

DATE: July 11, 2017

FROM: Council Member Pat Eklund

TO: Novato City Council Members

SUBJECT: Proposed Agenda Item for Future City Council Meeting

Proposed Agenda Item: Review, revise and expand the current local preference policy for purchasing to include:

- 1) Contracting;
- 2) Some, if not all of the 'exempted areas'; and,
- 3) Options to track and report on progress to the Council and community;

Background: In 2010, I suggested that the Strategic Plan dated 2010 through 2014 include an item to revise our procedures to give local businesses and companies a preference when the City of Novato purchases and contracts for services and/or projects; and, to establish a policy to purchase 'green' alternatives. I provided examples of both. In 2010, the Strategic Plan stated:

"Continue to manage the City's purchasing policy with focus on improving internal processes and procedures, reviewing policy and practices with employees, seeking opportunities to improve the Green Purchasing Policy, and investigating a local preference purchasing policy."

In 2012, it was changed to read: "Improve internal purchasing processes/procedures and investigate a local preference purchasing policy. (FY 12/13)"

Unfortunately, no progress was made on this strategic objective. Then, when the Strategic Plan was updated in 2014 through 2018, the City Council decided to focus on establishing a local preference policy for purchasing and contracting; and, included the 'Update the City's Green Purchasing Policy' in 15/16.

On January 13, 2015, the staff report entitled: "INTRODUCTION OF ORDINANCE TO ADD SECTION 2-8.17 OF THE NOVATO MUNICIPAL CODE RELATING TO PURCHASING OF SUPPLIES AND CONTRACTUAL SERVICES TO PROVIDE A LOCAL VENDOR PREFERENCE" included the first reading of a Local Preference Ordinance which was enacted on February 26, 2015. At that time, Measure F Oversight Committee, Chamber of Commerce Government Affairs Committee and Economic Development Advisory Commission were supportive of the policy. Again, at that time, some of the committee members were concerned about exempting professional services and purchases under \$5,000, discussed ways to improve outreach to local vendors about purchasing opportunities, and discussed possible changes to the purchasing thresholds within the City's Municipal Code. The second reading of the ordinance was January 27, 2015; and, the policy will go into effect on February 26, 2015.

Purchasing exemptions define what areas of purchasing the local preference policy will not apply. They include:

1. Professional services;
2. Procurement of goods, supplies, equipment and/or services with an estimated cost of five thousand (\$5,000.00) dollars or less;
3. Public projects governed under the State of California Public Contract Code Section 21000 et seq.
4. Emergency purchases as defined in the California Public Contract Code or local ordinance;
5. Sole source purchases made by the city;
6. Procurement of goods, supplies, equipment and/or services which are funded in whole or in part by a governmental entity and the laws, regulations, and policies governing such funding prohibit application of a local preference;
7. Where no bids have been received by the city following bid announcements;
8. Goods of a technical nature as defined in subsection 2-8.2g.;
9. Procurement of goods, supplies, equipment and/or services with an estimated cost of two hundred thousand (\$200,000.00) dollars or greater; and
10. Procurement of goods, supplies, equipment and/or services at Marin Valley Mobile Country Club.

Discussion: It is time for us to review, revise and expand this local preference policy and to ensure that it can be measured so we are assured that the local preference policy is being effective. At the time, there was criticism of the program since it was not established to be measurable and improved over time. Since staff has had some difficulty in assessing it's effectiveness, it is time for us to make revising the policy a priority.