

Montgomery County Government
Department of General Services
Office of Business Relations and Compliance

Minority, Female, and Disabled Persons
(MFD) Program

Annual Report

Fiscal Year 2012



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SECTION I

MFD Procurement Participation Report

Fiscal Year 2012

Executive Summary

The Office of Business Relations and Compliance is responsible for reporting the Minority, Female and Disabled Persons Owned Business Program (MFD) Annual Report for minority businesses activity in accordance with Section 11B-61 of the Montgomery County Code and the Montgomery County Procurement Regulations.

The MFD Office operates under the Office of Business Relations and Compliance (OBRC) in the Department of General Services (DGS). The mission of the MFD Office is to assist the County’s registered vendors that hold one or more of the six minority certifications (listed below) that are recognized by the County as a business owned by a minority, female or disabled person in gaining contracting opportunities. Certified MFD vendors are eligible as either prime contractors or sub-contractors for County contract awards in the amount \$50,000 or greater. Grants, utilities, intra/inter governmental procurements are not subject to the MFD Law.

Minority Certifications Recognized by the County

Agency	Program	Description	Website
Maryland Department of Transportation	Minority Businesses Enterprise	MDOT Directory of Certified MBE and/or DBE businesses (MDOT-MBE)	www.mbe.mdot.state.md.us
Virginia Department of Small, Women and Minority Owned Businesses Program	Small Woman and Minority	Directory of Certified Businesses(SWAM)	www.dmbv.virginia.gov/swam
Federal Small Businesses Administration	8(a) Program	Directory of Certified 8a Businesses (SBA-8a)	www.dsbs.sba.gov
Women’s Businesses Enterprise National Council	Women’s Businesses Enterprise	Women’s Businesses Enterprise(WBENC)	www.wbenc.org
Maryland/District of Columbia Minority Supplier Development Council	Minority Businesses Enterprise	Minority Businesses Enterprise(MSDC)	www.affilifate.nmsdc.org/mddc
City of Baltimore	Minority and Women’s Businesses Opportunity Office	Minority and Women’s Businesses Opportunity Office (MWBOO)	cityservices.baltimorecity.gov/mwboo

The FY12 MFD Report provides statistical data on Montgomery County’s utilization of MFD businesses as either prime contractors or sub-contractors. The availability of minority businesses is based on the 1992 U. S. Department of Labor Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA).

In FY12, 19.33% of all procurements subject to MFD regulations were awarded to MFD businesses. This represents a 24% increase from 15.60% in FY10.

In FY12, procurement spending towards MFD businesses reached \$129 million, a 42% increase from \$91 million in FY10.

There is no single or overall established performance measure under County Code or regulation regarding MFD procurement. Performance measures are set by determining under-utilization by categories (Professional Services, Non-Professional Services, Goods and Construction) and minority groups (African American, Hispanic American, Asian American, Native American, Female and Persons with Disabilities) from the previous year. No performance measures are set for a group in a category where County utilization exceeded availability of businesses. However, when a Minority, Female, Disabled Person Sub-contractor Performance Plan (MFD Plan) indicates a contract is subject to MFD requirements, the prime contractor must submit a plan that becomes a required attachment to the contract.

The prime contractor is required to submit an MFD Plan to identify MFD sub-contractor(s) and the percentage of total contract value to be distributed to the MFD sub-contractor(s) listed on the MFD Plan. Each MFD Plan is evaluated on good faith efforts, which is based on:

- the scope of the contract,
- the availability of minority sub-contracting businesses to the goods/services the prime contractor needs,
- the dollar value of the contract
- the justification provided in the waiver request.

A comparison on the utilization of MFD businesses for the past three years, FY10 at 15.60%, FY11 at 18.82% and FY12 at 19.33%, demonstrates a steady increase of procurement activity and the level of minority businesses involvement in the process.

The following factors contributed to the increase of MFD procurement utilization for FY12:

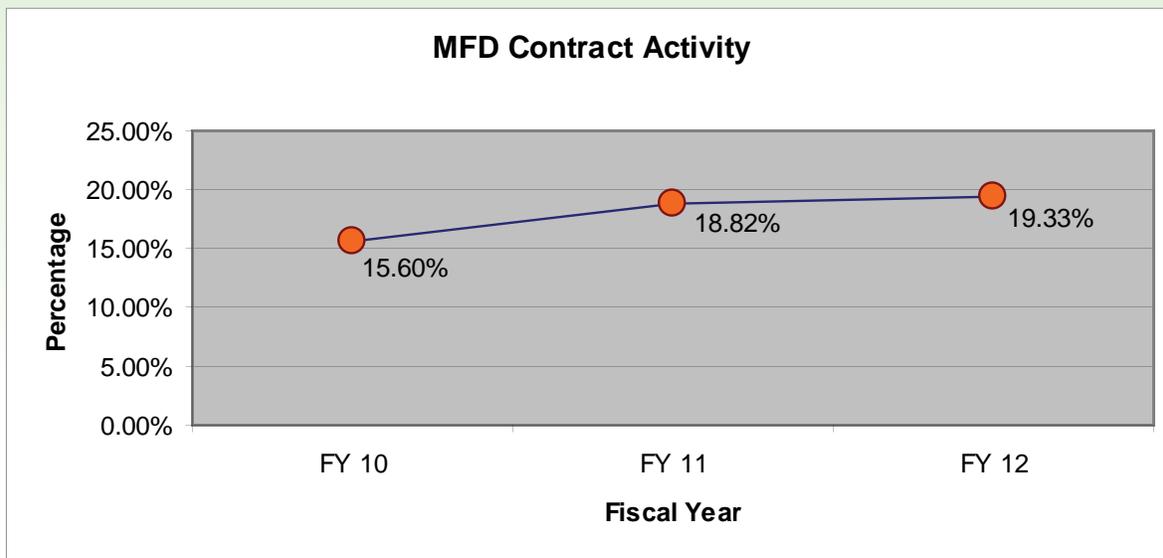
- The using departments are gaining confidence that minority businesses can be responsive and responsible in meeting the requirements and demands by the County and the prime contractors.
- The prime contractors are encouraged by the using departments and the MFD Office to be more transparent and pro-active in providing sub-contracting opportunities to minority businesses.
- The MFD Office continues to work with the prime contractors in exercising good faith efforts and maximizing the sub-contracting opportunities to minority businesses.
- The Local Small Businesses Reserve Program (LSBRP) assisted Montgomery County based small minority businesses to gain more opportunities to enter into contracts as prime contractors, and consequently more MFD vendors participating as both prime and sub-contractors.
- Commitment and co-operation from the County staff and personnel that are involved in the procurement process provides a smoother and more productive contracting process.
- The County expanded recognition of the MFD certifications from one certification to six certifications in 2010. In time, the expansion of the certifications will allow more recognized minority businesses to provide goods/ services to the County either directly or through sub-contracting opportunities.
- Outreach and networking events hosted by the MFD Office made more MFD businesses aware of the program, and provided many partnership opportunities to prime and sub-contractors.
- Economic conditions affect County's purchasing needs for minority businesses participation. For example, the recent economic downturn caused an increase in infrastructure rebuilding procurements such as constructions, and a decrease in professional services procurements such as management consulting services.

MFD participation demonstrates continued progress and the MFD participation for the last three years provided consistent increases in delivering contract awards to minority businesses. The County will continue its efforts to provide a minority businesses friendly contracting environment and provide an open and level playing field for these minority businesses.

Comparison of MFD Procurement Activity: FY10 to FY12

Fiscal Year	Total Dollar Value of Procurement*	Total Dollar Value of MFD Procurement	Total # of Procurement Actions	Total # of Procurement Actions to MFD	Percent of Total Dollars Value to MFD	Percent of # of Procurement Actions to MFD
FY12	\$667,257,831	\$128,964,095	5,360	1,748	19.33%	32.61%
FY 11	\$833,800,971	\$156,897,426	4,541	1,524	18.82%	33.56%
FY 10	\$581,711,209	\$ 90,735,536	5,041	1,337	15.60%	26.52%

* Total Dollar Value subject to MFD



FY12 MFD Procurement Activity Summary by Procurement Category

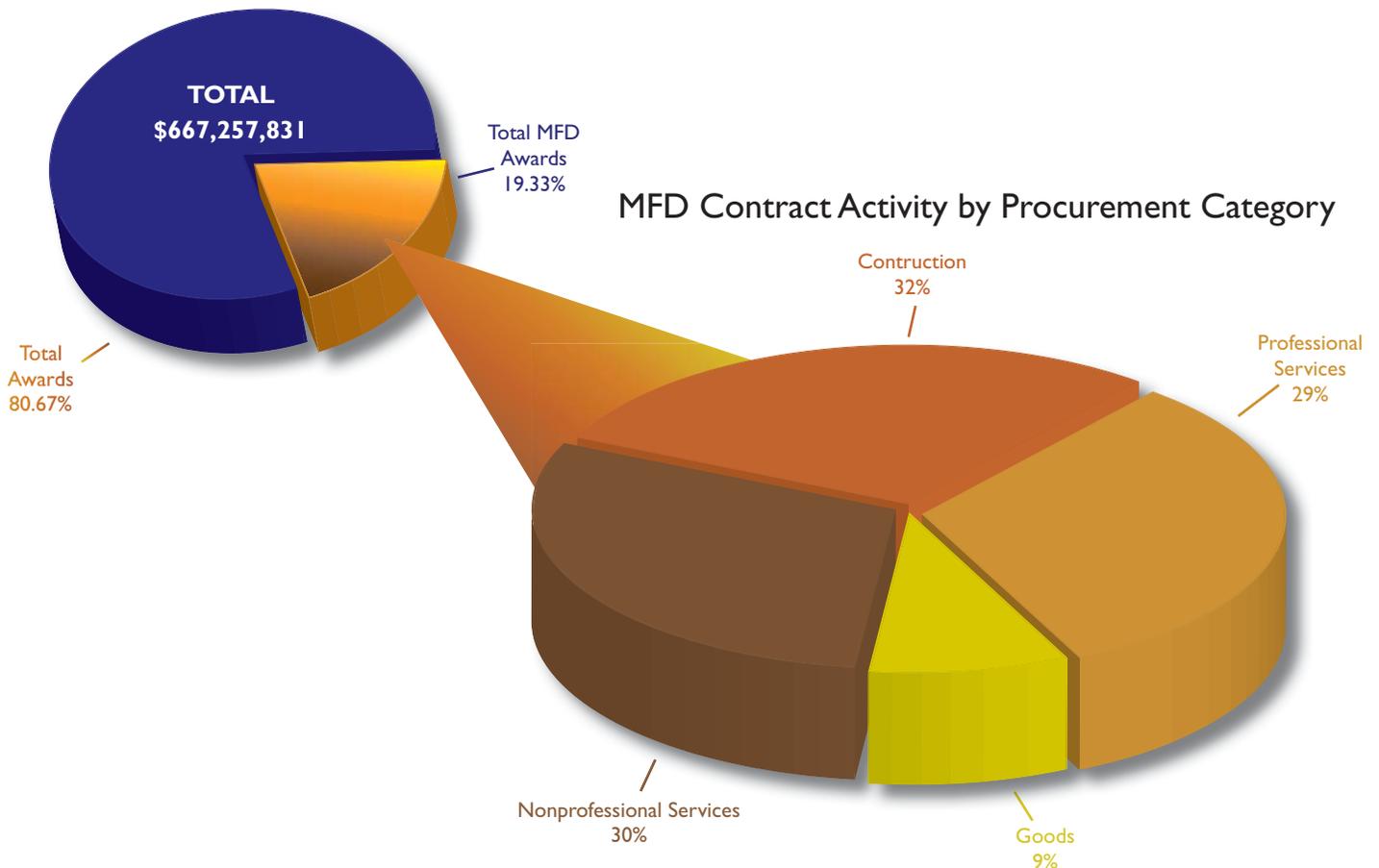
MFD participation is measured in the following four procurement categories:

- Professional services
- Non-professional services
- Goods
- Construction

Procurement Category	Total \$ Value of Procurement*	Total \$ Value of MFD Procurement	% of MFD \$ by Categories	% of Total MFD Awards	Total # of Procurement Actions	Total # of Procurement Actions to MFD	% of # of Procurement to MFD
Professional Services	\$304,671,869	\$ 37,165,811	12.20%	29%	1,825	660	36.16%
Non-professional Services	\$128,984,843	\$ 38,461,201	29.82%	30%	1,754	539	30.73%
Goods	\$ 76,226,633	\$ 11,346,541	14.89%	9%	1,496	410	27.41%
Construction	\$157,374,486	\$ 41,990,542	26.69%	32%	285	139	48.77%
TOTAL	\$667,257,831	\$128,964,095	19.33%	100%	5,360	1,748	32.61%

* Total Dollar Value subject to MFD

MFD Contract Activity



FY12 Dollar Value to MFD Businesses by Group

Professional Services

Total Dollars Subject to Goal: \$304,671,869 Total Actions: 1,825

Group	Total \$ Spent to MFD Group*	% of Total \$ by MFD Group	Availability ¹
African American	\$ 7,659,491	2.51%	1.01%
Hispanic American	\$ 3,042,084	1.00%	0.29%
Asian American	\$18,863,355	6.19%	0.75%
Native American	\$ 64,141	0.02%	0.08%
Female	\$ 7,457,235	2.45%	1.25%
Persons With Disabilities	\$ 79,505	0.03%	0.07%
Total	\$37,165,811	12.20%	12.51%

Non-Professional Services

Total Dollars Subject to Goal: \$128,984,843 Total Actions: 1,754

Group	Total \$ Spent to MFD Group*	% of Total \$ by MFD Group	Availability ¹
African American	\$19,051,603	14.77%	2.90%
Hispanic American	\$ 5,639,697	4.37%	0.98%
Asian American	\$ 2,512,356	1.95%	2.00%
Native American	\$ 735,000	0.57%	0.83%
Female	\$10,463,463	8.11%	11.94%
Persons With Disabilities	\$ 59,082	0.05%	0.75%
Total	\$38,461,201	29.82%	19.40%

* Total Dollar Value subject to MFD

¹ The availability of minority businesses is based on the 1992 Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA).

FY12 Dollar Value to MFD Businesses by Group

Goods

Total Dollars Subject to Goal: \$76,226,633 Total Actions: 1,496

Group	Total \$ Spent to MFD Group*	% of Total \$ by MFD Group	Availability ¹
African American	\$ 6,930,214	9.09%	1.29%
Hispanic American	\$ 420,311	0.55%	0.57%
Asian American	\$ 1,505,680	1.98%	3.00%
Native American	\$ 0	0.00%	0.86%
Female	\$ 2,489,136	3.27%	11.09%
Persons With Disabilities	\$ 1,200	0.00%	0.75%
Total	\$11,346,541	14.89%	19.40%

Construction

Total Dollars Subject to Goal: \$157,374,486 Total Actions: 285

Group	Total \$ Spent to MFD Group*	% of Total \$ by MFD Group	Availability ¹
African American	\$ 7,663,192	4.87%	2.23%
Hispanic American	\$ 31,861,929	20.25%	2.09%
Asian American	\$ 150,765	0.10%	3.00%
Native American	\$ 0	0.00%	0.54%
Female	\$ 2,314,655	1.47%	9.98%
Persons With Disabilities	\$ 0	0.00%	0.75%
Total	\$ 41,990,542	26.69%	19.40%

* Total Dollar Value subject to MFD

¹ The availability of minority businesses is based on the 1992 Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA).

FY12 MFD Utilization and Availability

	Prime Contractor		Sub-Contractor		Total Contractor		% of \$ to MFD	Availability ¹	FY13 Goal
Professional Services	Subject to MFD Requirements:				\$304,671,869.03				
African American	\$ 1,395,264	26	\$ 6,264,227	134	\$ 7,659,491	160	2.51%	1.01%	–
Hispanic American	\$ 549,737	66	\$ 2,492,348	59	\$ 3,042,085	125	1.00%	0.29%	–
Asian American	\$15,635,782	116	\$ 3,227,573	92	\$ 18,863,355	208	6.19%	0.75%	–
Native American	\$ 0	0	\$ 64,141	1	\$ 64,141	1	0.02%	0.08%	0.10%
Female	\$ 4,329,292	89	\$ 3,127,943	74	\$ 7,457,235	163	2.45%	1.25%	–
Persons With Disabilities	\$ 65,105	2	\$ 14,400	1	\$ 79,505	3	0.03%	0.07%	0.10%
Sub Total	\$21,975,180	299	\$15,190,631	361	\$ 37,165,811	660	12.20%	12.51%	
Non-professional Services	Subject to MFD Requirements:				\$128,984,843.16	1,754			
African American	\$ 7,215,538	42	\$11,836,064	146	\$ 19,051,602	188	14.77%	2.90%	–
Hispanic American	\$ 3,563,074	89	\$ 2,076,623	36	\$ 5,639,697	125	4.37%	0.98%	–
Asian American	\$ 2,092,312	30	\$ 420,044	53	\$ 2,512,356	83	1.95%	2.00%	2.00%
Native American	\$ 735,000	10	\$ 0	0	\$ 735,000	10	0.57%	0.83%	1.00%
Female	\$ 6,975,469	66	\$ 3,487,994	62	\$ 10,463,463	128	8.11%	11.94%	12.00%
Persons With Disabilities	\$ 0	0	\$ 59,082	5	\$ 59,082	5	0.05%	0.75%	1.00%
Sub Total	\$20,581,393	237	\$ 17,879,808	302	\$ 38,461,201	539	29.82%	19.40%	
Goods	Subject to MFD Requirements:				\$76,226,633	1,496			
African American	\$ 795,000	21	\$ 6,135,214	119	\$ 6,930,214	140	9.09%	1.29%	–
Hispanic American	\$ 78,668	1	\$ 341,643	6	\$ 420,311	7	0.55%	0.57%	1.00%
Asian American	\$ 600,000	2	\$ 905,680	102	\$ 1,505,680	104	1.98%	3.00%	3.00%
Native American	\$0	2	\$ 0	0	\$ 0	2	0.00%	0.86%	1.00%
Female	\$ 571,360	50	\$ 1,917,776	106	\$ 2,489,136	156	3.27%	11.09%	12.00%
Persons With Disabilities	\$ 0	0	\$ 1,200	1	\$ 1,200	1	0.00%	0.75%	1.00%
Sub Total	\$ 2,045,028	76	\$ 9,301,513	334	\$ 11,346,541	410	14.89%	19.40%	
Construction	Subject to MFD Requirements:				\$ 157,374,486	285			
African American	\$ 6,217,102	5	\$ 1,446,090	24	\$ 7,663,192	29	4.87%	2.23%	–
Hispanic American	\$26,667,111	63	\$ 5,194,818	25	\$ 31,861,929	88	20.25%	2.09%	–
Asian American	\$ 0	0	\$ 150,765	5	\$ 150,765	5	0.10%	3.00%	3.00%
Native American	\$ 0	0	\$ 0	0	\$ 0	0	0.00%	0.54%	1.00%
Female	\$ 0	0	\$ 2,314,655	17	\$ 2,314,655	17	1.47%	9.98%	10.00%
Persons With Disabilities	\$ 0	0	\$ 0	0	\$ 0	0	0.00%	0.75%	1.00%
Sub Total	\$32,884,213	68	\$ 9,106,329	71	\$ 41,990,542	139	26.69%	19.40%	
TOTAL SUBJECT TO MFD REQUIREMENTS					\$ 667,257,831	5,360			
TOTAL MFD PROCUREMENT					\$ 128,964,095	1,748		19.33%	

