



Office of **Procurement**

MONTGOMERY COUNTY, MD

LOCAL SMALL BUSINESS RESERVE (LSBRP) PROGRAM

FY20 ANNUAL REPORT



2020

Message from the Director



The Local Small Business Reserve Program (LSBRP) is a valued vehicle for local small vendors to compete for prime contracts with Montgomery County Government. The year 2020 was a challenging year for everyone. In March, The Office of Procurement quickly shifted to a situational telework status, while still providing timely service to the community. We have sourced many crucial COVID-19 supplies on behalf of the County, such as masks, gloves, and PPE. The Office of Procurement fielded more than 3,000 emails and calls from vendors to ensure that the county never fell short in meeting the community's needs for PPE during the most difficult times of the pandemic. We wouldn't get through this alone, which is

why partnerships with the business community are so important.

In FY20, we implemented a new amendment to the LSBRP. Bill 39-19 (1) permitted the participation of non-profit organizations in the program; (2) increased the minimum percentage (from 20% to 25%) of contracts that must be awarded to small businesses; (3) established a goal (50%) to award certain direct purchases to local small businesses.

This year's LSBRP Annual Report reflects a consistent level of participation in the program since its inception. In FY20 we spent \$120 million towards Local Small Businesses, 27.8% of the eligible spending. I 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 the report, the LSBRP program or any of the Office of Procurement's upcoming outreach activities, please contact us at dbrc@montgomerycountymd.gov.

Executive Summary

In FY20, the Local Small Business Reserve Program continued to show growth. The County spent \$120 million with local small businesses. This amount comprises 27.8% of total eligible spending for LSBRP. The Program hosted monthly open house events targeted at specific industry sectors to give local small and minority businesses an opportunity for face-to-face interaction with key staff from County departments and with prime contractors.

In FY20, we are continuing our focus on fully certifying LSBRP vendors, increasing the number of fully certified LSBRP vendors from 750 to 960. Newly certified vendors are increasingly displaying the LSBRP certified logo on their websites and marketing materials.



Support and Advocacy

The Division of Business Relations and Compliance provides individualized information and assistance to individuals and companies seeking business opportunities with Montgomery County government. Interested companies are welcome to schedule one-on-one appointments



Montgomery County's Local Small Business Reserve Program

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 upcoming LSBRP opportunities as well as 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. County Executive Regulation #2-09 (April 28, 2009) -- Doubled the earnings and employee thresholds for small businesses
3. Contracts & Procurement Amendments Bill #45-09 (April 1, 2010) -- Made it easier for small businesses to compete for contracts
4. County Executive Regulation #19-09AM (March 23, 2010) -- Revised Procurement Regulations
5. Expedited Bill #7-15 (March 26, 2015) --- Established the Office of Procurement as a Principal Office of the Executive Branch.
6. Expedited Bill #23-15 (January 1, 2016) – Amended LSBRP eligibility criteria for small businesses in the service sector.
7. County Executive Regulation #6-15 (March 23, 2016) -- Revised Procurement Regulations

Eligibility Requirements

Montgomery County actively seeks local businesses to compete for contracting opportunities with the County Government through the Local Small Business Reserve Program. The County's commitment to maintain a viable and business-friendly environment is clearly demonstrated through aggressive engagement and recruiting of eligible businesses and



Montgomery County's Local Small Business Reserve Program

legislation that requires a minimum of 20 percent of eligible purchases of goods, services and construction by the government to be made with local small businesses. Businesses may apply to the LSBRP by using our online vendor database at www.mcipcc.net. Businesses may participate in the program if they are independently owned, have an economic operational base in Montgomery County, and meet the following sales or employee thresholds:

<i>Business Type</i>	<i>Employee Limit</i>		<i>Prior Three Year's Avg. Sales</i>
Retail	30	OR	\$5 million
Wholesale	30		\$5 million
Service	100		\$10 million
Construction	50		\$14 million
Manufacturing	40		\$14 million

Continued Innovative Practices

Among local municipalities, Montgomery County's Local Small Business Reserve Program continues to be a model of legislation, operation, and outreach. Innovative practices used to implement the LSBRP law include:

- Implemented a one-click solicitation scope view for businesses to make it easier to participate in the 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 local small businesses to advertise active solicitations, upcoming contracting opportunities and networking events.
- Increased participation in industry association meetings and chamber matchmaking and networking sessions to promote the LSBRP 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 LSBRP, MFD and wage compliance programs.
- Hosted foreign delegations to exchange policy and process on government procurements
- Partnered with Business Connect and Business Solutions Group to provide more direct



Montgomery County's Local Small Business Reserve Program

services to vendors

The Office of Procurement was established as a principal Office of the Executive Branch 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 a 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 MFD and local small businesses within county contracting programs.

