



CITY OF KIRKLAND
Department of Finance and Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3000
www.ci.kirkland.wa.us

MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Director of Finance & Administration
Barry Scott, Purchasing Agent

Date: April 7, 2011

Subject: INTERLOCAL COOPERATIVE PURCHASING AGREEMENT WITH THURSTON COUNTY

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute an Interlocal Cooperative Purchasing Agreement with Thurston County.

BACKGROUND AND DISCUSSION:

Fleet Management is seeking to purchase three street sweepers. One street sweeper is funded from an approved annexation service package and budgeted at \$192,250.00. The two other sweepers are replacements for current 2001 and 2004 sweepers. These two sweepers had expected useful lives of seven years. There are sufficient funds in the vehicle replacement reserves for the purchase of the two replacement vehicles (\$371,890.40).

The dealer for Tymco brand street sweepers, Clyde West, has proposed that the City can purchase the three sweepers by using a contract that was competitively bid by Thurston County for the purchase of a street sweeper in 2010. The City has used Tymco brand sweepers for a number of years and they have met the City's needs well.

With the current sales tax of 9.8% for vehicles, the purchase price for the City would be \$185,945.20 per sweeper. The total price for all three sweepers would be \$557,835.60.

This interlocal agreement complies with the intergovernmental cooperative purchasing requirements set forth in KMC 3.85.180 and RCW 39.34. The agreement is reciprocal and would allow Thurston County to purchase off of contracts competitively bid by the City of Kirkland if they determine it is in their best interest to do so. By itself, this interlocal purchasing agreement places no financial obligation on the City.

To provide additional context, further information on the City's cooperative purchasing practices follows.

General Information on Cooperative Purchasing:

The City of Kirkland has engaged in cooperative purchasing for many years and it has been found to be very beneficial to do so. With the current economic downturn and reductions in staffing levels, the use of cooperative purchasing has gained even greater popularity (see Attachment A).

In Washington State, the requirements for cooperative purchasing are provided in RCW 39.34.

Essentially, there are three scenarios for the use of cooperative purchasing:

1. A member agency of a purchasing cooperative (e.g. WA State Purchasing Cooperative, US Communities, National Purchasing Partners) is designated to be the lead agency and conduct a competitive process to award a contract for equipment, goods or services. The other members of the cooperative can then purchase off of the awarded contract, if they choose to do so.
2. An agency conducts a competitive process to purchase specific equipment, goods or services to meet its own needs and includes language in its bid/RFP documents to allow other agencies to use the awarded contract for as long as the supplier is willing to extend the pricing and terms to other agencies. In this instance, it is not known at the time of the solicitation whether or not any other agency may be interested in buying off of the awarded contract.
3. Two or more agencies decide to jointly conduct a competitive process for procuring specific equipment, goods or services for use by the participating agencies. The participating agencies are all involved in evaluating the bids or proposals and determining the award of the contract.

The City's experience has been that the first and second scenarios are the most common opportunities to engage in cooperative purchasing. In all three of the scenarios described above, it is required by RCW 39.34 that an interlocal agreement be executed by the participating agencies.

RCW 39.34 also requires that the solicitation notice be publicly advertised on a "web site established and maintained by a public agency, purchasing cooperative, or similar service provider, for purposes of posting public notice of bid or proposal solicitations." In addition, the agency responsible for awarding the contract will typically be required by its own regulations to provide notice of the solicitation in a newspaper of general circulation (e.g. The Daily Journal of Commerce).

Cooperative Purchasing Process used for Street Sweepers:

The City's Purchasing Services and Fleet Management staff are recommending the cooperative purchasing process for the purchase of three (3) Tymco brand street sweepers. The City of Kirkland has been a long time user of this brand of street sweeper and when Fleet Management was ready to pursue the purchase of new street sweepers, Fleet staff asked the local Tymco dealer, Clyde West, if the dealer had a contract available for the City to use. The Clyde West representative responded by providing bid documents for a contract awarded by Thurston County for a sweeper that would meet our specifications. The Thurston County contract was awarded in February, 2010 in the amount of \$169,349 plus tax.

