

GOVERNMENT CONTRACT
COMPETITION:
CAN EL PASO AFFORD
TO GO **LOCAL?**

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Government Contract Competition
Can El Paso Afford to Go Local?

Authored By

Abraham Galindo, *Americas High School*
Amanda Macias, *Bel Air High School*
Aidan Martínez, *El Dorado High School*
Viridiana Sánchez, *El Dorado High School*
Alexander Hagedorn, *Texas Tech University*

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200 N. OCHOA ST.
EL PASO, TX 79901
915.533.6200 | 915.533.6207
WWW.COMMUNITYSCHOLARS.ORG

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El Paso's firms' varying levels of competitiveness, is one of the two most deciding factors in the city's policies for awarding government contracts.¹ Its isolated position in the United States is the second of these factors.² El Paso firms are placed at a disadvantage when competing for federal contracts, the most financially and otherwise significant type of contract, because of often unreasonably strict outlined qualifications and El Paso's limited, not highly skilled work force. By not being able to, in many cases, compete for these federal contracts, El Paso firms are severely limited in terms of growth. On the local level, El Paso firms are further limited to working only in the El Paso region due to the strict local preferences enacted in the state of New Mexico.³ A local preference is a manner of favoring firms from a certain area through allowing their bids to be a certain percentage higher than non-local firms while still being considered the lowest bid.⁴ Local preferences will be further discussed in this report's Methodology section. Thus, the issue at hand is not that there are a shortage of contracts being awarded by the City of El Paso to local firms, but that these contracts are usually of lower value and build reputation less effectively than federal contracts.⁵ Likewise, the low skill level of El Paso's work force does not attract high-profile companies to move to, or set up regional offices here. This cuts out the more lucrative contracts these high-profile companies would qualify for, denying El Paso firms another form of contractual work.⁶ All these factors lead to a lack of positive economic impacts that could be made on the El Paso community if more of these lucrative contracts were awarded to local firms.

Government Contracts

Government contracts are outlined as an agreement between a commercial entity and a governmental entity for the purchase, sale or use of public services and goods.⁷ When issuing a government contract, the federal government and competing firms must comply with the Federal Acquisition Regulations (FAR). The purpose of the FAR is to secure a competitive environment and guarantee the delivery of quality services and goods to the general public.⁸ Profit from a government contract is dependent on the efficiency of a firm in carrying out the project. Government contracts are useful for firms to attract commercial attention. Winning and completing a government contract advertises firms and makes them more appealing to commercial and public firms or governments that hold bids for contracts.⁹ However, due to financial capacity requirements placed on bidders, immunities that governmental entities have and "red tape," some firms may be discouraged from participating in the bidding process. Firms that do not bid on these government contracts exclude themselves from a steady flow of business.¹⁰

Types of Bid Processes

Four major types of bidding process and their distinctions are outlined below:

¹ (Gamboa, 2011)

² (Collins, 2011)

³ (Montes, 2011)

⁴ (A Program of the Institute for Local Self-Reliance, 2011)

⁵ (Montes, 2011)

⁶ (Shapleigh, 2011)

⁷ (U.S. Department of Labor, 2011)

⁸ (General Services Administration, 2011)

⁹ (Cannon & Kennedy, 2004)

¹⁰ (Lytle, 2011)

Table 1: Types of Bidding Process

Type	Sub-Type	Final Decision Making
Informal	Sealed Bid	Purchasing Officer's Discretion
Formal	Invitation for Bids (IFB)	Best Price
Formal	Request for Proposal (RFP)	Proposed Criteria (for the particular contract) and Best Price
Formal	Request for Qualification (RFQ)	Criteria on professional services and high degrees of education

Source: Fickey; Shapleigh

According to Lee Shapleigh, a division supervisor and an assistant to the El Paso county attorney, all the purchasing of goods and services for the county must be done by the county purchasing agent. Goods and services that are not required to be competitively bid because they do not meet the \$50K threshold are purchased by an informal bid process. In these cases, the purchasing agent employs an informal bid process whereby he or she phones or internet-searches vendors and obtains price quotes. He or she then makes the purchase based upon these informally obtained qualifications and price quotes. Since the information is not accessible to other competitors, this process is dubbed a "sealed bid."¹¹

In an IFB a select number of firms are invited to compete for a project that is highly specialized. Once the firms receive the invitation, they have the option to engage in a competitive bid with the other selected firms. The final selection is based strictly on price because the firms involved have already been screened as far as their qualifications.¹²

In an RFP, bids are featured in the city's newspaper every Tuesday and remain public for two consecutive weeks. Firms may send proposals to the city's purchasing division by the advertised due date. Similar to informal bids, formally bid contracts are publicly awarded to the "lowest responsible bidder."¹³

Finally, in an RFQ, the purchasing officer will search for highly qualified personnel or specialized firms (such as medical or highly specialized technicians, for example) and contact them regarding their availability and to negotiate payments with them.¹⁴

Bidding System

At all levels of government, entities are required by law to ensure the procurement of goods and services to be carried out by a competitive and efficient bidding process.¹⁵ RFPs are often used when materials are more difficult to specify in drafts (such as high-tech equipment). Rather than outlining what materials are to be used in the project, the government states what it wants the service/product to accomplish. Bidders respond to the request by outlining required

¹¹ (Shapleigh, 2011)

¹² (Fickey, 2009)

¹³ (Bernal, 2011)

¹⁴ (Shapleigh, 2011)

¹⁵ (General Services Administration, 2011)

materials and functions they know they are capable of producing or already possess. Although price is an important factor for government to consider, other factors such as a firm's credentials, qualifications and historical performance can outweigh the lowest bid winning a contract.¹⁶

Since the awarding of contracts is competitive in nature, profit for a firm is narrow when participating in the bid process because pricing power is negated by the competition.¹⁷ The apprenticeship program of the County also serves to increase the competition of the bidding process in El Paso, and it will be covered more in detail later in our report.¹⁸

Potential firms must be financially capable of performing the requested service prior to receiving the award of the contract. To ensure a principal's financial stability, government procurements require principals to submit financial statements or to post surety bonds, which will be explained in the following paragraphs. Technological sophistication is also a major contributing factor when considering firms. Updated technology also attributes to a firm's operational efficiency and its compliance in meeting the standards set in the RFP. Valuing such qualifications, a history of good rapport, the firm's credentials and experience promotes a competitive atmosphere during the bid process.¹⁹

