



CITY OF  
**FARMERS BRANCH**  
TEXAS

# Discussion on Purchasing Structures

COUNCIL STUDY SESSION | December 10, 2024

# Municipal Purchasing Plan

## Key Goals



### Vendors

- Encourage minority-owned business inclusion
- Efficiency through cooperative purchasing
- Support small/local business



### Transparency

- Open/competitive process to prevent favoritism
- Bids posted on website
- Streamlined process to reduce delays and costs

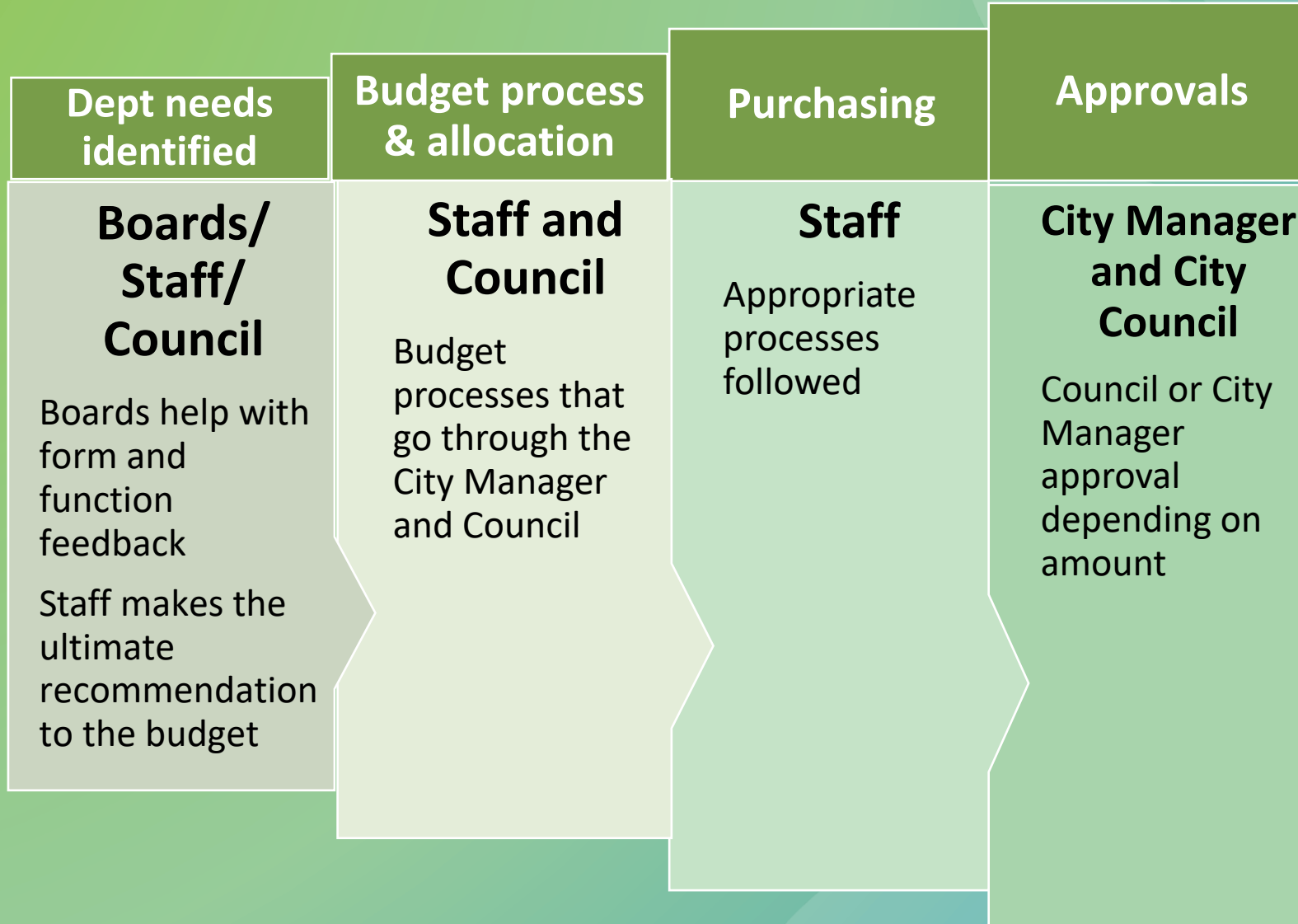


### Compliance

- Negotiated Contracts
- Grants
- Quotes/Formal bids
- Board involvement
- Council approval



