


<b>FROM</b>	NAME & TITLE	Khalil Zaiied, Director	<b>CITY of</b> <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of General Services 800 Abel Wolman Municipal Building		
	SUBJECT	<b>CITY COUNCIL BILL 10-0499</b>		

**TO**

DATE:

June 3, 2010

The Honorable President and Members  
of the Baltimore City Council  
c/o Karen Randle  
Room 400 – City Hall

I am herein reporting on City Council Bill 10-0499 introduced by the Council President on behalf of the Administration (Department of Finance).

The purpose of the Bill is to establish new procedures for establishing and modifying certain bid threshold amounts, bid performance requirements, advertising requirements, award criteria, and other matters governing procurement; and submitting this amendment to the qualified voters of the City for adoption or rejection.

The Baltimore City Charter identifies the Board of Estimates as the responsible entity for awarding contracts and supervising all purchasing by the City. Currently, contracts of \$25,000 or more require advertising at least twice in two daily newspapers of general circulation not less than 10 days or more than 90 days prior to the bid opening day. Contracts of more than \$5,000 and less than \$25,000 may be submitted by an agency to the Board of Estimates for approval. Bidders must be prequalified to be considered for a contract award by the City. Contracts are awarded to the respective lowest responsive and responsible bidder. The successful bidder must execute a formal contract with the City and deliver a “good and sufficient performance bond, irrevocable letter of credit, or certification that the successful bidder meets the requirements under the City’s self-insurance program for performance coverage.” The acquiring of professional services is governed by a process adopted by a resolution of the Board of Estimates.

All projects over \$25,000 require a formal bidding process. That process includes: detailed contract documents, including a contract book and design of specifications and drawings; a public advertisement process; submittal by contractors of extensive bidding documents; review and approval by the City of responsive and responsible bids; execution of contract documents by the City and the contractor; award of contract by the Board of Estimates; and issuance of Notice to Proceed by the agency before construction can proceed. This process is time consuming and costly for the City and for the contractor. Advertising costs are in the \$10,000 range and small and minority- and women-owned businesses need considerable support to manage the required paperwork.

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The informal bid process was established to allow competitive bidding on contracts of less than \$25,000. The process begins with a meeting with prospective bidders, submission of limited contract documents, award by the Board of Estimates, and immediate issuance of a Notice to Proceed, a process that can be completed in approximately one month's time. The process does not require advertising fees and has minimal paperwork and reduced insurance and bonding requirements. This process creates opportunities for small, minority- and women-owned businesses to compete as prime contractors.

City Council Bill 10-0499 would allow for the dollar threshold amounts for contracts that must be formally advertised and contracts that are approved by the Board of Estimates to be set by an ordinance passed by two-thirds of the City Council. Prior to enacting such an ordinance, the Board of Estimates sets the threshold amounts that will remain in effect until different amounts are set by ordinance. Contracts that require formal advertising would require publication in only one or more daily papers as well as posting electronically. Other than contracts let by this Department and the Departments of Public Works and Transportation, the Director of Finance implements the policies and procedures to determine whether a bid bond is required and the term and value of the bond.

The \$25,000 threshold limit which determines whether a contract must be formally advertised was established in the mid-1980s. Since that time, the amount of work which can be performed for that amount has continually diminished, making the costs to advertise and the time and costs to bid on these smaller contracts difficult to justify. The Department of General Services believes that setting the dollar threshold by ordinance provides a reasonable and responsive process and therefore supports passage of City Council Bill 10-0499.



Khalil A. Zaied  
Director

KAZ/MMC

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