



CITY OF LITTLE ROCK, ARKANSAS

PURCHASING MANUAL

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**ABDOUL KABAOU
PURCHASING MANAGER
371-6838**

**LOUISE DRAYTON
ASSISTANT PURCHASING AGENT
371-4563**

**CASSIE WEATHERINGTON
PURCHASING ASSISTANT
371-4561**

OFFICE FAX # 371-6823

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I. INTRODUCTION

A. PURPOSE OF MANUAL

The purpose of this manual is to provide a guide in Purchasing procedures to assist City Employees in obtaining needed supplies, equipment, and services. The personnel in the Purchasing Division are prepared to answer questions that may arise from any existing problems or clarify any information contained in this manual. If we may be of assistance to you, please do not hesitate to call the Purchasing Office at 371-4560.

B. OBJECTIVE OF CENTRALIZED PURCHASING

The objective of a centralized government purchasing division is to maximize value of the tax dollar in procurement of material and services. By function, the responsibility must employ the appropriate mix of service and fiscal control. How closely Purchasing attains this objective is dependent upon the cooperation provided by the departments for which it exists. In order to help clarify the requirements of a successful purchasing program, specific responsibilities are listed below.

C. RESPONSIBILITIES – PURCHASING DIVISION

1. Assure compliance with Federal, State, and City laws and regulations pertaining to acquisition of supplies, equipment, and services.
2. Search for new sources of supplies and services.
3. Maintain up-to-date vendor files.
4. Advertise and evaluate bids and maintain bid files.
5. Determine compliance with purchasing regulations.
6. Select vendors, prepare Purchase Orders and complete purchases.
7. Assist in preparation of specifications.
8. Maintain historical performance files on vendors.
9. Authorize all contractual arrangements.
10. Market and redistribute surplus assets
11. Investigate and document complaints about merchandise and services for future reference.
12. Audit invoices received to assure prices and account numbers are correct.

D. RESPONSIBILITIES – OPERATING DEPARTMENT

1. Provide sufficiently defined information on items to be purchased and assist in the preparation of specifications.
2. Prepare Purchase Requisitions through Infor's Lawson Requisition Center.
3. Assist Purchasing Division with suggested sources of suppliers.
4. Plan purchases to eliminate avoidable emergencies.
5. Provide technical expertise in the evaluation of specifications and bid

responses.

6. Provide complete receiving information through Infor's Lawson Receiving.
7. Provide information on materials and vendor performance.
8. Clear invoices daily for payment, making sure the correct accounting information (Accounting Unit, Account, Vendor Number and Activity) is written on the face of the invoice and the invoice number and invoice date are circled. The invoice must be dated and signed before submitting to Accounts Payable. Prices must be checked by the department to verify they are the same as the purchase order.

E. PURCHASING POLICY

To maintain integrity in its relationship with the public, it is the policy of the Purchasing Division or any City requesting employee to not accept any gifts or gratuities that may contain value from any vendor.

The Purchasing Division exists to obtain needed goods and services utilized by the City Departments at the best available price. The criteria for awarding any bid, contract, or individual commodity to any vendor shall include the following: price, quality of item bid vs. that requested, delivery time, past performance by the vendor and ability of the vendor to service or support its product.

II. INITIATING A PURCHASE

A. PURCHASE REQUISITION

A Purchase Requisition must be submitted through Infor's Lawson for any purchase of \$1,000 or more. Care should be exercised to indicate the proper Accounting Unit and code for charging the item against the department's budget.

B. BID TRANSMITTAL FORM

If a purchase requires a formal bid procedure (\$20,000 or more for Construction and \$25,000 or more for Goods and Services), a Bid Transmittal Form should be completed and submitted to the Purchasing Division. All information must be completely entered. Following the bid process, copies of the bids and tabulation will be sent to the Ordering Department. To complete the purchase, the Ordering Department will prepare a requisition through Infor's Lawson for the low bid meeting specifications and submit it to the Purchasing Division.

