T&E COMMITTEE #1
April 21, 2010

Budget Worksession

MEMORANDUM

April 19, 2010

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM: Dr. Costis Toregas, Council IT Adviser

SUBJECT: FY11 Operating Budget- General Services: Procurement and Related Programs, Section 30 in the Executive's Recommended FY11 Budget

The following are expected to attend:

David Dise, Director, Department of General Services (DGS)
Pam Jones, Division Chief, Office of Procurement, DGS
Ken Taylor, Office of Business Relations and Compliance, DGS
Bruce R. Meier, Senior Management & Budget Specialist, Office of Management and Budget

The relevant pages from the recommended FY11 operating budget are on ©1-11. The organizational charts for the Office of Procurement and the Office of Business Relations and Compliance are on ©12 and ©13.

Summary of Staff Recommendations

1. Approve the Executive's recommended budget of $2,274,150 for the Office of Procurement and $409,330 for the Office of Business Relations and Compliance.
2. Provide an assessment of priority and time frame to the discussions that the Office of Procurement will be having with the Cross-Agency Resource Sharing initiative of the Chief Administrative Officer, and also discuss the viability and desirability of undertaking an intra-departmental consolidation effort for the procurement function.

Office of Procurement

Montgomery County Government procures a significant amount of goods and services. According to the "*Record of Procurements, FY09 July 1, 2008 – June 30, 2009*", the Office of Procurement awarded contracts for goods and services and construction in fiscal year '09 totaling $899,113,817. This

represents an increase over fiscal year '08 of 22.28% in dollars awarded. Details on the growth of procurement are provided in the table below.

Procurement Type	Action		Award Amount	
	FY'09	FY'08	FY'09	FY'08
Delivery Orders	5,015	5710	$550,057,269	$465,090,138
Field Orders	22	25	$8,647,617	$2,836,637
Modifications	1,016	676	$13,746,576	$7,302,990
New Awards	734	1056	$173,480,326	$131,505,775
Renewals	922	929	$153,182,029	$128,535,002
Total	**7,709**	**8396**	**$899,113,817**	**$735,270,542**

The Procurement Office is responsible for the efficient, effective, and economical procurement of these goods and services. They conduct this effort through a variety of contract types, as shown in the following table of total dollars awarded by contract type:

Procurement Category	**Actions**	**Award Amount**
Public Entities		
Fed. Govt.	*8*	*$198,724*
State	*74*	*$52,540,568*
State Subs	*30*	*$1,503,305*
Board/Comm	*46*	*$6,457,820*
Org of Fed. or State	*11*	*$720,422*
Abbvr. RFP	1	$91,242
Abbvr. IFB	1	$5,000
Grants	524	$61,589,227
Open	900	$26,465,503
IFB	2,315	$104,751,302
Bridge	705	$30,637,427
Library	11	$1,560,000
Joint/Cooperatives	65	$248,631,474
Comm. Informal	40	$292,026
Prof. Informal	323	$4,101,710
RFP	2,393	$341,834,427
Sole Source	262	$17,733,640
Total	**7,709**	**$899,113,817**

The Office of Procurement recommended budget and workyear allocation, compared to FY10's approved levels, is compared below.

	FY10 Approved		FY11 Recommended			
Office of Procurement	Expenditures	WYs	Expenditures	% Change	WYs	% Change
	$2,463,180	27.8	$2,274,150	-7.7%	25.8	-7.2%

During the Council staff review of the Procurement recommended budget, a series of questions were raised; these questions, the answer received from the Executive branch, and staff comments regarding these answers are provided below.

1. ***A procurement specialist position is being shifted to the CIP fund. Please detail the total amount of staff (WYs, positions and $s) and any other direct costs for which the Office relies on the CIP fund to maintain current operations. Without this figure, it is hard to understand and value the true cost of the Office.***

   DGS Response:

   This is not a new initiative; in previous years a position was charged to the DPWT CIP to reflect the contracting assistance provided by our construction unit to the construction work related to their CIP projects. The budget notation for FY11 is to acknowledge the practice.

   Council staff comment:

   The shift appears to be documenting a proper practice.

2. ***The Office's CountyStat FY10 performance plan reported 77%, 94%, and 57% of procurements completed in agreed-upon time by the user agency. Please provide the most current statistics for FY10, and state how the expectations for FY11 are impacted, given the -7.7% reduction in $ resources recommended by the Executive for FY11.***

   DGS Response:

   Solicitation timelines are mutually established by the user department and Procurement at the beginning of a solicitation. Numerous contributing factors impact the timeline and may or may not be attributable to procurement performance. The practice of creating these timelines began in late FY09 but was only fully in practice in FY10. This has proven a useful tool in assisting Procurement and user departments to create more realistic timelines and target areas for process improvement by all process contributors.

   Independent performance measures tracked by Procurement based on follow-up surveys after each solicitation indicate that Procurement met the solicitation timeline 79% of the time and user departments met timeline estimates 62% of the time. Through FY10 the average days to complete a solicitation from beginning to final contract execution is: 123 days for IFBs, 163 days for RFPs, and 134 days for Construction contracts, for an average of 139 days.

Council staff comment:

The metrics now in effect should be closely tracked and compared to Best Practice. A timeframe of 4 to 6 months from beginning of a solicitation to final contract execution is the baseline against which the Office should be measured in FY10 and beyond. Input from user departments as to whether this target is acceptable should be solicited and reported periodically.

3. ***The T&E Committee, in its March 25, 2010 review of the IPCC work plan, encouraged an aggressive action plan regarding consolidated service delivery amongst all County agencies. If such action is undertaken, what is the estimated impact on the FY11 budget?***

DGS Response:

Per the March 25th e-mail from DGS Director David Dise to T&E Committee members following the Committee's review of the IPCC work plan, action is currently being undertaken to look at a variety of options, including consolidation. This review will be performed by a cross-agency resource sharing committee comprised of agency and Council staff senior management.

Procurement was one of the earliest targeted functions for consolidation and will be strongly considered. There are policies and legal challenges to address (MCPS and M-NCPPC are governed by state procurement law) but these are not insurmountable. The IPCC needs to transition from planning and considering matters and focus its efforts on action and results. At this time there is not enough information to provide an FY11 impact since it depends on the options that will be pursued by the cross-agency committee.

Council staff comment:

The memo referenced from David Dise to the Committee members is on ©14. There may be workload and dollar impacts from the Cross-Agency Resource Sharing (CARS) initiative of the CAO (provided on ©15-17) in FY11, but no figures are currently available. Committee members should discuss their own perspectives on the potential for consolidation and provide Executive branch representatives with their own sense of urgency and direction regarding this inter-agency potential.

It is also possible to undertake an intra-departmental review of procurement functions and an exploration of the impact of consolidating them within a single organization, or providing a Shared Services approach to procurement. When the Office of Legislative oversight (OLO) developed their Internal Service Functions Report in 2007, procurement was one of the functions studied within major departments of the County. A fresh look at the consolidation opportunities might be beneficial, once the budget is approved.

4. ***Please provide the total amount of contract $$ volume and number of contracts handled by the Office this year, and estimated for next year.***

DGS Response:

Through the first three quarters of FY10 the total number of contracts handled by the Office of Procurement is 2,014, the total number of contract dollars is $730,930,238, and the total number of actions (delivery orders, contract modifications, new awards, and renewals) is 5,218.

It is difficult to project FY11 impact since the ongoing recession has not shown a dramatic change in contracting activity to-date in terms of dollars expended. For example in the first three quarters of FY09 the County spent $613,370,148 compared to the figure shown above for FY10. The total FY09 contract spend was $899,113,817 and for FY08 it was $735,270,542. While spending may diminish in FY11 we cannot reliably predict a trend. County contracting is dependent on many factors such as capital project schedules and grant funded projects, including ARRA.

Council staff comment:

The response from DGS suggests that the volume of contracts might in fact go up as the effects of the recession might make outsourcing more attractive to departments within the County. The staffing of the office of Procurement and its workload should be monitored carefully as FY11 begins to ensure adequate operations under this uncertain climate.

Office of Business Relations and Compliance

The Office of Business Relations and Compliance recommended budget and workyear allocation, compared to FY10's approved levels, is compared below.

	FY10 Approved		FY11 Recommended			
Office of Business Relations and Compliance	Expenditures	WYs	Expenditures	% Change	WYs	% Change
	$600,410	4.8	$409,330	-31.8 %	3.1	-35.4 %

During the Council staff review of the Business Relations and Compliance recommended budget, a series of questions were raised; these questions, the answers received from the Executive branch, and staff comments regarding these answers, are provided below.

