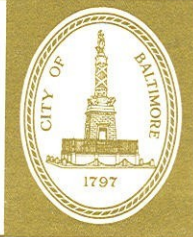


CITY OF BALTIMORE

SHEILA DIXON, Mayor



DEPARTMENT OF FINANCE

BUREAU OF PURCHASES
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Baltimore, Maryland 21202

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City Purchasing Agent

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Ref: City Council Bill No. 08-0221 – Small Business Opportunity Program

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

July 20, 2009

Attn: Ms. Karen Randle

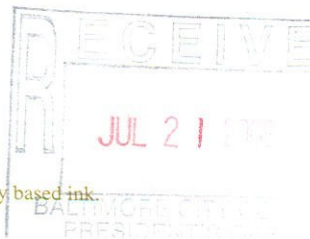
City Council Bill 08-0221 establishes the Baltimore Small Business Opportunity Program, which would provide for the certification of local small businesses and establish procurement reserves for certified small businesses on certain contracts.

The Bureau of Purchases within the Department of Finance recognizes that similar small business opportunity programs have been in existence in other jurisdictions for as long as 20 years and believes that such a program could potentially benefit the City of Baltimore if it is structured correctly and applied in a way that fosters competition and if the goals are in alignment with the local small business market place. The Bureau has many questions about how the proposed program would work and would need to understand the details before providing an analysis of the costs and benefits of such a program.

For example, the Bureau would like to clarify:

1. Does the bill limit the program to commodity contracts less than \$150,000 and exclude all services contracts awarded by the Bureau of Purchases.
2. How the awards under the local small business reserve would be structured. Is it envisioned that the City would award contracts to two prime contractors – the lowest responsible and responsive bidder overall (for 90% of the contract award) and the lowest responsible and responsive bidder from within the certified small businesses (for 10% of the contract award)? Or is it envisioned that the certified small business would be awarded 10% of the contract as a sub-contractor acting under the prime contractor?

Comments



3. Would the City review the number of available firms certified for a particular service or commodity before designating a project to have a "Local Small Business Reserve." There might only be a single vendor certified for a particular service or commodity and thus no competition for the reserve award, which would result in increased cost to the City.
4. Limited capacity among the local small businesses could also result in no bids being received under the reserve and thus increase the time it takes for Purchases to obtain needed goods and services because of the necessity to re-bid the project.
5. How long will it likely take to get enough vendors certified as small businesses and to change our solicitation documents and procedures before the City could reasonably expect to initiate the program? An effective date of 30 days from the date the bill is enacted does not seem to be a reasonable timeframe for implementing the reserve program.

The Bureau of Purchases understands and appreciates the City Council's desire to promote and assist local small businesses and to encourage the spending of City funds within the local economy. However, the Bureau would need to understand more about how the proposed program would be envisioned to work before providing an analysis of the costs and benefits associated with such a program.

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