Intro to Local Preferences

A local preference system refers to government employing statutes and regulations in which local firms' bids are given priority over non-local firms. This priority is implemented through allowing a local firm's bid price to be a certain percentage higher than the non-local firm, which is the actual lowest bidder. Having local preferences is not ideal for the long-term growth of a municipality's firms. Establishing a local preference in a competitive process may limit business opportunities for local firms when these firms decide to bid outside of their local area, since governmental entities in those other areas may discriminate against them in favor of their own companies. The legality of such reciprocal action is dependent on state law and is legal in Texas, but has not as of yet been adopted by El Paso.²⁰ Prior to the passing of Section 271.905 of Texas Local Government Code, Texas counties were required to enforce a "level field" competitive bidding process in which both in-state and out-of-state firms are evaluated equally and without preference.²¹ However, local preferences are now legal in Texas, and El Paso recently implemented this preference through adoption its ordinance authority.²² The state of New Mexico also has a local preference.²³

Bond Capacity

An obligee is a firm holding a bid for a project. A principal is a firm that will compete for the project and carry it out if awarded the contract.²⁴ Approximately one third of obligees require the competing principals to be insured by a surety, a type of insurance company that guaranties

¹⁶ (Shapleigh, 2011)

¹⁷ (Cannon & Kennedy, 2004)

¹⁸ (Shapleigh, 2011)

¹⁹ (Cannon & Kennedy, 2004)

²⁰ (Lytle, 2011)

²¹ (Shapleigh, 2011)

²² (Collins, 2011)

²³ (Montes, 2011)

²⁴ (Surety Information Office, 2009)

the obligee that it will step in to pay for the work or complete the work if the principal fails to do so for any reason. With stricter budgets involved in most projects, obligees require stronger protection against principal default, meaning, obligees readjust requirements for principals that are bidding for contracts to prevent unnecessary losses. Bonding capacity simply describes how financially capable a principal is of securing the payment and performance insurance and “bonding a project” and still being able to place a competitive bid. Well-established firms that can afford sureties are in a good position since these bonds assure obligees that the firms have the capacity to successfully perform work on a project.²⁵

Surety companies are monitored and reviewed in order to be licensed as an insurance company. Principals have to show the capability to abide by the contract terms set by the obligee in order to qualify for a surety. In return, sureties have a duty to obligees to take action if a principal fails a project or contract, usually by providing compensation for the amount of money lost. Sureties can provide three types of bonds to principals and obligees: a bid bond, which assures a principal is pre-qualified; a performance bond, which protects the obligee if the principal defaults; or a payment bond, which secures payment to both parties.²⁶

When it comes to surety bonds within El Paso, Texas law requires performance bonds for projects in excess of \$100,000 and payment bonds for construction projects in excess of \$25,000. Businesses contracting with El Paso County seem to have sufficient bonding capacity according to Shapleigh. Bonding requirements are included in the specifications for contracts, and vendors who do not have sufficient bonding capacity generally do not submit bids. These statutory bonding requirements do not limit the bidding vendor pool such that governments have difficulty awarding contracts, they just exclude from the bid whichever firms do not have necessary financial assets and bonding capacity. This suggests that that if a firm realizes the requirements cannot be met, it will not consider submitting a bid in the first place or may seek to team with a firm that can secure a bond.²⁷

Privatization

Privatization is the process through which control of a previously government-run service or utility is sold to the private sector. There are two main types of privatization: outsourcing and Build-Operate Transfer (BOT). A BOT concurrence establishes a government-private partnership in order to create and operate a facility that provides a public service. When the contract ends, government will manage the facility again. A BOT agreement could come into action when cities are facing budget shortfalls and still require large capital investments to build new water treatment plants or toll roads.²⁸ Government outsourcing is the process through which the control and delivery of government provided services are transferred to private firms by shifting the government’s management power and control of cash-flow operations to these private firms. Governments and firms often decide to outsource when there is poor economic performance in the area of public services while having a demand to improve and maintain infrastructure.²⁹ Before outsourcing services to other firms, the governmental entity or private

²⁵ (Barnes Dennig, 2011)

²⁶ (Birch, 2010)

²⁷ (Shapleigh, 2011)

²⁸ (Texas Center for Policy Studies, 2002)

²⁹ (Tholons, 2010)

firm must analyze their prospective targets' levels of quality, costs and the technology they can employ to deliver the service or product.³⁰

Overview of the Multiplier Effect

Cities are often faced with the decision of choosing a firm to supply a public service or utility. The firm that eventually is chosen to run the service could be: a local firm, which in El Paso's case often submits a more expensive bid price. It could also be a non-local firm, which in El Paso's case often submits a lower, more appealing bid price. Our questions are whether a non-local firm winning the bid will have a negative impact on El Paso's economy or whether a local firm winning the bid will have a positive impact on El Paso's economy, largely because of the multiplier effect.

To measure the level of impact from any government investment, many economists use the multiplier effect to assess the growth, the export and economic activity in a region. In order for a multiplier effect to exist there must be a new demand and a new source of income that is injected into the economy. A multiplier effect results from consumers purchasing goods and services provided within a region, thus, generating a more circular income.³¹

The local multiplier effect refers to how many times dollars from a locally purchased service are re-circulated within a local economy before leaving in import purchases. Purchases and profits that stay within a local community increase the revenue, income and business opportunities for locally owned industries. Money that is invested in industries whose headquarters are not locally based contributes minimally to local economic growth or activity. The expansion of national businesses into domestic local business markets has resulted in the diversion and redirection of profit to centralized corporations. Such expansion and preference of investment in nationally based corporations has depleted local municipalities of a vital source of re-circulated income.³² Whether El Paso suffers from similar preferences in contracting is one of the focal points of the study.

Community Scholars compiled this report from online journals, government websites, economic reports, interviews with the El Paso county attorney, two El Paso county division supervisors, the City of El Paso's purchasing manager, the City of El Paso's Economic Development Department and Urban Associates Inc., a successful local construction firm.

Purpose

The least expensive bid price often seems to be the most important factor when determining the winner of a contract, but other issues arise that are considered when determining the hire of private firms to undertake public services. The report written by the American Federation of State, County and Municipal Employees, states that these issues include corruption, the draining of local resources, complaints and motivational factors. These factors that should be considered when going through a bid process are often ignored and abused.³³ The

³⁰ (Taylor, 2005)

³¹ (Economics Online, 2011)

³² (Truitt, 2004)

³³ (American Federation of State, County and Municipal Employees, No Date)

American Federation of State, County and Municipal Employees viewed privatization in a negative light. They concluded that privatization is not always a beneficial act for cities.

