

CITY COUNCIL RESEARCH DIVISION

LEGISLATIVE SUMMARY



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Bill Type and Number: 2020-238

Introducer/Sponsor(s): Council Member Diamond

Date of Introduction: May 12, 2020

Committee(s) of Reference: F

Date of Analysis: May 13, 2020

Type of Action: Ordinance creating new section of Procurement Code

Bill Summary: This bill creates a new Section 126.114 (Buy American preference in contracts for goods), Part 1 (General Regulations), Chapter 126 (Procurement Code), *Ordinance Code* to create a preference for American made goods in City contracts. Exceptions are made for: Professional Services, goods valued less than \$10,000, bids for projects where federal funds are involved (the federal guidelines as to use of the federal funds shall prevail), goods or services provided under a cooperative purchasing agreement or utilization of other agency contracts (piggyback contracts), purchases made or contracts let under emergency or noncompetitive situations (sole source, or a special procurements/bid waiver), or for legal services, if the business is determined to be unqualified to perform the work as determined by the City, and if the business submits a bid that exceeds the projected budget.

Background Information: The Buy American Act of 1933, 41 U.S.C. 83, requires that the Federal Government in procurement and certain matters involving federal financial assistance utilize U.S. products for the purchase or acquisition of goods, products or materials, as defined in the Buy American Act, whenever possible with some exceptions. The purpose of this legislation is to designate a domestic preference for goods that are manufactured, assembled or produced in the United States in City procurement contracts. To qualify for this preference, 51 percent of the components of the final product manufactured, assembled or produced to be sold to the City must be made in the United States. The domestic preference will be given to a vendor offering American manufactured, assembled or produced goods, who is within five percent of the lowest bidder. The preference must be asserted by the vendor in the bid application with appropriate documentation. The Director of Procurement is charged with the implementation of the administrative policy or regulations consistent with this new Procurement Code Section. The intent of the domestic preference is to promote the local economy, the economies of neighboring counties and municipalities, and to strengthen state and national economic interests.

Policy Impact Area: Procurement Code-American product preference

Fiscal Impact: Potential increase in procurement costs of up to 5 percent on covered purchases in order to achieve the Buy American objective

Analyst: Hampsey