

Local Business Programs

FY21 Annual Report





Montgomery County's Local Business Programs

Message from the Director



The Montgomery County Local Business Programs remain valued vehicles for local and small vendors, providing them with the opportunity to compete for prime contracts with Montgomery County Government. In FY21, the County was forced to navigate through a once a generation pandemic, brought on by COVID-19. Amidst catastrophic failures in global supply chains, the Office of Procurement worked closely with the various using departments and with the supplier community to ensure that Montgomery County never fell short in meeting its needs for PPEs and other life-saving supplies. The County could not have gotten through the difficulties of the pandemic alone, which further highlights the importance of strong partnerships between government and the local business community.

In March 2020, the Office of Procurement quickly shifted to situational telework, while still providing timely service to the community and the using departments. To better serve all stakeholders, who were largely working remotely, in FY21, we redesigned the Procurement website. As part of the website upgrade, we added new features which have made it easier to navigate, and significantly more vendor centric. Additionally, we successfully completed a pilot program with an e-Procurement system to eliminate in-person and paper submissions. We also implemented a new policy to the Local Small Business Reserve Program (LSBRP). As part of the County Executive's efforts to assist local small businesses recover from the COVID-19 recession, the Director of Procurement now requires all Informal solicitations to be reserved under the LSBRP, started on April 1st, 2021.

This year's Local Business Program Annual Report reflects a consistent level of participation in the programs since its inception. With regards to the LSBRP, in FY21 the County spent \$129 million toward Local Small Businesses, which represents 27.2% of the eligible spending. We look forward to increasing our efforts and strengthening linkages between the business community and county departments to support growth in County contract activity with local small businesses. If you have comments or questions about this report, the Local Business Programs or any of the Office of Procurement's upcoming outreach activities, please contact us at dbrc@montgomerycountymd.gov.

Executive Summary

In FY21, the Local Business Programs overall fared well and continued to show growth. Led by the LSBRP, in FY21 the County spent \$129 million with local small businesses. This amount comprises 27.2% of total eligible spending for LSBRP.

In FY21, under the Local Business Subcontractor Program, certified local businesses were awarded \$10 million, which represents 9% of the total contract value subject to LBSP.



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Support and Advocacy

The Division of Business Relations and Compliance provides individualized information and assistance to individuals and companies seeking opportunities to do business with Montgomery County government. Interested companies are welcome to schedule one-on-one appointments with DBRC staff to learn about the County's contracting needs, compliance programs, and Procurement processes. DBRC also offers training on how to use online tools to find valuable contracting information and provides referrals to appropriate departmental contract administrators. DBRC sends out weekly newsletters to advertise newly posted LSBRP solicitations.

Additionally, DBRC functions as an internal advocate and liaison, connecting the local business community with county departments to facilitate information exchange and contracting resource development. The County Executive proposed Bill 25-19 to promote a preference program for Local Businesses.

Background

The accomplishments outlined in this report result from several initiatives to stimulate economic growth through local contracting. In FY09, a partial governmental reorganization was implemented creating the Department of General Services and the Office of Business Relations and Compliance. The County Executive and County Council enacted new legislation and Executive Regulations to expand the County's ability to increase contracting with local businesses:

1. Local Small Business Reserve Bill #3-09 (April 30, 2009) -- Established the DGS Director as the evaluator of a business's capacity to contractually perform
2. Expedited Bill #23-15 (January 1, 2016) – Amended LSBRP eligibility criteria for small businesses in the service sector.
3. County Executive Regulation #6-15 (March 23, 2016) -- Revised Procurement Regulations
4. Local Business Subcontracting Bill #61-14 (May 17, 2016) – Established Local Business Subcontracting Program.
5. Local Business Preference Bill #25-19E (June 23, 2020) – Established Local Business Preference Program.



