone terminated on the valuation date	\$195.2MM	\$163.6MM	83.8%	92.3%	Includes nonvested benefits

COF Employees' Pension Plan

Key Results - Funding

	2024	2023	2022	2021
Number of Participants				
Active	370	397	406	438
Deferred Vested	189	183	193	184
Retired and Disabled	312	292	274	261
Annual Covered Payroll	\$ 37,030,890	\$ 30,238,979	\$ 29,370,570	\$ 29,868,272
Average Annual Earnings	\$ 100,083	\$ 76,169	\$ 72,341	\$ 68,192
Present Value of Benefits	\$254,505,653	\$209,723,952	\$191,134,494	\$179,661,796
Entry Age Normal Past Service Liability	\$237,729,906	\$195,578,819	\$177,338,994	\$165,278,119
Actuarial Value of Assets	\$163,626,923	\$152,073,912	\$160,783,824	\$136,804,759
Unfunded Supplemental Liability	\$74,102,983	\$43,504,907	\$16,555,170	\$28,473,360
Annual Funding Levels				
Normal Cost	\$ 2,818,765	\$ 2,354,516	\$ 2,257,541	\$ 2,303,771
Normal Cost Rate	7.61%	7.79%	7.69%	7.71%
Expected Employee Contribution	\$ (379,119)	\$ (324,394)	\$ (300,756)	\$ (314,541)
Net Normal Cost	\$ 2,439,646	\$ 2,030,122	\$ 1,956,785	\$ 1,989,230
Net Normal Cost % of Payroll	6.59%	6.71%	6.66%	6.66%
Recommended Contribution	\$ 10,159,294	\$ 7,019,361	\$ 4,117,466	\$ 5,160,362
% of Payroll	27.43%	23.21%	14.02%	17.28%
Present Value of Accrued Benefits	\$195,216,337	\$164,765,127	\$147,795,574	\$135,949,251
Security Ratio	83.82%	92.30%	108.79%	100.63%

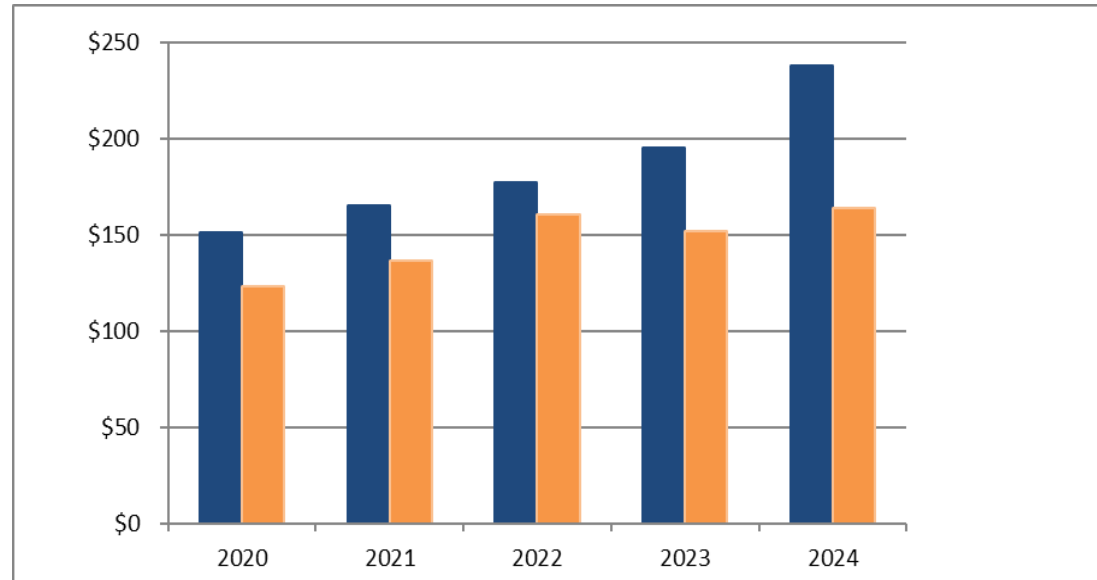
COF Employees' Pension Plan

Funded Status (in millions)

- The funded status decreased from 2023 to 2024.

Key Factors

- Discount rate decline increased the liability
- Payroll increases higher than expected increased the past service liability



	2020	2021	2022	2023	2024
Liability 	\$151.2	\$165.2	\$177.4	\$195.6	\$237.7
Asset Value 	\$123.3	\$136.8	\$160.8	\$152.1	\$163.6
Funded Ratio	81.55%	82.81%	90.7%	77.8%	68.8%
Interest Rate	7.20%	7.10%	7.00%	6.90%	6.80%

COF Employees' Pension Plan

Recommended Cash Contribution (in millions)

- The Total contribution is [Normal cost - Expected Employee contribution + Amortization of Unfunded Liabilities]

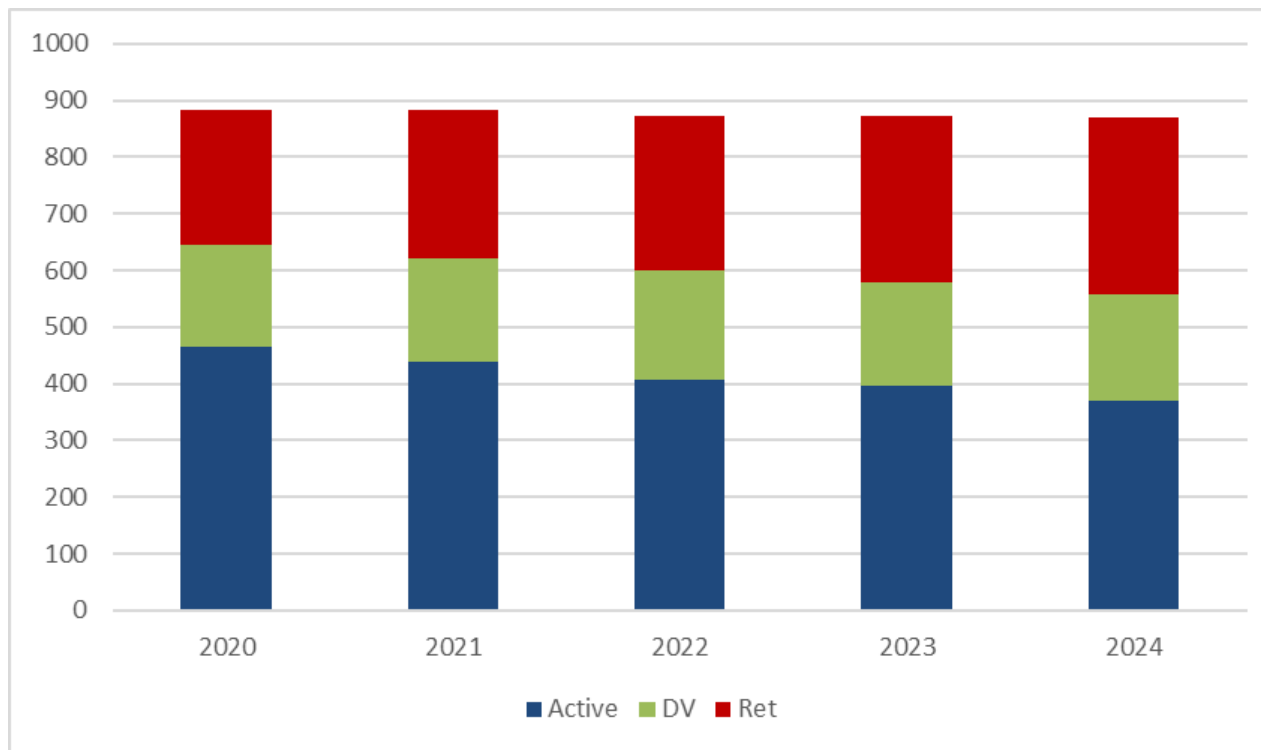


Year	2019	2020	2021	2022	2023	2024
Contribution	\$5.90	\$5.10	\$5.70	\$4.11	\$7.02	\$10.16

COF Employees' Pension Plan

Demographics

- No new entrants beginning on January 1, 2017



COF Employees' Pension Plan

Gain/Loss Summary for 2023

	<u>Gain/(Loss)</u>
Investment (AVA basis)	1,609,189
Retirement Decrement	(2,696,656)
Termination Decrement	(2,936,151)
Disability	(120,907)
Retiree Mortality	1,805,970
Compensation & COLA Increase	(21,290,810)
Other Mortality	(37,867)
Transfers	(9,436)
Data Corrections	(1,831,279)
Other Asset due to AVA smoothing	(90,430)
Total Gain/(Loss)	<u>(25,598,377)</u>

TCRS Open Plan Summary

	2023	2022	2021
Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021
Contribution Period	7/1/2024 – 6/30/2025	7/1/2023 – 6/30/2024	7/1/2022 – 6/30/2023
Active Members	319	273	205
Annualized Salary	\$21,398,286	\$14,092,368	\$9,949,267
Inactive Members	132	103	70
Discount Rate	6.75%	6.75%	6.75%
Present Value of Benefits	\$36,582,562	\$23,228,626	\$16,572,459
Employee Contribution Rate	5.00%	5.00%	5.00%
Employer ADC Rate	7.62%	7.35%	7.22%
Actuarial Accrued Liability	\$8,936,700	\$5,164,298	\$3,320,420
Actuarial Value of Assets	\$7,503,134	\$4,671,539	\$3,139,572
Funded Ratio	84.0%	90.5%	94.6%

Questions/Discussion

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- ---
- ---
- ---
- ---



File #: 21-0784

DATE: September 19, 2024
TO: Budget & Finance Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
Mike Lowe, Comptroller
Margaret Wilson, Comptroller

SUBJECT:

Consideration Of Procurement Award To USI Consulting Group Of Brentwood, Tennessee In The Total Estimated Amount Of \$228,000 Over Five Years For Closed Employee Pension Plan And Other Post-Employment Benefits (OPEB) Actuarial Consulting Services For A Term Of Award For The Finance Department (Purchasing Office Procurement Solicitation No. 2025-005; Contract No. 2024-0336)

PURPOSE:

The purpose of this procurement is to purchase closed employee pension plan and other post-employment benefits (OPEB) actuarial consulting services for a term of award of three (3) years, tentatively effective December 16, 2024, with two (2) options to extend, each time for up to one (1) additional year, for a maximum possible term of award of five (5) years total.

BACKGROUND/STAFF COMMENTS:

The City published on August 22, 2024 a Notice to Proposers in the *Williamson Herald* for closed employee pension plan and other post-employment benefits actuarial consulting services for a term of award. In addition, solicitation documents were sent on or about the same date directly to seven (7) potential proposers known or thought to be interested in this solicitation. Proposals from three (3) service providers were publicly opened at the submittal opening held on September 24, 2024. A tabulation of the proposals received for this solicitation is attached.

Using evaluation criteria included in the request for proposals, the proposal evaluation team, consisting of staff of the City's Administration, Finance and Human Resources departments, scored each proposal and recommends the City select the firm of USI Consulting Group of Brentwood, Tennessee (which is the incumbent service provider). The evaluation criteria included in the request for proposals consisted of (a) competency, experience and qualifications (40%), (b) capabilities; unique strengths of the proposer/proposal (15%), (c) thoroughness and quality of proposal (15%), (d) methodology and approach; pricing and payment clarity; transition schedule (10%), and (e) fee for proposed services (20%). Among other attributes, the proposal evaluation team cited USI Consulting Group's extensive public sector experience in Tennessee.

Since the proposer being recommended is also the incumbent service provider, reference checks were not pursued.

FINANCIAL IMPACT:

The proposal ranked highest by the proposal evaluation team, from USI Consulting Group of Brentwood, Tennessee, is in the total estimated amount of \$228,000 over five years, and would be allocated as follows:

USI Consulting Group	Year 1	Year 2	Year 3	Year 4*	Year 5*	Total
Closed Employee Pension Plan fees	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000	\$140,000
Benefit calculation fees (assumption: 20/year)	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$40,000
QDRO** calculation fees (assumption 2/year)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$6,000
Experience study fees	\$6,000	\$0	\$0	\$0	\$0	\$6,000
Subtotal of fees that would be allocated to the Closed Employee Pension Plan	\$43,200	\$37,200	\$37,200	\$37,200	\$37,200	\$192,000
OPEB fees	\$10,000	\$0	\$10,000	\$0	\$10,000	\$30,000
Experience study fees	\$6,000	\$0	\$0	\$0	\$0	\$6,000
Subtotal of fees that would be allocated to the General Fund	\$16,000	\$0	\$10,000	\$0	\$10,000	\$36,000
Grand Total	\$59,200	\$37,200	\$47,200	\$37,200	\$47,200	\$228,000

*if both parties choose to exercise this option to extend the term of award

**qualified domestic relations order

In comparison with the fees proposed by the incumbent service provider last time the City sought competitive pricing (in 2018), the average annual grand total of fees quoted by USI Consulting Group in 2024 are \$6,200 per year (16%) higher.

RECOMMENDATION:

Staff recommends that the City accept, contingent upon Law Department and City Administrator approval of City Contract No. 2024-0336, the proposal ranked highest by the proposal evaluation team, from USI Consulting Group of Brentwood, Tennessee, in the total estimated amount of \$228,000 over five years, and award this procurement to this proposer. The City's Purchasing Manager believes the prepared solicitation documents as distributed allowed for competition among multiple service providers, and that the staff recommendation appears to be made in a fair and impartial manner based upon the proposals received. Pursuant to authority previously granted by the Board of Mayor and Aldermen, Contract No. 2024-0336 has been prepared for execution by the City Administrator pending approval by the Board of Mayor and Aldermen of the staff recommendation to accept the proposal from and award the procurement to USI Consulting Group.

Tabulation of results from submittal opening for City of Franklin, TN Procurement Solicitation No. 2025-005*

Event Number	2025-005		Organization	City of Franklin, TN eBid	
Event Title	closed employee pension plan and other post-employment benefits actuarial consulting services for a term of award		Workgroup	Purchasing	
Event Description	closed employee pension plan and other post-employment benefits actuarial consulting services for a term of award		Event Owner	Suzanne Ward	
Event Type	RFP		Email	suzanne.ward@franklin.tn.gov	
Issue Date	8/23/2024 10:53:06 AM (CT)		Phone	615-550-6698	
Close Date	9/24/2024 02:00:00 PM (CT)		Fax	n/a	
Proposer	City	State	Proposal submittal timestamp	Scoring (out of a possible 100)	Estimated total fees over five years
Gabriel, Roeder, Smith & Company	Southfield	MI	9/23/2024 10:39:54 AM (CT)	83.00	\$214,100
Lauterbach & Amen, LLP	Naperville	IL	submitted on paper prior to submittal deadline	78.18	\$293,600
USI Consulting Group	Brentwood	TN	9/23/2024 04:51:07 PM (CT)	91.58	\$228,000



File #: 21-0786

DATE: September 19, 2024
TO: Budget & Finance Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
Brian Wilcox, Purchasing Manager

SUBJECT:

Consideration Of Resolution No. 2024-88, A Resolution Adopting A Revised Procurement Policy Of The City Of Franklin, Tennessee

PURPOSE:

The purpose of this memorandum is to present Resolution No. 2024-88, a resolution adopting a revised Procurement Policy of the City of Franklin, Tennessee.

BACKGROUND/STAFF COMMENTS:

The City's Procurement Policy was last updated on May 28, 2024 by means of Resolution No. 2024-36. Staff recommends several changes to this policy as reflected in the attached document. Following is a summary of the more substantive of the proposed changes:

- To rename the policy from "Purchasing Policy for City of Franklin procurements not pertaining to new construction" to "Procurement Policy of the City of Franklin, Tennessee";
- To expand the purview of the policy to include:
 1. the design and/or construction of new infrastructure and facilities (currently explicitly excluded); and
 2. improvements to existing infrastructure and facilities (not currently explicitly excluded but also not consistently included);
- To reference how leases and lease-purchase agreements meeting certain criteria (pursuant to T.C.A. § 9-24-104) are subject to preapproval by the Tennessee Comptroller of the Treasury Division of Local Government Finance;
- To explicitly prohibit employees from intentionally splitting purchases in order to circumvent City procurement thresholds;
- To explicitly prohibit using a City purchasing card to obtain cash (already prevented by the issuing bank);
- To require that all approvers, including both initial as well as final, are responsible for ensuring that purchasing card transactions they approve do adhere to City policy, are allocated correctly, and are processed in full according to City Purchasing's purchasing card processing

schedule, and to provide as a possible consequence for failure by an approver to do so City Purchasing notifying one or more of that approver's supervisors;

- To anticipate the Board of Mayor and Aldermen, by separate resolution (no. 2024-89), renaming the City's Protest Procedure from "Vendor Protest Procedure for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities" to "Procurement Protest Procedure of the City of Franklin, Tennessee";
- To clarify how requests to inspect and/or obtain either complete or partial copies of procurement-related public records of the City are to be made and handled.

Resolution No. 2024-88 as proposed, including the revised policy as proposed, is attached. Also attached is a red-lined version of the revised policy as proposed. This red-lined version has marked all recommended changes to the text of the policy.

FINANCIAL IMPACT:

Staff is not aware of any adverse financial impact of these proposed policy changes.

RECOMMENDATION:

Staff recommends the Board of Mayor and Aldermen approve Resolution No. 2024-88, a resolution adopting a revised Procurement Policy of the City of Franklin, Tennessee.

RESOLUTION 2024-88

A RESOLUTION ADOPTING A REVISED PROCUREMENT POLICY OF THE CITY OF FRANKLIN, TENNESSEE

WHEREAS, in 2004, the Board of Mayor and Aldermen of the City of Franklin established methods to comply with the Municipal Purchasing Law of 1983, as amended, and to provide for a more formal process for the procurement of equipment, services, and materials for the operation of municipal government but not pertaining to the design and/or construction of new infrastructure and facilities; and

WHEREAS, on July 26, 2011, the Board of Mayor and Aldermen adopted Resolution No. 2011-26, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 14, 2014, the Board of Mayor and Aldermen adopted Resolution No. 2014-06, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 27, 2015, the Board of Mayor and Aldermen adopted Resolution No. 2014-90, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 28, 2016, the Board of Mayor and Aldermen adopted Resolution No. 2016-24, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 27, 2017, the Board of Mayor and Aldermen adopted Resolution No. 2017-41, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 26, 2018, the Board of Mayor and Aldermen adopted Resolution No. 2018-24, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 25, 2019, the Board of Mayor and Aldermen adopted Resolution No. 2019-49, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on September 24, 2019, the Board of Mayor and Aldermen adopted Resolution No. 2019-82, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 23, 2020, the Board of Mayor and Aldermen adopted Resolution No. 2020-69, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on January 12, 2021, the Board of Mayor and Aldermen adopted Resolution No. 2020-214, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 22, 2021, the Board of Mayor and Aldermen adopted Resolution No. 2021-91, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on July 12, 2022, the Board of Mayor and Aldermen adopted Resolution No. 2022-41, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on June 27, 2023, the Board of Mayor and Aldermen adopted Resolution No. 2023-27, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, on May 28, 2024, the Board of Mayor and Aldermen adopted Resolution No. 2024-36, a resolution adopting a revised purchasing policy for the City; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin for the purchasing policy to be further revised (a) in order to rename the policy from “Purchasing Policy for City of Franklin procurements not pertaining to new construction” to “Procurement Policy of the City of Franklin, Tennessee”; (b) in order to expand the purview of the policy to include (1) the design and/or construction of new infrastructure and facilities and (2) improvements to existing infrastructure and facilities; (c) in order to reference how leases and lease-purchase agreements meeting certain criteria are subject to preapproval by the Tennessee Comptroller of the Treasury Division of Local Government Finance; (d) in order to explicitly prohibit employees from intentionally splitting purchases in order to circumvent City procurement thresholds; (e) in order to explicitly prohibit using a City purchasing card to obtain cash; (f) in order to require that all approvers of purchasing card transactions are responsible for ensuring that purchasing card transactions they approve do adhere to City policy, are allocated correctly, and are processed in full according to City Purchasing’s purchasing card processing schedule, and to provide as a possible consequence for failure by an approver to do so City Purchasing notifying one or more of that approver’s supervisors; (g) in order to anticipate the Board of Mayor and Aldermen, by separate resolution, renaming the City’s “Vendor Protest Procedure for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities” to “Procurement Protest Procedure of the City of Franklin, Tennessee”; (h) in order to clarify how requests to inspect and/or obtain either complete or partial copies of procurement-related public records of the City are to be made and handled; and (i) in order to make miscellaneous other clarifications and other improvements to the policy.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:

Section 1. The Purchasing Policy for City of Franklin procurements not pertaining to new construction adopted by Resolution No. 2024-36, and all previous versions of that policy and any subsequent changes or revisions thereto, are hereby repealed in their entirety. In place thereof, the Procurement Policy of the City of Franklin, Tennessee, attached as Exhibit A hereto, is adopted.

Section 2. The Purchasing Manager of the City shall be responsible for the administration and enforcement of the policy hereby adopted.

Section 3. Changes or revisions to the policy hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the City of Franklin.

Section 4. The effective date of the policy hereby adopted shall be January 1, 2025, the public welfare and the welfare of the City requiring it.

IT IS SO RESOLVED AND DONE on this _____ day of _____, 20____.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Angie Skarp
City Recorder

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

By: _____
J. Blake Harper
Staff Attorney



Procurement Policy of the City of Franklin, Tennessee

A. General Provisions

This Procurement Policy of the City of Franklin, Tennessee shall apply to the City's procurement of materials, supplies, vehicles and equipment, the purchase of services (including both the design and/or construction of new infrastructure and facilities as well as the design and/or construction of improvements to existing infrastructure and facilities), leases and lease-purchases, and the disposal and transfer of surplus personal property, all for the proper conduct of the City's business.

All contracts, leases and lease-purchase agreements are subject to the approval of the Board of Mayor and Aldermen, unless otherwise provided by resolution or ordinance. Any contracts, leases and lease-purchase agreements extending beyond the end of the current fiscal year shall be so noted prior to consideration by the Board of Mayor and Aldermen. Leases and lease-purchase agreements meeting certain criteria (pursuant to T.C.A. § 9-24-104) are subject to preapproval by the Tennessee Comptroller of the Treasury Division of Local Government Finance. For any lease agreement that exceeds twelve (12) calendar months and for which the payments are at least \$50,000.00, then see also the City's Lease Accounting and Reporting Policy as approved by resolution of the Board of Mayor and Aldermen.

Whenever the City undertakes its own competitive procurement process for the procurement of goods and/or services, then the City is hereby authorized to utilize the one or more of the following procurement methodologies best suited for the intended procurement:

- request for quotations (not for purchases valued at \$50,000 or more)
- solicitation for bids
- request for proposals
- request for qualifications

This Procurement Policy is intended to promote the public interest and preserve and enhance the public trust by establishing a transparent procurement system by which the City conducts its procurement, and by providing vendors (including suppliers, service providers and contractors) with a fair forum for competing for City business.

B. Responsibilities of Departments

The following are the responsibility of each department:

1. Departments shall be responsible for purchases and projects valued less than \$50,000. (In the context of this Procurement Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered.)
2. Departments shall use pricing established pursuant to City procurement awards or Tennessee statewide contracts (SWCs) if and as available. The use of pricing established by cooperative purchasing arrangements approved by the City Administrator for use by the City, as well as pricing established by other Tennessee local governments pursuant to a competitive procurement process involving "public advertisement" (hereby defined to mean the same as that term is used in T.C.A. § 6-56-301 *et seq.*, the Tennessee Municipal Purchasing Law of 1983, or T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as they may be amended from

Procurement Policy of the City of Franklin, Tennessee

time to time) and sealed submittals, are acceptable alternatives and may be used in lieu of competitive pricing established by the City or the State.