III. BIDDING PROCEDURES

A. DEFINITION: "PURCHASE"

Purchase shall mean and include not only the outright purchase of a commodity, but also the acquisition of commodities under rental/purchase, lease/purchase agreements or any other type of agreement whereby the City has an option to buy the commodity and to accrue a certain percentage of those payments. Any rental or lease, regardless of whether a purchase option is offered, must first be approved by the Purchasing Division.

B. SPLIT PURCHASE – PROHIBITED

It is expressly forbidden by law to parcel or split purchase with the intent of circumventing the more competitive bidding requirements.

C. AFRICAN AMERICAN/WOMAN OWNED BUSINESS QUOTES

Quote Bids (Construction: \$2,500-\$19,999.99 Goods and Services: \$2,500-\$24,999.99) must be solicited from one African-American owned business AND one woman owned business in addition to other quotes requested.

Assistance in locating these vendors may be obtained from the Purchasing Division, the Small Business Development Office, the State of Arkansas Department of Economic Development or other governmental agencies.

The "Request of Phone and Written Quotes" form on page 18 is to be filled out when quotes are solicited. If there is no African American or Woman owned vendor listed for the commodity, indicate so on the form. The form will be distributed in the following way:

1. Notation in "Comments" submitted through Infor's Lawson to Purchasing.
2. One copy to the Small Business Development Administrator at the Neighborhood Resource Center.
3. One copy is retained by the Department for its record.

D. BID LIMITS

1. To \$100.00 – Petty Cash (This is the limit excluding tax)

Any service or group of commodities within the same general classification, not contained in a Term Contract which costs \$100.00 or less may be purchased at the best available price on the open market by authorized employees from their personal funds and be reimbursed the same day. The employee making the purchase must present a dated receipt itemizing object(s) acquired and verified as paid to the vendor.

2. \$100.01 to \$1000.00 - Petty Charge

Any service or group of commodities within the same general classification (not contained in a Term Contract), which cost between \$100.01 and \$1000.00, may be purchased at the best available price on the open market by authorized individuals. **PURCHASE MAY NOT BE SPLIT TO AVOID COMPETITIVE BIDDING REQUIREMENTS.** Before the purchase can be made, the APO List must be checked to ensure the item or service is not covered by an existing contract in force for the department. If a contract is in force, the vendor named in the contract must be used for purchases in this category. If the item is not on contract, the department may make the necessary contract with the vendor to have the item charged and delivered.

3. PURCHASE OF \$1000.00 AND OVER (PURCHASE ORDER REQUIRED)

Purchases of \$1000.00 or more will be made by the Purchasing Division via a Purchase Order. A Purchase Requisition must be submitted through Infor's Lawson to the Purchasing Division. The Purchasing Division will issue a Purchase Order.

a. BUYER DISCRETION

Purchase up to \$2499.99 may be purchased using the discretion of the department requestor. This means that if the buying department determines that it would be in the best interest of the City, quotes would not have to be obtained from more than the one vendor. It is, however, always encouraged that comparative quotes be taken.

b. PURCHASES BETWEEN \$2,500.00 and \$19,999.00 (Construction)

A minimum of three (3) quotes, documented by the buyer, must be taken on these purchases. **NOTE THE REQUIREMENT FOR AFRICAN AMERICAN AND WOMAN OWNED BUSINESS PARTICIPATION.**

c. PURCHASES BETWEEN \$2,500.00 AND \$24,999.99 (Goods and Services)

A minimum of three (3) written quotes if obtainable must be taken on purchase between \$2,500.00 and \$24,999.99 on these purchases. **NOTE THE REQUIREMENT FOR AFRICAN AMERICAN AND WOMAN OWNED BUSINESS PARTICIPATION.**

d. FORMAL PURCHASES OF \$25,000 OR MORE

A purchase of \$25,000 or more for Goods and Services must be

formally advertised one time, sealed bids taken and opened not less than seven (7) nor more than thirty (30) days after advertised, and submitted by the Purchasing Agent to the City Manager for approval. A Bid Transmittal Form is required for formal bids. Construction bids that exceed \$20,000 require two (2) advertisements, a week apart, and must be opened not less than seven (7) days after the last advertisement. Any purchase of \$50,000 or more to a vendor must have City Board approval before a Purchase Order can be issued.

E. BONDING AND INSURANCE REQUIREMENTS

Any construction project which exceeds \$20,000 requires a bid security, performance bond and proof of liability insurance, per Arkansas Act 351 of 1953 amended by Act 757 of 1987. Bonding requirements may be stipulated on any bid, regardless of amount, at the Ordering Department's request.

F. EMERGENCY PURCHASES

Any emergency purchase is defined as a purchase made where property, life, health or public safety is in jeopardy. The determination as to whether or not the need falls within the definition is the responsibility of the Purchasing Agent. All efforts should be made by the individual offices and departments to anticipate its needs, allowing sufficient time to follow the proper and most cost-effective method of purchasing. **A LETTER EXPLAINING THE NATURE OF THE EMERGENCY MUST ACCOMPANY THE REQUISITION.**

IV. TERM CONTRACTS (APO's)

A. TERM CONTRACT

A Term Contract is any agreement executed by the Purchasing Division with a vendor to supply goods or services to the City for a specific price over a period of time. The quantities are estimated. It may bind either one department or all purchasing entities of the City. Any department affected by the contract will be notified in writing by the appropriate buyer. All purchases covered by the contract must be charged to the APO Number assigned, no matter what the dollar amount. Each department in the City will have an APO List or a listing that names all commodities or services covered by contract for that department. Where an APO Number has been issued to provide goods or services for a specific department, invoices will be received by that department. The department verifies contract price, signs the invoice, adds the APO Number and forwards this to the Purchasing Division.

TERM CONTRACT PURCHASE ORDERS ARE NOT ENCUMBERED. THE DEPARTMENT MUST SUBMIT A REQUISITION IF THEY WANT TO ENCUMBER THESE FUNDS AT YEAR END.

B. USER DEPARTMENT PROCEDURE FOR TERM PURCHASE ORDERS

Departments requesting commodities under contract may do so by following this outline:

1. Look in the Annual Purchase Order Listing to determine if the item you wish is under contract.
2. If the item needed is under contract, supplies may be ordered directly by phone using the Annual Purchase Order Number. Orders are not delayed by having to submit a requisition to the Purchasing Division at this time.
3. Telephone the vendor and order your product. Give the vendor the Annual Purchase Order number and delivery information.
4. When the product has been delivered, have whoever signs the delivery ticket send the delivery ticket to the person ordering the product.
5. Invoices, when received, are to be matched, prices checked with the Annual Purchase Order price, and forwarded to the Purchasing Division.
6. Auditing will be performed again by the Purchasing Division to assure charges are in compliance with contract prices; if prices are incorrect, the Purchasing Division will return invoices to the department for explanation.
7. Budgeting requirements are the responsibility of the user department and purchases exceeding budget must have prior approval from the Director of Finance.

V. PURCHASE ORDERS

A. PREPARATION AND ISSUANCE

Purchases over \$1,000 not covered by a contract or in any way exempted will require a requisition entered in Infor's Lawson which will provide an unprinted Purchase Order (unless one is required). All purchase requisitions \$1,000 or higher will create a printed Purchase Order issued by the Purchasing Division and signed by the Purchasing Agent. A copy of the Purchase Order will be distributed to the using department and to the vendor with a copy maintained in Purchasing.

B. EXCEPTION FOR RADIOS

Requests for radios, both portable and mobile, are to be sent to the Police Central Communications Division for permission to be purchased. Portable radios will be accountable on the buying department's inventory.

C. DIRECT PAY

An invoice may be coded as a Direct Pay (no purchase order required) for items such as publications, subscription, dues, or salaries for part-time help. Direct pays are not to be limited to just these instances. If there are any questions concerning Direct Pay, please contact the Purchasing Division to verify. When literature is to accompany a check for a Direct Pay, a copy of the literature must be made and submitted with the original and the requisition for payment.

