


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 21-0033 – Imari’s LGBTQ Procurement Preference Act		

TO

DATE:

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

March 22, 2021

Position: Oppose

The Department of Finance is herein reporting on City Council Bill 21-0033, Imari’s LGBTQ Procurement Preference Act, the purpose of which is to establish a LGBTQ Business Enterprise Program.

Background

The City currently operates the Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Program through the Minority and Women’s Business Opportunity Office (MWBOO) in the Department of Law. The MBE/WBE Program was established following several efforts, including an independent task force and a 2000 Disparity Study, which found that the City’s contract awards were underutilizing MBE/WBEs in Baltimore. Additional disparity studies completed in 2007 and 2014 documented the continued disparity in utilization of MBE/WBE vendors, requiring continued efforts by the City.

The explicit goal of the MBE/WBE Program and MWBOO is to address the disparity in City contracting. One way this is achieved is by setting specific MBE/WBE participation goals for contracts. In addition, the Department of Finance’s Bureau of Procurement partners with MWBOO to support MBE/WBE vendors in understanding the City’s procurement process and referring vendors to MWBOO, as appropriate, to become certified MBE/WBE businesses with the City.

In 2018, former Mayor Catherine Pugh issued an executive order, 2018-02, which established the goal of increasing City contracts with lesbian, gay, bisexual, transgender, and queer (LGBTQ) owned businesses. This order authorized the City to recognize LGBTQ-owned businesses and include LGBTQ Business Enterprise (LGBTQBE) certification documentation in procurement requests and review criteria.

This legislation aims to establish a formal LGBTBE program and increase participation and opportunity in the City’s procurement process. The legislation includes specifications around LGBTQE eligibility and certification, program administration and reporting, and affirmative procurement initiatives.

Fiscal Impact Analysis

The Department of Finance anticipates this legislation will cost approximately \$781,000 in annual costs.

Expense	Cost
Personnel	776,565
Technology	4,341
Total	780,906

MWBOO would be responsible for implementation of the LGBTQBE program. Based on conversations with MWBOO, this program would require additional personnel in both offices, office space, and technology.

Due to the nature of the work for the program and the current workloads for staff, additional personnel are required. The additional staffing costs include 1 Program Coordinator, 4 Compliance Officers, 2 Office Support Staff, and 2 Investigators.

Position	Cost Per Position	Total Cost
Program Coordinator	120,647	120,647
Compliance Officer	76,794	307,174
Office Support Staff	53,726	107,451
Investigator	120,647	241,293
	Total	776,565

Other Considerations

In general, the Department of Finance supports the intent of this legislation and recognizes the importance of advancing equity in procurement and inclusion of LGBTQBEs in the City's procurement processes. However, there are several points that should be considered when discussing this legislation.

First, unlike with the MBE/WBE program, a disparity study has not been completed to measure the current LGBTQBE utilization rates. In order to set appropriate goals and understand the current state of LGBTQBE utilization, such a study would be necessary to understand the challenges and develop appropriate solutions. Finance defers to MWBOO on the necessity of this study to establish a new program, but notes that there may be pushback from other vendors about establishing this program without such a study. Based on conversations with MWBOO, Finance anticipates that a baseline disparity study could take one to two years and cost at least \$1 million.

Second, the legislation is written to take effect 30 days after enactment. There are extensive operational processes that would need to be established prior to the implementation of this program, as well as hiring, which would take at least 6 to 9 months. Finance would request that if this legislation moves forward, the effective date be extended.

Third, the current procurement system is not linked to MWBOO's database, which can cause some data issues. CitiBuy, the City's current procurement system, allows vendors to self-identify as MBE or WBE, but that information is not automatically crosschecked with MWBOO certified MBE/WBEs. This problem will be addressed with the transition to Workday, specifically during phase two.

Conclusion

The City is facing major fiscal concerns and cannot at this time support the implementation of a new program with General Fund dollars without reallocating resources from other services. In addition, the Department of Finance appreciates the intent of the bill, but reiterates the importance of a disparity study to provide the foundation for such actions. Funding a new program at \$780,906 without such a study documenting the need for intervention measures, which could require an additional \$1 million investment, does not align with industry best practices.

For the reasons stated above, the Department of Finance opposes City Council Bill 21-0033.

cc: Natasha Mehu
Nina Themelis