3. Departments shall coordinate with City Purchasing and/or City Finance as to the method of payment that best meets the needs of the City.
4. Before placing an order for any non-emergency purchase valued at or greater than \$20,000, departments shall prepare and submit a procurement requisition, on the form prescribed by City Purchasing, and await approval thereof. For orders for emergency purchases valued at or greater than \$20,000, the procurement requisition may be completed within ten (10) calendar days after placing the order (see also provision D, "Circumstances under which competitive pricing is not required," subsections 2 and 18, provision K, "Emergency Purchases," and provision Y ("Emergency policies and procedures")).
5. Purchases valued less than \$50,000 but not less than \$20,000 shall not be made unless and until, wherever possible, the department shall have obtained and forwarded to the Purchasing Manager competitive quotations from at least three (3) vendors, said quotations to be either supplied in writing by the vendor or reduced to writing by the department, accompanied by a tabulation of the comparative aspects of the quotations obtained, a recommendation as to which quotation should be accepted and a procurement requisition for the recommended quotation. As an alternative to obtaining competitive quotations from at least three (3) vendors, departments may use any of the procurement methodologies approved for usage for purchases valued at \$50,000 or more.
6. All foreseeable purchases, including those valued less than \$20,000, should not be made unless and until the department head or his or her authorized representative is satisfied that the value of the purchase is fairly priced and not more than what would be expected in the current marketplace. At the discretion of the department head or his or her authorized representative, for foreseeable purchases valued less than \$20,000, the department should, whenever it is prudent to do so, obtain multiple competitive quotations, said quotations to be either supplied in writing by the vendor or reduced to writing by the department.
7. As soon as practicable but within ten (10) calendar days of receipt of items ordered, departments shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:
 - a. Inspect the goods to verify that they are in acceptable condition.
 - b. Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
 - c. Verify that the number of items ordered have been delivered, making special note when all or part of a particular order has been back-ordered.
 - d. Ensure that purchases of capital assets of the City have been properly reported, either directly or indirectly, to City Finance and the City's Risk Manager and, if rolling stock, City Fleet, on forms prescribed by those respective offices, so that records of such purchases may be updated, insurance coverage may be obtained, and vehicle tags may be obtained, all in a timely manner.
8. Regardless of method of payment, departments shall be responsible for reviewing, approving and allocating to the proper fund-function-department combination all invoices authorized for payment.
9. It shall be the responsibility of each department to allow time for competitive procurement solicitation, ordering and delivery pursuant to this Procurement Policy.
10. No employee shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the City to a specific vendor, or make any representation as to his or her authority to bind the City by contract when such is not the case.
11. No employee shall intentionally split purchases in order to circumvent City procurement thresholds.

Procurement Policy of the City of Franklin, Tennessee

C. Responsibilities of Purchasing Manager

The following are the responsibility of the Purchasing Manager:

1. The Purchasing Manager shall assist all departments in procuring operating materials, supplies, vehicles, equipment and services to which this Procurement Policy applies.
2. The Purchasing Manager shall be responsible for facilitating the competitive procurement process by which all purchases to which this Procurement Policy applies and valued at or greater than \$50,000 are made.
3. For all purchases to which this Procurement Policy applies and valued at or greater than \$20,000, the Purchasing Manager shall advocate the purchase of required products and services only either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or quotation or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City.
4. The Purchasing Manager shall advise the departments about the source and availability of products and services needed by the various departments.
5. The Purchasing Manager shall provide current vendor files available for use and review by departments.
6. The Purchasing Manager shall, upon request, obtain prices on comparable items.
7. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders as necessary, and maintain orderly files.
8. The Purchasing Manager shall be alert on an ongoing basis for new sources and for improved products and services.
9. The Purchasing Manager shall assist the departments in the preparation of specifications for solicitations for bids and the requirements provisions of requests for proposals and requests for qualifications.
10. For formal procurement solicitations, the Purchasing Manager shall prepare and submit for timely publication all legal notices. To promote competition and facilitate the dissemination of documents and information pertaining to formal procurement solicitations, the Purchasing Manager shall post on the City's public website timely information about current formal procurement solicitations.
11. The Purchasing Manager shall periodically review the City's recent records of repetitive purchases, over time, across the organization and across suppliers and service providers, of like products and services, and shall advocate the City consolidate and aggregate its purchase of as many foreseeably necessary like products and services as practicable so to improve pricing for the City, to improve services provided to the City, and/or to reduce the City's cost of operations.
12. To the extent practicable, the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.
13. The Purchasing Manager shall investigate complaints from departments of poor performance by vendors, or complaints about inferior products, and shall, in consultation with City Law, choose which, if any, remedies are available to the City to pursue.
14. The Purchasing Manager shall be responsible for disposing of the City's surplus personal property of any value, regardless of whether the property was acquired and came to be owned by the City by means of purchase or donation or otherwise, by means of a competitive procurement process and in compliance with City ordinance, except in cases involving data security or other mitigating circumstances. The Purchasing Manager shall develop the appropriate documentation for City Finance in accordance with City ordinance.
15. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.

Procurement Policy of the City of Franklin, Tennessee

16. The Purchasing Manager shall be responsible for otherwise administering and complying with this Procurement Policy and applicable Tennessee state law, specifically T.C.A. § 6-56-301 *et seq.* (Tennessee Municipal Purchasing Law of 1983) and T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as it may be amended from time to time, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.

D. Circumstances under which competitive pricing is not required

Under any of the following circumstances, competitive pricing (sealed bids or proposals pursuant to public advertising if valued at or greater than \$50,000; competitive quotations from at least three (3) vendors wherever possible if valued less than \$50,000 but not less than \$20,000) is not required. Under any of these same circumstances, neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen is required unless such is otherwise required pursuant to this Procurement Policy.

1. Authorized sole-source purchases (see provision L, “Sole-Source Purchases”).
2. Authorized emergency expenditures (see provision K, “Emergency Purchases”; see also provision D (“Circumstances under which competitive pricing is not required”), subsection 18, and provision Y (“Emergency policies and procedures”).
3. Purchases from instrumentalities created by two (2) or more cooperating governments, such as, but not limited to those established pursuant to T.C.A. § 12-9-101, *et seq.* (Interlocal Cooperation Act).
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide products and services specifically to municipalities, as provided in T.C.A. § 6-56-302.
5. Purchases, leases or lease-purchases of real property, as provided by City ordinance and state law.
6. Purchases, leases, or lease-purchases of used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities, as provided in T.C.A. § 12-3-1202.
7. Purchases of supplies, goods, equipment (except new or unused motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in T.C.A. § 12-3-1208) and/or services (except any transportation infrastructure project, including, but not limited to, projects for the construction or improvement of streets, highways, bridges, tunnels, or any roadway related facility), pricing for which has been established by other units of Tennessee local government, as provided in T.C.A. § 12-3-1203(a) and 12-3-1203(c).
8. Purchases pursuant to Tennessee Department of General Services statewide contracts (SWCs) authorized for use by Tennessee local governments.
9. Purchases from Tennessee Rehabilitative Initiative in Correction (TRICOR).
10. Professional service contracts as provided in T.C.A. § 12-3-1209 (namely, legal services, fiscal agent, financial advisor or advisory services, services from an insurance producer (as that term is defined in T.C.A. § 56-6-102), educational consultant services, and similar services by professional persons or groups of high ethical standards).
11. Other professional services as provided in T.C.A. § 12-4-107 (namely, architectural and engineering services and land surveying).
12. Tort liability insurance, as provided in T.C.A. § 29-20-407.
13. Purchase of fuels, fuel products or perishable commodities, as provided in T.C.A. § 6-56-304.
14. Purchases based on contracts established by a cooperative purchasing arrangement recognized by the City pursuant to Resolution No. 2009-50, as provided in T.C.A. § 12-3-1205.

Procurement Policy of the City of Franklin, Tennessee

15. Purchases based on contracts established by the United States General Services Administration (GSA) and authorized by GSA for use by United States of America local governments, except as may be prohibited by applicable Tennessee statute.
16. Other arrangements and methods pursuant to Tennessee and/or federal law.
17. Fees paid by the City for products and services provided to the City by the State of Tennessee, other units of local government, and public utilities and utility districts.
18. Purchases made during a declared state of emergency that applies to the City but only if specific conditions prevent the establishment of competitive pricing; provided, however, that if the emergency purchase is valued at or greater than \$50,000.00, then both the purchase and the specific conditions that prevented the establishment of competitive pricing shall, as soon as practicable, be reported to the Board of Mayor and Aldermen (see also provision D (“Circumstances under which competitive pricing is not required”), subsection 2, provision K, “Emergency Purchases”), and provision Y (“Emergency policies and procedures”).

E. Rejection of Bids, Proposals or Other Submittals

The Purchasing Manager shall recommend to the Board of Mayor and Aldermen to reject any and all bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by City Purchasing, or parts thereof, for any product or service to which this Procurement Policy applies, whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager believes the public interest would be best served by such rejection. The Purchasing Manager shall recommend to the Board of Mayor and Aldermen that it reject any such submittal of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the City by the vendor or contractor whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager becomes aware of such default.

F. Conflict of Interest, Use of Position, Solicitation

There are several sources of law and regulations, as they may be amended from time to time, that apply to conflicts of interest, use of position and solicitation. They are incorporated by reference and adopted as if fully stated herein.

a. City Charter

Article VIII (“Finance”), Section 16 (“Officers not to be Interested in City Contracts or Work”) of the City of Franklin Charter reads as follows:

No member of the Board of Mayor and Aldermen, or officer elected by said Board, shall be interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and cannot be enforced.

b. City of Franklin Municipal Code

Title 1 (“General Administration”), Chapter 8 (“Ethics”) of the City of Franklin Municipal Code sets forth the Code of Ethics for the City of Franklin, which applies to all full-time and part-time elective or appointed officials and employees of the City.

c. City of Franklin Regulations

Article XXI (“General Policies and Procedures”), Section E (“Business Dealings”), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads as follows:

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Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and except as noted below, no City officer or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of, or by the City.

Full-time, part-time, and temporary employees of the City may contract to supply goods and products to the City and/or render services for the City, provided:

1. any service that would be rendered must not be one the employee might provide in the normal scope of their regular duties;
2. the employee would be required to compete for the City's business in the same manner as any other prospective supplier or service provider;
3. the business relationship between the City and the employee must not present a conflict of interest nor a conflict of time with the employee's regular duties;
4. the business relationship between the City and the employee is not prohibited by the City's ethics policy; and
5. the business relationship between the City and the employee is authorized in advance by the City Administrator, and if the relationship is to be for more than one (1) year, it is annually re-authorized by the City Administrator.

Article XXI ("General Policies and Procedures"), Section I ("Use of Position"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads in part as follows:

No employee shall make or attempt to make private purchases in the name of the City, nor otherwise use or attempt to use status as a City employee to secure unwarranted privileges or exemptions.

Article XXI ("General Policies and Procedures"), Section F ("Acceptance of Gratuities"), of the City's Human Resource Manual, as it may be amended from time to time, reads in part as follows:

No employee shall accept or solicit any money or other consideration or favor from anyone other than the City for the performance of an act that the officer or employee would be required or expected to perform in the regular course of employment; nor shall any officer or employee accept, directly or indirectly, any gift, gratuity, or favor of any kind that might reasonably be an attempt to influence the individual's actions with respect to City business.

d. Statutes

Certain Tennessee statutes may apply to purchases involving city officers, committee members, etc. Selected Tennessee statutes may be found in Appendix A to this Procurement Policy attached hereto for reference.

G. City Officer and Employee Communication with Vendors During Formal Procurement Solicitations for Sealed Submittals

Between the time a formal procurement solicitation for sealed submittals is issued by the City and the time an award is made, members of the Board of Mayor and Aldermen as well as employees of the City shall refrain from any form of communication with one or more vendors that may be competing for the award about any aspect of the procurement other than either in the context of a public meeting or by way of City Purchasing. The foregoing is not meant to preclude a representative of the City from answering questions from vendors if the question is already addressed in the formal solicitation documents, if the City representative is certain of the correct answer, and if City Purchasing is informed of the communication. Otherwise, any inquiries from one or more vendors that may be

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competing for such an award shall be directed to City Purchasing which shall determine whether an addendum to the formal procurement solicitation should be prepared and issued to all vendors known or thought to be interested in the procurement opportunity. Vendors that may be competing for an award pursuant to a formal procurement solicitation shall be instructed that, until that award has been made, they shall not communicate about either the content of or the procurement process pertaining to the relevant formal procurement solicitation with any official, employee or other representative of the City except through City Purchasing. The City reserves the right to disqualify any vendor that initiates unauthorized communication with the City during the procurement phase.

H. City Officer and Employee Business Dealings with the City

See Article XXI (“General Policies and Procedures”), Section E (“Business Dealings”), of the City of Franklin Human Resources Manual.

See also Title 1 (“General Administration”), Chapter 8 (“Ethics”), of the City of Franklin Municipal Code.

I. Tie Bids and Tie Quotations

Whenever the City utilizes its own competitive procurement process, and in the event of tie bids or tie quotations (that is, when two or more responsible bidders or quoters submit responsive bids or quotations at identical total pricing for the minimum or estimated quantity indicated), then the tie bids or tie quotations shall be broken by means of one of the following methods, in descending order:

1. The award shall be made to the vendor who bid or quoted the soonest delivery of the product or completion of the service of all the vendors submitting the tie bids or tie quotations.
2. The award shall be made to the vendor who offered the pricing for the longest period of time for potential future orders of all the vendors submitting the tie bids or tie quotations.
3. If one or more of the vendors submitting the tie bids or tie quotations competed for the City’s business the last time the City solicited bids or quotations for the same product or service, then the award shall be made to the vendor who offered the lowest pricing at that time of all the vendors submitting the tie bids or tie quotations.
4. If one or more of the vendors submitting the tie bid or tie quotation have done business with the City within the most recent 24 months, then the award shall be made to the vendor who has done the most business with the City (measured in dollars) in that time frame of all the vendors submitting the tie bids or tie quotations.
5. The award shall be made by means of random selection, such method to be administered by the Purchasing Manager and to give equal opportunity to all the vendors submitting the tie bids or tie quotations.

J. Determining Responsible Respondents and Responsive Submittals

Whenever the City utilizes its own competitive procurement process, products and services shall be purchased either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or quotation or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City. (The term “responsible bidder or quoter” and the term “responsible proposer or other respondent” shall mean a business entity or individual determined by the City to have the integrity and reliability as well as the financial and technical capacity to perform the requirements of the procurement solicitation and subsequent contract. The term “responsive bid or quotation” and the term “responsive proposal or other submittal” shall mean a submittal determined by the City to fully conform in all material respects to the procurement

Procurement Policy of the City of Franklin, Tennessee

solicitation and all of its requirements, including all form and substance.) In determining whether a competing respondent is responsible and whether the submittal is responsive, criteria such as the following may be taken into consideration:

1. The ability of the competing vendor to perform the contract or provide the material or service required.
2. Whether the competing vendor can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
3. The character, integrity, reputation, judgment, experience, expertise and efficiency of the competing vendor.
4. The previous and existing compliance by the competing vendor or a predecessor in interest with laws and ordinances relating to the contract or service.
5. The quality of the competing vendor's performance of previous contracts or services, including the quality of such performance for other public sector agencies and/or private sector customers.
6. The sufficiency of financial resources and the ability of the competing vendor to perform the contract or provide the service.
7. The ability of the competing vendor to provide future maintenance and service for the use of the materials, supplies, vehicles, equipment or contractual service contracted.
8. Compliance by the competing vendor with all specifications included in the solicitation for bids or with all requirements included in the request for proposals or request for qualifications.
9. The ability of the competing vendor to deliver and maintain any requisite bid bonds or performance bonds.

K. Emergency Purchases

When in the judgment of the City Administrator, the department head or the Purchasing Manager there exists an emergency impinging on public health, safety or welfare and a purchase valued at or greater than \$20,000 is necessary, then the competitive procurement provisions contained in this Procurement Policy may be waived; provided, however, that if the emergency purchase is valued at or greater than \$50,000, then it shall, as soon as practicable, be reported to the Board of Mayor and Aldermen.

The emergency basis for pricing should be used only if necessary. Purchases that qualify as emergencies are to be based on emergency pricing only if another basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) that would be compliant with this Procurement Policy is not known to be available. (See also provision D ("Circumstances under which competitive pricing is not required"), subsections 2 and 18, and provision Y, "Emergency policies and procedures.")

L. Sole-Source Purchases

In the context of this Procurement Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered. To the extent practicable, departments and the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.

The sole-source basis for pricing should be used only if necessary or financially advantageous to the City. Except when financially advantageous to the City to do otherwise, purchases that qualify as sole-source are to be based on

Procurement Policy of the City of Franklin, Tennessee

sole-source pricing only if another basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) that would be compliant with this Procurement Policy is not known to be available.

Sole-source purchases valued at less than \$20,000 may be authorized by the end-user department. Sole-source purchases valued at less than \$50,000 but not less than \$20,000 may be authorized by the Purchasing Manager upon being satisfied that it is not possible to obtain competitive quotations from at least three (3) vendors. Except as noted in this provision L (“Sole-Source Purchases”), sole-source purchases valued at or greater than \$50,000 may not be made unless and until individually authorized by the Board of Mayor and Aldermen. Authorized sole-source purchases do not require sealed bids or proposals pursuant to public advertising. The criteria for evaluating sole-source purchases valued at or greater than \$20,000 are presented in Appendix B to this Procurement Policy. Sole-source purchases pertaining to circumstances under which sealed bids or proposals pursuant to public advertising are not required, as same are listed in provision D (“Circumstances under which competitive pricing is not required”), even if valued at or greater than \$50,000, require neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen unless otherwise required to be authorized or reported pursuant to this Procurement Policy.

Sole-source purchases valued at or greater than \$50,000 that do not require individual authorization by (but which shall, as soon as practicable, still be reported to) the Board of Mayor and Aldermen include:

- a. Repairs to, maintenance of, licenses for and/or maintenance agreements for products already in use by the City, provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: engine repairs made by the manufacturer or the manufacturer’s representative for a vehicle; license and maintenance agreements for computer software.
- b. Purchases of items necessary to maintain, expand or improve a manufacturer-specific system already in use by the City, and/or another governmental agency with which the City must cooperate in order to provide the public service relevant to the proposed purchase, and that requires interchangeability or interconnectivity of and/or communication between the component parts, provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: water meters and related parts; traffic signal equipment and related parts; athletic field lighting (and related parts) connected to a centralized master control; automated external defibrillators; cardiac monitors; telemetry/supervisory control and data acquisition equipment.
- c. Purchases of items that have, for good and sufficient reason, previously been standardized by the City, provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: low-pressure wastewater collection grinder pumps and related parts; self-contained breathing apparatus; vehicle exhaust evacuation systems at individual fire stations, including installation if only one authorized installer is assigned to serve the City; vehicle extrication equipment.

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M. Purchasing Card Program

The Purchasing Card Program shall be administered by the Purchasing Manager pursuant to procedures established therefor. Department heads shall determine which employees of their department shall be issued City purchasing cards. Employees who are authorized and expected to travel on behalf of the City and at the City's expense shall be issued purchasing cards and are expected to use same in lieu of being given travel advances.

Employees' participation in the City's Purchasing Card Program is a privilege and a convenience that includes certain responsibilities. Although the purchasing card is issued in the cardholder's name, it is City property and therefore must be used in accordance with City policies and procedures, as well as with objectively reasonable judgment, especially as follows:

1. The City of Franklin Purchasing Card is provided to employees based on their need to purchase authorized goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card may be used only for authorized obligations of the City; use of the card for a purchase other than an authorized obligation of the City (such as cash, personal purchases as well as alcoholic beverages and entertainment), even if intended for future reimbursement, are specifically prohibited.
3. Purchases made with the card are to comply with City procurement and disbursements policies and procedures. Such City procurement procedures as the need for procurement requisitions, the basis for pricing, contracting, whether a certificate of insurance is necessary to require of the service provider, adequacy of budgeted funding, and timing of payment relative to delivery of the product or service, all apply regardless of method of payment (such as by purchasing card).
4. The cardholder is the only person entitled to use the card and is accountable for all charges attributable to the card.
5. Cardholders are expected to exercise objectively reasonable judgment in deciding whether to make a purchase by considering (a) whether the potential purchase is prudent and necessary, and (b) whether the potential purchase would reflect well on the City and the cardholder, and be perceived by the general public as suitable and appropriate. Improper use of a City purchasing card, especially intentional and unreported but even unintentional and reported, including personal purchases as well as alcoholic beverages and entertainment, even if reimbursed, may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination.
6. Except for (a) purchases made outside Tennessee, (b) purchases of non-catered prepared meals, and (c) purchases related to travel, the City purchaser/cardholder is responsible for ensuring that the transaction is completed without sales tax being charged to the City. If a transaction has been completed on which sales tax was charged in error, then the cardholder is responsible for contacting the vendor and requesting that the amount of the sales tax be credited back to the same City purchasing card to which the sales tax was charged. Documentation of this effort, and of the vendor's response, shall be submitted in addition to the supporting documentation for the transaction.
7. Cardholders are expected to comply with internal control procedures in order to protect the City's assets. This includes (a) not permitting anyone other than the cardholder to use the card; (b) making sure that each transaction is electronically processed in full and on time in the purchasing card expense reporting system utilized by the City; (c) keeping and submitting on time detailed invoices or itemized payment receipts that substantiate each and every charge attributed to the purchasing card issued to the cardholder; (d) assisting the

Procurement Policy of the City of Franklin, Tennessee

City upon request with reconciling the City's billing cycle statements; and (e) taking reasonable precautions to secure the purchasing card against loss and/or theft.

8. If electronic processing of a purchasing card transaction is not completed by the deadline and City Purchasing has not been previously notified of the need for a delay, then the monthly credit limit for the respective purchasing card may be reduced to \$0 until the processing is complete. This consequence applies to any transaction that has not been correctly allocated, explained with a comment, and approved by the individual assigned to approve purchasing card transactions for that cardholder. Credit limits will be restored to the previous amounts once electronic processing is complete.
9. Failure to submit on time adequate and legible supporting documentation for each transaction or to otherwise comply with established procedures of the City will carry consequences, possibly including reduction or loss of card spend authority, reimbursement of the City by the employee for unauthorized and/or unsubstantiated purchases, and/or disciplinary action, up to and including termination.
10. Cardholders are responsible for cooperating with efforts by the City to resolve any discrepancies by contacting the vendor and/or the issuing bank.
11. All approvers, including both initial as well as final, are responsible for ensuring that purchasing card transactions they approve do adhere to City policies and procedures, are allocated correctly, and are processed in full according to City Purchasing's purchasing card processing schedule. Failure by an approver to do so may result in City Purchasing notifying one or more of that approver's supervisors.
12. A lost or stolen purchasing card, or a card account number that was stolen or may have been compromised, shall, as soon as practicable upon discovery of the loss or theft, be reported by the City to the issuing bank.
13. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).
14. No employee shall intentionally split purchases in order to circumvent City procurement thresholds and/or City purchasing card spend limits.