Marketing and Outreach

DBRC hosts and attends many networking events. These events help provide direct access and interaction with local small and/or minority businesses. Through panel discussions, seminars and match-making 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. Through panel discussions, seminars and match-making sessions, vendors have an opportunity to gain detailed and individualized information regarding procurement processes and requirements, learn about particular procurement opportunities and obtain business development information. Besides the 12 monthly Open House events, in FY20, the Office of Procurement, DBRC and the Division of Procurement Operations participated as panelists, matchmaking hosts or key speakers in the following events:

- July 18, 2019: Minority Outreach Fair
- July 24, 2019: Doing Business with the Counties
- July 30, 2019: AACC MD Business Social
- August 13, 2019: MBDA Federal Procurement Center presents: 'Partnering to Scale'
- August 19, 2019: Power Conference
- August 20, 2019: Operating a Small Business
- Sept. 18, 2019: Economic Development Committee meeting
- Sept. 25, 2019: Chamber meeting
- Oct. 2, 2019: Spread the Green Expo
- Oct. 10, 2019: Fairfax County Small Business Forum
- Oct. 15, 2020: Business EXCEerator Meeting
- Oct. 16, 2019: Meet the Primes
- Oct. 17, 2019: Small Business Network



Montgomery County's Local Small Business Reserve Program

Networking Events (cont'd)

- Oct. 21, 2019: Business Connect Expansion and Economic Development Week Proclamation
- Oct. 24, 2019: Asian American Business Summit and Expo
- Oct. 30, 2019: Ft. Myer Construction Small Business Roundtable
- Oct. 31, 2019: Purple Line Transit Outreach Fair
- Nov. 8, 2019: Montgomery Manufacturing Business Connect Event
- Nov. 12, 2019: ProBiz
- Nov. 12, 2019: Economic Development Platform Press Conference
- Nov. 20, 2019: Solicitation Tracker Press Conference
- Nov. 20, 2019: 4Business Charette
- Nov. 21, 2019: MCCC Business Awards Dinner
- Nov. 21, 2019: MWMCA Fall Minority Outreach Fair
- Dec. 3, 2019: Annual Breakthrough Breakfast, Procurement Fair and Done Deal Awards
- Dec. 4, 2019: Minority Legislative Breakfast
- Dec. 9, 2019: 4Business Charette
- Jan. 29, 2020: FMCC Small Business Roundtable
- Jan. 29, 2020: MBE Certification Training
- Feb. 4, 2020: Ready, Set, GROW! Procurement Connections Workshop
- Feb. 14, 2020: Launch of Business Connect Bethesda
- Feb. 25, 2020: Montgomery Al Dia
- Feb. 26, 2020: GovCon 2020 Small Business Summit in Maryland Capital Region
- Apr. 3, 2020: Asian American Chamber of Commerce Meeting
- Apr. 3, 2020: COVID Business Response Meeting , MCEDC
- Apr. 28, 2020: Clarksburg Chamber Zoom Workshop
- May 6, 2020: How to do Business with Montgomery County
- May 7, 2020: What's Happening in MoCo Podcast
- May 12, 2020: Business Consortium: Where is the Money?
- June 9, 2020: Legal Perspective During COVID-19



Montgomery County's Local Small Business Reserve Program

FY18 – FY20 Comparative Program Measures

Table 3: 3-year comparison on Eligible LSBRP Awards

Procurement Awards, FY18-FY20						
	FY18		FY19		FY20	
	\$	%	\$	%	\$	%
Total Procurement Dollars	\$1,081,160		\$1,151,670		\$1,029,984	
Exempted but awarded to LSBRP	\$68,150,086		\$59,399,726		\$79,090,423	
Eligible for LSBRP Procurement	\$176,064,497		\$153,830,615		\$148,311,444	
Encumbered to Eligible LSBRP	\$47,211,951	26.8%	\$42,204,308	27.4%	\$41,227,943	27.8%
Total encumbered to LSBRP	\$115,362,037		\$101,604,034		\$120,318,366	

The “eligible” spending against which annual performance is measured is based on the portion of solicitations reserved towards LSBRP vendors out of all eligible solicitations, the balance of which are considered open to all businesses.

