


FROM	NAME & TITLE	David E. Scott, P.E., Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Municipal Building		
	SUBJECT	CITY COUNCIL BILL 10-0499		

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).

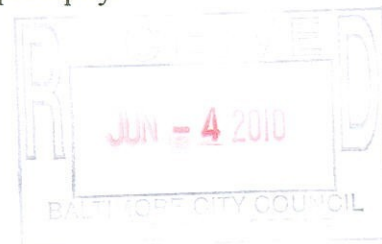
The purpose of the Bill is to establish new procedures for establishing and modifying certain bid threshold amounts, bid performance requirements, advertising requirements, award criteria, and other matters governing procurement; and submitting this amendment to the qualified voters of the City for adoption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

The Board of Estimates is the body designated by the Baltimore City Charter as responsible for awarding City contracts and for supervising all City purchasing. The Charter distinguishes between contracts requiring a formal bidding process (contracts of \$25,000 or more) and contracts that are submitted for approval by the Board (contracts of more than \$5,000 and less than \$25,000). Professional services are acquired under a process adopted by the Board of Estimates.

The formal bidding process requires detailed contract books and specifications, public advertising at least twice in two daily newspapers of general circulation, submittal of extensive bid documents, review and approval of responsive and responsible bids, execution of contract documents, and an award and Notice to Proceed process. All bidders must be prequalified to be eligible for a contract award by the City. The successful bidder must provide a performance bond, irrevocable letter of credit, or certification that the bidder meets the requirements under the City's self-insurance program for performance coverage.

The informal bid process allows for competitive bidding on contracts of less than \$25,000. The City holds a meeting with prospective bidders, submits limited contract documents, and recommends approval of an award to the Board of Estimates. Minimal paperwork is required, insurance and bonding requirements are less than those required under the formal bidding process, and Notice to Proceed can be issued promptly.

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The Baltimore Efficiency and Economy Foundation (BEEF) commissioned the Johns Hopkins Institute for Policy Studies to comparatively analyze the City's procurement approval process with other Maryland counties and cities around the country. BEEF wanted to know what charter provisions govern procurement in each of the localities, including approval authorities, advertising and security requirements; whether monetary limits are codified in local charters; the monetary limits adopted by legislative bodies; and whether the charter provisions are changed, including the role of legislative bodies. Included in this 2009 report were the following recommendations:

- Removal of specific dollar threshold amounts from the Charter;
- Substitute a provision for democratically set thresholds for approvals of transactions, requiring a two-thirds vote of the City Council;
- Require posting in a general circulation newspaper and electronically on the City's website;
- Initiate close-to-real time posting of contracts below the threshold that are awarded;
- Electronically post sole source contracts with a 48-hour time period for competitors to file qualifications before the contract is executed; and
- Remove bond requirements from the Charter and establish through the Department of Finance, with flexible requirements for local, minority- and women-owned businesses.

City Council Bill 10-0499, if approved, would act on these recommendations. The legislation 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 if approved by two-thirds of the City Council. Prior to enacting such an ordinance, the Board of Estimates would be able to set the threshold amounts which would remain in effect until different amounts were set through an ordinance. Contracts that require formal advertising would now be published in only one or more daily papers as well as posting electronically. With the exception of contracts let by the Departments of Public Works, Transportation, and General Services, the Director of Finance would implement the policies and procedures to determine whether a bid bond is required and the term and value of the bond.

The Department of Public Works agrees that the removal of a dollar threshold from the Charter and setting the threshold through an ordinance is a prudent and appropriate action to take. The existing \$25,000 threshold limit that requires a formal bidding process has not changed since the 1980s. Outdated dollar thresholds drive up the costs to the City and to the responding bidders, extend the time it takes to deliver public services and projects, and make it more difficult for small, minority- and women-owned businesses to compete.

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Setting threshold limits through an ordinance process allows the City to establish relevant dollar amounts over time through a transparent public process. Based on these findings, the Department of Public Works supports passage of City Council Bill 10-0499.

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David E. Scott, P.E.
Director

DES/MMC

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