

Memorandum



CITY OF DALLAS

DATE March 15, 2018

Honorable Members of the Government Performance & Financial Management
TO Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,
Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Local Preference - Upcoming Agenda Items 40 & 41 on the March 28, 2018 Council
Agenda**

In June 2012, Council passed a local preference ordinance, amending Chapter 2 of the City Code to allow Council to give preference to local businesses when awarding some City contracts. On March 28, 2018, the Council will consider awarding one such contract.

The March 28, 2018 Council agenda includes two agenda items to establish a three-year master agreement for the purchase of employee uniforms and safety shoes for civilian employees. Agenda item 40 is the local preference option and totals \$7,544.55 more than the non-local option. Agenda item 41 is the low bid option. Council may approve one of the two options.

In cases where there is a local preference consideration, Council may use its discretion to award a contract to a local bidder, if the Council determines that awarding the contract to a local business offers the City the best combination of contract award and additional economic development benefits, like the employment of residents of the City and increased tax revenue to the City.

Background on this Procurement:

The City received five bids for this contract, and during review, it was determined that a local bidder, Promotional Designs, Inc., 8150 Brookriver Drive, Suite S-155, Dallas, Texas submitted an affidavit (attached) indicating they meet all the applicable requirements for the City's Local Preference ordinance. The local preference consideration only applies to 4 of the 89 individual lines, with the remaining lines being recommended by low bid. The City structured the solicitation by line to allow for the best possible pricing by uniform type and brand.

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Summary Prices for Local Preference Option Being Considered on March 28, 2018:

<u>Line #</u>	<u>UNIFORM BRAND</u>	Promotional Designs, Inc.	Regali, Inc.	Difference
20	Jerzees	\$75,758.76	\$73,791.00	\$1,967.76 or 2.597%
27	Occu-Lux	\$119,535.00	\$118,002.50	\$1,532.50 or 1.282%
40	Wrangler	\$85,593.30	\$82,301.25	\$3,292.05 or 3.846%
42	Occunomix	\$58,674.72	\$57,922.48	\$752.24 or 1.28%
		Local Preference	Low Bid	

The total differences for the local preference lines compared to the low bid lines is \$7,544.55 over a three year period and is within the 5 percent preference for the purchase of Goods under \$500,000.

Local Preference Background:

- June 6, 2012 – Council briefing regarding Local Preference Option
 - [http://www3.dallascityhall.com/council Briefings/Briefings0612/LocalPreferenceContractLimits_060612.pdf](http://www3.dallascityhall.com/council/Briefings/Briefings0612/LocalPreferenceContractLimits_060612.pdf)
- June 27, 2012 - Council authorized an ordinance amending Chapter 2 of the City Code to provide that a preference may be given to local businesses in awarding City Contracts.
 - Council may award to the lowest responsible bidder OR award contract to a local preference option if the City Council determines, that awarding the contract to a local business “offers the City the best combination of contract award and additional economic development benefits, including the employment of residents of the City and increased tax revenue to the City.”

Contract Amount	Goods	General Services	Construction Services and Facility Construction
\$0 to \$50,000	No preference	No preference	No Preference
\$50,001 to <\$100,000	5% preference	5% preference	5% preference
>\$100,000 to \$500,000	5% preference	5% preference	No preference
>\$500,000	3% preference	No preference	No preference

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- This is only the third case for which the local preference would apply since the effective date of ordinance – Sept. 1, 2012.
 - May 1, 2013 Council awarded local preference fuel master agreement
 - Overall difference on a one-year contract - \$58,250 or 0.71 percent
 - April 14, 2014 Council awarded local preference fuel master agreement
 - Overall difference on a three-year contract - \$49,305 or 0.12 percent

Please let me know if you have any questions.



M. Elizabeth Reich
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



City of Dallas

**Business Development and Procurement Services
Local Preference Affidavit**

Sections 2-32(h)(2) and (h)(3) of the Dallas City Code (adopted pursuant to Sections 271.905 and 271.9051 of the Texas Local Government Code) authorize the City of Dallas to grant a preference to a local business (a business with a principal place of business in the City of Dallas) in awarding certain competitively bid contracts with the city when the local business bid is within a specified percentage from the lowest responsible bid (5% for construction services or facility construction contracts of less than \$100,000; 5% for goods or general services contracts of less than \$500,000; 3% for goods contracts of \$500,000 or more). Section 2-27 of the city code defines a bidder's "principal place of business" as:

- (A) the headquarters of a business or the primary executive or administrative office of a business from which the operations and activities of the business are directed, controlled, and coordinated by its officers or owners; or
- (B) an established office, plant, store, warehouse, or other facility where the majority of the business' operations and activities are conducted and located, except that a location solely used as a message center, post office box, mail drop, or similar service or activity that provides no substantial function to the business is not a principal place of business.

In granting a local preference, the city council must determine that the bid submitted by the local business offers the best combination of contract price and additional economic development opportunities for the city (including employment of city residents and increased tax revenue). Exclusions to the local preference authorization are expenditures of \$50,000 or less, construction contracts greater than \$100,000, competitive sealed proposals, and purchases that are: federally-funded, sole source, emergency, cooperative agreements, telecommunication services, or information services.

A business interested in being considered for a local preference in a bid award shall complete, sign, and submit this affidavit with its bid. Only a business meeting the local preference requirements may be considered.

SECTION I. PRINCIPAL PLACE OF BUSINESS

According to the definitions above, is your business a local business? Yes

Name of Business: Promotional Designs
 Address: 8150 Brookriver Dr Ste 5-155
 City: Dallas State: Tx Zip: 75247
 Phone: 214-295-8679 Fax: 214-432-6617
 Number of employees at this location: 7

Name of Owner: Lyn Katers
 E-Mail: lynk@promotionaldesigns.com
 Phone: 920-593-2670 Fax: 920-405-2655
 Website: www.promotionaldesigns.com

SECTION II. ECONOMIC DEVELOPMENT OPPORTUNITIES (use additional pages if needed)

1) Number of jobs created and/or retained within the City of Dallas if the bidder is awarded the city contract. 7

2) Information about local subcontractors to be used, if applicable:

Company Name: _____	Company Name: _____
Address: _____	Address: _____
Contact Name: _____	Contact Name: _____
Phone: _____	Phone: _____

3) Economic development opportunities for the City of Dallas if the bidder is awarded the city contract:

Local Preference Affidavit

The undersigned swears/affirms that the foregoing information and statements are true and correct and that the business meets all of the requirements for being granted a local preference. Furthermore, the undersigned agrees to notify the City of Dallas within 30 days after any change in its principal place of business or in any other information provided to obtain a local preference.

Lyn Katers
 Owner Name (Print)
Lynn Kater
 Owner Signature

CEO
 Owner Title
12-6-17
 Date