

CITY COUNCIL STUDY SESSION

TO: Mayor and City Council
FROM: Mari E. Macomber, City Manager *MSM*
SESSION DATE: April 6, 2009
TIME: 12:00 p.m.
PLACE: City Council Chambers

The second floor conference room is beginning to prove unacceptable in accommodating various guests and visitors to these meetings. Therefore, the Study Sessions will be moved to the Council Chambers unless the Council decides otherwise.

AGENDA:

- **Local Preference**
- **2009 Capital Project**
- **Newsletter Review – April 3, 2009**

LOCAL PREFERENCE

The City Council recently approved the purchase of three trucks. Two of these trucks were awarded to non-local vendors and one awarded to a local vendor. In the two instances where the non-local vendors were awarded the bid, the local bidder's bid was 4% and 5% greater. The dollar amounts were \$716 and \$943 more in costs.

This is one of a few recent examples, where purchases were awarded to non-local vendors based on slight price differences.

Current policy allows for a local preference of 2 ½% for purchases under \$10,000 and 1 ½% for purchases over \$10,000.

In May 2004, the Council revised the local preference policy by increasing the dollar amount from \$7,500 to \$10,000 and increasing the local preference for purchases for items over \$10,000 from one percent (1%) to one and one-half percent (1½%). The definition of "local preference" was also changed expanding the definition from within one mile of the City of Kirksville to a business with a city license and an office in Adair County and for construction projects the policy considers "local preference" as a business with a license and located within a 30 mile radius of Kirksville.

There is no local preference for purchases that are covered by state and federal regulations.

Since the City evaluated this in 2004, this report uses some of that same information. When we reviewed the policy in 2004, we used a regional input-output multiplier, RIMS II to estimate how much of an impact a policy change would have on the local economy. RIMS II multipliers have been used by both the public and private sectors. There are numerous examples of their use. For us, the multiplier can be used to estimate the regional economic impacts of government policies and projects and of events, such as firms locating within the area or to assess the impacts of tourism.

The RIMS II calculation takes into account the following:

Direct Effects are those effects directly related to the decision to give a contract to a local bidder. Ex. The hiring of workers to perform a contract.

Indirect Effects are those effects that come from the direct effect. Ex. When a worker, who was hired due to the decision to give the contract to the local bidder, spends money he made from the job at a store in Kirksville.

Induced effects are those effects that happen as a result of the indirect effects. Ex. The store owner has to purchase more inventory because of the purchase by the worker from his store.

An economic multiplier takes into consideration everything in this event.

On retail sales the resulting impact is a multiplier of 1.45 on local purchases and 1.15 on non-local. This would mean that the local impact on a retail purchase of \$100,000 if purchased locally would give a return of \$145,000 and the same purchase using a non-local retailer would give a return of \$115,000 on the local economy.

The multiplier for construction contracts is 1.5893 for local and 1.1162 for non-local contracts. Since the city expects to spend approximately \$6 million in capital projects this year. Using that \$6 million expenditure, a local contract would result in a return of \$9,535,800 and \$6,900,000 on a non-local contract.

There is also a multiplier for final employment. This multiplier for construction of streets and highways is **9.9726** new jobs per \$1 million spent. This means that if the City hires a local contractor to complete Cable Street budgeted at \$420,000 work using the 2009 budget it would result in 41 jobs in the Kirksville economic area.

Considerations

The principal argument for local purchasing preferences is that by favoring local vendors the city can stimulate local economic activity and health. Local vendors pay local taxes, may be more likely to invest locally, employ local residents, and spur additional local spending by their employees, suppliers, etc. Considering the tough economic conditions nationally and locally, local government support of local businesses may be more important than ever.

Proponents of local purchasing preferences argue that “Giving preference to local suppliers, even if it means spending a little more, can actually benefit a city's finances. Dollars spent locally generate additional economic activity even beyond the value of the initial contract as the local supplier in turn sources goods and services locally. Each additional dollar that circulates locally boosts local economic activity, employment, and ultimately tax revenue,”

A dollar spent in locally-owned stores re-circulates in the community for 2 to 3 times the local economic impact of dollars spent at national retailers.

