

MINORITY OWNED AND LOCAL SMALL BUSINESS TASK FORCE

MEETING MINUTES

April 1, 2015 – 5:30 p.m.

3rd Floor Council Conference Room, Council Office Building

Members Present

Margo Briggs
Cherian Eapen
Warren Fleming
Janice Freeman

Julian Haffner
Leon Hollins
Herman Taylor
Bethsaida Wong

Member Absent

Mayra Bayonet

County Staff Present:

Grace Denno, Division of Business Relations & Compliance
Bob Drummer, County Council
Karen L. Federman-Henry, Office of the County Attorney
Pam Jones, Office of Procurement
Mary Anne Paradise, County Council
Linda Price, County Council

I. Call to Order and Approval of Minutes

The meeting was called to order by Task Force Chair Taylor at 5:35 p.m. The minutes from the March 18, 2015 meeting were unanimously approved by all Task Force members present.

II. Briefing – Disparity Study – Griffin & Strong

This briefing was postponed to the April 15 meeting.

III. Bill 61-14, Local Business Subcontracting Program – Follow-Up

Mr. Drummer provided a summary Bill 61-14, which would create a mandatory local subcontracting requirement in contracts valued at \$10 million or more.

Task Force members engaged in a question and answer session with Mr. Drummer and Ms. Denno on the Bill 61-14. The following observations and points were made or clarified during the discussion:

- The \$10 million dollar and over requirement is included because the Local Small Business Reserve program excludes contracts over \$10 million. The Bill would provide a chance for local businesses to become the prime contractor.
- Mr. Hollins expressed concern that a problem has not been clearly identified for this Bill to solve.
- Additional County staff will be needed to manage the program, which further constrains OBRC resources.
- Currently, the County has 84 active contracts valued at over \$10 million. This bill would require a business's principal office to be located in Montgomery County.
- Bill 61-14 is race and gender neutral and is goal driven.
- The effective date of the Bill will be determined when the Council acts on the bill. The July 1, 2015, effective date was for introduction purposes.

- Ms. Briggs expressed the view that the mandatory percentage awarded to local businesses should be higher and suggested 25 percent.
- Mr. Taylor noted that this Bill conflicts with the work that the Task Force is undertaking related to minority and local small businesses.
- Some members questioned the need for the Bill, noting the lack of data; suggested the intent be considered as a regulation or soft policy.

The Task Force recommended that Bill 61-14 not move forward. Ms. Freeman made the motion and a second was made by Mr. Hollins. The motion carried by a vote of 7-0-1, with Mr. Eapen abstaining.

IV. Overview of County Procurement Practices

Ms. Jones informed the Task Force that as of March 26, the Office of Procurement is a separate office within the Executive Branch. A new director will be appointed before July 1. The goal of the Office is to provide maximum value and competition for the taxpayers and to ensure compliance considerations are reviewed and met.

- Procurement Operations Section
 - There are 16 Procurement Specialists managing 2,000 contracts (around 159 contracts per Specialist).
 - Procurement staff review Maryland Public Information Act (MPIA) requests and protests.
 - Procurement stakeholders include the Office of Procurement and the Office of Business Relations and Compliance (OBRC), businesses, using departments, the Office of Management and Budget, Division of Risk Management, and the County Attorney's Office.
 - Compliance programs are embedded within the procurement process.
- Procurement Services Section
 - Responsibilities of the Procurement Services Section include budgeting, managing human resources, escrow deposits, scanning and archiving documents, training, tracking, national certifications, creating knowledge base articles for MC 3-1-1, providing customer service for using departments, and coordinating implementation of topic-specific contract administrator forums.
- Using Departments
 - Using Departments have Contract Administrators (over 200) who determine projects and purchases within a given year, draft scope of work and contract specifications, review invoices and process payments.
- Procurement Process
 - The most common types of procurement methods include Request for Proposal (RFP)/Invitation to Bid (IFB), and informal solicitations (\$10,000 to \$100,000).
 - Ms. Jones reviewed the phases included in the solicitation process, and steps taken by procurement staff, as reflected in the workflow chart.
 - The basic solicitation template is 39 pages. There are two periods of silence in the procurement process, during initial review of proposals and negotiation periods.

- Fee negotiations take place after review by the Quality Selection Committee (QSC), but before vendor selection. Price is always part of the review.
- Awarding of contracts must comply with legislation (MFD Program, Living Wage, etc).
- Information is available on the County’s website regarding how to do business with the County and contract information.
- The Office is drafting a QSC guide to streamline and move the process forward in a more timely fashion.
- Ms. Jones is working with Ms. Denno to create workshops for businesses such as bonding and insurance and financing.
- The following length of process benchmarks were referenced during the presentation:

	IFB	RFP	Construction	Compliance Programs
Montgomery County	5 months	9 months	4 months	MFD, Living Wage, LSBRP
MD State Dept. of Transportation	6 months	9 months*	6 months	MFD, Living Wage, LSBRP
Fairfax County	3.5 months	7 months	No construction reported separately	No compliance programs
Anne Arundel	4 months	8-12 months	18 months	No compliance programs
Frederick County	3 months	4 months (partial year numbers)	No data	No compliance programs
M-NCPPC	Estimated 2 months	Estimated 4 months, depending on staffing and negotiations	No construction reported separately	No compliance programs

* includes architecture/engineering, the expression of interest and inquiry phase takes 18-24 months

- **Question and Answer session** – the following points were made or clarified during the Procurement Overview Presentation.
 - Using Departments can make direct purchases under \$10,000. The MFD program doesn’t apply to purchases under this threshold. Departments are encouraged to have competition when seeking quotes.
 - The negotiation phase generated a lot of discussion. Ms. Jones used a scenario to walk Task Force members through the process.
 - Procurement does not look at one specific underutilized minority group for the MFD program. Members expressed the hope that the County would move toward making race-conscious decisions to increase the number of contracts awarded to specific underutilized groups.
 - Ms. Federman-Henry will conduct research to see how early in the process the MFD component can occur.

- The period of silence and reluctance of Departments to speak to vendors on issues non-related to a pending RFP needs to be addressed.

V. Public Comment

There were no comments from public meeting participants. Mr. Taylor introduced members of the Minority Business Economic Council in attendance.

The meeting adjourned at 7:35 p.m.