In a study conducted by Berenyi and Stevens, private firms were revealed to be less expensive to enlist than firms from the municipal/public sector. The study targeted areas in Los Angeles, each of which had a population of about 250,000, and compared them based on which cities had private firms or public firms providing the public services required in their communities. The study examined what is needed to be an efficient and an effective firm, and its conclusion: total cost, quality and scale of the service provided, condition of the end project and organizational arrangement is what makes a firm desirable to employ. In addition, the study delved into the differences in the efficiency of the private and public firms.³⁴

In 1997, a study conducted by Dilger, Moffett and Struyk focused on 66 of the largest cities in the United States that had privatized their public services. A survey was distributed by the *Public Administration Review* to these cities. It focused on the cities' satisfaction and considered the benefits of having private firms controlling the work for public services. Most of the cities agreed that privatization lowered costs to an extent within the five service categories:

- Public Works/Transportation
- Public Safety
- Health and Human Services
- Parks, Recreation and Culture
- Support Functions

It was also agreed that when it came to improving services, most noticed a difference in service delivery. Reduced costs and improved services turned out to be the major motivational factors for these cities to transition to privatization. At the end of the survey there was room for extra comments and concerns and two city managers noted a significant factor that few of the other cities took into account: that privatization works best for public services that require labor intensive work, but is less effective when involving services that require capital intensive work. In public sectors, capital intensive work is generally of a lower cost while, in private sectors, labor intensive work often costs less. With privatization, benefits arise that help improve the quality and efficiency of a city. According to the study, most cities choose to observe the same criteria to measure changes that result from privatizing.³⁵

Prager and Desai state that outsourcing can be greatly beneficial to a city only if the city goes about it correctly. The Federal Government's Office of Management and Budget's *Circular A-76* is considered to be the best guide for a city when switching from the public sector to the private because it provides valuable information of what to consider when considering a contract and how to analyze a bid from the "correct" perspective. *A-76* has three main rules that all cities should consider: not every government operation should be privatized, examine all costs and pay attention to the marginal ones. The report reveals that there are flaws in the circular when dealing with bids. There are always agencies that that will focus more on what can save them money, rather than efficiency or effectiveness. *Circular A-76* states that cities need to focus on the relationship between labor costs and labor quality because, to public sector labor unions,

³⁴ (Berenyi & Stevens, 1988)

³⁵ (Dilger, Moffett, & Struyk, 1997)

contracting out means the replacement of, “Higher-paid, unionized government workers by lower-paid nonunion workers” and that in itself could cause a decrease of quality of the service. A-76 also does not account for “lowballing...” “Lowballing” is putting forth, “. . .unsustainably low bids submitted to win the contract...”³⁶ Prager and Desai gave valuable information as to what all governmental entities should do before implementing privatization.

Some cities may consider “buy local” campaigns. There are many economic advantages to “buying local.” A study in Austin, Texas, *Economic Payoffs from Buying Local*, compared the input of money into the local economy when a person bought items from a locally owned bookstore or a bookstore chain. By buying \$100 worth of merchandise, \$45 was injected into the local economy, while the same amount of merchandise bought from the non-local bookstore only \$13 was injected into the local economy. This reveals that more money stays within the local economy when buying local rather than buying from a chain store domiciled outside the area.³⁷ This study is an example of benefits when buying from a locally owned business; however it is not to be used as a direct comparison to contracting locally.

A study was conducted in Wallowa County, Oregon, to implement an Input-Output model (I-O) in order to determine the economic conditions in Wallowa compared to the state and/or nation. Wallowa is a nonmetropolitan county that, “. . .is a natural resource based economy that is trying to diversify so that it can more effectively adjust to a globalized market place.” To achieve this goal, Wallowa County has been attempting to increase population as well as transitioning to the use of more service occupations. Location Quotients (LQs) were also used to approximate the local economic base. With the use of LQs, it was determined that Wallowa continued to be a natural resource based economy. Agricultural services in the county exceed the average employment rate in comparison to Oregon and the U.S. Although LQs are essential to evaluate when analyzing the economic diversity of an area, it has been proven that the economic base of a region is captured more efficiently with the use of an input-output model.³⁸

The I-O model directly estimates the exports from every industry; the model then uses a multiplier for each sector and estimates the dependence of the regional economy on exports from each sector. Once tables and matrices are generated based on the I-O model, “an economic event can [then] be introduced into the economy and a set of impacts are projected.”³⁹ The information from Wallowa County was beneficial to this study, considering the fact that it is similar to El Paso in its isolated location. By taking into account what Wallowa County did to improve its economic diversity, the example set by the county gave ideas as to what other municipalities could do in order to succeed in a “globalized market.” To achieve success in a globalized market, a municipality needs to improve its delivery of goods and services by strengthening its firms (whether they are construction, medical, hi-tech, or otherwise).

Methodology

With the use of research and interviews, Community Scholars analyzed the procurement processes in El Paso and Albuquerque, a city similar to El Paso demographically and

³⁶ (Prager & Desai, 1996)

³⁷ (J.G. Press, Inc., 2004)

³⁸ (Sorte & Tanaka)

³⁹ (Sorte & Tanaka)

geographically, but different in terms of local preference. The Federal Reserve Financial Impact Tool, an economic calculator that displays the impacts of government purchases, was incorporated to support the analysis of the economic impacts of contracts in El Paso.

El Paso’s Economy

El Paso has been recognized as the:

- #1 “City where Americans are getting richer” (Forbes, December 2009)
- 10th “Strongest U.S. Economy” (Bloomberg Businessweek, October 2009)
- 4th “Strongest Job Market” (Bloomberg Businessweek, July 2010)
- 2nd “Best Economic Growth” (The Brookings Institute, June 2010)⁴⁰

Statistical evidence, such as unemployment, used out of the proper context, cannot effectively portray a city’s economic health. According to Ernesto Gamboa, an economic development officer for the city of El Paso, a municipality’s median income affects and indicates the municipality’s economic health status. Median income is not affected by the amount of jobs, but rather by the quality and salary of jobs. Quality of life within a city is identified as the second most-important economic indicator. The more accessible, especially cost-wise, city activities and services are to the public, the better the quality of life that residents of the city experience.⁴¹

The table below compares the cost of living index (CLI) of the United States, Albuquerque and El Paso.

Table 2: Cost of Living Index Comparisons

Location	Cost of Living Index
United States	100
Albuquerque	95
El Paso	90

Source: City of El Paso Planning and Economic Development

CLI is measured by how relatively expensive or affordable all the goods and services are in a city to the average consumer. The CLI of El Paso is the lowest of the three regions shown in the table above. Consequently, El Paso’s essentials for living and access to services are the most inexpensive which reduces the financial burden on residents.

Rise in Privatization

Governments generally have two goals in their decision to privatize government services and these are not mutually exclusive. The first goal is to save money. Government operations and benefits are often more expensive than private operations. One example of this was an attempt to bid out janitorial services. The bid prices were less than the county was spending, but the employee benefits were much less generous in health and retirement. The privatization was ultimately abandoned. The second goal of privatization is to increase efficiency.⁴²

⁴⁰ (City of El Paso, 2010)

⁴¹ (Gamboa, 2011)

⁴² (Shapleigh, 2011)

Privatization and Economic Performance El Paso tends to privatize more than Albuquerque; a city often referenced for not privatizing. The Albuquerque Bernalillo County Water Utility Authority, a public firm, enhanced the water service in Albuquerque by supplying 90 percent of the water used in the city (an estimate of 16B gallons a year), and through incentives for conserving water, has successfully reduced water usage by 38 percent. New Mexico Utilities' customers increased significantly from 175,173 to 200,944 after the Albuquerque Bernalillo County Water Utility Authority obtained control over the private entity.⁴³

On the other hand, El Paso does tend to privatize more often. For instance, El Paso County has privatized the El Paso County Coliseum in order to increase the facility's monetary potential without undergoing the extensive government processes needed to create revenues that are simpler to achieve under control of the private sector. Private entities are able to manage this building and its services quickly and efficiently. County entities had to undertake extensive procedures to provide the services offered in the Coliseum that often discouraged promoters from scheduling events. It is very difficult legally for governmental entities to obtain a license to sell alcoholic beverages, consequently limiting the amount of revenue possibly generated in the Coliseum if it were run by the County. In addition, the time it takes the County to make decisions and approve contracts would cause a loss of revenue because the County could not respond as quickly to offers as a private entity could. The county also decided to privatize health clinics to shift liability to private vendors, thereby creating a layer of immunity for the governmental entity.⁴⁴ Through a competitive bid process, the City of El Paso has also privatized the ambulance services to Elite Medical Transport to increase efficiency.⁴⁵

Effects of Contracting

Newly established firms participate in bidding for the purpose of establishing credentials and building portfolios for future business contracts.⁴⁶ Often, young firms that compete for a government contract have to "cut corners" because of the relatively low profit involved in many government contracts, and this negatively affects their quality of work.⁴⁷ Although such cases prompt some businesses to stay away from government contracts, some steer towards them and the strong network of reliable overhead and regulations that they provide. Because contracts tend to be awarded on an annual basis, government work has more predictability, which is critical in a recovering economy. Benefits from government contracting include, but are not limited to: reliable revenue, overhead coverage and market place credibility.⁴⁸ Contracting with the federal government includes very specific information from a single point of reference. This prevents any confusion outlined within a contract which would otherwise occur when contracting local.⁴⁹

Procurement Processes Within the El Paso community and throughout Texas there are two specific types of bidding processes: formal and informal bidding. Informal bidding occurs when

⁴³ (Tonjones, 2010)

⁴⁴ (Lytle, 2011)

⁴⁵ (Press Release 365, 2011)

⁴⁶ (Cannon & Kennedy, 2004)

⁴⁷ (Gooch, 2005)

⁴⁸ (Cannon & Kennedy, 2004)

⁴⁹ (Montes, 2011)

a contract is less than \$50,000 and can be completed within 12 months. Formal bidding occurs when a contract exceeds \$50,000.⁵⁰

Relations of Contracting Parties Public and private businesses may decide to appeal to the obligee by establishing a relationship at a more personal level as opposed to a businesslike one. However, such is not always the nature of relationships between contracting parties. In the private sector, individuals or companies will often enter into contracts with other individuals or entities based upon some previously existing personal or business relationship. In those cases, often the history of the relationship is a major factor considered instead of just the price or cost. Statutes restrict the contracting ability of governmental entities, however. These statutes require that bids are awarded on less subjective criteria like price or cost, and in some cases factors such as experience, quality and qualifications. Common and acceptable practices in the private sector may be considered unethical or illegal if undertaken by a governmental entity.⁵¹

Lowest Bidder It has been the common misconception of the general public that contract awarding is solely based on the lowest bid. Awarding the contract based on the lowest expenditure without evaluation of the firm's bid offer may result in the firm creating unnecessary expenses for the obligee in materials, transportation, etc. The quality of the service may also be compromised and create added expense to the obligee.⁵²

Revenue Revenues from government contracts do not often impact a local economy instantly. An exception to this would be certain very large construction projects, but, as Shapleigh states, "It is hard to tell what impact they [government contracts] have on the economy. It can be so diffused throughout the economy that it is nearly impossible to measure," which furthers the claim that contracting does not immediately impact the economy. Another example of an instance in which a contract did immediately impact the economy is when El Paso County had a private company install phones and provide phone service for inmates in the County jail. They were required to pay the County a fee up front, and were willing to do so because of their anticipated profit from the inmates' use of the phones.⁵³

Factors Discouraging Government Contracting

Firms face complications from El Paso County's Apprenticeship Program. The Apprenticeship Program requires construction companies awarded a \$50,000 contract to have an apprentice for every subcontract. This program was created as a business growth program in order to establish a more skilled labor force among the smaller companies; however, it is usually just added cost as it fails to provide the productive labor skills that are essential for making a firm more competitive. This program may also lead to a rise in complications and an unnecessary loss of money. For example, a local firm was awarded a contract from the county; one of the subcontracts required a contractor to hang curtains. The task was accomplished by one individual in matter of a few hours. However, he did not have the required apprentice. The county then undertook an investigation which cost the County thousands of dollars. Ultimately, the firm had to pay a fine. The City is in the process of implementing a similar business growth program,

⁵⁰ (Lytle, 2011)

⁵¹ (Bernal, 2011)

⁵² (Collins, 2011)

⁵³ (Lytle, 2011)

entitled the Mentor-Protégé Program. The Apprenticeship Program has been established for a number of years, thus, it is in the position of influencing the proposed Mentor-Protégé Program. If the city uses the Apprenticeship Program as an outline for the Mentor-Protégé Program, it may also face the same problems as the county.⁵⁴