D. CANCELLATION OF PURCHASE ORDERS

All cancellations of Purchase Orders must be made through the Purchasing Division. An explanation should be given as to why the purchase order is being cancelled.

VI. RECEIVING MERCHANDISE

All merchandise picked up by a city employee or delivered to a city site should be accompanied by a delivery receipt. This delivery receipt should be signed and dated by the employee receiving the merchandise. The delivery receipt is then turned in to the departmental administrative staff for future invoice comparison. No invoice should be cleared for payment unless a signed delivery ticket is on file. Once the purchase is received through Infor's Lawson Receiving the invoice needs to be coded with the complete accounting distribution (Accounting Unit, Account, Vendor Number and Activity) and submitted to Accounts Payable or if paid by a grant to the Grants Division. Invoices for Direct Pays or purchases less than \$500 in which an Infor's Lawson Requisition isn't required, don't require Infor's Lawson Receiving, but do require complete accounting information.

VII. GENERAL FIXED ASSETS

A. EQUIPMENT

1. ACQUISITION

When an equipment item is purchased that fits the criteria set forth in Procedure Guideline 3040 an Equipment Receipt Form must be submitted by the receiving organization (Effective January 1, 1996, this applies only to equipment purchases of \$1,000.00 and over). To ensure that all items are properly recorded, all 7000 series object coded items are screened by the Purchasing Division and are reconciled to the equipment receipt forms that have been received. Once the Equipment Receipt Form is received the item can be given a fixed asset number and entered into Infor's Lawson Asset Management Module.

2. TRANSFERS

When an equipment item is to be transferred a Property Control Record must be completed and sent to the Fixed Asset Accountant. It must be complete and signed by both the Transferor and the Transferee. The Property Control Record is used to update Infor's Lawson Asset Management Module.

3. DISPOSALS

When an equipment item is to be disposed of a Property Control Record (PCR) must be completed by the organization and sent to the Fixed Asset Accountant. It must be complete and explain the reason for the disposal. The Property Control Record is used to update Infor's Lawson Asset Management Module.

4. MODIFICATIONS

When a modification is required on an existing equipment record such as correction of asset value or serial number the "FC" transaction will be used.

5. INVENTORY

All departments will conduct an annual physical inventory in the fourth quarter of each year. Three copies of the inventory by location code will be given to each department. One copy is to be used as a working copy, one copy is for departmental files, and the remaining copy, after being annotated and certified, will be sent to Accounting for update and file. All changes must be entered into Infor's Lawson Asset Module. Within 30 days after the end of each quarter an updated inventory will be sent to the departments.

VIII. MISCELLANEOUS

A. FEDERAL EXCISE TAX

The City of Little Rock is exempt from Federal Excise Tax. The Purchasing Agent or other authorized personnel signs exemption certificates when applicable.

B. SALES AND USE TAX

The City must pay state and county sales tax on commodities and services purchased within the state and county. Items bought from out of state vendors are subject to a Use Tax. The City is exempt from Sales and Use Taxes on:

1. Professional dues
2. Zoo animals
3. Professional and trade publications purchased through regular subscription
4. Foodstuffs for free distribution to the poor and needy or to penal institutions
5. Motor vehicles
6. Purchases made for Animal Control (ACT 417, April 1, 1979)
7. Pollution control devices
8. Advertising

Use Tax will only be paid to vendors having a registration number on file with the Arkansas Department of Revenue. Use Taxes charged on purchases from nonregistered vendors will be computed monthly by the Purchasing Office and then paid directly to the State of Arkansas. As exemptions are added and deleted by the State Legislature periodically this list may change. Check with Purchasing for up to date exemptions.

C. SOLE SOURCE

Sole Source items must be designated on the requisition when submitted, with an explanation as to why the item is a sole source. The Purchasing Agent will evaluate and try to locate any competitive suppliers.

D. PREPARING INVITATION TO BID FORMS

Invitation to Bid Forms are prepared by the Purchasing Division. They are then placed on the City's website www.littlerock.org (On-Line bids). Vendors or departments may download them from that site. All sealed bids are opened at the exact time and date specified on the bid request. Late bids will not be accepted or considered. All bids are opened and read publicly.

