

# Government Contract Competition

*Can El Paso Afford to Go  
Local?*





# Community Scholars, Inc.

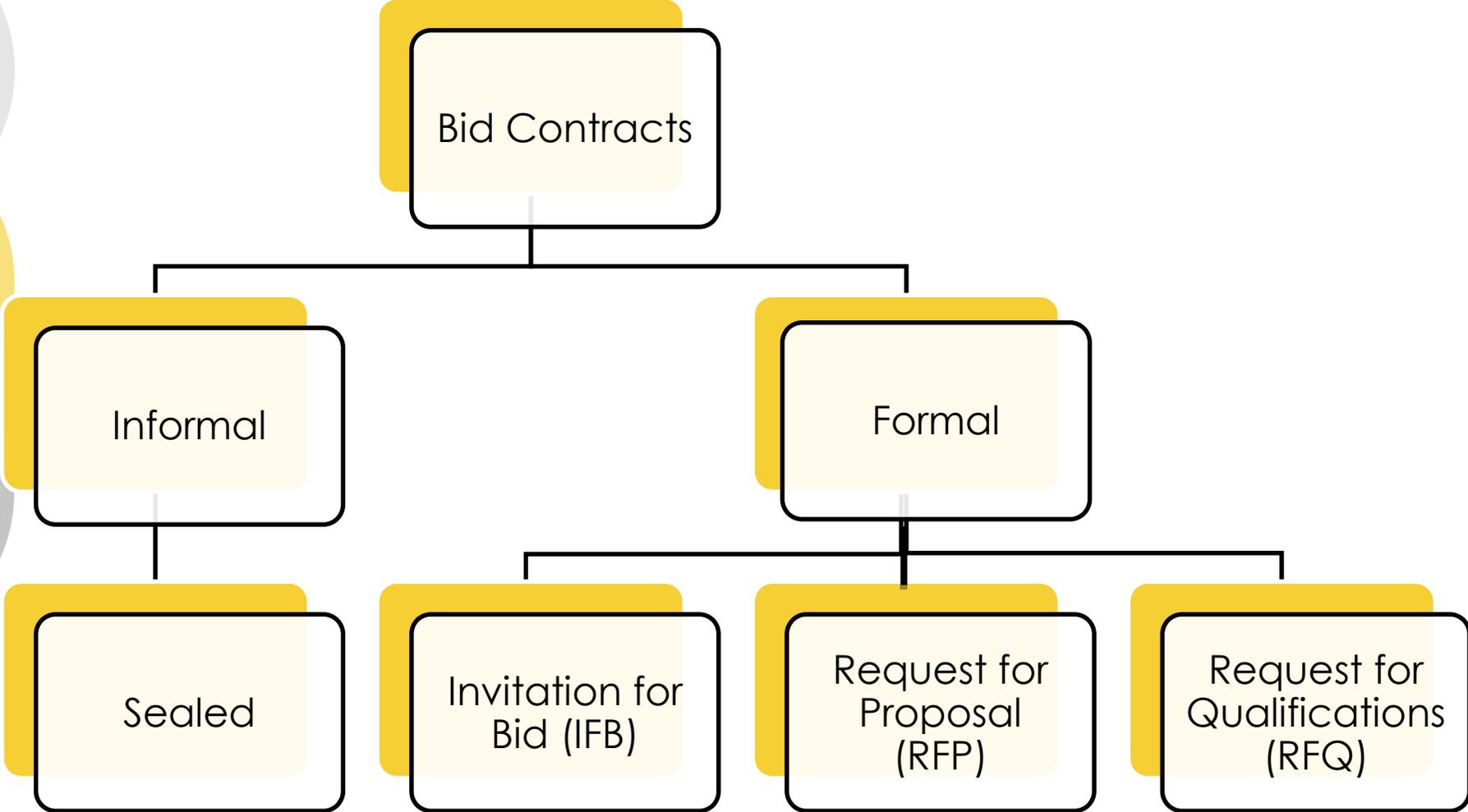
- ◆ Established in El Paso in 1998
- ◆ Nonprofit Organization
- ◆ Develops Future Ethical Regional Leaders
- ◆ Public Policy & Economic Development Research
- ◆ 33 Program Participants