1. ***Please provide an updated set of numbers regarding the two performance measures for the Office (% $ awarded to MFD and value of $ awarded to LSBs).***

DGS Response:

FY10 (July 2009 to December 2009)

MFD:

Contract dollars on MFD contracts and subcontracts: $67,851,564

Percent of eligible contracts awarded to MFD companies: 13.90%

LSBRP:

FY10 up-to 4/16/20 (07/01/2009 – 04/16/2010)	LSBRP Formal Solicitations	LSBRP Informal Solicitations
Issued	29	7
# of Contracts Awarded LSBRP	17	4
Encumbrances	$8,546,997.35	$58,117.07

FY09 same period (07/01/2008 – 04/16/2009)	LSBRP Formal Solicitations	LSBRP Informal Solicitations
Solicitations issued	8	2
Contracts Awarded	5	2
Encumbrances	$445,771.11	$27,654.03

Council staff comment:

There is a clear increase in activity within the Office of Business Relations and Compliance along the direction provided by legislation. It is hoped that this increase will continue as the budget for this organization is being curtailed at a rate much higher than other County organizations.

The Office of Legislative Oversight (OLO) recently completed an evaluation of the Local Small Business Reserve Program - an important effort of this Office. The executive summary of this evaluation is on ©10-21. The follow-up from the Council President to the Executive branch requesting details regarding the FY10 levels of activity is on ©22-23. The report requested is expected by November 30, 2010.

2. ***Half of a Prevailing Wage personnel cost is being shifted to the CIP fund. Please detail the total amount of staff (WYs and $s) and any other direct costs for which the Office relies on the CIP fund to maintain current operations.***

DGS Response:

The Prevailing Wage position is budgeted at $122,000 of which ½ work year is funded by the CIP since prevailing wage is directed specifically to CIP construction contracts. The other ½ work year is directed to other wage program contracts. The CIP funds 100% of the Prevailing Wage Program compliance monitoring contract at about $40,000 for FY10, and it is difficult to estimate for FY11 since it is a function of County construction activity which is unknown at this point, hence the connectivity to CIP projects. As more construction activity is performed, more monitoring is required.

Council staff comment:

The shift appears to be documenting a proper practice.

3. ***A program manager position was shifted to the MC311 center that handles incoming calls on a County-wide basis. Was this position responsible for functions other than call taking? If so, what are they? And how are they treated in the FY11 proposed budget?***

DGS Response:

The LSBRP Program Manager position was shifted during the FY10 budget year to provide MC311 with assistance in multi-lingual capabilities and to help DGS with attaining its FY11 MARC. The duties and responsibilities previously assigned to the Program Manager are now performed by the Office of Business Relations and Compliance (OBRC) manager and some shared administrative support. In its prior capacity, the position substantially involved telephone interaction with businesses, recruiting small business into the vendor pool, maintaining a database, providing reports on the dollar amount and contracts awarded to each vendor, and reviewing waivers by departments. As the program was rebuilt in FY10 it became the primary component of the duties performed by the OBRC manager, which will continue into FY11.

Council staff comment:

The workload of the Office Director may be increasing above a level where his ability to continue the strong performance of outward-looking promotion of County business amongst the small businesses and minority – owned businesses may suffer. The committee should take this opportunity to ensure that the Office activities will be maintained at a level where the intent of the legislation that established it is met.

4. ***Please provide an organizational chart of the Office, including number of positions and WY information.***

DGS Response:

OBRC has three positions fulltime, including the manager and a split funded position for a total of 4 positions, but only 3.1 WY.

Council staff comment:

The chart is on ©13.

General Services

MISSION STATEMENT

The Department of General Services proactively serves the diverse business and service requirements of all County departments, providing a single point of government-to-government service, enabling departments to successfully complete their respective missions and, thereby, adding value to the services performed by Montgomery County to county residents. In so doing, the Department of General Services contributes directly towards the County Executive's objectives of "A Responsive and Accountable County Government", "Healthy and Sustainable Neighborhoods", and "A Strong and Vibrant Economy."

BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Department of General Services is $30,374,310, a decrease of $4,125,130 or 12.0 percent from the FY10 Approved Budget of $34,499,440. Personnel Costs comprise 52.2 percent of the budget for 242 full-time positions and six part-time positions for 178.7 workyears. Operating Expenses and Capital Outlay account for the remaining 47.8 percent of the FY11 budget.

In addition, this department's Capital Improvements Program (CIP) requires Current Revenue funding.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ***A Responsive, Accountable County Government***
- ***Healthy and Sustainable Neighborhoods***
- ***Strong and Vibrant Economy***

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY10 estimates incorporate the effect of the FY10 savings plan. The FY11 and FY12 targets assume the recommended FY11 budget and FY12 funding for comparable service levels.

Measure	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Multi-Program Measures					
Customer Service: DGS Function Average[1]	2.86	3.00	3.14	3.28	3.28
Environmental Stewardship: Carbon Footprint of Montgomery County Government (in metric ton carbon dioxide equivalents)[2]	158,558	165,184	TBD	TBD	TBD

[1] Represents an average of Building Services, Capital Development Needs, Fleet Services, Leased Space Needs, Print/Mail/Archives Services, and Procurement Services average ratings. (Scale: 1 to 4, 1= poor, 4= good).

[2] Projections are under construction because of pending projects scheduled to come on line FY10 and FY11.

ACCOMPLISHMENTS AND INITIATIVES

- ***Completed the records inventory and up-dated the retention schedules for the Department of General Services and Health and Human Services.***

  Will begin the records inventory for Public Safety.

- ***The Central Vendor Registration System allows online registration of all vendors. It is linked to the Local Small Business Reserve so that the vendor registration becomes a "one-stop shop" for local small businesses seeking to do business with the County.***

- ***Local Small Business Reserve has implemented regulatory changes which increase thresholds and effectively double opportunities for local business to participate in this County program.***

- ***The Environmental Stewardship Program is aggressively implementing energy conservation as part of the Sustainablity Work Group. Building by building outreach to County facilities encourages behavior changes which***

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promote energy conservation.

- ***The Division of Building Design and Construction website allows County residents to access information on facility construction projects of interest to the community.***

- ***The department is focusing on long-term planning and infrastructure in support of the redevelopment initiatives for Wheaton and Silver Spring.***

- ***Productivity Improvements***

  - ***The Print Shop now has the capability to design e-brochures for the County's Intranet and Internet. This additional method of disseminating information has reduced paper usage and met the standards established by the County's Green Initiative.***

  - ***Hard wiring of the Record Center has increased processing speed by 60% and productivity in the areas of quality control and re-scanning.***

  - ***The DGS IT Group is the driving force behind productivity improvements such as E-Leave Slips, E-Brochures and E-Forms all of which support the Executive's paper reduction initiative.***

PROGRAM CONTACTS

Contact Annette Cheng of the Department of General Services at 240.777.6121 or Bruce R. Meier of the Office of Management and Budget at 240.777.2785 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Office of Procurement

The mission of the Office of Procurement is to preserve the public trust and ensure the integrity of the public procurement process through the efficient, effective, and economical procurement of goods, services, and construction in accordance with nationally recognized best practices; resulting in the highest value for County government and its residents.

The core components of this program are to purchase goods, services, and construction required by County departments in the most timely and cost-effective manner possible. Program staff assists departments in the development of procurement strategies and documents to ensure a competitive and fair procurement process in accordance with the County Code and the Procurement Regulations. Program staff also helps vendors understand the County's procurement process and procedures.

Procurement staff also provides County departments with training, assistance and guidance of department contract administrators. Further, Procurement works collaboratively with the Office of Business Relations and Compliance, the Office of Partnerships and other departments to build relationships with and provide training to businesses and non-profits interested in doing business with Montgomery County. Procurement Specialists develop contract administration procedures and research, review, and recommend revisions to County procurement policies and regulations to streamline the procurement process. In addition, testimony and other evidence regarding claims and contract disputes with contractors are reviewed to resolve issues.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**2,463,180**	**27.8**
Add: Manager II Position - Temporary ERP backfill	0	1.0
Shift: Procurement Specialist II increased cost to Special Funds	-15,740	0.0
Reduce: Increase procurement time: clerical support	-80,900	-1.0
Shift: Procurement Specialist II to CIP	-101,090	-1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	8,700	-1.0
FY11 CE Recommended	**2,274,150**	**25.8**

Office of Business Relations and Compliance

The mission of the Office of Business Relations and Compliance (OBRC) is to plan and implement programmatic strategies to expand business opportunities for Minority, Female and Disabled Persons business owners and small businesses in Montgomery County. The office administers the County's Living and Prevailing Wage programs for service and construction contracts. The

(2)

OBRC is solely responsible for ensuring the socio-economic programs of the County are compliant with applicable laws.

Minority, Female and Disadvantage Persons (MFD)

The MFD program objectives focus on annual goals of awarding a designated percentage of the total dollar value of negotiated contracts over $50,000 to Maryland Department of Transportation certified minority, female, or disabled-owned businesses by procurement source. In addition, the program identifies MFD firms; encourages and coordinates their participation in the procurement process through community outreach and internal seminars; and monitors contracts subject to MFD participation to ensure compliance.

