

Board of County Commissioners

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Carroll County Government

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January 30, 2024

The Honorable Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West
Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB437 – Carroll County – Contracts and Purchasing - FAVORABLE

The Carroll County Board of Commissioners write in support of **SB437 – Carroll County – Contracts and Purchasing**. Current law sets the County's procurement authority and establishes stipulations for amount thresholds by which Carroll County Government may enter into contracts for any necessary public work or improvements, or for the purchase of supplies and equipment. Current law requires that, for the purchase of goods and services exceeding \$25,000, a formal bid process must be conducted.

Currently, purchases of between \$2500 and \$25,000 are made by solicitation of competitive quotes from at least three vendors. We are requesting authority to increase the current upper limit from \$25,000 to \$50,000. This will result in increased efficiency and reduced administrative costs associated with a formal bid process. This request aligns the county's bid threshold to that of the State of Maryland as well as several other Maryland counties.

Rationale:

- Per a study done by the National Institute of Governmental Purchasing (NIGP), the cost to do a bid with all departments involved is just over \$4,000
- This amendment will increase the county's effectiveness and efficiency by eliminating a formal bid for purchases between \$25,000 and \$49,999
- The \$25,000 threshold was set in 2001 when it was raised from \$12,000 via HB1034. In today's dollars, the CPI inflation calculator (https://www.bls.gov/data/inflation_calculator.htm) calculates \$25,000 from 2001 is comparable to almost \$44,000 today
- The burden for the extensive bidding process is also on the bidding community and this change will reduce costs as well as time for local businesses

Statistics:

- In just three months, from 7/1/23 to 10/10/23, Procurement received 330 purchase requests
- 245 requests were less than \$25,000
- 27 requests were between \$25,000 and \$49,999 (if the proposed request was in place and using the NIGP study numbers quoted earlier, the county could have an opportunity cost savings of \$108,000: 27 bids X \$4000 = a cost savings of \$108,000 in staff time that could have been used elsewhere)
- 58 requests were over the \$50,000

Lastly, we request that references in the bill to “Chief of the Bureau of Purchasing” be replaced with “Procurement Officer”. This title is consistent with the normal industry job title and has been changed in our organization to reflect that norm.

For these reasons we respectfully request a favorable report for SB437.

Sincerely,



Kenneth A. Kiler
President



Joseph A. Vigliotti
Vice President



Thomas S. Gordon III



Michael R. Guerin



Edward C. Rothstein (COL, Ret.)