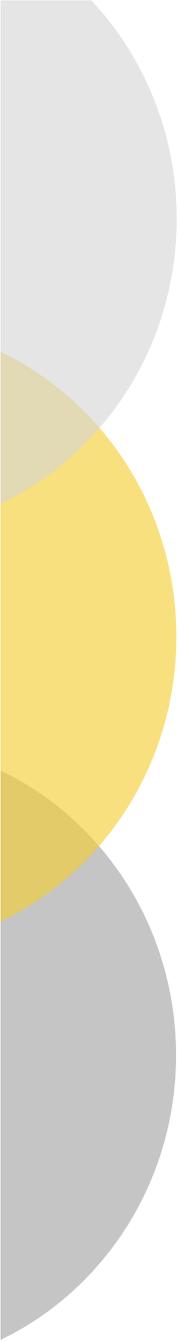


# Research Group

- ◆ First-Year Interns
  - Abraham Galindo, Americas HS
  - Aidan J. Martinez, Mission Early College HS
  - Amanda Macias, Bel Air HS
  - Viridiana A. Sanchez, El Dorado HS
- ◆ Supervisor
  - Alexander J. Hagedorn, Texas Tech University

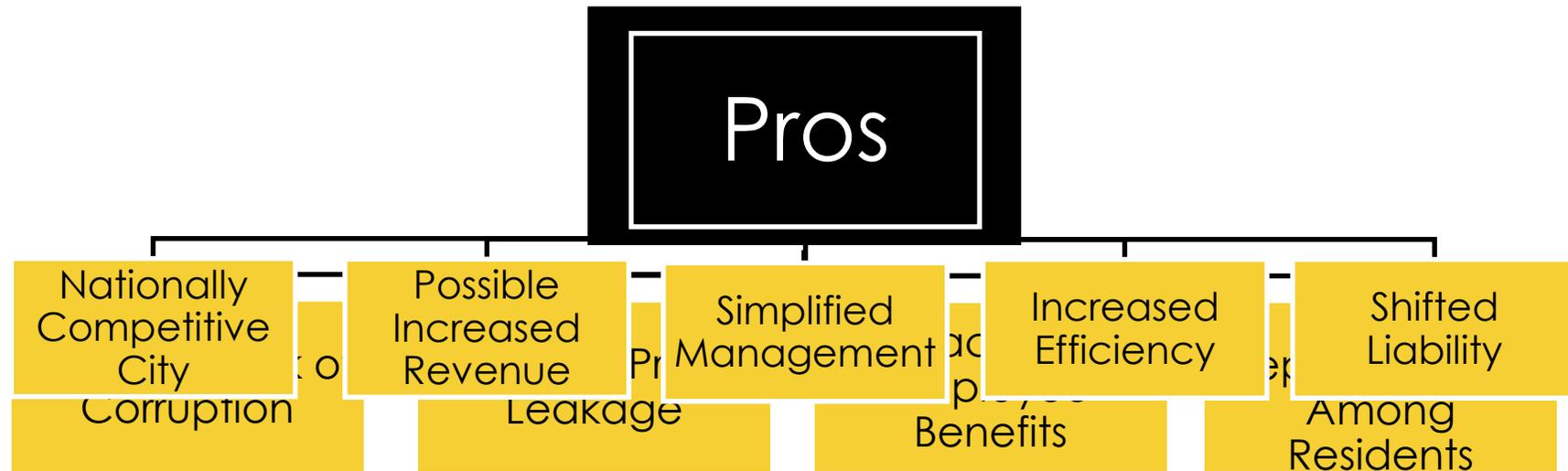
# City of El Paso Contracts 101





# Methodology

# Privatization



# El Paso & New Mexico

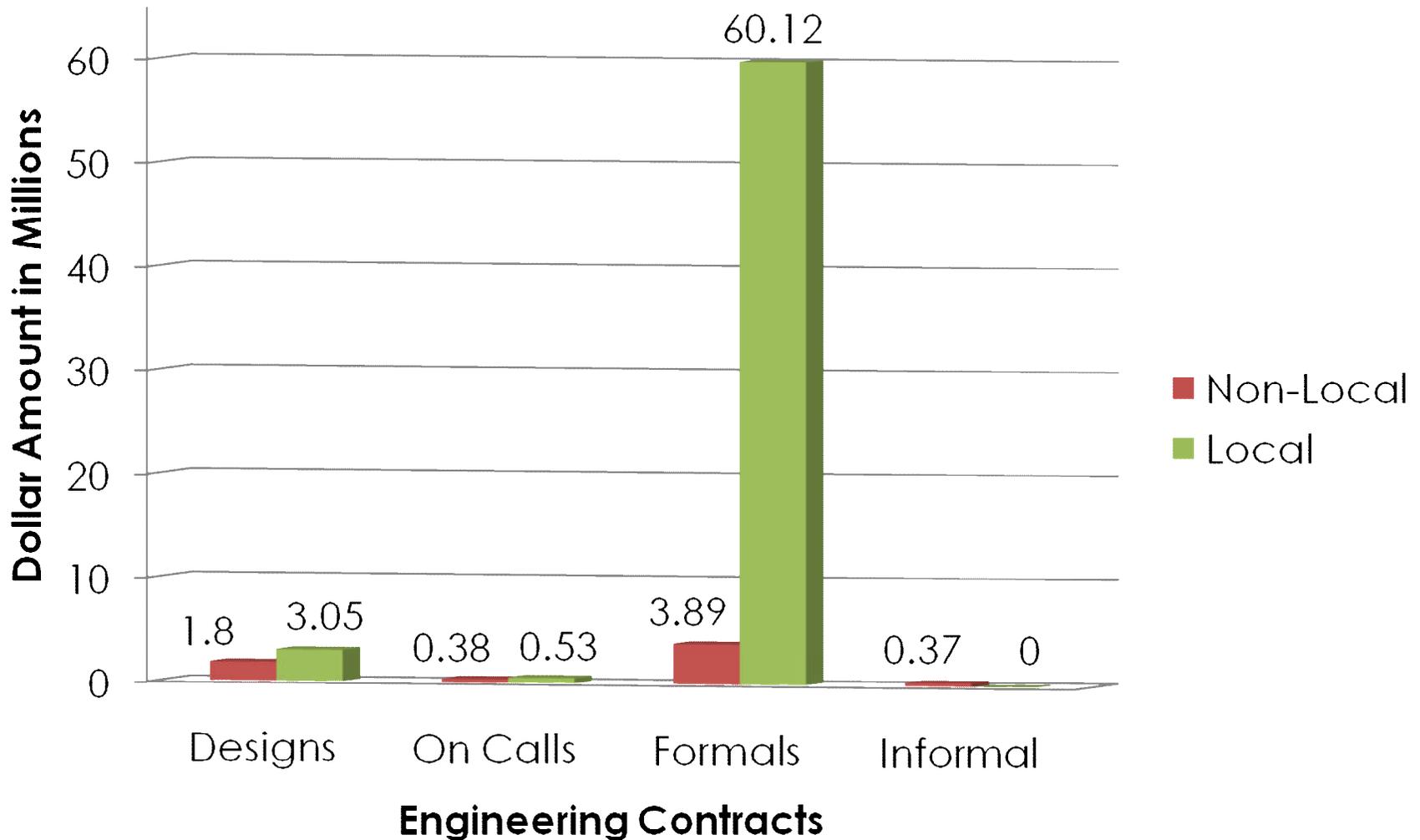
- ◆ NM Local Preference
- ◆ Implement Local Preference (HB 1869)
- ◆ Reciprocity Response



