

# PRINCE GEORGE'S COUNTY COUNCIL

## COMMITTEE REPORT

2024 Legislative Session

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**Reference No.:** CB-026-2024

**Draft No.:** 1

**Committee:** GOFP

**Date:** June 27, 2024

**Action:** FAV

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**REPORT:** Committee Vote: Favorably 3-1 (Council Members Watson, Harrison, and Hawkins) No: Oriadha

The Government Operations and Fiscal Policy Committee convened on June 27, 2024, to consider CB-026-2024, AN ACT CONCERNING BID AND CONTRACT SECURITY. This legislation amends County Code Section 10A-132 Bid and Contract Security. The amendment will authorize the Purchasing Agent to waive or modify bonding requirements should they determine it is in the best interest of the County. Last year, the Council enacted CB-101-2022, which added policies to expand opportunities in county government contracting for local, small, and minority-owned businesses; CB-26 seeks to strengthen those efforts.

During the meeting, Office of Central Services Director, Jonathon Butler, and the construction manager for the agency, Mr. Joseph, explained that current bonding requirements put the county at financial risk to cover the cost of projects. Bonding companies will only cover full projects, as opposed to partial, as county law currently allows. The County is responsible for the work of its contractors, and many are struggling to meet the bonding requirements. This legislation will create the flexibility necessary for the Director to preserve the financial interests of the county and include small businesses.

Enactment of CB-26 would mean the purchasing agent may not require bid, performance, or payment bonds to be posted if the contract price does not exceed one hundred thousand Dollars (\$100,000). For procurement contracts more than \$250,000 and up to \$10,000,000 in value, required bonding shall be no more than 40% of the value of the contract. Bonding shall be required for procurement contracts above \$10,000,000 in value, but no more than 75% of the contract's value, and for procurement contracts of \$250,000 or less, bonding shall not be required.

As a written condition of a procurement award or procurement contract authorized under this Subtitle, the Purchasing Agent or the Purchasing Agent's designee may require responsive bidders or an award recipient, excluding County-based small businesses and Locally-owned and Operated Businesses, to provide bid, performance, and/or payment bonding assistance to County-based small businesses and Locally-owned and Operated Businesses in order to assist in complying with Division 7 of this Subtitle.

According to the fiscal policy statement, there will not be a direct impact on the County.

After discussion, the Government Operations and Fiscal Policy reported CB-26-2024 favorably 3-1.