Local Small Business Reserve Program (LSBRP)

The mission of the Local Small Business Reserve Program is to ensure that County departments award a minimum of 10 percent of total contract dollars issued for goods, services or construction to registered local small businesses. The program assists County departments to identify contracting opportunities and solicitations appropriate for LSBRP competition. The program provides training and networking to help local small businesses compete with businesses of similar size and resources for County contracts strengthening in the local small business sector.

Living Wage

The mission of the Living Wage program is to ensure that County contractors and subcontractors pay employees, at a minimum, a "living wage" in compliance with the annually adjusted rate established by the Montgomery County Wage Requirements Law on qualifying contracts.

Prevailing Wage

The mission of the Prevailing Wage program is to ensure that contractors and subcontractors pay prevailing wages, as established by the Maryland State Commissioner of Labor and Industry for the Montgomery County region, to workers on certain construction projects awarded by the County.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Percent of Contract Dollars Awarded to Minority/Female/Disabled owned businesses	18.0	21	21	21	21
Value of County contracts awarded to local small businesses ($000)[1]	12,078	15,000	20,000	20,000	20,000

[1] The Local Small Business Reserve Program began in January 2006.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**600,410**	**4.8**
Shift: Half of Prevailing Wage personnel cost to CIP	-61,100	-0.5
Shift: Program Manager to MC 311	-131,480	-1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	1,500	-0.2
FY11 CE Recommended	**409,330**	**3.1**

Automation

The Automation Program provides staffing, material, and support to develop and maintain information systems in support of the Department's business operations. This includes purchase and maintenance of Information Technology (IT) equipment, service and support for major end use systems on a County-wide basis. IT management of system and website design and maintenance is included in this program as well as coordination with the County Department of Technology Services.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**521,010**	**4.0**
Shift: Information Technology Specialist III position from Fleet Mgmt. Svcs. to DGS - DREAMS	0	1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	790	-0.1
FY11 CE Recommended	**521,800**	**4.9**

Division of Facilities Management

The Division of Facilities Management's mission is to provide for the comprehensive planning and delivery of maintenance services and oversight of building-related operations at County facilities used by County staff and residents. Components of these programs are routine, preventive, correctional and conditional maintenance; housekeeping; grounds maintenance; recycling; building structure and envelope maintenance; electrical/mechanical systems operations and maintenance; small to mid-sized remodeling projects; snow removal, and damage repair from snow, wind, rain, and storm events; and customer service. The energy management program provides technicians to monitor and maintain heating and cooling systems to ensure the most efficient use of these services. In

addition, Facilities Management manages several comprehensive Capital Improvements Program (CIP) projects aimed at sustaining efficient and reliable facility operation to protect and extend the life of the County's investment in facilities and equipment.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Hours Offline for Critical Building Systems[1]	NA	TBD	TBD	TBD	TBD
Condition of Non-critical Building Systems and Aesthetics[2]	NA	NA	TBD	TBD	TBD

[1] Hours Offline for Critical Building Systems, Percent of Projects Meeting Initial Design and Construction Costs, and Percent of Projects Meeting Initial Design and Construction Timeline Performance Measures are near completion and data will be collected accordingly.
[2] Survey is being developed to collect data for the above measures going forward.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**21,610,900**	**108.8**
Increase Cost: Annualization of GE Facility Maintenance	717,440	0.0
Shift: Food Services from Agency Fund	65,820	0.0
Add: Civic Building: Building Services Worker (day shift) (DGS)	37,350	1.0
Add: Civic Building: Building ServiceS Worker (evening/weekend) (DGS)	21,660	0.5
Reduce: Maintenance of Buildings and Structures	-23,760	0.0
Reduce: Maintenance - Contractual Plumbing Services	-50,750	0.0
Reduce: Facilities Maintenance - Contractual Grounds Services	-50,900	0.0
Decrease Cost: Motor Pool charges for 14 vehicles	-62,890	0.0
Reduce: Facilities Maintenance - Contractual Painting Services	-65,000	0.0
Reduce: Facilities Maintenance - Contractual Masonry Services	-80,000	0.0
Decrease Cost: Facilities Maintenance - Contractual Services at the Public Safety Headquarters (Edison Park Campus)	-100,000	0.0
Decrease Cost: Motor Pool Rate Adjustment	-184,780	0.0
Reduce: Deep Cleaning for Libraries	-300,000	0.0
Reduce: Additional cleaning at Recreation facilities	-413,950	0.0
Reduce: Maintenance - Contractual HVAC Services	-425,700	0.0
Reduce: Structural Maintenance - Contractual Services	-447,690	0.0
Reduce: Cleaning and Maintenance oversight: Building Services Inspectors	-514,110	-7.0
Reduce: Maintenance - Contractual Electrical Services	-621,200	0.0
Reduce: Carpentery	-635,420	-7.0
Reduce: Maintenance - Contractual Custodial Services	-775,000	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	176,200	-4.0
FY11 CE Recommended	**17,878,220**	**92.3**

Environmental Stewardship

This newly developed program focuses on maintaining Montgomery County's leadership in environmentally sensitive maintenance, construction, and operation of County facilities. In this role, the program will develop and oversee the energy and facility environmental programs; monitor new and renovated building systems to ensure proper functioning; obtain necessary permits where applicable and ensure compliance with the terms of the permits; perform building systems diagnostics to analyze failures and recommend and coordinate corrective measures implementation; conduct facility assessments of building conditions and retrofit buildings where appropriate, evaluate maintenance standards; and investigate indoor air quality complaints. This program also oversees the utilities management function and implements strategies to maximize cost savings and reduce energy use from utility deregulation throughout the County. In addition this program provides and coordinates the required maintenance of the County's Stormwater Management facilities.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**188,310**	**2.1**
Shift: Energy Engineer to CIP	-97,760	-0.7
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	660	-0.1
FY11 CE Recommended	**91,210**	**1.3**

Central Duplicating, Imaging, Archiving & Mail Svcs.

This program provides timely and efficient document management through: high-speed photocopying service to all County agencies; desktop and electronic publishing; high-speed color copying; bindery; digital imaging; and electronic and physical archiving of County records. This program also serves as point of contact for County printing material produced and completed by Montgomery County Public Schools (MCPS). A print shop consolidation took effect in FY00 in which all County offset printing is provided by MCPS. This program also provides for the daily receipt, sorting, and distribution of mail deliveries from the U.S. Postal Service and inter-office mail to County agencies.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**6,528,490**	**31.4**
Increase Cost: Master Lease Payments	377,750	0.0
Increase Cost: Retiree Health Insurance Pre-Funding	112,240	0.0
Increase Cost: Shredding	73,250	0.0
Add: Edison Park Mail Room equipment	58,000	0.0
Enhance: Software for Electronic Records Management System	54,640	0.0
Add: Staff for Edison Park sub station	34,450	0.5
Increase Cost: Retirement Adjustment	31,660	0.0
Increase Cost: Group Insurance Adjustment	13,580	0.0
Increase Cost: Printing and Mail Adjustment	200	0.0
Decrease Cost: Motor Pool Rate Adjustment	-6,820	0.0
Reduce: Mail service	-32,150	-0.5
Decrease Cost: Furlough Days	-65,600	-1.1
Decrease Cost: Paper Reduction Initiative	-252,710	-1.0
Decrease Cost: Replacement of Printing, mail and Imaging Equipment per Schedule	-462,380	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	21,930	0.0
FY11 CE Recommended	**6,486,530**	**29.3**

Real Estate Program

This program provides for leasing, site acquisition/disposition, space management and site evaluation. The leasing function recommends, plans, coordinates, implements, and administers the leasing of real property for both revenue and expense leases, including closed school facilities at the best economic and operational value to the County. Site acquisition/disposition is the purchase of property for County use and disposition is the sale or lease of surplus property. The space management function provides for the efficient and aesthetic utilization of space in County-owned and leased facilities. The site evaluation function provides technical support to site evaluation committees for Capital Improvements Program (CIP) projects.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**923,420**	**7.0**
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	2,190	0.0
FY11 CE Recommended	**925,610**	**7.0**

Building Design and Construction

This program provides for the overall management of the Department's facility Capital Improvements Program (CIP). This program includes the comprehensive, timely, economic and environmentally efficient planning, designing and construction of buildings for County use as well as public venues owned by the County. This program also provides comprehensive architectural and engineering services from planning through design. Functional elements include programming, contract administration, planning management, design management, and project management. The planning, design, and construction of facilities is accomplished in accordance with LEED Silver standards as required by County regulation, and following best practices in project design and construction estimating, and the timely delivery of facilities based on project schedules developed for and published in the County CIP.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**0**	**0.0**
FY11 CE Recommended	**0**	**0.0**

Administration

Administration services in the Department are provided in three key areas:

- The Director's Office provides overall leadership for the Department, including policy development, planning, accountability, service integration, customer service, the formation of partnerships and the oversight of socio-economic programs which include the Business Relations and Compliance Program. The Director's Office also handles administration of the day-to-day operations of the Department, including direct service delivery, operating and capital budget preparation and administration, training, contract management logistics, and facilities support and human resources.

