



Local Bidding Preference:

Implementation Strategy

Presented by
City of El Paso – Financial Services
Purchasing Division



Objective

Develop policy and procedures for the strategic implementing of a local bidding preference for the City of El Paso

Identify and outline educational and informational opportunities to inform the local market place of new process



By the end of the presentation you will be able to do the following:

- Identify the impacts of Housing Bill 628 to local bidding preference and applicable thresholds
- Identify the impacts of Housing Bill 1469 to local bidding preference and applicable thresholds
- Identify the revisions to Section 271.905 and Section 271.9051 of the Local Government Code
- Identify the Exemptions to Local Bidding Preferences
- Identify Economic impacts
- Define “principal place of business”



Impact Summary

Housing Bill 1869

- Removes municipality population brackets from Local Government Code Section 271.905(a) and Section 271.905;
- Local Bid preference is applicable to real property and personal property that is not affixed to real property;
- Local Bid Preference of 3 percent is applicable to contracts equal to or greater \$ 100,000 dollars; and
- Stipulates if bid submitted by a local bidder is within **3 percent** of non-local bidder, the City can award the bid to the local bidder



Impact Summary

Housing Bill 1869 (continued)

- Local bid preference is applicable to personal property that is not affixed to real property;
- Local bid preference of 5 percent is applicable to contracts less than \$ 100,000 dollars; and
- Stipulates if bid submitted by a local bidder is within 5 percent of non-local bidder the City can award to local bidder



Impact Summary

*****Housing Bill 628*****

- Revise Local Government Code Section 271.9051 in following areas:
 - Local bid preference is applicable to real property, personal property that is not affixed to real property or services;
 - Local bid preference of can only be applied to construction bid contracts **“less than” \$100,000 dollars**; and
 - Stipulates if bid submitted by a local bidder is within **5 percent** of non-local bidder the City can award to local bidder for construction services in an amount less than \$100,000 dollars or other purchases in an amount less than \$500,000 dollars



Impact Summary

*****Housing Bill 628 Continued*****

- Revise Local Government Code Section 271.905 in following areas:
 - Local bid preference is applicable to real or personal property that is not affixed to real property; and
 - Stipulates if bid submitted by a local bidder is within **3 percent** of non-local bidder the City can award to local bidder for purchases in an amount equal to or greater than \$500,000 dollars



Local Bid Preference Applicability

When City of El Paso facilitate the bidding process RF(X):

- *Competitive Sealed Proposal;*
- *Request for Quote;*
- *Low Bid;*
- *Informal Bid;*
- *Formal Bid;*
- *Electronic Bids; and*
- *Best Value Bid*

**NOT APPLICABLE TO SOURCING FROM COOPERATIVE
CONTRACTS, CONSTRUCTION CONTRACTS OVER \$100,000
DOLLARS AND PURCHASE OF TELECOMMUNICATION SERVICES
AND INFORMATION SERVICES**



Local Bid Preference Exemptions

- *Purchases/sourcing off co-operatives contracts;*
- *Telecommunication and Information Services;*
- *Public Calamity Services/Equipment;*
- *To preserve or protect the public health or safety of municipality's residents;*
- *Personal, professional or planning services;*
- *Work paid for day the day;*
- *Purchase of land or right-of-way;*
- *Procurements of items available from only one source (patents, copyrights, secret processes, or natural monopolies)*
- *Purchase of rare books, papers and other library materials for a public library;*
- *Personal property sold (at auction, going out of business sale, by political subdivisions of State or Federal Government;*



Local Bid Preference Exemptions (continued)

- *Paving drainage, street widening other public improvements or other matters, if at least one-third of the cost is through special assessments levied on property that will benefit from the improvements;*
- *Public improvement project, already in progress, authorized by voters of municipality, for which there is a deficiency of funds for completing project in accordance with the plans and purposes authorized by voters;*
- *Payment under a contract by which a develop participates in a construction of a public improvement as provided by Subchapter C, Chapter 212;*
- *Services provided by blind or severely disabled persons;*
- *Goods purchased for resale; and*
- *Electricity*



Key Definitions

Principal Place of Business

Corporations

Generally where the business's books and records are kept and is often where the head of the firm or at least upper management is located;

- *Typical documentation for corporations are documents filed with Secretary of State; and*

Sole Proprietors

• *Where the business's books and head of the business (i) lives; or (ii) business office is located; and*

- *Documentation includes DBA documents as filed with County in which business is located and on the business license.*



Key Definitions

Local Business

- Principal Place of business is located within the incorporated City limits of El Paso, Texas;
- Licensed and authorized to do business under the laws of the City of El Paso;

A business which is incorporated within the United States and maintains a manufacturing or local office/presence within the incorporated City limits and staff by a minimum of three (3) full time employees.