Opponents to local purchasing preferences would point to the following arguments:

- ***Additional cost to local taxpayers:*** The city could pay more for products/services under a local purchasing preference policy. Though we have had a local preference policy for many years, it has not been a significant factor in our overall bid selection process. Paying more for a good or service could be considered a tax to support local businesses.
- ***Difficult to define, and verify, a “local” vendor:*** While any vendor with a Kirksville or Adair County address is considered a local vendor, that definition may not serve the intended purpose of a local purchasing preference policy. A vendor may have a sufficient sales address but produce most of their goods outside of the local area. Another consideration is where the employees reside, who are working for the “local vendor”. Should a national or regional chain with a store in Kirksville be considered a local vendor? A non-local vendor may employ one salesperson who works out of their home in Kirksville. There are so many variables that could be meaningful that the prospect of defining a “local” vendor is vexing.
- ***Incentive to bid:*** By changing the local preference policy Kirksville would be enhancing the local vendors preferred position. Non-local vendors may be less likely to invest resources in preparing bids. This may lead to fewer and less competitive bids received. Based upon the current policy, we have not seen this as an issue.

Other City Policies

Included for your review are policies from the following cities: Bay City MI, Albuquerque, NM, Columbus OH, Ketchikan AK, Ashland, MO, and Olivette, MO... The specific local preference aspects have been highlighted with text that is both **bold and underlined**.

Additional policies could be provided. Other examples: Phoenix allows for a 5 percent price differential for contracts with an annual value up to \$250,000 and 2 1/2 percent for contracts with annual value between \$250,000 and \$500,000. Detroit provides for a preference of 10 percent for purchases up to \$10,000, 8 percent up to \$100,000, 6 percent up to \$500,000, 4 percent up to \$1 million, and 1 percent for purchases over \$1 million.

One city provides a preference based on the percentage of employees employed by the company, the residence of the business owners.

Another city provides a local preference if the local vendor is within 5% of the low bid and the local bidder reduces their bid to match the lowest bid.

Possible Changes

The Council could chose to modify the local preference by:

Change the definition of local to mean – locally owned business

Raise the threshold for the first tier from \$10,000 to \$25,000

Increase the percentage for bids within this dollar amount to 5% this would give the local vendor an advantage up to \$1,250

Add a tier to allow for purchases from \$25,001 to \$100,000 with a local preference of 2 ½%. Cost to the City would be \$2,500 on a purchase of \$100,000.

Anything over \$100,000 would be given the 1 ½%.

Regardless, the City needs to track the impact any local preference policy would have on the finances of the City and will need to implement this component into the bid award process.

Recommended Action:

Economic development is a priority for the City. We have seen a few recent examples where the local vendor lost a city bid by less than 5%. The City could change the policy with the intent to evaluate its impact after a one year period. The Council should also look at the definition of local.

2009 CAPITAL PROJECT

Twenty-five percent of the 2009 budgeted expenditures will be spent on capital improvements. The month of April kicks off the start of our busy construction season. We wanted to take some time on Monday to review some of the projects that are underway or are planned for completion in this fiscal year.

Included on pages 18- 20 is a summary report from Public Works Director.

Recommended Action

There is no action required.

NEWSLETTER REVIEW – April 3, 2009

Attachments

- Kirksville Local Preference Policy - pg 6
- Study Session Cover Report – May 2004 – pg 7
 - Purchasing Policies from – pgs 8-17
 - Bay City, MI – pgs 8 -10
 - Albuquerque, NM – pgs 11-12
 - Columbus OH – pg 13
 - Ketchikan AK – pg 14
 - Ashland, MO – pg 15
 - Olivette, MO – pg 16-17
- Staff Report on Capital Projects from Director of Public Works – pgs 18-20

Current KIRKSVILLE Policy

Section 2.2 Local Buying

It is the desire of the City to purchase from local vendors whenever possible. This can be accomplished by ensuring that local vendors are included in the competitive shopping process. The City has a responsibility to its residents however, to ensure that the maximum value is obtained for each public dollar spent. It is assumed that local vendors who wish to do business with the City will offer the lowest possible quote for the item being purchased. The following shall be considered when placing bids and making a final determination on the best bid price.

