


MEMORANDUM

December 1, 2017

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Public Hearing:** Bill 37-17, Local Small Business Reserve Program – Eligibility - Amendments

Bill 37-17, Local Small Business Reserve Program – Eligibility - Amendments, sponsored by Lead Sponsor Council President at the request of the County Executive, was introduced on November 14, 2017. A Government Operations and Fiscal Policy Committee worksession will be scheduled at a later date.

Bill 37-17 would increase the aggregate dollar amount of County contracts awarded to a business before the business is no longer eligible for a procurement under the Local Small Business Reserve Program.

Background

The Local Small Business Reserve Program (LSBRP) was established by Bill 23-04, Contracts and Procurement – Local Small Business Reserve Program, effective January 1, 2006. The legislative intent of the program was to enhance the competitiveness of County-based small businesses by creating a separate defined market in which small businesses could 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.

Under current law, a local small business is no longer eligible for a procurement under the LSBRP if the business has been awarded \$10 million in the aggregate in County contracts and at least 10 separate contracts, as either a prime contractor or a subcontractor, since the Program began on January 1, 2006. Bill 37-17 would increase the aggregate dollar amount of County contracts a local small business can receive before “graduating” from the Program.

Since the Program began in 2006, there have been 2 companies that have “graduated.” In May 2014, Colossal Contractors had received 16 County contracts with a cumulative dollar value of \$10.1 million. In June 2017, Highway and Safety Services, Inc. had received 12 contracts with a cumulative dollar value over \$30 million. Bill 37-17 would reinstate Colossal Contractors back into the Program. Highway and Safety Services, Inc. would remain ineligible for new contracts awarded under the LSBRP Program.

This packet contains:

Bill 37-17
Legislative Request Report
Memo from County Executive
Fiscal and Economic Impact statement

Circle #

1
3
4
5

Bill No. 37-17
Concerning: Local Small Business
Reserve Program – Eligibility –
Amendments
Revised: November 3, 2017 Draft No. 1
Introduced: November 14, 2017
Expires: May 14, 2019
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the request of the County Executive

AN ACT to:

- (1) increase the aggregate dollar amount of County contracts awarded to a business before the business is no longer eligible for a procurement under the Local Small Business Reserve Program; and
- (2) generally amend the law governing the Local Small Business Reserve Program.

By amending

Montgomery County Code
Chapter 11B, Contracts and Procurement
Section 11B-67

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:

Sec. 1. Section 11B-67 is amended as follows:

11B-67. Procedures

* * *

(e) A local small business is no longer eligible for a procurement under this Article if the business has been awarded ~~[\$10 million]~~ \$25 million in the aggregate in County contracts and at least 10 separate contracts, as either a prime contractor or a subcontractor, beginning January 1, 2006. The Director must provide written notice to the business when it is no longer eligible.

Approved:

Roger Berliner, President, County Council

Date

Approved:

Isiah Leggett, County Executive

Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Date

LEGISLATIVE REQUEST REPORT

Bill 37-17

Local Small Business Reserve Program – Eligibility - Amendments

DESCRIPTION:	The Bill would amend eligibility for the Local Small Business Reserve Program by increasing the aggregate dollar amount of County contracts awarded to a business before it is no longer eligible for a procurement under the Program.
PROBLEM:	Some local small businesses have become ineligible for the Program due to the dollar amount of County contracts awarded to them.
GOALS AND OBJECTIVES:	These amendments will increase the aggregate dollar amount of County contract awards, so the Local Small Businesses can stay in the Program longer.
COORDINATION:	County Executive, Procurement, Office of County Attorney
FISCAL IMPACT:	No fiscal impact
ECONOMIC IMPACT:	No economic impact
EVALUATION:	N/A
EXPERIENCE ELSEWHERE:	N/A
SOURCE OF INFORMATION:	Grace Denno, PRO Richard Melnick, OCA
APPLICATION WITHIN MUNICIPALITIES:	N/A
PENALTIES:	Not changed. A violation of the Program may constitute a material breach of the contract. The County may exercise any available remedy, including termination for default.




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

November 1, 2017

TO: Roger Berliner, President, County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Local Small Business Reserve Program Legislation Amendments

In accordance with Section 313 of the County Charter and Section 11B of the Montgomery County Code, I am forwarding the attached Local Small Business Reserve Program Legislation amendments. The purpose of these amendments is to:

- increase the dollar amount of County Contracts awarded, above which a business is no longer eligible for a procurement under the Local Small Business Reserve Program; and
- generally amend the law regarding the Local Small Business Reserve Program.

I recommend prompt passage of this legislation so the local businesses will benefit from this amendment.

Attachments

Cc: Bonnie Kirkland, Assistant Chief Administrative Officer
Cherri Branson, Director, Office of Procurement
Grace Denno, Office of Procurement
Michael Brown, Office of Procurement

Fiscal Impact Statement
Bill XX-XX - Local Small Business Reserve Program Amendments

1. Legislative Summary

The Bill amends the Local Small Business Reserve Program to increase the dollar amount of County contracts awarded from \$10 million to \$25 million; above which a business is no longer eligible for a procurement under the Program.

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.

No additional County revenues; or additional expenses, are expected to be generated or incurred from the proposed legislative changes.

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

Not applicable.

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

Not applicable.

5. An estimate of expenditures related to County's information technology (IT) systems, including Enterprise Resource Planning (ERP) systems.

No additional Information Technology related expenses are required due to the proposed legislative changes.

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

The proposed legislation does not require or authorize additional future expenditures.

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

No additional staff or personnel costs are needed.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

See response #2.


13. Other fiscal impacts or comments.

This Bill is structured to help small businesses gain and retain fiscal strength for long term success, which helps buttress County economic development.

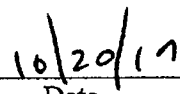
14. The following contributed to and concurred with this analysis:

Grace Denno, Office of Procurement

Bryan Hunt, Office of Management and Budget



Jennifer A. Hughes, Director
Office of Management and Budget



Date

Economic Impact Statement
Bill #-17, Local Small Business Reserve Program – Amendments

Background:

The Bill amends the Local Small Business Reserve Program to:

- (1) increase the dollar amount of County Contracts awarded, above which a business is no longer eligible for a procurement under the Local Small Business Reserve Program;
- (2) generally amend the law regarding the Local Small Business Reserve Program.

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

Source of information is the Division of Business Relations and Compliance (DBRC), Office of Procurement.

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

The only variable that could affect the economic impact is the number of vendors who currently are at or below the \$10 million threshold under the current program and may exceed the current threshold and the number of vendors who were eliminated by exceeding the threshold and eligible for reinstatement. However, data on the number are uncertain.

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


The Bill will enable more Local Small Business to stay in the program for a longer period of time before they graduate from the program. Therefore, the legislation would have a positive economic impact by maintaining those vendors who would exceed by expanding their current business and exceed the current threshold of \$10 million. Secondly, the legislation would enable those vendors who were eliminated from the program because they exceeded that threshold to be reinstated into the program.

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

The positive economic impact cannot be estimated with any degree of specificity at this time.

5. The following contributed to or concurred with this analysis:

David Platt, Finance; Grace Denno, Division of Business Relations and Compliance, Office of Procurement.



Alexandre A. Espinosa, Director
Department of Finance

9/28/17
Date