- The County Executive's Strategic Growth Initiative and other key strategic capital initiatives are also directed through the Office of Planning and Development in the Director's office.

- The Division of Real Estate and Management Services provides oversight and direction of the preparation and monitoring of

the Operating and Capital Improvements Program (CIP) budgets for the department; fuel management; payment processing; Invitations for Bid (IFB), Requests for Proposal (RFP) and contracts; inventory and facility management; the management and administration of computer and office automation activities; oversight of all personnel activities of the Department of General Services; Strategic Planning for the Director; and oversight and management for increasing access to County facilities for residents and employees with disabilities.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	**1,663,720**	**13.0**
Shift: Redevelopment Program to DGS	260,450	2.0
Enhance: Americans with Disabilities Act (ADA) Compliance: Project Civic Access	156,420	1.0
Reduce: Professional services - Division of Real Estate and Management Services	87,390	0.0
Increase Cost: Supplies and Materials	78,160	0.0
Increase Cost: Annualization of FY10 Personnel Costs	21,930	0.0
Shift: Administrative Specialist III position moved from Fleet Mgmt. Svcs. to DGS - DREAMS. (HR Specialist)	0	1.0
Shift: Program Manager I position moved from Fleet Mgmt. Svcs. to DGS -DREAMS (Contracts Manager)	0	1.0
Decrease Cost: Printing and Mail Reduction Target	-15,690	0.0
Decrease Cost: Return of staff vehicles and annualization of motor pool reducution	-30,000	0.0
Reduce: Professional Services	-45,000	0.0
Reduce: Clerical support: Abolish Senior Executive Administrative Aide	-97,300	-1.0
Shift: Energy Engineers to CIP	-133,070	-2.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-159,550	0.0
FY11 CE Recommended	**1,787,460**	**15.0**

BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	11,137,482	10,662,560	11,039,000	9,312,520	-12.7%
Employee Benefits	3,855,596	4,237,710	4,058,150	4,221,160	-0.4%
County General Fund Personnel Costs	***14,993,078***	***14,900,270***	***15,097,150***	***13,533,680***	***-9.2%***
Operating Expenses	17,326,216	13,070,680	11,424,190	10,354,100	-20.8%
Capital Outlay	48,492	0	0	0	—
County General Fund Expenditures	***32,367,786***	***27,970,950***	***26,521,340***	***23,887,780***	***-14.6%***
PERSONNEL					
Full-Time	216	220	220	212	-3.6%
Part-Time	6	6	6	6	—
Workyears	166.7	167.5	167.5	149.4	-10.8%
REVENUES					
Strathmore: Maintenance & Utilities	0	250,000	0	0	—
Grey Courthouse: Maintenance	0	467,000	467,000	467,000	—
Solicitation Fee: Non-Construction	5,364	0	0	0	—
Solicitation Fee: Formal On-Line	12,745	3,210	3,210	3,210	—
Solicitation Fee: Formal	14,495	8,130	8,130	8,130	—
Protest Fees	500	1,000	1,000	1,000	—
Photocopying Fees	0	100	100	100	—
Information Requests	952	600	600	600	—
County General Fund Revenues	***34,056***	***730,040***	***480,040***	***480,040***	***-34.2%***
PRINTING AND MAIL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	1,632,145	1,783,670	1,748,420	1,674,010	-6.1%
Employee Benefits	555,712	671,900	621,940	659,990	-1.8%
Printing and Mail Internal Service Fund Personnel Costs	***2,187,857***	***2,455,570***	***2,370,360***	***2,334,000***	***-5.0%***
Operating Expenses	3,832,155	3,526,540	3,415,900	3,944,280	11.8%
Debt Service Other	158,815	0	0	0	—
Capital Outlay	73,610	546,380	546,380	208,250	-61.9%
Printing and Mail Internal Service Fund Expenditures	***6,252,437***	***6,528,490***	***6,332,640***	***6,486,530***	***-0.6%***
PERSONNEL					
Full-Time	31	30	30	30	—
Part-Time	1	1	1	0	—
Workyears	31.0	31.4	31.4	29.3	-6.7%
REVENUES					
Mail Revenues	2,339,030	2,272,510	2,272,510	2,131,740	-6.2%
Print Revenues	3,155,368	3,489,360	3,489,360	3,083,270	-11.6%
Investment Income	3,562	0	600	600	—
Imaging/Archiving	914,590	911,180	911,180	1,003,780	10.2%
Printing and Mail Internal Service Fund Revenues	***6,412,550***	***6,673,050***	***6,673,650***	***6,219,390***	***-6.8%***
DEPARTMENT TOTALS					
Total Expenditures	**38,620,223**	**34,499,440**	**32,853,980**	**30,374,310**	**-12.0%**
Total Full-Time Positions	**247**	**250**	**250**	**242**	**-3.2%**
Total Part-Time Positions	**7**	**7**	**7**	**6**	**-14.3%**
Total Workyears	**197.7**	**198.9**	**198.9**	**178.7**	**-10.2%**
Total Revenues	**6,446,606**	**7,403,090**	**7,153,690**	**6,699,430**	**-9.5%**

FY11 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY10 ORIGINAL APPROPRIATION	**27,970,950**	**167.5**
Changes (with service impacts)		
Enhance: Americans with Disabilities Act (ADA) Compliance: Project Civic Access [Administration]	156,420	1.0
Reduce: Professional services - Division of Real Estate and Management Services [Administration]	87,390	0.0
Add: Civic Building: Building Services Worker (day shift) (DGS) [Division of Facilities Management]	37,350	1.0
Add: Civic Building: Building ServiceS Worker (evening/weekend) (DGS) [Division of Facilities Management]	21,660	0.5
Add: Manager II Position - Temporary ERP backfill [Office of Procurement]	0	1.0
Reduce: Maintenance of Buildings and Structures [Division of Facilities Management]	-23,760	0.0
Reduce: Professional Services [Administration]	-45,000	0.0
Reduce: Maintenance - Contractual Plumbing Services [Division of Facilities Management]	-50,750	0.0
Reduce: Facilities Maintenance - Contractual Grounds Services [Division of Facilities Management]	-50,900	0.0
Reduce: Facilities Maintenance - Contractual Painting Services [Division of Facilities Management]	-65,000	0.0
Reduce: Facilities Maintenance - Contractual Masonry Services [Division of Facilities Management]	-80,000	0.0
Reduce: Increase procurement time: clerical support [Office of Procurement]	-80,900	-1.0
Reduce: Clerical support: Abolish Senior Executive Administrative Aide [Administration]	-97,300	-1.0
Reduce: Deep Cleaning for Libraries [Division of Facilities Management]	-300,000	0.0
Reduce: Additional cleaning at Recreation facilities [Division of Facilities Management]	-413,950	0.0
Reduce: Maintenance - Contractual HVAC Services [Division of Facilities Management]	-425,700	0.0
Reduce: Structural Maintenance - Contractual Services [Division of Facilities Management]	-447,690	0.0
Reduce: Cleaning and Maintenance oversight: Building Services Inspectors [Division of Facilities Management]	-514,110	-7.0
Reduce: Maintenance - Contractual Electrical Services [Division of Facilities Management]	-621,200	0.0
Reduce: Carpentery [Division of Facilities Management]	-635,420	-7.0
Reduce: Maintenance - Contractual Custodial Services [Division of Facilities Management]	-775,000	0.0
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of GE Facility Maintenance [Division of Facilities Management]	717,440	0.0
Increase Cost: Retirement Adjustment	343,820	0.0
Shift: Redevelopment Program to DGS [Administration]	260,450	2.0
Increase Cost: Group Insurance Adjustment	101,600	0.0
Increase Cost: Supplies and Materials [Administration]	78,160	0.0
Shift: Food Services from Agency Fund [Division of Facilities Management]	65,820	0.0
Increase Cost: Annualization of FY10 Personnel Costs	35,690	0.5
Shift: Administrative Specialist III position moved from Fleet Mgmt. Svcs. to DGS - DREAMS. (HR Specialist) [Administration]	0	1.0
Shift: Information Technology Specialist III position from Fleet Mgmt. Svcs. to DGS - DREAMS [Automation]	0	1.0
Shift: Program Manager I position moved from Fleet Mgmt. Svcs. to DGS -DREAMS (Contracts Manager) [Administration]	0	1.0
Decrease Cost: Printing and Mail Reduction Target [Administration]	-15,690	0.0
Shift: Procurement Specialist II increased cost to Special Funds [Office of Procurement]	-15,740	0.0
Decrease Cost: Return of staff vehicles and annualization of motor pool reducution [Administration]	-30,000	0.0
Shift: Half of Prevailing Wage personnel cost to CIP [Office of Business Relations and Compliance]	-61,100	-0.5
Decrease Cost: Motor Pool charges for 14 vehicles [Division of Facilities Management]	-62,890	0.0
Shift: Energy Engineer to CIP [Environmental Stewardship]	-97,760	-0.7
Decrease Cost: Facilities Maintenance - Contractual Services at the Public Safety Headquarters (Edison Park Campus) [Division of Facilities Management]	-100,000	0.0
Shift: Procurement Specialist II to CIP [Office of Procurement]	-101,090	-1.0
Shift: Program Manager to MC 311 [Office of Business Relations and Compliance]	-131,480	-1.0
Shift: Energy Engineers to CIP [Administration]	-133,070	-2.0
Decrease Cost: Motor Pool Rate Adjustment [Division of Facilities Management]	-184,780	0.0
Decrease Cost: Furlough Days	-428,690	-5.9
FY11 RECOMMENDED:	**23,887,780**	**149.4**
PRINTING AND MAIL INTERNAL SERVICE FUND		
FY10 ORIGINAL APPROPRIATION	**6,528,490**	**31.4**
Changes (with service impacts)		
Add: Edison Park Mail Room equipment [Central Duplicating, Imaging, Archiving & Mail Svcs.]	58,000	0.0
Enhance: Software for Electronic Records Management System [Central Duplicating, Imaging, Archiving & Mail Svcs.]	54,640	0.0
Add: Staff for Edison Park sub station [Central Duplicating, Imaging, Archiving & Mail Svcs.]	34,450	0.5

