

GO ITEM #1
October 8, 2012

Worksession

MEMORANDUM

October 4, 2012

TO: Government Operations and Fiscal Policy Committee

FROM: Amanda Mihill, Legislative Attorney *A. Mihill*

SUBJECT: **Worksession:** Bill 22-12, Local Small Business Reserve Program - Sunset Repeal

Bill 22-12, Local Small Business Reserve Program - Sunset Repeal, sponsored by the Council President at the request of the County Executive, was introduced on July 24, 2012. A public hearing was held on September 18 at which a representative from the Executive supported the bill.

Background

The Local Small Business Reserve Program was established by Bill 23-04, Contracts and Procurement – Local Small Business Reserve Program, effective January 1, 2006. The legislative intent of the new program was to enhance the competitiveness of County-based small businesses by creating a separate defined market in which small businesses will compete against each other, not against larger firms, for County contracts; broaden the pool of local small vendors doing business with the County; and encourage the County’s economic growth by enhancing the business climate for local small businesses. Bill 23-04 provided that the program would sunset on December 31, 2009. The program was extended until December 31, 2012 by Expedited Bill 3-09, Local Small Business Reserve Program – Amendments.

Bill 22-12 would repeal the sunset date of the Local Small Business Reserve Program, making the program permanent. The Council has received correspondence from several businesses supporting Bill 22-12 (see ©9-15); Council staff is unaware of any correspondence opposing the bill.

In his testimony, David Dise, Director of the Department of General Services stated that after 4 years of implementation and improved management, the program “produced increases in the number of businesses competing from County contracts, marked increases in competitive opportunities, and significant increases in the amount of dollars spent by the County on contracts with local small businesses.” Therefore, the Executive recommends repealing the sunset provision. **Council staff recommendation:** enact Bill 22-12.

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Bill No. 22-12
Concerning: Local Small Business
Reserve Program -- Sunset Repeal
Revised: 6/29/2012 Draft No. 1
Introduced: July 24, 2012
Expires: February 24, 2014
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN ACT to:

- (1) repeal the sunset date of the Local Small Business Reserve Program; and
- (2) generally amend the Local Small Business Reserve Program.

By amending

2009 Laws of Montgomery County Chapter 9

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

LEGISLATIVE REQUEST REPORT

Bill 22-12

Local Small Business Reserve Program - Sunset Repeal

DESCRIPTION: Repeal of Local Small Business Reserve Program (LSBRP) sunset date.

PROBLEM: The Program will sunset on December 31, 2012, unless the sunset date is extended or repealed.

GOALS AND OBJECTIVES: To continue the Program.

COORDINATION: Department of General Services, Office of the County Attorney

FISCAL IMPACT: None

ECONOMIC IMPACT: TBD

EVALUATION: N/A

EXPERIENCE ELSEWHERE: N/A

SOURCE OF INFORMATION: Grace Denno, Department of General Services, 240-777-9959

APPLICATION WITHIN MUNICIPALITIES: N/A

PENALTIES: N/A



OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

July 9, 2012

TO: Roger Berliner, President
County Council

FROM: Isiah Leggett 
County Executive

RE: Legislation -- Local Small Business Reserve Program

I am transmitting for Council introduction a bill that would continue the Local Small Business Reserve Program (LSBRP) beyond December 31, 2012 by repealing the sunset date for the program. If you have any questions about this bill, please contact David Dise, Director, Department of General Services (DGS), 240-777-6091, Grace Denno, Office of Business Relations and Compliance, DGS, 240-777-9959, or Karen L. Federman Henry, Division Chief, Office of the County Attorney, at 240-777-6761.

Attachments (2)

c: David Dise, Director, Department of General Services
Marc Hansen, County Attorney
Grace Denno, Business Relations/Compliance
Karen L. Federman Henry, Division Chief,
Office of the County Attorney
Steve Silverman, Director, Department of Economic Development



ROCKVILLE, MARYLAND

MEMORANDUM

September 6, 2012

TO: Roger Berliner, President, County Council

FROM: Jennifer A. Hughes, Director, Office of Management and Budget
Joseph F. Beach, Director, Department of Finance *JFB*

SUBJECT: Bill 22-12 - Local Small Business Reserve Program - Sunset Repeal

Attached please find the fiscal and economic impact statements for the above-referenced legislation.

JAH:nm

c: Kathleen Boucher, Assistant Chief Administrative Officer
Lisa Austin, Offices of the County Executive
Joy Nurmi, Special Assistant to the County Executive
Patrick Lacefield, Director, Public Information Office
Grace Denno, Department of General Services
Michael Coveyou, Department of Finance
David Platt, Department of Finance
Alex Espinosa, Office of Management and Budget
Angela Dizelos, Office of Management and Budget
Erika Lopez-Finn, Office of Management and Budget
Naeem Mia, Office of Management and Budget

Fiscal Impact Statement
Council Bill 22-12 - Local Small Business Reserve Program - Sunset Repeal

1. Legislative Summary

The proposed bill repeals the sunset clause of the Local Small Business Reserve program. The program is currently scheduled to expire on December 31, 2012. The proposed bill will continue the program indefinitely.

2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Includes source of information, assumptions, and methodologies used.

There is no impact on revenues and expenditures.

3. Revenue and expenditure estimates covering at least the next 6 fiscal years.

There is no impact on revenues and expenditures.

4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.

Not applicable. This bill does not affect retiree pension or group insurance costs.

5. Later actions that may affect future revenue and expenditures if the bill authorizes future spending.

The bill does not authorize future spending.

6. An estimate of the staff time needed to implement the bill.

No additional staff time is needed to implement the bill.

7. An explanation of how the addition of new staff responsibilities would affect other duties.

No new staff responsibilities are created as a result of this bill.

8. An estimate of costs when an additional appropriation is needed.

Not applicable.

9. A description of any variable that could affect revenue and cost estimates.

Not applicable.

10. Ranges of revenue or expenditures that are uncertain or difficult to project.

Not applicable.

11. If a bill is likely to have no fiscal impact, why that is the case.

The bill repeals the sunset clause to continue the program. There will be no change in expenditures or revenues.

12. Other fiscal impacts or comments.

None.

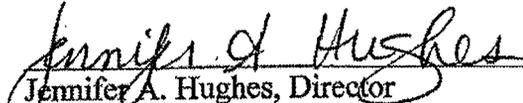
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13. The following contributed to and concurred with this analysis:

Grace Denno, Department of General Services

Naeem Mia, Office of Management and Budget

Erika Lopez-Finn, Office of Management and Budget



Jennifer A. Hughes, Director
Office of Management and Budget

9/5/12
Date

Economic Impact Statement
Council Bill 22-12
Local Small Business Reserve Program – Sunset Repeal

Background:

This proposed legislation would repeal the sunset date of the Local Small Business Reserve Program, and generally would amend the Local Small Business Reserve Program.

1. The sources of information, assumptions, and methodologies used.

Not applicable.

2. A description of any variable that could affect the economic impact estimates.

Not applicable. Bill 22-12 would have no economic impact.

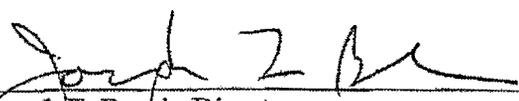
3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.

Not applicable. Bill 22-12 would have no economic impact.

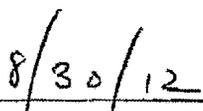
4. If a Bill is likely to have no economic impact, why is that the case?

The Bill merely repeals the sunset provision of the Local Small Business Reserve Program, thereby allowing it to continue.

5. The following contributed to and concurred with this analysis: David Platt and Mike Coveyou, Finance



Joseph F. Beach, Director
Department of Finance



Date

Bill 22-12, Local Small Business Reserve Program - Sunset Repeal

Testimony of David Dise, Director, Department of General Services

Public Hearing

September 18, 2012

I am David Dise, Director of Montgomery County's Department of General Services and I am here on behalf of County Executive Isiah Leggett to encourage the Council's favorable consideration of this bill to repeal the existing sunset provision for the Local Small Business Reserve Program.

Montgomery County is home to a robust local small business community. Nearly 95% of resident businesses are considered small businesses. Recognizing that all businesses have experienced the severe impact of a slowed economy, four years ago the County Executive recommended changes to the Local Small Business Reserve Program (LSBRP) to help maintain the vitality of our local economy. The Council supported those recommendations and added additional provisions improving the original Program.

After 4 years of implementation and improved management, the Program has produced increases in the number of businesses competing for County contracts, marked increases in competitive opportunities, and significant increases in the amount of dollars spent by the County on contracts with local small businesses. While the requirements of the program are mandatory for all County Government departments, willing adoption by the departments has proven significant in Program success. Departments are gaining confidence in the quality of goods and services provided by LSBRP vendors

The number of solicitations reserved and awarded under LSBRP has increased each year since the program was strengthened through legislative action. In FY09, 14 formal LSBRP solicitations were issued, compared to 62 in FY12. Correspondingly, the value of contracts awarded each year has increased under LSBRP requirements. In FY10, 23% of eligible contracts, totaling \$67.5M, were awarded to local small businesses. This increased to 38%, or \$83.6M, in FY12. These increases are attributed to pro-active outreach and research by County staff to identify and recruit local businesses.

As a result of this increase in the number and total value of contracts awarded, the actual amount of money spent, in terms of paid invoices, by the County to local small businesses has increased from \$25 million in FY10 to \$72 million in FY12. This is real money invested back into the local economy, fueling the business community and resulting in more stability and employment.

A significant change resulting from the LSBRP legislation four years ago was the addition of the requirement that the DGS Director approve any determination that no LSBRP vendor was deemed qualified to satisfy a requirement. Enforcement of this

provision, combined with increased outreach and support from County departments has resulted in significant reduction in the value of lost contracting opportunities to local small business from \$222M in FY09 to only \$18M in FY12.

Finally, the number of businesses registering as qualifying under LSBRP guidelines has surpassed 1,000. More and more local small businesses are aware of the program and are showing active interest in the program.

As I stated earlier, Montgomery County has a robust, active and responsive small business community. These businesses employ local residents, provide good jobs, and make real contributions to the local economy. It is clear that local small businesses have benefited from the LSBRP. The program provides fair yet active competition among businesses to ensure the public benefits from best value for the dollar spent under county contracts. In addition, the LSBRP provides an economic opportunity that every local small business can benefit from now and in the future. This investment back into the local economy, certainly a help in difficult times, is an ongoing need for every small business struggling to get a foot-hold in the marketplace, and an equally ongoing benefit to the County.

The LSBRP is widely supported by local vendors, chambers of commerce, and County residents. When the program was put into place, a sunset date was appropriately set for every 3 years to provide the opportunity to gauge the program effectiveness and ongoing need. With 4 years of increasingly successful operation, as evidenced by the results I have outlined, County Executive Leggett believes the sunset provision imposed on the Local Small Business Reserve Program should be repealed.

**Testimony of Omar A. Karim, President of Banneker Ventures
Montgomery County Council Committee meeting
Bill 22-12, Local Small Business Reserve Program - Sunset Repeal
October 8, 2012**

My name is Omar Karim and I serve as President of Banneker Ventures, a construction and services firm based out of Rockville. I am here on behalf of our nearly 20 employees to encourage the Council's favorable consideration of Bill 22-12 to repeal the existing sunset provision for Montgomery County's Local Small Business Reserve Program.

As a ten year resident of the County and President of a local small business, I want to let you know that the Local Small Business Reserve Program has helped us tremendously over the past few years. As a result of the Program, we have been able to bid on projects which have been designated local and small business reserve and have won more than \$6M in contracts with the County, which have enabled us to hire 10 new employees.

The projects that we have won under the Program are both meaningful and rewarding. One of these projects was a competitive LSBRP project, involves the construction of more than a third of a mile of roads, sidewalk and underground utilities on Dale Drive in downtown Silver Spring. At more than \$4M, the Dale Drive project is one of the largest road projects ever awarded to a small business by the Montgomery County Department of Transportation and has allowed us to hire 5 new full time employees alone.

Over the past few years, when we have spoken with other companies who are located outside of the County, we point to what Montgomery County has done to help its small businesses through the implementation of the Local Small Business Reserve Program. We encourage the Council's favorable consideration of the bill to repeal the existing sunset provision for the Local Small Business Reserve Program.

Thank you for your time.

Omar A. Karim
Banneker Ventures
5 Choke Cherry Road, Suite 378
Rockville, Maryland 20850
(301) 990-4980 phone
(301) 990-4982 fax
(301) 523-1810 cell
okarim@bannekerventures.com



September 17, 2012

The Honorable Roger Berliner, President
and Members of the Montgomery County Council
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Dear Council President Berliner and Members of the Council:

On behalf of the Greater Silver Spring Chamber of Commerce (GSSCC), I am submitting this letter in lieu of presenting testimony in support of Bill 22-12, Local Small Business Reserve Program (LSBRP) – Sunset Repeal.

The Chamber has long supported efforts to offer more Montgomery County procurement opportunities to Montgomery County-owned and operated businesses, especially small businesses. Keeping Montgomery County tax dollars inside the County is good fiscal and public policy, something we believe is even more important in the current economic times. The Local Small Business Reserve Program has been a positive step in that direction and it should be continued. Indeed, not only should the program be continued, County agencies should be directed to find even more opportunities for our local small businesses to supply the purchasing needs of the County.