When entering a contract with the private sector, governmental entities must sacrifice some of their immunities from lawsuits, otherwise no private firms would be willing to participate in government contracts.⁵⁵ But there are still immunities that the government will still retain, so, before a firm may decide to file a lawsuit against a government, it must consider if a lawsuit is feasible.⁵⁶ Legal action depends on the nature of the contract and what regulations are associated with it, but it is often an uphill battle for firms to take on any form of government because of those aforementioned immunities from lawsuits. Montes explains that, as a contracted business, "... you cannot sue the City; and it is nearly impossible to sue the County because of the immunities in place."⁵⁷ However, the authority that a government entity may exert during the actual project is more limited and shifts to the principal. Yet, the private sector must abide by the federal and state statutes outlined in the contract in regards to employees' prevailing wage rates, and if a firm is found to be in breach of this particular statute, the government does retain limited authority to intervene and enforce the law.⁵⁸

If there is a situation in which it is possible that an illegal preference influenced the awarding of a contract, other bidders may protest the bid. Bernal states, "When a bid protest is filed, the County investigates to see if there is any merit to the claim. If there is no merit to the claim, and 99% of the time there isn't, then the project continues. Occasionally, when there is merit to the claim, then the county can invalidate the contract and rebid. If the bid protest is denied, the losing bidder could file a lawsuit and ask the court for an injunction to stop the project. If the court grants the injunction, the project would stop until the court had the opportunity to hear all the evidence and decide on the merits of the lawsuit."⁵⁹ Such injunctions cost the government money because their lawyers are required to investigate and defend against the allegations.⁶⁰ If a bid protest is found to be legitimate before the project has begun, legal action may be taken and the protesting firm may be compensated for a percentage of the money it lost in losing the bid. After the project has commenced, however, the time for legal action has already passed.⁶¹

Local vs. Non-Local

The problem with assessing the quality of life in a region is that the broad definition of the term takes into account multiple variables that may lead to various interpretations of benefit. General considerations to assess quality of life are the city's economic and demographic structure. As aforementioned, when contracting, the objective is not maximizing the number of jobs that will be open to the public to decrease the unemployment rate, but rather, the quality of

⁵⁴ (Montes, 2011)

⁵⁵ (Lytle, 2011)

⁵⁶ (Shapleigh, 2011)

⁵⁷ (Montes, 2011)

⁵⁸ (Lytle, 2011)

⁵⁹ (Bernal, 2011)

⁶⁰ (Lytle, 2011)

⁶¹ (Shapleigh, 2011)

the end product and its effect on the municipality. This critical incentive is present in government contracting and in privatization. However, the difference between government contracting and privatizing is the focus and the motive for developing a contract. When entering a government contract, the concern is often delivering a service or product to the general public in a cost-efficient and time-specified window; conversely, a move for privatizing more often involves projects that improve the quality of life of citizens rather than simply the delivery of services. For example, a government entity purchasing land and leasing/selling the land in RFPs to private firms to deliver a project to taxpayers is an example of privatization and government contracting.

While many El Pasoans seem to be opposed to city contracting out at all, in occasions of contracting the motive of government is not only focused on the multiplier effect that a contracted local business will have within the city, but also on importing wealth into the economy from outside regions. For this reason, when there are bid openings, El Paso may not and cannot award the contract to a local firm through any preference. The purpose for procurement, whether through government contracts or privatization, is not to limit business to local firms and centralize growth within the municipality, but rather to invest in firms that are capable of expanding and becoming regional or global competitors by building credentials, qualifications and their level of professionalism. There exists a misinterpretation of preference being the major cause of governments awarding contracts to non-local firms or local firms, while the true nature of the decisions are based chiefly on qualifications in most cases.

The delivery of a service and its cost, as well as the expansion of the opportunities of local firms participating in bid processes are major factors of procurement. Potential increases in tax revenues, likewise, cannot be overlooked. The ultimate goal in contracting is not only to improve the economic activity of a region through work specific to that region, but to have those local firms bid in other municipalities statewide or even nationwide and have the profit directly re-circulated through the original city. This will build the firms' credentials and effectiveness in becoming global competitors, rather than just city-wide competitors. If the qualifications, price and other criteria of a firm do not offer the best possible expenditure to the government or taxpayers, this should preclude them from being selected, whether they are local or not. This is one of the main arguments of those opposing local preferences. Another motive for not supporting local preferences is that it forces firms to become fully competitive. Once a preference is enabled, the ability of a firm to do business outside its own region is limited by the "reciprocity" it will face when it attempts to expand. This negates much of the firm's ability to "import wealth" to its original region.⁶²

Local Preferences Section 271.905 of Texas Local Government Code allows a three percent local preference on contracts greater than \$100,000. Section 271.9051 enacted a five percent preference for contracts of less than \$100,000. This preference was originally only available to counties with low populations.⁶³ However, the 82nd legislative session in Texas passed House Bill 1869 in 2011. This dissolved the population requirements previously set in place. Even though the bill extends the local preferences to all municipalities and counties in Texas, local governmental entities are in the process of incorporating the bill into their local policies.⁶⁴

⁶² (Gamboa, 2011)

⁶³ (State of Texas, 2011)

⁶⁴ (Collins, 2011)

The New Mexico statute *13-1-21, Application of Preferences*, states that when bids are received from locally based and non-locally based businesses, and the lowest responsible bid is offered by the non-local business, the contract shall still be awarded to the local business that is equal to or lower than the lowest bid price when the local bid is multiplied by 0.95; this is how you describe a 5 percent preference mathematically.⁶⁵ Local preferences may only be initiated when state government issues a statute or regulation, or if a disparity study is performed in a region favoring a local preference. A disparity study analyzes historically deprived local businesses' inability to obtain government contracts.⁶⁶

Reciprocal Preference in Texas The most effective manner to respond to a local preference is through enforcing reciprocity. This method counters local preferences outside of the designated region.⁶⁷ Texas Government Code 2252 outlines the terms under which the government can award a contract to a non-local bidder who has a local preference in their headquartered region. The code allows government to add the percent of the local preference to the total bid price of the non-local bidder.⁶⁸ However through several interviews, Community Scholars has found conflicting remarks as to whether El Paso has reciprocity in their local code. To describe the "vicious cycle of reciprocity," consider the following example: if City A has a 10 percent local preference for its firms and City B's firms still attempt to bid in City A, City B may employ that same 10 percent preference when City A's firms participate in its bids. Even if B's firms refrain from competing in City A's bids, they can still institute that 10 percent reciprocal preference if any of City A's firms compete in City B.

