



TOWN OF FAIRFAX STAFF REPORT

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager *GT*

DATE: June 5, 2013

SUBJECT: Adopt Resolution Approving Administrative Purchasing Policy Which Includes Local Preference Policy For Professional Services, Supplies and Materials, and Public Works Projects Using Informal Bid Process.

RECOMMENDATION

Adopt resolution approving the Administrative Purchasing Policy.

DISCUSSION

At its March 6th meeting, the Council discussed the concept of developing a local preference policy. Staff recommended that the policy should be incorporated into a purchasing ordinance as it would be a comprehensive approach to the issue and establish the guidelines and policies for Town staff in the purchase of supplies and professional or other services and the various financial controls associated with purchasing.

The attached Administrative Purchasing Policy addresses the following issues:

Purchasing Types: Defines the three general types of purchases: Goods, Professional Services and Other Services.

Town Manager Purchasing Authority: Authorizes the Town Manager may make and execute agreements for contracts and purchase orders up to \$15,000 without prior City Council approval.

Emergency Purchasing: In the event of an emergency, the Town Manager or designated representative may secure, in the open market, supplies or other services regardless of the amount of the expenditure and may waive any other purchasing procedures.

Purchasing Methods & Processes: Staff will establish the procedures for creating and issuing purchase orders and for contract preparation and approval.

Local Preference Policy: Provides guidelines to give preferences to local firms when purchasing goods or services. The following is a summary of the guidelines:

For professional services, while the selection criteria for professional services will be based on price, qualifications, and experience with the subject matter, local firms will receive a 10% preference or \$1,500, whichever is less, when comparing the costs of their services to other proposals received.

For the purchase of goods, the Town will endeavor to use local vendors and suppliers within the Town of Fairfax as long as the cost of the desired product or material is within 1% of the costs to acquire similar products/materials outside the Town or on-line. This only applies to taxable goods. Should the purchase of taxable goods be less than \$5,000, the Town will use local vendors as long as the purchase price is within 5% for a similar product.

For the purchase of other services, the Town will use local vendors within the Town of Fairfax as long as the cost of the desired service is within 5% of the costs to acquire similar services outside the area. If the desired service will exceed a total cost of \$10,000 annually, the staff will seek competitive proposals from other vendors outside the community.

For those public projects under \$15,000, the Town will obtain bids from qualified contractors within Marin County to perform the work. To the extent possible, at least one bid will be from a local, qualified contractor located in Ross Valley. The local bid will receive a 10% preference compared to bids received outside the area.

It should be noted that the Marin Climate and Energy Partnership (MCEP) is developing "green" purchasing policies which can be incorporated into the Town's policies when made available for review. Staff is recommending the Administrative Purchasing Policies be adopted by resolution to provide the Council greater flexibility in modifying this policy in the future.

FISCAL IMPACT

Depends on the cost differential between local vendors/firm and outside firms. Staff estimates the cumulative cost to range between \$5,000 and \$10,000 per year.

RESOLUTION NO. 13-30

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX
APPROVING ADMINISTRATIVE PURCHASING POLICY**

WHEREAS, the purpose of the Administrative Purchasing Policy is to establish the guidelines and policies for Town staff in the purchase of supplies and professional or other services and the various financial controls associated with purchasing, and

WHEREAS, the Council wants to adopt local purchasing preference policies which are included in this Administrative Purchasing Policy,

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Fairfax does hereby adopt the Administrative Purchasing Policy attached hereto as Exhibit A.

The foregoing Resolution was duly introduced and adopted at a regular meeting of the Town Council of the Town of Fairfax held in said town on the 5th day of June 2013 by the following vote, to wit:

AYES:
NOES:
ABSENT:

JOHN REED, MAYOR

Attest:

Deputy Town Clerk

EXHIBIT A

TOWN OF FAIRFAX

ADMINISTRATIVE PURCHASING POLICY

The purpose of the Purchasing Policy is to establish the guidelines and policies for Town staff in the purchase of supplies and professional or other services and the various financial controls associated with purchasing.

Purchasing Types

There are three general types of purchases: Goods, Professional Services and Other Services.