Montgomery County's Local Business Programs

Eligibility Requirements

Local Small Business Reserve Program (LSBRP)

<https://montgomerycountymd.gov/PRO/DBRC/lbrp.html>

Local Business Preference Program (LBPP)

<https://montgomerycountymd.gov/PRO/DBRC/local-business-preference.html>

Local Business Subcontracting Program (LBSP)

<https://montgomerycountymd.gov/PRO/DBRC/local-business-subcontracting.html>

Continued Innovative Practices

Among local municipalities, Montgomery County's Local Business Programs continue to be a model of legislation, operation and outreach. Innovative practices used include:

- Implemented a one-click solicitation scope view for businesses to make it easier to participate in the procurement process.
- Initiated a series of monthly Open House events for the business community to increase accessibility to County staff.
- Developed a Procurement Compliance Matrix to provide a user-friendly view for stakeholders to determine compliance applicability in the procurement process
- Implemented Procurement "rate my service" survey on staff's e-signatures to emphasize customer service.
- Distributed weekly e-newsletters to businesses to advertise active solicitations, upcoming contracting opportunities and networking events.
- Increased participation in industry association meetings and Chamber of Commerce matchmaking and networking sessions to promote the local business program.
- Improved intranet functionality to reduce paperwork for Contract Administrators and Procurement Specialists.
- Improved online forms and reporting tools for county departments.
- Provided ongoing training for department Contract Administrators on Procurement Compliance Programs including local, minority and wage compliance programs.
- Hosted foreign delegations to exchange policy and process information and ideas on government procurements
- Partnered with Business Connect and Business Solutions Group to provide more direct services to vendors

The Office of Procurement was established as a principal office in 2015, and became a cabinet-level entity within the Executive Branch of Montgomery County government. In addition to fulfilling the procurement function, the new organizational structure provided renewed focus on the Division of Business Relations and Compliance (DBRC)— the office which ensures vendor compliance with wage laws and contracting programs designed to increase participation of local and minority businesses within county contracting programs.



Montgomery County's Local Business Programs

Marketing and Outreach

DBRC hosts and attends many networking events. These events help provide direct access to and interface with local small and/or minority businesses. Through panel discussions, seminars and matchmaking sessions, vendors have an opportunity to gain detailed and individualized information regarding procurement processes and requirements, learn about specific procurement opportunities and obtain business development information.

Networking Events: Events hosted by external entities, help provide access to local and minority vendors. In FY21, the Office of Procurement, DBRC and the Division of Procurement Operations participated as panelists, matchmaking hosts or key speakers in the following events:

July 15, 2020: Monthly Online Open House: Local Business Preference Program
August 5 – 13, 2020: Pathway to Growth Procurement Conference
August 19, 2020: Monthly Online Open House
August 19, 2020: Montgomery County Small Business Association (MCSBA) Meeting
September 16, 2020: Monthly Online Open House
October 21, 2020: Monthly Online Open House
October 21-23, 2020: Asian American Business Summit & Expo
October 29, 2020: How Did Strategic Sourcing Serve Public Sector in 2020
November 6, 2020: Zoom Business Briefing with Councilmember Katz
December 2, 2020: What's Happening, MoCo? Podcast
December 9, 2020: Virtual Procurement Fair
December 16, 2020: Monthly Online Open House
January 20, 2021: Monthly Online Open House
February 17, 2021: Monthly Online Open House
March 17, 2021: Monthly Online Open House
April 15, 2021: Prevailing Wage Online Workshop
April 21, 2021: Monthly Online Open House
May 14, 2021: Economic Recovery Town Hall Zoom
May 20, 2021: Montgomery County Small Business Association
June 10, 2021: MCCC Virtual Annual Awards



Montgomery County's Local Business Programs

FY19 – FY21 LSBRP Comparative Program Measures

Table 1: 3-year comparison on Eligible LSBRP Awards

Procurement Awards, FY19-FY21						
	FY19		FY20		FY21	
	\$	%	\$	%	\$	%
Total Procurement Dollars	\$1,151,670		\$1,029,984		\$1,068,287,628	
Exempted but awarded to LSBRP	\$59,399,726		\$79,090,423		\$107,389,492	
Eligible for LSBRP Procurement	\$153,830,615		\$148,311,444		\$82,674,943	
Encumbered to Eligible LSBRP	\$42,204,308	27.4%	\$41,227,943	27.8%	\$22,470,891	27.2%
Total encumbered to LSBRP	101,604,034		\$120,318,366		\$129,860,381	

LSBRP Major Awards Summary

Contracts Awarded to LSBRP in FY21 (Based on Contract Execution Date)

