

**CITY OF BALTIMORE
COUNCIL BILL 08-0076R
(Resolution)**

Introduced by: President Rawlings-Blake, Councilmembers Young, Middleton, Kraft, Branch,
Henry, Cole, Holton, Spector, Welch, Conaway, Clarke, Curran, Reisinger

Introduced and read first time: October 27, 2008

Assigned to: Taxation, Finance and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: Department of Finance, Minority and Women's
Business Opportunity Office, Department of Transportation, Department of Public Works,
Mayor's Office of Minority and Women's Business Development

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Investigative Hearing – CitiBuy – Prompt Payment to**
3 **Small and Minority Businesses and 2nd Tier Sub-Contractors**

4 FOR the purpose of requesting the Baltimore City Bureau of Purchases and the Mayor's Office of
5 Minority and Women-Owned Business Development to report to the City Council on the
6 number of small and minority businesses and 2nd tier sub-contractors that are contracted to
7 deliver goods and services to City agencies; the average length of time between date of
8 delivery of goods and services provided by small and minority businesses and other 2nd tier
9 sub-contractors, and the date marking receipt of compensation for services rendered; and a
10 comprehensive plan to revise current policies to ensure prompt payment to small and
11 minority businesses and 2nd tier contractors.

12 **Recitals**

13 *State and Local Procurement Preferences: A Survey*, a research paper published by the
14 National Institute of Governmental Purchasing, Inc., an international not-for-profit educational
15 and technical organization of public purchasing agencies since 1944, found that government has
16 always used its purchasing power as a tool to achieve certain social and political purposes. An
17 increasing number of jurisdictions have interpreted their use of purchasing power as a tool in
18 addressing social and economic imbalances that have developed along gender and ethnic lines.
19 The growth of women and minority inclusion and reserve programs are one manifestation of this
20 policy shift at state and local levels.

21 A growing number of cities and counties have identified the use of procurement funds as a
22 vehicle to help strengthen local businesses and promote economic parity. To this end, they have
23 established Minority and Women Business Enterprise programs that attach inclusion-based
24 percentage benchmarks to applicable contracts to achieve this policy goal. Compliance with
25 Baltimore City's minority and women procurement inclusionary program is administered by the
26 Minority and Women's Business Opportunity Office, which has as its mission "to mitigate the
27 effects of past and present discrimination against minority and women-owned business in the
28 City's contracting process, while assuring that the high quality of goods and services are
29 obtained through the competitive bidding process." The City's program is also buttressed by the

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 Mayor’s Office of Minority and Women-Owned Business Development, which works to create
2 new opportunities for minority-owned and women-owned firms.

3 These programs are effective only when inclusion goals are adhered to and small and
4 minority firms receive prompt payment for their services. A number of small and minority
5 businesses perceive the lapse in time between services rendered and compensation for services to
6 be an insurmountable barrier to greater participation in government procurement. It should be
7 noted that many of these small and minority firms do not have the size or capacity to endure
8 prolonged periods without revenue for their services. For these firms, this often amounts to
9 foregone access to further capital and forfeiture or postponement of future growth possibilities.
10 This is in direct conflict with the stated objectives of Baltimore’s Minority and Women Business
11 Enterprise Program.

12 In July 2007, the City of Baltimore established CitiBuy, a 24/7 market place for doing
13 business. CitiBuy was established to allow all municipal agencies to automate, streamline, and
14 reduce the complexity of their procurement programs while supporting the goal of the Bureau of
15 Purchases to obtain the right materials at the right price, for delivery at the right time, to meet the
16 needs of City agencies. Because of the central role of the Bureau of Purchases and of CitiBuy in
17 the procurement process, they are well positioned to address the harm incurred by small and
18 minority businesses functioning as second tier contractors on City contracts who do not receive
19 prompt payment for services. To fully realize the benefits of Baltimore City’s procurement
20 initiatives, it is imperative that just as much significance be placed on the compensation for
21 goods and services, as is placed on the delivery of goods and services to City agencies.

22 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
23 Baltimore City Bureau of Purchases and the Mayor’s Office of Minority and Women-Owned
24 Business Development are requested to report to the City Council on the number of small and
25 minority businesses and 2nd tier sub-contractors that are contracted to deliver goods and services
26 to City agencies; the average length of time between date of delivery of goods and services
27 provided by small and minority businesses and other 2nd tier sub-contractors, and the date
28 marking receipt of compensation for services rendered; and a comprehensive plan to revise
29 current policies to ensure prompt payment to small and minority businesses and 2nd tier
30 contractors.

31 **AND BE IT FURTHER RESOLVED,** That the Director, Minority and Women’s Business
32 Opportunity Office; the Director, Mayor’s Office of Women and Minority Business
33 Development; the Director, Department of Public Works; and the Director, Department of
34 Transportation are also requested to attend the hearing and share their experience regarding the
35 participation of minority and women’s businesses in the City’s procurement process.

36 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor; the
37 Baltimore City Purchasing Agent; the Director, Minority and Women’s Business Opportunity
38 Office; the Director, Mayor’s Office of Women and Minority Business Development; the
39 Director, Department of Public Works; the Director, Department of Transportation; and the
40 Mayor’s Legislative Liaison to the City Council.