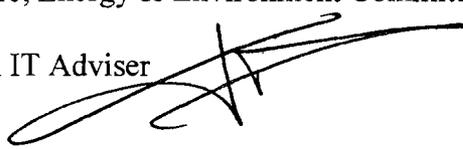


MEMORANDUM

March 24, 2009

TO: Transportation, Infrastructure, Energy & Environment Committee
FROM: Dr. Costis Toregas, Council IT Adviser 
SUBJECT: Procurement Primer

Introduction

At the request of the Committee Chair, the Office of Procurement has developed a brief “Procurement Primer” that reviews the fundamentals of the procurement process in Montgomery County. A PowerPoint presentation that steps through this primer is on ©1-13. David Dise, Director of the Department of General Services, and Pam Jones, Acting Division Chief of the Office of Procurement, will present this information and be available to answer questions regarding the process of procurement.

Other background documents on procurement

An updated “Procurement Guide” (with a date of March 2009) that details the explicit processes, rules, and guidelines governing procurement in Montgomery County has been made available to Council staff. The title page, table of contents, and introduction of this 84-page reference document are on ©14-19.

In order to give perspective and a sense of magnitude to the procurement process in the County, ©20-27 provide the title page, overview, and summary of the “Record of Procurements” for FY08, covering all procurement transactions between July 1, 2007 and June 30, 2008. There were 8,396 contract actions in FY08, and a total of 1,056 new contract awards were made in that same time period. The total for all awards is \$735 million, which differs from numbers indicating the amount of contract payments made in FY08. An example is the number cited for “procurement dollars”, which is \$983 million in FY08.

Once the Enterprise Resource Planning system (ERP) goes live (the first financial element is expected to be operational on July 1, 2010), analysis of contract awards and, in general, policy analysis of the use of procurement as a public policy vehicle, will be made far easier. Currently, the majority of information is in tabular form in a variety of spreadsheets and tables that are difficult to compare and form an analytic foundation from which to draw conclusions.

Evaluation of the procurement function

The Executive branch has established CountyStat as a mechanism to provide outcome statistics on select County departments. The Department of General Services has been included in this early group of departments under evaluation, and the relevant pages from a November 2008 report covering the procurement function are given on ©28-32. The metric chosen as the lead evaluation criterion for the performance of the procurement office is “Average Days to Complete Procurement”, and ©30 provides a graphic image of progress over the last 5 years along this metric.

Montgomery County, MD
Department of General Services (DGS)
Office of Procurement

Charter
County Code
Procurement Regulations
Policies
Procedures

OFFICE OF PROCUREMENT

⌘ Division of the Department of General Services

⌘ Procurement Services Section (includes cost & price analyst)

⌘ Operations Section

⌘ Note: Compliance programs are now under the DGS, Office of Business Relations and Compliance (OBRC)

KEY AREAS OF INVOLVEMENT

- ⌘ Interagency Purchasing Coordinating Committee (Local)
- ⌘ Council of Governments (Regional)
- ⌘ Maryland Public Purchasing Association (State)
- ⌘ National institute of Governmental Purchasing (National)
- ⌘ Cooperatives

CONTRACT REVIEW COMMITTEE (CRC)

- ⌘ CRC members
- ⌘ Certain actions go before CRC for administrative review and approval
- ⌘ Scope changes and changes to compensation that are not already addressed and priced in the contract would require CRC
- ⌘ Thresholds for actions
- ⌘ Waivers to Regulations, Prior to CAO Approval

RESPONSIVENESS

- ⌘ Bid Conformation to All Material Aspects of IFB
- ⌘ Consult with Department and County Attorney
- ⌘ Non-Responsive Must Not Be Considered For Award

RESPONSIBILITY

- ⌘ Based On Characteristics of Offeror Not of Offer
- ⌘ Past performance can be a consideration but need to ensure it was documented
- ⌘ HHS Director makes recommendation of responsibility. For RFPs, QSC with concurrence of HHS Director must make a recommendation of responsibility
- ⌘ Director (DGS) Must Make a Determination of Responsibility Prior to Executing a Contract
- ⌘ Assignments

