

ORDINANCE NO. 2025-O-

AN ORDINANCE OF THE CITY OF LAREDO, TEXAS, AMENDING ORDINANCE 2018-O-175, ARTICLE X, LOCAL PREFERENCE PROGRAM, OF CHAPTER 2, ADMINISTRATION, OF THE CODE OF ORDINANCES TO SET FORTH THE GUIDELINES FOR GRANTING A LOCAL PREFERENCE IN CITY PROCUREMENTS; PROVIDING THAT THIS ORDINANCE SHALL BE CUMULATIVE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR PUBLICATION; AND DECLARING AN EFFECTIVE DATE (AS AMENDED).

WHEREAS, the City Council recognizes that programs that encourage businesses to locate within the incorporated limits of the City of Laredo (the "City") and to hire Laredo residents as employees are the foundation of a strong local economy; and

WHEREAS, the City Council finds that by using its spending powers to encourage local business capacity, the City will also increase the competitive business pool from which it procures its goods and services, thereby maximizing return on investment in the City's fiduciary responsibility to its citizens; and

WHEREAS, the City Council finds that, when awarding contracts, the principal place of business of a vendor is a relevant criterion in providing best value for the City; and

WHEREAS, the City Council finds that the award of contracts to local area businesses benefits the economic vitality of the City and its area residents by providing citizen employment opportunity, increased property values and additional tax revenue to the City; and

WHEREAS, Texas Local Government Code Sections 271.905 and 271.9051 allow for the City's consideration of location of a bidder's principal place of business when awarding certain contracts; and

WHEREAS, in the interest of economic development opportunities for the City of Laredo, the City's Purchasing Division has implemented a local business purchasing preference policy in order to infuse additional dollars into the local economy; and

WHEREAS, City Council determines that for any procurement award that applies to this Ordinance, local responsive and responsible bidders in specified contracting areas offer the City the best combination of contract price and additional economic development opportunities, including the employment of City residents and increased tax revenue to the City; and

WHEREAS, City Council finds these determinations and conclusions meet the written determination required by Texas Local Government Code Section 271.905 and 271.9051 in the award of certain City contracts; and

WHEREAS, the City Council desires to add Article X, Chapter 2, to the Laredo City Code to follow state law and the local business preference policy to create contracting preference for local businesses; and

WHEREAS, City Council finds these determinations and conclusions meet the written determination required by Texas Local Government Code Section 271.905 and 271.9051 in the award of certain City contracts; and

WHEREAS, the 89th Texas Legislature enacted Senate Bill No. 1173, which amends Section 252.021(a) of the Texas Local Government Code, relating to municipal procurement thresholds and procedures; and

WHEREAS, effective September 1, 2025, Section 3 of S.B. No. 1173 increases the expenditure threshold from \$50,000 to \$100,000, requiring municipalities to follow competitive procurement procedures under Subchapter B and Subchapter C of Chapter 252, use the reverse auction method under Section 2155.062(d), Government Code, or comply with a method described in Chapter 2269, Government Code, for contracts exceeding that amount;

WHEREAS, Pursuant to the authority granted under Article XI, Section 5 of the Texas Constitution and the City's Home Rule Charter, the City Council may, by ordinance, authorize the City Manager to increase or decrease established expenditure thresholds. Any such adjustments must be consistent with the City's adopted budgetary policies, applicable state and federal laws, and principles of sound financial management.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS THAT:

Section 1. City Council determines that the findings contained in the preamble of this Ordinance are true and correct, and hereby adopts these findings.

Section 2. The City of Laredo Code of Ordinances, Chapter 2, is hereby amended by adding a new Article entitled "Local Preference Program" to create a contracting preference for local businesses as follows:

Article X. - Local Preference Program Sec.

2-405. -Declaration of Policy.

- (a) It is the policy of the City of Laredo (the "City") to use its spending powers to promote fiscal responsibility and maximize the amount of resident tax dollars that remain in the local economy for the benefits of its citizens by utilizing all available legal opportunities to contract with local businesses.
- (b) It is the policy of the City of Laredo to afford a bidding preference to local businesses, unless prohibited by granting agencies, exempted by Federal or State Laws/Codes, Local

ordinances or City resolutions, or if doing so would be clearly disadvantageous to the City.

- (c) It is the policy of the city to achieve the policy goal in subsection (a) by utilizing a local business purchasing preference in the competitive processes of procuring goods and services.
- (d) Nothing in this article prohibits the city from rejecting all bids, as permitted by law.
- (e) Nothing in this article may be construed to require the city to enter into a contract with a bidder that is not a responsible bidder.
- (t) Except as provided by this Article IX, Local Preference Program, the City's procurement shall otherwise remain unchanged.

Sec. 2-406. - Definitions.

The following words and phrases, when used in this article, have the meanings provided in this section:

Bid means any procurement method governed by Texas Local Government Code, Title 8, Acquisition, Sale or Lease of Property, or as it may be amended.