E. SURPLUS PROPERTY

Surplus Property is to be maintained by each department. It is suggested that notification by City e-mail be sent as an announcement to all departments to see if there is a need by other departments for those items. A Transfer of inventory form must be provided to Accounting so the asset can be relocated.

F. VENDOR'S REGISTRATION

Vendors are registered by Purchasing in Infor's Lawson Financial system. You may check for vendor registration by accessing AP10 in Infor's Lawson. If you have trouble locating a vendor, contact Purchasing for assistance.

G. CHANGE ORDERS/CONTRACT EXTENSIONS

Change Orders and Contract Extensions allow modifications to an existing Purchase Order. Before any modification can be implemented, notification must be given to the Purchasing Division. All modifications must be within the scope of the original contract. A requisition for the additional amount and description of the change must be sent to Purchasing. Once the modifications accumulatively exceed \$20,000, all further changes must be approved by the City Manager. Once Change Orders accumulatively reach \$50,000 City Board of Directors approval will be required.

H. PROFESSIONAL SERVICE CONTRACT PROTOCOL

Ordinance 15,221 provides for the competitive selection of professional services. The ordinance details the required elements of the selection. Those elements are:

1. Selection of a Review Committee
2. Preparing the proposal and advertising
3. Establishing selection criteria
4. Process of review
5. Contract negotiation

I. LEGAL BASIS FOR PURCHASING

Authority for making purchases is provided by State law (State Statute 10-712), City Ordinance (Article 5, Section 2-43/44) and City Manager directives. Only the City Manager or his duly authorized representative (Purchasing Agent) is authorized to purchase for the City. No department or division head, supervisor, or City employee is authorized to purchase, make commitments to purchase, or indicate to any salesman or company a personal recommendation of their product. This does not preclude

departments from furnishing information on supplies and products and making recommendations to the Purchasing Division.

J. COOPERATIVE PURCHASING

Resolution 5799 dated September 20, 1977, authorizes the Purchasing Division of the City of Little Rock to execute an inter-local agreement with Pulaski County for the purpose of enabling the City and County to combine, for the purpose of receiving price quotations, commodity needs of the parties in order to receive the advantage of lower prices by quantity price quotations. Resolution 5509 dated March 18, 1976, authorizes the Purchasing division to purchase on contracts awarded by the State of Arkansas; the Purchasing Division will certify the low bid by completing the competitive bid process for comparison. Resolution 5816 dated October 4, 1977, authorizes the Purchasing Agent to represent the City in supervision and operation of the Cooperative Purchase Program. This agreement is to enable the City to combine with other governmental agencies, through Metroplan, for the purpose of receiving price quotations or quantity purchases. The City may also purchase from certain State of Arkansas Contracts designated for use by cities. Purchasing must approve of any purchase with State contracts.

K. CONTRACTING WITH CITY EMPLOYEES

The City of Little Rock shall not contract with City employees for goods or services without recommendation and approval from the City Manager.

PROCEDURE

For a City department to contract with a City employee, the following purchasing requirements must be met:

Informal quotes (three) if obtainable must be taken for purchases from \$5,000.00 - \$24,999.99

Formal bidding for purchases in excess of \$19,999.99 (Construction) and \$24,999.00 (Goods and Services).

The Purchasing Agent has determined that the employee is an only source of supply.

If it has been determined that the City employee is the lowest qualified bidder or that they are an only source, a recommendation may then be made to the City Manager requesting that a contract be awarded to them.

IX. FEDERAL GRANT PROCUREMENT STANDARDS

Federal Grant Procurement Standards (OMB Circular A-110 paraphrased, numbers below match those of A-110) Therefore, adherence to the policies and procedures noted in this manual will ensure compliance with most federal regulations.

A. Purpose of procurement standards.

Sections **A** through **D** set forth standards for use by grantees in establishing procedures for the procurement of supplies and other expendable property, equipment, real property and other services with Federal funds. These standards are furnished to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal statutes and executive orders.