IFB & RFP OPENINGS

- ⌘ IFB Publicly Opened
- ⌘ RFP Not Publicly Opened
- ⌘ Late Bids, or Proposal Must Be Rejected
- ⌘ Proposals received in response to an RFP are reviewed by Procurement and OBRC for Wage and other issues prior to release to using departments
- ⌘ Proposals will only be released to members of the QSC, with proper identification
- ⌘ All information regarding responses to an RFP must be held confidential until there is a public posting by Procurement

PROCUREMENT METHODS

- ⌘ Competitive Sealed Bids (IFBs)
 1. Greater than or equal to \$25K
 2. Based on low bid, to responsive, responsible firm (s)
- ⌘ Competitive Sealed Proposals (RFP's)
 1. Greater than or equal to \$25K
 2. Scope (single, multiple scope, awarding to one or more firms)
 3. Method of Award (awarding to one or more firms, evaluation criteria and points)
 4. Qualification and Selection Committee Evaluation
- ⌘ Non Competitive/Sole Source Purchases
- ⌘ Direct Purchases
- ⌘ Emergency Procurement
- ⌘ Bridge Contracts/Piggybacking



PROCUREMENT METHODS

(con't)

⌘ Informal Solicitation (Mini-Contract)

1. From \$5K to less than \$25K
2. Must be advertised on Internet for minimum of 5 business days from post date to due date
3. Primarily for services; awarded to most advantageous, considering price and other pertinent factors

⌘ Public Entity Contracting

⌘ Informal Purchase (Small Purchase)

1. From \$5K to less than \$25K
2. Must be advertised on Internet for minimum of 5 business days from post date to due date
3. Primarily for commodities; based on lowest price (responsive and responsible)

⌘ Open Solicitation

1. All firms meeting objective pre-established qualifications are eligible for a contract; award work on an objective basis

CHECKLISTS AND PRE-APPROVED FORMS

⌘ Various Checklists and pre-approved amendment forms are on Procurement Intranet site at <http://portal.mcgov.org/apps/procurement/forms.asp>

ACCESS TO INFORMATION

The following information is accessible on DGS, Office of Procurement's website:

- ⌘ Listing of available solicitations
- ⌘ Solicitation holders listing
- ⌘ Vendor registration through Central Vendor Registration System (CVRS)
- ⌘ Bid Tabs
- ⌘ Posting of proposed awardees
- ⌘ Contract search listing
- ⌘ Forms/Documents

COST & PRICE ANALYSIS

- ⌘ Mike Pierpoint, Cost and Price Analyst
- ⌘ Prices Fair and Reasonable
- ⌘ Competitively Negotiated >\$100,000
- ⌘ Non-Competitively Negotiated
>\$50,000

KEY COMPLIANCE PROGRAMS

- ⌘ Living Wage
- ⌘ Prevailing Wage (Effective 7/1/09)
- ⌘ Minority, Female and Disabled Business Program
- ⌘ Local Small Business Reserve Program



MONTGOMERY COUNTY, MARYLAND
OFFICE OF PROCUREMENT
A Division of the Department of General Services

Isiah Leggett, County Executive

Office of Procurement
Procurement Guide

March 2009

David E. Dise, Director*
Department of General Services
255 Rockville Pike, Suite 180
Rockville, MD 20850-4166
Telephone: 240-777-9900
TDD: 240-777-9956
Fax: 240-777-9952
www.montgomerycountymd.gov

*The County Code, Chapter 11B-1, replaced the definition of Director (of Procurement) with Director of the Department of General Services.

Our Vision

We, the employees of Montgomery County Office of Procurement, pledge to assist and support all County agencies and the public in the procurement of goods and services in a proficient, effective, and timely manner according to the Montgomery County Code and Procurement Regulations.

Our Mission

The mission of the Office of Procurement is to provide direct assistance and customer-oriented services that address department needs while maintaining adequate oversight to deliver quality goods and services.