Table 2: Major contracts (over \$100,000) awarded in FY21 to LSBRP (sorted by dollar amount)

DEPT	Vendor	MFD?	Description	Amount
OHR	SPS Consulting, LLC	Y	Temporary Administrative Paraprofessional Support Services	\$3,000,000
DEP	McAndrew Company	Y	Public Education Services for Sustainable Materials Management	\$2,500,000
DEP	The Media Network, Inc.	Y	Public Education Services for Sustainable Materials Management	\$2,500,000
DEP	Brotman-Winter-Fried Consulting, Inc.		Public Education Services for Sustainable Materials Management	\$2,500,000
DEP	Montage Marketing Group	Y	Public Education Services for Sustainable Materials Management	\$2,500,000
DEP	Empire Landscape LLC	Y	Vegetated Stormwater BMP Maintenance	\$2,000,000
DGS	Clark Concepts LLC	Y	Graphic Arts Services	\$150,000
DOT	JRP Management Resources Inc.	Y	Ride On Bus Stop Maintenance and Snow Removal Services - Primary	\$150,000
REC	Personalized Classics, Inc.	Y	Recreation Apparel	\$100,000
DOT	SFMS, LLC	Y	Ride On Bus Stop Maintenance and Snow Removal Services - Secondary	\$100,000



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LSBRP Awards by Department

Table 3: Department's LSBRP Spending and its percentage of Eligible Spending

Department	LSBRP spending	% to Eligible
Board of Investment Trustees	\$3,643,392	42
Circuit Court	\$64,923.08	27
Community Engagement Cluster	\$729,532.16	52
Community Use of Public Facilities	\$54,394.86	69
Department of Correction and Rehabilitation	\$615,569.22	30
County Council	\$172,739.00	43
Department of Homeland Security	\$243,842.23	29
Department of Environmental Protection	\$5,895,338.63	65
Department of Finance	\$695,277.19	13
Department of Fire & Rescue Services	\$3,213,909.13	64
Department of General Services	\$28,371,626.95	76
Department of Health & Human Services	\$41,058,411.03	72
Department of Housing & Community Affairs	\$1,916,402.02	79
Office of Human Resources	\$351,218.83	63
Department of Liquor Control	\$309,103.68	50
Department of Permitting Services	\$1,001,024.98	83
Department of Police	\$2,987,990.00	40
Public Information Office	\$680,296.00	62
Department of Public Libraries	\$151,935.95	61
Department of Recreation	\$606,810.88	42
Sheriff Office	\$1,268,681.38	90
Department of Technology Services	\$3,887,734.90	66
Department of Transportation	\$25,210,307.29	81

Table 4: Number of Departments that met/did not meet the 25% goal

	FY18	FY19	FY20	FY21
# of Departments that met requirement	19	20	20	22
# of Departments that did not meet requirement	4	3	3	1
Total	23	23	23	23



Montgomery County's Local Business Programs

Local Small Business Reserve Program – DPO spending

Council Bill 39-19, LSBRP Amendments that was sponsored by Council Member Jawando was implemented on June 1st, 2020. Among other general amendments, the Bill amended the LSBRP as follows:

- (1) *Subject to Method 2 regulations, a using department's procurement procedures must award a minimum of 25 percent of the using department's combined dollar value of contracts issued for goods, services, or construction, including direct purchases, to local small businesses.*
- (2) *A using department must have a goal to award at least 50 percent of the combined dollar value of its direct purchases to local small businesses.*

Direct Purchase is an informal procurement of goods, services, or construction which is accomplished under the direct authority of the Using Department Head and not by the Procurement Director. Competition should be preserved with this method to the extent practical. Contracting with Local, Small and MFD firms is encouraged. The current DPO threshold is \$10,000.

In FY21, total LSBRP eligible Direct Purchase Orders (DPOs) was \$4,840,932.75*, 34% of it or \$1,628,245.99 were spent towards Montgomery County Based businesses.

*Excluding "999" and "444" commodity codes such as Real Properties, Utilities, Insurance Liability, Debt Services, Claims, Fees, etc.

