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## City studies ways to spur economy

Charlotte Business Journal - by [Susan Stabley](#) Staff writer

The city is weighing the role of government in supporting the local economy even as tax revenue is shrinking because of the downturn.

City executives are reevaluating every program in the \$778.2 million capital spending plan for this fiscal year that runs through next June, mindful that cutting expenses means fewer jobs for the economy.

Every government dollar spent in the community can have a substantial impact on supporting business, according to city estimates. The multiplier effect of that spending, the city says, can turn a \$1 investment into \$6.24 to \$24.61 of overall impact as it ripples through the area, the city says.

And while less money is flowing into city coffers, City Manager Curt Walton says, the downturn is also presenting the city with opportunity to get more for less.

Bids for government work, for example, have become more competitive — thus less expensive for taxpayers — as contractors and vendors that typically don't vie for public contracts weigh in.

City Council has yet to make a final decision on what happens next. Council is scheduled to look at revenue figures in late January, when a midyear budget report is due, and then hash out options at a Feb. 4 retreat.

A warning of what's to come was issued at a workshop on Monday.

"We're not going to see the growth that we've seen for the past 20 years," Walton told council.

But slowing growth in revenue doesn't mean the city will halt major projects, especially with costs dropping dramatically.

For example, in August, 10 companies bid on a stormwater project the city estimated would cost \$2.8 million. The lowest bid was \$2 million. Eleven bids came in for a planned extension of Lawyers Road. The city estimated the work at \$4.3 million and the low bid was \$3 million.

In September, eight bids came in for an estimated \$14.4 million road project for Fred D. Alexander Boulevard, with the lowest bid at \$11.9 million.

And last month, 11 companies competed for work on a water main in southwest Charlotte. The low bid came in at \$7 million for a project expected to cost \$10 million.

City attorney Mac McCarley says offers are coming in from contractors that have never bid on city projects before.

Charlotte/Douglas International Airport is seeing a similar trend. A recent contract for paving work there that typically would draw two or three bids instead got more than 10.

Contractors are willing to take a loss on contracts just to lock in business for the year, says city Aviation Director Jerry Orr.

Edison Cassels says he is seeing an increase in companies switching from the private markets to the public sector in search of work. "There are very good firms willing to do it at reduced margins, and that can translate to significant savings," says Cassels, president of general contracting firm Edison Foard, which balances its portfolio with government work. "Things are rough, but the window is going to close. I have faith the economy here is resilient and when it comes back, it's going to come back with a vengeance."

In the meantime, Cassels says he's seeing a slight trend downward locally in the cost of some construction materials, including rebar, steel and asphalt.

Ken Simonson, chief economist for the Associated General Contractors of America, has been reporting a continued decline in material prices as demand from construction slumps.

Walton says because of the overall development slowdown, the city is increasingly becoming "the only game in town."

*Staff writer Katy Finger contributed to this article.*

[sjstabley@bizjournals.com](mailto:sjstabley@bizjournals.com)

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