

FY22

LOCAL BUSINESS PROGRAMS

ANNUAL REPORT



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 FY22, the County worked with many business organizations and local vendors, and achieved a record high awarding \$142 million to local small businesses.

During FY22, we fully implemented BidNet, an e-Procurement system to eliminate in-person and paper submissions. In FY22, we re-organized our department, normalized staffing levels by hiring Procurement Specialists and customer service staff, improved internal trainings, increased outreach and communications, and hosted many on-line and in-person events, to better serve all stakeholders. Also, started on April 1st, 2021, Procurement requires all Informal solicitations to be reserved under the LSBRP. This has helped to increase the LSBRP participation.

This year's Local Business Program Annual Report reflects a consistent level of participation in all three local programs. With regard to the LSBRP, in FY22 the County spent \$142 million toward Local Small Businesses, which represents 26.2% of the eligible spending. This is the highest dollar amount spent with local small businesses since the inception of the program.

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 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 the Division of Business Relations and Compliance at dbrc@montgomerycountymd.gov.

Executive Summary

In FY22, the Local Business Programs overall performed well and achieved record high participation. Led by the LSBRP, in FY22 the County spent \$142 million with local small businesses. This amount comprises 26.2% of total eligible spending for LSBRP.

In FY22, 57 formal solicitations were subject to the Local Business Preference Program, which represented 86% of all **non**-LSBRP reserved formal solicitations that were issued.

In FY22, under the Local Business Subcontractor Program, certified local businesses were awarded \$4 million, which represents 2% of the total contract value subject to LBSP.

Support and Advocacy

Besides external outreach, DBRC also 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 Executive Regulation 17-21 to modify the definition of "Principal Place of Business" for the Local Business Programs.

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.
6. Local Small Business Program Amendment Bill #39-19 – (March 2, 2020) – Increased LSBRP % from 20% to 25%

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 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 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.

Marketing and Outreach

Outreach Activities and Networking Events

Outreach Events are targeted efforts, with the goal of attracting vendors from all disciplines and sectors of the business community. The objective is to invite local vendors to participate in the County's procurement process. Events are hosted by the Office of Procurement and invitations are extended to government agencies and business organizations that have an interest in the County's local business programs. The events provide opportunities to local and minority vendors in seeking County contracting information and other County policies related to local, small and minority vendors.

In FY22, the County hosted 11 monthly online open house events. The Local Programs participated in the outreach process for the following events:

- July 21, 2021: Monthly Open House
- August 18, 2021: Monthly Open House
- September 15, 2021: Monthly Open House: BidNet Presentation
- September 22, 2021: Back to Business: Contracting and Procurement
- September 26, 2021: Stop and Drop Marketplace
- October 12, 2021: Selling to Montgomery County
- October 13, 2021: Meet the Primes
- October 20, 2021: Monthly Open House
- October 20, 2021: MCSBA State of the County & Fall Networking event.
- November 17, 2021: Monthly Open House: Writing Effective Proposals
- December 9, 2021: Build Your Business with Procurement Opportunities in Montgomery County
- December 15, 2021: Virtual Procurement Fair
- January 19, 2022: Online Open House
- January 20, 2022: How to do Business with Montgomery County
- January 26, 2022: FMCC Small Business Round table
- February 7, 2022 Pepco Supplier Diversity Advisory Council
- February 16, 2022: Online Open House: LCATS Meet and Greet
- March 16, 2022: Online Open House: Small Business Resources with MCEDC and Small Biz Development
- March 17, 2022: Access to Opportunities
- April 20, 2022: Online Open House
- April 27, 2022: Procurement 101: Everything You Need to Know Webinar
- May 18, 2022: Online Open House: Sustainable Procurement with Dept. Env. Protection
- May 27, 2022: Minority Business Event
- June 15, 2022: Online Open House
- June 16, 2022: Federal Procurement Conference

LSBRP Major Awards Summary

Contracts Awarded to LSBRP in FY22 (Based on Contract Execution Date)

Table 1: Major contracts (over \$100,000) awarded in FY22 to LSBRP (sorted by dollar amount)