GSSCC urges all of you to lend your support to this legislation and vote in support of repealing the sunset on the Local Small Business Reserve Program.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Jane Redicker".

Jane Redicker
President

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The Voice of Montgomery County Business

ORI REISS, CHAIRMAN

CHRISTOPHER CARPENTO, CHAIR-ELECT

TOM MCELROY, IMMEDIATE PAST-CHAIR

GEORGETTE "GIGI" GODWIN, PRESIDENT & CEO

Re: Bill 22-12: Local Small Business Reserve Program – Sunset Repeal

Mr. President and Members of the County Council:

The Montgomery County Chamber of Commerce, as the voice of Montgomery County business, **supports** Bill 22-12: Local Small Business Reserve Program – Sunset Repeal. The Montgomery County Local Small Business Reserve Program (LSBRP), allows many small businesses in our County to compete for valuable contracts, which helps their companies grow.

The County's program has been very successful since the program's initial adoption in 2008, the program has grown and most County departments have diligently achieved their goal of 20% of their procurements being set aside for small business competition. These individual contracts have ranged from smaller service agreements to contracts worth millions to small businesses. The County's LSBRP program should function as a model to other Counties in Maryland who look to support their local small businesses.

In fact, in the last session of the Maryland General Assembly, the Chamber advocated for the State to change the requirements for their Small Business Reserve (SBR) program to look more like Montgomery County's program. The legislation, which was championed by members of the Montgomery County delegation, is now public law. It will help the State reach their goal of 10 percent of their procurements reserved for small businesses. Currently, only 6 percent of the State's contracts are set aside for small businesses.

The Chamber supports Bill 22-12 and encourages the County Council to pass the legislation and maintain this model for enhancing the local small business economy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gigi Godwin', written in a cursive style.

Gigi Godwin
President & CEO

Testimony in favor of Repealing the Montgomery County Local Small Business Reserve Program Sunset

October 8, 2012

Thank you for the opportunity to speak with you today regarding the Montgomery County Local Small Business Reserve Program.

OFFICEPRO, a technology training company located in Gaithersburg, has been involved in this program since its inception – actually longer than many of the County staff members supporting the program at this time. I piloted the initial web site and have worked with the County on numerous occasions to identify potential local small business that would be able to respond to County solicitations.

As the chair of the Small Business Committee for the Montgomery County Chamber of Commerce, I also have actively afforded County employees with opportunities to discuss this and other programs with Committee members.

I can say with utter certainty that this program has had a positive effect and a successful record. Clearly the data illustrates that opportunities for small businesses to work with the County have increased significantly since this program began.

On a personal note, OFFICEPRO recently began conducting software training classes for Montgomery County. It took 7 years of active engagement to get a contract with the County. This effort would not have been successful without the Local Small Business Reserve Program and the hard work of the County employees who champion this effort.

As a result of the proven success of this program, I am voicing my full support for repeal of the sunset provision and making this law permanent in County Code.

I look forward to working with County staff to identify and implement ways to make the Local Small Business Reserve Program even better moving forward.

Thank you again for your time.

Sincerely,

Judy Stephenson
President
OFFICEPRO, Inc.

Mihill, Amanda

From: Studley, Toby [tstudley@spsconsult.net]
Sent: Tuesday, October 02, 2012 6:10 PM
To: Navarro, Nancy
Subject: LSBRP

Dear Councilmember Navarro,

As a lifelong Montgomery County resident and a local small business owner of 16 years, I urge you to repeal the sunset date on the Local Small Business Reserve Program. (LSBRP)

Prior to the program, my company SPS Consulting, LLC, was constantly defeated in contract bids by large companies, many of whom had no local connection or interest. Despite my success with prestigious federal contracts, such as the Department of Homeland Security, Nuclear Regulatory Commission and the Smithsonian Institute, I watched with great frustration as my home county continually awarded contracts to large national and international firms with little or no connection.

The LSBRP has been instrumental in the success of SPS. I was finally able to win a contract with Montgomery County and can provide numerous references that will testify to the outstanding job my company and my employees have done in fulfilling the needs of this contract. Furthermore, SPS was founded in Montgomery County, and continues to operate here. Growth by SPS equals growth in our County, with both tax revenue and job expansion. The LSBRP has made that possible. Please make the program permanent in the County Code so that other local companies will have a fighting chance to show that the best work done for the county can often be provided by Montgomery County owned and operated businesses.

Sincerely,

Toby Studley
President
SPS Consulting, LLC
1901 Research Blvd. Suite 320
Rockville, MD 20850

Toby Studley
President | SPS Consulting
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