- A. For the purposes of this section, a local vendor must be an individual or company that has a current Kirksville business license and an office within the Adair County limits, and for construction projects, a local vendor must be an individual or company with a current Kirksville business license and its corporate office within a 30 mile radius of the city limits of the City of Kirksville.
- B. If there is a savings of two and one-half percent (2 ½ %) or more on purchases under \$10,000 or one and one-half percent (1.5%) or more on purchases over \$10,000, then the purchase should be made without regard for local preference. No local preference shall be given on purchases covered by state or federal regulations.
- C. If local vendors cannot meet product specifications, then the purchases should be made without regard for local preference. The City Council/Manager shall maintain the authority to waive the local preference in extremely rare instances where the exercise of local preference may not be in the best interest of the City, and to grant local preference when it is in the best interest of the City, even when a local vendor may not have presented the lowest bid, or the lowest bid when adjusted for local preference as provided herein. The City Council/Manager would make judgment concerning the best interest of the City.
- D. In order to ensure fairness and value, the departments are expected to widely seek bids on items to be purchased. The special procurement procedures in Article 4 cover the local preference. Departments shall use due diligence in identifying local vendors who offer the particular goods or services being sought, and those local vendors shall be placed on the vendor list maintained by the department. Bids shall be sought from all local vendors who have been so identified.

Excerpt From Council Study Session May 2004

SUBJECT: Council Study Session – **May 10, 2004**

The next City Council Study Session will be convened on **Monday, May 10** in the City Council Chambers of City Hall at **7:00 p.m.** The Study Session agenda includes the following items:

1. LOCAL PREFERENCE

The City Council last discussed local preference in December 2003. At that time, the direction from the City Council was to obtain Regional Input-Output Modeling System (RIMSII) for Adair County from the Bureau of Economic Analysis and use that information to develop a policy. Included for City Council review is a report from City Engineer John Buckwalter, who was assigned the task of developing a policy for local preference. This was given to John, because the more costly projects are generated through his department on an annual basis, and any changes to the policy would have a greater impact on these capital projects.

The City Engineer's report makes a recommendation of 5% for retail purchases under \$7,500 and 1 ½percentage for all other purchases including construction contracts. The exception to this would be for those projects that include state and federal funds, which would not allow for a preference.

Along with the memorandum from John Buckwalter, is a power point presentation that was compiled by Brad Dohack, Truman State University student, who worked very diligently on this project and assisted us with our conclusions and recommendations.

The only other attachment is a copy of the current purchasing policy. Along with local preference, I would recommend that we change the threshold that determines the bidding process. This matter was discussed previously with the City Council, but no decision made. Current thresholds require no bids for items under \$500; three or more quotations for goods or services from \$501 to \$2,500; and written quotes for bids from \$2,501 to \$7,500. I would suggest we modify them to allow purchases of up to \$999 without quotes instead of \$500, and increase the range for three or more written quotes to up to \$10,000. I believe these changes will do two things – 1) reduces the costs involved in making these purchases; and 2) would encourage the use of local vendors for those purchases under \$1,000.



Local Purchasing Preference Policy

The City of Bay City believes that its purchasing policies should encourage local vendors to provide goods and/or services to Bay City government, resulting in increased economic activity through more local jobs, tax revenues, and expenditures, and to entice businesses to relocate to the City. As such, the City of Bay City amends its purchasing policy to include a purchasing preference to qualified local suppliers, as defined below, for the purchase of goods and/or supplies, issued by the City of Bay City Purchasing Department.

Definitions:

1. "Bay City-based businesses (bidders or offerors)" means the physical and economic relationship to Bay City determined by a verifiable business address (not a PO Box) within the corporate boundaries of the City of Bay City, and the payment of City personal property taxes for not less than one (1) year immediately prior to the date of bid submittal.

Exceptions from the provisions of this policy:

1. Purchases resulting from exigent emergency conditions where any delay in completion or preference would jeopardize public health, safety or welfare of the citizens of Bay City, or where in the judgment of the City Manager or his/her designee, the operational effectiveness of a City Department or Division, or a significant City function would be seriously threatened if a purchase was not made expeditiously.
2. Purchases with any sole source supplier for supplies, materials, or other equipment.
3. Purchases made through the State of Michigan's Extended Purchasing Program, or other cooperative purchasing contractual agreements utilized by the Purchasing Department.
4. The procurement of services utilizing the Quality Based Selection (QBS) or the Request for Proposals (RFP) processes where the award is based on criteria other than lowest cost.
5. Bid solicitations that utilize federal funding that prohibit awards based on Local Preference criteria.
6. Bid solicitations that utilize "life cycle cost" as the basis of award in place of submitted bid price.