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 - Amendments/modifications/change orders greater than \$25,000 where there is a change in the scope of services
 - Extensions Beyond the Term of the Original Term
 - Noncompetitive procurements greater than \$25,000

Appendix:

- Amendment format for Amendments/Modifications/Change Orders
- Amendment format for Extensions Beyond the Term of the Original Contract
- Letter Form requesting Noncompetitive Procurement
- Open Solicitation format

Introduction

This procurement guide was designed to assist procurement specialists, contract administrators, and other procurement professionals who purchase goods, services, and construction for Montgomery County. Familiarity with the purchasing procedures will aid all groups to work cooperatively within the County's procurement regulations to enable the Office of Procurement to achieve its objectives:

- To conduct all County purchasing in accordance with the County's Procurement Regulations, the County Code and the Uniform Commercial Code adopted by the State of Maryland,
- To obtain the quantity and quality of materials, services or construction at the best price in the most timely way and with the most appropriate source,
- To increase competitive bidding in order to obtain materials, services or construction at the lowest possible cost and to provide all interested vendors the opportunity to offer their services and products to the County,
- To treat all vendors fairly by removing all artificial barriers from solicitations that would prevent a vendor from responding to a solicitation,

This guide will also promote pleasant and businesslike relationships between the County's Office of Procurement and its using departments. This document is intended as a general guide and as such may not answer all questions you may have. Therefore, if you have questions not answered in this guide, telephone or visit in person the Office of Procurement at:

255 Rockville Pike, Suite 180
Rockville, Maryland 20850
Phone: 240-777-9900
TTD: 249-777-9956
Fax: 240-777-9952

Foreword

Procurement is an essential County function in which the integrity of the County is an important component of its credibility. The County's Procurement laws and regulations typically focus on how those activities are conducted. However, with the current age of technology, reinventing, and reengineering, the focus of procurement is shifting to what the objectives of procurement are: integrity, efficiency, cost, and best value.

Procurement is the County's avenue to the business community wherein it buys from the private sector those goods and services it elects not to provide through the efforts of its employees. Therefore, it is necessary for its employees to know the way in which the County performs its procurement functions

Consequently, this guide is designed to provide clear, practical explanations of the Montgomery County procurement procedures in a manner that should be readily understood by the lay person.

Purpose

This guide provides methods, purchasing policies, and practices used by Montgomery County to procure goods, services or construction. This guide should be used in conjunction with the County Code, Chapter 11B and Procurement Regulations Executive Regulation 27-03AM that pertain specifically to individual purchasing methods. You may also want to refer to the Office of Procurement website at <http://www.montgomerycountymd.gov/content/DGS/pro/index.asp> and intranet site at <http://portal.mcgov.org/apps/procurement/index.asp>, for the most current information and copies of forms.

It is essential that all activities in the procurement process be conducted in an open, fair, and consistent manner. This guide has been prepared to:

- Provide officials and managers with an overview of purchasing policies and procedures.
- Assist contract administrators to develop effective procurements.
- Supply vendors with the purchasing procedures for the County.

MONTGOMERY COUNTY
Office of Procurement

Record of Procurements

FY '08
July 1, 2007 – June 30, 2008

David E. Dise
Director, Department of General Services

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- Appendix D Contract Terminations and Disputes
- Appendix E Purchases from Office Depot by Accounts
- Appendix F Requests for Public Information
- Appendix G Wage Requirements Contracts

OVERVIEW

As required by the Montgomery County Code, Section 11B-32, the Director must maintain a record of procurements awarded during each fiscal year. Therefore, this report includes and summarizes the number and the type of contracts awarded during fiscal year '08. There is a summary section detailing: (1) non-competitive awards, (2) emergency awards, modification awards exceeding \$25,000, (3) public entity awards, and (4) bridge awards, a chart section, and a record of procurements section.

The summary section also includes:

1. A summary of the total dollars awarded and the total actions awarded for delivery order, field order, modification, new award and renewal award categories.
2. A summary of the total dollars awarded and the total award actions by contract type.
3. A summary of the total dollars awarded for non-competitive non-professional and professional awards within the above award categories.
4. A summary of the total dollars awarded for the required award categories (emergency, modifications exceeding \$25,000, bridge, public entity, and county council resolution).

The charts presented summarize the total dollars awarded and the total actions awarded by delivery order, field order, modification, new award, and renewal category for fiscal year '08.

The record of procurements section describes the purchase order and/or change order action, the vendor name, the department number, and the dollar value awarded.