DEPT	Vendor	MFD?	Description	Amount
DGS	Mallick Plumbing & Heating, Inc.		Time and Material Plumbing Services	\$1,221,000.00
DOT	SFMS, LLC	Y	Snow Removal Services at County Parking Facilities – Groups 2 and 6	\$720,000.00
DOT	The Media Network, Inc., dba TMNCORP	Y	Marketing Services	\$714,285.00
DOT	The Hatcher Group Inc.	Y	Marketing Services	\$714,285.00
DOT	Van Eperen Public Relations, LLC T/A FOVNDRY	Y	Marketing Services	\$714,285.00
DOT	Clark Concepts, LLC	Y	Marketing Services	\$714,285.00
DOT	McAndrew Co Inc	Y	Marketing Services	\$714,285.00
DOT	Montage Marketing Group LLC	Y	Marketing Services	\$714,285.00
DOT	Sharp & Company, Inc	Y	Marketing Services	\$714,285.00
DGS	Professional Hispanic Contractors, Inc.	Y	Snow Removal at County Facilities- Areas 6 and 7	\$611,560.00
DGS	CT Stanley & Son Inc	Y	Snow Removal at County Facilities- Area 8	\$ 608,620.00
DGS	Earn Contractors, Inc.	Y	Snow Removal at County Facilities- Areas 4 and 5	\$588,000.00
DGS	MAS Natural Restoration, Inc.		Snow Removal Services at County Parking Facilities – Groups 5 and 7	\$584,000.00
DGS	Kiara's Landscaping Inc.		Snow Removal at County Facilities- Areas 1 and 2	\$523,280.00
DGS	Clover Carpet Co.		Carpet, Carpet Tile and Other Floor Coverings, Installation and Repair Services	\$500,000.00
DOT	EARN Contractors, Inc.	Y	Snow Removal Services at County Parking Facilities – Groups 3 and 4	\$492,000.00
DOT	K.E.S. Contracting LLC		Snow Removal at County Facilities- Area 3	\$ 491,528.00
DGS	Burgos Contractors LLC		Time & Material Carpentry and Painting Services 2 nd rotation	\$356,995.00
DGS	Earn Contractors, Inc.	Y	Time & Material Carpentry and Painting Services First on a rotating basis	\$315,200.00
DOT	Kiara's Landscaping, Inc.		Snow Removal Services at County Parking Facilities - Groups 1 and 8	\$220,000.00
REC	Amato Industries, Inc./Amchlor		Dry Chemicals for Swimming Pools	\$180,000.00
REC	Personalized Classics		Screen Printed Apparel	\$140,000.00
DGS	American Reprographics Inc.		Reproduction and Copying of Engineering Drawings	\$125,000.00
REC	Investscore LC		Appliance Purchase and Repair	\$100,000.00

FY20 – FY22 LSBRP Comparative Program Measures

Table 2: 3-year comparison on Eligible LSBRP Awards

Procurement Awards, FY20-FY22						
	FY20		FY21		FY22	
	\$	%	\$	%	\$	%
Total Procurement Dollars	\$1,029,984		\$1,068,287,628		\$ 1,116,846,925	
Exempted but awarded to LSBRP	\$79,090,423		\$107,389,492		\$ 121,813,252	
Eligible for LSBRP Procurement	\$148,311,444		\$82,674,943		\$75,467,338	
Encumbered to Eligible LSBRP	\$41,227,943	27.8%	\$22,470,891	27.2%	\$19,755,844	26.2%
Total encumbered to LSBRP	\$120,318,366		\$129,860,381		\$ 141,569,096	

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	\$3,806,200	33
Circuit Court	\$317,180	54
Community Engagement Cluster	\$476,110	25
Community Use of Public Facilities	\$124,036	72
Department of Correction and Rehabilitation	\$70,673	25
County Council	\$222,242	40
Department of Homeland Security	\$157,921	26
Department of Environmental Protection	\$7,820,801	72
Department of Finance	\$23,150	15
Department of Fire & Rescue Services	\$4,079,477	52
Department of General Services	\$19,999,109	90
Department of Health & Human Services	\$53,434,501	83
Department of Housing & Community Affairs	\$2,148,617	81
Office of Human Resources	\$187,489	56
Department of Liquor Control	\$1,183,215	51
Department of Permitting Services	\$91,794	70
Department of Police	\$4,882,143	65
Public Information Office	\$319,269	74
Department of Public Libraries	\$334,510	83
Department of Recreation	\$1,989,477	48
Sheriff Office	\$1,709,868	93
Department of Technology Services	\$3,284,335	70
Department of Transportation	\$22,376,536	71