B. Codes of conduct.

....No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

C. Competition.

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids and/or requests for proposals shall be excluded from competing for such procurements.Solicitations shall clearly set forth all requirements that the bidder shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may

be rejected when it is in the recipient's interest to do so.

D. Additional Procurement Procedures.

1. Recipients must avoid purchasing unnecessary items.
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government.
3. Bid Solicitations for goods and services shall provide for all of the following: (See sample attached form for telephone and fax bid solicitations.)
 - a. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
 - b. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
 - c. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
 - d. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.
 - e. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
 - f. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
4. Positive efforts shall be made by recipients to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible. Recipients of Federal awards shall take all of the following steps to further this goal. Note that the federal definitions of Minority, Women Owned and Small Disadvantaged Businesses may differ from the City of Little Rock's definitions.
 - a. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.
 - b. Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.
 - c. Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too

- large for one of these firms to handle individually.
- d. Use the services and assistance, as appropriate, of the City of Little Rock Finance Department's Purchasing Division and such organizations as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority- owned firms and women's business enterprises.
 - e. Note: Many federal grants (and the Little Rock City Manager) require or have goals for purchasing from minority, women owned or small and disadvantaged businesses. Some also require periodic reporting on the use of such businesses.
5. The type of procuring instruments used (e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts) shall be determined by the City of Little Rock unless set forth by another law (such as the American Recovery and Reinvestment Act) but shall be appropriate for the particular procurement and for promoting the best interest of the program or project involved. **The "cost-plus-a-percentage-of-cost" or "percentage of construction cost" methods of contracting shall not be utilized.**
6. **Debarment and Suspension Contracts** shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources. In certain circumstances, contracts with certain parties are restricted by agencies' implementation of **E.O.s 12549 and 12689**, "Debarment and Suspension."

Excluded Party List (EPLS) www.epls.gov. The federal government maintains a list of vendors and agencies which have been disbarred or suspended from doing business with the federal government or entities using federal grant funds. Therefore, before purchasing an item, entering into a grant sub-award or contract being paid for with grant funds, a City of LR Department must check the EPLS listing to ensure that the vendor is not listed. A printout of the EPLS check must be maintained and may be requested by and furnished to auditors. For grant purchases involving a PO, the Purchasing Division will check EPLS at the time the purchase requisition is entered, however City Departments that do not promptly enter Purchase Order Requisitions into Infor's Lawson prior to purchase run the risk of not being able to purchase from a disbarred or suspended vendor from the federal grant.

For more information on how to use www.epls.gov, contact the Grants Division and they can send you a PowerPoint tutorial.

7. Sole Source Justification-Justification for Non-Competitive Procurement

When there is only one vendor that can provide a service, the Department must provide written documentation that includes the following information:

Paragraph 1 - A brief description of the purpose of the contract

Paragraph 2 – An Explanation of why it is necessary to contract non-competitively, including:

- a. Expertise of the contractor (knowledge of the program, similar experience, unique qualifications, etc.)
- b. Time Constraints, if any. May include how long it would take another contractor to reach the same level of competence Note: Do not delay procurement and claim that it is then an exigency. That will not work.

Paragraph 3 – Any other relevant information

Note: Geographical location is not in and of itself justification for sole source.

FOR ADDITIONAL INFORMATION CONTACT CARAN CURRY, GRANT MANAGER @ 371-4583.

EQUIPMENT LEASES

A. PURPOSE

The following guideline establishes the justification and utilization of leases versus outright purchase of equipment.

B. DEFINITION

This guideline shall apply to all City Departments, and applies to all formal bids or quote bid long-term issues, or where more than one (1)-payment will be required over the term of the lease. It does not apply to short-term leases, or where only one (1)-payment will be necessary over the term of the lease.