Headquartered means the place where a business entity's officers direct, control and coordinate the entity's activities.

Joint venture means a collaboration of business entities, in response to a solicitation, which is manifested by a written agreement between two (2) or more independently owned and controlled business entities to form a third business entity solely for the purposes of undertaking distinct roles and responsibilities in the completion of a given contract. Under this business arrangement, each joint venture partner shares in the management of the joint venture and also shares in the profits or losses of the joint venture enterprise commensurately with its contribution to the venture.

Local business means a business with a principal place of business within the city limits.

Managing department means the department managing the procurement for a contract.

PDFD means the purchasing division of the city's finance department, or successor division or department with primary responsibility for procurement.

Principal place of business means (1) a business headquartered for one year or more in the incorporated limits of the city; or (2) a business having an established place or places of business in the incorporated limits of the city from which at least one hundred (100) of its employees or at least twenty (20) percent of its total number of full-time, part-time and contract employees are regularly based, and from which a substantial role in the business ' performance of a commercially useful function or a substantial part of its operations is conducted by those employees. A location utilized solely as a post office box, mail drop or telephone message center or any similar combination, with no other substantial work function, is not a principal place of business.

Sec. 2-407. - Purchases of personal property that is not affixed to real property.

- (a) ~~[Contracts of fifty thousand dollars (\$50,000.00) to under five hundred thousand dollars (\$500,000.00). In purchasing any personal property that is not affixed to real property, if the city receives one (1) or more bids from a bidder that is a local business and whose bid is within five (5) percent of the lowest bid price received by the city from a bidder who is not a local business, the city shall enter into a contract that requires an expenditure of fifty thousand dollars (\$50,000.00) to under five hundred thousand dollars (\$500,000.00) with the bidder that is a local business.]~~
- (a) Contracts of one hundred thousand dollars (\$100,000.00) to under five hundred thousand dollars (\$500,000.00). In purchasing any personal property that is not affixed to real property, if the city receives one (1) or more bids from a bidder that is a local business and whose bid is within five (5) percent of the lowest bid price received by the city from a bidder who is not a local business, the city shall enter into a contract that requires an expenditure of one hundred thousand dollars (\$100,000.00) to under five hundred thousand dollars (\$500,000.00) with the bidder that is a local business.
- (b) Contracts of five hundred thousand dollars (\$500,000.00) or more. In purchasing any personal property that is not affixed to real property, if the city receives one (1) or more bids from a bidder that is a local business and whose bid is within three (3) percent of the lowest bid price received by the city from a bidder who is not a local business, the city shall enter into a contract that requires an expenditure of five hundred thousand dollars (\$500,000.00) or more with the bidder that is a local business.
- (c) When a bidder is a joint venture, each joint venture partner must meet the definition of a local business to be eligible for the preference described in that section.

Sec. 2-408. - Purchases of non-professional services.

- (a) ~~[Non-professional services contracts of fifty thousand dollars (\$50,000.00) to under five hundred thousand dollars (\$500,000.00). In procuring non-professional services, excluding construction services, if the city receives one (1) or more bids from a bidder that is a local business and whose bid is within five (5) percent of the lowest bid price received by the city from a bidder who is not a local business, the city shall enter into a contract that requires an expenditure of fifty thousand dollars (\$50,000.00) to under five hundred thousand dollars (\$500,000.00) with the bidder that is a local business.]~~
- (a) Non-professional services contracts of one hundred thousand dollars (\$100,000.00) to under five hundred thousand dollars (\$500,000.00). In procuring non-professional services, excluding construction services, if the city receives one (1) or more bids from a bidder that is a local business and whose bid is within five (5) percent of the lowest bid price received by the city from a bidder who is not a local business, the city shall enter into a contract that requires an expenditure of one hundred thousand dollars (\$100,000.00) to under five hundred thousand dollars (\$500,000.00) with the bidder that is a local business.

~~(b) [Construction services contracts of fifty thousand dollars (\$50,000.00) to under one hundred thousand dollars (\$100,000.00). In procuring non-professional construction services, if the city receives one (1) or more bids from a bidder that is a local business and whose bid is within five (5) percent of the lowest bid price received by the city from a bidder who is not a local business, the city shall enter into a contract that requires an expenditure of fifty thousand dollars (\$50,000.00) to under one hundred thousand dollars (\$100,000.00) with the bidder that is a local business.]~~

(b) Construction services contracts of one hundred thousand dollars (\$100,000.00) to under two hundred thousand dollars (\$200,000.00). In procuring non-professional construction services, if the city receives one (1) or more bids from a bidder that is a local business and whose bid is within five (5) percent of the lowest bid price received by the city from a bidder who is not a local business, the city shall enter into a contract that requires an expenditure of one hundred thousand dollars (\$100,000.00) to under two hundred thousand dollars (\$200,000.00) with the bidder that is a local business.