Preference for City of Bay City-based businesses (bidders or offerors) on purchases under \$15,000

In obtaining quotations for the purchase of supplies, services, and construction items having an estimated cost of less than fifteen thousand (\$15,000) dollars, per Section 2-281 of City of Bay City's Code of Ordinances, departments are encouraged to solicit quotations from Bay City-based businesses. Departments must obtain at least one quotation from a Bay City-based business unless no Bay City-based business can be identified. The procuring department will document their efforts to solicit Bay City-based businesses.

Preference for City of Bay City-based businesses (bidders or offerors) on contracts over \$15,000

When sealed bids are received under Section 2-281 of City of Bay City's Code of Ordinances for purchases in the amount of \$15,000 or higher, the following policies shall also be considered in the awarding of the contract:

1. The person or business submitting the lowest responsive, responsible bid, according to the requirements of the Bidding Documents, shall be deemed the lowest bidder. If the lowest bidder is not a Bay City-based business, any Bay City-based business **with a bid within 5% but not more than \$5,000 of the lowest bid shall be deemed the lowest bidder if it agrees to reduce its bid to match the bid of the lowest bidder.** A lowered bid by a Bay City-based business which is premised upon, in whole or in part, changes to or variances to the bid specifications, contract requirements, or scope of work, shall be considered non-responsive and will not be considered.
2. If such a Bay City-based business refuses to reduce its bid to match the lowest bid, then the next lowest responsive and responsible Bay City-based business with a bid within 5% but not more than \$5,000 of the lowest bid shall be deemed the lowest bidder, if it agrees to reduce its bid to match the bid of the lowest bidder.
3. If no responsive and responsible Bay City-based businesses within 5% but not more than \$5,000 of the lowest bid agree to reduce their bids, then the contract shall be awarded to the person or business with the lowest, most responsive and responsible bid.
4. In the event of a tie between two (2) or more Bay City-based businesses, where all other factors are equal, the award of bid shall be by coin toss conducted by the Purchasing Manager or his/her designee.
5. No contract awarded pursuant to this Policy shall be sublet in any manner that permits 50% or more of the dollar value of the contract to be performed by a subcontractor or subcontractors who do not meet the definition of "Bay City-based."

In no event shall a Bay City-based business be awarded a contract, at the time the bid is submitted, if the Bay City-based business is not current on real and personal taxes owed to the City of Bay City, unless said tax liability is being protested or challenged under the laws of the State of Michigan, or through court action.

In order for a Bay City based business to be awarded a contract under the preference policy, the business must sign and submit an affidavit, as prepared by the City Attorney, confirming its eligibility under the conditions of this policy. The business may submit an executed affidavit for each calendar year (annual affidavit), or may submit the executed affidavit with the bid response. The City of Bay City may, at its sole discretion, accept an affidavit from a vendor seeking to qualify as a local vendor at any time. Any person, firm, corporation, or entity intentionally submitting false information to the City in an attempt to qualify as a Bay City-based

business under this policy shall be barred from bidding on City contracts for a period of not less than three (3) years.

This policy shall not waive or constrain, in any manner, the right and prerogative of the City of Bay City to reject any and all bids or proposals, to reject a Bid not accompanied by required bid security or other documentation or data required by the Bidding Documents, or to reject a Bid which is in any way incomplete, irregular, not responsive or not responsible. Nor does this policy waive or constrain the City Commission, in its sole discretion and judgment, to award a contract it determines will be in the best interest of the City of Bay City, and which will not exceed the funds available for the project.

Local Purchasing Preferences - Albuquerque, NM

Albuquerque City Code:

5-5-17 RESIDENT AND LOCAL PREFERENCES.

(A) Definitions.