Contracts Awarded to LSBRP in FY20 (Based on Contract Execution Date)

Table 4: Major contracts (over \$100,000) awarded in FY20 to LSBRP (sorted by dollar amount)

DEPT	Vendor	MFD?	Description	Amount
DOT	EARN Contractors, Inc.		Seasonal Labor	\$7,200,000.00
DOT	Professional Hispanic Contractors, Inc.	Y	Seasonal Labor	\$7,200,000.00
DEP	Kiara's Landscaping, Inc.	Y	Landfill Mowing Services	\$ 1,050,000.00
DEP	Kiara's Landscaping, Inc.	Y	Landfill Maintenance Services for the Gude and Oaks Landfills	\$810,000
DOT	Ten LLC	Y	Bus Depot Washdown and Degreasing Powerwash SVC	\$780,000
FRS	DrinkMore Delivery, Inc.		Bottled Water and Dispensers	\$300,000
DEP	Aquafree Facilities Services, Inc.	Y	Landfill Security Services for the Gude and Oaks Landfills	\$255,000
FRS	Formost Graphic Communications Inc.		Uniform Apparel	\$120,000
FRS	Personalized Classics, Inc.		Uniform Apparel for S and S Activewear and Russell Athletic	\$120,000
FRS	Emergent Training Professionals, LLC		Emergency Medical Services (EMS) Instructors and Preceptors	\$100,000
FRS	Personalized Classics, Inc.		Uniform Apparel for S and S Activewear and Russell Athletic	\$120,000



Montgomery County's Local Small Business Reserve Program

A Closer Look at Exempted LSBRP Awards

Highlighted in Table 5 are categories significantly impacting the overall availability of annual contracting dollars to local small businesses, or any other businesses: (1) Pre-existing Contracts and (2) Procurements exceeding \$10 million.

1. **Pre-existing Contracts** (highlighted in **YELLOW** in Table 5) - Many County contracts are for terms that exceed a single 12-month period, often extending for three to five years. Therefore, a contract is counted only once in the year of the award and is not counted in the following years. In FY20 this “pre-existing contract” category equals \$502 million, accounting for 62% of contract expenditures.
2. **Procurements exceeding \$10 million** (highlighted in **GRAY** in Table 5) – Legislation creating the LSBRP initiative requires that all contracts valued under \$10 million will be reserved for competition among local small businesses unless specific exemption criteria apply. The majority of these contracts are construction projects such as the constructions of libraries, community centers, recreation centers, etc. In FY20, the County awarded \$126 million in contracts valued more than \$10 million, accounting for 15% of all contracting dollars awarded in FY20.

These two categories combined for \$628 million, or 77% of all LSBRP exemptions in FY20. This spending distribution is further illustrated in the following tables.

In addition to Pre-existing Contracts and Procurements Exceeding \$10 million, approximately \$149 million in exemptions (highlighted in **GREEN** in Table 5) were for contracts for which no competition was possible since the contracts were with; (a) other public entities, (b) specific companies because of grant requirements, or (c) were non-competitive awards such as contracts with an Original Equipment Manufacturers, sole licensed service providers, or other non-competitive basis approved by the County’s Contract Review Committee.