# Contracts in the Region

- ◆ El Paso Firms Abroad
  - El Paso Isolation
  - New Mexico Local Preference
  - Possibility of Importing Wealth
- ◆ Non-local Firms in El Paso
  - Enticing Contract Opportunity
  - Disparity Study
  - Reciprocity

# City of El Paso Engineering Spend Analysis

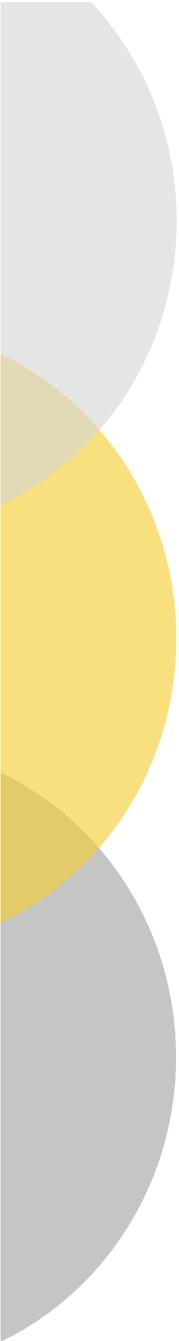


# Federal Reserve Fiscal Impact Tool

- ◆ Economic Calculator
- ◆ Contract Example:
  - El Paso Firm (\$5M Contract)
  - Las Cruces Firm (\$4.5M Contract)
  - Kansas Firm (\$4M Contract)

# FedFIT Output

- ◆ Kansas
  - \$12.03 per capita
  - Positive Impact in Goods & Residential
- ◆ Las Cruces
  - \$13.54 per capita
  - Little Economic Impact
- ◆ El Paso
  - \$15.04 per capita
  - Largest Economic Impact



# Discussion



# Conclusions

- ◆ El Paso would not benefit from a permanent local preference.
- ◆ The construction industry in El Paso is relatively strong.
- ◆ Government red tape intimidates young firms.



# Conclusions

- ◆ The nation's recession has reduced our firms' interest to participate in non-local bidding.
- ◆ Urban Associates is one of El Paso's most competitive firms.
- ◆ The proposed protégé program may not be in our firms' best interests.



# Conclusions

- ◆ Reasons behind El Paso investing 62% of city contracting dollars into local firms.
- ◆ The FedFIT model shows the consequences of an El Paso firm, a Las Cruces firm and a Kansas firm winning a contract in El Paso.



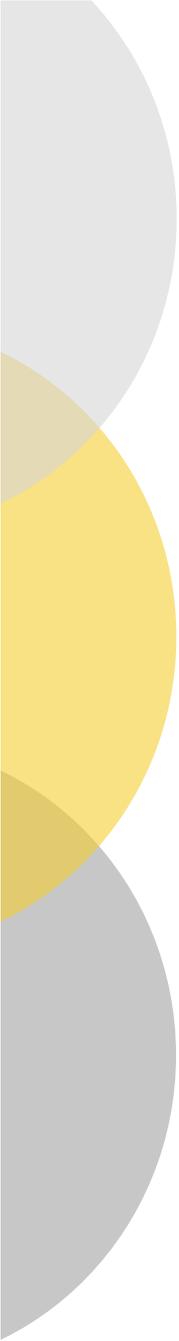
# Recommendations

- ◆ Perform a disparity study and analyze the feasibility of implementing a 10 year, graduated local preference program piloted by the construction industry.
- ◆ Educational reforms need to be made on the high school and university levels.
- ◆ Encourage IT firms to establish regional offices in El Paso to increase competitiveness and incubate an educated workforce.



# Recommendations

- ◆ The safest form of preference El Paso could adopt would be the “reciprocal” preference.
- ◆ The proposed protégé program must be made more effective than the County’s apprenticeship program.



# Questions?

*Reports Available Fall 2011*

*[www.communityscholars.org](http://www.communityscholars.org)*