Fleet Management provided the Thurston County bid documents to Purchasing Services for evaluation. Purchasing staff took the following actions:

1. Determined that the Thurston County bid documents included the required language to allow for cooperative purchasing.
2. Determined that the bid had been advertised in the Seattle Daily Journal of Commerce, The Olympian and posted on the Thurston County website. The bid documents were also made available to the general public by posting them on the Builders Exchange of Washington website and reference to the website was included in the published bid notices and on the Thurston County website.
3. Confirmed that Thurston County had received two bids - the Clyde West bid in the amount of \$169,349 and a bid from Sahlberg Equipment for an Allianz brand sweeper at \$170,000.
4. Further verified that the pricing offered on the Thurston County contract is competitive by checking to see what prices had been recently paid by other agencies in the Pacific Northwest and looking at other quoted prices. For example, the City of Bellingham had received three bids in March, 2010 for street sweepers with Owen Equipment bidding \$194,000, Enviro-Clean bidding \$188,605 and Clyde West (the Tymco dealer) bidding \$178,080. Staff also reviewed a quote that had been received from the dealer for Elgin brand sweepers for a similarly equipped sweeper available on an HGACBuy contract for \$217,365.
5. Confirmed that Thurston County is willing to enter into an interlocal agreement with the City of Kirkland to meet the requirements of RCW 39.34.

The research conducted by Purchasing Services and Fleet Management staff has led us to conclude that the pricing offered by Clyde West for the Tymco sweeper that was bid for Thurston County is very competitive and that it is unlikely that a lengthy competitive process conducted by the City would result in a better outcome.

Attachment A

Cooperative purchasing in a budget crisis

Jun 1, 2010 12:00 PM, By Don Olson

Cooperative purchasing has been around for decades and remains a golden opportunity for purchasing managers to add value to an organization.

During my last five years in public purchasing, our annual budget planning meeting usually began this way: "We need to look in every department for a reduction in expenses. There is no alternative but to freeze hiring, and we need to find a more efficient method of doing business in all departments." Inventories would be reduced, which meant purchasing needed to find a way to turn around the solicitation process quickly. With fewer employees doing the same amount of work in every department, there was no time to write elaborate specifications for each solicitation. At the same time, we did not want to sacrifice quality of the items we bought and needed to find a way to lower our purchase prices.

It is a golden opportunity to react positively to the budget pressure by utilizing the proven and effective method of cooperative purchasing.

As purchasing manager, both my staff and I were constantly looking for opportunities to lower our prices and save staff time. We began to explore and use contracts authored by other government entities at the national and local levels. We did not sacrifice quality but saved precious dollars in the budget and eliminated the time-consuming task of managing vendor protests.

The practice of using contracts that have already been competitively quoted and are being used by several government entities can increase purchasing volume and result in lower prices. At the same time, cooperative purchasing will reduce the solicitation time and bring the product to the doorstep of your end-user sooner.

The first step is to gain knowledge and experience working with purchasing cooperatives such as U.S. Communities, Western States Contracting Alliance and HGACBuy, to name a few (for many more, Google "government cooperative purchasing"). The next step is to become a leader in your area by contacting surrounding counties, school districts or states to aggregate volumes for the same commodity or service on a more local scale.

There is no better time than now, given our current economic crisis, to jump on the bandwagon or to become a leader in your geographical area.

About the author

Don Olson, president, Professional Purchasing Services LLC, retired after 10 years as purchasing manager for the Metropolitan Airports Commission at the Minneapolis/St. Paul International Airport and 28 years with the State of Minnesota as senior buyer and acquisition management specialist.

RESOLUTION R-4876

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND APPROVING PARTICIPATION BY THE CITY IN AN INTERLOCAL COOPERATIVE PURCHASING AGREEMENT WITH THURSTON COUNTY AND AUTHORIZING THE CITY MANAGER TO EXECUTE SAID AGREEMENT ON BEHALF OF THE CITY OF KIRKLAND.

WHEREAS, the City of Kirkland and Thurston County seek to enter into an intergovernmental agreement enabling the City of Kirkland to purchase goods and services through Thurston County purchase contracts and also enabling Thurston County to purchase goods and services through City of Kirkland purchase contracts to the extent permitted by law; and

WHEREAS, the City Council has determined it to be in the best interest of the City of Kirkland to enter into such an interlocal cooperative purchasing agreement; and

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. Participation by the City of Kirkland in the Interlocal Procurement Agreement attached to the original of this resolution as Exhibit A and by this reference incorporated herein is approved. The Kirkland City Manager is hereby authorized to execute said agreement on behalf of the City of Kirkland.

