

# Dallas First Procurement



Ad Hoc Committee on COVID-19 Economic  
Recovery and Assistance – May 19, 2020

Elizabeth Reich, Chief Financial Officer  
Chhunmy Chhean, Director, Office of Procurement Services



# Today's Discussion

- Current local preference policies
  - Low bid procurements, Chapter 2
  - Tie bids/casting of lots
- Dallas First Resolution

# Current Local Preference policies

- Dallas City Code Chapter 2–32 (h) states that a preference may be given to local businesses in awarding City contracts through a low bid procurement.
- To be considered for local preference the business must have the following in the City:
  - Headquarters, primary office, an established office, plant, store, warehouse, or other facility where the majority of the business' operations and activities are conducted and located.

# Current Local Preference Policies continued...

- Applies when a Dallas firm is within 3%-5% of the lowest bid who is not a local company.
  - 5% of low bid when contract value is < \$500k for goods and services.
  - 5% of low bid when contract value is < \$100k for construction.
  - 3% of low bid when contract value is  $\geq$  \$500k for goods only.
  - Both options must be presented to Council and Council may decide to select the local company due to having the best combination of price, economic development benefits, local employment for residents and increased revenue for the city.

# Current Local Preference Policies continued...

- Tie bids (state law)
  - Applies to low bids only.
  - Applies when two bidders bid the same cost.
  - Tie goes to the local company.
  - If neither or both are local, Mayor shall cast lots.
- Restrictions
  - Does not apply to federally funded procurements.

# Dallas First

- Policy to expand local preference to best value awards and competitive proposals for goods and services contracts.
- Policy would direct the City Manager to create a program that assigns points for creating economic return and value to the Dallas economy by increasing tax revenues.
- Examples include hiring Dallas residents, locating main office or factory in Dallas, hosting conventions in Dallas, and supporting workforce programs.
- Timely in light of the pandemic's economic effects

# Dallas First, DRAFT Resolution

- **WHEREAS**, the City of Dallas receives the bulk of its revenues from property, sales, hotel occupancy, and other taxes; and
- **WHEREAS**, increased revenues improve the City's ability to deliver services to its residents; and
- **WHEREAS**, on March 11, 2020, the World Health Organization declared COVID-19 a global pandemic; and
- **WHEREAS**, in response to the pandemic and in the interest of public health and safety of residents, the City, various counties, the State of Texas, and the U.S. government have issued emergency orders, regulations, recommendations, and guidance related to closing schools, restricting travel, persons staying at home except for essential activities, and social distancing; and
- **WHEREAS**, due to the spread of COVID-19, the global and local economy have suffered a tremendous downturn, causing massive unemployment and reduced tax revenues to the City; and

# Dallas First, DRAFT Resolution

- **WHEREAS**, for the remainder of Fiscal Year 2020, the City is forecasting revenue losses of about: \$34 million to the general fund, \$40 million to Aviation, \$48 million to Convention and Event Services, \$68 million to Dallas Water Utilities, and \$6 million to Sustainable Development and Construction; and
- **WHEREAS**, the U.S. Congress approved stimulus funding related to COVID-19 for the City, however, those funds may not be used to cover City revenue shortfalls; and
- **WHEREAS**, due to the economic damage from COVID-19 to the City, the City furloughed almost 500 employees; and
- **WHEREAS**, the loss of City revenues impairs the City's ability to perform its governmental functions and deliver necessary services to its residents; and



# Dallas First, DRAFT Resolution

- **WHEREAS**, the pandemic also severely disrupted global supply chains for personal protective equipment and disinfectant items, which directly impacted the City's ability to source those items for first responders and City personnel on the frontlines of the pandemic response; and
- **WHEREAS**, many of the supplies the City needed were held in factories abroad and deliveries to the City were delayed due to overseas shipping and customs issues, which could have been avoided with a stronger local supply chain; and
- **WHEREAS**, the procurement of City contracts provides an opportunity for direct economic stimulus to Dallas; and
- **WHEREAS**, the City, in awarding contracts for necessary government services, is acting as a market participant while performing its governmental functions; and

# Dallas First, DRAFT Resolution

- **WHEREAS**, the City, as a market participant spending public funds to perform governmental functions, seeks to ensure maximum economic return and the best value for the City while simultaneously promoting efforts to increase the City's revenues; and
- **WHEREAS**, pursuant to Chapter 252 of the Texas Local Government Code, as amended, Chapter 2269 of the Texas Government Code, as amended, Chapter 2 of the Dallas City Code, as amended, and its home rule authority, the City of Dallas may award a contract for goods and services to the bidder or proposer who provides the most advantageous proposal or the best value for Dallas; and
- **WHEREAS**, the City may consider multiple factors that are relevant and necessary in making a best value or most advantageous award; and
- **WHEREAS**, a relevant and necessary factor is maximizing economic return and value to City taxpayers; and

# Dallas First, DRAFT Resolution

**WHEREAS**, employment of Dallas residents, production of goods or principal place of business in Dallas, and philanthropic work or other activities that create an economic benefit for Dallas residents or increase the City's tax revenues are factors that may maximize economic return and value to Dallas taxpayers and these factors are collectively known as "Dallas First";

**Now, Therefore,**

# Dallas First, DRAFT Resolution

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City Council finds that the City, in performing its governmental functions, should seek to maximize economic return and value when expending public funds in the procurement of goods and services by utilizing Dallas First.

**SECTION 2.** That the City Manager, or the City Manager's designee, is authorized and directed to develop a procurement program that includes Dallas First for contracts awarded by the City for goods and services, which may include, but is not limited to, procuring more contracts through best value awards and proposals.

**SECTION 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

# Program Development

- Resolution would direct staff to develop a procurement program that considers Dallas First.
- That may include more proposals and fewer low bid procurements.
- Increased outreach to internal and external partners re local preference programs.

# Educational Outreach & Communication

- Partner with the following internal depts;
  - Business Diversity
  - Information & Technology Services
  - Economic Development
  - Communication, Outreach, & Marketing
  - Strategic Partnerships & Gov't Affairs
- Partner with the following external business & community organizations:
  - Dallas Black Regional Chamber of Commerce – [www.dbcc.org](http://www.dbcc.org)
  - Dallas Fort Worth Minority Supplier Development Council – [www.dfwmsdc.com](http://www.dfwmsdc.com)
  - Dallas Regional Chamber of Commerce – [www.dallaschamber.org](http://www.dallaschamber.org)
  - Greater Dallas Hispanic Chamber of Commerce – [www.gdhcc.com](http://www.gdhcc.com)
  - Regional Black Contractors Association – [www.blackcontractors.org](http://www.blackcontractors.org)
  - Regional Hispanic Contractors Association – [www.regionalhca.org](http://www.regionalhca.org)
  - U.S. India Chamber of Commerce – [www.gdiacc.org](http://www.gdiacc.org)
  - US Pan Asian American Chamber of Commerce – [www.uspaacc-sw.org](http://www.uspaacc-sw.org)
  - Women's Business Council – SW – [www.wbcsouthwest.org](http://www.wbcsouthwest.org)

# Next Steps

- Brief the Government Performance & Financial Management Committee on May 26, 2020.
- Present for Council approval on May 27, 2020.

# Dallas First Procurement

Ad Hoc Committee on  
COVID-19 Economic Recovery  
and Assistance – May 19, 2020



Elizabeth Reich, Chief Financial Officer  
Chhunhy Chhean, Director, Office of Procurement Services

