



## BILL SYNOPSIS

### Committee: Public Safety and Government Operations

### Bill 21-0068

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### Curing Mistakes in Bids

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**Sponsor:** *President Mosby*

**Introduced:** *April 19, 2021*

**Purpose:**

For the purpose of permitting a bidder to withdraw a bid under certain conditions; defining certain terms; requiring the City Purchasing Agent to prepare a determination showing the relief that was granted or denied regarding a bid's correction or withdrawal; and clarifying the duties of the City Purchasing Agent notwithstanding this subtitle.

**Effective:** On the 30<sup>th</sup> day after enactment.

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### Agency Reports

|                                |           |
|--------------------------------|-----------|
| Department of Finance          |           |
| MWBOO - Law                    |           |
| Department of Law              |           |
| MWOBD - Mayor's Office         |           |
| Department of General Services |           |
| Department of Planning         | Favorable |
| Department of Public Works     |           |

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## Analysis

### By adding:

Article V – Finance, Property, and Procurement; Section(s) 47-1, 47-3, and 47-4; Baltimore City Code (Edition 2000)

### Background

If enacted, bill 21-0068 would create a system to address user errors in the bidding and contracting process. Under this proposed legislation the City's Purchasing agent would be able to work with bidders before, during and after the bidding process to address minor irregularities to the form of a bid being submitted, but not to the actual substance of the document.

A significant part of this legislation is listed in subsection (b)(iii) the bid is unreasonably lower than other submitted bids. This is important because of the prevalence of change orders in the bidding and contracting process in Baltimore City. Each year the city spends millions of dollars on contractual services through the usage of private contractors and vendors to help support the operations of city government. Under the current procurement process, vendors bid on Request for Proposals that are issued by city agencies, and generally the city goes with the contractor or vendor that submits the **lowest cost bid**. Now, on the surface this process may appear to be a cost effective tool in saving the city money, but a hidden cost that the city often incurs during this process is the influx of change orders that are submitted by contractors and vendors that inflates the cost of the work being performed. Often times these hidden cost can accumulate and equal or surpass the bids submitted by other contractors and vendors in the process.

By identifying when companies are purposely submitting bids lower than the projected cost to do the work, the city can begin to transition from the practice of lowest cost bidding to best value procurement. In that system agencies are able to weigh proposal cost and benefits and award contracts to the bidder that will provide the "best value" to government even if that comes at a higher price than another acceptable offer.

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### Additional Information

**Fiscal Note:** Not Available

**Information Source(s):** Agency Reports, Best Value Procurement

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