N. Payment for Purchases

All payments to vendors and service providers shall be made by one of the City's available methods of payment in accordance with City procurement and disbursements policies and procedures.

O. Use of Internet Auctions for Purchases of City Property

The use of internet auctions is generally prohibited as a method for making City purchases unless specifically authorized in advance by the City Administrator.

P. Procurement Protests

Procurement protests shall be handled in accordance with the Procurement Protest Procedure of the City of Franklin, Tennessee as approved by resolution of the Board of Mayor and Aldermen.

Q. Disciplinary Action

Any employee who fails or refuses to comply with the provisions of this Procurement Policy shall be subject to disciplinary action pursuant to and as provided in the Human Resources Manual, as it may be amended from time to time.

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R. Requests for Proposals

Requests for proposals shall be used pursuant to T.C.A. § 12-3-1207 and may be used only when qualifications, experience, or competence are more important than price in making the purchase, and either (1) when there is more than one (1) solution to a purchasing issue and a request for proposals would assist in choosing the best solution; or (2) when there is no readily identifiable solution to a purchasing issue and a request for proposals would assist in identifying one (1) or more solutions. The request for proposals shall state the relative importance of price and other evaluation factors. The award shall be made to the responsible respondent whose proposal the governing body determines is the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for proposals. No other factor may be used in the evaluation.

S. Requests for Qualifications

Requests for qualifications may be used pursuant to T.C.A. § 12-3-1209 for legal services, fiscal agent, financial advisor or advisory services and similar services by professional persons or groups of high ethical standards, or pursuant to T.C.A. § 12-4-107 for architectural and engineering services and land surveying.

T. Procurement of Property and/or Services under a Federal Award

When procuring property and/or services under a Federal award, the City shall follow applicable provisions of 2 CFR Chapter I and Chapter II, Part 200, et al. (“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule”), as promulgated December 26, 2013 by Executive Office of the President, Office of Management and Budget, namely sections 200.318 (“General procurement standards”) through 200.326 (“Contract provisions”).

U. Requests to inspect and/or obtain either complete or partial copies of procurement-related public records of the City

Requests to inspect and/or obtain either complete or partial copies of procurement-related public records of the City shall be made and handled as follows:

1. If the requested records could have previously been posted on the City’s public-facing website¹, then requests for such records shall be made by any means and directed to and promptly honored by City Purchasing, and City Purchasing shall provide all such requested records to the requesting party by electronic means.
2. If the requested records would not have previously been posted on the City’s public-facing website¹, then such requests shall be made pursuant to the City’s public records request policy and procedure.

V. Multiple-Contract Awards

¹ Examples of purchasing-related public records that could have previously been posted on the City’s public-facing website are those that are typically posted on the City’s public-facing website and include but are not limited to contracts, staff memorandums of recommendation, tabulations of preliminary results from bid opening, tabulations of respondents, tabulations of bids in response to a City solicitation for bids, tabulations of proposals in response to a City request for proposals, and tabulations of submittals in response to a City request for qualifications.



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When advantageous to the City to do so, the City may issue multiple-contract awards, that is, contracts awarded to more than one supplier and/or service provider for comparable supplies and/or services, provided the provisions of this Procurement Policy and relevant City procurement procedures pertaining to competitively established pricing apply for the total value of all contracts issued for the multiple-contract award.

W. Donated or below-market-priced products or services

If in the judgment of the department head or city administrator a potential donation or a product or service otherwise priced below market would be a benefit to the City, then the City may receive donated or below-market-priced products, whether new or used, or services, provided:

1. The transaction complies with provisions of this Procurement Policy and relevant City procurement procedures pertaining to competitively established pricing for the transaction value of the donation.
2. The transaction is documented, such as by purchase order or another contract.
3. The transaction documentation states:
 - a. That the donation is offered free and clear to the City of Franklin, Tennessee without any expectation of any payment or service or any other consideration in return, including consideration for past or future procurements of or by the City.
 - b. That the donor is not entitled to, and shall not seek, any marketing or advertising or promotional privilege or benefit as a result of the donation.

This section does not pertain to sponsorships or other advertising sold and/or received by the City.

X. Trade-ins

The Franklin Municipal Code provision pertaining to the disposal of surplus personal property of the City does not pertain to any trade-in of a product owned by the City toward the purchase of another product provided the purchase of the other product complies with the provisions of this Procurement Policy and relevant City procurement procedures pertaining to competitively established pricing for the value of the purchase before the value of any trade-in is applied.

Y. Emergency policies and procedures

During a declared state of emergency that applies to the City, the City Administrator may suspend this Procurement Policy and/or the Purchasing Manager may suspend this Procurement Policy and standard procurement procedures administered by the Purchasing Manager and implement temporary policies and procedures as circumstances warrant; provided, however, (a) that any suspension of this Procurement Policy, the rationale for such suspension and any temporary policies shall, as soon as practicable, be reported to the Board of Mayor and Aldermen, and (b) that, to the extent practicable, any such temporary policies and procedures shall deviate from this Procurement Policy and such standard procurement procedures no more than necessary under the circumstances. (See also provision D (“Circumstances under which competitive pricing is not required”), subsections 2 and 18, and provision K, “Emergency Purchases.”)

Z. Openings of sealed bids, proposals or other submittals



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Sealed bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by City Purchasing and pursuant to public advertising, if valued at or greater than \$50,000, shall be opened publicly and may be conducted either (1) in person only or (2) virtually only, by means of an online meeting application that includes both audio/video access via an internet link as well as audio-only access via telephone, rather than in person, or (3) both in person and virtually. How each opening is to be conducted shall be addressed in writing in the relevant procurement solicitation, including any addenda to the procurement solicitation that may be issued. Whenever the opening is conducted either virtually only or both in person and virtually, in order to reduce the opportunity for persons to use any online virtual meeting application as a means for disrupting the opening, the ability for persons attending virtually to be viewed and/or heard by other attendees of such opening may be restricted by, and granted only upon request approved by, City Purchasing.



Procurement Policy of the City of Franklin, Tennessee

APPENDIX A

SELECTED TENNESSEE STATUTES APPLYING TO OFFICERS, COMMITTEE MEMBERS, ETC.

T.C.A. § 6-54-107. Interest of officer in municipal contracts prohibited.

- a. No person holding office under any municipal corporation shall, during the time for which such person was elected or appointed, be capable of contracting with such corporation for the performance of any work that is to be paid for out of the treasury. Nor shall such person be capable of holding or having any other direct interest in such a contract. “Direct interest” means any contract with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. “Controlling interest” includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.
- b. No officer in a municipality shall be indirectly interested in any contract to which the municipality is a party unless the officer publicly acknowledges such officer’s interest. “Indirectly interested” means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality.
- c.
 1. Any member of a local governing body of a municipality who is also an employee of the same municipality may vote on matters in which such member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: “Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents.”
 2. In the event a member of a local governing body of a municipality has a conflict of interest in a matter to be voted upon by the body, the member may abstain for cause by announcing such to the presiding officer. Any member of a local governing body of a municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.
 3. The vote of any person having a conflict of interest who does not inform the governing body of such conflict as provided in subdivision (c)(1) shall be void if challenged in a timely manner. As used in this subdivision (c)(3), “timely manner” means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.
 4. Nothing in this subsection (c) alters, amends, or otherwise affects § 12-4-101(a). In the event of any conflict between this subsection (c) and § 12-4-101(a), § 12-4-101(a) shall prevail.
 5. The legislative body of any metropolitan form of government or charter form of government may opt out of this subsection (c) by resolution.



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T.C.A. § 6-54-108. Penalty for unlawful interest of officer.

Every officer of such corporation who shall unlawfully be concerned in making such contract, or who shall unlawfully pay money upon the same to or for any person declared incapable in § 6-54-107, shall forfeit the amount so paid; and such officer shall be jointly and severally liable to an action for the same, which action may be prosecuted by any citizen of the corporation in its name.

T.C.A. § 12-4-101. Personal interest of officers prohibited.

(a) (1) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract. “Directly interested” means any contract with the official personally or with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. “Controlling interest” includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This subdivision (a)(1) shall not be construed to prohibit any officer, committee person, director, or any person, other than a member of a local governing body of a county or municipality, from voting on the budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.

....

(b) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer’s interest. “Indirectly interested” means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

....

T.C.A. § 12-4-102. Penalty for unlawful interest.

Should any person, acting as such officer, committee member, director, or other person referred to in § 12-4-101, be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.



Procurement Policy of the City of Franklin, Tennessee

APPENDIX B **SOLE-SOURCE PURCHASES VALUED AT OR GREATER THAN \$20,000**

Sole-source purchases valued at or greater than \$20,000 shall be made only when an item is unique and possesses specific characteristics that can be filled by only one source and must have prior approval by the Purchasing Manager or, if the purchase is valued at or greater than \$50,000, then the Board of Mayor and Aldermen except as detailed in provision L, “Sole-Source Purchases.” In determining whether to authorize sole-source purchases valued at or greater than \$20,000, factors such as the following shall be considered:

1. whether the vendor possesses exclusive and/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 competitively priced products or services may be used;
4. whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers; and
5. whether items must be interchangeable or compatible with in-place items.

After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the above criteria, and provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated, then, in lieu of competitive procurement procedures, the Purchasing Manager shall either authorize the sole-source purchase or, if the purchase is valued at or greater than \$50,000, then forward the request to the Board of Mayor and Aldermen for its consideration except as detailed in provision L, “Sole-Source Purchases.”

Based in part on Rule No. 0690-3-1-.03(3) of Rules of the Tennessee Department of General Services, Purchasing Division.



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A. General Provisions

This Procurement Policy of the City of Franklin (“City”) ~~Purchasing Policy~~, Tennessee shall apply to the ~~purchase~~City’s procurement of materials, supplies, vehicles and equipment, the purchase of services ~~other than those pertaining to~~(including both the design and/or construction of new infrastructure and facilities, as well as the design and/or construction of improvements to existing infrastructure and facilities), leases and lease-purchases, and the disposal and transfer of surplus personal property, all for the proper conduct of the City’s business.

All contracts, leases and lease-purchase agreements are subject to the approval of the Board of Mayor and Aldermen, unless otherwise provided by resolution or ordinance. Any contracts, leases and lease-purchase agreements extending beyond the end of the current fiscal year shall be so noted prior to consideration by the Board of Mayor and Aldermen. Leases and lease-purchase agreements meeting certain criteria (pursuant to T.C.A. § 9-24-104) are subject to preapproval by the Tennessee Comptroller of the Treasury Division of Local Government Finance. For any lease agreement that exceeds twelve (12) calendar months and for which the payments are at least \$50,000.00, then see also the City’s Lease Accounting and Reporting Policy as approved by ~~Resolution No. 2021-96 and modified by Resolution No. 2022-44~~resolution of the Board of Mayor and Aldermen.

Whenever the City undertakes its own competitive procurement process for the procurement of goods and/or services ~~not pertaining to the design and/or construction of new infrastructure and facilities~~, then the City is hereby authorized to utilize the one or more of the following procurement methodologies best suited for the intended procurement:

- request for quotations (not for purchases valued at \$50,000 or more)
- solicitation for bids
- request for proposals
- request for qualifications

This ~~Purchasing~~Procurement Policy is intended to promote the public interest and preserve and enhance the public trust by establishing a transparent procurement system by which the City conducts its ~~non-construction related purchasing~~procurement, and by providing vendors (including suppliers, service providers and contractors) with a fair forum for competing for City business.

B. Responsibilities of Departments

The following are the responsibility of each department:



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1. Departments shall be responsible for purchases and projects valued less than \$50,000. (In the context of this Procurement Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered.)
2. Departments shall use pricing established pursuant to City procurement awards or Tennessee statewide contracts (SWCs) if and as available. The use of pricing established by cooperative purchasing arrangements approved by the City Administrator for use by the City, as well as pricing established by other Tennessee local governments pursuant to a competitive procurement process involving “public advertisement” (hereby defined to mean the same as that term is used in T.C.A. § 6-56-301 *et seq.*, the Tennessee Municipal Purchasing Law of 1983, or T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as they may be amended from time to time) and sealed submittals, are acceptable alternatives and may be used in lieu of competitive pricing established by the City or the State.
3. Departments shall coordinate with ~~theCity~~ Purchasing ~~Office~~ and/or ~~theCity~~ Finance ~~Department~~ as to the method of payment that best meets the needs of the City.
4. Before placing an order for any non-emergency purchase valued at or greater than \$20,000, departments shall prepare and submit a procurement requisition, on the form prescribed by ~~theCity~~ Purchasing ~~Office~~, and await approval thereof. For orders for emergency purchases valued at or greater than \$20,000, the procurement requisition may be completed within ten (10) calendar days after placing the order (see also provision D, “Circumstances under which competitive pricing is not required,” subsections 2 and 18, provision K, “Emergency Purchases,” and provision Y (“Emergency policies and procedures”)).
5. Purchases valued less than \$50,000 but not less than \$20,000 shall not be made unless and until, wherever possible, the department shall have obtained and forwarded to the Purchasing Manager competitive quotations from at least three (3) vendors, said quotations to be either supplied in writing by the vendor or reduced to writing by the department, accompanied by a tabulation of the comparative aspects of the quotations obtained, a recommendation as to which quotation should be accepted and a procurement requisition for the recommended quotation. As an alternative to obtaining competitive ~~quotes~~quotations from at least three (3) vendors, departments may use any of the procurement methodologies approved for usage for purchases valued at \$50,000 or more.
6. All foreseeable purchases, including those valued less than \$20,000, should not be made unless and until the department head or his or her authorized representative is satisfied that the value of the purchase is fairly priced and not more than what would be expected in the current marketplace. At the discretion of the department head or his or her authorized representative, for foreseeable purchases valued less than \$20,000, the department should, whenever it is prudent to do so, obtain multiple competitive quotations, said quotations to be either supplied in writing by the vendor or reduced to writing by the department.



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7. As soon as practicable but within ten (10) calendar days of receipt of items ordered, departments shall be responsible for verifying that the items conform to the order. The process for taking delivery of items is as follows:
 - a. Inspect the goods to verify that they are in acceptable condition.
 - b. Verify that all operating manuals and warranty cards are included in the delivery of the goods, if applicable.
 - c. Verify that the number of items ordered have been delivered, making special note when all or part of a particular order has been back-ordered.
 - d. Ensure that purchases of capital assets of the City have been properly reported, either directly or indirectly, to ~~the~~City Finance ~~Department~~ and the City's Risk Manager and, if rolling stock, ~~City Fleet Maintenance~~, on forms prescribed by those respective offices, so that records of such purchases may be updated, insurance coverage may be obtained, and vehicle tags may be obtained, all in a timely manner.
8. Regardless of method of payment, departments shall be responsible for reviewing, approving and allocating to the proper fund-function-department combination all invoices authorized for payment.
9. It shall be the responsibility of each department to allow time for competitive procurement solicitation, ordering and delivery pursuant to this ~~Purchasing~~Procurement Policy.
10. No employee shall make any indication that he/she will recommend a particular product for purchase, knowingly bind the City to a specific vendor, or make any representation as to his or her authority to bind the City by contract when such is not the case.



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11. No employee shall intentionally split purchases in order to circumvent City procurement thresholds.

C. Responsibilities of Purchasing Manager

The following are the responsibility of the Purchasing Manager:

1. The Purchasing Manager shall assist all departments in purchasing procuring operating materials, supplies, vehicles, equipment and services to which this Purchasing Procurement Policy applies.
2. The Purchasing Manager shall be responsible for facilitating the competitive procurement process by which all purchases to which this Purchasing Procurement Policy applies and valued at or greater than \$50,000 are made.
3. For all purchases to which this Purchasing Procurement Policy applies and valued at or greater than \$20,000, the Purchasing Manager shall advocate the purchase of required products and services only either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or quote quotation or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City.
4. The Purchasing Manager shall advise the departments about the source and availability of products and services needed by the various departments.
5. The Purchasing Manager shall provide current vendor files available for use and review by departments.
6. The Purchasing Manager shall, upon request, obtain prices on comparable items.
7. The Purchasing Manager shall provide vendor lists, prepare Purchase Orders as necessary, and maintain orderly files.
8. The Purchasing Manager shall be alert on an ongoing basis for new sources and for improved products and services.
9. The Purchasing Manager shall assist the departments in the preparation of specifications for solicitations for bids and the requirements provisions of requests for proposals and requests for qualifications.
10. For formal procurement solicitations, the Purchasing Manager shall prepare and submit for timely publication all legal notices. To promote competition and facilitate the dissemination of documents and information pertaining to formal procurement solicitations, the Purchasing Manager shall post on the City's public website timely information about current formal procurement solicitations.
11. The Purchasing Manager shall periodically review the City's recent records of repetitive purchases, over time, across the organization and across suppliers and service providers, of like products and services, and shall advocate the City consolidate and aggregate its purchase of as many foreseeably necessary like products and services as practicable so to improve pricing for the City, to improve services provided to the City, and/or to reduce the City's cost of operations.
12. To the extent practicable, the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.



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13. The Purchasing Manager shall investigate complaints from departments of poor performance by vendors, or complaints about inferior products, and shall, in consultation with ~~the City's City~~ Law ~~Department~~, choose which, if any, remedies are available to the City to pursue.
14. The Purchasing Manager shall be responsible for disposing of the City's surplus personal property of any value, regardless of whether the property was acquired and came to be owned by the City by means of purchase or donation or otherwise, by means of a competitive procurement process and in compliance with City ordinance, except in cases involving data security or other mitigating circumstances. The Purchasing Manager shall develop the appropriate documentation for ~~the City~~ Finance ~~Department~~—in accordance with City ~~Ordinance~~ordinance.
15. The Purchasing Manager shall be responsible for administering and overseeing the City's Purchasing Card program.
16. The Purchasing Manager shall be responsible for otherwise administering and complying with this Purchasing Procurement Policy and applicable Tennessee state law, specifically T.C.A. § 6-56-301 *et seq.* (Tennessee Municipal Purchasing Law of 1983) and T.C.A. § 12-3-1201 *et seq.* (Public Purchases – Local Governments), as it may be amended from time to time, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.

D. Circumstances under which competitive pricing is not required

Under any of the following circumstances, competitive pricing (sealed bids or proposals pursuant to public advertising if valued at or greater than \$50,000; competitive ~~quotes~~quotations from at least three (3) vendors wherever possible if valued less than \$50,000 but not less than \$20,000) is not required. Under any of these same circumstances, neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen is required unless such is otherwise required pursuant to this ~~policy~~Procurement Policy.

1. Authorized sole-source purchases (see provision L, "Sole-Source Purchases").
2. Authorized emergency expenditures (see provision K, "Emergency Purchases"; see also provision D ("Circumstances under which competitive pricing is not required"), subsection 18, and provision Y ("Emergency policies and procedures")).
3. Purchases from instrumentalities created by two (2) or more cooperating governments, such as, but not limited to those established pursuant to T.C.A. § 12-9-101, *et seq.* (Interlocal Cooperation Act).
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide products and services specifically to municipalities, as provided in T.C.A. § 6-56-302.
5. Purchases, leases or lease-purchases of real property, as provided by City ordinance and state law.



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6. Purchases, leases, or lease-purchases of used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities, as provided in T.C.A. § 12-3-1202.
7. Purchases of supplies, goods, equipment (except new or unused motor vehicles, unless the motor vehicles are manufactured for a special purpose as defined in T.C.A. § 12-3-1208) and/or services (except any transportation infrastructure project, including, but not limited to, projects for the construction or improvement of streets, highways, bridges, tunnels, or any roadway related facility), pricing for which has been established by other units of Tennessee local government, as provided in T.C.A. § 12-3-1203(a) and 12-3-1203(c).
8. Purchases pursuant to Tennessee Department of General Services statewide contracts (SWCs) authorized for use by Tennessee local governments.
9. Purchases from Tennessee Rehabilitative Initiative in Correction (TRICOR).
10. Professional service contracts as provided in T.C.A. § 12-3-1209 (namely, legal services, fiscal agent, financial advisor or advisory services, services from an insurance producer (as that term is defined in T.C.A. § 56-6-102), educational consultant services, and similar services by professional persons or groups of high ethical standards).
11. Other professional services as provided in T.C.A. § 12-4-107 (namely, architectural and engineering services and land surveying).
12. Tort liability insurance, as provided in T.C.A. § 29-20-407.
13. Purchase of fuels, fuel products or perishable commodities, as provided in T.C.A. § 6-56-304.
14. Purchases based on contracts established by a cooperative purchasing arrangement recognized by the City pursuant to Resolution No. 2009-50, as provided in T.C.A. § 12-3-1205.
15. Purchases based on contracts established by the United States General Services Administration (GSA) and authorized by GSA for use by US~~United States of America~~ local governments, except as may be prohibited by applicable Tennessee statute.
16. Other arrangements and methods pursuant to Tennessee and/or federal law.
17. Fees paid by the City for products and services provided to the City by the State of Tennessee, other units of local government, and public utilities and utility districts.
18. Purchases made during a declared state of emergency that applies to the City but only if specific conditions prevent the establishment of competitive pricing; provided, however, that if the emergency purchase is valued at or greater than \$50,000.00, then both the purchase and the specific conditions that prevented the establishment of competitive pricing shall, as soon as practicable, be reported to the Board of Mayor and Aldermen (see also provision D (“Circumstances under which competitive pricing is not required”), subsection 2, provision K, “Emergency Purchases”), and provision Y (“Emergency policies and procedures”).

E. Rejection of Bids, Proposals or Other Submittals



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The Purchasing Manager shall recommend to the Board of Mayor and Aldermen to reject any and all bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by ~~theCity~~ Purchasing-Office, or parts thereof, for any product or service to which this Procurement Policy applies, whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager believes the public interest would be best served by such rejection. The Purchasing Manager shall recommend to the Board of Mayor and Aldermen that it reject any such submittal of a vendor or contractor who is in default on the payment of taxes, licenses, fees or other monies of whatever nature that may be due the City by the vendor or contractor whenever, prior to the Board of Mayor and Aldermen making an award pursuant to such a formal procurement solicitation, the Purchasing Manager becomes aware of such default.

F. Conflict of Interest, Use of Position, Solicitation

There are several sources of law and regulations, as they may be amended from time to time, that apply to conflicts of interest, use of position and solicitation. They are incorporated by reference and adopted as if fully stated herein.

a. City Charter

Article VIII (“Finance”), Section 16 (“Officers not to be Interested in City Contracts or Work”) of the City of Franklin Charter reads as follows:

No member of the Board of Mayor and Aldermen, or officer elected by said Board, shall be interested in any contract, or work of any kind whatever, under its control and direction, and any contract in which any such person shall have an interest shall be void and cannot be enforced.

b. City of Franklin Municipal Code

Title 1 (“General Administration”), Chapter 8 (“Ethics”) of the City of Franklin Municipal Code sets forth the Code of Ethics for the City of Franklin, which applies to all full-time and part-time elective or appointed officials and employees of the City.

c. City of Franklin Regulations

Article XXI (“General Policies and Procedures”), Section E (“Business Dealings”), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads as follows:

Except for the receipt of such compensation as may be lawfully provided for the performance of City duties, and except as noted below, no City officer or employee shall be privately interested in or profit, directly or indirectly, from business dealings with, of, or by the City.