(1) For the purposes of this section, the terms RESIDENT, BUSINESS and RESIDENT MANUFACTURER shall be defined as set out in Section 13-1-21 NMSA 1978; the term LOCAL as applied to a business or manufacturer shall mean that it maintains a place of business in the Albuquerque Metropolitan Area (the AREA), and that:

(a) Ten or more of its employees are residents of the area or 25% or more of its employees are residents of the area whichever is greater; or

(b) If a corporation, a majority of its outstanding shares are beneficially owned by individuals who are residents of the area; or

(c) If a partnership, its partners owning a majority beneficial interest in the partnership are residents of the area; or

(d) If an individual or a sole proprietor, he or she is a resident of the area.

(2) The PREFERENCE FACTOR for resident and local preferences applied to bids shall be .95 and for proposals it shall be 1.05.

(B) Bids for Goods and Services. When bids for the purchase of goods or services pursuant to § 5-5-10(C), are received, the lowest responsive offer received from those offerors in the first category listed below shall be multiplied by the Preference Factor. If the resulting price of that offer receiving the preference is lower than or equal to the lowest offer of all offers received, the contract shall be awarded to that offeror receiving the preference. If no offers are received from offerors in the first category, or if the offer receiving the preference does not qualify for an award after multiplication by the Preference Factor, the same procedure shall be followed with respect to the next category of offerors listed, and the next, until an offer qualifies for award. The priority of categories of offerors is:

- (1) Local manufacturer.
- (2) Local business.
- (3) Resident manufacturer.
- (4) Resident business.

(C) Proposals for Goods and Services. When proposals for the purchase of goods or services pursuant to §5-5-10(E) are received, the evaluation score of the proposal

receiving the highest score of all proposals from those offerors in the first category listed above shall be multiplied by the Preference Factor. Principal offeror shall be defined as assuming a leading management role in the contract and by retaining at least 25% of dollar value of the professional/technical/management cost of the contract.

If the resulting score of that offer receiving the preference is higher than or equal to the highest score of all offers received, the recommendation of award shall be made to that offer or receiving the preference. If no offers are received from offerors in the first category, or if the offer receiving the preference does not qualify for an award after multiplication by the Preference Factor, the same procedure shall be followed with respect to the next category of offerors listed, and the next, until an offer qualifies for award. The priority of categories of offerors is the same as listed above in division (B) of this section.

(D) Bids for Construction. The resident and local preference specified in this article shall not be applied to bids for construction.

(E) Proposals for Construction. The resident and local preference specified in this article shall not be applied to proposals for construction.

(F) Qualification for Resident Preference. No resident business or manufacturer, as defined, shall be given any preference in the awarding of contracts for furnishing goods or services to the city, unless it shall have qualified with the State Purchasing Agent as a resident business or manufacturer and obtained a certification number as provided in § 13-1-22 NMSA 1978. The certification number must be submitted with its bid for an offeror to qualify for this preference. The Central Purchasing Office shall determine if a resident manufacturer preference is applicable to a particular offer on a case by case basis.

(G) Qualification for Local Preference. The Central Purchasing Office shall prepare a form to be completed by all offerors who qualify for as a local business or manufacturer. The completed form with the information certified by the offeror must be submitted by the offeror with its bid or proposal for an offeror to qualify for this preference.

(H) Limitations. No offeror shall receive more than a 5% preference pursuant to this section on any one offer submitted. Only the principal offeror or one of the principal offerors, not a subcontractor, may qualify an offer for the preference.

(I) Application. This section shall not apply to any purchase of goods or services in excess of \$5,000,000, or when the expenditure of federal funds designated for a specific purchase is involved.

('74 Code, § 5-7-17) (Ord. 6-1991; Am. Ord. 30-1998) Penalty, see § 1-1-99

Local Purchasing Preferences - Columbus, OH

Columbus gives a five percent preference if the government's purchase is under \$10,000, and a one percent preference if the purchase is over \$10,000. The buy local preference credit is limited to \$10,000.

329.04 Definitions.

(a) Bidder. An individual or business entity which has expressed an interest in obtaining a City contract by responding to an Invitation For Bids.

(g) Local Bidder. An individual or business entity: (1) whose principal place of business is located within the corporation limits of the City of Columbus or the County of Franklin as registered in official documents filed with the Secretary of State, State of Ohio, or Franklin County Recorder's Office; or (2) who holds a valid vendor's license which indicates that its place of business is located within the corporation limits of the City of Columbus or County of Franklin.