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

	FY19	FY20	FY21	FY22
# of Departments that met requirement	20	20	22	22
# of Departments that did not meet requirement	3	3	1	1
Total	23	23	23	23

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 FY22, total LSBRP eligible Direct Purchase Orders (DPOs) was \$3,872,568.70*, 39% of it or \$1,517,436.26 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 %
Racial Equity and Social Justice	\$3,852.73	\$3,852.73	100%
Recreation	\$301,104.27	\$219,958.89	73%
County Council	\$181,202.58	\$117,944.23	65%
Board of Elections	\$11,254.04	\$6,719.94	60%
Circuit Court	\$33,577.21	\$19,596.27	58%
Non-Departmental Accounts	\$92,112.30	\$51,958.64	56%
Alcohol Beverage Services	\$63,099.20	\$33,476.50	53%
Health and Human Services	\$493,001.72	\$254,279.14	52%
Environmental Protection	\$59,579.17	\$30,418.00	51%
Human Resources	\$82,539.74	\$41,063.77	50%

Local Business Preference Program (LBPP)

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 gives an extra 10% preference points on proposals or a 10% price preference on bids to Montgomery County-based businesses.

In FY22, we issued 100 formal solicitations. 34 of these were set aside for Local Small Business Reserve Program. Out of the 66 non-LSBRP reserved formal solicitations, 9 solicitations were exempt from the LBPP law (for instance, grants or federal/state funded contracts where local laws are not applicable). 57 solicitations were subject to the LBPP. The preferences were applied to 17 solicitations, due to the absence of any local vendor participation in the remaining. 6 of these contracts were awarded to Montgomery County local businesses.

Sol #	Contract Description	Local Biz awarded?	# of Offerors	# of Local Offerors	LBPP 10%
RFP #1129784	Montgomery County Detention Center (MCDC) Partial Demolition	Yes	7	1	100 points
RFP #1133692	Seneca Valley High School Wellness Center	Yes	4	3	33 points
RFP #1127461	Transit Bus Shelter Maintenance Services	Yes	1	1	10 points
RFP #1137747	Office Relocation & Moving, Hauling & Storage Services and Moving & Record Storage Boxes	Yes	4	1	10 points
RFP #1119200	Metropolitan Branch Trail	No	2	1	25 points
RFP #1130008	Customer Relationship Management System	No	7	1	12 points
RFP #1138591	Dive Program Management Services	No	3	1	10 points
RFP #1136906	Integrated Asset Management System	No	11	1	10 points
RFP #1129121	Maintenance and Repair Services for Commercial Kitchen Equipment	No	3	1	10 points
RFP #1130533	Construction Services for Various Montgomery County Alcohol Beverage Services Stores	Not yet awarded	6	5	500 points
RFP #1134422	Visual Communication Services	Not yet awarded	5	1	10 points
IFB #1130855	Tree Planting Services	Yes	2	1	\$72,367
IFB #1139752	Custodial Services – Zones 1, 2, 3, 6 and 7	Yes	8	3	\$167,212
IFB #1134601	Cooperative Purchase of Road Deicing Salt	No	7	1	\$200,000
IFB #1127529	MD355- Clarksburg Road at Snowden Farm Parkway Intersection Improvements	No	5	2	\$400,000
IFB #1139928	Medical Laboratory Testing Services	No	3	1	\$24,933
IFB #1136249	AP1-10 Custodial Cleaning Services – Performed by Vocational firms (Disability Employment Training Services)	No	2	1	\$1,302

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 FY22, a total solicitation value of \$214,781,262 were subject to the LBSP.

Local Subcontracting Businesses received \$4,006,184.

Contract #	Contract Description	Contract \$	Participation
1100493	Removal and Replacement of Concrete Curb and Sidewalk Countywide	\$10,673,438	10%
1133734	Removal and Replacement of Concrete Curb and Sidewalk Countywide	\$12,817,304	8%
1106657	Clarksburg Fire Station #35	\$12,287,200	6%
1137767	Cooperative Purchase of Road Deicing Salt	\$38,000,000	3%