¹ The availability of minority businesses is based on the 1992 Census data of businesses located in the Washington, DC-Baltimore Consolidated Metropolitan Statistical Area (CMSA).



SECTION II

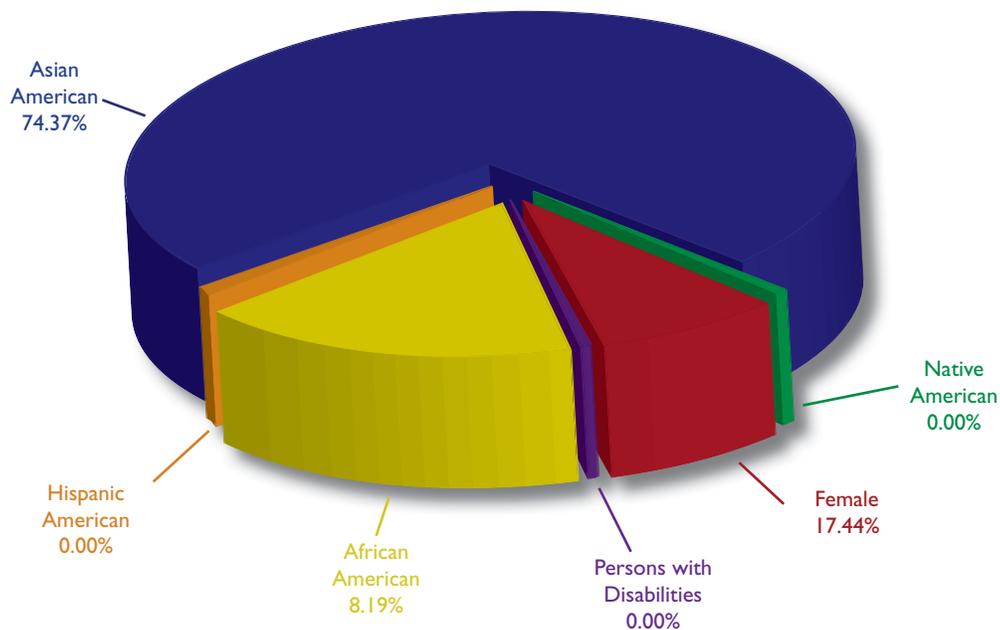
MFD Participation by Request for Proposal (RFP)

Fiscal Year 2012

This section reports awards to MFD businesses resulting from proposals submitted by the MFD businesses in responding to formal Requests for Proposal (RFP) issued by the County during FY12. The report tracks the number of minority businesses participating in the process as prime contractors and lists contract award dollar amounts and number of awards. The total dollar value for RFPs issued in FY12 was \$273,773,290. Of that amount, MFD businesses were awarded \$28,150,665 or 10.29%. 41 out of 208 (19.71%) proposals were submitted by MFD businesses, and 14 proposals (34.15%) resulted in contract awards.

