



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** {{item.number}}

**Agenda Date:** November 29, 2022

**In Control:** Small Business Economic Development Advocacy (SBEDA) Committee Meeting

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Staff briefing on proposed changes to the Local Preference Program.

**SUMMARY:**

Staff will provide a briefing on recommended changes to the Local Preference Program. Recommended changes include aligning the current Local Preference Program Ordinance with State law and expanding the application of the Local Preference Program to include contracts funded in whole or in part by the federal government or where the City acts as a conduit for federal money to allow application of the Local Preference Program when federal statutes or the federal grantor expressly mandates or encourages geographic preference.

**BACKGROUND INFORMATION:**

In 2011, the Texas Legislature revised the law that allows cities to grant contracting preferences to local businesses when price alone determines the winning bid. The law previously only applied to cities with populations under 200,000. The City's Local Preference Program was approved

on March 21, 2013 and was amended on December 5, 2013 and on November 13, 2014.

A local business is defined as a business headquartered in within the City of San Antonio or a business that meets the following conditions: 1) an established place of business for at least one year in the incorporated limits of the City; and 2) from which at least 20% of its full-time, part-time, and contract employees are regularly based or a minimum of 100 employees; 3) and from which a substantial role in the business's performance if a commercially useful function or a substantial part of its operations is conducted. Businesses self-report this information.

The City's current Local Preference Program provides a 3% preference for local vendors for low bid good/supplies, low bid non-professional services and construction contracts. It also provides up to a 10-point preference for discretionary contracts not governed by statute.

Expanding the program to align with State law will increase the preference from 3% to 5% within certain thresholds for low bid good/supplies, low bid non-professional and construction contracts.

As currently written, the Local Preference Program Ordinance specifically prohibits application to contracts funded in whole or in part by the federal government or where the City acts as a conduit for federal money. While there are still prohibitions when using federal funds, it is recommended the City expand application of the Local Preference Program in all areas allowable, such as in instances allowed by applicable federal statutes or where the federal grantor expressly mandates or encourages geographic preference.

Staff recommendation is to amend the ordinance for these changes to use the City's spending powers to maximize the amount of resident tax dollars remaining in the local economy for the benefit its citizens by utilizing all available legal opportunities to contract with city businesses.

Additionally, staff will discuss the current exclusion of non-profits from the Local Preference Program.

This item was briefed to City Council during a Council Special Session on October 18, 2022.

**ISSUE:**

For briefing purposes only.

**FISCAL IMPACT:**

For briefing purposes only.

**ALTERNATIVES:**

For briefing purposes only.

**RECOMMENDATION:**

For briefing purposes only. The Finance Department will seek approval of these changes at a future City Council A Session Meeting.