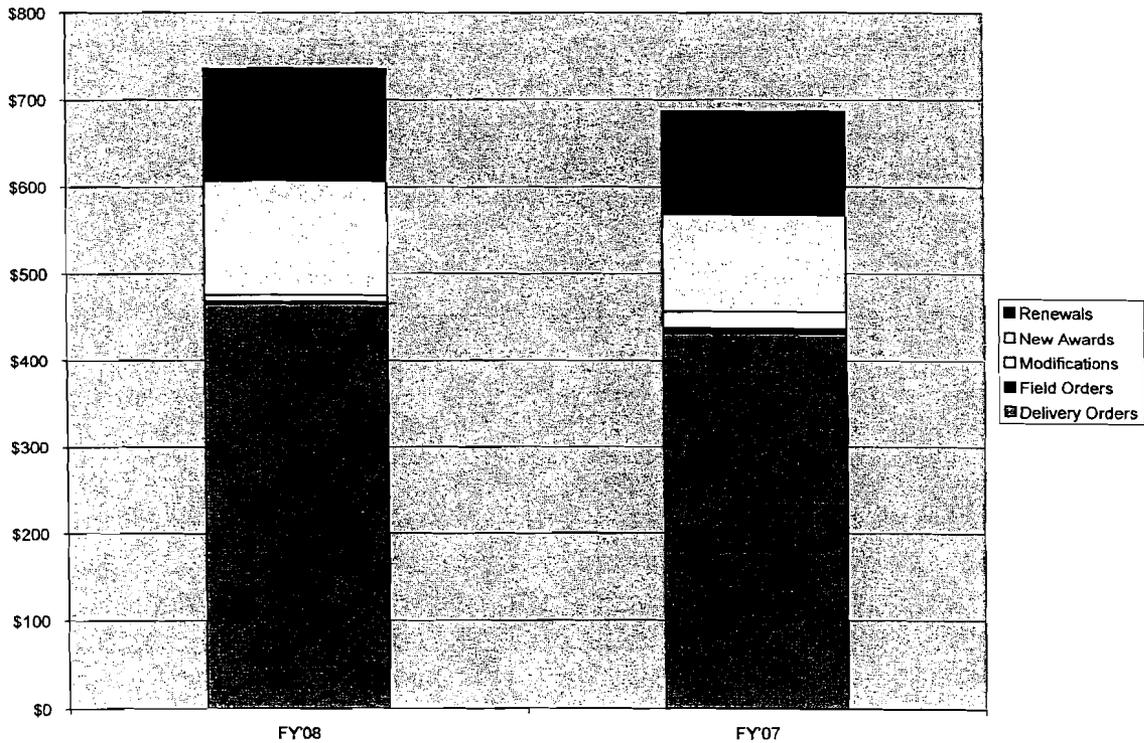
This report provides in appendix the following information:

- (A) An update on Protests
- (B) A list of Procurement Specialists and their assigned number of contracts
- (C) A report of current Cost/Price projects
- (D) A report of contracts terminated or in dispute
- (E) A report of purchases from Office Depot by using department accounts
- (F) A report of requests for Public Information
- (G) A report of contracts subject to the Wage Requirements law

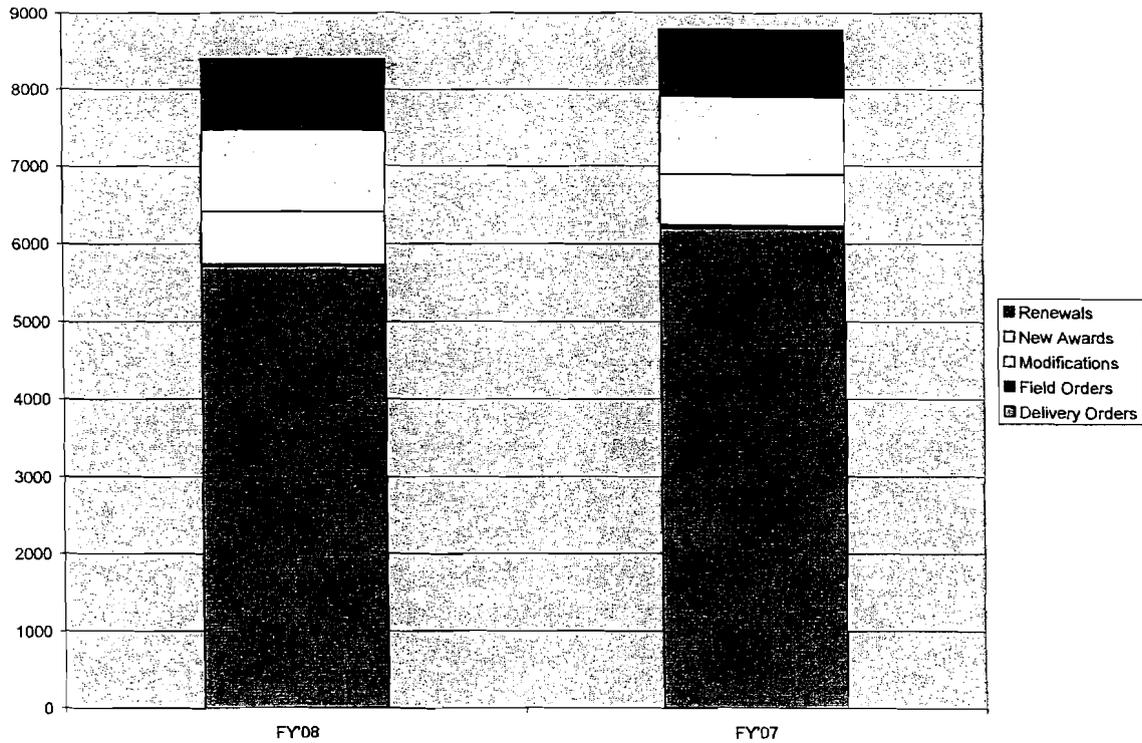
SUMMARY

In summary, the Office of Procurement awarded contracts for goods, services, and construction in fiscal year '08 totaling \$735,270,542. The number of award actions totaled 8396. This represents an *increase* over fiscal year '07 of 7.14% in dollars awarded and a *decrease* of 4.36% in award actions.

Procurement Type	Action		Award Amount	
	FY'08	FY'07	FY'08	FY'07
Delivery Orders	5710	6,197	465,090,138	\$432,282,855
Field Orders	25	32	2,836,637	\$5,179,391
Modifications	676	657	7,302,990	\$18,312,165
New Awards	1056	1,015	131,505,775	\$111,378,151
Renewals	929	878	128,535,002	\$119,122,401
Total	8396	8,779	735,270,542	\$686,274,963



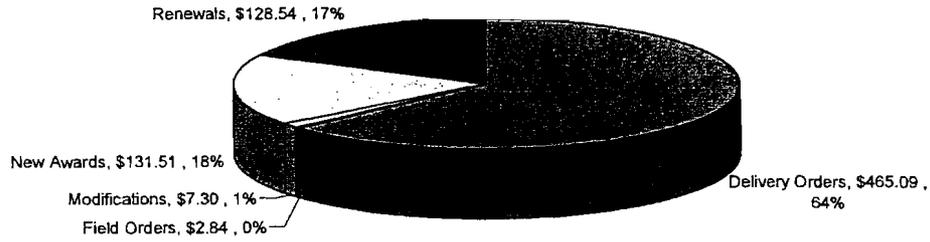
Contract Awards by Procurement Types (total amounts in \$millions)



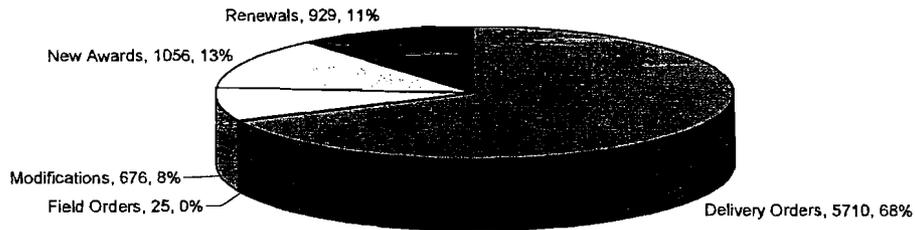
Contract Awards by Procurement Types (total actions)

A. Total Dollars Awarded and Actions by Procurement Type

Procurement Type	Actions	Awards	Description
Delivery Orders	5710	\$465,090,138	Purchases made through an existing contract
Field Orders	25	\$2,836,637	Purchases made against current construction contracts, as outlined by the Procurement Regulations.
Modifications	676	\$7,302,990	Purchases which amend a contract's scope of work
New Awards	1056	\$131,505,775	Newly awarded contracts
Renewals	929	\$128,535,002	Authorized contract extensions
Total	8396	\$735,270,542	



Contract Awards by Procurement Types (total amounts in \$millions)