8

	Expenditures	WYs
Reduce: Mail service [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-32,150	-0.5
Other Adjustments (with no service impacts)		
Increase Cost: Master Lease Payments [Central Duplicating, Imaging, Archiving & Mail Svcs.]	377,750	0.0
Increase Cost: Retiree Health Insurance Pre-Funding [Central Duplicating, Imaging, Archiving & Mail Svcs.]	112,240	0.0
Increase Cost: Shredding [Central Duplicating, Imaging, Archiving & Mail Svcs.]	73,250	0.0
Increase Cost: Retirement Adjustment [Central Duplicating, Imaging, Archiving & Mail Svcs.]	31,660	0.0
Increase Cost: Annualization of FY10 Personnel Costs [Administration]	21,930	0.0
Increase Cost: Group Insurance Adjustment [Central Duplicating, Imaging, Archiving & Mail Svcs.]	13,580	0.0
Increase Cost: Printing and Mail Adjustment [Central Duplicating, Imaging, Archiving & Mail Svcs.]	200	0.0
Decrease Cost: Motor Pool Rate Adjustment [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-6,820	0.0
Decrease Cost: Furlough Days [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-65,600	-1.1
Decrease Cost: Paper Reduction Initiative [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-252,710	-1.0
Decrease Cost: Replacement of Printing, mail and Imaging Equipment per Schedule [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-462,380	0.0
FY11 RECOMMENDED:	**6,486,530**	**29.3**

PROGRAM SUMMARY

Program Name	FY10 Approved Expenditures	FY10 Approved WYs	FY11 Recommended Expenditures	FY11 Recommended WYs
Office of Procurement	2,463,180	27.8	2,274,150	25.8
Office of Business Relations and Compliance	600,410	4.8	409,330	3.1
Automation	521,010	4.0	521,800	4.9
Division of Facilities Management	21,610,900	108.8	17,878,220	92.3
Environmental Stewardship	188,310	2.1	91,210	1.3
Central Duplicating, Imaging, Archiving & Mail Svcs.	6,528,490	31.4	6,486,530	29.3
Real Estate Program	923,420	7.0	925,610	7.0
Building Design and Construction	0	0.0	0	0.0
Administration	1,663,720	13.0	1,787,460	15.0
Total	**34,499,440**	**198.9**	**30,374,310**	**178.7**

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY10 Total$	FY10 WYs	FY11 Total$	FY11 WYs
COUNTY GENERAL FUND					
CIP	CIP	6,043,940	49.6	7,005,100	57.6
Environmental Protection	Water Quality Protection Fund	238,010	2.0	0	0.0
Fleet Management Services	Motor Pool Internal Service Fund	281,850	0.8	281,850	0.8
General Services	County General Fund	0	0.0	121,910	1.0
General Services	Motor Pool Internal Service Fund	0	0.0	221,750	2.0
Liquor Control	Liquor Control	327,790	0.5	344,030	0.5
Parking District Services	Bethesda Parking District	5,010	0.1	5,010	0.1
Parking District Services	Silver Spring Parking District	5,010	0.1	5,010	0.1
Transit Services	Mass Transit	10,020	0.1	10,020	0.1
Utilities	County General Fund	195,060	0.0	195,060	0.0
Total		**7,106,690**	**53.2**	**8,189,740**	**62.2**

FUTURE FISCAL IMPACTS

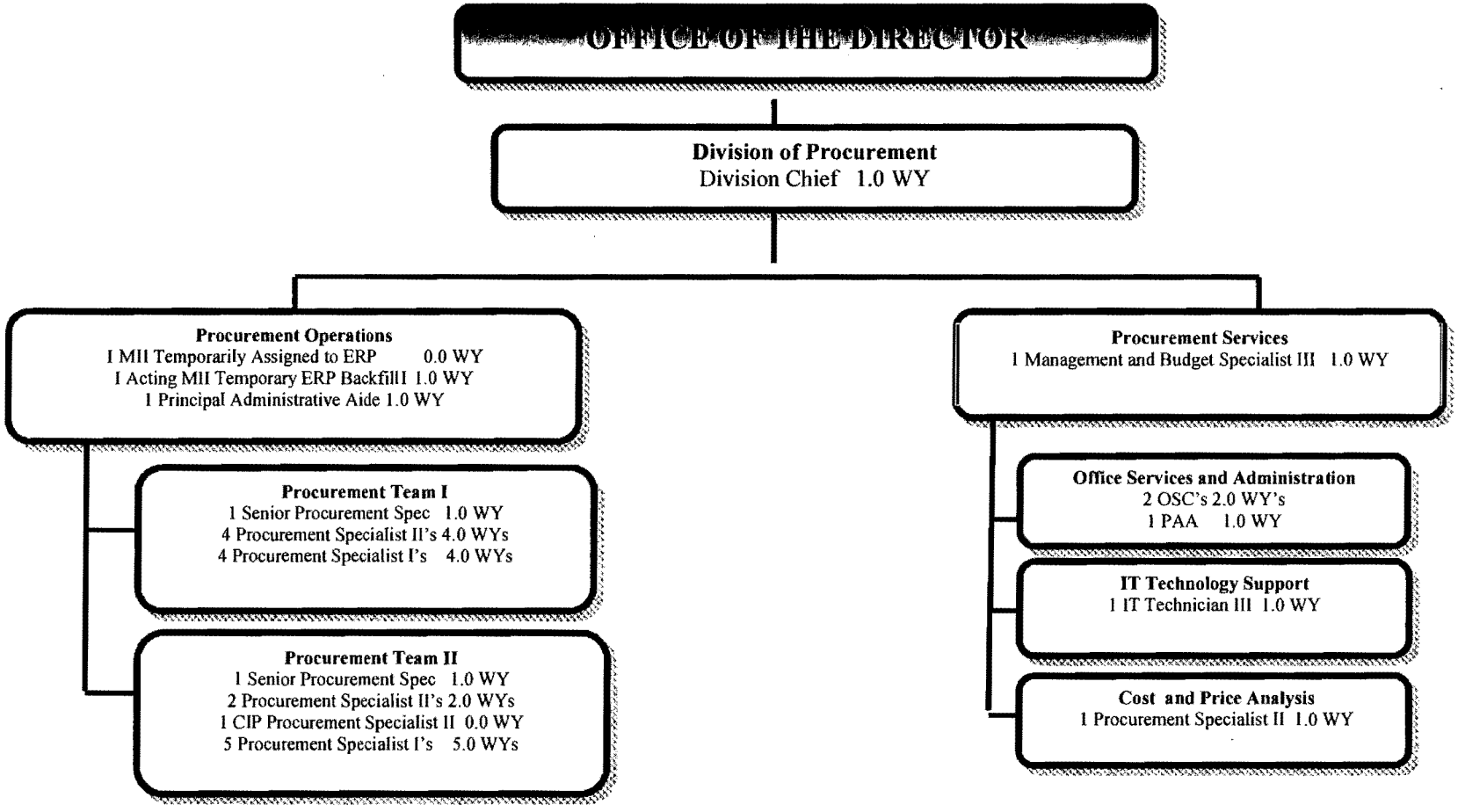
Title	CE REC. FY11	FY12	FY13	($000's) FY14	FY15	FY16
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY11 Recommended	23,888	23,888	23,888	23,888	23,888	23,888
No inflation or compensation change is included in outyear projections.						
Americans with Disabilities Act (ADA): Compliance	0	30	70	90	90	90
These figures represent the impacts on the Operating Budget (maintenance, utilities, staff) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Brookville Service Park	0	300	300	300	300	300
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Colesville Depot	0	0	0	-3	-3	-3
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Elevator Modernization	0	-6	-12	-18	-24	-30
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Energy Conservation: MCG	0	-25	-25	-25	-25	-25
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Fuel Management	0	42	-110	-110	-110	-110
These figures represent the impacts on the Operating Budget (maintenance, utilities, staff) of projects included in the FY11-16 Recommended Capital Improvements Program.						
HVAC/Elec Replacement: MCG	0	-9	-21	-33	-45	-57
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Life Safety Systems: MCG	0	-5	-10	-16	-22	-28
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Montgomery County Radio Shop Relocation	0	0	49	194	194	194
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Motor Pool Rate Adjustment	0	186	186	186	186	186
Multi-Agency Driver Training Facility	0	0	-35	-35	-35	-35
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
North County Maintenance Depot	0	0	0	0	0	847
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Public Safety Headquarters	0	1,581	3,162	3,162	3,162	3,162
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Restore Personnel Costs	0	429	429	429	429	429
This represents restoration of funding to remove FY11 furloughs.						
Seven Locks Technical Center Phase II	0	0	-117	-117	-117	-117
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Subtotal Expenditures	***23,888***	***26,410***	***27,753***	***27,891***	***27,867***	***28,690***
PRINTING AND MAIL INTERNAL SERVICE FUND						
Expenditures						
FY11 Recommended	6,487	6,487	6,487	6,487	6,487	6,487
No inflation or compensation change is included in outyear projections.						
Annualization of Positions Recommended in FY11	0	31	31	31	31	31
New positions in the FY11 budget are generally lapsed due to the time it takes a position to be created and filled. Therefore, the amounts above reflect annualization of these positions in the outyears.						
Elimination of One-Time Items Recommended in FY11	0	-70	-70	-70	-70	-70
Items recommended for one-time funding in FY11, including equipment for the Edison Park mail room, will be eliminated from the base in the outyears.						
Master Lease Payments	0	0	-240	-240	-240	-560
Motor Pool Rate Adjustment	0	7	7	7	7	7

