



Legislation Details (With Text)

File #:	17-0008R	Version:	0	Name:	Investigative Hearing - Late Payments to Subcontractors on City Contracts
Type:	City Council Resolution	Status:		Failed - End of Term	
File created:	2/6/2017	In control:		Taxation, Finance and Economic Development Committee	
On agenda:		Final action:		12/7/2020	
Enactment date:		Enactment #:			
Title:	Investigative Hearing - Late Payments to Subcontractors on City Contracts For the purpose of calling on representatives from the Finance Department, the Office of Civil Rights and Wage Enforcement, the Minority and Women's Business Opportunity Office, and the Departments of Public Works, General Services, and Transportation to appear before the City Council to discuss problems with late payments to subcontractors on City contracts, and what steps the City can take to ensure that these problems do not endanger the ability and willingness of subcontractors to work on City projects.				
Sponsors:	Robert Stokes, Sr., Mary Pat Clarke, Sharon Green Middleton, President Young, Ryan Dorsey, Brandon M. Scott, Kristerfer Burnett, John T. Bullock, Bill Henry, Leon F. Pinkett, III, Eric T. Costello, Isaac "Yitzy" Schleifer, Zeke Cohen, Shannon Sneed, Edward Reisinger				
Indexes:	City, Contracts, Investigative Hearing, Payment Schedule, Subcontractors				
Code sections:					
Attachments:	1. 17-0008R~1st Reader, 2. Finance 17-0008R, 3. DGS 17-0008R, 4. DOT 17-0008R, 5. HCD 17-0008R, 6. MWBOO 17-0008R, 7. Wage 17-0008R, 8. DPW 17-0008R				

Date	Ver.	Action By	Action	Result
12/7/2020	0	City Council	Failed - End of Term	
2/26/2018	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
3/20/2017	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
2/9/2017	0	The City Council	Refer to Wage Commission	
2/9/2017	0	The City Council	Refer to Dept. of Finance	
2/9/2017	0	The City Council	Refer to Dept. of Public Works	
2/9/2017	0	The City Council	Refer to Dept. of General Services	
2/9/2017	0	The City Council	Refer to Dept. of Transportation	
2/9/2017	0	The City Council	Refer to Minority and Women's Business Opportunity Office	
2/9/2017	0	The City Council	Refer to Housing and Community Development	
2/6/2017	0	City Council	Assigned	
2/6/2017	0	City Council	Introduced	

* **Warning:** This is an unofficial, introductory copy of the bill.
The official copy considered by the City Council is the first reader copy.

Introductory*

City of Baltimore

Council Bill R
(Resolution)

Introduced by: Councilmember Stokes

A Resolution Entitled

A Council Resolution concerning

Investigative Hearing - Late Payments to Subcontractors on City Contracts

For the purpose of calling on representatives from the Finance Department, the Office of Civil Rights and Wage Enforcement, the Minority and Women's Business Opportunity Office, and the Departments of Public Works, General Services, and Transportation to appear before the City Council to discuss problems with late payments to subcontractors on City contracts, and what steps the City can take to ensure that these problems do not endanger the ability and willingness of subcontractors to work on City projects.

Recitals

Often City contracts are simply too large and complex to be handled by a single business out of its own resources alone. When this is the case, prime contractors must put together teams of subcontractors to assist them with bidding on, and ultimately implementing, City contracts.

Without a large pool of subcontractors willing and able to work on large City contracts it would be difficult, sometimes even impossible, for the City to meet many of its goals effectively and at a reasonable cost. Anything that serves to reduce the pool of available subcontractors for City jobs is therefore cause for serious concern.

Late payments to these subcontractors can be especially problematic. Businesses are unlikely to sign-on for jobs that they don't believe they will receive timely payment for. And small businesses, a category that many subcontractors fall into, are particularly vulnerable to the cash flow disruptions that late payments cause.

Recognizing the threat posed by late payments to subcontractors, City Code Article 5, § 28-55(a) flatly states that a contractor on a City contract "must pay its subcontractors in a timely fashion for satisfactory work". Related provisions in the law provide the City with the means to enforce and track compliance with this legal requirement.

Despite these provisions of City law, subcontractors on City projects often complain about late payments. Some are reluctant to work on City contracts because of this and others could have the survival of their business imperiled if late payments prevent them from paying suppliers, landlords, or employees when needed.

Even more troubling are reports that some frequent City prime contractors repeatedly fail to pay subcontractors in a timely manner while the City takes no action against them to protect these more vulnerable small businesses. If some contractors are adopting late payments as a business practice, despite timely City payments to them, why do they continue to get City work? Why isn't § 28-55(a) being enforced if this is the case? And if the problem is with City payments instead, how can this be remedied?

If late payment to subcontractors on City contracts is in fact as widespread and persistent of a problem as alleged, it represents a serious threat to the City's ability to procure effective and affordable work, grow small businesses to encourage competitive markets, and see that more jobs go to disadvantaged populations within Baltimore. It is therefore important that the Council discuss this problem with the City agencies best placed to examine and act on it so that workable solutions can be found.

Now, therefore, be it resolved by the City Council of Baltimore, That the Council calls on representatives from the Finance Department, the Office of Civil Rights and Wage Enforcement, the Minority and Women's Business Opportunity Office, and the Departments of Public Works, General Services, and Transportation to appear before it to discuss problems with late payments to subcontractors on City contracts, and what steps the City can take to ensure that these problems do not endanger the ability and willingness of subcontractors to work on City projects.

And be it further resolved, That a copy of this Resolution be sent to the Mayor, the Director of Finance, the Director of the Office of Civil Rights and Wage Enforcement, the Director of the Minority and Women's Business Opportunity Office, the Director of Public Works, the Director of General Services, the Director of Transportation and the Mayor's Legislative Liaison to the City Council.