Contract Awards by Procurement Types (total amounts in actions)

Total Dollars Awarded by Contract Type

Procurement Category	Actions	Awards
Fed. Govt.	4	\$92,586
State	91	\$50,395,518
State Subs	22	\$891,456
Board/Commission	38	\$2,102,182
Org of Fed. or State	0	\$0
Non-profit	7	\$1,594,570
Abbreviated RFP	1	\$108,244
Abbreviated IFB	0	\$0
Grants	629	\$62,856,799
Open	999	\$34,571,419
IFB	2098	\$132,938,934
Bridge	496	\$51,673,104
Library	83	\$6,428,000
Joint	93	\$150,195,609
Comm. Informal	45	\$971,018
Prof. Informal	413	\$2,345,901
RFP	3187	\$220,200,371
Sole Source	190	\$17,904,831
Total	8396	\$735,270,542

Grants	Actions	Awards
General Grants	77	\$1,575,195
County Council Designated Grants	510	\$58,798,769
State Designated Grants	30	\$1,913,411
Federal Designated Grants	11	\$544,423

B. Noncompetitive Awards Exceeding \$10,000

Non-competitive Awards Exceeding \$10,000

	Other than Professional		Professional		Goods		Construction	
Delivery Orders	\$40,169,931	34	\$19,993,510	120	\$5,964,843	64	\$ 0	0
Field Orders	\$ 0	0	\$ 0	0	\$108,100	3	\$2,628,118	17
Modifications	\$ 3,540,557	32	\$6,490,781	89	\$1,131,389	10	\$1,292,052	9
New Awards	\$4,073,147	19	\$12,357,161	71	\$2,073,507	9	\$1,250,000	3
Renewals	\$5,241,939	19	\$43,886,825	169	\$ 0	0	\$ 0	0

D. Special Award Categories

Dollars awarded in this category are subsets of the total award dollars shown in Items A and B above and therefore cannot be totaled.

Emergency Awards

Other than Professional	\$745,567	6
Professional	\$11,167,660	16
Goods	\$0	0
Construction	\$0	0

Other Categories

Modifications Exceeding \$25,000	\$11,724,376	92
Bridge Awards	\$51,673,104	496
Cooperative Awards	\$150,195,609	93
Public Entities	\$55,076,312	162
Council Resolutions	\$58,798,769	510

Department of General Services At-A-Glance

What DGS Does and for Whom	How Much (FY09)
<p><u>Procurement</u></p> <p>Acquires all goods, services, and construction necessary to carry out the functions of County government in the most cost-effective and timely manner consistent with required specifications and established procurement policies.</p> <p>Develops, implements, and provides purchasing services for goods, services, and construction in a timely, cost efficient, and legally defensible competitive manner to all County agencies, vendors / contractors, business and resident communities, and when applicable, other jurisdictions (e.g., cooperative procurements)</p>	<ul style="list-style-type: none"> ▪ \$2,174,120 budget ▪ 23.4 Positions



Measure 8: Business Relations and Compliance - MFD Percentage of Contract Dollars

What constitutes good performance for this measure?

- Increased percentage of contract dollars awarded to certified Minority, Female, and Disabled vendors

Contributing Factors

- Monitor departments and agencies contracting for compliance
- Provide outreach and assistance to raise awareness and assist with compliance
- Actively recruit eligible vendors and match their skills with department needs