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Full-time, part-time, and temporary employees of the City may contract to supply goods and products to the City and/or render services for the City, provided:

1. any service that would be rendered must not be one the employee might provide in the normal scope of their regular duties;
2. the employee would be required to compete for the City's business in the same manner as any other prospective supplier or service provider;
3. the business relationship between the City and the employee must not present a conflict of interest nor a conflict of time with the employee's regular duties;
4. the business relationship between the City and the employee is not prohibited by the City's ethics policy; and
5. the business relationship between the City and the employee is authorized in advance by the City Administrator, and if the relationship is to be for more than one (1) year, it is annually re-authorized by the City Administrator.

Article XXI ("General Policies and Procedures"), Section I ("Use of Position"), of the City of Franklin Human Resource Manual, as it may be amended from time to time, reads in part as follows:

No employee shall make or attempt to make private purchases in the name of the City, nor otherwise use or attempt to use status as a City employee to secure unwarranted privileges or exemptions.

Article XXI ("General Policies and Procedures"), Section F ("Acceptance of Gratuities"), of the City's Human Resource Manual, as it may be amended from time to time, reads in part as follows:

No employee shall accept or solicit any money or other consideration or favor from anyone other than the City for the performance of an act that the officer or employee would be required or expected to perform in the regular course of employment; nor shall any officer or employee accept, directly or indirectly, any gift, gratuity, or favor of any kind that might reasonably be an attempt to influence the individual's actions with respect to City business.

d. Statutes

Certain Tennessee statutes may apply to purchases involving city officers, committee members, etc. Selected Tennessee statutes may be found in Appendix A to this PurchasingProcurement Policy attached hereto for reference.

G. City Officer and Employee Communication with Vendors During Formal Procurement Solicitations for Sealed Submittals



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Between the time a formal procurement solicitation for sealed submittals is issued by the City and the time an award is made, members of the Board of Mayor and Aldermen as well as employees of the City shall refrain from any form of communication with one or more vendors that may be competing for the award about any aspect of the procurement other than either in the context of a public meeting or by way of ~~theCity~~ Purchasing-Office. The foregoing is not meant to preclude a representative of the City from answering questions from vendors if the question is already addressed in the formal solicitation documents, if the City representative is certain of the correct answer, and if ~~theCity~~ Purchasing-Office is informed of the communication. Otherwise, any inquiries from one or more vendors that may be competing for such an award shall be directed to ~~theCity~~ Purchasing-Office which shall determine whether an addendum to the formal procurement solicitation should be prepared and issued to all vendors known or thought to be interested in the procurement opportunity. Vendors that may be competing for an award pursuant to a formal procurement solicitation shall be instructed that, until that award has been made, they shall not communicate about either the content of or the procurement process pertaining to the relevant formal procurement solicitation with any official, employee or other representative of the City except through ~~the City'sCity~~ Purchasing Office. The City reserves the right to disqualify any vendor that initiates unauthorized communication with the City during the procurement phase.

H. City Officer and Employee Business Dealings with the City

See Article XXI ("General Policies and Procedures"), Section E ("Business Dealings"), of the City of Franklin Human Resources Manual.

See also Title 1 ("General Administration"), Chapter 8 ("Ethics"), of the City of Franklin Municipal Code.

I. Tie Bids and Tie ~~Quotes~~Quotations

Whenever the City utilizes its own competitive procurement process, and in the event of tie bids or tie ~~quotesquotations~~ (that is, when two or more responsible bidders or quoters submit responsive bids or ~~quotesquotations~~ at identical total pricing for the minimum or estimated quantity indicated), then the tie bids or tie ~~quotesquotations~~ shall be broken by means of one of the following methods, in descending order:

1. The award shall be made to the vendor who bid or quoted the soonest delivery of the product or completion of the service of all the vendors submitting the tie bids or tie ~~quotesquotations~~.
2. The award shall be made to the vendor who offered the pricing for the longest period of time for potential future orders of all the vendors submitting the tie bids or tie ~~quotesquotations~~.
3. If one or more of the vendors submitting the tie bids or tie ~~quotesquotations~~ competed for the City's business the last time the City solicited bids or ~~quotesquotations~~ for the same product or service, then the award shall be



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made to the vendor who offered the lowest pricing at that time of all the vendors submitting the tie bids or tie ~~quotes~~quotations.

4. If one or more of the vendors submitting the tie bid or tie ~~quote~~quotation have done business with the City within the most recent 24 months, then the award shall be made to the vendor who has done the most business with the City (measured in dollars) in that time frame of all the vendors submitting the tie bids or tie ~~quotes~~quotations.
5. The award shall be made by means of random selection, such method to be administered by the Purchasing Manager and to give equal opportunity to all the vendors submitting the tie bids or tie ~~quotes~~quotations.

J. Determining Responsible Respondents and Responsive Submittals

Whenever the City utilizes its own competitive procurement process, products and services shall be purchased either from (a) the responsible bidder or quoter that submits the lowest priced responsive bid or ~~quote~~quotation or from (b) the responsible proposer or other respondent that submits the responsive proposal or other submittal that is most advantageous to the City. (The term “responsible bidder or quoter” and the term “responsible proposer or other respondent” shall mean a business entity or individual determined by the City to have the integrity and reliability as well as the financial and technical capacity to perform the requirements of the procurement solicitation and subsequent contract. The term “responsive bid or ~~quote~~quotation” and the term “responsive proposal or other submittal” shall mean a submittal determined by the City to fully conform in all material respects to the procurement solicitation and all of its requirements, including all form and substance.) In determining whether a competing respondent is responsible and whether the submittal is responsive, criteria such as the following may be taken into consideration:

1. The ability of the competing vendor to perform the contract or provide the material or service required.
2. Whether the competing vendor can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
3. The character, integrity, reputation, judgment, experience, expertise and efficiency of the competing vendor.
4. The previous and existing compliance by the competing vendor or a predecessor in interest with laws and ordinances relating to the contract or service.
5. The quality of the competing vendor’s performance of previous contracts or services, including the quality of such ~~contracts or services in other municipalities, or performed for~~ performance for other public sector agencies and/or private sector customers.
6. The sufficiency of financial resources and the ability of the competing vendor to perform the contract or provide the service.
7. The ability of the competing vendor to provide future maintenance and service for the use of the materials, supplies, vehicles, equipment or contractual service contracted.



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8. Compliance by the competing vendor with all specifications included in the solicitation for bids or with all requirements included in the request for proposals or request for qualifications.
9. The ability of the competing vendor to deliver and maintain any requisite bid bonds or performance bonds.

K. Emergency Purchases

When in the judgment of the City Administrator, the department head or the Purchasing Manager there exists an emergency impinging on public health, safety or welfare and a purchase valued at or greater than \$20,000 is necessary, then the competitive ~~purchasing~~procurement provisions contained in this ~~Purchasing~~Procurement Policy may be waived; provided, however, that if the emergency purchase is valued at or greater than \$50,000, then it shall, as soon as practicable, be reported to the Board of Mayor and Aldermen.

The emergency basis for pricing should be used only if necessary. Purchases that qualify as emergencies are to be based on emergency pricing only if another ~~policy-compliant~~ basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) that would be compliant with this Procurement Policy is not known to be available. (See also provision D (“Circumstances under which competitive pricing is not required”), subsections 2 and 18, and provision Y, “Emergency policies and procedures.”)

L. Sole-Source Purchases

In the context of this Procurement Policy, whenever any dollar thresholds are referenced, the estimated total value of the purchase or project, including all components related thereto, either over the course of the term of the award or, in the absence of a term of award, over the course of the next twelve (12) months, shall be considered. To the extent practicable, departments and the Purchasing Manager shall strive to apply procurement thresholds of the City by like product or service for all anticipated needs of the City for the maximum term of a prospective award.

The sole-source basis for pricing should be used only if necessary or financially advantageous to the City. Except when financially advantageous to the City to do otherwise, purchases that qualify as sole-source are to be based on sole-source pricing only if another ~~policy-compliant~~ basis for pricing (e.g., federal General Services Administration (GSA) via GSA contract, State of Tennessee via Tennessee statewide contract (SWC), one of the cooperative purchasing arrangements recognized by the City) that would be compliant with this Procurement Policy is not known to be available.

Sole-source purchases valued at less than \$20,000 may be authorized by the end-user department. Sole-source purchases valued at less than \$50,000 but not less than \$20,000 may be authorized by the Purchasing Manager upon



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being satisfied that it is not possible to obtain competitive quotations from at least three (3) vendors. Except as noted in this provision L (“Sole-Source Purchases”), sole-source purchases valued at or greater than \$50,000 may not be made unless and until individually authorized by the Board of Mayor and Aldermen. Authorized sole-source purchases do not require sealed bids or proposals pursuant to public advertising. The criteria for evaluating sole-source purchases valued at or greater than \$20,000 are presented in Appendix B to this PurchasingProcurement Policy. Sole-source purchases pertaining to circumstances under which sealed bids or proposals pursuant to public advertising are not required, as same are listed in provision D (“Circumstances under which competitive pricing is not required”), even if valued at or greater than \$50,000, require neither individual authorization by nor specific reporting to the Board of Mayor and Aldermen unless otherwise required to be authorized or reported pursuant to this policyProcurement Policy.

Sole-source purchases valued at or greater than \$50,000 that do not require individual authorization by (but which shall, as soon as practicable, still be reported to) the Board of Mayor and Aldermen include:

- a. Repairs to, maintenance of, licenses for and/or maintenance agreements for products already in use by the City, provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: engine repairs made by the manufacturer or the manufacturer’s representative for a vehicle; license and maintenance agreements for computer software.
- b. Purchases of items necessary to maintain, expand or improve a manufacturer-specific system already in use by the City, and/or another governmental agency with which the City must cooperate in order to provide the public service relevant to the proposed purchase, and that requires interchangeability or interconnectivity of and/or communication between the component parts, provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: water meters and related parts; traffic signal equipment and related parts; athletic field lighting (and related parts) connected to a centralized master control; automated external defibrillators; cardiac monitors; telemetry/supervisory control and data acquisition equipment.
- c. Purchases of items that have, for good and sufficient reason, previously been standardized by the City, provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated. Examples: low-pressure wastewater collection grinder pumps and related parts; self-contained breathing apparatus; vehicle exhaust



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evacuation systems at individual fire stations, including installation if only one authorized installer is assigned to serve the City; vehicle extrication equipment.

M. Purchasing Card Program

The Purchasing Card Program shall be administered by the Purchasing Manager pursuant to procedures established therefor. Department heads shall determine which employees of their department shall be issued City purchasing cards. Employees who are authorized and expected to travel on behalf of the City and at the City's expense shall be issued purchasing cards and are expected to use same in lieu of being given travel advances.

Employees' participation in the City's Purchasing Card Program is a privilege and a convenience that includes certain responsibilities. Although the purchasing card is issued in the cardholder's name, it is City property and therefore must be used in accordance with City ~~policy~~policies and ~~rules~~procedures, as well as with objectively reasonable judgment, especially as follows:

1. The City of Franklin Purchasing Card is provided to employees based on their need to purchase authorized goods and services. A card may be revoked at any time based on change of assignment or location. The card is neither an entitlement nor a reflection of title or position.
2. The card may be used only for authorized obligations of the City; use of the card for a purchase other than an authorized obligation of the City (such as ~~cash~~, personal purchases as well as alcoholic beverages and entertainment), even if intended for future reimbursement, are specifically prohibited.
3. Purchases made with the card are to comply with City ~~purchasing~~procurement and disbursements policies and procedures. Such City procurement ~~rules~~procedures as the need for procurement requisitions, the basis for pricing, contracting, whether a certificate of insurance is necessary to require of the service provider, adequacy of budgeted funding, and timing of payment relative to delivery of the product or service, all apply regardless of method of payment (such as by purchasing card).
4. The cardholder is the only person entitled to use the card and is accountable for all charges attributable to the card.
5. Cardholders are expected to exercise objectively reasonable judgment in deciding whether to make a purchase by considering (a) whether the potential purchase is prudent and necessary, and (b) whether the potential purchase would reflect well on the City and the cardholder, and be perceived by the general public as suitable and appropriate. Improper use of a City purchasing card, especially intentional and unreported but even unintentional and reported, including personal purchases as well as alcoholic beverages and entertainment, even if reimbursed, may be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination.



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6. Except for (a) purchases made outside Tennessee, (b) purchases of non-catered prepared meals, and (c) purchases related to travel, the City purchaser/cardholder is responsible for ensuring that the transaction is completed without sales tax being charged to the City. If a transaction has been completed on which sales tax was charged in error, then the cardholder is responsible for contacting the vendor and requesting that the amount of the sales tax be credited back to the same City purchasing card to which the sales tax was charged. Documentation of this effort, and of the vendor's response, shall be submitted in addition to the supporting documentation for the transaction.
7. Cardholders are expected to comply with internal control procedures in order to protect the City's assets. This includes (a) not permitting anyone other than the cardholder to use the card; (b) making sure that each transaction is electronically processed in full and on time in the purchasing card expense reporting system utilized by the City; (c) keeping and submitting on time detailed invoices or itemized payment receipts that substantiate each and every charge attributed to the purchasing card issued to the cardholder; (d) assisting the City upon request with reconciling the City's billing cycle statements; and (e) taking reasonable precautions to secure the purchasing card against loss and/or theft.
8. If electronic processing of a purchasing card transaction is not completed by the deadline and ~~the City~~ Purchasing-Office has not been previously notified of the need for a delay, then the monthly credit limit for the respective purchasing card may be reduced to \$0 until the processing is complete. This consequence applies to any transaction that has not been correctly allocated, explained with a comment, and approved by the individual assigned to approve purchasing card transactions for that cardholder. Credit limits will be restored to the previous amounts once electronic processing is complete.
9. Failure to submit on time adequate and legible supporting documentation for each transaction or to otherwise comply with ~~City rules established procedures of the City~~ will carry consequences, possibly including reduction or loss of card spend authority, reimbursement of the City by the employee for unauthorized and/or unsubstantiated purchases, and/or disciplinary action, up to and including termination.
10. Cardholders are responsible for cooperating with efforts by the City to resolve any discrepancies by contacting the vendor and/or the issuing bank.
11. All approvers, including both initial as well as final, are responsible for ensuring that purchasing card transactions they approve do adhere to City policies and procedures, are allocated correctly, and are processed in full according to City Purchasing's purchasing card processing schedule. Failure by an approver to do so may result in City Purchasing notifying one or more of that approver's supervisors.
- ~~11.~~12. A lost or stolen purchasing card, or a card account number that was stolen or may have been compromised, shall, as soon as practicable upon discovery of the loss or theft, be reported ~~to by~~ the City ~~Purchasing-Office~~ and/or to the issuing bank.
- ~~12.~~13. A cardholder must surrender his or her card upon termination of employment (i.e., retirement or voluntary or involuntary separation).



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14. No employee shall intentionally split purchases in order to circumvent City procurement thresholds and/or City purchasing card spend limits.

N. Payment for Purchases

All payments to vendors and service providers shall be made by one of the City's available methods of payment in accordance with City ~~purchasing~~procurement and disbursements policies and procedures.

O. Use of Internet Auctions for Purchases of City Property

The use of internet auctions is generally prohibited as a method for making City purchases unless specifically authorized in advance by the City Administrator.

P. ~~Vendor~~Procurement Protests

~~Vendor~~Procurement protests shall be handled in accordance with the City's ~~Vendor~~Procurement Protest Procedure for ~~procurements not pertaining to new construction~~of the City of Franklin, Tennessee as approved by resolution of the Board of Mayor and Aldermen.

Q. Disciplinary Action

Any employee who fails or refuses to comply with the provisions of this ~~Purchasing~~Procurement Policy shall be subject to disciplinary action pursuant to and as provided in the Human Resources Manual, as it may be amended from time to time.

R. Requests for Proposals

Requests for proposals shall be used pursuant to T.C.A. § 12-3-1207 and may be used only when qualifications, experience, or competence are more important than price in making the purchase, and either (1) when there is more than one (1) solution to a purchasing issue and a request for proposals would assist in choosing the best solution; or (2) when there is no readily identifiable solution to a purchasing issue and a request for proposals would assist in identifying one (1) or more solutions. The request for proposals shall state the relative importance of price and other evaluation factors. The award shall be made to the responsible respondent whose proposal the governing body determines is the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for proposals. No other factor may be used in the evaluation.



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S. Requests for Qualifications

Requests for qualifications may be used pursuant to T.C.A. § 12-3-1209 for legal services, fiscal agent, financial advisor or advisory services and similar services by professional persons or groups of high ethical standards, or pursuant to T.C.A. § 12-4-107 for architectural and engineering services and land surveying.

T. Procurement of Property and/or Services under a Federal Award

When procuring property and/or services under a Federal award, the City shall follow applicable provisions of 2 CFR Chapter I and Chapter II, Part 200, et al. ("Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule"), as promulgated December 26, 2013 by Executive Office of the President, Office of Management and Budget, namely sections 200.318 ("General procurement standards") through 200.326 ("Contract provisions").

U. Requests to inspect and/or obtain either complete or partial copies of ~~purchasing~~procurement-related public records of the City

~~1. Sealed bids, requests received during protest period: After opening sealed bids submitted to and received by the City in response to a formal procurement solicitation for bids facilitated by the City Purchasing Office, but not later than the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to such a procurement solicitation:~~

~~Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such bids and/or obtain either complete or partial copies of procurement-related public records of the City shall be made and handled as follows:~~

- ~~1. If the requested records could have previously been posted on the City's public-facing website¹, then requests for such records shall be made by any means and directed to and promptly honored by the City Purchasing, and City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and shall provide all such requested records to the requesting party by electronic means.~~
- ~~a. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and If the requested records would not have previously been posted on the City's public-facing~~

¹ Examples of purchasing-related public records that could have previously been posted on the City's public-facing website are those that are typically posted on the City's public-facing website and include but are not limited to contracts, staff memorandums of recommendation, tabulations of preliminary results from bid opening, tabulations of respondents, tabulations of bids in response to a City solicitation for bids, tabulations of proposals in response to a City request for proposals, and tabulations of submittals in response to a City request for qualifications.



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~~website¹, then such requests by any party to obtain either complete or partial copies of such bids shall be made pursuant to the City's public records request policy and procedure.~~

- ~~2. Sealed proposals and statements of qualifications and certain related records, requests received during protest period: After the City issues a notice of intent to award a pending procurement as a result of a formal procurement solicitation facilitated by the City Purchasing Office and involving a personal service, professional service, or consultant service request for proposals or request for qualifications solicitation that resulted in proposals or statements of qualifications having been submitted to and received by the City, but not later than the seventh calendar day after the City issues such a notice of intent to award:
 - ~~a. Requests by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be directed to and promptly honored by the City Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party.~~
 2. Requests other than by an Interested Party (as that term is defined in the City's Vendor Protest Procedure) to inspect, and requests by any party to obtain either complete or partial copies of such proposals and statements of qualifications, and related records, including, but not limited to, evaluations, names of evaluation committee members, and all related memoranda or notes, shall be made shall be made pursuant to the City's public records request policy and procedure.~~
- ~~3. Sealed submittals (except any that have been attached to a City contract that has been posted on the City's website), requests received after protest period: After the seventh calendar day after the City issues a notice of intent to award a pending procurement in response to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of bids, proposals or other vendor submittals, except any such documents that have been attached to a City contract that has been posted on the City's website (see provision U ("Requests to inspect and/or obtain either complete or partial copies of purchasing-related records"), subsections 4.a and 4.b), shall be made pursuant to the City's public records request policy and procedure.~~
- ~~4. Other purchasing-related City records:
 - ~~a. Other than between the date when the City releases a formal solicitation for sealed competitive submittal and the date when the sealed competitive submittal is due to be submitted and opened for any like product or service, for any purchasing-related City record that has already been posted on the City's website (e.g., contract, staff memorandum of recommendation, tabulation of bids, tabulation of proposals, tabulation of submittals in response to a City request for qualifications), requests by any party to inspect and/or obtain either complete or partial copies of such records shall be directed to and promptly honored by the City~~~~



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~~Purchasing Office at a time during normal business hours of the City Purchasing Office that is mutually convenient to both the City Purchasing Office and the requesting party, and so honoring such a request may but need not involve the use of the City's public records request policy and procedure.~~

- ~~b. Between the date when the City releases a formal solicitation for sealed competitive submittal and the date when the sealed competitive submittal is due to be submitted and opened for any like product or service, for any purchasing related City record that has already been posted on the City's website (e.g., contract, staff memorandum of recommendation, tabulation of bids, tabulation of proposals, tabulation of submittals in response to a City request for qualifications), requests by any party to inspect and/or obtain either complete or partial copies of such records shall be directed to and promptly honored by the City Purchasing Office in accordance with fair practices (e.g., timely preparation and issuance of an addendum with the requested record(s) attached) established by the City Purchasing Office, and so honoring such a request shall not involve the use of the City's public records request policy and procedure.~~
- ~~c. At any time, for all purchasing related City records other than those pertaining to a formal procurement solicitation facilitated by the City Purchasing Office, requests by any party to inspect and/or obtain either complete or partial copies of such records shall be made pursuant to the City's public records request policy and procedure.~~

V. Multiple-Contract Awards

When advantageous to the City to do so, the City may issue multiple-contract awards, that is, contracts awarded to more than one supplier and/or service provider for comparable supplies and/or services, provided the provisions of this ~~policy~~Procurement Policy and relevant City procurement procedures pertaining to competitively established pricing apply for the total value of all contracts issued for the multiple-contract award.

W. Donated or below-market-priced products or services

If in the judgment of the department head or city administrator a potential donation or a product or service otherwise priced below market would be a benefit to the City, then the City may receive donated or below-market-priced products, whether new or used, or services, provided:

1. The transaction complies with provisions of this ~~policy~~Procurement Policy and relevant City procurement procedures pertaining to competitively established pricing for the transaction value of the donation.
2. The transaction is documented, such as by purchase order or another contract.
3. The transaction documentation states:
 - a. That the donation is offered free and clear to the City of Franklin, Tennessee without any expectation of any payment or service or any other consideration in return, including consideration for past or future procurements of or by the City.



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- b. That the donor is not entitled to, and shall not seek, any marketing or advertising or promotional privilege or benefit as a result of the donation.

This section does not pertain to sponsorships or other advertising sold and/or received by the City.

X. Trade-ins

The Franklin Municipal Code provision pertaining to the disposal of surplus personal property of the City does not pertain to any trade-in of a product owned by the City toward the purchase of another product provided the purchase of the other product complies with the provisions of this ~~policy~~Procurement Policy and relevant City procurement procedures pertaining to competitively established pricing for the value of the purchase before the value of any trade-in is applied.

Y. Emergency policies and procedures

During a declared state of emergency that applies to the City, the City Administrator may suspend this ~~Purchasing~~Procurement Policy and/or the Purchasing Manager may suspend this Procurement Policy and standard ~~purchasing~~procurement procedures administered by the Purchasing Manager and implement temporary policies and procedures as circumstances warrant; provided, however, (a) that any suspension of this ~~Purchasing~~Procurement Policy, the rationale for such suspension and any temporary policies shall, as soon as practicable, be reported to the Board of Mayor and Aldermen, and (b) that, to the extent practicable, any such temporary policies and procedures shall deviate from this ~~Purchasing~~Procurement Policy and such standard ~~purchasing~~procurement procedures no more than necessary under the circumstances. (See also provision D (“Circumstances under which competitive pricing is not required”), subsections 2 and 18, and provision K, “Emergency Purchases.”)