	# of Awards	% of # of Awards	Dollar Value	% of Dollar Value	% of Total MFD RFP \$	# of proposals submitted	% of proposals submitted
African American	4	4.00%	\$ 2,304,567	0.84%	8.19%	17	8.17%
Hispanic American	0	0.00%	\$ 0	0.00%	0.00%	4	1.92%
Asian American	7	9.50%	\$ 20,936,098	7.64%	74.37%	12	5.77%
Native American	0	0.00%	\$ 0	0.00%	0.00%	0	0.00%
Female	3	4.00%	\$ 4,910,000	1.79%	17.44%	8	3.85%
Persons With Disabilities	0	0.00%	\$ 0	0.00%	0.00%	0	0.00%
MFD Businesses	14	18.92%	\$ 28,150,665	10.29%	100.00%	41	19.71%
Non-MFD Businesses	60	81.08%	\$ 245,622,625	89.71%	--	167	80.29%
TOTAL	74	100.00%	\$ 273,773,290	100.00%	--	208	100.00%

MFD RFPs by Minority Group





SECTION III

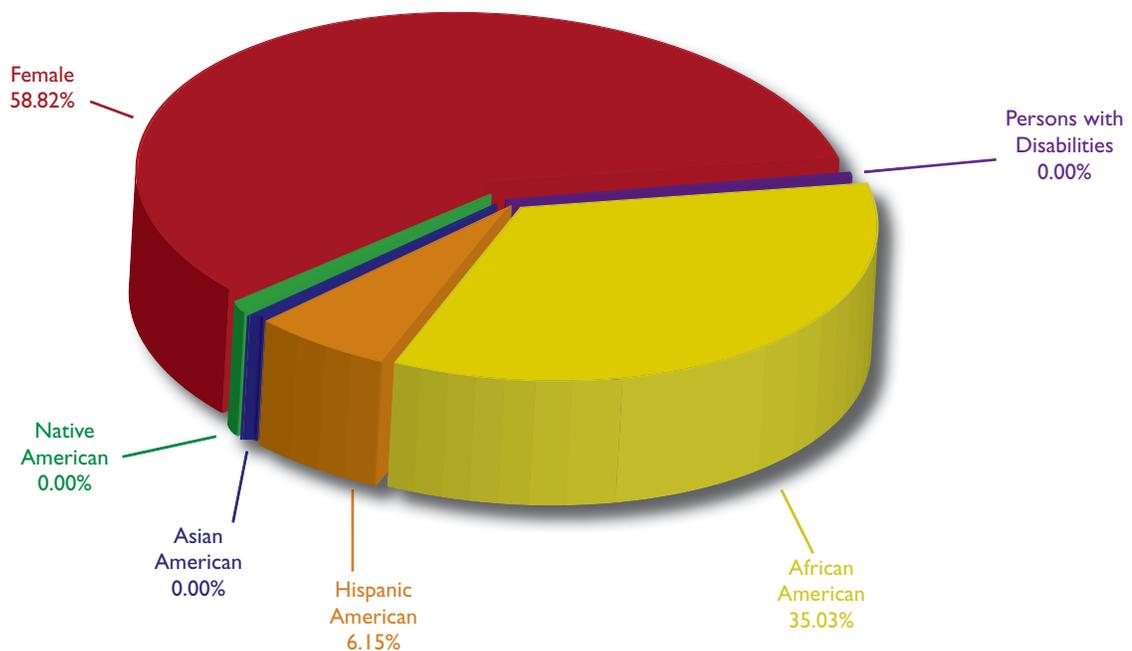
MFD Participation by Invitation for Bid (IFB)

Fiscal Year 2012

This section reports awards to MFD businesses resulting from bids submitted by the MFD businesses in responding to formal Invitation For Bids (IFBs) issued by the County during FY12. The report tracks the number of minority businesses participating in the process as prime contractors and lists contract award dollar amounts and number of awards. The total dollar value for IFBs issued in FY12 was \$143,717,959. Of that amount, MFD businesses were awarded \$24,087,396 or 16.76%. 75 out of 273 (27.47%) bids were submitted by MFD businesses, and 20 bids (26.67%) resulted in contract awards.

	# of Awards	% of # of Awards	Dollar Value	% of Dollar Value	% of Total MFD IFB \$	# of proposals submitted	% of proposals submitted
African American	9	9.40%	\$ 8,438,066	5.87%	35.03%	23	8.42%
Hispanic	4	4.20%	\$ 1,481,208	1.03%	6.15%	34	12.45%
Asian	0	0.00%	\$ 0	0.00%	0.00%	3	1.10%
Native American	0	0.00%	\$ 0	0.00%	0.00%	1	0.37%
Female	7	7.30%	\$ 14,168,120	9.86%	58.82%	12	4.40%
Persons With Disabilities	0	0.00%	\$ 0	0.00%	0.00%	2	0.73%
MFD Businesses	20	18.92%	\$ 24,087,396	16.76%	100.00%	75	27.47%
Non-MFD Businesses	76	81.08%	\$ 119,630,564	83.24%	--	198	72.53%
TOTAL	96	100.00%	\$143,717,959	100.00%	--	273	100.00%

MFD IFBs by Minority Group





SECTION IV

MFD Participation by Selected Departments

Fiscal Year 2012

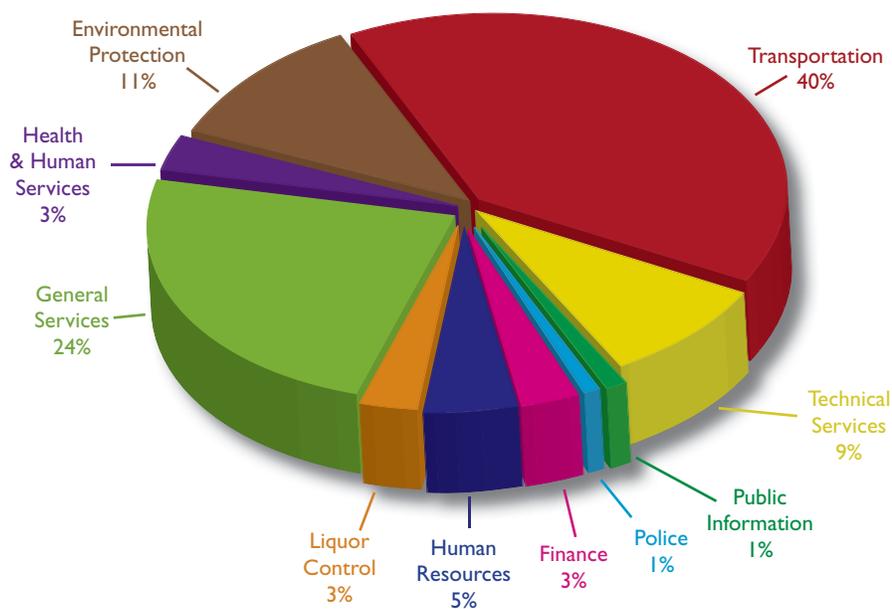
MFD participation by selected departments focuses only on those departments that have procurements of any type exceeding \$5 million in the aggregate or procurements for professional services exceeding \$1 million in the aggregate. For FY12, ten departments met the criteria. The data reports for each of these departments on total dollars spent in all purchasing categories subject to MFD participation. Listed below is a summary of the ten departments and their MFD utilization in FY12. Note that non-profit businesses are excluded from the MFD participation.

FY12 Department MFD Participation Summary *

Departments	FY12			
	Total \$ Subject to MFD	MFD Utilization	% of MFD Utilization \$	% of Total MFD \$
Environmental Protection	\$ 58,008,004	\$ 14,079,867	24.27%	11.03%
Finance	\$ 11,740,005	\$ 3,609,314	30.74%	2.83%
General Services	\$ 204,894,196	\$ 30,666,892	14.97%	24.03%
Health and Human Services	\$ 14,140,988	\$ 4,378,226	30.96%	3.43%
Human Resources	\$ 173,208,923	\$ 6,034,320	3.48%	4.73%
Liquor Control	\$ 20,587,508	\$ 3,861,946	18.76%	3.03%
Police	\$ 19,335,969	\$ 1,206,097	6.24%	0.94%
Public Information	\$ 1,180,049	\$ 1,118,568	94.79%	0.88%
Technology Services	\$ 35,842,633	\$ 11,778,418	32.86%	9.23%
Transportation	\$ 106,326,677	\$ 50,902,216	47.87%	39.88%
TOTAL	\$ 645,264,952	\$ 127,635,864	19.78%	100.00%

* Detailed department reports can be viewed at the MFD website: www.montgomerycountymd.gov/mfd under MFD Annual Report FY12, as attachment I.

Department MFD Participation





SECTION V

MFD Exclusions and Waivers

Fiscal Year 2012

Procurements Excluded From Requirement: FY12

1. Exclusion By Regulations:

The total dollar value of all procurement transactions in FY12 which by regulation were excluded from the MFD requirements were:

Category of Procurement	Dollar Value
Grants	\$ 53,747,861
Public Entities	\$ 54,298,246
TOTAL	\$108,046,107

2. Exclusion By Waiver:

The total dollar value of contracts awarded with a waiver from minority businesses contracting requirements was \$30,348,650.

MFD Compliance Waiver Summary – FY12

Description	Dollar Value
A. Total Value Subject to MFD Requirement	\$667,257,831
B. Total MFD Dollars Waived	\$ 30,348,650
C. Total Dollar Value of MFD Procurement	\$128,964,095
D. Total Number of MFD Procurement	1,748
E. Waiver Actions (Partial and Full) Partial: 51 Full: 240	291
F. Percent of Contract Dollars Waived (B Divided by A)	4.54%
G. Percent of Total Dollars to MFDs (C Divided by A)	19.33%

Waiver Process

The Director, Department of General Services, may determine that a contractor has or has not satisfied the MFD requirement. The determination to waive the MFD requirements is based on the rationale that sub-contracting cannot be fully met or is not possible. Reasons for each type of waiver are provided below. On the next page, a table summarizes FY12 waivers with the numbers shown under “Reason For Waiver” corresponding to the number of the waiver below. The contractor must explain in writing to the Director why the optimal participation cannot be achieved. This explanation must demonstrate that the prime contractor’s failure to meet the goal is for reasons beyond the contractor’s control.

Reasons for Waiver

1. Good-Faith Efforts Impaired

The prime contractor, in its effort to comply with MFD requirements, is also required to meet the costs and delivery schedules set by the County that cannot be met by an identified MFD sub-contractor(s), whose costs and schedules are in excess of those covered in the prime contractor’s bid or proposal to the County. The result is that the prime contractor and the prospective minority businesses cannot come to terms.

2. MFD Unavailable/Not Identifiable

The apparent awardee, after extensive efforts and often with the support of the Office of Business Relations and Compliances, is unable to identify minority businesses that perform the type of work called for in the solicitation, or that MFD businesses possessing the required financial capacity or expertise are unavailable for work at the time the prime contractor requests their participation.

3. MFD Involvement Not Possible

Montgomery County agencies acquire goods or services through manufacturer direct distribution where the goods or services are delivered from the manufacturer directly. Or through manufacturer certified or licensed distributors that have a proprietary sale agreement with the manufacturer, and have exclusive rights from the manufacturer for the provision of the goods or services.

4. Partial Waiver

Partial waivers are granted when the anticipated level of participation cannot be met despite the contractor’s good faith efforts. The contractor is required to provide a written waiver request detailing its efforts to recruit MFD sub-contractors over the variety of categories for supplying goods or services to the prime contractor under its contract with the County.

Summary of FY12 MFD Waivers, For Profit, Full and Partial by Month and Reason

Month	Reason For Waiver				Total Waivers
	1	2	3	4	
JULY 2011	0	0	8	0	8
AUGUST 2011	0	0	16	4	20
SEPTEMBER 2011	0	0	24	0	24
OCTOBER 2011	0	0	38	8	46
NOVEMBER 2011	0	0	18	4	22
DECEMBER 2011	1	0	25	10	36
JANUARY 2012	0	0	14	3	17
FEBRUARY 2012	0	0	18	6	24
MARCH 2012	0	0	27	2	29
APRIL 2012	0	0	11	2	13
MAY 2012	0	0	25	3	28
JUNE 2012	1	0	14	9	24
TOTALS:	2	0	238	51	291
TOTAL VALUE OF WAIVERS:	\$428,000	\$0	\$18,991,103	\$10,929,547	\$30,348,650

* Detailed waiver report can be viewed at the MFD website: www.montgomerycountymd.gov/mfd, under MFD Annual Report FY12, as attachment 2.



Scan to find out more.



December 2012

Montgomery County Government
Department of General Services
Office of Business Relations and Compliance
255 Rockville Pike
Rockville, Maryland 20850
www.montgomerycountymd.gov/MFD