Title	CE REC. FY11	FY12	FY13	($000's) FY14	FY15	FY16
Replacement of Printing,Mail, and Imaging Equipment per Schedule Reflects projected need for capital outlay replacement on an annual basis.	**0**	**407**	**224**	**416**	**60**	**60**
Restore Personnel Costs This represents restoration of funding to remove FY11 furloughs.	**0**	**66**	**66**	**66**	**66**	**66**
Retiree Health Insurance Pre-Funding These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.	**0**	**56**	**69**	**82**	**96**	**111**
Subtotal Expenditures	***6,487***	***6,982***	***6,572***	***6,778***	***6,436***	***6,131***

ANNUALIZATION OF PERSONNEL COSTS AND WORKYEARS

	FY11 Recommended Expenditures	WYs	FY12 Annualized Expenditures	WYs
Add: Staff for Edison Park sub station [Central Duplicating, Imaging, Archiving & Mail Svcs.]	31,150	0.5	62,300	1.0
Total	**31,150**	**0.5**	**62,300**	**1.0**

MONTGOMERY COUNTY DEPARTMENT OF GENERAL SERVICES

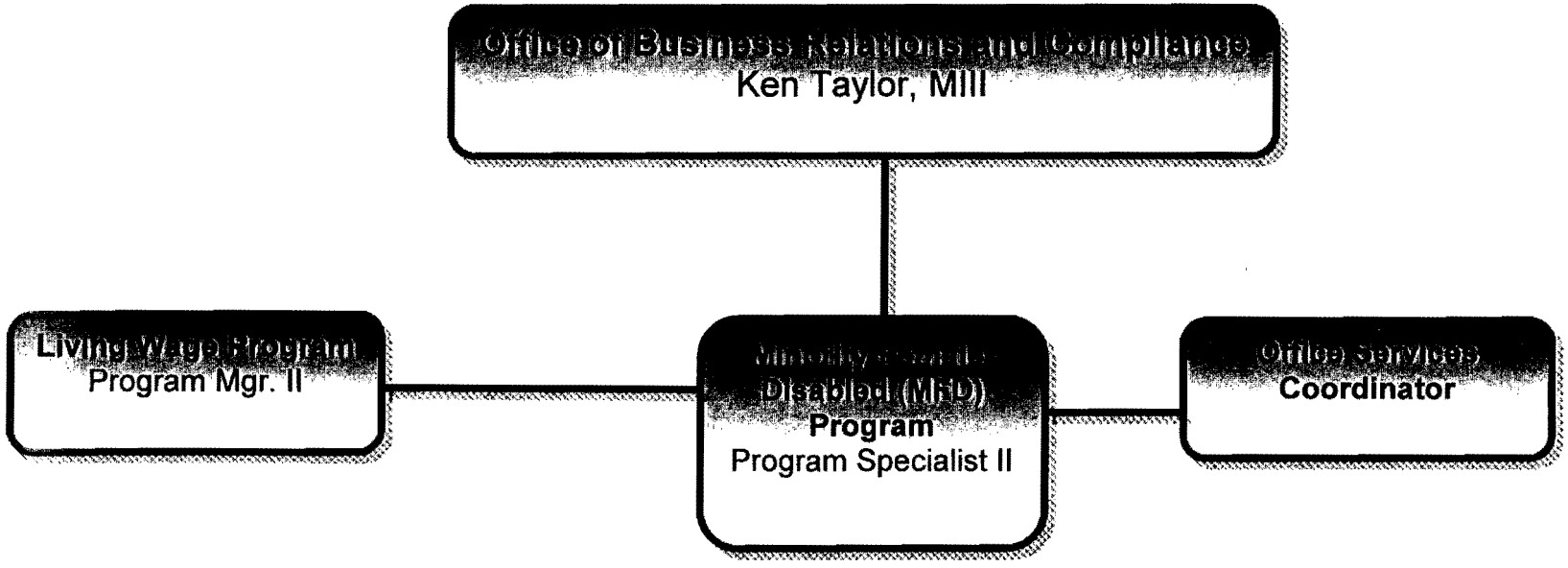


Note: 1.0 WY (Specialist) is charged to CIP, and a total of 0.8 WY (Specialist) are charged to PLDs, Solid Waste, and Transit as noted in the net-to-gross sheets in our budget

MONTGOMERY COUNTY DEPARTMENT OF GENERAL SERVICES

As of April 19, 2010

Office of Business Relations and Compliance



Toregas, Dr. Costis

From: Dise, David E.
Sent: Thursday, March 25, 2010 12:36 PM
To: Floreen, Nancy; Leventhal, George; Berliner, Roger
Cc: Toregas, Dr. Costis; Jones, Pam
Subject: T&E Committee Review of IPCC FY11 Work Plan

Nancy, George and Roger,

I regret my inability to attend this morning's review of the IPCC FY11 work plan but I had an outside commitment I could not reschedule. Pam Jones, manager of the Office of Procurement is my delegate to the IPCC, which includes the immediate purchasing managers/directors for each of the participating agencies. Therefore, I tasked Pam with attending this morning's T&E committee.

I understand that in this morning's discussion the Committee recommended the addition to the work plan of a consolidation of procurement functions across the six county agencies (MCG, MCPS, MC, HOC, WSSC and MNCPPC). I am writing to you now to inform you that just such an effort is underway and is in its early stages. A cross-agency resource sharing effort is now being organized that will take place under the coordinated direction of a committee comprised of the CAO, Schools Superintendent, Montgomery College President, Planning Board Chairman, WSSC General Manager, and also include Steve Farber, Staff Director, for the County Council. Under this committee specific workgroups are being formed to pursue consolidation or other best practices that will result in improved government efficiency and long-term savings. The workgroups include; Information Technology (utilizing ITPCC), Utilities (utilizing ICEUM), Facilities Planning, Design, Construction and Maintenance, Procurement (utilizing IPCC), Space Utilization, Fleet, Mailing, Printing and Document Management, Employees and Retirees Benefit Plans (health, retirement, etc.), and Administrative Functions (payroll, budget, finance, training, etc.). A memorandum outlining the details of this initiative was sent by the CAO to the committee members, including Steve Farber, this past Wednesday, March 24th. The committee will meet in early April and workgroups convene shortly thereafter. Quarterly reports will be generated, identifying short and long term initiatives. The focus is on accomplishing outcomes.

We all agree that government must work more efficiently and effectively. Improving the procurement processes of all county agencies is a key factor in any such effort. While benefits derived from consolidation seem obvious, hurdles will need to be overcome such as differing laws (eg; MCPS and MC function under state law) and policies. This isn't to say consolidation can't be done, but there must be institutional will to make it successful. I think the procurement leaders on IPCC are working steadily toward *cooperation* on a number of initiatives, but *consolidation* is a larger issue than IPCC can undertake on its own.

I'm sure Steve Farber will keep you informed of the progress made by the cross-agency resource sharing committee. I commit to you that IPCC will do the same on procurement matters.