Z. Openings of sealed bids, proposals or other submittals

Sealed bids, proposals or other submittals received pursuant to a formal procurement solicitation issued by ~~the City~~Purchasing-Office and pursuant to public advertising, if valued at or greater than \$50,000, shall be opened publicly and may be conducted either (1) in person only or (2) virtually only, by means of an online meeting application that includes both audio/video access via an internet link as well as audio-only access via telephone, rather than in person, or (3) both in person and virtually. How each opening is to be conducted shall be addressed in writing in the relevant procurement solicitation, including any addenda to the procurement solicitation that may be issued. Whenever the opening is conducted either virtually only or both in person and virtually, in order to reduce the opportunity for persons to use any online virtual meeting application as a means for disrupting the opening, the



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ability for persons attending virtually to be viewed and/or heard by other attendees of such opening may be restricted by, and granted only upon request approved by, ~~the~~City Purchasing ~~Office~~.



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APPENDIX A SELECTED TENNESSEE STATUTES APPLYING TO OFFICERS, COMMITTEE MEMBERS, ETC.

T.C.A. § 6-54-107. Interest of officer in municipal contracts prohibited.

- a. No person holding office under any municipal corporation shall, during the time for which such person was elected or appointed, be capable of contracting with such corporation for the performance of any work that is to be paid for out of the treasury. Nor shall such person be capable of holding or having any other direct interest in such a contract. “Direct interest” means any contract with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. “Controlling interest” includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation.
- b. No officer in a municipality shall be indirectly interested in any contract to which the municipality is a party unless the officer publicly acknowledges such officer’s interest. “Indirectly interested” means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality.
- c.
 1. Any member of a local governing body of a municipality who is also an employee of the same municipality may vote on matters in which such member has a conflict of interest if the member informs the governing body immediately prior to the vote as follows: “Because I am an employee of (name of governmental unit), I have a conflict of interest in the proposal about to be voted. However, I declare that my argument and my vote answer only to my conscience and to my obligation to my constituents and the citizens this body represents.”
 2. In the event a member of a local governing body of a municipality has a conflict of interest in a matter to be voted upon by the body, the member may abstain for cause by announcing such to the presiding officer. Any member of a local governing body of a municipality who abstains from voting for cause on any issue coming to a vote before the body shall not be counted for the purpose of determining a majority vote.
 3. The vote of any person having a conflict of interest who does not inform the governing body of such conflict as provided in subdivision (c)(1) shall be void if challenged in a timely manner. As used in this subdivision (c)(3), “timely manner” means during the same meeting at which the vote was cast and prior to the transaction of any further business by the body.



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4. Nothing in this subsection (c) alters, amends, or otherwise affects § 12-4-101(a). In the event of any conflict between this subsection (c) and § 12-4-101(a), § 12-4-101(a) shall prevail.
5. The legislative body of any metropolitan form of government or charter form of government may opt out of this subsection (c) by resolution.



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T.C.A. § 6-54-108. Penalty for unlawful interest of officer.

Every officer of such corporation who shall unlawfully be concerned in making such contract, or who shall unlawfully pay money upon the same to or for any person declared incapable in § 6-54-107, shall forfeit the amount so paid; and such officer shall be jointly and severally liable to an action for the same, which action may be prosecuted by any citizen of the corporation in its name.

T.C.A. § 12-4-101. Personal interest of officers prohibited.

(a) (1) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be directly interested in any such contract. “Directly interested” means any contract with the official personally or with any business in which the official is the sole proprietor, a partner, or the person having the controlling interest. “Controlling interest” includes the individual with the ownership or control of the largest number of outstanding shares owned by any single individual or corporation. This subdivision (a)(1) shall not be construed to prohibit any officer, committee person, director, or any person, other than a member of a local governing body of a county or municipality, from voting on the budget, appropriation resolution, or tax rate resolution, or amendments thereto, unless the vote is on a specific amendment to the budget or a specific appropriation or resolution in which such person is directly interested.

....

(b) It is unlawful for any officer, committee member, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, human resource agency, or other political subdivision created by statute shall or may be interested, to be indirectly interested in any such contract unless the officer publicly acknowledges such officer’s interest. “Indirectly interested” means any contract in which the officer is interested but not directly so, but includes contracts where the officer is directly interested but is the sole supplier of goods or services in a municipality or county.

....

T.C.A. § 12-4-102. Penalty for unlawful interest.



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for of the City of Franklin ~~procurements not pertaining to new construction~~
, Tennessee

Should any person, acting as such officer, committee member, director, or other person referred to in § 12-4-101, be or become directly or unlawfully indirectly interested in any such contract, such person shall forfeit all pay and compensation therefor. Such officer shall be dismissed from such office the officer then occupies, and be ineligible for the same or a similar position for ten (10) years.



Purchasing

Procurement Policy for of the City of Franklin ~~procurements not pertaining to new construction~~ , Tennessee

APPENDIX B SOLE-SOURCE PURCHASES VALUED AT OR GREATER THAN \$20,000

Sole-source purchases valued at or greater than \$20,000 shall be made only when an item is unique and possesses specific characteristics that can be filled by only one source and must have prior approval by the Purchasing Manager or, if the purchase is valued at or greater than \$50,000, then the Board of Mayor and Aldermen except as detailed in provision L, "Sole-Source Purchases." In determining whether to authorize sole-source purchases valued at or greater than \$20,000, factors such as the following shall be considered:

1. whether the vendor possesses exclusive and/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~~ competitively priced products or services may be used;
4. whether the product is available from only one source and not merchandised through wholesalers, jobbers or retailers; and
5. whether items must be interchangeable or compatible with in-place items.

After review of the written justification from the requisitioning department and ascertaining that the item to be purchased meets one or several of the above criteria, and provided the product manufacturer representative has stated in writing that the vendor is the sole source available to the City, and provided the vendor has stated in writing that the quoted pricing is the lowest municipal unit pricing available at that time and in the foreseeable future for the quantity indicated, then, in lieu of competitive ~~purchasing~~ procurement procedures, the Purchasing Manager shall either authorize the sole-source purchase or, if the purchase is valued at or greater than \$50,000, then forward the request to the Board of Mayor and Aldermen for its consideration except as detailed in provision L, "Sole-Source Purchases."

Based in part on Rule No. 0690-3-1-.03(3) of Rules of the Tennessee Department of General Services, Purchasing Division.



File #: 21-0787

DATE: September 19, 2024
TO: Budget & Finance Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
Brian Wilcox, Purchasing Manager

SUBJECT:

Consideration Of Resolution No. 2024-89, A Resolution Adopting A Revised Procurement Protest Procedure Of The City Of Franklin, Tennessee

PURPOSE:

The purpose of this memorandum is to present Resolution No. 2024-89, a resolution adopting a revised Procurement Protest Procedure of the City of Franklin, Tennessee.

BACKGROUND/STAFF COMMENTS:

The City's Vendor Protest Procedure was last updated on May 28, 2024 by means of Resolution No. 2024-37. Staff recommends the procedure be further revised as reflected in the attached document. Following is a summary of the more substantive of the proposed changes:

- To rename the procedure from "Vendor Protest Procedure for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities" to "Procurement Protest Procedure of the City of Franklin, Tennessee";
- To expand the purview of the procedure to include:
 1. the design and/or construction of new infrastructure and facilities (currently explicitly excluded); and
 2. improvements to existing infrastructure and facilities (not currently explicitly excluded but also not consistently included); and
- To identify the rejection of all submittals as another circumstance (along with the cancelation of a procurement solicitation, in whole or in part) that is not "actionable" (that is, not subject to protest) and that shall not be considered.

Resolution No. 2024-89 as proposed, including the revised procedure as proposed, is attached. Also attached is a red-lined version of the revised procedure as proposed. This red-lined version has marked all recommended changes to the text of the procedure.

FINANCIAL IMPACT:

Staff is not aware of any financial impact of approving the proposed revisions to the procedure.

RECOMMENDATION:

Staff recommends the Board of Mayor and Aldermen considering approving Resolution No. 2024-89, a resolution adopting a revised Procurement Protest Procedure of the City of Franklin, Tennessee.

RESOLUTION 2024-89

A RESOLUTION ADOPTING A REVISED PROCUREMENT PROTEST PROCEDURE OF THE CITY OF FRANKLIN, TENNESSEE

WHEREAS, on March 8, 2011, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2011-10, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on January 14, 2014, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2014-07, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on June 27, 2017, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2017-42, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on September 24, 2019, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2019-80, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on January 12, 2021, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2020-216, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on July 12, 2022, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2022-42, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, on May 28, 2024, the Board of Mayor and Aldermen of the City of Franklin adopted Resolution No. 2024-37, a resolution adopting a vendor protest procedure for City procurements not pertaining to new construction; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin for the procedure to be further revised (a) in order to rename "Vendor Protest Procedure for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities" to "Procurement Protest Procedure of the City of Franklin, Tennessee"; (b) in order to expand the purview of the procedure to include (1) the design and/or construction of new infrastructure and facilities and (2) improvements to existing infrastructure and facilities; (c) in order to identify the rejection of all submittals as another circumstance that is not actionable and that shall not be considered; and (d) in order to make miscellaneous other clarifications and other improvements to the procedure.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:

Section 1. The Vendor Protest Procedure for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities adopted by Resolution No. 2024-37, and any and all subsequent changes or revisions, are hereby repealed in their entirety. In place thereof, the Procurement Protest Procedure of the City of Franklin, Tennessee, attached as Exhibit A hereto, is

adopted.

Section 2. Changes or revisions to the procedure hereby adopted shall be made only by resolution of the Board of Mayor and Aldermen of the City of Franklin.

Section 3. The effective date of the procedure hereby adopted shall be January 1, 2025, the public welfare and the welfare of the City requiring it.

IT IS SO RESOLVED AND DONE on this _____ day of _____, 20____.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Angie Skarp
City Recorder

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

By: _____
J. Blake Harper
Staff Attorney



Procurement Protest Procedure of the City of Franklin, Tennessee

The City of Franklin (“City”) recognizes that vendors (including suppliers, service providers and contractors) may, from time to time, feel compelled to lodge a formal protest about some aspect of a City procurement of goods and/or services. In order to promote fair and transparent competitive procurement, and in order to have a procedure to follow if and when the need arises, the City’s Board of Mayor and Aldermen (“Board”) therefore establishes this Procurement Protest Procedure of the City of Franklin, Tennessee as a procedure for evaluating and responding to Procurement Protests pertaining to prospective procurements by the City. This procedure is limited to City procurements (a) that are competitively solicited by the City pursuant to public advertisement and sealed submittals (including for both the design and/or construction of new infrastructure and facilities as well as the design and/or construction of improvements to existing infrastructure and facilities), and (b) for which the value of the award is or would be equal to or greater than \$50,000.

This Procurement Protest Procedure is a mandatory administrative procedure which all aggrieved actual or prospective vendors must utilize and exhaust prior to seeking judicial review or remedy. A protest based upon either the cancelation of a procurement solicitation, in whole or in part, or the rejection of all submittals, is not actionable and shall not be considered.

For the purposes of this procedure, the City defines the following terms:

- A “Procurement Protest” is either (a) a written objection by an Interested Party to a procurement solicitation issued by the City for sealed bids, proposals, offers, statements of qualifications or other submittals, pursuant to public advertisement, in anticipation of a proposed contract for the procurement of goods or services for which the value of the award is or would be equal to or greater than \$50,000, or (b) a written objection by an Interested Party to an intended award of such a contract.
- An “Interested Party” is an actual or prospective vendor whose direct economic interest would be affected either (a) by the award of a contract for the procurement of goods or services that are competitively bid by the City and where the value of the award is or would be equal to or greater than \$50,000 or (b) by the failure to award such a contract (except, as noted above, upon either the cancelation of a procurement solicitation, in whole or in part, or the rejection of all submittals).
- A “Procurement Protester” is an Interested Party who files a Procurement Protest.

A Procurement Protest:

- shall be in writing;
- shall be addressed and directed to the City’s Purchasing Manager (except in the case of Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting against the intended award to another proposer, in which case, pursuant to T.C.A. § 12-3-1207(d), the Procurement Protest shall be addressed to the Board c/o the City Attorney);
- may be delivered electronically or otherwise;
- must be received by the City by the applicable deadline listed below;
- shall include the name and address of the Procurement Protester;
- shall reference the relevant procurement solicitation issued by the City;
- shall include a statement of reason for the Procurement Protest, including allegations and evidence sufficient, if uncontradicted, to establish the likelihood of:

Procurement Protest Procedure of the City of Franklin, Tennessee

- a material deficiency or impropriety in the procurement solicitation issued by the City, such as:
 - a material defect to the procurement solicitation that caused or would cause a result other than in the absence of such defect and the consequence of which is significant;
 - some aspect of the procurement solicitation that created an unfair and material advantage to one or more prospective respondents to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement;
- a material error or impropriety in the intended award of a contract or other procurement decision, such as:
 - an allegation that a procurement is not exempt from the City's standard competitive procurement procedures when such an exemption is claimed by the City;
 - a material error of judgment or fact in evaluating one or more of the responses to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - the respective procurement solicitation issued by the City;
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement.
- may include supporting documents, exhibits, or evidence to substantiate the Procurement Protest;
- shall include a proposed remedy and an explanation of why the proposed remedy should be accepted by the City; and
- shall be signed by the Procurement Protester.

A Procurement Protest against either an alleged procurement solicitation deficiency or impropriety or an intended award, including in the case of Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting against the intended award to another proposer, must be filed by the following applicable deadline:

- A Procurement Protest against an alleged procurement solicitation deficiency or impropriety must be filed between (a) the date when the City posts a formal solicitation for sealed competitive submittal on the City's public-facing website and (b) the date when the sealed response to the procurement solicitation is due to be submitted and opened or, if there is no such deadline, within seven (7) calendar days of the date the Procurement Protester first becomes aware of the City's procurement solicitation.
- A Procurement Protest against an intended award must be filed within seven (7) calendar days of the earlier of either (a) the date the Procurement Protester is notified by the City of the intent to award or (b) the date the intent to award is posted on the City's public-facing website.

Procurement Protest Procedure of the City of Franklin, Tennessee

In the case of a Procurement Protest against an intended award, including in the case of Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting against the intended award to another proposer, the Procurement Protester must direct copies of its Procurement Protest to any and all other parties who have responded to the same procurement solicitation and who have a direct economic interest in the outcome of the Procurement Protest, and must submit proof that such copies have been so provided. Failure to submit such proof shall result in dismissal of the Procurement Protest. The other parties shall be permitted to respond in writing to the Procurement Protest, provided that such response shall be submitted within seven (7) calendar days after the other parties' receipt of the copy of the Procurement Protest. The other parties shall also be permitted to participate in any in-person or virtual meetings conducted by the City in regard to the Procurement Protest.

Upon receipt of a timely Procurement Protest, the City shall not proceed further with either the procurement solicitation or the award of the contract unless the City Administrator makes a written determination that so proceeding without delay is necessary to protect the public health, safety or welfare of the City.

Except in the case of Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting the intended award to another proposer, the following steps shall be followed for formal protests:

- In the case of a Procurement Protest against an alleged procurement solicitation deficiency or impropriety, the Purchasing Manager shall respond in writing to the Procurement Protest within ten (10) City business days of receipt of the Procurement Protest.
- In the case of a Procurement Protest against an intended award, the Purchasing Manager shall respond in writing to the Procurement Protest within fifteen (15) City business days of receipt of the Procurement Protest.
- The Purchasing Manager shall consider the Procurement Protest and issue a determination in writing. The Purchasing Manager may:
 - determine that the Procurement Protest does not merit a revision of the City action or decision being protested; or
 - determine that the Procurement Protest does merit a revision of the City action or decision being protested and proceed accordingly to take corrective action, which may include recommending the City cancel the procurement solicitation, recommending the City reject any and all responses to the procurement solicitation, recommending the City award the procurement to a different respondent, and/or recommending the City start over with a new procurement solicitation.
- If the vendor is dissatisfied with the Purchasing Manager's decision, then the vendor may, within seven (7) calendar days of receipt of the Purchasing Manager's decision, appeal in writing that the matter be considered by the City Administrator, as follows:
 - The appeal shall be addressed and directed to the City Administrator and shall include a statement of reason for the appeal, noting on what basis the vendor believes the Purchasing Manager's decision is incorrect and how and why the Purchasing Manager's decision should be overturned in whole or in part.
 - The City Administrator shall consider the appeal within ten (10) City business days of receipt of the appeal.

Procurement Protest Procedure of the City of Franklin, Tennessee

- After consideration of the appeal and deciding whether to affirm or overturn the Purchasing Manager's decision, the City Administrator shall, within ten (10) City business days of the City Administrator's decision, respond in writing to the appeal and convey the decision of the City Administrator, after which the City shall proceed accordingly. The City Administrator may:
 - affirm the Purchasing Manager's decision in whole or in part; or
 - overturn the Purchasing Manager's decision in whole or in part.
- The decision of the City Administrator shall be final, and no further appeals shall be considered by the City.

In the case of Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting the intended award to another proposer, the following steps shall be followed for formal protests:

- The Board shall, within forty-five (45) calendar days of the City Attorney's receipt of the Procurement Protest, consider the Procurement Protest. The Board may:
 - determine that the Procurement Protest does not merit a revision of the City action or decision being protested; or
 - determine that the Procurement Protest does merit a revision of the City action or decision being protested and direct the City Administrator to proceed accordingly to take corrective action, which may include canceling the procurement solicitation, rejecting any and all responses to the procurement solicitation, awarding the procurement to a different respondent, and/or starting over with a new procurement solicitation.
- The decision of the Board shall be final, and no appeals shall be considered by the City.
- Within ten (10) City business days of the Board's decision, the City Attorney shall respond in writing to the Procurement Protest and convey the Board's decision.



Procurement Protest Procedure of the City of Franklin, Tennessee

Vendor Protest Procedure

for City of Franklin procurements not pertaining to the design and/or construction of new infrastructure and facilities

The City of Franklin (“City”) recognizes that vendors (including suppliers, service providers and contractors) may, from time to time, feel compelled to lodge a formal protest about some aspect of a City procurement of goods and/or services ~~not pertaining to the design and/or construction of new infrastructure and facilities.~~ In order to promote fair and transparent competitive ~~purchasing~~ procurement, and in order to have a procedure to follow if and when the need arises, the City’s Board of Mayor and Aldermen (“Board”) therefore establishes this Procurement Protest Procedure of the City of Franklin, Tennessee as a procedure for evaluating and responding to ~~Vendor Procurement~~ Protests for pertaining to prospective procurements not pertaining to the design and/or construction of new infrastructure and facilities by the City. This procedure is limited to City procurements (a) ~~that do not pertain to the design and/or construction of new infrastructure and facilities,~~ (b) that are competitively solicited by the City pursuant to public advertisement and sealed submittals, ~~and (c) including for both the design and/or construction of new infrastructure and facilities as well as the design and/or construction of improvements to existing infrastructure and facilities), and (b) for which the value of the award is or would be equal to or greater than \$50,000.~~ Procurements that do pertain to the design and/or construction of new infrastructure and facilities are facilitated by the City’s Engineering Department, and any vendor wishing to lodge a protest about a City procurement pertaining to such construction-related purchases should contact the Engineering Department directly.

This ~~Vendor Procurement~~ Protest procedure is a mandatory administrative procedure which all aggrieved actual or prospective vendors must utilize and exhaust prior to seeking judicial review or remedy. A protest based upon either the cancelation of a procurement solicitation, in whole or in part, or the rejection of all submittals, is not actionable and shall not be considered.

For the purposes of this procedure, the City defines the following terms:

- A “~~Vendor Procurement~~ Protest” is either (a) a written objection by an Interested Party to a procurement solicitation issued by the City for sealed bids, proposals, offers, statements of qualifications or other submittals, pursuant to public advertisement, in anticipation of a proposed contract for the procurement of goods or services ~~not pertaining to the design and/or construction of new infrastructure and facilities and~~ for which the value of the award is or would be equal to or greater than \$50,000, or (b) a written objection by an Interested Party to an intended award of such a contract.
- An “Interested Party” is an actual or prospective vendor whose direct economic interest would be affected either (a) by the award of a contract for the procurement of goods or services ~~not pertaining to the design and/or construction of new infrastructure and facilities~~ that are competitively bid by the City and where the value of the award is or would be equal to or greater than \$50,000 or (b) by the failure to award such a contract. (except, as noted above, upon either the cancelation of a procurement solicitation, in whole or in part, or the rejection of all submittals).
- A “~~Protestor Procurement~~ Protester” is an Interested Party who files a ~~Vendor Procurement~~ Protest.

~~A protest based upon the cancelation of a procurement solicitation, in whole or in part, is not actionable and shall not be considered.~~

~~A Vendor Protest:~~



Procurement Protest Procedure of the City of Franklin, Tennessee

A Procurement Protest:

- shall be in writing;
- shall be addressed and directed to the City's Purchasing Manager (except in the case of ~~Vendor~~Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting against the intended award to another proposer, in which case, pursuant to T.C.A. § 12-3-1207(d), the ~~Vendor~~Procurement Protest shall be addressed to the Board c/o the City Attorney);
- may be delivered electronically or otherwise;
- must be received by the City by the applicable deadline listed below;
- shall include the name and address of the ~~Protestor~~Procurement Protester;
- shall reference the relevant procurement solicitation issued by the City;
- shall include a statement of reason for the ~~Vendor~~Procurement Protest, including allegations and evidence sufficient, if uncontradicted, to establish the likelihood of:
 - a material deficiency or impropriety in the procurement solicitation issued by the City, such as:
 - a material defect to the procurement solicitation that caused or would cause a result other than in the absence of such defect and the consequence of which is significant;
 - some aspect of the procurement solicitation that created an unfair and material advantage to one or more prospective respondents to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement;
 - a material error or impropriety in the intended award of a contract or other procurement decision, such as:
 - an allegation that a procurement is not exempt from the City's standard competitive procurement procedures when such an exemption is claimed by the City;
 - a material error of judgment or fact in evaluating one or more of the responses to the procurement solicitation; or
 - a material violation of a relevant provision of one or more of the following:
 - the respective procurement solicitation issued by the City;
 - a City procedure, policy, resolution, ordinance or other regulation governing the procurement; and/or
 - a state law, federal statute or other regulation governing the procurement.
- may include supporting documents, exhibits, or evidence to substantiate the ~~Vendor~~Procurement Protest;

Procurement Protest Procedure of the City of Franklin, Tennessee

- shall include a proposed remedy and an explanation of why the proposed remedy should be accepted by the City; and
- shall be signed by the ~~protester~~ Procurement Protester.

A ~~Vendor~~ Procurement Protest against either an alleged procurement solicitation deficiency or impropriety or an intended award, including in the case of Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting against the intended award to another proposer, must be filed by the following applicable deadline:

- A ~~Vendor~~ Procurement Protest against an alleged procurement solicitation deficiency or impropriety must be filed ~~prior to the deadline between (a) the date when the City posts a formal solicitation for responding sealed competitive submittal on the City's public-facing website and (b) the date when the sealed response to the procurement solicitation is due to be submitted and opened~~ or, if there is no such deadline, within seven (7) calendar days of the date the ~~Protester~~ Procurement Protester first becomes aware of the City's procurement solicitation.
- A ~~Vendor~~ Procurement Protest against an intended award must be filed within seven (7) calendar days of the earlier of either (a) the date the ~~Protester~~ Procurement Protester is notified by the City of the intent to award or (b) the date the intent to award is posted on the City's public-facing website, ~~whichever occurs earlier~~.

