



Haines Chamber of Commerce

“Working Together to Build Business & Community”

219 Main Street, Suite 14

PO Box 1449 · Haines, AK 99827

907-766-2202 · 907-766-2271 (Fax)

chamber@haineschamber.org · www.haineschamber.org

January 22, 2016

Haines Borough Assembly

PO Box 1209

Haines, AK 99827

Re: Proposed Ordinance 15-12-425, Local Bidder's Preference
Agenda Bill No. 15-606

The Greater Haines Chamber of Commerce (the Chamber) stands in support of an increase of a local bidder's preference on any and all bids for public contracts in the Haines Borough except when expressly disallowed by a funding source.

The Chamber encourages adoption of the original amendment to HBC 3.60.160 (Ordinance 15-12-425 introduced 12/15/15) made in response to the August 30, 2015 petition by fifteen (15) local licensed contractors to increase the local preference from three (3) to five (5) percent.

The Chamber acknowledges that the Finance Committee has recommended a substitute that would allow a local preference margin of seven (7) percent on bids of \$1,000,000 or less, and no local preference on bids in excess of \$1,000,000. The Chamber would support a local preference of 7% on bids of \$1,000,000 or less as a stand-alone policy; however, we cannot support limiting the value of a project to receive local preference. A review of the minutes of the Finance Committee meeting of January 7, and a review of the supporting documents in the Assembly's packet do not offer a rationale for setting an upper limit on local preference.

The Chamber's rationale for no limitations include these arguments:

- Whatever loss the borough may perceive in accepting a bid that is 5% higher than the next lower bid made by a local contractor is made up in the distribution of wages and purchases for residents that contribute to property tax revenue to the community.
- Local Prime Contractors on large construction projects generally include several local subcontractors. When a local Prime contractor is not allowed local preference, smaller local contractors that could not afford the bonding or qualify to bid the project as a Prime lose.
- Local Preference grows local businesses. A policy without limitation helps to grow smaller businesses by offering them the opportunity to be competitive in a larger market. When a smaller contractor is assisted and encouraged by local preference to stretch their capabilities to grow its ability to bond and be competitive, the Chamber believes it is a good thing.

Sincerely,

Kyle Gray, President

Haines Chamber of Commerce.