



City of San Antonio

Agenda Memorandum

File Number: 13-1126

Agenda Item Number: 36.

Agenda Date: 12/5/2013

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendment to Local Preference Program

SUMMARY:

This Ordinance will amend the Local Preference Program to expand its application to additional types of contracting categories. Since the implementation of this program on May 1, 2013, opportunities have been identified to expand the scope of the program.

BACKGROUND INFORMATION:

Ordinance 2013-03-21-0167 established the Local Preference Program allowing the City to grant contracting preferences to local businesses in circumstances when price alone determines the winning bid for personal property, non-professional services and construction services. Under the current program, a contract would be awarded to a City-located business in instances where the City receives a bid from a local firm that is within a certain percentage of the lowest bid price received by a non-City business. Additionally, provisions were included in the current ordinance granting preferences to local businesses in certain discretionary contract solicitations.

In the seven months the Local Preference Program has been in effect, the Finance Department has identified potential changes to expand application of the program. The original ordinance applied a preference to contracts for goods and non-professional services that are governed by Title 8 of the Texas Local Government Code, and awarded based solely on price (i.e. low bid contracts). This amendment will expand the application to any contract for goods and non-professional services where the City chooses to conduct a solicitation process and to award on the basis of price. For example, the preference would apply to procurements utilizing the health or safety exemption found in Chapter 252, Texas Local Government Code, when the City seeks offers from multiple suppliers. It would also apply when the City seeks offers from multiple vendors who have

contracts with cooperative purchasing organizations.

This amendment will also expand the application to concession and other revenue generating contracts in addition professional service agreements not governed by statute as originally contained in the ordinance.

This proposed amendment to the local preference program is consistent with the Council's goal of promoting City-located businesses. The Finance Department will administer the program and will produce quarterly reports summarizing the dollar amount of procurements awarded to local businesses under this program.

ISSUE:

It is the policy of the City of San Antonio to use its spending powers to promote fiscal responsibility and maximize the amount of resident tax dollars that remain in the local economy for the benefit of its citizens by utilizing all available legal opportunities to contract with City-located businesses. The City places an affirmative duty on its departments to grant a preference to local businesses unless doing so would be contrary to the best interests of the City.

The program requires firms responding to City solicitations to self certify, via use of signed affidavit, that the requirements for the local business designation have been met. Also, when a contract is awarded based on application of the program, the price differential to the overall low, non-local solicitation response will be included as part of any Council action item.

ALTERNATIVES:

Should this amendment not be approved, contracts will continue to be awarded in accordance with current parameters of the Local Preference Program. Expansion of this program could positively impact potential contract awards to local businesses that otherwise might not be able to effectively compete for City contracts.

FISCAL IMPACT:

Departmental budgets may be impacted when the local preference program is applied, due to the increased cost associated with awarding contracts to bidders that are not the lowest bidder.

RECOMMENDATION:

Staff recommends approval of this Ordinance amending the Local Preference Program to expand its application to additional types of contracting categories.