In the case of a ~~Vendor~~ Procurement Protest against an intended award, ~~the ~~Protester~~ including in the case of Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting against the intended award to another proposer, the Procurement Protester~~ must direct copies of its ~~Vendor~~ Procurement Protest to any and all other parties who have responded to the same procurement solicitation and who have a direct economic interest in the outcome of the ~~Vendor~~ Procurement Protest, and must submit proof that such copies have been so provided. ~~Failure to submit such proof shall result in dismissal of the ~~Vendor~~ Procurement Protest. The other parties shall be permitted to respond in writing to the ~~Vendor~~ Procurement Protest, provided that such response shall be submitted within seven (7) calendar days after the other parties' receipt of the copy of the ~~Vendor~~ Procurement Protest. The other parties shall also be permitted to participate in any in-person or virtual meetings conducted by the City in regard to the ~~Vendor~~ Procurement Protest.~~

Upon receipt of a timely ~~Vendor~~ Procurement Protest, the City shall not proceed further with either the procurement solicitation or the award of the contract unless the City Administrator makes a written determination that so proceeding without delay is necessary to protect the public health, safety or welfare of the City.

Except in the case of ~~Vendor~~ Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting the intended award to another proposer, the following steps shall be followed for formal protests ~~not pertaining to the design and/or construction of new infrastructure and facilities~~:

- In the case of a ~~Vendor~~ Procurement Protest against an alleged procurement solicitation deficiency or impropriety, the Purchasing Manager shall respond in writing to the ~~Vendor~~ Procurement Protest within ten (10) City business days of receipt of the ~~Vendor~~ Procurement Protest.
- In the case of a ~~Vendor~~ Procurement Protest against an intended award, the Purchasing Manager shall respond in writing to the ~~Vendor~~ Procurement Protest within fifteen (15) City business days of receipt of the ~~Vendor~~ Procurement Protest.

Procurement Protest Procedure of the City of Franklin, Tennessee

- The Purchasing Manager shall consider the ~~Vendor~~Procurement Protest and issue a determination in writing. -The Purchasing Manager may:
 - determine that the ~~Vendor~~Procurement Protest does not merit a revision of the City action or decision being protested; or
 - determine that the ~~Vendor~~Procurement Protest does merit a revision of the City action or decision being protested and proceed accordingly to take corrective action, which may include recommending the City cancel the procurement solicitation, recommending the City reject any and all responses to the procurement solicitation, recommending the City award the procurement to a different respondent, and/or recommending the City start over with a new procurement solicitation.
- If the vendor is dissatisfied with the Purchasing Manager's decision, then the vendor may, within seven (7) calendar days of receipt of the Purchasing Manager's decision, appeal in writing that the matter be considered by the City Administrator-, as follows:
 - The appeal shall be addressed and directed to the City Administrator and shall include a statement of reason for the appeal, noting on what basis the vendor believes the Purchasing Manager's decision is incorrect and how and why the Purchasing Manager's decision should be overturned in whole or in part.
 - The City Administrator shall consider the appeal within ten (10) City business days of receipt of the appeal.
 - After consideration of the appeal and deciding whether to affirm or overturn the Purchasing Manager's decision, the City Administrator shall, within ten (10) City business days of the City Administrator's decision, ~~shall~~ respond in writing to the appeal and convey the decision of the City Administrator, after which the City shall proceed accordingly. -The City Administrator may:
 - affirm the Purchasing Manager's decision in whole or in part; or
 - overturn the Purchasing Manager's decision in whole or in part.
 - The decision of the City Administrator shall be final, and no further appeals shall be considered by the City.

In the case of ~~Vendor~~Procurement Protests pertaining to requests for proposals issued by the City when an aggrieved proposer is protesting the intended award to another proposer, the following steps shall be followed for formal protests ~~not pertaining to the design and/or construction of new infrastructure and facilities~~:

- The Board shall, within forty-five (45) calendar days of the City Attorney's receipt of the ~~Vendor~~Procurement Protest, consider the ~~Vendor~~Procurement Protest. -The Board may:
 - determine that the ~~Vendor~~Procurement Protest does not merit a revision of the City action or decision being protested; or
 - determine that the ~~Vendor~~Procurement Protest does merit a revision of the City action or decision being protested and direct the City Administrator to proceed accordingly to take corrective action, which may include canceling the procurement solicitation, rejecting any and all responses to the procurement solicitation, awarding the procurement to a different respondent, and/or starting over with a new procurement solicitation.



Procurement Protest Procedure of the City of Franklin, Tennessee

- The decision of the Board shall be final, and no appeals shall be considered by the City.
- Within ten (10) City business days of the Board's decision, the City Attorney shall respond in writing to the ~~Vendor~~Procurement Protest and convey the Board's decision.



File #: 21-0838

DATE: October 4, 2024
TO: Budget & Finance Committee
FROM: Mike Lowe, Comptroller
Margaret Wilson, Comptroller

SUBJECT:

Report Of The Audit Plan For FY 2024

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the FY 2024 audit plan report prepared by Crosslin, the City's external auditors.

BACKGROUND/STAFF COMMENTS:

State of Tennessee statutory requirements as well as bond disclosure covenants require an external auditor to perform an independent audit of the City's financial statements and internal controls on an annual basis. The attached document is a written plan for the FY 2024 audit including the approach and plan, areas of audit significance, statement of audit independence, timeline, changes in accounting and auditing standards and fraud discussion.

FINANCIAL IMPACT:

Professional services for performance of the FY 2024 are appropriated within the FY 2025 Budget.

RECOMMENDATION:

For information purposes.



City of Franklin, Tennessee

Audit Planning for the
Year Ended June 30, 2024



CROSSLIN
CERTIFIED PUBLIC ACCOUNTANTS





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September 6, 2024

To the Budget and Finance Committee
Board of Mayor and Aldermen of
the City of Franklin, Tennessee

Dear Members:

Thank you very much for the opportunity to continue as your independent auditors. We are pleased to provide the details of our audit plan and procedures for the City of Franklin, Tennessee (the "City") for the fiscal year ended June 30, 2024. This report outlines the scope of our work and what we see as the key considerations affecting our 2024 audit. This communication is a method to validate our understanding of the significant issues that impact the City's financial statements, confirm your current year expectations, and align our efforts with your expectations.

The City of Franklin and Crosslin, PLLC share a commitment to quality. We strive to understand the City's operations and emerging issues in order to mitigate risk. Our commitment to quality means we bring technically qualified people to the engagement and reflect quality in every aspect of our work.

We appreciate the opportunity to be of service to the City. If you have any questions or comments, please call Jennifer Manternach, Audit Principal, at (615) 320-5500. Thank you again for this opportunity. We look forward to working with you and everyone at the City of Franklin again this year.

Very truly yours,

A handwritten signature in blue ink that reads "Jennifer Manternach".

Jennifer Manternach
Principal



Audit Approach and Plan

We are pleased to be of service to City of Franklin, Tennessee (the “City”). The following report describes our plan for the audit of the financial statements for the fiscal year ending June 30, 2024. This report is designed to provide you with a summary of our overall objectives for the audit and the nature and scope of the planned audit work.

Overall, our audit strategy involves extensive audit principal involvement in all aspects of the planning and execution of the audit and is based on our understanding, of the City gained during our prior audits, current year planning procedures, and discussions with management. Our audit strategy includes the following:

- Focus resources on higher risk areas and other areas of concern as identified by management and those charged with governance.
- Consider inherent risk within the City - i.e., the susceptibility of financial statement misstatement due to material error or fraud, before recognizing the effectiveness of the control systems.
- Consider the control environment and the possibility that the control systems and procedures may fail to prevent or detect a material error or fraud.
- Assess internal controls in determining the degree of detail testing required.
- Consider information about systems and the computer environment in which financial records and related systems operate.
- Consider recent results of operations and significant current year events.
- Conduct the audit of the annual financial statements of the City as of and for the year ended June 30, 2024 in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.
- Consult regarding accounting and reporting matters as needed throughout the year.
- Ensure that those charged with governance are kept appropriately informed of the City’s financial reporting matters as required by professional standards.



Audit Approach and Plan (Continued)

The key element of effective audit planning is a thorough understanding of the City's operations. This includes the operating environment, accounting and internal accounting control structure, and financial position. Our history and experience with the City and other governmental entities, our planning procedures, and our planning discussions with the City's management help us capture the knowledge to develop a detailed understanding of these elements. Therefore, we can effectively identify the nature of significant account balances/transaction classes, assess risk, and design audit tests.

Our audit approach is tailored to meet the specific needs of each customer. We have the leverage of our experience base and build upon our understanding of the City's operations. As conditions change, we will continue to develop our understanding of critical audit areas through comprehensive audit planning and risk assessment.

Risk assessment is the essential element in the audit planning process. When reliable risk-assessment decisions are made in the initial planning process, the amount of testing can be correlated with each audit area's relative risk. The result: a more focused, efficient and effective audit.

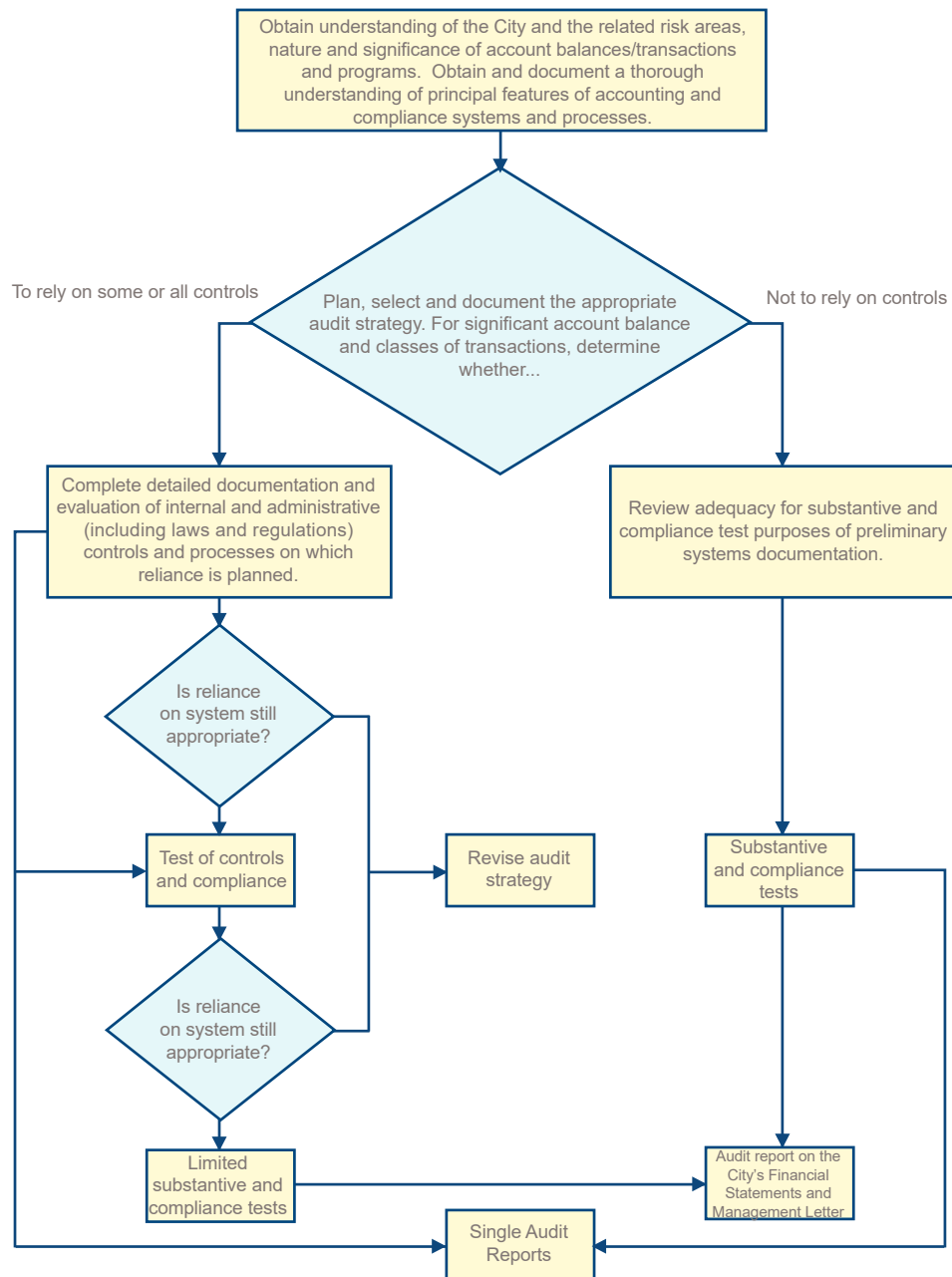
The following discussion of comprehensive audit planning and risk assessment is necessarily presented in a somewhat static manner. Auditing, however, is a dynamic process. Our audit plan may change during the course of the audit as new information and circumstances come to our attention. Information obtained during a current audit may also affect the planning for future audits. In fact, we generally begin planning the subsequent year's audit at the conclusion of the current year audit. As a result, audit planning is appropriately approached as a continuous process.



Audit Approach and Plan (Continued)

Similar to the prior year, our audit will be performed in three phases, which are represented in the following chart and also described below.

Audit Methodology and Approach





Audit Approach and Plan (Continued)

Phase I - Planning

Our Phase I audit procedures include the following:

- Hold an entrance conference with appropriate management personnel.
- Coordinate planning efforts and develop testing methods.
- Complete and submit preliminary customer participation schedule.
- Review correspondence files, budget and related material, organization charts, manuals and programs, governing minutes, financial and other management information, financial statements, and other internal documents.
- Apply preliminary analytical procedures.
- Identify through inquiry and observation the accounting control procedures that prevent or detect errors and fraud.
- Document the internal control structure and the flow of transactions in accordance with U.S. Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards*.
- Conduct fraud risk interviews (commonly referred to as SAS 99 interviews) with City employees and those charged with governance.
- Make preliminary assessments of control risk and begin planning our substantive procedures.
- Provide details of the audit plan to management and those charged with governance.

Phase II - Substantive Procedures

During Phase II, we perform substantive audit procedures. The results of this work may require us to propose adjustments to account balances, recommend additional disclosures in the financial statements, and make certain comments regarding the City's operations. Our Phase II audit procedures include the following:

- Perform procedures to gather evidence to support management assertions in the financial statements.
- Confirm material account balances and/or transactions with third parties.



Audit Approach and Plan (Continued)

- Apply a mixture of analytical procedures and tests of details to achieve audit objectives related to a particular assertion. Some of our analytical procedures can be relied on to significantly reduce or eliminate test of details. At a minimum, our analytical tests will include comparing statement of net position account balances to the prior year and our expectations and comparing actual revenues and expenditures/expenses to prior year's revenues and expenditures/expenses and to budgeted amounts and our expectations.
- Hold progress meetings with the appropriate management personnel.
- Subject all audit tests, resulting conclusions, and working papers to a rigorous in-house quality control review.

Phase III - Reporting and Communication

Communication is an essential part of an effective audit. We want to interact with you as much as possible, not only during the audit, but throughout the year as well. We welcome your questions and comments. During the course of the audit, we will continually meet with financial management personnel to provide a status of the engagement. These status reports will address the progress of our procedures, any problems encountered, open items, and any other issues we believe need to be brought to the attention of management.

Additionally, we will communicate with those charged with governance, as required by professional standards and as necessary to meet our requirements.

Summary of the reporting and communication steps is as follows:

- Discuss all adjusting journal entries proposed by us, if any, with appropriate management personnel.
- Hold an exit conference with management.
- Issue draft and final audit reports and management letter, if applicable.
- Present audit reports, results of the audit, and management letter to those charged with governance.



Areas of Audit Significance

During our audit, we will focus significant resources on the following account balances, related transaction streams and operating matters:

Control Evaluation and Testing, as applicable

- Cash receipts and revenues
- Property tax billings and receipts
- Purchasing and disbursements
- Employee compensation, including benefit plan
- IT controls over significant accounting systems
- Compliance

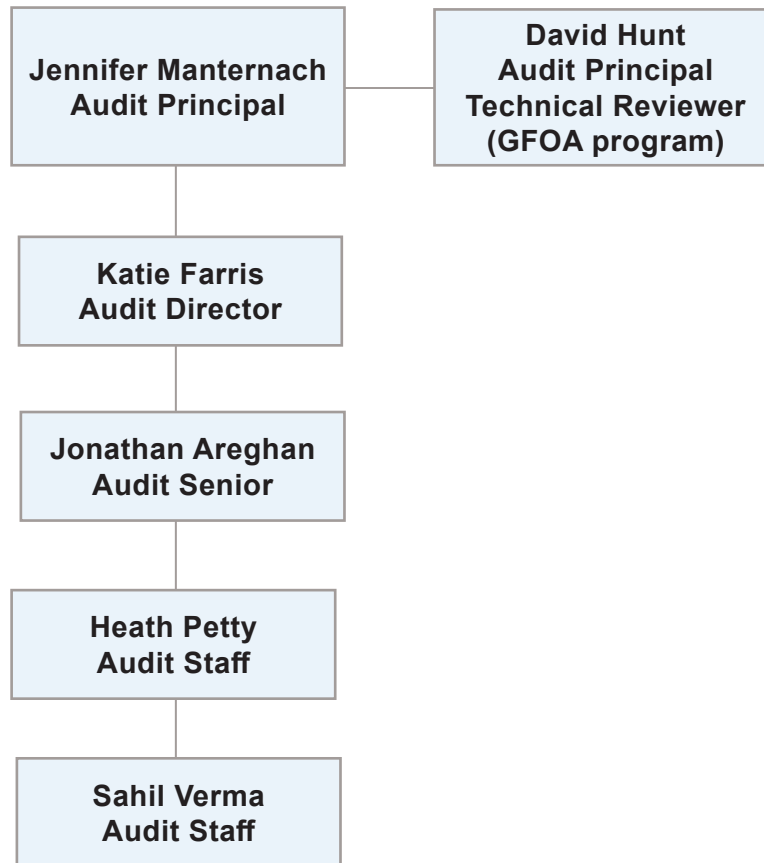
Substantive Testing

- Treasury / investments / cash
- Long-lived assets
- GASB 68 considerations for pension recording and reporting
- GASB 75 considerations for postemployment benefits other than pensions (OPEB) recording and reporting
- Accruals
- Property tax, state shared and other revenues, including related receivables
- Grant receipts, disbursements, and revenue
- Utility revenues
- Expenses and budget process
- Debt and deferred outflows of resources
- Net position / fund balance categories including GASB Nos. 34 and 54
- Compliance
- State audit procedures, including the state audit manual
- Implementation of applicable new GASB pronouncements



Customer Service Team

The following is the customer service team:





Independence

- The AICPA's Code of Professional Conduct, Rule 101, sets forth guidance for assurance services provided by accountants under U.S. generally accepted auditing standards. *Government Auditing Standards* also provides guidance for financial audits performed under generally accepted government auditing standards.
- Both sources direct that independence is required both in fact and appearance. Crosslin, PLLC has established quality control policies and procedures to ensure compliance with professional standards, including those related to independence.
- Crosslin, PLLC is independent with respect to the City of Franklin, Tennessee, within the requirements of both the AICPA and *Government Auditing Standards*.

Audit Timeline

The following is our anticipated timing for the 2024 audit. The timing is consistent with the prior year.

TASK	TIMING
Understand the Operations	Ongoing
Assess Overall Controls	Ongoing
Planning Communication	Current
Phase I - Planning and Determine Nature and Extent of Testing	July 2024
Phase I - Commencement Meeting with Management	July 2024
Phase II - Substantive Testing	September - October 2024
Phase III Reporting and Communication	November 2024
Issue Financial Statements	December 2024



Changes in Auditing and Accounting Standards Updates

The government and standard-setting bodies are issuing guidance at an unprecedented pace. Crosslin, PLLC is constantly receiving, reviewing, and searching for the latest authoritative literature, in part through its involvement with the AICPA's Government Audit Quality Center and the Government Finance Officers Association (GFOA), including GFOA's Special Review Committee.

We routinely interface with our customers to ensure proper understanding and application of pronouncements, standards, interpretations, and addenda that arise. In addition, we expect to join the Conference Center personnel in relevant discussions to implement all new standards as they arise.

Recent accounting pronouncements including the following. We will analyze these Statements with Conference Center management to ensure appropriate implementation, as applicable.

- **GASB Statement No. 99, Omnibus 2022**

Effective Date: The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

- **GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62**

Effective Date: For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

- **GASB Statement No. 101, Compensated Absences**

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.



Changes in Auditing and Accounting Standards Updates (Continued)

- **GASB Statement No. 102, Certain Risk Disclosures** Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.
- **GASB Statement No. 103, Financial Reporting Model Improvements** Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. If a primary government chooses early implementation of this Statement, all component units also should implement this Statement in the same year, subject to the provisions of paragraph 59 of Statement 14.

Fraud Discussion

SAS 99, *Consideration of Fraud in a Financial Statement Audit*, was issued by the AICPA to heighten the awareness of auditors to the potential for fraud when planning and executing audits. While SAS 99 emphasizes the need for increased professional skepticism throughout the audit engagement, it does not change our responsibilities as auditors. Under SAS 99, we are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements caused by error or by fraud. However, the extent of required procedures related to the detection of fraud has increased. We approach all audits with an understanding that fraud could occur in any organization at any time and could be perpetrated by anyone.



Gathering Information Needed to Identify Risks of Material Misstatement Due to Fraud

- Engagement team brainstorming discussion.
- Inquiries of management, accounting personnel, and other personnel not directly involved in financial reporting.
- Investigation of unusual or unexpected relationships identified through various analytical procedures.

Responding to Identified Fraud Risks

- Design of the nature, timing, and extent of audit procedures.
- Use of experienced personnel to audit areas of exposure.
- Testing of items below established scopes.

Procedures to Address the Risk of Management Override of Internal Controls

- Review of accounting estimates for bias, including a retrospective review of significant prior year estimates.
- Evaluation of business rationale for significant unusual transactions.
- Inspect and analyze reasonableness of manual adjusting journal entries made during the year.

Evaluating Audit Evidence

- Being cognizant of fraud risk factors throughout audit.
- Being mindful of discrepancies in the accounting records, conflicting or missing audit evidence, and/or problematic or unusual relationships between the auditor and management.



File #: 21-0740

DATE: October 3, 2024
TO: Budget & Finance Committee
FROM: Mike Lowe, Comptroller
Margaret Wilson, Comptroller

SUBJECT:

Monthly Reports For October 2024

PURPOSE:

The purpose of this memorandum is to provide information to the Franklin Budget and Finance Committee concerning critical revenue streams that influence performance versus budget.

BACKGROUND/STAFF COMMENTS:

Beginning with the executive summary, the reports include:

- Schedule 1: Local Sales Tax - July 2024
- Schedule 2: Building Permits - August 2024
- Schedule 3: Road Impact Fees - August 2024
- Schedule 4: Facilities Tax (City) - August 2024
- Schedule 5: Facilities Tax (County) - August 2024
- Schedule 6: Gasoline Tax (Street Aid Fund) - July 2024
- Schedule 7: Hotel/Motel Tax - July 2024
- Schedule 8: Conference Center - August 2024

FINANCIAL IMPACT:

There is no financial impact from the reports. Reports are provided to show any variance from budget.

RECOMMENDATION:

There is no staff recommendation. Reports are for information only.



