

**CITY OF BEAUMONT  
POLICIES AND PROCEDURES MANUAL**

Policy Number: 7.14

Subject: Local Bidder Preference Policy

Effective Date: May 1, 2013

Approved by: Kyle Hayes /           KH            
City Manager / Date

Laura Clark /           JC 4/30/13            
Chief Financial Officer / Date

4-30-13

I. PURPOSE

The Local Government Code, Sections 271.905(a) and 271.9051 allow the City to consider a vendor's principal place of business in awarding certain contracts by way of competitive bids. This consideration is in effect to promote economic development opportunities through the contract by employing local residents and increasing tax revenue.

Local Bidder Preference, as defined herein, will only be considered when a qualified low bidder is not a "local business" and a Local Bidder Consideration Claim form has been submitted by a "local business", in accordance with policy guidelines outlined below.

II. DEFINITIONS

A. Local Business:

1. Vendor whose principal place of business is currently within the limits of the City of Beaumont.
2. Vendor who has been in business within the city limits for at least two (2) years.
3. At least 15% of employees are Beaumont residents.

B. Principal Place of Business: A business must:

1. Currently own or lease a commercial building or space within the corporate city limits of Beaumont.
2. Have owned or leased a commercial building or space within the corporate city limits of Beaumont for a minimum of two (2) years.
3. At least 25% of the entity's inventory and workforce must be regularly based at the owned or leased location. In addition, a substantial role in the entity's performance of a commercially useful function or a substantial part of its

operations must be conducted at this location. A location utilized solely as a post office box, mail drop or telephone message center and without any substantial work function or inventory, if applicable, does not qualify.

- C. Local Bidder Consideration Claim Form: Form that must be completed and included with the bid response on which the business certifies the location of the business activities, number of current employees and number of residents employed, annual taxable sales, whether current on property and sales taxes, and the economic development benefits resulting from award of this contract.

### III. PROCEDURES

- A. Bids for purchase of tangible personal property where the amount is equal to or greater than \$500,000: If the City receives one or more bids from a bidder that is a “local business” and whose bid is within three percent (3%) of the lowest bid price received by the City from a bidder who is not a “local business”, the City may enter into a contract with:

- (a) the lowest responsible bidder, or
- (b) the “local business” if a Local Bidder Consideration Claim Form has been submitted and all requirements have been met and it is determined that the bid is the best combination of price, economic development opportunity and value. The City may also reject all bids.

- B. Competitive Sealed Bids for purchase of construction services, where the amount is less than \$100,000 and for purchase of tangible personal property and services where the amount is less than \$500,000: If the City receives one or more bids from a bidder that is a “local business” and whose bid is within five percent (5%) of the lowest bid price received by the City from a bidder who is not a “local business” the City may enter into a contract with:

- (a) the lowest bidder, or
- (b) the “local business” if a Local Bidder Consideration Claim Form has been submitted and all requirements of a “principal place of business” have been met and it is determined that the bid is the best combination of price, economic development opportunity and value. The City may also reject all bids.

- C. Exclusions: Purchases obtained through:

- (a) Request for Proposals, Quotes, or Qualifications,
- (b) Cooperative Purchasing Programs,
- (c) Interlocal Agreements,
- (d) Purchases involving, in whole or in part, federal funding or state funding,

(e) Telecommunication services.

D. The chart below is a summary of the proposed procedure:

<b>Local Government Code 271.9051</b>	<b>Local Government Code 271.905</b>
5% Price Differential	3% Price Differential
A. Construction bids less than \$100,000	A. Bids for tangible personal property equal to or greater than \$500,000
B. Bids for tangible personal property and services less than \$500,000	

E. Local Bidder Consideration Claim Form: A new form must be submitted with each competitive bid response. Late forms will not be accepted. The form serves to notify the City that the bidder would like local preference consideration and to ensure the qualification of the bidder as a local business and serves to meet the statute's requirement that the governing body find, in writing, that a bidder is a local business. This form shall be obtained from the Purchasing Division and shall be signed under penalty of perjury. **Failure to provide Local Bidder Consideration Claim Form at the time the bidder submits the bid shall constitute a waiver of any claim for preference.**

F. Approval by governing body: Regardless of the amount, the City Council must approve all purchases and contracts in which the local preference policy is applied. The Local Bidder Consideration Claim form will be included with the agenda item for consideration.