329.07 Exceptions to competitive sealed bidding.

(3) In determining the lowest bid for purposes of awarding a contract under this section, a local bidder (as defined in Section 329.04(g)) shall receive a credit equal to **five percent (5%) of the lowest bid submitted by a nonlocal bidder, where bids do not exceed \$10,000.**

(e) Procurement Not Exceeding \$1,000.

(2) In determining the lowest bid for purposes of awarding a contract under this section, a local bidder (as defined in Section 329.04(g)) **shall receive a credit equal to five percent (5%) of the lowest bid submitted by a nonlocal bidder.**

Local Purchasing Preferences - Ketchikan, AK

3.12.040 Purchases of supplies, materials, equipment or services -- when competitive bidding or quotations are required.

(4) Local Bidder Preference Award.

(A) Unless contrary to federal or state law or regulation, a contract or purchase for supplies, materials, equipment or contractual services the amount of which is less than two hundred thousand dollars shall be awarded to a local bidder where the bid by such local bidder is in all material respects comparable to the lowest responsible non-local bid if the amount bid by such local bidder does not exceed the lowest responsible non-local bid by more than:

(i) Ten percent (10%) of the amount bid by the lowest responsible non-local bidder if that non-local bidders bid is \$100,000 or less; (ii) Seven percent (7%) of the amount bid by the lowest responsible non-local bidder or \$10,000, whichever is less, if that non-local bidders bid is greater than \$100,000 but less than or equal to \$200,000.

No local bidder preference will be allowed if the lowest responsible non-local bidders bid exceeds \$200,000. The council may by motion adopted prior to bid opening exempt any contract or purchase from the local bidder preference set forth in the preceding sentence.

(B) "Local bidder," for purposes of the preceding paragraph means a person who:

(i) Holds a current Alaska business license; (ii) Submits a bid for goods or services under the name appearing on the person's current Alaska business license; (iii) Has maintained a place of business within the boundaries of the Ketchikan Gateway Borough for a period of six months immediately preceding the date of the bid; and (iv) Is not delinquent in the payment of any taxes, charges or assessments owing to the city of Ketchikan or the Ketchikan Gateway Borough on account of that business.

(C) The manager may require such documentation or verification by the person claiming to be a local bidder as is deemed necessary to establish the requirements of (B) above.

Note: The complete text of the city's purchasing policy can be found under Title 3 of the [Ketchikan Municipal Code](#).

City of Ashland, Mo.

7.010 Preference To Be given to Ashland and Missouri Products

1. In making purchases the City, or any department or employee thereof shall give preference to all commodities manufactured, mined, produced or grown within the state of Missouri and to all firms, corporations or individuals doing business as Missouri firms, corporations or individuals, when quality is equal or better and delivered price is the same or less.

2. In making purchases the City, or any department or employee thereof shall give preference to all commodities manufactured, mined, produced or grown within the City of Ashland and to all firms, corporations or individuals **whose place of business is located within the city limits of Ashland when quality is equal or better and delivered price is not more than ten percent (10%) higher.** To be considered as having a place of business within the city limits, the firm, corporation or individual must be able to demonstrate a substantial and continuing business presence within the city.

CITY OF OLIVETTE

RESOLUTION NO. 48

A RESOLUTION TO ESTABLISH A LOCAL VENDOR PREFERENCE POLICY FOR THE CITY OF OLIVETTE

WHEREAS, the Olivette City Council believes that a system of reasonable local business preferences for public contracts and improvement projects will promote the local economy, increase local job opportunities, generate additional municipal tax revenues, and so benefit the public interest, health, safety, and welfare; and

WHEREAS, the Council accordingly desires to establish a local business preference policy for the City of Olivette to purchase equipment, material, and supplies from local business, and to hire local contractors to perform public contracts and improvement projects, as provided herein;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OLIVETTE, MISSOURI AS FOLLOWS:

Section 1. Definitions. As used in this section:

Local business shall mean a business firm with fixed offices or locally taxable distribution points within the boundaries of the City of Olivette which hold a current business license with an Olivette business address which is not a post office box.

Section 2. Award of Contracts for Materials and Supplies.