(c) When a bidder is a joint venture, each joint venture partner must meet the definition of a local business to be eligible for the preference described in that section.

Sec. 2-409. - Purchases of professional services.

(a) In procuring professional services under the Professional Services Procurement Act, Section 2254.004, Texas Government Code, the managing department may, when appropriate, award up to twenty (20) points to a respondent based upon knowledge of, and experience regarding local conditions as part of the qualifications determination.

(b) In procuring professional services not governed by statute, the managing department may, when appropriate, award ten (10) points to a respondent that is a local business headquartered within the incorporated limits of the city, or five (5) points to a respondent that is a local business not headquartered within the incorporated limits of the city.

(c) For respondents submitting responses as a joint venture to solicitations for professional services not governed by statute, the following is applicable:

- a. For joint ventures, ownership and location of the individual entities entering into the joint venture relationship may be considered in the award of points. To be considered for points, at least one of the entities must be a local business; and
- b. Allocation of points for joint ventures may be determined by the percentage of ownership by a local business(es). If the local business entity(ies) is (are) headquartered within the incorporated limits of the city for one year or more, the managing department may, when appropriate, allocate a percentage of ten (10) points based upon the percentage of local

business ownership in the joint venture. If the local business entity(ies) is (are) not headquartered within the incorporated limits of the city for one year or more, the managing department may, when appropriate, allocate a percentage of five (5) points based on the percentage of local business ownership in the joint venture.

~~{Sec. 2-410. — Purchases under \$50,000.00.}~~

Sec. 2-410. - Purchases under \$50,000.00.

~~{Subject to Texas Government Code Section 2254.004, when procuring goods or services valued at less than fifty thousand dollars (\$50,000.00) that are not subject to a blanket purchase order or contract, the city shall select vendors and service providers with a principal place of business within the city, provided that any such vendor's bid is no more than five (5) percent greater than the lowest bid, in the event the lowest bid is from one other than a local business.}~~

Subject to Texas Government Code Section 2254.004, when procuring goods or services valued at less than one hundred thousand dollars (\$100,000.00) that are not subject to a blanket purchase order or contract, the city shall select vendors and service providers with a principal place of business within the city, provided that any such vendor's bid is no more than five (5) percent greater than the lowest bid, in the event the lowest bid is from one other than a local business.

Sec. 2-411. - Responsibilities and Enforcement.

- (a) The PDFD shall be responsible for establishing the documentation necessary to establish a principal place of business in the city. Any entity claiming to be a local business shall submit to the city a form promulgated by the PDFD, attested to by a duly authorized representative of the business. The PDFD shall make the final determination as to whether a business is a local business.
- (b) The PDFD is directed to provide written guidance to departments upon implementation of this article and shall provide interpretative guidance and criteria related to joint ventures seeking preferences under this program to ensure uniform application that meets the intent of this article.
- (c) The submission of documentation by a business entity that is required to establish a principal place of business, or to demonstrate the existence of and participation in a joint venture, that is found to contain false information is grounds for debarment under section 2.11 of the Laredo Code of Ordinances.
- (d) The PDFD shall produce annual reports, summarizing the dollar amount of procurements awarded to local businesses under this program.
- (e) Successor authority. The departmental roles and responsibilities established by this article are extended to any successor department or division that performs comparable duties, in the event of an organizational restructuring or the creation of new or changed departments or

divisions, or as otherwise provided by the City Manager.

Sec. 2-412. - Exceptions.

- (a) This program does not apply to any contract funded in whole or in part by the federal government or where the city acts as a conduit for federal money.
- (b) This program does not apply to contracts where the managing department or city council has determined that it would not be in the best interest of the city.
- (c) This program does not apply to contracts for federal or state lobbying services.
- (d) This program does not apply to purchases made through a purchasing cooperative program.
- (e) In accordance with Local Government Code, Section 271.0951, this program does not apply to the purchase of telecommunications services or information services, as those terms are defined by 47 U.S.C.A. Section 153.

Section 3. This ordinance shall be cumulative of all provisions of ordinances of the City of Laredo, Texas, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

Section 4. It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

Section 5. The City Secretary of the City of Laredo is hereby directed to publish the proposed Ordinance as required by Section 2.09 of the Charter of the City of Laredo.

Section 6. The publishers of the City Code of Laredo, Texas are authorized to amend said code to reflect the changes adopted herein and to correct typographical errors and to index, format and number paragraphs to conform to the existing code.

Section 7. This Ordinance shall become effective immediately upon passage

**PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR ON THIS
_____ DAY OF _____ 2025**

**DR. VICTOR D TREVINO
MAYOR**

ATTESTED:

**MARIO I. MALDONADO JR.
CITY SECRETARY**

**APPROVED AS TO FORM:
DOAH T. NGUYEN, CITY ATTORNEY**

**AMBER HOLMES
ASSITANT CITY ATTORNEY**

