

**TOWN OF FAIRFAX
STAFF REPORT**

To: Mayor, Members of the Town Council
From: Garrett Toy, Town Manager
Date: March 6, 2013
Subject: Discussion/consideration of local preference policy for professional services, supplies and materials, and public works projects using informal bid process.

RECOMMENDATION

Provide staff direction on the development of local preference purchasing policy for professional services, supplies and materials, and public works project using informal bid process.

DISCUSSION

At their January meeting, the Council requested staff to research the concept of developing a local preference policy. Currently, the Town does not have any policies or ordinances requiring a local preference in purchasing or contracting. However, for public works projects over \$15,000, the Town is required to award the bid to the lowest responsible bidder and does not allow for any local preferences. For public works contracts under \$15,000, staff has authority to negotiate a price with a contractor and, typically, does so with a local firm, if that firm is qualified to do the work.

As a matter of practice, staff does consider local vendors for supplies and material as well as for professional services. For supplies and materials, staff's decision is based on price, quality of product, and availability. With regard to professional services, the key decision factors are based on qualifications and experience. If a local firm is available and qualified, staff will ask for a quote if appropriate.

Some municipalities have local preferences, but many have purchasing policies or ordinances. An example of a local preference would be to allow staff to give local vendors a 1% preference (i.e., local quote or bid can be 1% higher than lowest bid). The 1% represents the municipality's share of the sales tax revenue generated if the good or service is taxable. Staff recommends that if the Council wishes to adopt a local preference policy, it direct staff to prepare a purchasing ordinance for Council consideration. Currently, the Town code only provides guidance on public works contracts. The Town Manager can approve public works contracts up to \$15,000, but typically brings all such contracts to the Council for approval. There is no similar limit given to the Town Manager for professional services contracts. Staff brings all contracts to the Council for approval. This does create inefficiencies and delays as the Council only meets once a month. Sometimes a service is needed ASAP and the time lag between meetings could delay projects or impact funding opportunities.

A purchasing ordinance represents a comprehensive approach to the issue and sets parameters by which staff would award contracts. It would also reduce confusion for when a contract is required or when a service can be paid for by invoice without a contract. For example, the Council may want to consider allowing the Town Manager authority to approve contracts up to \$15,000, similar to the cap for public works projects. The guiding parameter would be that funding must be available within the budget.

Should the Council want to consider an ordinance, staff would return with a draft ordinance along with policy parameters requiring Council input (e.g., Town Manager authority). However, should the Council not want to pursue a purchasing ordinance at this time, staff would develop a local preference policy that could be approved by the Council and implemented administratively.

FISCAL IMPACT

None at this time.