City of Franklin
Monthly Reports for September 2024
EXECUTIVE SUMMARY

Schedule 1: Local Sales Tax (July 2024)

The local sales tax remittance from the State of Tennessee for July 2024 sales (received by the City in September 2024) was \$5,451,519 compared to \$5,017,174 for the same month in FY 2024, a monthly year over year increase of \$434,345 or 8.7%.

Schedule 2: Building Permits (August 2024)

2025 fiscal year to date is more than 2024 by 35.9%, and compared to 2025 budget is more by 17.0%.

Schedule 3: Road Impact Fees * (August 2024)

Combined 2025 fiscal year to date compared to 2024 is 140.9% more, and compared to 2025 budget is less by 15.7%. By quadrant, Arterial Area 2025 fiscal year to date compared to 2024 is 143.6% more, and compared to 2025 budget is less by 9.5%. Coll Area 1 2025 fiscal year to date compared to 2024 is 100.0% more, and compared to 2025 budget is less by 93.9%; Coll Area 2 2025 fiscal year to date compared to 2024 is 266.8% more, and compared to 2025 budget is more by 32.5%; Coll Area 3 2025 fiscal year to date compared to 2024 is 12.6% more, and compared to 2025 budget is more by 42.0%; Coll Area 4 2025 fiscal year to date compared to 2024 is 100.0% less, and compared to 2025 budget is less by 100.0%.

Schedule 4: Facilities Tax (City) (August 2024)

2025 fiscal year to date compared to 2024 is 83.1% more, and compared to 2025 budget is less by 19.4%.

Schedule 5: Facilities Tax (County) (August 2024)

2025 fiscal year to date compared to 2024 is 37.5% less, and compared to 2025 budget is 7.5% more.

Schedule 6: Gasoline Taxes (State Street Aid Fund) (July 2024)

The gasoline tax remittance from the State of Tennessee for July 2024 sales (received by the City in September 2024) was \$269,954 compared to \$266,887 for the same month in FY 2024, an increase of \$3,067. For budget comparisons, the City anticipated collections of \$265,181 for July 2024, a difference of \$4,773 more, or 1.8%.

Schedule 7: Hotel/Motel Tax (July 2024)

2025 fiscal year to date compared to 2024 is 9.7% less, and compared for 2025 budget is less by 14.0%.

Schedule 8: Conference Center (August 2024)

The City's ½ share of the gain for August 2024 was \$40,230. In August 2023, the City's ½ share of the gain was \$79,690.

*** Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.**



City of Franklin

Finance Department - Monthly Reports

Schedule 1:

Local Sales Tax

Fund

General

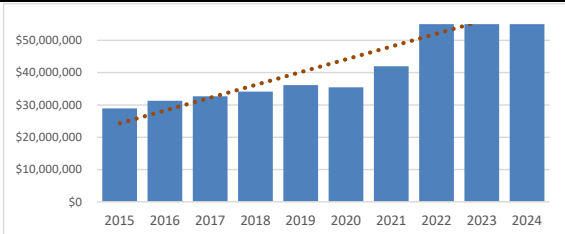
Account:

110-31300-00000

Summary: Tennessee Code Annotated 67-6-702 authorizes the levy of a local sales tax. The maximum rate authorized is 2.75%. The rate increased from 2.25% to the maximum of 2.75% effective April 1, 2018. The tax is applied only to the first \$1,600 of any single article of personal property. The City receives 1/2 of the 2.75% rate collected within the City. Williamson County receives the other 1/2, plus an administrative fee of 1% of the City's 1/2 of the tax. Beginning with April 2018 taxes, the City contributed its share of the .5% increase to the County's School Debt Service. The County withheld the contribution for school debt service from the amount remitted to the City. The 36 month contribution period ended with March 2021 sales (received in May 2021).

Monthly Report for October 2024: The local sales tax remittance from the State of Tennessee for July 2024 sales (received by the City in September 2024) was \$5,451,519 compared to \$5,017,174 for the same month in FY 2024, a monthly year over year increase \$434,345, or 8.7% more. September receipts (July sales) are the first month of the FY 2025 fiscal year for both the City of Franklin and the State of Tennessee.

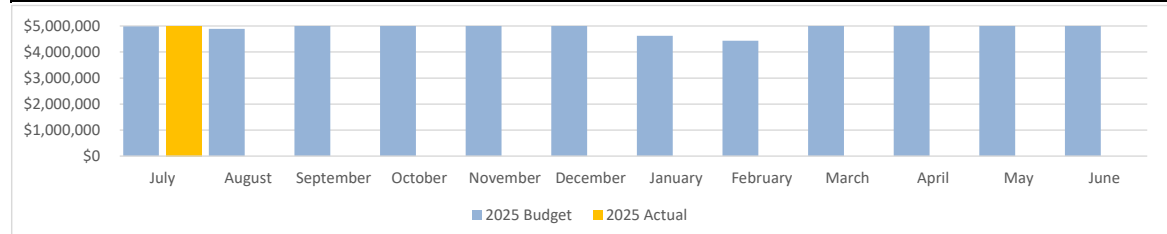
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year	Contribution to County School Debt .5% Apr 2018-Mar 2021
2015	\$28,943,994	\$1,689,252	6.2%	
2016	\$31,309,366	\$2,365,372	8.2%	
2017	\$32,694,268	\$1,384,902	4.4%	
2018	\$34,151,972	\$1,457,704	4.5%	\$1,692,308
2019	\$36,168,178	\$2,016,206	5.9%	\$7,052,013
2020	\$35,453,379	(\$714,799)	-2.0%	\$7,430,205
2021	\$41,999,727	\$6,546,348	18.5%	\$6,298,283
2022	\$57,745,532	\$15,745,805	37.5%	
2023	\$60,556,943	\$2,811,411	4.9%	
2024	\$62,424,823	\$1,867,880	3.1%	

Average Increase (Decrease) \$ 3,517,008 9.1% \$ 22,472,809

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$5,017,174	\$4,988,617	\$5,451,519	\$434,345	8.7%	\$462,902	9.3%
August	\$4,694,185	\$4,887,659					
September	\$4,990,343	\$5,126,202					
October	\$5,088,909	\$5,040,406					
November	\$5,327,485	\$5,240,390					
December	\$6,601,493	\$6,970,857					
January	\$4,615,421	\$4,625,443					
February	\$4,686,366	\$4,436,389					
March	\$5,217,775	\$5,414,254					
April	\$5,284,921	\$5,299,380					
May	\$5,626,322	\$5,462,449					
June	\$5,274,429	\$5,671,702					

\$62,424,823	\$63,163,748	\$5,451,519	\$434,345	8.7%	\$462,902	9.3%
Total	Total	Total	Average	Average	Average	Average
			\$434,345		\$462,902	
			Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 2:

Building Permits

Fund

General Fund

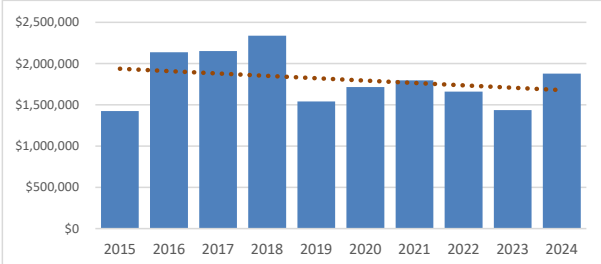
Account:

110-32120-00000

Summary: A part of General Fund Revenues, these fees are paid to the City to offset and pay for the staffing costs borne by the City to extend services due to construction growth. There has been growth in both residential and commercial sides of development. This revenue has been difficult to predict by month because permits are often obtained and fees paid in advance of construction.

Monthly Report for October 2024: 2025 year-to-date is more than 2024 by 35.9%, and compared to 2025 budget is more by 17.0%.

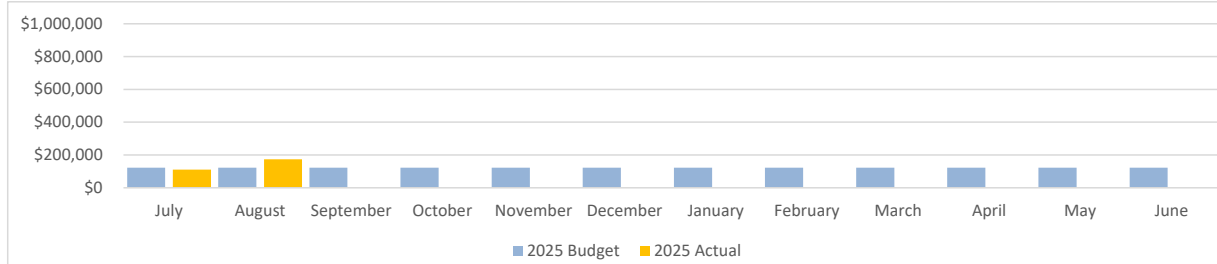
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	\$1,426,188	\$82,210	6.1%
2016	\$2,136,322	\$710,134	49.8%
2017	\$2,153,262	\$16,940	0.8%
2018	\$2,339,364	\$186,102	8.6%
2019	\$1,539,655	(\$799,709)	-34.2%
2020	\$1,714,700	\$175,045	11.4%
2021	\$1,796,670	\$81,970	4.8%
2022	\$1,661,426	(\$135,244)	-7.5%
2023	\$1,435,153	(\$226,273)	-13.6%
2024	\$1,878,751	\$443,598	30.9%

Average Increase (Decrease) \$ 53,477 5.7%

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$97,062	\$121,988	\$111,474	\$14,412	14.8%	(\$10,514)	-8.6%
August	\$113,012	\$121,988	\$174,027	\$61,015	54.0%	\$52,039	42.7%
September	\$130,679	\$121,988					
October	\$168,008	\$121,988					
November	\$264,067	\$121,988					
December	\$118,768	\$121,988					
January	\$240,140	\$121,988					
February	\$199,298	\$121,988					
March	\$130,255	\$121,988					
April	\$123,309	\$121,988					
May	\$160,720	\$121,988					
June	\$133,433	\$121,988					

\$1,878,751	\$1,463,856	\$285,501	\$37,714	35.9%	\$20,763	17.0%
Total	Total	Total	Average	Average	Average	Average
			\$75,427		\$41,525	
			Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3:

Road Impact Fees

Fund

Road Impact

Account:

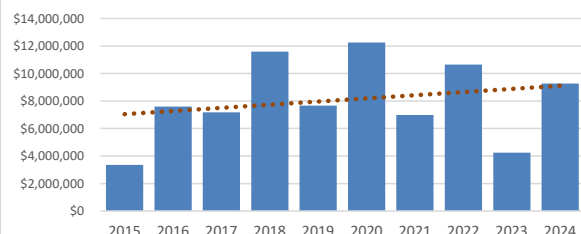
128-(32800-32804)-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011. Effective 7/1/2017, collections pertaining to collector roads within the 4 quadrants of Franklin began. This report was updated to show those collections when they occur.

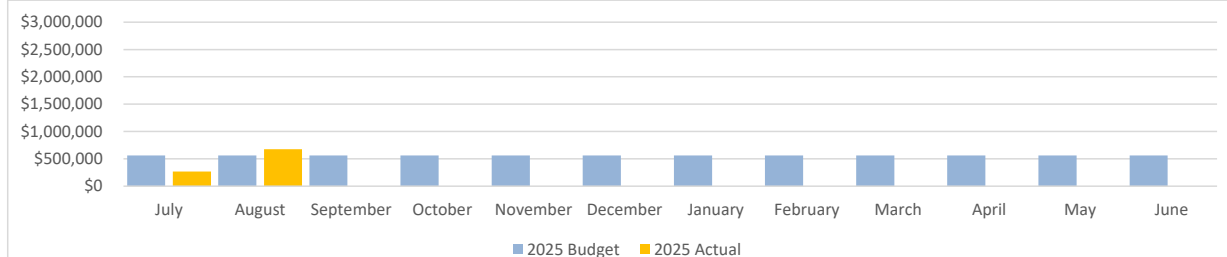
Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 140.9% more, and compared to 2025 budget is less by 15.7%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



FY25 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	\$3,358,431	(\$663,321)	-16.5%
2016	\$7,586,724	\$4,228,293	125.9%
2017	\$7,180,150	(\$406,574)	-5.4%
2018	\$11,585,500	\$4,405,350	61.4%
2019	\$7,659,855	(\$3,925,645)	-33.9%
2020	\$12,251,152	\$4,591,297	59.9%
2021	\$6,975,153	(\$5,275,999)	-43.1%
2022	\$10,641,106	\$3,665,953	52.6%
2023	\$4,235,737	(\$6,405,369)	-60.2%
2024	\$9,276,497	\$5,040,760	119.0%

Average Increase (Decrease) \$ 525,475 26.0%

Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$163,414	\$560,066	\$266,704	\$103,290	63.2%	(\$293,362)	-52.4%
August	\$228,619	\$560,066	\$677,680	\$449,061	196.4%	\$117,614	21.0%
September	\$228,962	\$560,066					
October	\$407,980	\$560,066					
November	\$2,869,571	\$560,066					
December	\$299,666	\$560,066					
January	\$2,304,434	\$560,066					
February	\$742,855	\$560,066					
March	\$331,950	\$560,066					
April	\$222,389	\$560,066					
May	\$1,222,195	\$560,066					
June	\$254,462	\$560,066					
	\$9,276,497 Total	\$6,720,788 Total	\$944,384 Total	\$276,176 Average	140.9% Average	(\$87,874) Average	-15.7% Average
				\$552,351 Total		(\$175,747) Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3A:

Arterial Area

Fund

Road Impact

Account:

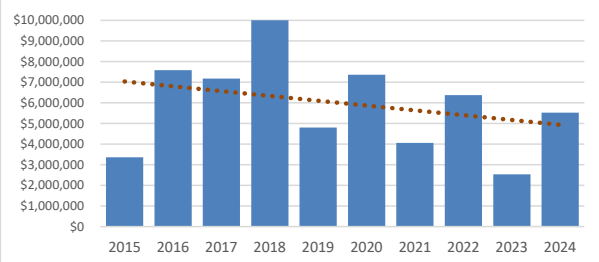
128-32800-00000

Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 143.6% more, and compared to 2025 budget is less by 9.5%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

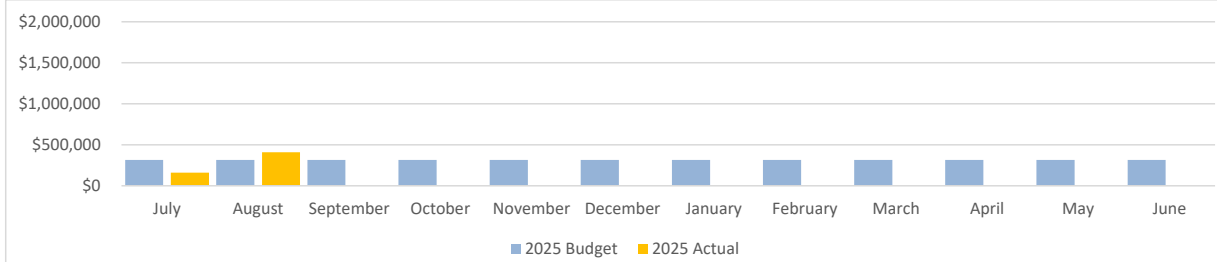
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	\$3,358,431	(\$663,321)	-16.5%
2016	\$7,586,724	\$4,228,293	125.9%
2017	\$7,180,150	(\$406,574)	-5.4%
2018	\$11,084,375	\$3,904,225	54.4%
2019	\$4,800,171	(\$6,284,204)	-56.7%
2020	\$7,359,092	\$2,558,921	53.3%
2021	\$4,061,173	(\$3,297,919)	-44.8%
2022	\$6,371,224	\$2,310,051	56.9%
2023	\$2,530,625	(\$3,840,599)	-60.3%
2024	\$5,520,950	\$2,990,325	118.2%

Average Increase (Decrease) \$ 149,920

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$97,248	\$314,029	\$158,721	\$61,473	63.2%	(\$155,308)	-49.5%
August	\$136,050	\$314,029	\$409,639	\$273,589	201.1%	\$95,610	30.4%
September	\$136,297	\$314,029					
October	\$242,736	\$314,029					
November	\$1,705,344	\$314,029					
December	\$178,305	\$314,029					
January	\$1,370,341	\$314,029					
February	\$444,361	\$314,029					
March	\$197,573	\$314,029					
April	\$132,307	\$314,029					
May	\$726,979	\$314,029					
June	\$153,409	\$314,029					
	\$5,520,950 Total	\$3,768,343 Total	\$568,360 Total	\$167,531 Average	143.6% Average	(\$29,849) Average	-9.5% Average
				\$335,062 Total		(\$59,697) Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3B:

Coll Area 1

Fund

Road Impact

Account:

128-32801-00000

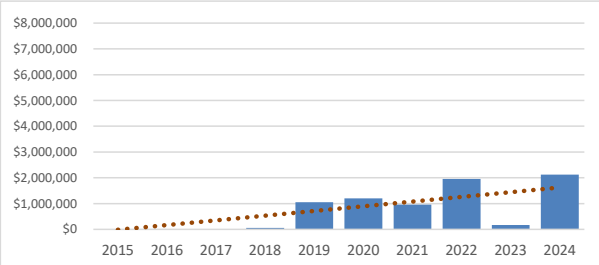
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 1 - Area north of Murfreesboro Road/3rd Avenue South and east of East Main Street/Franklin Road and within the corporate boundaries of the city.

Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 100% more, and compared to 2025 budget are less by 93.9%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

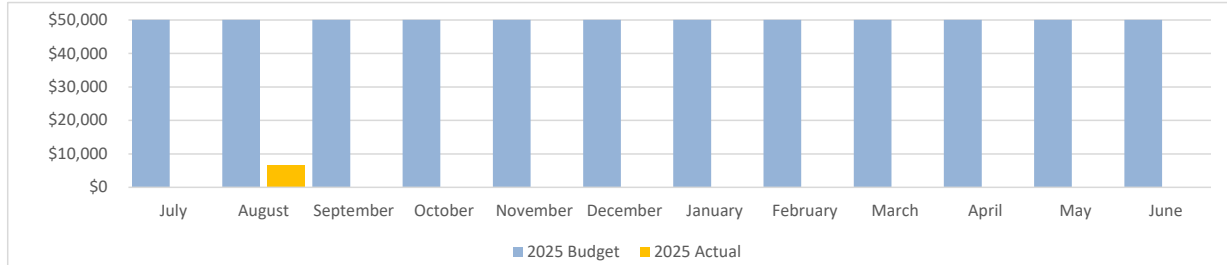
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	Breakdown between Quadrants began in FY 2018.		
2016			
2017			
2018	\$59,923	\$59,923	100.0%
2019	\$1,057,313	\$997,390	1664.5%
2020	\$1,200,036	\$142,723	13.5%
2021	\$956,982	(\$243,054)	-20.3%
2022	\$1,957,665	\$1,000,683	104.6%
2023	\$173,287	(\$1,784,378)	-91.1%
2024	\$2,125,643	\$1,952,356	1126.7%

Average Increase (Decrease) \$ 303,663

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$0	\$54,960	\$0	\$0	100.0%	(\$54,960)	-100.0%
August	\$0	\$54,960	\$6,680	\$6,680	100.0%	(\$48,280)	-87.8%
September	\$0	\$54,960	\$0				
October	\$0	\$54,960	\$0				
November	\$1,082,906	\$54,960	\$1,082,906				
December	\$0	\$54,960	\$0				
January	\$827,237	\$54,960	\$827,237				
February	\$150,413	\$54,960	\$150,413				
March	\$31,358	\$54,960	\$31,358				
April	\$0	\$54,960	\$0				
May	\$33,729	\$54,960	\$33,729				
June	\$0	\$54,960	\$0				
\$2,125,643 Total		\$659,518 Total		\$3,340 Average	100.0% Average	(\$51,620) Average	-93.9% Average
				\$6,680 Total		(\$103,240) Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3C:

Coll Area 2

Fund

Road Impact

Account:

128-32802-00000

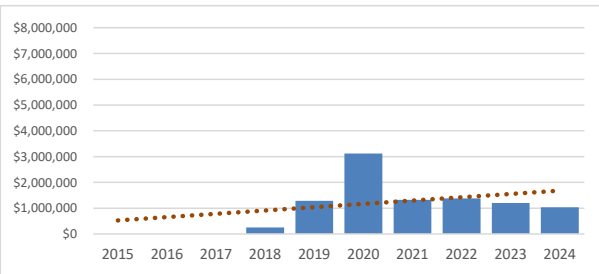
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 2 - Area south of Murfreesboro Road/3rd Avenue South and east of Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

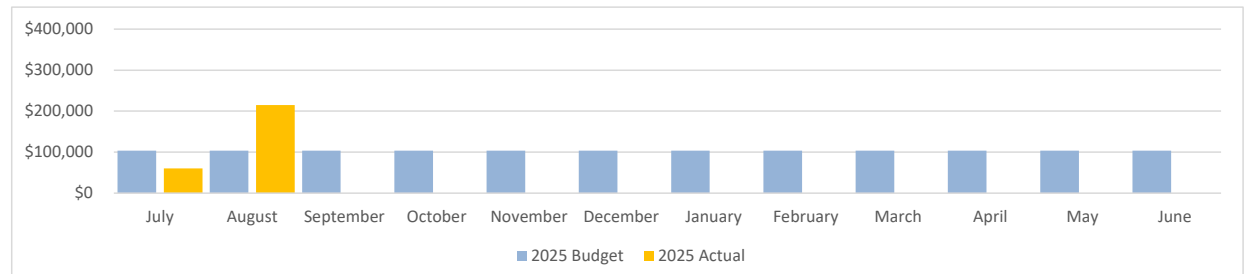
Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 266.8% more, and compared to 2025 budget is more by 32.5%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Yearly Summary



FY25 Month by Month Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	Breakdown between Quadrants began in FY 2018.		
2016			
2017			
2018	\$251,474	\$251,474	100.0%
2019	\$1,286,317	\$1,034,843	100.0%
2020	\$3,118,015	\$1,831,698	142.4%
2021	\$1,326,079	(\$1,791,936)	-57.5%
2022	\$1,374,601	\$48,522	3.7%
2023	\$1,199,356	(\$175,245)	-12.7%
2024	\$1,037,068	(\$162,288)	-13.5%

Average Increase (Decrease) \$ 148,153

Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$26,403	\$103,805	\$60,388	\$33,985	128.7%	(\$43,417)	-41.8%
August	\$48,564	\$103,805	\$214,601	\$166,037	341.9%	\$110,796	106.7%
September	\$48,977	\$103,805					
October	\$81,603	\$103,805					
November	\$40,665	\$103,805					
December	\$62,192	\$103,805					
January	\$54,783	\$103,805					
February	\$74,650	\$103,805					
March	\$60,973	\$103,805					
April	\$69,774	\$103,805					
May	\$400,831	\$103,805					
June	\$67,653	\$103,805					
\$1,037,068 Total		\$1,245,655 Total	\$274,989 Total	\$100,011 Average	266.8% Average	\$33,690 Average	32.5% Average
				\$200,022 Total		\$67,380 Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 3D:

Coll Area 3

Fund

Road Impact

Account:

128-32803-00000

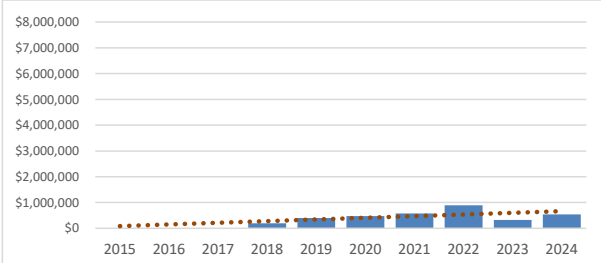
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 3 - Area south of New Highway 96W and west of 5th Avenue South and Columbia Avenue/Columbia Pike and within the corporate boundaries of the city.

Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 12.6% more, and compared to 2025 budget is more by 42.0%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

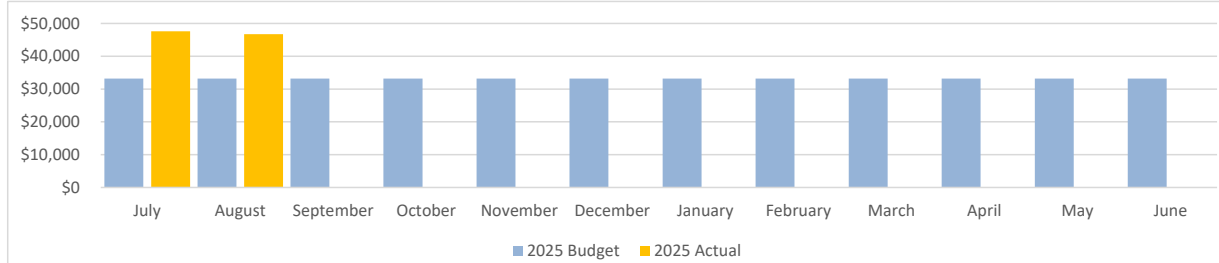
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	Breakdown between Quadrants began in FY 2018.		
2016			
2017			
2018	\$189,728	\$189,728	100.0%
2019	\$400,237	\$210,509	111.0%
2020	\$472,760	\$72,523	18.1%
2021	\$573,304	\$100,544	21.3%
2022	\$891,008	\$317,704	55.4%
2023	\$320,779	(\$570,229)	-64.0%
2024	\$534,724	\$213,945	66.7%

Average Increase (Decrease) \$ 76,389

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$39,763	\$33,226	\$47,595	\$7,832	19.7%	\$14,369	43.2%
August	\$44,005	\$33,226	\$46,760	\$2,755	6.3%	\$13,534	40.7%
September	\$43,688	\$33,226					
October	\$83,641	\$33,226					
November	\$40,656	\$33,226					
December	\$59,169	\$33,226					
January	\$48,733	\$33,226					
February	\$34,302	\$33,226					
March	\$33,083	\$33,226					
April	\$20,308	\$33,226					
May	\$60,656	\$33,226					
June	\$26,720	\$33,226					
	\$534,724 Total	\$398,713 Total	\$94,355 Total	\$5,294 Average \$10,587 Total	12.6% Average	\$13,951 Average \$27,903 Total	42.0% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 3E:

Coll Area 4

Fund

Road Impact

Account:

128-32804-00000

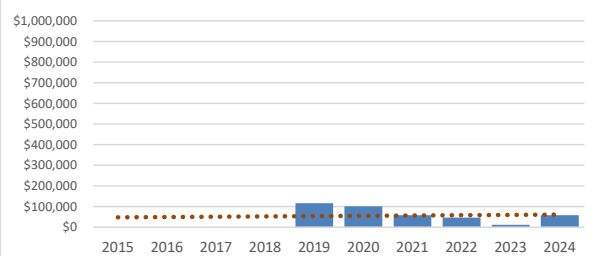
Summary: The Road Impact Fund is a special revenue fund created for the accounting of expenditures in accord with City Ordinance 88-13 on the proceeds of road impact fees from new development. These funds can be used to pay for new arterial roads, directly or through payment of debt service on bonds associated with the projects. After completing an update of the major thoroughfare plan, the City re-examined the structure of road impact fees which was approved in April 2011.

Coll Area 4 - Area north of New Highway 96W, 5th Avenue North, Main Street and west of East Main Street and Franklin Road and within the corporate boundaries of the city.

Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 100% less, and compared to 2025 budget is less by 100%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

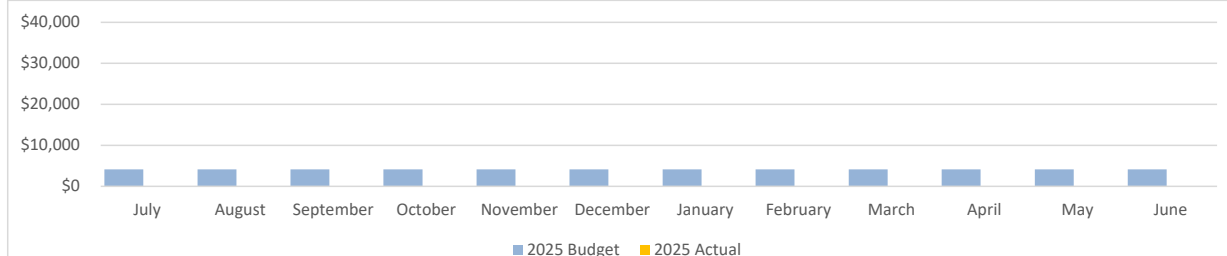
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	Breakdown between Quadrants began in FY 2018.		
2016			
2017			
2018			
2019	\$115,817	\$115,817	100.0%
2020	\$101,249	(\$14,568)	-12.6%
2021	\$57,615	(\$43,634)	-43.1%
2022	\$46,608	(\$11,007)	-19.1%
2023	\$11,690	(\$34,918)	-74.9%
2024	\$58,112	\$46,422	397.1%

Average Increase (Decrease) \$ 9,685

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$0	\$4,162	\$0	\$0	-100.0%	(\$4,162)	-100.0%
August	\$0	\$4,162	\$0	\$0	-100.0%	(\$4,162)	-100.0%
September	\$0	\$4,162	\$0				
October	\$0	\$4,162	\$0				
November	\$0	\$4,162	\$0				
December	\$0	\$4,162	\$0				
January	\$3,340	\$4,162	\$3,340				
February	\$39,129	\$4,162	\$39,129				
March	\$8,963	\$4,162	\$8,963				
April	\$0	\$4,162	\$0				
May	\$0	\$4,162	\$0				
June	\$6,680	\$4,162	\$6,680				
	\$58,112 Total	\$49,947 Total	\$0 Total	\$0 Average	-100.0% Average	(\$4,162) Average	-100.0% Average
				\$0 Total		(\$8,325) Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 4:

Facilities Tax (City)

Fund

Facilities Tax

Account:

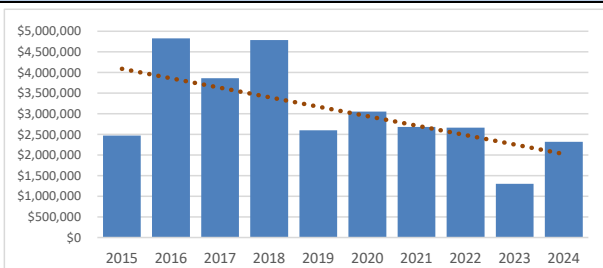
130-31600-00000

Summary: A special revenue fund used to account for the proceeds authorized by a private act of the Tennessee General Assembly of 1987 for the City to levy and collect a privilege tax on new development to provide that new development contribute its fair share of providing new public facilities made necessary by growth. Such taxes may be expended only on police, fire, sanitation, and parks and recreation.

Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 83.1% more, and compared to 2025 budget is less by 19.4%.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

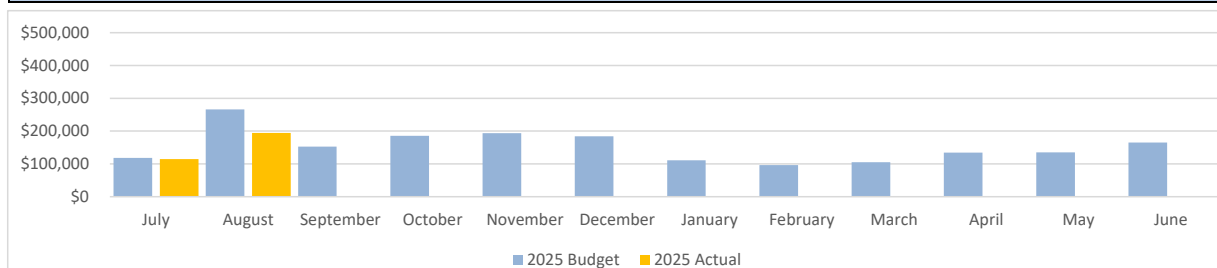
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	\$2,468,473	(\$1,380,310)	-35.9%
2016	\$4,827,968	\$2,359,495	95.6%
2017	\$3,864,453	(\$963,515)	-20.0%
2018	\$4,788,042	\$923,589	23.9%
2019	\$2,598,810	(\$2,189,232)	-45.7%
2020	\$3,051,110	\$452,300	17.4%
2021	\$2,682,395	(\$368,715)	-12.1%
2022	\$2,666,214	(\$16,181)	-0.6%
2023	\$1,301,950	(\$1,364,264)	-51.2%
2024	\$2,321,255	\$1,019,305	78.3%

Average Increase (Decrease) (\$152,753) 5.0%

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$75,415	\$118,374	\$114,797	\$39,382	52.2%	(\$3,577)	-3.0%
August	\$93,649	\$265,803	\$194,716	\$101,067	107.9%	(\$71,087)	-26.7%
September	\$87,535	\$152,462					
October	\$284,510	\$185,287					
November	\$454,540	\$193,609					
December	\$127,456	\$184,079					
January	\$398,040	\$110,706					
February	\$211,600	\$96,066					
March	\$131,650	\$105,470					
April	\$108,491	\$134,764					
May	\$226,812	\$134,926					
June	\$121,557	\$165,252					

\$2,321,255	\$1,846,798	\$309,513	\$70,225	83.1%	(\$37,332)	-19.4%
Total	Total	Total	Average	Average	Average	Average
			\$140,449		(\$74,664)	
			Total		Total	



City of Franklin

Finance Department - Monthly Reports

Schedule 5:

Facilities Tax (County)

Fund

Facilities Tax (County)

Account:

132-31600-00000

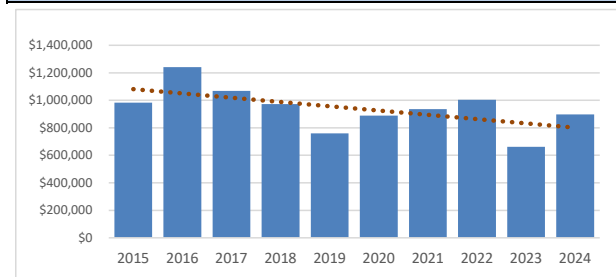
Summary: City's share of Williamson county's Adequate School Facilities Tax. 30% of the proceeds are distributed to the incorporated cities within the county, and an additional 30% is divided pro rata among the incorporated cities based on population in the last decennia census. All funds are to be used for the purpose of providing public facilities, the need for which is reasonably related to new development. The County uses 100% of its amount for public school purposes.

Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 37.5% less, and compared to 2025 budget is 7.5% more.

Note: Fees collected from Road Impact and Facilities Tax assessments are one time revenues used to fund infrastructure improvements and are highly dependent upon timing of development.

Note: Recorded in Capital Projects Fund beginning in FY 2011 (as per Resolution 2010-69). In June 2017, the County Facilities Tax Fund was created. Funds remaining in the Capital Projects Fund were transferred to the new fund.

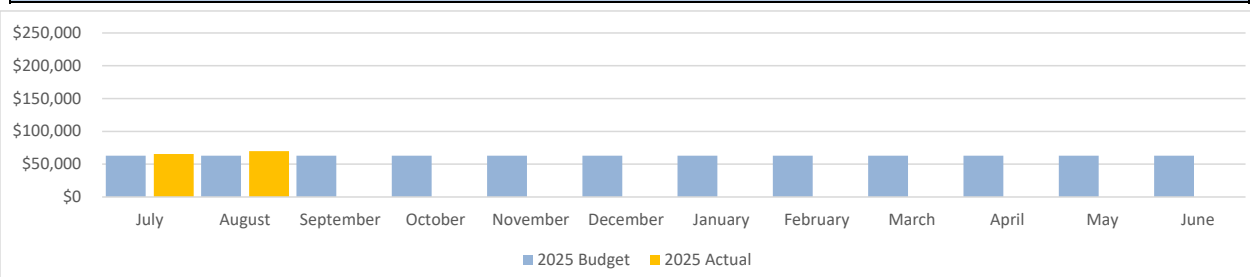
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	\$982,605	(\$44,328)	-4.3%
2016	\$1,241,241	\$258,636	26.3%
2017	\$1,068,030	(\$173,211)	-14.0%
2018	\$971,814	(\$96,216)	-9.0%
2019	\$759,873	(\$211,941)	-21.8%
2020	\$889,427	\$129,554	17.0%
2021	\$935,555	\$46,128	5.2%
2022	\$1,003,415	\$67,860	7.3%
2023	\$661,526	(\$341,889)	-34.1%
2024	\$896,506	\$234,980	35.5%

Average Increase (Decrease) \$ (13,043) -1.7%

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$129,039	\$63,123	\$65,661	(\$63,378)	-49.1%	\$2,538	4.0%
August	\$87,852	\$63,123	\$70,000	(\$17,852)	-20.3%	\$6,877	10.9%
September	\$57,733	\$63,123					
October	\$62,205	\$63,123					
November	\$63,253	\$63,123					
December	\$33,549	\$63,123					
January	\$99,119	\$63,123					
February	\$68,825	\$63,123					
March	\$63,104	\$63,123					
April	\$65,209	\$63,123					
May	\$78,131	\$63,123					
June	\$88,488	\$63,123					
	\$896,506 Total	\$757,475 Total	\$135,661 Total	(\$40,615) Average (\$81,230) Total	-37.5% Average	\$4,707 Average \$9,415 Total	7.5% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 6:

Gasoline Tax

Fund

Street Aid

Account:

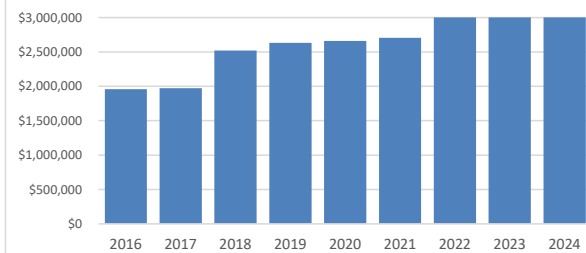
121-33220-00000

Summary: As part of Street Aid Fund Revenues, the City receives a share of the state shared gasoline tax. Gas taxes increased effective July 1, 2017 as part of the IMPROVE Act to help fund state road projects. The tax increased by 4 cents on July 1, and will increase by 1 cent in the next two years. The tax on diesel will increase a total of 10 cents over 3 years.

Monthly Report for October 2024: The gasoline tax remittance from the State of Tennessee for July 2024 sales (received by the City in September 2024) was \$269,954 compared to \$266,887 for the same month in FY 2024, an increase of \$3,067.

For budget comparisons, the City anticipated collections of \$265,181 for July 2024, a difference of \$4,773 more, or 1.89%.

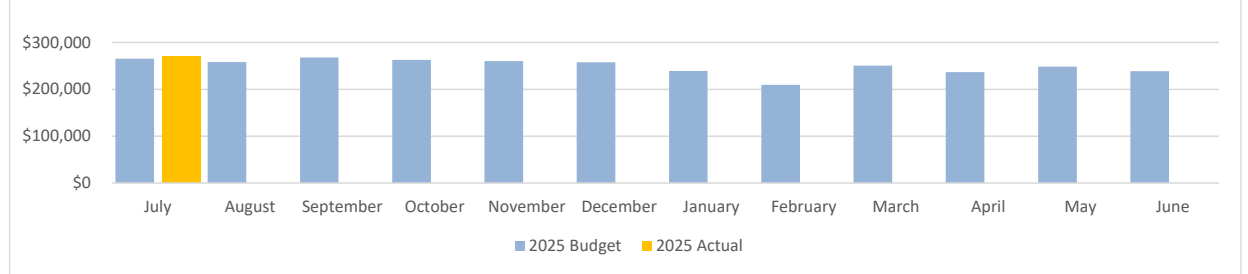
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
Increase in Gas Tax began July 2017.			
2016	\$1,959,796		
2017	\$1,971,070	\$11,274	0.6%
2018	\$2,520,503	\$549,433	27.9%
2019	\$2,630,997	\$110,494	4.4%
2020	\$2,660,745	\$29,748	1.1%
2021	\$2,706,895	\$46,150	1.7%
2022	\$3,035,484	\$328,589	12.1%
2023	\$3,052,033	\$16,550	0.5%
2024	\$3,071,362	\$19,330	0.6%

Average Increase (Decrease) \$ 157,185 6.9%

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$266,887	\$265,181	\$269,954	\$3,067	1.1%	\$4,773	1.8%
August	\$279,261	\$258,399					
September	\$258,051	\$268,004					
October	\$254,811	\$262,636					
November	\$249,783	\$260,161					
December	\$261,574	\$257,417					
January	\$223,629	\$239,259					
February	\$219,789	\$209,549					
March	\$264,035	\$250,645					
April	\$257,977	\$236,864					
May	\$268,172	\$248,271					
June	\$267,391	\$238,878					
\$3,071,362 Total		\$2,995,263 Total		\$269,954 Total	\$3,067 Average \$3,067 Total	1.1% Average	\$4,773 Average \$4,773 Total
							1.8% Average



City of Franklin

Finance Department - Monthly Reports

Schedule 7:

Hotel/Motel Tax

Fund

Hotel/Motel Fund

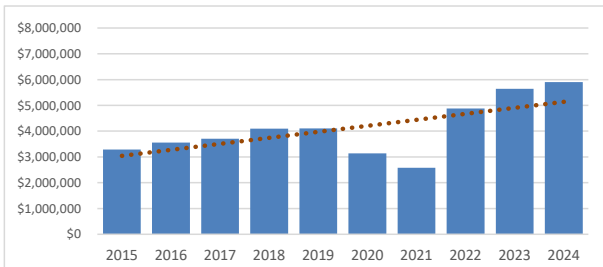
Account:

150-31700-00000

Summary: The Hotel/Motel Fund is a special revenue fund used to account for the locally administered tax levied on the occupancy of hotel and motel rooms, in addition to sales tax. The City of Franklin Hotel/Motel Tax is 4%.

Monthly Report for October 2024: 2025 year-to-date compared to 2024 is 9.7% less, and compared to 2024 budget is less by 14.0%.

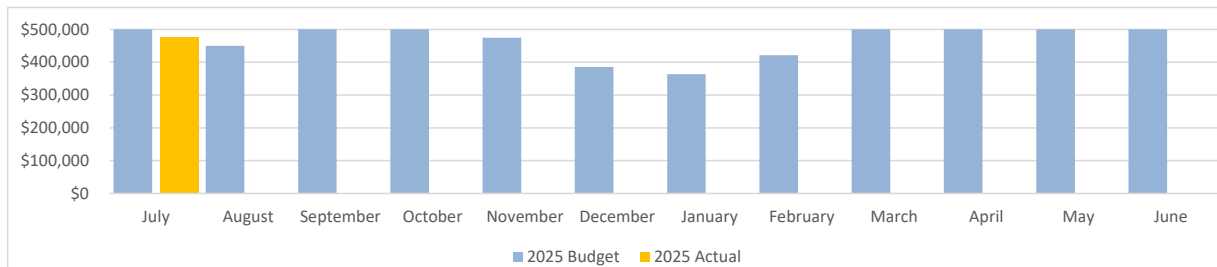
Yearly Summary



Fiscal Year	Amount	\$ Inc./ (Dec.) from Prior Year	% Inc./ (Dec.) from Prior Year
2015	\$3,291,019	\$526,217	19.0%
2016	\$3,557,971	\$266,952	8.1%
2017	\$3,710,589	\$152,618	4.3%
2018	\$4,097,695	\$387,106	10.4%
2019	\$4,103,235	\$5,540	0.1%
2020	\$3,138,814	(\$964,421)	-23.5%
2021	\$2,575,830	(\$562,984)	-17.9%
2022	\$4,875,687	\$2,299,857	89.3%
2023	\$5,638,677	\$762,990	15.6%
2024	\$5,907,179	\$268,502	4.8%

Average Increase (Decrease) \$ 314,238 11.0%

FY25 Month by Month Summary



Month	2024 Actual	2025 Budget	2025 Actual	\$ Inc./ (Dec.) from 2024 Actual	% Inc./ (Dec.) from 2024 Actual	\$ Inc./ (Dec.) from 2025 Budget	% Inc./ (Dec.) from 2025 Budget
July	\$527,197	\$553,513	\$475,931	(\$51,266)	-9.7%	(\$77,582)	-14.0%
August	\$428,541	\$449,968					
September	\$541,658	\$568,738					
October	\$580,743	\$607,583					
November	\$452,482	\$475,128					
December	\$374,799	\$385,498					
January	\$338,839	\$363,537					
February	\$407,344	\$421,680					
March	\$514,688	\$579,691					
April	\$555,619	\$594,788					
May	\$555,828	\$592,565					
June	\$629,439	\$617,408					

\$5,907,179
Total

\$6,210,098
Total

\$475,931
Total

(\$51,266)
Average
(\$51,266)
Total

-9.7%
Average

(\$77,582)
Average
(\$77,582)
Total

-14.0%
Average



City of Franklin

Finance Department - Monthly Reports

Schedule 8:**Conference Center Profit/(Loss)****Fund****Hotel/Motel****Account:****150-84910-47100**

Summary: As part of Hotel/Motel, the City receives half of the profit/(loss) from the Conference Center.

Monthly Report for October 2024: The gain for August 2024 was \$40,230 compared to a gain of \$79,690 for the same month in 2024, a decrease of \$39,460.

MONTHLY - Conference Center Financials Jul 24-Jun 25

	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25	Total
Gross Revenue	505,115	780,475											1,285,590
House Profit	23,177	159,000											182,177
Less: Fixed Expenses	39,589	39,450											79,039
Net Income	(16,412)	119,550											103,138
Less: FF&E Reserve 5%	25,256	39,090											64,346
Net Cash Flow	(41,668)	80,460											38,792
City 1/2	(20,834)	40,230	-	-	-	-	-	-	-	-	-	-	19,396

MONTHLY - Conference Center Financials Jul 23-Jun 24

	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Total
Gross Revenue	445,937	792,872	683,557	793,757	645,875	714,499	431,618	825,985	508,694	937,957	631,280	472,144	7,884,175
House Profit	22,869	237,735	167,795	233,061	111,659	106,794	(18,193)	221,065	22,291	281,121	90,712	(1,028)	1,475,881
Less: Fixed Expenses	38,887	38,711	38,663	38,398	38,335	38,725	39,100	39,144	38,927	38,838	38,625	38,559	464,912
Net Income	(16,018)	199,024	129,132	194,663	73,324	68,069	(57,293)	181,921	(16,636)	242,283	52,087	(39,587)	1,010,969
Less: FF&E Reserve 5%	22,297	39,644	34,178	39,688	32,294	355,725	21,581	41,299	25,435	46,898	31,564	23,678	714,281
Net Cash Flow	(38,315)	159,380	94,954	154,975	41,030	32,344	(78,874)	140,622	(42,071)	195,385	20,523	(63,265)	616,688
City 1/2	(19,158)	79,690	47,477	77,488	20,515	16,172	(39,437)	70,311	(21,036)	97,693	10,262	(31,633)	308,344

MONTHLY Differences - Conference Center Financials

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
City 1/2 Difference	(1,677)	(39,460)										