Table 5: 3-year comparison on LSBRP Exemptions (in million \$)

Exemption Categories	FY18		FY19		FY20	
	\$	%	\$	%	\$	%
Chief Administrative Officer Waiver	\$0	0	0	0	\$0	0
Conflicts with law or grant	\$2.28	0.27%	44.72	4.77%	\$14.38	1.79%
Public or Emergency Procurement	\$3.66	0.44%	102.58	10.93%	\$104.75	13.05%
Non-competitive contract	\$17.40	2.08%	38.90	4.15%	\$30.31	3.78%
Pre-existing Contract	\$724.12	86.52%	450.77	48.04%	\$502.10	62.56%
Procurement Exceeds \$10 million	\$77.87	9.30%	276.11	29.42%	\$126.35	15.74%
No LSBRP vendor deemed qualified	\$11.61	1.39%	25.33	2.70%	\$24.70	3.08%
Total Procurement exempted from LSBRP	\$836.94	100%	\$938.41	100%	\$802.59	100%



Montgomery County's Local Small Business Reserve Program

Procurement Awards Summary

As shown in Table 6, a total of \$120.3 million was awarded to LSBRP contractors in FY20. Of that, \$79.1 million of the County's FY20 competitive contract opportunities (highlighted in **YELLOW** in Table 6) could be considered available for LSBRP competition. These are opportunities in which it would be reasonably assumed that sufficient competition exists to support a competitive solicitation under the LSBRP as program enrollment increases and resources can be further devoted to identifying companies qualified to meet County requirements.

Table 6: FY20 Procurement Awards Summary

Categories		# of PO	\$ Amount Value	Sub Total	Exemption Y/N	Awarded LSBRP
Not Exempted	Non exempt and Awarded non LSBRP	Non exempt and Awarded non LSBRP	7043	\$106,909,105	\$106,909,105	
	Non-exempt and Awarded LSBRP	Non-exempt and Awarded LSBRP	1040	\$33,676,720	\$41,227,943	\$148,137,048
		Advertised LSBRP Solicitation and Awarded LSBRP	81	\$7,551,223		
Exempted from LSBRP	Exempt and Awarded LSBRP	N/A	1167	\$79,090,423	\$79,090,423	
	Exempt and Awarded non LSBRP	No LSBRP vendor deemed qualified	88	\$24,690,337	\$802,582,167	\$881,672,590
		Conflicts with law or grant	33	\$14,383,737		
		Non-competitive contract	360	\$30,311,405		
		Pre-existing Contract	3673	\$502,093,711		
		Procurement Exceeds \$10 million	155	\$126,353,062		
		Public Entity or Emergency Procurement	157	\$104,749,915		
Total			\$1,029,809,638			



Montgomery County's Local Small Business Reserve Program

LSBRP Awards by Department

Department	LSBRP spending	% to Eligible
Board of Investment Trustees	\$1,062,877	13
Circuit Court	\$29,845	8
Community Engagement Cluster	\$615,194	45
Community Use of Public Facilities	\$381,615	64
Department of Correction and Rehabilitation	\$514,049	20
County Council	\$200,232	32
Department of Homeland Security	\$496,686	37
Department of Environmental Protection	\$3,881,444	52
Department of Finance	\$3,396,061	10
Department of Fire & Rescue Services	\$2,921,963	40
Department of General Services	\$27,777,714	75
Department of Health & Human Services	\$22,752,439	50
Department of Housing & Community Affairs	\$1,454,798	54
Office of Human Resources	\$368,878	25
Department of Liquor Control	\$568,836	67
Department of Permitting Services	\$374,390	29
Department of Police	\$4,670,042	51
Public Information Office	\$53,360	51
Department of Public Libraries	\$238,017	49
Department of Recreation	\$1,053,899	35
Sheriff Office	\$1,282,547	86
Department of Technology Services	\$5,917,012	72
Department of Transportation	\$29,926,192	82

Table 8: Number of Departments that met/did not meet the 20% goal

	FY17	FY18	FY19	FY20
# of Departments that met requirement	20	19	20	20
# of Departments that did not meet requirement	3	4	3	3
Total	23	23	23	23

Concluding Insights

Montgomery County is home to an active and responsive local small business community. Nearly 95% of Montgomery County's companies are considered small businesses. Local small businesses employ local residents, provide good jobs with livable wages, and are a significant driver of the local economy. Local small businesses have benefitted from the Local Small Business Reserve Program. The program provides fair competition among local businesses to ensure the best value for the dollar spent on county contracts. The LSRBP is an investment in the local economy which provides ongoing benefits to the small business community.