



## **AGENDA MEMORANDUM**

First Reading Ordinance for the City Council Meeting January 25, 2022  
Second Reading Ordinance for the City Council Meeting February 8, 2022

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**DATE:** January 11, 2022

**TO:** Peter Zaroni, City Manager

**FROM:** Josh Chronley, Assistant Director of Finance-Procurement  
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| <b>Ordinance Authorizing to adopt Local Preference</b> |
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**CAPTION:**

Ordinance adopting a local preference policy for the City of Corpus Christi by replacing Council Policy No. 26 and enacting a new Council Policy No. 26 to provide local preference applicable to the procurement of professional services; with local preference for non-professional services, goods / supplies to be addressed in Fiscal Year 2023.

**SUMMARY:**

This ordinance will provide a local preference policy consistent with the Council's goal of promoting City-located businesses. The Local Preference Ordinance allows the award of additional points, when multiple evaluation criteria are used in the award of professional service contracts, where the selection process is not governed by statute. A business meeting the definition of Local Business stated below may be awarded up to 10 points for being headquartered within the city or having a local office within the city. Moreover, the program recognizes joint venture agreements and allows for apportioning of points based upon the percentage of ownership of joint ventures by Local Businesses responding to solicitations for which up to 5 discretionary points may be applied. For solicitations where selection is made based on price alone, all members of a joint venture must be Local Businesses for the preference to be applied.

In FY 2023 the second phase the Local Preference Ordinance will allow the City to grant a preference to a business meeting the definition of Local Business in the award of the following types of contracts, when selection is made based on price alone:

- Personal Property (Goods / Supplies): The local bidder's price must be within 5% of the price of the lowest non-local bidder for contracts of \$50,000 up to \$500,000 and within 3% for contracts exceeding \$500,000.
- Non-professional Services: The local bidder's price must be within 5% of the price

of the lowest non-local bidder for contracts of \$50,000 to a maximum of \$500,000.

- Construction Services: The local bidder's price must be within 5% of the price of the lowest non-local bidder for contracts of \$50,000 to under \$100,000, excluding contracts awarded using alternative delivery methods.

Local Businesses means a business with a principal place of business in the local area. The local area means within the City of Corpus Christi city limits. A principal place of business means a business headquarters or an established place of business within the city limits (local area) from which one or more of the entity's workforces are regularly based, and/or from which a business conducts a substantial part of its operations or performs a substantial role in a commercially useful function. A local place of business used solely as a post office box, mail drop or telephone message center or any combination thereof, with no other substantial work function, may not be construed as a principal place of business.

### **BACKGROUND AND FINDINGS:**

It is the policy of the City of Corpus Christi 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. If a local business qualifies but is not the staff recommendation, the local firm will be included in the agenda item as an alternative for council consideration.

The policy 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.

### **PROCUREMENT DETAIL:**

Not applicable.

### **ALTERNATIVES:**

The alternatives are to modify the proposed ordinance or not approve the ordinance and maintain the current purchasing policies governing procurement

### **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.

### **FUNDING DETAIL:**

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|------------------------|-----|
| Fund:                  | n/a |
| Organization/Activity: | n/a |

Mission Element: n/a  
Project # **(CIP Only)**: n/a  
Account: n/a

**RECOMMENDATION:**

Staff recommends approval of ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance