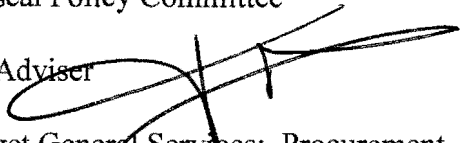


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MEMORANDUM

April 13, 2011

TO: Government Operations and Fiscal Policy Committee

FROM: Dr. Costis Toregas, Council IT Adviser 

SUBJECT: FY12 proposed Operating Budget General Services: Procurement, section 30 in the Executive's Recommended Budget

The following are expected to attend:

David Dise, Director, General Services
Pam Jones, Office Chief, Procurement
Ken Taylor, Office Manager, Business Relations and Compliance
Bruce Meier, Office of Management and Budget

The relevant pages from the recommended FY12 operating budget are attached on ©1-8, with the budget figures primarily represented in ©2, 3 and 8.

Summary of Staff Recommendations
<ol style="list-style-type: none">1. Accept the Executive's recommended FY12 Office of Procurement budget of \$2,232,280, effectively reducing the budget from FY11 levels by \$55,430.2. Accept the Executive's recommended FY12 Office of Business Relations and Compliance budget of \$402,000, effectively reducing the budget from FY11 levels by \$6,660.

Overview

This packet covers two elements of the department of General Services: the Office of Procurement and the Office of Business Relations and Compliance. Together, they represent 8.9% of the overall budget for the Department of General Services. The following Table presents the recommendations of the proposed FY12 Operating Budget for these two offices.

			Change from FY11 Operating Budget to FY12 Recommended Budget	
	FY11Budget	FY12 CE Recommended	Amount	%
Procurement expenditures	\$2,287,710	\$2,232,280	-\$55,430	-2.4%
Business Relations and Compliance expenditures	\$409,330	\$402,670	-\$6,660	-1.6%
Procurement Workyears	25.8	26.3	0.5	+1.9%
Business Relations and Compliance Workyears	3.1	3.2	0.1	+3.2%

Performance metrics

Both offices have metrics tracked in the recommended budget; these metrics, their FY10 actual, estimated FY11, and target FY12 levels are summarized below.

	Metric	Actual FY10	Estimated FY11	Target FY12
Procurement	% procurements completed in agreed time	75%	80%	80%
Business Relations and Compliance 1	% contract \$\$ awarded to MFD firms	15.6%	21.0%	21.0%
Business Relations and Compliance 2	Value of contracts awarded to LSBs	\$13m	\$20m	\$20m

Additional items of interest

1. Internal customer survey and CountyStat recent review

There are periodic customer surveys to provide feedback to the Office of Procurement. A recent CountyStat session discussed the latest survey and encouraged responses to the findings. ©9-12 provide a sampling from this recent review; the entire review can be found at:

http://www.montgomerycountymd.gov/content/EXEC/stat/pdfs/3_4_11_ppt.pdf

2. IPCC and “Green” purchasing by Office of Procurement

The Office of Procurement is an active participant in the Interagency Procurement Coordinating Committee (IPCC); several important collaborative projects are underway. The Office of Procurement is taking the lead in the creation of a single cooperative procurement for vehicles, including “green” vehicles for all 6 agencies. This latest initiative is in addition to existing cooperative procurement efforts in “...gasoline, electricity, natural gas, medical benefits, life insurance and dental services...” (from the IPCC first and second quarter report to the GO Committee).

3. In 2009, the Office of Legislative Oversight reviewed the Local Small Business Reserve Program (LSBRP), one of the four programs managed by the Office of Business Relations and Compliance. The findings of that review, and the current expectations for additional data from the Executive branch that would further this analysis, is summarized in a memo from OLO Research Associate Jennifer Renkema to the Committee found on ©13-14.

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 FY12 Operating Budget for the Department of General Services is \$29,638,300, a decrease of \$880,280 or 2.9 percent from the FY11 Approved Budget of \$30,518,580. Personnel Costs comprise 49.5 percent of the budget for 240 full-time positions and seven part-time positions for 178.1 workyears. Operating Expenses and Capital Outlay account for the remaining 50.5 percent of the FY12 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 FY11 estimates incorporate the effect of the FY11 savings plan. FY12 and FY13 targets assume the recommended FY12 budget and FY13 funding for comparable service levels.

Measure	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Customer Service: DGS Function Average ¹	3.00	3.14	3.28	3.28	3.28
Environmental Stewardship: Carbon Footprint of Montgomery County Government (in metric ton carbon dioxide equivalents)	165,184	140,658	140,658	140,658	140,658
Percent of Procurements Completed in Agreed Upon Time ²	TBD	75	80	80	80

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 These figures represent the average for the following: IFB - 70%; RFP - 75%; and Construction: 90% for FY11, FY12 and FY13.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Department of General Services (DGS) - Procurement is one of twenty Countywide programs that received a NACo Achievement Award and are listed in the NACo Model Program Database.**
- ❖ **DGS - Imaging has completed the records inventory and updated the retention schedules for Health and Human Services and is currently completing the records inventory for Public Safety.**
- ❖ **Since the County requires all paper orders go through Central Duplicating, the Departments are now receiving 50% recycled 8.5 X 11 20# white copy paper.**
- ❖ **DGS strives to improve its inclusion of local small businesses among the County's contractors, continuing to implement its 11 Point Plan to stimulate the vitality of Montgomery County's economy through the Local Small Business Reserve Program (LSBRP). As part of the effort, DGS drafted Local Small Business Reserve Program Bill 3-09 to increase County spending with local businesses to 20% and the implemented LSBRP Bill #-09 with the**

- ❖ Through the use of automation DGS improved services to vendors wishing to become part of the Local Small Business Reserve Program.
- ❖ DGS encouraged diversity among vendors through the implementation of Bill 45-09 Contracts & Procurement Amendments; expanded the number of minority certification program participants to ensure diversity in vendors doing business with the County; expanded local and minority contracting opportunities through direct purchases under \$10,000; unbundled large contracts and created opportunities for local small businesses to contract with county; and increased the number of contracting opportunities by appropriately lowering bonding and insurance requirements.
- ❖ This year the Facilities Management Division will pilot a program to replace current light bulbs with LED light bulbs in an effort to reduce energy costs.
- ❖ The Facilities Management Division is also launching a pilot program to use crews performing Alternative Community Service for grounds maintenance rather than contractors.
- ❖ Procurement redesigned its Internet site to allow firms to download solicitations directly or by supplying contact information to receive amendment notifications.
- ❖ Productivity Improvements
 - The Print Shop now has the capabilities to design e-brochures for the County's Internet and Intranet. By providing this additional method of disseminating information the County has reduced paper usage and met the standards established by the County's Green Initiative.
 - The Print Shop is replacing three older presses with an environmentally friendly, digital press. This press uses non toxic ink, reduces grams of CO2 per day by 5,000 over the old presses and 97% of the parts are recycled or re-manufactured. Additionally, this press will increase our current capabilities and enable us to produce multiple brochures on one sheet of paper. The cost savings, resulting from the purchase of this digital press will be passed on to our customers.
 - Hard Wiring of the Record Center increases our processing speed by 60%. Additionally, this hard wiring has increased productivity in the areas of quality control and re-scanning due to a decrease in the time to up-load documents.

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	2,287,710	25.8

	Expenditures	WYs
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-55,430	0.5
FY12 CE Recommended	2,232,280	26.3

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 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 FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Percent of Contract Dollars Awarded to Minority/Female/Disabled owned businesses	21.0	15.6	21.0	21.0	21.0
Value of County contracts awarded to local small businesses (\$000)	15,000,000	13,021,570	20,000,000	20,000,000	20,000,000

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	409,330	3.1
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-6,660	0.1
FY12 CE Recommended	402,670	3.2

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	521,800	4.9
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-10,530	0.1
FY12 CE Recommended	511,270	5.0

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 FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Hours Offline for Critical Building Systems ¹	TBD	78	80	80	80

¹ In FY10, 78 hours were recorded for utility (PEPCO) electrical outages on various properties. There no outages reported that were caused by in-house utility failures. To date, 52 hours of PEPCO power outages have been reported, none is caused by in-house power failure. Estimate for remaining of FY11 is 80%.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	17,967,330	92.3
Shift: Snow budget to Snow removal and Storm Cleanup NDA	-24,080	0.0
Decrease Cost: Maintenance Renovation & Inspection Supervisor	-26,140	-0.2
Shift: Senior Engineer Position to CIP	-27,570	-0.2
Shift: 50% of Facilities Manager Position to CIP	-40,800	-0.5
Shift: Move Personnel costs to ERP for one year while assisting with the Work Order Module	-103,280	-1.0
Reduce: Emergency response to non life safety tasks (OT)	-154,240	-2.2
Reduce: Delay repairs: Eliminate stand by pay	-186,000	0.0
Decrease Cost: Public Safety Headquarters delay to May 2012 - Custodial and groundskeeping savings	-596,670	0.0
Reduce: Architectural and Engineering Services	-882,980	0.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-39,970	3.8
FY12 CE Recommended	15,885,600	92.0

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	91,210	1.3
Reduce: Environmental Stewardship - lapse Manager	-81,610	-1.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-640	0.0
FY12 CE Recommended	8,960	0.3

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	6,507,340	29.3

	Expenditures	WYs
Shift: copier contract costs	1,500,000	0.0
Increase Cost: Equipment Replacement	240,000	0.0
Increase Cost: Retiree Health Insurance Pre-Funding	119,040	0.0
Increase Cost: Restore Personnel Costs - Furloughs	28,790	1.1
Decrease Cost: Lapse Edison Park Mail Room	-14,330	-0.6
Decrease Cost: Group Insurance Adjustment	-45,720	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY11	-70,300	0.0
Decrease Cost: Master Lease	-80,670	0.0
FY12 CE Recommended	8,184,150	29.8

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.

Program Performance Measures	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
County Rent vs. Average Market Rent for Leased Space	TBD	29.26	30.13	30.13	30.13

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	925,610	7.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-15,040	0.1
FY12 CE Recommended	910,570	7.1

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.

Program Performance Measures	Actual FY09	Actual FY10	Estimated FY11	Target FY12	Target FY13
Percent of Projects Meeting Initial Design and Construction Costs	TBD	98	95	95	95
Percent of Projects Meeting Initial Design and Construction Timeline	TBD	57	59	60	60

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	0	0.0
FY12 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;

General Services

General Government 30-5

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.

FY12 Recommended Changes	Expenditures	WYs
FY11 Approved	1,808,250	16.0
Add: Utility support for Imagination Stage	100,000	0.0
Shift: Move an additional 40 % of personnel costs for Management and Budget Specialist to CIP	-43,210	-0.4
Shift: Move 50% of the personnel costs for Redevelopment Supervisor to CIP	-79,070	-0.5
Decrease Cost: Retirement in Division of Real Estate And Management Services	-123,000	0.0
Reduce: Redevelopment and shift to CIP	-129,880	-1.0
Miscellaneous adjustments, including restoration of employee furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-30,290	0.3
FY12 CE Recommended	1,502,800	14.4

BUDGET SUMMARY

	Actual FY10	Budget FY11	Estimated FY11	Recommended FY12	% Chg Bud Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	11,583,050	9,525,910	10,174,820	9,199,490	-3.4%
Employee Benefits	4,060,845	4,131,230	4,036,510	3,150,110	-23.7%
County General Fund Personnel Costs	15,643,895	13,657,140	14,211,330	12,349,600	-9.6%
Operating Expenses	17,051,417	10,354,100	8,283,920	9,104,550	-12.1%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	32,695,312	24,011,240	22,495,250	21,454,150	-10.6%
PERSONNEL					
Full-Time	220	213	213	211	-0.9%
Part-Time	6	6	6	6	—
Workyears	167.5	150.4	150.4	148.3	-1.4%
REVENUES					
Grey Courthouse: Maintenance	0	467,000	467,000	0	—
Solicitation Fee: Non-Construction	740	0	0	0	—
Solicitation Fee: Formal On-Line	9,525	3,210	3,210	3,210	—
Solicitation Fee: Formal	18,005	8,130	8,130	8,130	—
Protest Fees	0	1,000	1,000	1,000	—
Photocopying Fees	0	100	100	100	—
Information Requests	621	600	600	600	—
County General Fund Revenues	28,891	480,040	480,040	13,040	-97.3%
PRINTING AND MAIL INTERNAL SERVICE FUND					
EXPENDITURES					
Salaries and Wages	1,631,823	1,713,580	1,505,680	1,698,220	-0.9%
Employee Benefits	615,452	641,230	596,610	618,270	-3.6%
Printing and Mail Internal Service Fund Personnel Costs	2,247,275	2,354,810	2,102,290	2,316,490	-1.6%
Operating Expenses	3,303,526	3,944,280	5,056,440	5,549,820	40.7%
Debt Service Other	158,815	0	0	0	—
Capital Outlay	21,732	208,250	0	317,840	52.6%
Printing and Mail Internal Service Fund Expenditures	5,731,348	6,507,340	7,158,730	8,184,150	25.8%
PERSONNEL					
Full-Time	30	30	30	29	-3.3%
Part-Time	1	0	0	1	—
Workyears	31.4	29.3	29.3	29.8	1.7%
REVENUES					
Mail Revenues	2,102,109	2,131,740	2,131,740	2,345,690	10.0%
Print Revenues	2,070,949	3,083,270	3,083,270	3,438,840	11.5%
Investment Income	521	600	0	0	—
Other	0	0	1,140,000	1,500,000	—
Imaging/Archiving	1,000,365	1,024,590	1,024,590	1,183,080	15.5%
Printing and Mail Internal Service Fund Revenues	5,173,944	6,240,200	7,379,600	8,467,610	35.7%

	Actual FY10	Budget FY11	Estimated FY11	Recommended FY12	% Chg Bud/Rec
DEPARTMENT TOTALS					
Total Expenditures	38,426,660	30,518,580	29,653,980	29,638,300	-2.9%
Total Full-Time Positions	250	243	243	240	-1.2%
Total Part-Time Positions	7	6	6	7	16.7%
Total Workyears	198.9	179.7	179.7	178.1	-0.9%
Total Revenues	5,202,835	6,720,240	7,859,640	8,480,650	26.2%

FY12 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY11 ORIGINAL APPROPRIATION	24,011,240	150.4
<u>Changes (with service impacts)</u>		
Add: Utility support for Imagination Stage [Administration]	100,000	0.0
Reduce: Environmental Stewardship - lapse Manager [Environmental Stewardship]	-81,610	-1.0
Reduce: Redevelopment and shift to CIP [Administration]	-129,880	-1.0
Reduce: Emergency response to non life safety tasks (OT) [Division of Facilities Management]	-154,240	-2.2
Reduce: Delay repairs: Eliminate stand by pay [Division of Facilities Management]	-186,000	0.0
Reduce: Architectural and Engineering Services [Division of Facilities Management]	-882,980	0.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Restore Personnel Costs - Furloughs	214,820	5.9
Increase Cost: Contract CPI	196,000	0.0
Increase Cost: Printing and Mail Adjustment	6,040	0.0
Increase Cost: Help Desk - Desk Side Support	3,130	0.0
Decrease Cost: Verizon Frame Relay Replacement	-4,020	0.0
Decrease Cost: Motor Pool Rate Adjustment	-4,510	0.0
Decrease Cost: Multilingual Pay Adjustment	-19,450	0.0
Shift: Snow budget to Snow removal and Storm Cleanup NDA [Division of Facilities Management]	-24,080	0.0
Decrease Cost: Maintenance Renovation & Inspection Supervisor [Division of Facilities Management]	-26,140	-0.2
Shift: Senior Engineer Position to CIP [Division of Facilities Management]	-27,570	-0.2
Shift: 50% of Facilities Manager Position to CIP [Division of Facilities Management]	-40,800	-0.5
Decrease Cost: Verizon Point to Point T1 Replacement	-42,460	0.0
Shift: Move an additional 40 % of personnel costs for Management and Budget Specialist to CIP [Administration]	-43,210	-0.4
Decrease Cost: Retirement Adjustment	-49,150	0.0
Shift: Move 50% of the personnel costs for Redevelopment Supervisor to CIP [Administration]	-79,070	-0.5
Shift: Half of Manager II to CIP	-80,000	0.0
Shift: One IT Technician to CIP	-101,060	-1.0
Shift: Move Personnel costs to ERP for one year while assisting with the Work Order Module [Division of Facilities Management]	-103,280	-1.0
Decrease Cost: Retirement in Division of Real Estate And Management Services [Administration]	-123,000	0.0
Decrease Cost: Group Insurance Adjustment	-277,900	0.0
Decrease Cost: Public Safety Headquarters delay to May 2012 - Custodial and groundskeeping savings [Division of Facilities Management]	-596,670	0.0
FY12 RECOMMENDED:	21,454,150	148.3
PRINTING AND MAIL INTERNAL SERVICE FUND		
FY11 ORIGINAL APPROPRIATION	6,507,340	29.3
<u>Other Adjustments (with no service impacts)</u>		
Shift: copier contract costs [Central Duplicating, Imaging, Archiving & Mail Svcs.]	1,500,000	0.0
Increase Cost: Equipment Replacement [Central Duplicating, Imaging, Archiving & Mail Svcs.]	240,000	0.0
Increase Cost: Retiree Health Insurance Pre-Funding [Central Duplicating, Imaging, Archiving & Mail Svcs.]	119,040	0.0
Increase Cost: Restore Personnel Costs - Furloughs [Central Duplicating, Imaging, Archiving & Mail Svcs.]	28,790	1.1
Decrease Cost: Lapse Edison Park Mail Room [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-14,330	-0.6
Decrease Cost: Group Insurance Adjustment [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-45,720	0.0
Decrease Cost: Elimination of One-Time Items Approved in FY11 [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-70,300	0.0
Decrease Cost: Master Lease [Central Duplicating, Imaging, Archiving & Mail Svcs.]	-80,670	0.0
FY12 RECOMMENDED:	8,184,150	29.8

PROGRAM SUMMARY

Program Name	FY11 Approved		FY12 Recommended	
	Expenditures	WYs	Expenditures	WYs
Office of Procurement	2,287,710	25.8	2,232,280	26.3
Office of Business Relations and Compliance	409,330	3.1	402,670	3.2
Automation	521,800	4.9	511,270	5.0
Division of Facilities Management	17,967,330	92.3	15,885,600	92.0
Environmental Stewardship	91,210	1.3	8,960	0.3
Central Duplicating, Imaging, Archiving & Mail Svcs.	6,507,340	29.3	8,184,150	29.8
Real Estate Program	925,610	7.0	910,570	7.1
Building Design and Construction	0	0.0	0	0.0
Administration	1,808,250	16.0	1,502,800	14.4
Total	30,518,580	179.7	29,638,300	178.1

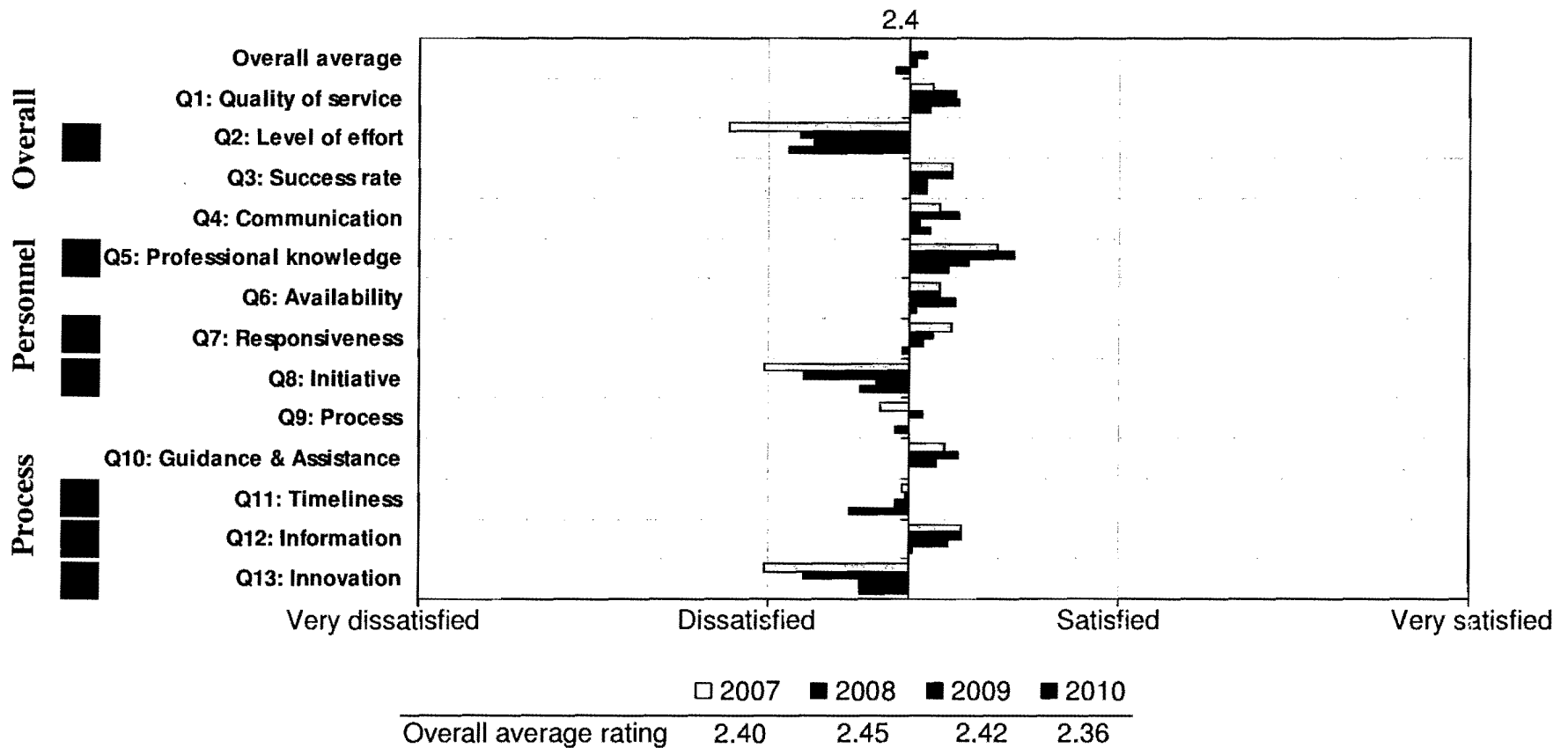
CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY11		FY12	
		Total\$	WYs	Total\$	WYs
COUNTY GENERAL FUND					
CIP	CIP	7,005,100	58.7	7,324,310	61.4
Fleet Management Services	Motor Pool Internal Service Fund	625,500	3.8	625,500	3.8
Liquor Control	Liquor Control	344,030	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		8,189,730	63.3	8,508,940	66.0

FUTURE FISCAL IMPACTS

Title	CE REC.			(S000s)		
	FY12	FY13	FY14	FY15	FY16	FY17
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY12 Recommended	21,454	21,454	21,454	21,454	21,454	21,454
No inflation or compensation change is included in outyear projections.						
CIP Operating Budget Impacts	0	273	257	257	257	257
These figures represent the impacts on the Operating Budget (Maintenance, custodial, groundskeeping) of projects included in the FY11-16 Capital Improvements Program as recommended for amendment.						
Motor Pool Rate Adjustment	0	191	191	191	191	191
Public Safety Headquarters	0	1,110	1,110	1,110	1,110	1,110
These figures represent the annualization of impacts on the Operating Budget (maintenance, janitorial, and groundskeeping) of the Public Safety Headquarters, due to be opened in May, 2012.						
Subtotal Expenditures	21,454	23,029	23,013	23,013	23,013	23,013
PRINTING AND MAIL INTERNAL SERVICE FUND						
Expenditures						
FY12 Recommended	8,184	8,184	8,184	8,184	8,184	8,184
No inflation or compensation change is included in outyear projections.						
Restoration of One-Time Reductions Recommended in FY12	0	0	0	0	0	0
Items recommended for one-time reductions in FY12, including (FILL IN ITEMS), will be restored in the outyears.						
Annualize Edison Park mail room	0	26	26	26	26	26
When the Public Safety Headquarters at Edison Park is occupied in May of 2012, the complex will require a small mail facility.						
Master Lease Payments	0	-240	-240	-240	-560	-560
Replacement of Printing, Mail, and Imaging Equipment per Schedule	0	4	261	-28	-106	106
Reflects projected need for capital outlay replacement on an annual basis.						
Retiree Health Insurance Pre-Funding	0	-15	-44	-91	-94	-95
These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.						
Subtotal Expenditures	8,184	7,959	8,187	7,851	7,451	7,662

Internal Survey: DGS – Procurement Quantitative Data Analysis

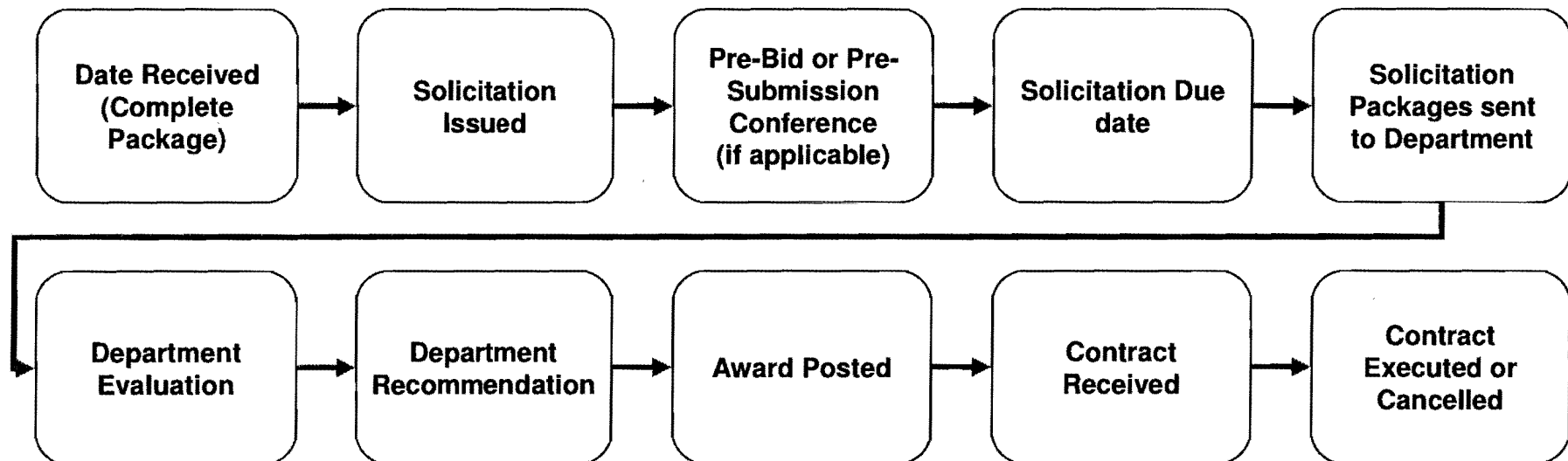


Statistically Significant Decline

Statistically Significant Improvement

Data Source: 2010 Internal Survey

Stages of Procurement Solicitation Process



The "Procurement Process" is a multi-departmental process, as it involves Procurement, County Attorney, Risk Management, the user department, vendors, etc., in those various stages. Also, note that there are multiple steps within each stage. For example, during contract receipt there may additional sub steps involving compliance, insurance, and contractors.



Internal Survey Qualitative Data Analysis: 2007-2010

Theme	2007		2008		2009		2010	
	% of Text Responses	# of References to Theme*	% of Text Responses	# of References to Theme*	% of Text Responses	# of References to Theme*	% of Text Responses	# of References to Theme*
Positive feedback	18%	15	15%	10	20%	8	18%	7
Slow or process takes too long	32%	26	32%	21	39%	16	28%	11
Process problems/ Suggestions not related to time	34%	28	29%	19	46%	19	35%	14
Poor customer service	26%	21	8%	5	15%	6	15%	6
Understaffed or overworked	23%	19	22%	14	7%	3	5%	2
Need assistance or help understanding	9%	7	5%	3	17%	7	13%	5
Lack professional knowledge/ Inconsistent answers	11%	9	15%	10	7%	3	18%	7
Other	1%	1	9%	6	10%	4	28%	11
# of Respondents who provided a text response	82		65		41		40	

**Note: In FY10, 20% of those who provided a numeric rating for this service area also provided qualitative feedback. Each text response may have multiple themes in it. Therefore, the number of references does not equal the number of respondents.*



Data Source: 2010 Internal Survey

Timeliness (Procurement Responsibility) Review of Procurement Performance Data - FY10

The Office of Procurement develops a timeline with the user department for each solicitation. These metrics track Procurement's ability to meet agreed-upon timelines.

Breakdown by Stage of Solicitation

Solicitation Type	Date Issued		Date to Department		Date of Posting		Date of Execution	
	Not Met	Met	Not Met	Met	Not Met	Met	Not Met	Met
IFB	31%	69%	19%	81%	49%	51%	60%	40%
RFP	11%	89%	15%	85%	31%	69%	43%	57%
Construction	0%	100%	10%	90%	10%	90%	20%	80%

Note: "Not Met" means that Procurement exceeded the agreed-upon timeline for one or more of the agreed upon dates by one or more days.

Each stage below is discreet and the % met/not met is based on the agreed-to dates for that particular stage by solicitation type. For example, for IFB "Date To Department", this means for the agreed-to dates for IFBs for this stage only, Procurement met the agreed upon dates for "Date to Department" 81% of the time.



Data Source: Office of Procurement

MEMORANDUM

April 13, 2011

TO: Government Operations Committee

FROM: Jennifer Renkema, Research Associate *JR*
Office of Legislative Oversight

SUBJECT: **Update on OLO Report 2010-4: *Evaluation of the Local Small Business Reserve Program***

This memo describes the findings of OLO's 2009 evaluation of the County's Local Small Business Reserve Program (LSBRP) and summarizes the status of Executive Branch data required or requested by the Council related to the program.

Overview of LSBRP. The Council established the LSBRP by law in 2005, requiring that all County Government departments award at least ten percent of *eligible*¹ contract dollars to local small businesses. The legislative goals of the program are to:

- Enhance competitiveness of County-based small businesses doing business with the County;
- Broaden the pool of local small businesses doing business with the County; and
- Encourage the County's economic growth by enhancing the business climate for local small businesses.

The primary mechanisms established by law for accomplishing these goals were the ten percent procurement requirement and a process for reserving contracts for bidding on by only local small businesses.

In March 2009, at the County Executive's recommendation, the Council approved changes to the LSBRP and extended the sunset date of the program from December 2009 to December 2012. The approved changes included doubling the local small business requirement for County Government departments from 10 to 20 percent of *eligible* procurements and increasing the size thresholds for businesses to be eligible for the program (i.e., a larger business can now qualify as a "small" business based on the changes).

Summary of OLO's Findings. OLO evaluated the LSBRP based on data from FY07 and FY08, the two years for which the County Government had complete data available. OLO's evaluation found that the County Government was largely in compliance with the statutory requirements of the LSBRP in these two years. Overall, however, OLO's findings suggest that the LSBRP did not fully meet the stated legislative goals. Specifically:

¹ County Code § 11B-66 exempts certain types of procurements from LSBRP contracting requirements.

1. Only a fraction of eligible local small businesses registered for the program.

Since January 2006, only 1,540 businesses registered for the program. At the end of FY09, only 687 businesses were actively registered with the program. In comparison, an estimated 20,000 businesses may qualify for the program under the amended regulations approved in March 2009.

2. Almost all of the contracts awarded to LSBRP vendors were awarded through the regular procurement process, not through the LSBRP's contract reserve process.

In FY07, only \$100,000 (1.2%) out of \$11.5 million in awards to LSBRP vendors resulted from contracts reserved under the LSBRP. In FY08, only \$400,000 (3.1%) out of \$11.8 million in awards to LSBRP vendors resulted from reserved contracts.

3. More than 90% of the County Government's total contract spending was exempted from the LSBRP.

In FY07, 94 percent of the County Government's approximately \$1 billion in contract spending met at least one of the legally-established program exemptions. In FY08, almost 92 percent of the \$985 million in total contract spending was exempt. The most commonly cited exemptions were for pre-existing contracts, non-competitive contracts, and because a department concluded that no qualified local small business existed to perform the contract. The table below summarizes the magnitude of procurement dollars exempted from the LSBRP in FY07 and FY08.

Value of County Contracts	FY07		FY08	
	\$ in millions	% of total	\$ in millions	% of total
Contract Spending	\$1,019.1	100%	\$984.9	100%
<i>Portion Exempt from LSBRP</i>	<i>\$959.5</i>	<i>94.1%</i>	<i>\$904.8</i>	<i>91.9%</i>

Source: DTS

Council Request for Additional Information. The Council is awaiting two types of information related to the LSBRP from the Executive Branch: annual reports for FY09 and FY10 and responses to requests for additional information based on the findings in OLO's report.

By law, the Executive Branch is required to provide the Council an annual report on the program by November 30. The Council has not received reports for FY09 or FY10. Office of Procurement staff cite difficulties with data reporting and extraction as one reason for the delay. As of December 2010, Department of General Services Director David Dise reported the draft of the FY09 report had been completed but had not yet received final edits. FY10 data was still being collected at that time.

Based on the findings in OLO's report, the Council requested that the Executive Branch provide information by November 30, 2010 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.

More specifically, the Council requested 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 has not received this additional information.