Passed by majority vote of the Kirkland City Council in open meeting this ____ day of April, 2011.

Signed in authentication thereof this ____ day of April, 2011.

MAYOR

ATTEST:

City Clerk

Exhibit A

INTERLOCAL COOPERATIVE PURCHASING AGREEMENT

THIS AGREEMENT is between THURSTON COUNTY, a Washington State political subdivision, and the CITY of KIRKLAND, a municipal corporation of the State of Washington.

WITNESSETH:

WHEREAS, the Interlocal Cooperation Act, as amended, and codified in Chapter 39.34 of the Revised Code of Washington provides for interlocal cooperation between governmental agencies; and

WHEREAS, Chapter 39.33 of the Revised Code of Washington provides for the intergovernmental disposition of property; and

WHEREAS, the parties desire to utilize each other's procurement agreements when it is in their mutual interest;

NOW, THEREFORE, the parties agree as follows:

1. PURPOSE: The purpose of this agreement is to acknowledge the parties' mutual interest to jointly bid the acquisition of goods and services and to dispose of property where such mutual effort can be planned in advance and to authorize the acquisition of goods and services and the purchase or acquisition of goods and services under contract where a price is extended by either party's bidder to other governmental agencies.
2. ADMINISTRATION: No new or separate legal or administrative entity is created to administer the provisions of this agreement.
3. SCOPE: This agreement shall allow the following activities:
 - A. Purchase or acquisition of goods and services by each party acting as agent for either or both parties when agreed to in advance, in writing;
 - B. Purchase or acquisition of goods and services by each party where provision has been provided in contracts for other governmental agencies to avail themselves of goods and services offered under the contract.
 - C. Disposal of goods by each party acting as agent for either, or both parties when agreed to in advance, in writing.
4. DURATION AGREEMENT – TERMINATION: This agreement shall remain in force until canceled by either party in writing.
5. RIGHT TO CONTRACT INDEPENDENT ACTION PRESERVED: Each party reserves the right to contract independently for the acquisition of goods or services or disposal of any property without notice to the other party and shall not bind or otherwise obligate the other party to participate in the activity.
6. COMPLIANCE WITH LEGAL REQUIREMENTS: Each party accepts responsibility for compliance with federal, state or local laws and regulations including, in particular, bidding requirements applicable to its acquisition of goods and services or disposal of property..
7. FINANCING: The method of financing of payment shall be through budgeted funds or other available funds of the party for whose use the property is actually acquired or disposed. Each party accepts no responsibility for the payment of the acquisition price of any goods or services intended for use by the other party.

- 8. FILING; Executed copies of this agreement shall be filed or posted on a website as required by Section 39.34.040 of the Revised Code of Washington prior to this agreement becoming effective.
- 9. INTERLOCAL COOPERATION DISCLOSURE: Each party may insert in its solicitations for goods a provision disclosing that other authorized governmental agencies may also wish to procure the goods being offered to the party and allowing the bidder the option of extending its bid to other agencies at the same bid price, terms and conditions.
- 10. NON-DELEGATION/NON-ASSIGNMENT. Neither party may delegate the performance of any contractual obligation, to a third party, unless mutually agreed in writing. Neither party may assign this agreement without the written consent of the other party.
- 11. HOLD-HARMLESS: Each party shall be liable and responsible for the consequence of any negligent or wrongful act or failure to act on the part of itself and its employees. Neither party assumes responsibility to the other party for the consequences of any act or omission of any person, firm or corporation not a party to this agreement.
- 12. SEVERABILITY: Any provision of this agreement, which is prohibited or unenforceable, shall be ineffective to the extent of such prohibition or enforceability, without involving the remaining provisions or affecting the validity or enforcement of such provisions.

THURSTON COUNTY

CITY OF KIRKLAND

By: _____

By: _____
Kurt Triplett, City Manager

Approved as to form:

Approved as to form:

By: _____

By: _____
Kirkland City Attorney

ATTEST:

ATTEST:

City Clerk

DATE _____

DATE _____