

tor of edu-
cation at
MdBio.



Business Data 6
Events 8
Networking 8

Montgomery adopts set-asides

by Kevin J. Shay

Staff Writer

After nine months of study and sometimes contentious debate, the Montgomery County Council unanimously adopted a small-business set-aside program — the first Maryland county to do so.

The bill approved Tuesday requires county departments to reserve 10 percent of most of their contract dollars for local small businesses. The program, similar to a state program adopted last year, is to take effect by January.

The council went against the advice of attorneys, the executive branch and its committee that studied the issue by in-

cluding a provision to require that compa-

nies that bid on the small-business contracts be independently owned, headquartered in Montgomery and pay property taxes to the county. Also, at least half of their employ-

ees must work in Montgomery.

Opponents of that

measure feared a backlash against local businesses that bid for projects in other areas, such as Virginia, which recently passed legislation that would lock out



Leventhal Supports the bill

companies bidding on government projects that have local preferences in their areas.

Council Vice President George L. Leventhal (D-At Large) of Takoma Park, one of the legislation's sponsors and the most vocal proponent of the local preference, said the executive department "has never liked this bill from the get-go" and tried to weaken it.

"We should not look to the state of Virginia to dictate our policy," Leventhal said. "I've said this 100 times, that I haven't heard from one business that is afraid of retaliation."

Charles H. Atwell, board chairman of the Montgomery County Chamber of

Commerce and a strong advocate of the legislation, said he, too, had not heard such concerns from any chamber member.

"We're happy that provision passed," said Atwell, also president of Innovative Business Interiors, a small office furnishings company in Silver Spring. "It only makes sense that a small portion of these contracts, which are paid for out of our own tax dollars, get recycled in our local economy to help local small businesses grow and prosper."

In fiscal 2004, the county awarded procurements valued at \$543 million, down from \$583.3 million in 2003. The

See **Bill**, page B-7

Continued from B-1

pool for small businesses will not necessarily be 10 percent of that figure because several contracts, such as those that have a conflict with state or federal law and emergency measures, will be excluded from the program.

Opponents of the local preference denied they were against the provision simply to derail the bill. Councilwoman Marilyn J. Praisner (D-Dist. 4) of Calverton, who chairs the council's Management and Fiscal Policy Committee that first studied the issue, was one of two members to vote against the local preference provision during Tuesday's lengthy debate.

Councilman Philip M. Andrews (D-Dist. 3) of Gaitheersburg, another management committee member, was the other. But they both later supported the overall bill.

The council's own attorneys agreed with the executive branch's lawyers, and members had little information on how a local preference would actually work. Praisner said, "Documentation becomes a critical issue," she said.

The issue raised "huge red flags," Andrews said. "I think we would be doing a disservice to the business community as a whole if the county adopted a reserve program that hurts local businesses that want to do business in other states."

Complaints, state program prompted county action

County officials had heard from small-business owners for years that large companies dominated the contracting

Process. After the

General Assembly passed similar legislation last year to reserve 10 percent of the value of state contracts for small busi-

Atwell
Says the bill 'makes sense'



nesses four Montgomery council members — Leventhal, President Thomas E. Perez (D-Dist. 5) of Takoma Park, Nancy M. Floreen (D-At large) of Garrett Park and Steven A. Silverman (D-At large) of Silver Spring — proposed the bill in July.

The state measure did not include a local preference provision. But county staff members reported that other jurisdictions, such as Harford County northeast of Baltimore, had a local preference when awarding contracts, though not, in Harford, in a small-business reserve program.

Deciding whether to cap contract amounts eligible for the program also delayed adoption.

The council set a ceiling of \$10 million, which officials said would not affect many, if any, county contracts.

Some members predicted they would have to revisit the issue in a few years. The program sunsets in 2009, although the council can renew it before then. The office of legislative oversight has to review it one year after implementation.

The bill also requires contracts from \$5,000 to \$25,000 to be posted on the county's Web site. In fiscal 2003, the county made more than 4,500 purchases for goods and services

under \$25,000, totaling about \$14 million.

The Department of Economic Development will oversee the program. The size of eligible small businesses will be based on guidelines set later by the county executive department, which studies local business profiles, instead of U.S. Small Business Administration standards.

In most cases, the federal agency deems a business "small" if its annual revenues are less than \$2 million. At a hearing last September, several business leaders including Atwell, called for that limit to be raised. Most businesses in the county — about 29,000 — are considered small by the SBA standard.

The January start date will allow officials to set up a contracting database and Internet posting system. Members urged the county to begin the program as soon as the system is ready.

Initial program costs are about \$358,000.

The county does not have figures on what percentage of contracts now go to small companies. But in 2003, 21.6 percent of contracts — \$64.6 million — went to businesses owned by minorities, women and disabled people. That was up from \$57 million in 2002.

David Weaver, a spokesman for County Executive Douglas M. Duncan (D), could not be reached for comment Thursday. Duncan could veto the legislation, but the council could override the veto with a two-thirds vote, or the support of six members.

The council would "likely" override a veto because the vote was 9-0, said Sonya Healy, a county legislative analyst.