


H. Raymond

FROM	NAME & TITLE	Henry Raymond, Director of Finance	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall		
	SUBJECT	City Council Bill #19-0452—Employee-Owned Businesses-Reporting		

TO

DATE:

The Honorable President and
Members of the City Council
Room 400, City Hall

July 28, 2020

Position: Support with amendments

The Department of Finance is herein reporting on City Council Bill 19-0452, Employee-Owned Businesses-Reporting, the purpose of which is to provide annual reports on City contracts with and assistance to employee-owned businesses.

Fiscal Impact Summary

If the enclosed amendments are adopted, this legislation is expected to have minimal fiscal impact on the Department of Finance, but the exact cost is still being determined as we are currently working to transfer our procurement and fiscal systems to Workday.

Background

The Department of Finance operates as the City's fiscal officer and manager through a variety of services, including maintaining financial records; collecting and investing money due to the City; developing and implementing the City's annual operating budget of over \$2.9 billion; issuing payments to vendors; maintaining fiscal records; managing the City's risk management fund and employee payroll; and managing and issuing tax credits. The Department of Finance's Bureau of Procurement is responsible for the competitive bidding process for all agencies, except for public works projects.

Through the Bureau of Procurement, the City provides training and workshops for prospective bidders, with a focus on small and local businesses, in how to do business with the City. Additionally, the Bureau provides workshops on specific procurements to educate local businesses on the process and the City's needs prior to the initiation of the solicitation process. In those training sessions and workshops, the Bureau solicits input from vendors on perceived barriers. Based on these sessions, the City Purchasing Agent, as the Chief Procurement Officer, recommends policies to the City Council and Board of Estimates regarding the procurement of goods, supplies, and services, with a specific focus on increasing efficiency, transparency, and equity.

Proposed Amendments

The Department of Finance is concerned about the burden this legislation would place on all identified offices to gather data that extends beyond their offices' activities for this report, as well as the duties it assigns to the Department that are outside of the Department's role relating to procurement policies. Currently, the Department of Finance only interacts with vendors through the Bureau of Procurement and the Bureau of Accounting and Payroll Services. The Bureau of Procurement's process does not capture

contracts awarded by various public works agencies, such as the Department of Public Works, Department of Transportation, Department of General Services and Department of Recreation and Parks; nor does it capture the contracts awarded directly by other City agencies as professional services.

With these considerations in mind, the Department of Finance has proposed amendments that expand requirements to all relevant agencies and limit the reporting requirements for Department of Finance to contracts and purchases that are tracked through the Bureau of Procurement's process. Additionally, the Department of Finance proposes removing section 14-4, Reporting Requirement: City Assistance to Employee-Owned Businesses, because of the burden collecting this information from other agencies and organizations would place on the Department. Finally, the amendments include an extension of enactment to provide time for the Department and Bureau to implement the required actions. The Department is interested and able to aid in the goal of assessing the amount of business the City conducts with these entities by including an additional "Ownership Type" category for vendors to select when registering in the e-procurement system and reporting this information for Fiscal 2021. Additionally, the Department can share recommendations on policy and process improvements to be made based on the regular trainings and workshops with bidders and vendors conducted by the Bureau of Procurement.

Fiscal Impact

In reviewing the duties outlined in the legislation and the proposed amendments, there would be a minimal fiscal impact for updating the Bureau of Procurement vendor self-registration process. Additionally, the reporting responsibilities relating to the number and value of contracts led by the Bureau of Procurement could be absorbed by professional staff. However, as this is a new responsibility, it is likely that the first year of reporting would require more investment of staff time.

Conclusion

With the exception of the role of the City Purchasing Agent in recommending policies to the City Council regarding the procurement of goods, supplies and services, and how to reduce or remove any barriers to full and equitable competition that may exist, the Department of Finance does not believe it is within the purview of the Bureau of Procurement or the Department to compile the other aspects of the report considering limited access to relevant data. The Department proposes the above amendments that align with what is possible within the current tracking and reporting systems, as well as the amount of resources needed to complete the proposed report.

For the reasons stated above, the Department of Finance supports City Council Bill 19-0452 with the proposed amendments.

cc: Matthew Stegman
Nina Themelis