1. The Purchase of Goods, i.e., office supplies, furniture and equipment.
 - a) Purchase orders are required for all purchases of \$5,000 or greater.
 - b) Open purchase orders may be established with various vendors, for the purchase of supplies of a recurring nature.
 - c) Contracts and insurance are required for custom-designed products. (i.e., vehicles, custom cabinets, or furniture).
2. Professional Service, defined as: The services of attorneys, physicians, architects, engineers, consultants, auditors, or other individuals or organizations possessing a high degree of professional, unique specialized technical skill or expertise, not adaptable to competitive bidding, or where the service involves a contract for special activities, negotiations for the acquisition of land, trash services, or any other service similar to the above, engaged for a particular project or series of projects.
 - a) Contracts and insurance are always required for contracts over \$5,000.
 - b) The Town's standard Consulting Services Agreement shall be used.
 - c) Purchase orders are required for all executed agreements.
3. Other Services, defined as: Agreements, excluding Professional Services, under which the contractor provides services required by the City, including but not limited to, maintenance contracts, rental of equipment and machinery, auto service, and such services as printing and cleaning.
 - a) Contracts and insurance may be required depending on the service.
 - b) Purchase orders are required for all agreements over \$5,000.
 - c) Technology Related Services may only require Purchase Orders depending on the service (i.e., maintenance agreements, licensing agreements) .

Town Manager Purchasing Authority

The Town Manager may make and execute agreements for contracts and purchase orders up to \$15,000 without prior City Council approval. The Town Manager may amend contracts for additional amounts as long as the total amount does not exceed \$15,000. Any increase above a total amount of \$15,000 will require Town Council approval. A single purchase with multiple items shall not be broken down into several amounts to fall within the Town's \$15,000 limit.

The Town Manager is authorized to extend purchasing contracts, including contracts previously approved by the Town Council, for up to one year. After a one year extension, Council approval will be required.

The Town Manager may from time to time modify this Administrative Purchasing Policy, but cannot modify the \$15,000 purchasing authority limit without prior Council approval. The Town Manager will report any modifications made to this Administrative Purchasing Policy to the Town Council at least once prior to the end of the fiscal year.

Local Preference Policy

For professional services, the Town will endeavor to use local consultants in the Town whenever possible. The selection criteria for professional services will be based on price, qualifications, and experience with the subject matter. In comparing proposals received for professional services, local firms will receive a 10% preference or \$1,500, whichever is less, in comparing the costs of their services to other proposals received.

For the purchase of goods, the Town will endeavor to use local vendors and suppliers within the Town of Fairfax as long as the cost of the desired product or material is within 1% of the costs to acquire similar products/materials outside the Town or on-line. This only applies to taxable goods. The 1% reflects the portion of sales tax that the Town receives from the sale. Should the purchase of taxable goods be less than \$5,000, the Town will use local vendors as long as the purchase price is within 5% for a similar product. If time is of the essence, the Town may also consider using an outside vendor if the local vendor cannot provide the good within the specified time frame.

For the purchase of other services, the Town will use local vendors within the Town of Fairfax as long as the cost of the desired service is within 5% of the costs to acquire similar services outside the area. If the desired service will exceed a total cost of \$10,000 annually, the staff will seek competitive proposals from other vendors outside the community.

For those public projects under \$15,000, the Town will obtain bids from qualified contractors within Marin County to perform the work. To the extent possible, at least one bid will be from a local, qualified contractor located in Ross Valley. The local bid will receive a 10% preference compared to bids received outside the area.

Emergency Purchasing

In the event of an emergency, the Town Manager or designated representative may secure, in the open market, supplies or other services regardless of the amount of the expenditure and may waive any other purchasing procedures.

Definition of Emergency:

There is a great public calamity.

There is immediate need to prepare for national or local defense.

There is a breakdown in machinery or an essential service that requires the immediate purchase of supplies to protect the public health, welfare, or safety.

Purchasing Methods & Processes

The Finance Director shall establish the procedures for creating and issuing purchase orders. The Town Manager will establish the process for contract preparation and approval. Departments are responsible for obtaining signed contracts and the proper insurance before the work can be started. Payment will not be made without the signed contract and insurance documents. No employee of the Town of Fairfax shall have any direct financial interest in any contract to which the Town is a part, or in the proceeds thereof.

Lasted Revised: 5/29/13