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Time to return to level playing field to win county contracts

Written by [Michael Lewis](#) on April 5, 2016

Tuesday morning a committee is to try to further stack the deck against out-of-town bidders for county professional service contracts with the specious reasoning that more business barriers will strengthen the Miami-Dade economy.

Nothing could be further from the truth.

In fact, by giving even more bidding preference to local firms the county will raise further its “No Outsiders Wanted” sign at the same time that the **Beacon** Council seeks to lure top-level national and global businesses to open offices and add jobs here.

We’d be working against our own interests – which local preferences and their invidious cousins, trade tariffs, always do.



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It's Economics 101, a course that all candidates for office, presidential as well as local, need to pass as a prerequisite for our vote.

The principle is simple: the more bidders you get on a level playing field, the lower price and higher quality the average winning bidder will offer, which in government means the more the taxpayers will get for their money.

When you tinker by giving one cluster of bidders unfair advantage, disadvantaged good and inexpensive bidders don't bid, so someone from the favored group always wins, usually at higher price or worse quality. Once the smaller group knows good outsiders won't bid they can jack up their prices and still always win. There's no incentive to keep prices down or quality up.

Miami-Dade over the years has slipped several local preferences onto its books, giving what it calls local firms an edge in bidding. A 5% edge already exists for professional architectural, engineering, landscape architecture and land surveying and mapping services.

On Tuesday, the commission's Strategic Planning & Government Operations Committee is to consider doubling the advantage to 10% for bidders in those categories that actually have a headquarters here. That would just double the disadvantage to the taxpayers.

Deputy Mayor Ed Marquez notes that for architectural and engineering proposals, prices aren't scored and are only considered after a firm is chosen.

With a reduced bidding pool, he notes, the actual added costs to taxpayers will only be known contract by contract after chosen firms unveil prices to negotiate. You can bet they'll soar, perhaps more than the 10% advantage the winning bidder will get, because good bids from out of town won't be waiting in the wings if negotiations fail.

Why can't the county just take the best bid and then negotiate the price, irrespective of where firms are based? Miami-Dade firms aren't so bad that they need protection to survive or to serve the county. But if they were that bad, should we really give them a big advantage at higher cost to taxpayers? Isn't that corporate welfare at its worst?

Expert in this are impartial government purchasing agents whose jobs are to get the best deals for taxpayers. A group of them, the Virginia Association of Governmental Purchasing, studied local preferences and concluded that "they distort the economic markets and are a barrier to interstate commerce, a barrier to free market competition, and increase procurement costs."

Among specific objections, they said a local preference "violates basic principles of public purchasing: equality, impartiality, open competition and least cost to the taxpayer."

Preferences, they said, distort markets, cause "an efficiency loss," discourage competition and "may impede creativity."

As for the local economy, which commissioners here are trying to prop up, the Virginia study found that local preferences may lead to higher taxes, subsidize "a few business taxpayers at the expense of all residential and

business taxpayers” and “may discourage local economic development.”

They also see definitions of “local” causing increased bid challenges, possible retaliation from other communities, added government staff time, hindered cooperative purchasing with other localities and possible court tests of barriers to interstate commerce.

Trumping all those very real deficits from adding local preferences could only be winning bidders’ political and financial support of commissioners. We trust our commission won’t let any such personal gain outweigh community good.

Keeping business and money at home with preferences sounds so good yet it’s so wrong. With protectionism, which sounds great, we in fact wind up spending more and getting less, certainly to the detriment of the general public.

The committee would do well Tuesday not only to forget added local preferences but to begin the process of removing bidding barriers entirely.



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