

Contractor Local advantage

Contract Total Dollars	Local Contractor percent advantage	Local Contractor Advantage in dollars	Estimated Company admin/profit	Estimated Local Purchase %	Estimated Local purchase \$	Estimated Local Hire %	Local payroll	Total Local \$	Economic Multiplier	Economic Gain	Sales Tax	Net Gain (Loss)
100,000	7	\$7,000.00	\$10,000.00	10	\$10,000.00	10	\$10,000.00	\$30,000.00	1.5	\$45,000.00	\$2,250.00	(\$4,750.00)
100,000	5	\$5,000.00	\$10,000.00	10	\$10,000.00	10	\$10,000.00	\$30,000.00	1.5	\$45,000.00	\$2,250.00	(\$2,750.00)
1,000,000	5	\$50,000.00	\$100,000.00	10	\$100,000.00	10	\$100,000.00	\$300,000.00	1.5	\$450,000.00	\$22,500.00	(\$27,500.00)
1,000,000	3	\$30,000.00	\$100,000.00	10	\$100,000.00	10	\$100,000.00	\$300,000.00	1.5	\$450,000.00	\$22,500.00	(\$7,500.00)
5,000,000	5	\$250,000.00	\$500,000.00	10	\$500,000.00	10	\$500,000.00	\$1,500,000.00	1.5	\$2,250,000.00	\$112,500.00	(\$137,500.00)
5,000,000	3	\$150,000.00	\$500,000.00	10	\$500,000.00	10	\$500,000.00	\$1,500,000.00	1.5	\$2,250,000.00	\$112,500.00	(\$37,500.00)

Assumptions: A local contractor will tend to purchase the bulk of materials from local businesses, Columns F and G represent those purchases above what an out of town contractor would purchase locally.  
 Most large contracts will have some local hire, column H and I represent an amount in addition to what an out of town contractor would spend.

Explanation Total Local is the sum of Estimated Company Administration and Profit margin, Local Purchase and local payroll in excess of an out of town contractor.  
 Economic multiplier from McDowell Group  
 Sales Tax is calculated at a 5% rate, (some outside Townsite spending), multiplied by the Economic Gain to show anticipated revenue with a local contractor  
 Net Loss/Gain is the Sales Tax Revenue anticipated less the loss from giving the Local Contractor Advantage (column D).

Bid examples, who would be awarded the bid?

Bid number	Non-Local	Local	Percent difference
1	999,901 \$	1,006,400.36	6.5
2	4,999,900 \$	5,023,899.52 \$	4.80