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NC should help NC firms in bidding process

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Gov. Bev Perdue has done what she can to see that North Carolina companies get a fairer shake when seeking government contracts. The rest is up to the General Assembly.

An executive order signed by the governor allows North Carolina-based companies to match the price of an out-of-state low bidder on state contracts for the purchase of goods. The North Carolina firm's bid must be within 5 percent, or \$10,000, of the low bid.

"This order can help save and grow jobs right here in North Carolina," the governor said. "At a time when North Carolina companies are looking hard for customers, this change will give them a better chance to compete for business, stay in business, and grow their business."

This is good, as far as it goes. But it applies to only certain contracts and only to state agencies. All governments in North Carolina need flexibility in handling all contracts.

The absurdity of the existing system was illustrated last August when Buncombe County was forced to give a \$3.1 million contract for Pack Library renovations to an out-of-town firm because the best local bid was \$4,000 higher. Then-County Attorney Joe Connolly assured commissioners they had no choice despite the closeness of the bid.

North Carolina law requires bidding on all contracts of more than \$30,000 and the government in question must accept the lowest bid as long as it meets the criteria and the bidder has the resources to carry out the work, according to Brooks Pierce, a business law firm with offices in Greensboro and Raleigh.

Ron Duyck Jr., head of Asheville-based Duyck Construction, said the local economy has lost \$205 million between April 2008 and last August due to commercial construction being done by out-of-town firms. Out-of-towners get nearly two-thirds of the business, based on value, Duyck said.

Multiply that by 100 – North Carolina has 100 counties – and you're talking real money, well into the billions, even allowing for the fact that most counties are less populous than Buncombe. North Carolina can ill afford for its businesses to take that sort of hit.

Obviously, the law must not be too flexible. No one

wants a local outfit getting a contract at twice the out-of-area bid. It's not hard to envision a politically favored company sticking its hand deeply into the local-government cookie jar. Five percent seems the maximum limit – one percent would be better -- whether the local firm is allowed to match the out-of-area bid or get the contract anyway. In the case of the Pack Library contract, the difference was only one-tenth of one percent. And there must be safeguards to ensure the firm really is locally-based. We all remember the horror stories of minority front-people who couldn't find the companies they supposedly headed. The local office must be a bona fide headquarters. Some 15 states already allow in-state preferences, usually 5 percent but as high as 15 percent, according to the New Rules Project of the Institute for Local Self-Reliance. North Carolina ought to make it 16.

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