Multiplier Effect vs. a Higher Expenditure

The state of Texas has strict policies regarding local preferences that all its municipalities must follow. Until the passing of the statewide Texas local preference, the city of El Paso was hesitant to even attempt to enact a preference. Many of El Paso's firms are not very competitive and there was no motivation for the city to establish a preference towards them. The labor force is not highly educated within El Paso and because of this, large portions of it may be classified as un-skilled. It is because of this that El Paso is an unattractive region for businesses that require highly skilled employees to perform work. Also, according to Gamboa, our local firms are not always well prepared to complete bid proposals professionally. Many firms within El Paso are not currently prepared for the competitive market, but, the city is implementing programs to reverse this trend. Workshops are provided in hopes of improving a local firm's ability to win local and out-of-town bids, but the effectiveness of these workshops is still subject to debate.⁶⁹ To promote El Paso, the County often offers tax rebates for companies to move here, but El Paso does not attract many high-paying jobs because of the limited work force.⁷⁰ Montes states that the government is not doing enough to help local firms grow, and the reason our firms do not contract out often stems from two factors that have nothing to do with competitiveness: New Mexico's 10 percent preference keeps El Paso's firms from realistically competing there and our isolated location makes it difficult for our firms to work in other Texas areas. With El Paso's

⁶⁵ (A Program of the Institute for Local Self-Reliance, 2011)

⁶⁶ (Collins, 2011)

⁶⁷ (Montes, 2011)

⁶⁸ (State of Texas, 2011)

⁶⁹ (Gamboa, 2011)

⁷⁰ (Shapleigh, 2011)

stable and improving economy, most firms consider it an unnecessary move at this time to over-extend risk by going out El Paso seeking new business just to expand outward.⁷¹

As for possible revenue leaving El Paso in the event of non-local contracting, the investment does not completely leave the local economic circle. It depends on the structure of the principal. If a non-locally based firm opens a regional office within El Paso, more of the money remains with the employees that will then live and work in El Paso, ultimately benefiting the economy. The job profit will go back to their headquarters, however, the more workers the firm employs that live in El Paso full time, the less overall leakage there will be. Unfortunately, few of the non-office employees will continue to live in El Paso upon completion of the project.⁷² There does come a point where a more expensive local contract could be profitable for the city due to the multiplier effect, but an increase in taxes revenues would most likely have to be quantified to account for this.⁷³ Community Scholars learned from the interview with Gamboa that the government sets up yearly tax rates based on empirical models that take into account the “multiplier effect” of spending within the economy, and by using similar models, Community Scholars discovered the differences in potential tax revenue increases attributable to signing contracts with local and non-local firms.

Despite the notion that El Paso does not contract with local firms often enough, this issue exists more prevalently in particular industries than the market as a whole. Table X provides a spending analysis summary of the purchasing contracts in FY 2010.

Table 3: City of El Paso Spending Analysis Fiscal Year 2010

Location	Amount of Dollars Spent	Percentage
Local	\$111.87M	62%
Non-Local	\$69.04M	38%

Source: City of El Paso Spend Analysis FY 2010

The majority of contract dollars spent by the City does, in fact, are awarded under contracts with local firms, but analysis must be conducted on a deeper level to reveal the strengths and weaknesses of the firms.

The following table describes the breakdown in commodity spending of Fiscal Year 2010 within the city of El Paso. Each of the bullets describes the abbreviations of the commodities the city purchases:

- Non-Local= NL
- Local= L
- Goods= G
- Services= S
- Electronics and Software= E & S
- Trucks and Heavy Equipment= T & H
- Automobiles= A

⁷¹ (Montes, 2011)

⁷² (Gamboa, 2011)

⁷³ (Gamboa, 2011)

Table 4: Commodity Grouping Spend Analysis

Origin	G	S	E & S	T & H	A	Total	Percentage of L Plus NL
NL	\$29.79M	\$14.42M	\$12.97M	\$5.40M	\$0.39M	\$62.97M	57%
L	\$14.03M	\$26.45M	\$3.84M	\$0.69M	\$2.79M	\$47.8M	43%

Source: City of El Paso Spend Analysis FY 2010

From this data it becomes clear that the major weaknesses of El Paso's industry lie in high-tech services, goods and trucks and heavy equipment, while its strengths lie in services and automobile competitiveness.

The next table describes the breakdown in the types of contractual spending in engineering for Fiscal Year 2010 within the city of El Paso. Each of the bullets describes the abbreviations of the engineering contracts the city engages in:

- Non-Local= NL
- Local= L
- Designs= D
- On Calls= OC
- Formal Contracts= F
- Informal Contracts= I

Table 5: Engineering Contracts Spend Analysis

Origin	D	OC	F	I	Total	Percentage of Local and Non-Local
NL	\$1.80M	\$0.38M	\$3.89M	N/A	\$6.07M	9%
L	\$3.05M	\$0.53M	\$60.12M	\$0.37M	\$64.07M	91%

Source: City of El Paso Spend Analysis FY 2010

Engineering serves as the strongest sector of El Paso's contracting industry, but as aforementioned, the majority of the contracts that comprised the totals for this table are smaller in price and prestige than the federal contracts El Paso firms rarely win.

Federal Reserve Fiscal Impact Tool

To empirically demonstrate the differences of local and non-local contracts, Community Scholars employed the use of the Federal Reserve Fiscal Impact Tool (FEDFIT). FEDFIT is designed to estimate the economic impacts of development projects on costs to local government, as well as property and local sales tax revenues. There are numerous variables that affect the final results of a project, including: tax rates, number of jobs created, average salary for the jobs created, percentage of retail purchases that remain within the city, share of in-migrant families producing new housing, economic multiplier effects, etc. Some remained constant throughout the testing, while others were modified based on benchmark values provided by the Federal Reserve Bank of Dallas, from which our copy of the FEDFIT software originated. The major modifiers remaining constant throughout the three tests were:

- Property Tax Rates (County, City, School Districts, EPCC and Thomason Hospital)
- Sales Tax Rates (State, City and County)

- Number of Jobs Created by Contract (100)
- Average Salary of the Jobs Created (\$20,000)
- Economic Impact Multiplier (2.0)
- Estimated Consumer Retail Sales Occurring in the City (98%)
- Percent of Consumer Income Spent Subject to Sales Tax (30%)