**LOCAL BIDDER CONSIDERATION CLAIM FORM**

Form Revised 4/1/13 /bd

Sections 271.905 and 271.9051 of the Texas Local Government Code authorize a municipality to consider a vendor's location in the determination of a bid award if the lowest bid received is from a business outside the municipality and contracting with a local bidder would provide the best combination of price and other economic benefits to the municipality. The City of Beaumont has determined that the allowable preference shall be applied to local vendor bids for the purposes of evaluation when in the best interest of the City to do so. **This request form and any attachments must be submitted with bid package to be considered by the City of Beaumont.** Questions should be addressed to the Purchasing Division at 409-880-3720. Exclusions to the local preference include those purchases that are: sole-source, emergency, federally-funded, cooperative contracts, Requests for Quote or Proposal, or via interlocal Agreement as well as telecommunication services. The City reserves the right to accept or reject any bid or combination of bids.

The City requires the information below for consideration of a local bidder preference. (Information may be submitted in an attachment to this form.)

1) **Location Eligibility:** Principal place of business in Beaumont, Texas. Principal place of business is defined herein as: Business must own or lease a commercial building or space within the corporate city limits of Beaumont, which is used as a home base for 25% or more of its inventory and workforce. Business must be in operation for at least two (2) years. A location utilized solely as a post office box, mail drop, or telephone message center, and without any substantial work function or inventory, does not qualify.

a) If yes, identify name of Business/DBA, address, and business structure (sole proprietorship, partnership, corporation, or other).

Name of Business/DBA: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Business Structure: \_\_\_\_\_ Sole Proprietorship \_\_\_\_\_ Partnership \_\_\_\_\_ Corporation  
 \_\_\_\_\_ Other \_\_\_\_\_

b) Name and city of residence of owner(s)/partners/corporate officers, as applicable.

Name: \_\_\_\_\_  
 City of Residence: \_\_\_\_\_

2) **General Business Information:**

a) Year business established (Beaumont location) \_\_\_\_\_  
 b) Most recent property tax valuation of real and personal property. (Please attach.) \$ \_\_\_\_\_  
 c) Annual taxable sales (originating in Beaumont). \$ \_\_\_\_\_  
 d) Is business current on all property and sales taxes at the time of this claim? YES \_\_\_\_\_ NO \_\_\_\_\_  
 e) Total number of current employees: \_\_\_\_\_ Number of Beaumont-resident employees: \_\_\_\_\_

3) **Economic Development benefits resulting from award of this contract:**

a) Will award of this contract result in the employment/retention of residents of the City of Beaumont? YES \_\_\_\_\_ NO \_\_\_\_\_  
 b) Number of additional jobs created: \_\_\_\_\_ or retained for Beaumont resident-employees: \_\_\_\_\_  
 c) Will subcontractors with principal places of business in the City of Beaumont be utilized? YES \_\_\_\_\_ NO \_\_\_\_\_  
 d) Local subcontractors utilized, if applicable. Name, location, and contract value for each.  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Contract Value: \$ \_\_\_\_\_  
 e) Will award of this contract result in increased tax revenue to the City? YES \_\_\_\_\_ NO \_\_\_\_\_  
 f) If Yes, check types of taxes. \_\_\_\_\_ Property Taxes \_\_\_\_\_ Sales Taxes \_\_\_\_\_ Hotel Occupancy Taxes  
 g) Other economic development benefit deemed pertinent by applicant. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



City of Beaumont  
Beaumont, Texas

**LOCAL BIDDER CONSIDERATION CERTIFICATION**

**Certificate of Information:**

The undersigned does hereby affirm that the information supplied is true and correct as of the date hereof, under penalty of perjury.

City Bid Number/Quote for which the local preference is requested:

\_\_\_\_\_  
City Bid or Quote Number

\_\_\_\_\_  
Print Bidder's Company Name

\_\_\_\_\_  
Print Name of Bidder

\_\_\_\_\_  
Signature of Bidder

\_\_\_\_\_  
Date

**THE STATE OF TEXAS §**

**COUNTY OF JEFFERSON §**

Appeared before me the above-named \_\_\_\_\_, known to me to be the same, and swore that the information provided in response to the foregoing questions are true and correct to the best of his/her knowledge and belief, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State of Texas

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Commission Expires (Date)