Table 5: Departments that spent more than 50% of their DPOs with County based businesses:

Departments	Total Eligible DPOs	DPOs towards MC vendors	Local %
Public Libraries	\$91,249.56	\$45,709.73	50%
Community Use of Public Facilities	\$18,599.82	\$9,355.00	50%
County Executive	\$45,483.60	\$23,649.50	52%
Board of Elections	\$57,671.45	\$30,897.34	54%
Community Engagement Cluster	\$244,550.63	\$131,315.28	54%
County Council	\$168,951.69	\$93,492.14	55%
Recreation	\$67,921.42	\$50,627.09	75%
Inspector General	\$5,350.00	\$5,350.00	100%
Merit System Protection Board	\$338.34	\$338.34	100%



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Local Business Preference Program (LBPP)

The County Executive’s Expedited Bill 25-19, Local Business Preference, was unanimously approved by the County Council on June 23, 2020, and went into effect on August 1st, 2020.

The Local Business Preference Program (LBPP) is intended to bolster the County’s economic growth and support the creation and retention of employment opportunities within the County. LBPP is a local preference points program, this means that Montgomery County-based businesses will receive an extra 10% preference points on proposals. LBPP requires a 10% price preference for a local business bidding on an Invitation for Bid (IFB) or an evaluation factor worth 10% of the total points for a local business submitting a proposal under a Request for Proposal (RFP) for a contract awarded by the County.

Since the implementation of the LBPP, 46 formal solicitations were issued. 37 solicitations were subject to the LBPP. The preferences were applied to 9 solicitations, which is 24.5% of the 37 solicitations.

At the time of this report, we have 1,247 Local Business registered and certified by the Office of Procurement. This is comprised of 1,213 Local Small Businesses and 34 Local Medium and Large Businesses.

Table 6: Local Business Preference Program applied contracts

Sol #	Contract Description	# of Offerors	LBPP 10%	LB awarded?
IFB1121761	Fitness Equipment Maintenance, Inspection, and Repair Services	3	\$21.70	No
IFB1096308	CIP Work Order	4	\$200,000	Yes
RFP1106657	Clarksburg Fire Station #35	3	200 points	No
IFB1100493	Removal and Replacement of Concrete Curb and Sidewalk Countywide	5	\$200,000	No
RFP1126682	Pool Pak, Dectron, Libert, Miscellaneous HVAC Repair and Other Service	2	20 points	Yes
RFP1127761	Single-Family Residential Food Scraps Collection for Recycling Pilot Program	2	40 points	Yes
IFB1119411	Residential and Rustic Roadway Patching	6	\$200,000	Not yet awarded
RFP1129784	Montgomery County Detention Center (MCDC) Partial Demolition	7	200 points	Not yet awarded
IFB1122563	Sodium Hypochlorite for Swimming Pools	1	\$11,580	Yes



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Local Business Subcontracting Program (LBSP)

In an effort to increase the participation of local businesses in certain large County procurement contracts. The County established a subcontracting goal for local businesses in procurement contracts with an estimated value to exceed \$10 million.

Local Business subcontracting goals:

1. At least 10% of the contract dollars awarded for each High Dollar Value Contract should be awarded to a Local Business; and
2. At least 10% of the total dollar value of all High Dollar Value Contracts in the aggregate should be awarded to Local Businesses.

High Dollar Value Contract means an initial Contract Award that is estimated to exceed \$10 million. To qualify, the business must have its principal place of business in Montgomery County defined as follows:

1. The business has its physical business location(s) only in Montgomery County; or
2. The business has physical business locations both in and outside of the County, but the County-based location(s) accounts for over 50% of the business's total number of employees, or over 50% of the business's gross sales.

In FY21, a total solicitation value of \$111,619,994 were subject to the LBPP. Local Subcontracting Businesses received \$10,220,872, which represents 9.16%.

Table 7: Local Business Subcontracting Program applied contracts

Contract No.	Contract Description	Contract Value	Goal Achieved
1102596	Temporary Administrative Paraprofessional Support Services	15,000,000.00	10%
1105428	Overlay of Primary and Arterial Roads	18,599,230.80	10%
1114013	Tree Maintenance and Removal Services	37,429,389.25	2%
1126125	Overlay of Primary and Arterial Roads	20,591,373.80	19%
1129474	CIP Work Order	10,000,000.00	1%
1129475	CIP Work Order	10,000,000.00	21%