



## **STAFF REPORT**

**To:** City Council  
**From:** City Manager  
**Date:** 12102002

**Subject:** Public Hearing on Amendment to the Municipal Code, Chapter 3, Purchases, establishing local preferences for city purchases.

**Recommendation:** Receive draft amendment; conduct introduction, first reading and public hearing, discuss, give direction as appropriate and pass to second reading.

**Discussion:** Local Purchasing Preference – Council has given staff direction to find opportunities to support, stimulate, boost the Twentynine Palms economy. The attached draft ordinance has been crafted in response to Council direction.

The attached draft ordinance prepared by the city attorney and staff proposes to give competitive preference to local industries and businesses doing business with the City. It provides that municipal purchases of local goods and services will be awarded to a Twentynine Palms business if its' price for equivalent quality or service is no more than five percent (5%) higher than that of an out-of-town business.

Example: We propose to purchase lumber and receive several quotes. A Los Angeles firm's quote is \$1000. A Twentynine Palms company's quote is \$1050. Under this scenario the purchasing agent (city manager) awards the purchase to the 29 Palms company because it is 5% or less higher than the low quote. Although the purchase costs the city more money, the purchase results in local employment, local sales tax, use of local property paying property tax and profit to a local business. The community benefits and the net subsidy is lower than the actual \$50 because of the value retained in the community. We think this method is consistent with council direction.

We had the attorney draft a paragraph, 3.01.035, which gives a 2% preference to a Morongo Basin entity. The idea being that the our community benefits from increased economic activity and employment in the Basin as a whole. The Council can retain or delete this paragraph.

The ordinance will apply to purchases of goods and services but *not* to Public Works contracts (state law is explicit in awarding PW contracts to 'lowest

qualified bidder).' The draft has been reviewed and endorsed by the Chamber of Commerce.

The City Attorney's opinion is attached. We recommend this ordinance to the Council and look forward to Council discussion.