C. RESPONSIBILITIES

1. Signatory responsibilities for long-term leases rest with the City Manager on recommendation of the City Attorney's Office and with the Finance Department.
2. Prior to signature by the City Manager, the City Attorney's Office will be responsible for viewing any lease.
3. The Finance Department has the responsibility to advise the City Attorney's Office and the City Manager's Office as to feasibility, bid specifications, cost analysis information or other details available regarding a lease. The Purchasing Division will coordinate all activity regarding leases; purchasing and receiving with all Departments.
4. Department Directors have the responsibility to approve leasing option versus purchase options upon recommendation of the user division and subsequent findings of the Finance Department and the City Attorney's Office.
5. User divisions have the responsibility to prepare and submit a Lease Analysis and Feasibility Report whenever leasing is an optional method of procurement. The form must be submitted with formal bid transmittals (\$25,000 or more) or requests for quote (\$2,500-\$24,999.99). Whenever possible, an original lease should be included with the Lease Analysis and Feasibility Report.

D. POLICY

The City of Little Rock will permit leases if justification of a lease demonstrates that the benefits to the City will meet or exceed the costs, including inherent liabilities, for the lease term. Lease financing due solely to budget constraints requires City Manager approval prior to bid.

Lease agreements, if they extend beyond one (1) fiscal year, must contain a non-appropriation clause and assurances that there is no recourse against the City for failure to renew the lease.

E. PROCEDURE

1. User Division: Department will prepare a 'Lease Analysis and Feasibility Report' emphasizing justification and cost analysis. Informal requests from providing sources on lease details or an original lease can support the report. Determine if leasing is the optimal method of procurement. If optimal, forward package included completed report, bid specifications and other available details to the Department Director or designee for review and approval.
2. Department Director: Review the Lease Analysis and Feasibility Report and available documentation to ensure that the required details are provided. Confirm that justification for lease meets or exceeds the benefits the City will receive over the length of the contract. When leasing remains the preferred option, approve and forward the lease package to the Purchasing Division. Where leasing is not justified, and purchase is the optimal method, forward only purchasing requirements to the Purchasing Division and return lease details to the User Division for retention.
3. Purchasing Division:
 - a. Review lease package to determine that leasing is a viable option based on cost analysis. Make recommendations to the Finance Department Director or his designate for lease option approval.
 - b. Where leasing is not justified, return to the User Department Director requesting further justification or that specification be written for purchase.
 - c. Where leasing is approved, include standard lease bid specifications with equipment bid specifications. Upon bid opening, submit prevailing vendor's original lease to the City

Attorney's Office for review prior to ordering.

- d. Upon City Attorney's action, coordinate lease signatures, commodity order and receiving, including acceptance between the City Manager's Office, User Division, vendor, and leasing company.
4. City Attorney: Review original lease and accompanying lease documentation for bid compliance. Modify, reject or approve lease and return package to the Purchasing Division.

Approved:

Bruce T. Moore
City Manager

XI. FORMS

The following section houses some of the commonly used forms (current and future) pertinent to the procurement process at the City of Little Rock. Such forms include IRS form W-9, the Bid Request Transmittal Form or the Statement of Salvage value Form.

Please note that the department of Human Resources is currently developing an Employee Vs. Contractor Determination Form that will also be available in this section as soon as possible. Please direct all inquiries to Pamela Wrather @ 501 371-4592 or pwrather@littlerock.org.



STATEMENT OF SALVAGE VALUE

ITEM DESCRIPTION: _____

Quantity (if grouping of similar items): _____

Inventory Tag No.: _____ Date Available for Salvage: _____

Donor Department: _____ Current Location: _____

I certify the above described City of little Rock property to have a salvage value of approximately
\$_____.