# Board Involvement in Purchasing

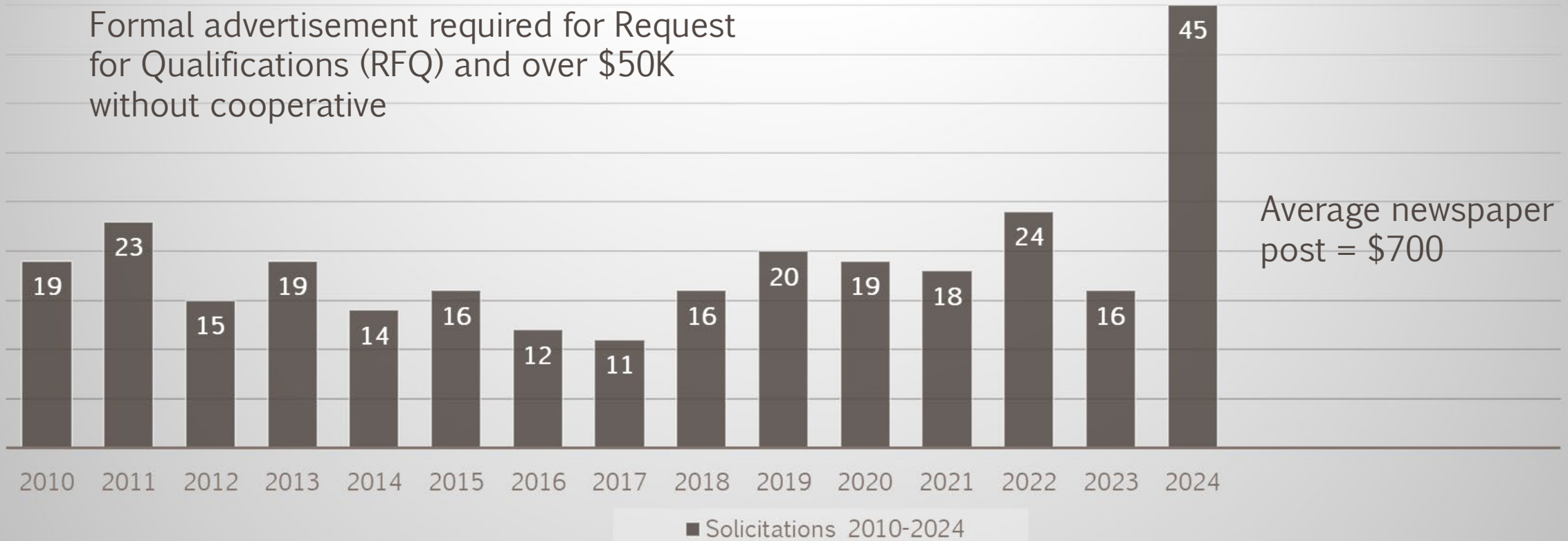


# Advertisement Formal Bids

## Solicitations 2010-2024 (bids and rebids)

Formal advertisement required for Request for Qualifications (RFQ) and over \$50K without cooperative

Average newspaper post = \$700



# Cooperative Purchasing

Created by legislation in 1979, the Texas Dept of Information Resources CO-OP Program (DIR) offers members to make the most of their purchasing dollars with the State's volume buying power.

- ❖ Bidding process meets all local govt. requirements.
- ❖ Vendors are properly vetted and meet all requirements to qualify for the bid.
- ❖ Streamline procurement process, reducing administrative burden on entity with no fees.
- ❖ Ability to negotiate with vendors that are on a cooperative and create our own in-house contracts with the vendors.
- ❖ Access to broader range of vendors and products.
- ❖ Economies of scale buying power / volume discounts.
- ❖ Assists smaller entities with decentralized Purchasing, minimizing staffing levels and admin costs.



# Why Cooperatives?

## Cost Savings:

- DIR typically negotiates better pricing on a statewide level, than as a smaller city.
- Save attorney fees for drafting agreements we purchase off the DIR.
- Easier ordering reduces need for excess inventory, which saves in storage costs, waste, and optimizes cash flow.
- Members receive purchase rebates.

## Efficiency:

- Reduced lead times for product/service delivery and legal review with pre-negotiated, collective agreements.
- Centralizes bidding and ordering processes, saving staff time in writing Request for Proposals (RFP's) or hiring consultants for the bid specifications.
  - Especially true with purchases for Fleet, IT, and Public Works.
- Many grants allow cooperatives as an acceptable bid process saving staff time in meeting tight deadlines.





# Cooperatives

## Suggested improvements:

- For services/products over \$50K- require additional quote to ensure competitive pricing, transparency, and efficient use of public funds.
  - Additional quote from cooperative or non-cooperative vendor
  - Exceptions for sole source, grants, emergency, professional services, specialty, continuity of service, term extensions, non-response, additional cost to hire consultant for bid specs, or used/surplus goods
- Development of bid guidelines for simpler products.
  - Concrete, janitorial, fencing, etc.



# Competitive and Cooperative Purchasing

## City of Coppel

<\$50K- 3 quotes or 1 cooperative

>\$50K- formal bids or 1 cooperative

Purchasing team = 1 person

## City of Farmers Branch

<\$50K- 3 quotes or 1 cooperative

>\$50K- formal bids or 1 cooperative

Purchasing team = 1 person

## City of Carrollton

<\$50K- 3 quotes or 1 cooperative

>\$50K- formal bids or 1 cooperative

Purchasing team = 6 persons

## Town of Addison

<\$50K- 3 quotes or 1 cooperative

>\$50K- formal bids or 1 cooperative

Purchasing team = 2 persons





# Purchasing Training

## Dollar Amount Requirements



### UNDER \$3,000

- Recommend at least 1 quote in order to reduce change orders.
- Getting additional quotes leads to competitive pricing and vendor engagement.



### \$3,001-\$50,000

- Requires at least 3 quotes (2 HUB)
- Cooperative # or piggyback agreement.
- Sole Source letter
- Signed Agreement



### OVER \$50,000

- Council Resolution
- Should have been formally bid by the City, or used a cooperative contract.
- Sole Source letter w/resolution.
- Agreement signed by the City Manager (Interim) w/resolution.



### OVER \$50,000

- If the change order makes the purchase order go above \$50,000, it will need to go to Council for approval to pay the invoice or add funds to the PO.



HUB – Historically Underutilized Business; eligible business owner is designated minority group or a woman



CITY OF  
**FARMERS BRANCH**  
TEXAS

# Questions?

COUNCIL STUDY SESSION | December 10, 2024