Key Definitions

Economic Benefits

- **Economic development opportunities for the City of El Paso created by the contract award**
- **Employment of local residents in the delivery of the contracted service and/or product;**
- **Employment of local residents that participate in the manufacturing/production process of the products being procured;**
- **Increased tax revenues to the City of El Paso**



Sample Bid Tabulation Form RF(X) over \$500,000

Bid Opening Date: July 20,2011 @2:00 p.m.
Project Name: City Hall Interior Routine Maintenance
Bid Number: IFB 2011-721

<i>Bidder/Company Name</i>	<i>Bid Guarantee</i>	<i>Add No.1</i>	<i>Local Vendor</i>	<i>Base Bid</i>	<i>Local adjustment (Bid + 3%)</i>	<i>Adjusted Bid Price</i>	<i>Award Bid Price</i>
J.R. Ewing LLC	X	X	N	500,000	15,000	515,000	0
T. Landry Inc.	X	X	N	505,000	0	505,000	0
Cook & Cook LLC	X	X	Y	501,000	0	501,000	501,000*
Dorsett LLC	X	X	N	503,000	0	503,000	0
JAG LLC	X	X	Y	502,000	0	502,000	0
J. Trussel Inc.	X	X	N	510,000	0	510,000	0



Sample Bid Tabulation Form RF(X) Construction Projects under \$100,000

Bid Opening Date: September 1, 2011 @2:00 p.m.
Project Name: Butterfield PGA Road Entrance
Bid Number: IFB 2011-721

<i>Bidder/Company Name</i>	<i>Bid Guarantee</i>	<i>Add No.1</i>	<i>Local Vendor</i>	<i>Base Bid</i>	<i>Local adjustment (Bid + 5%)</i>	<i>Adjusted Bid Price</i>	<i>Award Bid Price</i>
Hank Haney Golf Inc.	X	X	Y	62,000	0	62,000	62,000*
Sean Foley Inc.	X	X	N	60,000	3,000	63,000	
Butch Harmon School of Golf	X	X	Y	63,000	0	63,000	
David Leadbetter Golf Academy	X	X	N	61,000	3,500	64,500	



Sample Bid Tabulation Form

RF(X) under \$500,000

Bid Opening Date: September 1, 2011 @2:00 p.m.
Project Name: Butterfield PGA Swing Instruction and Lessons
Bid Number: IFB 2011-721

<i>Bidder/Company Name</i>	<i>Bid Guarantee</i>	<i>Add No.1</i>	<i>Local Vendor</i>	<i>Base Bid</i>	<i>Local adjustment (Bid + 5%)</i>	<i>Adjusted Bid Price</i>	<i>Award Bid Price</i>
Hank Haney Golf Inc.	X	X	Y	362,000	0	362,000	362,000*
Sean Foley Inc.	X	X	N	360,000	18,000	378,000	
Butch Harmon School of Golf	X	X	Y	363,000	0	363,000	
David Leadbetter Golf Academy	X	X	N	461,000	0	461,000	



Verification Requirements

Individual or Business Entity:

1. Must provide documentation that principle place of business is located within the corporation limits of the City of El Paso, Texas as registered in official documents filed with the Secretary of State of the State of Texas;
2. Said documentation must be submitted with the bid response.

The City of El Paso:

1. Verify the authenticity of documents with Secretary of State of Texas and/or County wherein license or DBA certificate is issued;
2. Make written determination that Local bidder offers the City the best combination of contract price and economic development opportunities for the City by the contract award, including employment of local residents and increase tax revenues to the municipality.



Educational and Information Opportunities

Informational workshops with strategic partners:

- *City of El Paso – How to do Business with the City Exposition*
- *El Paso Community College – Vendor Exposition*
- *El Paso Purchasing Alliance*
- *Fort Bliss Business Exposition*
- *Home Grown El Paso*
- *Hispanic Chamber of Commerce*
- *The Greater Chamber of Commerce*
- *Southwest Minority Supplier Development Council*



Key Considerations

- Principal Place of business – operation/production verse management
 - * Maintains an office within the City limits and staffed with a minimum of three employees
- Defining measurable standard for economic benefit to City of El Paso
 - Direct or indirect jobs created and/or retained
 - Dollar value of supplies/equipment being purchased from El Paso companies
 - Subcontracting Plan (value of contract to be subcontracted with El Paso firms)
 - Taxes to be paid to the City as a result of being awarded a contract
- Eligibility timeframe for receiving local preference (required with submittal)
 - * City Council expanded definition



QUESTIONS