Subject to the limitations contained in this section, in the evaluation of bids or proposals for the award of all contracts for the purchase or lease of supplies, materials, equipment or other personal property, a local business shall, upon written application noted on the space provided on City bid or proposal documents, there shall be extended a **five (5%) percent preference for local businesses**. The awarding officer, or recommending officer, as applicable, shall consider the quality offered and its conformity with the specifications, the delivery and discount terms and conditions, the service reputation of the bidder, and other information and data required to prove the lowest responsible bidder.

Section 3. Award of Contracts for Labor.

Subject to the limitations contained in this section, in the evaluation of any contract or hiring of any labor for public contract work, preference shall be given to contractors, mechanics, artisans or other laborers of any class, who shall be a local business as

defined herein, provided that the labor, quality and price of the work shall be equal to that of others who would be considered for the award of the contract.

Section 4. Award of Personal Service Contracts.

Subject to the limitations contained in this section, in the evaluation of a contract for the performance of personal services, upon written application noted on the space provided on the City bid or proposal documents, **there shall be extended a five (5%) percent preference for local businesses** defined in this section, provided however, that all such contracts shall be awarded on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required.

Section 5. Exemptions.

The following contracts are exempt from the provisions of this policy:

1. Contracts to the extent to which application of the provisions of this section would be prohibited by State or Federal law or regulation or would result in what the awarding authority finds to be an unacceptable loss of government revenue or funding.
2. Contracts funded in whole or in part from donations and gifts to the City to the extent the provisions would conflict with any special conditions attached to the gifts or donations, provided the gift and the special conditions have been approved and accepted pursuant to the donations policy of the City.
3. Contracts resulting from exigent emergency conditions where any delay in completion or performance of the contract would jeopardize public health, safety or welfare of the citizens of the City, or where in the judgment of the City Manager or his/her designee the operational effectiveness or a significant City function would be seriously threatened if the contract were not entered into expeditiously.
4. Contracts with any single or sole source supplier for supplies, material, equipment or other personal property.

Section 6. This resolution shall take effect from and after its adoption.

ADOPTED THIS 10TH DAY OF JANUARY, 2006

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Infrastructure Plans, 2009

STUDY SESSION MEETING DATE: April 6, 2009

CITY DEPARTMENT: Public Works/Engineering

PREPARED BY: John R. Buckwalter, PE

This report summarizes major infrastructure projects planned or proposed for the 2009 construction season.

STREETS AND STORM DRAINAGE:

Cable Street: This project has been designated the priority new construction project for the 2009 construction program. It is needed to support economic development by providing access to the Industrial Park Subdivision's remaining lots, and is a prerequisite project if MoDOT is to add a third lane on Baltimore between Highway 6 and Brewington. Plans are 95% complete. The Missouri Department of Natural Resources has issued a land disturbance permit for the project. An application for a USACE permit has been submitted to the St. Louis District Office of the Corps of Engineers.

2009 Street Improvement Program: The PAVER database has been updated to reflect work completed in 2008. The current backlog of maintenance, to repair all streets with a PCI below 70 is estimated at \$2,162,887 for asphalt streets, and \$5,417,330 for concrete streets. Over \$1,000,000 is needed for a micro paving or seal coating program for asphalt streets with surfaces between 5 and 10 years old. The 2009 budget includes \$550,000 for the annual street improvement program, curb gutter, and storm drainage work. I expect to allocate about \$300,000 for asphalt overlay and \$250,000 for concrete work. We will continue to increase the concrete work and storm drainage work done by City forces. The 2009 program will be ready for detailed discussion with Council by early May. The City has requested bids for a crack sealing machine, and will open bids in two weeks. This equipment will permit us to seal cracks and joints in both concrete and asphalt pavement, extending pavement life, especially for concrete streets.

Alternate Route 63: This is not a City project; however it is a vital component of the overall traffic and transportation plan for Kirksville. MoDOT has divided the project into two separate projects, the first covering the alternate route from Highway 6 north to Baltimore, and the second from Highway 6 south to its intersection with Highway 63 near Eagle Trail. MoDOT plans to award the bid for the first phase on May 29th, with an anticipated start date in early August 2009. The City has received authorization to relocate utilities where required on the first

phase. The City has requested a proposal from Benton and Associates to prepare the necessary plans and contract documents for required utility relocation. This work must be started as soon as possible to stay ahead of MoDOT's contractor.

WASTEWATER TREATMENT AND COLLECTION: The last project from the 2000 Annexation Plan of Intent was completed in 2008. Work will focus on providing service to unsewered areas in the preannexation portions of the City and correcting deficiencies in undersewered areas.

Basin C and F Improvements. This project made urgent repairs and upgrades to the sanitary sewer collection system in Basins C and F in the southwest part of Kirksville. It was substantially completed in December, 2008. Final landscaping remains.

Undersewered Areas: Properties in the City which have water service, but no billed sewer service have been identified. Areas which have experienced repeated overflows and back-ups during the past two years will be the initial focus for work in 2009. Staff is working with George Butler and Associates to monitor and if necessary televise sewers in the vicinity of Washington and McPherson west of Baltimore to develop a plan to eliminate repeated issues affecting homeowners and the Mary Immaculate church and school in that subbasin.

Highway 6 Lift Station Replacement: The 2009 budget includes \$192,000 for replacement of the Highway 6 lift station. This lift station was constructed in 1976 and is at the end of its operating life. This project was deferred from the 2008 budget, and has not yet been designed. It is potentially impacted by the Highway 63 Alternate Route construction, and a final recommendation to Council will be made after the utility conflicts with the MoDOT project are identified and resolved.

WATER TREATMENT AND DISTRIBUTION: The 2009 construction schedule calls for completion of the second phase of renovations at the Water Treatment Plant. City crews are scheduled to replace approximately 10,400 feet of water main.

Phase II Plant Improvements. This project will replace the high service pumps at the water treatment plant, expand the laboratory, replace the main electrical supply, replace chemical feeders, and hydraulically balance the two secondary clarifiers. The project was awarded to Sparks Constructors, in August 2008. Work began on October 3. The original completion date of May 31, 2009 is not achievable due to the long lead time for production and shipping of pumps, valves, and controls. The expected completion date is April 1, 2010 for all work except cleaning and painting of the ground storage tank, which is scheduled for

the fall of 2010. The contract with Sparks is for \$1,699,368. There is separate work which must be done by AmerenUE at a cost just under \$25,000. The project is currently 12% complete. This project is funded under the State Revolving Loan program.

Water main replacements: Water main replacements scheduled for 2009 will be done by City crews, using designs and specifications prepared by City staff. Work planned includes: Replacement of old mains in Patterson Street from First to Florence, on Bradford, on Normal from Ely to Cottage Grove, on Cottage Grove from Florence to the water Tower and on to Ray Miller Elementary, and on Harrison from Highway 63 to Cottage Grove.

PARKS AND TRAILS: The 2009 infrastructure plan includes design and construction of sidewalks and trails along and connecting to Baltimore from Illinois to New Street, completion of the skate park, and repair and improvement to storm drainage at the North Park complex, and installation of the fishing dock at Spur Pond.

Baltimore Sidewalks Enhancement Project: This project is funded by an enhancement grant from MoDOT and the City's capital improvement sales tax, but it has a direct impact on the overall transportation plan for the City. This project will provide a pedestrian connection from Illinois to New Street along Baltimore. It will also provide a connection from Village 76 to Baltimore along Cottonwood. This project is being designed by City staff. The current estimate for construction is \$282,943

Skate Park: A contract for construction of parking, sidewalks, and fencing at the skate park will be considered by Council at the April 6th meeting. This contract for just of \$35,000 will bring the facility into compliance with ADA standards and provide a fence to secure and control the skate park, as recommended by the City's insurance carrier, MIRMA.

Spur Pond Dock: A parking area, accessible sidewalk and accessible fishing dock are to be installed in Spur Pond as part of a cooperative project between the City and the Department of Conservation.

Downtown Improvement/Streetscape Projects: The 2009 construction season will include reconstruction of the Marion/McPherson parking lot, and new curbs and sidewalks on McPherson from Marion to Franklin. This is funded thru the Downtown TIF. The current estimate is approximately \$235,000. Plans are 90% complete. Final details for storm drainage issues remain.

AIRPORT: Infrastructure projects at the Kirksville Regional Airport in 2009 include storm drainage improvements by city forces and the installation of a wildlife fence on the perimeter of the airport.