

CITY OF CORPUS CHRISTI LOCAL PREFERENCE

City Council Meeting
September 6, 2019



DISCUSSION OUTLINE

- **Introduction – Presentation requested by Council**
- **Hire Corpus First**
- **State Regulations**
- **Challenges to apply preferences**
- **Proactive Steps to Engage Local Business**



LOCAL PREFERENCE COUNCIL POLICY

- **Council Policy– Hire Corpus Christi First**
 - ✓ **Allows a local preference**
 - ✓ **Must comply with State Law**
 - ✓ **Economic Advantage must be proven**
 - ✓ **Business in Corpus must be substantial not a front**





LOCAL PREFERENCE STATE LAW

- **Texas Local Government Code 271.901 -**
 - ✓ Must select the local bidder if:
 - Two or more bidders have bids identical in nature and amount, and
 - One of the two is local

- **Texas Government Code 2252 –**
 - ✓ Lowest bidder is out of state
 - ✓ State of the lowest bidder has a local preference
 - ✓ Must apply that same preference against the lowest bidder





LOCAL PREFERENCE

STATE LAW 3% Rule and 5% Rules

Texas Local Government Code 271.905:

- Allowed for **goods only**
- Local Bid is within **3%** of lowest bid price received
- May contract with either lowest bidder, or
- Local bidder if economic advantage is proven

Texas Local Government Code 271.9051:

- Allowed for **goods up to \$500k and construction up to \$100k**
- Local Bid is within **5%** of lowest bid price received
- May contract with either lowest bidder, or
- Local bidder if economic advantage is proven



LOCAL PREFERENCE CHALLENGES

- **Cannot apply if using Federal Funding**
- **Discourages out of town vendors thereby decreasing competition**
- **Increases the cost of projects if applied**
- **Slows down the award process while vetting the claimed economic advantage**
- **May create protests if the economic benefit is not proven**



OPPORTUNITIES FOR LOCAL BUSINESSES



**LOOK AHEAD
SCHEDULES**



**VENDOR OUTREACH
AND VENDOR FAIRS**



**UNITED CHAMBER
OF COMMERCE
PARTNERSHIP**



**FACE TO FACE
MEETINGS WITH
VENDORS**



**INTERNS ASSISTING
DEPARTMENTS**