David

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OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

MEMORANDUM

March 24, 2010

TO: Jerry Weast, Superintendent, Montgomery County Public Schools
Hercules Pinkney, Interim President, Montgomery College
Royce Hanson, Chairman, Montgomery County Planning Board
Jerry Johnson, General Manager, Washington Suburban Sanitary Commission
Steve Farber, Staff Director, Office of the County Council

FROM: Timothy L. Firestine, Chief Administrative Officer

SUBJECT: Cross-Agency Resource-Sharing Committee

Thank you for your participation in the Cross-Agency Resource-Sharing discussion on February 3rd. These are difficult times and the financial challenges before us are significant. As we agreed, the current budget situation offers us an opportunity to reexamine the way in which County government functions in order to be more efficient and effective. This is a great opportunity to work together and reach an unprecedented level of collaboration and partnership towards structurally improving our long-term budget challenges. To this end, I am offering the following for your review and comments before we formalize this process:

Overall Purpose: The purpose of the Cross-Agency Resource Sharing Committee is to provide a forum for coordination among Montgomery County agencies that seeks to share ideas/best practices, develop potential resource-sharing strategies to achieve operational efficiencies, reduce costs, and improve the quality of services offered to our residents.

Organizational Framework: It is essential that we create a framework that encourages cooperation and collaboration among our employees involved in this process, and also leverages the expertise of our organizations in a manner that generates new and creative ideas and fosters strong working relationships among our agencies. Therefore, I propose a two-tier organizational framework that contains an Executive Committee that is accountable for achieving results in a timely and transparent fashion, and a number of workgroups that will apply their expertise to sharing ideas and generating solutions to pressing issues faced by all of our agencies.

Executive Committee: The executive Committee will be composed of the following members with the authority to convene meetings on a quarterly basis, provide direction and act on the recommendations of each of the workgroups, and render decisions on future action items. The Executive Committee will also appoint representatives from their agency to serve on each of the workgroups.

- Timothy Firestine, Chief Administrative Officer, Montgomery County Government
- Jerry Weast, Superintendent, Montgomery County Public Schools
- Hercules Pinkney, Interim President, Montgomery College
- Royce Hanson, Chairman, Montgomery County Planning Board
- Jerry Johnson, General Manager, Washington Suburban Sanitary Commission
- Steve Farber, Staff Director, Office of the County Council

Workgroups: The workgroups will be composed of a representative from each of the agencies. Each workgroup will nominate a member to serve as the Workgroup Chair, who will have the responsibility of guiding overall efforts and reporting on the group's progress to the Executive Committee. The workgroups will meet on as-needed basis, to complete action items and foster the creation of new ideas.

Workgroups' Focus Areas: As we agreed at our February 3rd meeting, the initial cross-agency resources-sharing efforts will be focused on the following areas:

1. Information Technology – *utilize ITPCC*
2. Utilities – *utilize ICEUM*
3. Facilities Planning, Design, Construction and Maintenance
4. Procurement – *utilize IPACC*
5. Space Utilization
6. Fleet
7. Mailing, Printing and Document Management
8. Employees and Retirees Benefit Plans (health, retirement, etc.)
9. Administrative Functions (payroll, budget, finance, training, etc.)

<u>Next Steps</u>:

- By Friday, April 9th, members of the Executive Committee will come to agreement on the above-proposed organizational framework and workgroups' focus areas and designate representatives to serve on each of the eight workgroups.

- By the end of April, convene the first Cross-Agency Resource-Sharing Executive Committee kick-off meeting to provide direction and discuss the overall purpose, process and timelines for this effort. Select a chairperson for each of the workgroups.

- In order to encourage ideas from those with the greatest knowledge of their subject matter, initial action items and charge statements should be devised by each workgroup

and subsequently presented to the Executive Committee at its first quarterly update meeting. Each workgroup should generate a list of both short-term (able to complete within one year) and long-term action items that will focus the efforts of each group. In addition to preparing action items, each workgroup should create a specific charge statement to guide their efforts. These charge statements could change from year to year as the workgroups prioritize different aspects of their specific topic areas.

- On quarterly basis, the Executive Committee meets to receive updates, provide directions and discuss progress made by each workgroup.

- In addition, I suggest we reach out to the community at large (business, residential, non-profit) to seek their input and guidance in this effort.

I look forward to working with you on this initiative. Please review the above-proposed process, provide any comments/suggestions you have about the process, as well as the name of the representative you designate to serve on each of the eight workgroups to Assistant Chief Administrative Officer Fariba Kassiri via e-mail at Fariba.Kassiri@montgomerycountymd.gov by Friday, April 9th. Upon receipt, she will compile and send you a complete package and notify you of the date and time of our first Executive Committee kick-off meeting. She can be reached by phone at (240) 777-2512 if you have any questions or need additional information.

Thank you for your help in this important effort. I believe we all see opportunities for greater efficiencies and I am hopeful that working together we can make these improvements for the good of our community.

TLF:st

EVALUATION OF THE LOCAL SMALL BUSINESS RESERVE PROGRAM
OFFICE OF LEGISLATIVE OVERSIGHT REPORT 2010-4 / DECEMBER 8, 2009

OVERVIEW

In April 2005, the County Council adopted Bill 23-04 to establish the Local Small Business Reserve Program (LSBRP). The legislative intent of the new program was to enhance the business climate for County-based small businesses and broaden the pool of local small businesses doing business with the County. The law:

- Authorized a process for reserving County contracts for bidding only by local small businesses.
- Required all County departments to award 10% of *eligible* contract dollars to local small businesses.
- Exempted certain procurements from the 10% requirement, e.g., single procurements greater than $10 million; pre-existing contracts; contracts for which there are no qualified local small businesses.

The legislation and an accompanying Executive Regulation also set eligibility criteria for local small businesses, which included a maximum number of employees (by type of business) and maximum gross sales.

In March 2009, as part of the County Executive s Economic Assistance Plan, the Council approved changes to the parameters of the LSBRP. The program amendments increased the size limits for local small businesses and doubled (from 10-20%) the percent of *eligible* contract dollars that each department must award to local small businesses. In addition, the Director of the Department of General Services must now approve exemptions from the program based on the reason that there is no qualified local small business available.

The initial law creating the LSBRP established a program sunset date of December 31, 2009. The amendments to the law enacted earlier this year (Bill 3-09) extended the sunset date for the program to December 31, 2012.

PROGRAM RESULTS

In FY07, LSBRP vendors received contracts worth a total of $11.5 million, or 19.2% of *eligible* contract dollars. In FY08, LSBRP vendors received contracts worth $11.8 million, or 14.8% of *eligible* contract dollars.

Value of County Contracts	FY07		FY08	
	$ in millions	Percent	$ in millions	Percent
Total Amount Eligible for LSBRP	$59.6	100%	$80.1	100%
Portion Awarded to LSBRP Vendors	**$11.5**	**19.2%**	**$11.8**	**14.8%**

These data demonstrate that the County Government met the statutory requirement to award at least 10% of *eligible* contract dollars to local small businesses. However, the following facts suggest that compliance with the 10% procurement goal does not translate into an overall finding that the LSBRP met the legislative goals identified when the program was established.

Only a fraction of eligible local small businesses registered to participate. Between January 2006 and June 2009, a total of 1,540 local small businesses registered with the program. This represents only a fraction of the more than 20,000 businesses in the County that meet the program s eligibility criteria for the program.

Almost all of the contract dollars awarded to LSBRP vendors resulted from regular procurements, not the contract reserve process. In FY07, only 1.2% of the $11.5 million in contracts awarded to LSBRP vendors resulted from use of the contract reserve process; in FY08, the value of contracts awarded through the reserve process increased slightly, but still only to 3.1% of the total $11.8 million awarded to LSBRP vendors.

More than 90% of the County Government s total contract spending was exempted from the LSBRP. In FY07, $959.5 million, or 94% of the County Government s approximately $1 billion in contract purchases, was exempted from the LSBRP. In FY08, the amount exempted was $904.8 million, or 92% of the total. The three most commonly cited reasons for exempting contracts were: the contract was in place before the LSBRP was established; no local small business was deemed qualified; or that the contract was awarded non-competitively.

PERSONNEL AND OPERATING COSTS

Since 2005, three different offices have been responsible for administering the LSBRP. The program was initially assigned to the Department of Economic Development. In January 2008, the program was transferred to the Office of Procurement. In July 2008, responsibility for LSBRP was transferred again, this time to its current location in the Department of General Services Office of Business Relations and Compliance.

The primary staff activities associated with managing the program are conducting outreach to the business community; assisting contract administrators across County Government to identify contracts for reserved bidding by local small businesses; collecting program data; and compiling the annual report to the Council.

Over the past three years, the cost of personnel and operating costs dedicated to managing the LSBRP has ranged from $209K to $362K. These estimated costs do not include the staff time spent by contract administrators across all other County Government departments to implement the program.