The major manipulated modifiers throughout the three tests were:

- Estimated Retail Leakage Out of Area
- Share of In-Migrant Families Producing New Housing
- Estimated Mean Value of New or Upgraded Housing
- The Share of Costs Borne by City (Education, Health Care, Highways, Public Safety, Recreation and Utilities)

The general thought process behind the tests is as follows: three firms are bidding for a contract in El Paso. There is an El Paso firm, whose bid comes in at \$5M. There is a Las Cruces, NM based firm whose bid comes in at \$4.5M. And there is a Kansas based firm whose bid comes in at \$4M.⁷⁴

El Paso Firm Despite being the most expensive of the three bid offers, the El Paso firm's workers all call El Paso home, thus, they do the vast majority of their shopping within the El Paso city limits. Because they already live in El Paso, they do not need to purchase new homes, but they have the opportunity to spend some of their salaries on improvements to their current ones. They are taxed at the same rate as any firm doing business within El Paso.⁷⁵ The net job profits are earned by a local business and presumably remain in the city.

Las Cruces Firm Coming in at the middle bid, the Las Cruces firm's workers do not live in El Paso, but commute every day from Las Cruces, thus, they do the vast majority of their shopping within the Las Cruces city limits, not El Paso. Because they merely commute to work, they do not need to purchase new homes or apartments, and if they make improvements on their own Las Cruces homes, it will not affect El Paso. They are taxed at the same rate as any firm doing business within El Paso.⁷⁶

Kansas Firm Coming in at the lowest bid, the Kansas firm's workers move to El Paso for the duration of the project's construction, thus, they do the vast majority of their shopping within the El Paso city limits, but slightly less than the native El Pasoans. Because they have been relocated to El Paso, the workers do prompt the addition of some new homes, specifically apartments, in El Paso. They are taxed at the same rate as any firm doing business within El Paso.⁷⁷

Federal Reserve Fiscal Impact Tool Results

The following section details the results of the analysis performed on the three potential contracts. Understanding the burden on taxpayers, identified by Community Scholars as individuals aged 25 and older, is also presented below.

⁷⁴ (Federal Reserve Bank of Dallas, 2010)

⁷⁵ (Federal Reserve Bank of Dallas, 2010)

⁷⁶ (Federal Reserve Bank of Dallas, 2010)

⁷⁷ (Federal Reserve Bank of Dallas, 2010)

El Paso Firm On a \$5M contract to a local firm, there will end up being a potential cost of \$15.04 for every citizen 25 and up in El Paso if the project had to be financed completely through taxes. In addition to the original cost of the contract, the following expenditures are also made in the local economy:

- \$1,050,000-Residential Investment
- \$93,897-Business Spending in the County
- \$187,793-Business Energy Utilities Spending in the County
- \$529,200-El Paso Consumer Spending

These expenditures add up to a total of \$1,870,890 and lead to an additional impact of \$529,200 while the original cost of the contract had an impact of \$2,600,000. Tax receipts from property tax, sales tax and other tax sources total \$189,799. In all, the \$5M contract led to a total impact of \$5.2M, 104 percent of the total contract.⁷⁸

Las Cruces Firm On a \$4.5M contract to a Las Cruces firm, there will be a cost of \$13.54 for every El Paso taxpayer. In addition to the original cost of the contract, the following expenditures are also made into the local economy:

- \$0-Residential Investment (Close proximity of Las Cruces to El Paso)
- \$93,897-Business Spending in the County
- \$187,793-Business Energy Utilities Spending in the County
- \$117,600-El Paso Consumer Spending

These expenditures add up to a total of \$399,290 and lead to an additional impact of \$117,600. The original cost of the contract led to an additional impact of \$2.5M. Tax receipts from property tax, sales tax and other tax sources total \$125,358. In all, the \$4.5M contract led to a total impact of \$3.1M, 70 percent of the total contract.⁷⁹

Kansas Firm On a \$4M contract to a Kansas firm, local taxpayers pay **\$12.03** per person. In addition to the original cost of the contract, the following expenditures are also made into the local economy:

- \$40,000-Residential Investment
- \$93,897-Business Spending in the County
- \$187,793-Business Energy Utilities Spending in the County
- \$499,800-El Paso Consumer Spending

These expenditures add up to a total of \$821,490 and lead to an additional impact of \$499,800 while the original cost of the contract led to an additional impact of \$2.4M. Tax receipts from property tax, sales tax and other tax sources total \$119,463. In all, the \$4M contract led to a total impact of \$3,840,753, 96 percent of the total contract.⁸⁰

⁷⁸ (Federal Reserve Bank of Dallas, 2010)

⁷⁹ (Federal Reserve Bank of Dallas, 2010)

⁸⁰ (Federal Reserve Bank of Dallas, 2010)

The following tables describe the economic impacts, in terms of multiplied expenditures and taxes. The El Paso firm generates the greatest multiplied impact, but also is most costly to the taxpayer. The Las Cruces firm is slightly less costly to the taxpayer, but yields a much smaller multiplied expenditure amount. The Kansas firm is not only the least costly to the taxpayer, but still yields a multiplied expenditure amount that is proportionally close to the El Paso firm's amount. Keep in mind that the FEDFIT is an advanced estimation tool, not a precise scientific instrument, and that the costs of the contracts end up having the greatest effect on the final results. With this said, if the El Paso firm could reduce its price to the level of the Kansas firm, it would yield the maximum amount possible of multiplied expenditures.

Table 6: FedFIT Contract Cost to Taxpayer

City	Contract Cost	Cost per Taxpayer
El Paso	\$5.0M	\$15.04
L.C.	\$4.5M	\$13.54
Kansas	\$4.0M	\$12.03

Source: Federal Reserve of the United States

Table 7: FedFIT Contract Multiplier Analysis

Contract	Additional Expenditures	Additional Consumer Multiplier	Additional Payroll Multiplied and Consumer Multiplied	Tax Receipts and other Expenses	Additional Total Impact
El Paso	\$1.87M	\$0.53M	\$3.13M	\$0.19M	\$5.19M (104%)
Las Cruces	\$0.40M	\$0.12M	\$2.62M	\$0.13M	\$3.14M (70%)
Kansas	\$0.82M	\$0.50M	\$2.90M	\$0.12M	\$3.84M (96%)

Source: Federal Reserve of the United States

* Multiplied impacts from the Las Cruces firm would not last permanently, but considering the close proximity and economic relationship of Las Cruces and El Paso, the impact would have a longer life than just the time it takes to complete the project

**Multiplied impacts from the Kansas firm would not last long, and the impact would have a life no longer than the time taken to complete the project and for the workers to move back to Kansas

Discussion

The following section offers the conclusions and recommendations that Community Scholars have developed based on the research conducted. These suggestions are designed to promote competitiveness in El Paso firms as well as to motivate an educated workforce to stay local.