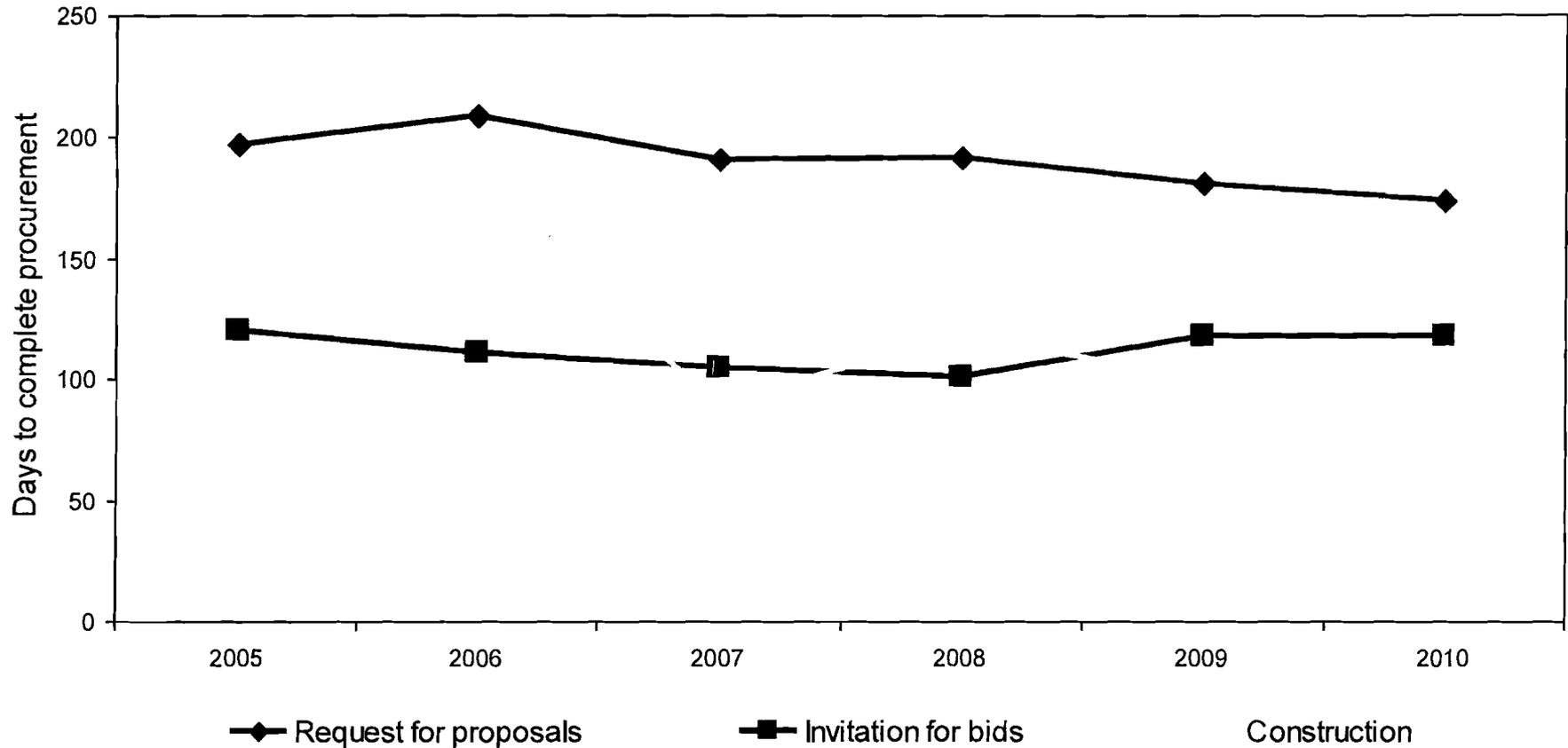
Restricting Factors

- Resistance from departments that see the MFD requirements as added time in the process
- Economic conditions which limit staffing which in turn limits intervention strategies

Increased participation by MFD businesses contributes directly to the CE objective to create of a strong and vibrant economy.



Measure 9: Procurement – Average Days to Complete Procurement



Procurement intends to supplement this measure in the future by tracking the percent of each cycle that is attributable to Procurement itself.

30



Measure 9: Procurement – Average Days to Complete Procurement

What constitutes good performance for this measure?

- Reduction in cycle time for phases within Procurement's control

Contributing Factors

- Streamline processes
- Fully staffed and trained specialists
- Good collaboration and boilerplate templates and checklists
- Review of various reports to ensure movement in workflow
- Improved Intranet access to information
- Streamline processes within using departments
- Trained contract administrators
- Good collaboration
- Adherence to regulations, policies and processes

Procurement cycle time results in efficient and effective client department performance and results in increased County productivity.



Measure 9: Procurement – Average Days to Complete Procurement

Restricting Factors

- Limited employee reward options
- Not enough contract administration training
- Sometimes inconsistent guidance
- Morale and classification delays
- Budgetary and resource constraints with increased priorities
- Reduced training opportunities and networking due to budgetary constraints
- Departmental administrators not following processes
- Using Departments increased time in evaluation phase
- Lack of trained contract administrators
- Lack of collaboration
- Drain of knowledge base within a short period of time