Personnel and Operating Costs of Administering the Local Small Business Reserve Program, FY07-FY10			
FY07	FY08	FY09	FY10 (Budgeted)
$240,000	$209,000	$362,000	$211,000

FEEDBACK FROM THE BUSINESS COMMUNITY AND COUNTY GOVERNMENT STAFF

OLO s online survey of local small businesses and interviews with representatives of the business community evidenced support for the concept of the LSBRP, but disappointment with how the program has worked in practice. In particular, small business owners had expected that LSBRP would result in more opportunities to bid on reserved contracts and that these contracts would be worth higher amounts. Also, business owners thought that attention should be paid to better matching available vendors with the County s purchasing needs.

OLO interviewed contract administrators who implement the LSBRP in 13 County Government departments. Although most departments had met the program target of purchasing 10% from local small businesses, contract staff expressed some concern about meeting the new 20% requirement. The most common reason given for not reserving more contracts through the LSBRP was the limited vendor pool. Contract administrators also voiced frustration with the LSBRP database, describing it as confusing and difficult to work with.

CHALLENGES TO DETERMINING PROGRAM EFFECTIVENESS

The following factors made it difficult for OLO to make a final determination about the effectiveness of the Local Small Business Reserve Program.

- **Absence of data on all County Government procurements.** To date, the County has only collected data on awards to local small businesses on contracts affected by the LSBRP program. Because such a large portion of all County Government contracts (90%) was deemed exempt from the LSBRP, it is not known how much of the $900 million in exempt County Government contracts each year went to local small businesses through the regular procurement process.
- **Only two years of data combined with recent program changes.** Earlier this year, Bill 3-09 made significant changes to the parameters of the LSBRP program; it is premature to assess the impact of these changes. Recently enacted program changes combined with the availability of only two full years of program data (FY07 & FY08) limit the ability to draw conclusions about program accomplishments.

COMPARATIVE INFORMATION

The State of Maryland established a small business reserve program in 2004 that requires certain State agencies to award 10% of contract dollars to small businesses. Reports on the results of the State s program show that, on average, participating agencies have awarded about 6% of contract dollars to small businesses under this program.

Although Montgomery County s Local Small Business Reserve Program was initially modeled after the State of Maryland program, there are significant differences between the two programs:

- The State program does not limit program eligibility to small businesses located in Maryland; in comparison, the County s program only applies to small businesses located in the County.
- The State s eligibility requirements for businesses are based on *both* number of employees *and* gross sales, while the County bases eligibility on *either* number of employees *or* gross sales.
- The State program requires 10% of contract dollars spent by certain State agencies to be awarded to small businesses; in comparison, (since the law was amended in 2009) Montgomery County s program requires 20% of eligible contract dollars spent by all County departments.
- The State program identifies one category of procurement as exempt from the program. In comparison, the County Government s law identifies seven exemption categories.

OLO also compiled information about small business procurement programs offered by the Federal Government and other governments in the Washington, D.C. area. In addition to set-asides, programs included:

- Price preferences for local small businesses;
- Mandatory local small business subcontracting goals on contracts over a certain amount;
- Reserving a contract solicited through the regular procurement process for local small businesses, if a minimum number of qualified local small businesses bid on the contract; and
- Reducing or waiving requirements for bonding or insurance to contract with otherwise-qualified local small businesses.

GOALS OF THE LOCAL SMALL BUSINESS RESERVE PROGRAM

The table below summarizes the program's goals, as currently found both in the legislative record and in the legislation that established the Local Small Business Reserve Program.

LSBRP Program Goal	Source
Award at least 10 percent (now 20%) of eligible" contract dollars for goods, services, or construction to local small businesses.	Legislation
Enhance the competitiveness of County-based small businesses by creating a separate market where small business can compete against each other rather than against larger firms for procurement opportunities.	Legislative Record
Broaden the pool of local small vendors doing business with the County.	Legislative Record
Encourage the County s economic growth by enhancing the business climate for local small businesses.	Legislative Record

RECOMMENDATIONS
OFFICE OF LEGISLATIVE OVERSIGHT REPORT 2010-4 / DECEMBER 8, 2009

As reviewed in the report, the absence of comprehensive procurement data and recent changes to the structure of the Local Small Business Reserve Program make it difficult to draw definitive conclusions about program effectiveness. Further, even though the County Government exceeded the 10% target set for awarding *eligible* contract dollars to local small businesses, other program results the small number of registered businesses, the large portion of contract exemptions, the rarely used reserve process raise questions about whether the legislative goals of the program were accomplished.

OLO s recommendations for Council action focus on compiling the information needed to make informed judgments about the effectiveness of the LSBRP and decisions about the future structure of the program, e.g., the contract reserve mechanism, mandated targets, criteria for exemptions.

Recommendation #1: Decide the future of the LSBRP based upon a complete picture of <u>all</u> County Government purchases from local small businesses.

In the course of reviewing the Local Small Business Review Program, OLO found that a substantial gap of knowledge exists about County Government purchases from local small businesses. Because 90% of the County s procurement dollars were exempted from the LSBRP, the data tracked to date about the County Government s purchases from local small businesses only reflects information on about 10% of the County s contract purchases. Further the data do not take into account local small businesses that are hired as subcontractors on larger County contracts.

OLO recommends that the Council s future decisions about the LSBRP be based on the full picture of the County Government s procurements from local small businesses. OLO also recommends that the Council request a companion report on the contracts awarded to locally-based non-profit organizations.

Recognizing that it will take some time to collect these data, OLO recommends that the Council ask the Chief Administrative Officer to provide a report on all contract awards to local small businesses and locally-based non-profits during FY10 by **<u>November 30, 2010</u>.** OLO recommends asking the Executive Branch to incorporate these data into the FY10 annual report to the Council on the LSBRP.

Recommendation #2: Explore strategies other than the contract reserve mechanism for accomplishing the goals of the LSBRP.

LSBRP data for FY07 and FY08 indicate that only a fraction of the County s procurement dollars awarded to local small businesses was awarded through the process established for reserving contracts for local small businesses. In other words, almost all (97-98%) of contract dollars awarded to local small businesses in FY07 and FY08 resulted from the regular (non-reserve) procurement process.

If the LSBRP program data for FY09 and FY10 continue to evidence this same pattern of contract awards to local small businesses, then OLO recommends the Council either amend or eliminate the LSBRP contract reserve process and consider alternative strategies for assisting local small businesses.

To enable an informed Council discussion about feasible alternatives to the contract reserve mechanism, OLO recommends that the Council task the Chief Administrative Officer with exploring other strategies. OLO recommends that the Council ask for a report back from the CAO on alternative program structures by **November 30, 2010**, as an addendum to the report on all FY10 procurements from local small businesses.

For a complete copy of OLO Report 2010-4, go to: www.montgomerycountymd.gov/olo.
This document is available in alternative formats upon request.

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MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

OFFICE OF THE COUNCIL PRESIDENT

MEMORANDUM

February 16, 2010

TO: Timothy Firestine, Chief Administrative Officer

FROM: Nancy Floreen, President
Montgomery County Council

SUBJECT: **Local Small Business Reserve Program**

This memorandum communicates the County Council's request for information related to the Local Small Business Reserve Program (LSBRP). This request, formally approved by the Council on February 2, 2010, is based upon the Office of Legislative Oversight's recent evaluation of the LSBRP (OLO Report 2010-4). The specific information outlined below reflects the input received in your written comments on OLO's report as well as discussions with Executive Branch representatives during a T&E Committee worksession last month.

The Council would like you to provide a report to the Council **by November 30, 2010** that includes information on: (1) all FY10 contract awards to local small businesses and locally-based non-profit organizations, and (2) strategies other than the contract reserve mechanism that could be implemented to achieve the goals of the Local Small Business Reserve Program.

In preparing data on FY10 contract awards, the Council would like you to include information on:

- Total contract dollars awarded to local small businesses both directly and indirectly (i.e., through subcontracts) disaggregated by business type (e.g., wholesale, retail, manufacturing, services, and construction); and
- Total contract dollars awarded to locally-based non-profit organizations.

The Council appreciates the efforts that the Executive Branch has already made to provide the Council information and data about the Local Small Business Reserve Program. The information that the Council is requesting will provide all of us greater perspective on the scope of County Government contracting with local small businesses. The written comments you submitted on OLO's report combined with Executive Branch staff's participation in the Transportation, Infrastructure, Energy & Environment Committee's January 14, 2010 worksession confirm that the Council and the Executive are in general agreement about the need to gather this information and the Executive Branch's ability to provide it by November 30th.

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If you have any questions about the Council's request as outlined in this memorandum, please contact Jennifer Renkema of the Office of Legislative Oversight (7-7892). The Council thanks you for your continued commitment to furthering the goals of the Local Small Business Reserve Program.

cc: Kathleen Boucher, Assistant Chief Administrative Officer
David Dise, Director, Department of General Services
Steve Silverman, Director, Department of Economic Development
Steve Emanuel, Chief Information Officer
Marc Hansen, Acting County Attorney