



CITY COUNCIL AGENDA REPORT

MEETING DATE: JANUARY 16, 2007

ITEM NUMBER:

SUBJECT: APPROVE THE PURCHASE OF FURNITURE FOR THE POLICE DEPARTMENT AS PART OF THE POLICE EXPANSION PROJECT

DATE: DECEMBER 18, 2006

FROM: FINANCE DEPARTMENT- FINANCIAL PLANNING DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: DEBBIE DOBROTT AT 714/754-5212

RECOMMENDATION:

Staff recommends the purchase of Knoll furniture for the Police Department from Systems Source, 2100 S E. Main Street, Suite 100, Irvine, California 92614, for the total cost of \$405,725.23.

BACKGROUND:

At the September 19, 2006 City Council meeting, Council awarded a construction contract in the amount of \$18,194,000 for the Police Facility Expansion and Renovation Project. The project consists of an approximate 11,000 square-foot expansion to the existing building; a renovation of approximately 75 percent of the existing building; a seismic retrofit of the existing building; and the construction of additional parking areas. The project commenced in October, 2006 and is anticipated to last approximately 30 months. As part of the Police Facility and Expansion and Renovation Project, the architect contracted the services of a furniture consultant in order to facilitate the design and ordering of the required furniture. The objective was to find a single furniture company that could provide all the furniture needs of the Police Department including workstations, file cabinets, and chairs. It was important that the furniture supplier was a well-known and reputable company to insure that the furniture received would be durable and meet the long-term needs of the Police Department. Knoll furniture is available through the U.S. Communities contract.

The City Council approved participation in other public agencies' purchasing bids and contracts with the adoption of Resolution 94-11 on March 7, 1994. The City's Purchasing Policies & Procedures Manual Section 3.3 I. states: "City Council will be advised by the Purchasing Officer or City Manager of procurements over \$25,000 which were exempt from the formal bid process". Section 3.3 D. also states that a purchase may be exempt from the bidding process when the City is participating in an established governmental cooperative purchasing agreement.

The US Communities contract provides a government purchasing alliance that does not require fees to participating agencies. The contracts offered are competitively solicited. The US Communities program was founded by the Association of School Business Officials International (ASBO), National Association of Counties (NACo), National Institute

of Governmental Purchasing (NIGP), National League of Cities (NLC), and the United States Conference of Mayors (USCM). Purchasing through the US Communities contract combines the potential purchasing power of up to 87,000 local agencies. There are currently over 17,000 agencies in the 50 States participating in US Communities contracts. The lead agency in the US Communities Furniture Contract was Fairfax County, Virginia. The four manufacturers with established US Community contracts are Haworth, Herman Miller, Knoll, and Steelcase. This information was provided to the project staff and the furniture consultant.

To take advantage of volume discount pricing, save administrative time, and expedite the ordering of a large quantity of furniture, Purchasing staff reviewed the US Communities Contract and has determined that using an established contract is the best method for a purchase of this nature. The discount level for this purchase is between 45 – 70% off the list price.

ANALYSIS:

The furniture has been separated into two separate phases based on the construction schedule. It is anticipated that the furniture for Phase I will be needed in August 2007 and the furniture for Phase II will be needed in October 2008, upon the final completion of the building.

Some of the concerns that were brought up by project staff were related to the availability of the selected fabrics and designs for Phase II of the project and the probability of two price increases from the manufacturer that would affect the purchase price.

One of the options considered was to purchase the furniture now and pay for storage of the furniture until each phase was completed to get current 2006 pricing on the furniture and to insure consistency in the fabric and design of the furniture. The cost for storing the furniture is \$71,370. Purchasing staff raised some concerns about the liability of theft and possible damage due to weather or any other natural disasters to the furniture while it was in storage. Payment for the furniture is required within fifteen days of receipt of the invoice. The City would not be able to withhold payment if there were any discrepancies in the order as the City may not be aware of any issues until the furniture was installed two years later for Phase II. It was determined that while this would insure that the fabric and designs would be consistent and the cost would be at today's pricing, the risks involved in storage of the furniture were not worth it.

Finance staff contacted the manufacturer to negotiate more favorable terms for this large purchase that did not involve storing furniture. Knoll agreed to offer the Phase I furniture at 2006 pricing. The furniture will be delivered to the Police Department in August 2007. Phase II furniture includes the negotiated increase of 10% instead of the anticipated 16% increase in two calendar years. The manufacturer will order all fabrics and materials needed to complete furniture order to insure consistency and availability of the selected design. The total cost for the furniture without storage is \$36,393.16 less than the proposal that included storage.

ALTERNATIVES CONSIDERED:

Purchasing staff could send out a formal bid for the purchase of the furniture, however, the project manager and furniture consultant have spent many hours putting together all the furniture needs of the department, selecting fabric and design. Bidding out this project would require staff to start over as other manufacturers would have different furniture designs and fabrics. This is not recommended.

FISCAL REVIEW:

The budgeted amount for the furniture is \$440,000.00. The total cost of \$405,725.23 is within the budgeted amount.

LEGAL REVIEW:

There is no legal review required on this item.

CONCLUSION:

Staff recommends that City Council approve the purchase of Knoll furniture for Police Department in the amount of \$405,725.23. Staff concludes that it would be prudent to purchase this furniture through the governmental cooperative agreement with the US Communities.

MARC R. PUCKETT
Director of Finance

DEBBIE DOBROTT
Purchasing Supervisor

Distribution: Police Chief
 Public Services Director
 City Clerk