Prepared By: _____
PURCHASING AGENT DATE

Certified By: _____
CITY MANAGER DATE

Submitted by: _____
Department Personnel



B. BID REQUEST TRANSMITTAL FORM

TO: PURCHASING AGENT

DATE: _____

FROM: _____

DELIVERY REQUIRED: _____

DESCRIPTION: _____

SUGGESTED VENDORS: NAME

ADDRESS CITY/STATE/ZIP

We have thoroughly examined and approved the attached specifications, and herewith request that the Purchasing Division advertise for bids on the above item shown. No standard product, reputable dealer or reputable contractor has been written out of these plans and specifications. Only source items must be explained:

=====

SPECIFICATIONS: _____
(Prepared By)

(Approved By)

DELIVER TO: _____

CONTACT PERSON: _____
PHONE #: _____

_____ Funds for this Item have been approved as follows:

A. \$ _____ Dept. _____
(Operating Budget)

Acct. No. _____

B. \$ _____ Desc. _____
(Special Project) (Name)

Acct. No. _____

Plans & Specifications Reviewed & Approved By: _____
(Purchasing Agent)

C. LEASE ANALYSIS AND FEASIBILITY REPORT

COMMODITY: _____

HOW IS FUNCTION CURRENTLY PERFORMED? _____

a. No. Lease Payments _____ b. Lease Payment per Month \$ _____

Down payment (excluding Security Deposit), if any: \$ _____

What does Down payment represent? _____

Security Deposit Amount, if any: \$ _____

Who will pay Property Taxes LESSOR: _____ CITY: _____

f. Agreement written in Arkansas? YES NO If no, what State? _____

Is a Service Contract included in the lease? YES NO

a. Does the LESSOR require PUBLIC liability insurance listing them as Additional Named Insured? YES NO

Describe the remedy the City has should the equipment fail to function as per the bid specifications: _____

Number of days allowed between PHYSICAL RECEIPT of commodity to ACCEPTANCE? _____ Days

i. Municipal Funding Clause? YES NO

COST ANALYSIS:	<u>LEASE</u>	<u>PURCHASE</u>
TOTAL PRICE	\$ _____	\$ _____
SERVICE CONTRACT	_____	_____
PROPERTY TAX:	_____	_____
INSTALLATION:	_____	_____
INSURANCE:	_____	_____
SALVAGE VALUE:	(_____)	(_____)
MISCELLANEOUS EXP:	_____	_____
TOTAL ESTIMATE:	\$ _____	\$ _____

JUSTIFICATION FOR LEASE VS PURCHASE: _____

PREPARED BY: _____ DATE: _____

REVIEWED AND APPROVED:

DIV DIR _____ PURCHASING _____ FINANCE _____ CA _____

Request for Taxpayer Identification Number and Certification

**Give Form to the
requester. Do not
send to the IRS.**

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)	
Business name/disregarded entity name, if different from above	
Check appropriate box for federal tax classification: Individual/sole proprietor C Corporation S Corporation Partnership Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ <input type="checkbox"/> Other (see instructions) ▶	Exemptions (see instructions): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____
Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number								
				-				
Employer identification number								
				-				

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below), and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at www.irs.gov/w9. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity,
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust, and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* on page 1.

What is FATCA reporting? The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

Partnership, C Corporation, or S Corporation. Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA) name" on the "Business name/disregarded entity name" line.

Disregarded entity. For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulation section 301.7701-2(c)(2)(iii). Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Note. Check the appropriate box for the U.S. federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

Limited Liability Company (LLC). If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the U.S. federal tax classification in the space provided. If you are an LLC that is treated as a partnership for U.S. federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation, as appropriate. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for U.S. federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

Other entities. Enter your business name as shown on required U.S. federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the *Exemptions* box, any code(s) that may apply to you. See *Exempt payee code* and *Exemption from FATCA reporting code* on page 3.

Exempt payee code. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following codes identify payees that are exempt from backup withholding:

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements.

- A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B—The United States or any of its agencies or instrumentalities
- C—A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities
- D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Reg. section 1.1472-1(c)(1)(i)
- E—A corporation that is a member of the same expanded affiliated group as a corporation described in Reg. section 1.1472-1(c)(1)(i)
- F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

- G—A real estate investment trust
- H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
- I—A common trust fund as defined in section 584(a)
- J—A bank as defined in section 581
- K—A broker
- L—A trust exempt from tax under section 664 or described in section 4947(a)(1)
- M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

- 1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
- 2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
- 3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.
- 4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).
- 5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.