Conclusions

From the FedFIT analysis Community Scholars found that if an El Paso firm wins a contract while not being the lowest bidder, the potential costs to taxpayers would be substantially higher than if the contract was awarded to the lowest bidder, even if it is from outside El Paso. Conversely, if the El Paso firm could reduce its costs towards being the lowest bidder, the economic impact to the El Paso area would be an extremely positive one due to the low costs

combined with the majority of the workers' salaries being re-circulated chiefly within El Paso's economy.

A major concern revolved around implementing a local preference for El Paso firms bidding within El Paso. It was found that the city would not benefit from the implementation of a permanent local preference. With a preference in place, El Paso's firms would suffer from a number of repercussions including, but not limited to, the fact that these firms would face reciprocity. This reciprocity would limit the ability of the firms from contracting outside the El Paso region, thus, minimizing their growth.

Government red tape was also found to have an impact on contracting. Rules and regulations set in place, as well as legal immunities the government retains, often intimidate and impede some firms, especially less established ones, from participating in government contracting. These firms are often faced with the problem of not being able to financially abide by the regulations and end up staying away from the bidding process. This lack of bidding limits the steady flow and growth of business government contracts provide, hindering the firms from becoming more competitive.

In addition, local firms in El Paso have been affected by the nation's recession. As the economy remains unstable, local firms' interest in participating in non-local bidding diminishes. El Paso's economy is doing relatively well, keeping its firms from spreading outside the region for fear of overextending their business. This trend limits the El Paso's opportunity to "import wealth."

Furthermore, El Paso has few firms that are able to compete on a national level. Urban Associates is one of the few local firms to be awarded a federal contract. Out of 50 contracts for the expansion of Fort Bliss, only two were awarded to a local firm, and this firm was Urban Associates. This implies that because El Paso's firms are not competitive enough, the lucrative contracts that could be going to them are instead going to non-local firms. On the other end of the spectrum, this displays the oftentimes extremely high qualifications and preferences set in place by the federal government on their contracts, as many of the structures built for the expansion were no more complicated than office buildings and warehouses.

The proposed protégé program that the city is trying to implement is similar to that of the apprenticeship program used by the County. The apprenticeship program compels construction companies awarded contracts worth \$50,000 or more to have an apprentice for every subcontract within the main one. It was found that this program is not always in the best interest of firms. It fails to provide all the necessary knowledge and skills that are essential for firms to become more competitive and is inefficient in that many of the contracts requiring apprentices involve overly simplistic tasks.

Finally, our research revealed that 62 percent of the city's contract budget being invested into local firms does not necessarily stem from El Paso having competitive firms, but rather results from the fact that non-local firms do not often commute to the region. El Paso's geographically isolated location causes the transportation of materials, workers and machinery to be costly for these non-local firms. In addition, El Paso does not generally offer large enough contracts to attract non-local firms. Through an interview with a local contractor who is familiar

with the contracting process within El Paso, we found that non-local firms only come into the region when there are contracts exceeding \$8-\$10M. Finally, due to the fact that El Paso has a low-skilled workforce, high-profile companies from outside of the region do not want to build regional offices here or subcontract with our firms. They would rather commute and bring their own subcontractors with them out of their concern that El Paso lacks the skilled workers needed to successfully complete projects.

Recommendations

El Paso could perform a disparity study, focusing specifically on El Paso's firms that were left out of the majority of the work for the expansion of Fort Bliss. Once the disparity study has been completed, and if it is successful, the next step would involve analyzing the feasibility of implementing a 10 year local preference program. This program would incorporate a single benchmark that would monitor the success of local firms in winning contracts once the preference has been put in place. This benchmark would be the percentage of the El Paso contracts any single El Paso firm could win, in hopes of avoiding any monopolies and promoting competitive growth among all firms. The percentage could be no higher than 20 percent at a maximum. The preference would start with five percent in year one to 15 percent in year 10. The preference would then dissolve after the 10th year. If the benchmark is not met, the preference would be terminated. This preference would be the "pilot" for the implementation of similar preferences for other areas of contracting.

Educational reforms would also be beneficial to influence the educated members of the workforce to remain in El Paso, rather than seeking work elsewhere. One method to encourage high school students to pursue a career in the engineering field is to implement an engineering magnet program into each El Paso school district. This magnet would provide high school juniors an opportunity to shadow a well-established local firm in order to gain experience and motivate the students to remain local once they are prepared to enter the business world. The Magnet School Assistance Program would award grants to school districts based on performance ratings which would be funded by the Department of Education. The next step would be to require undergraduate business students, at the University of Texas at El Paso, to apply for an internship with a local business firm instead of leaving the area for internships. If the program serves to be beneficial, it will then extend to graduate students. The overall goal of the program is to encourage students to stay local during and after their education. If these students abide by the set of requirements and graduate from UTEP, a portion of their tuition will be forgiven. Thereafter a local firm might pay the remainder of their prospective employees' tuition.

A solution to the problem the municipality faces when contracting with non-local IT firms is to encourage these firms to build a regional office in El Paso. The firms could be offered a tax break if they abide by the agreement outlined by the municipality. As part of this agreement, however, these IT firms would be required to establish an educational partnership with UTEP, El Paso Community College and vocational schools, in order to incubate an educated workforce specialized in the technology field. Our main focus is directed towards making local firms more competitive, however it would be beneficial to have well established non-local firms to build regional offices in the area. These firms would offer the opportunity of educating local firms on becoming competitive in technology areas.

Allow the city of El Paso to adopt the “reciprocal” preference. This reciprocity would allow El Paso to employ a preference other non-local firms may have within their municipality when awarding contracts. This would give local firms a boost when competing against other firms that normally implement a percent preference, and in addition to the recently activated local preference, this could provide an even more powerful boost.

Lastly, a way to ensure that the city’s proposed protégé program is more effective than the County’s apprenticeship program is to outline the program in a more descriptive way. A protégé should only be required for tasks that are in difficult areas and require uncommon knowledge. A protégé is not necessary for tasks that include areas such curtain hanging, light management, and decoration.

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