

MEMORANDUM

September 25, 2014

TO: Government Operations and Fiscal Policy Committee

FROM: Kristen Latham^{KL}, Legislative Analyst
Carl Scruggs^{CS}, Research Associate
Kelli Robinson, Administrative Specialist ^{KR}
Office of Legislative Oversight

SUBJECT: Office of Legislative Oversight Report 2014-11: *Procurement and Small, Minority, Female, Disabled and Locally-Owned Businesses*

On September 29th, the GO Committee will hold a worksession on the Office of Legislative Oversight Report 2014-11: *Procurement and Small, Minority, Female, Disabled and Locally-Owned Businesses* on July 29, 2014. The report responds to the Council's request to examine how the County encourages participation in the procurement process of small, minority, female, disabled, and locally-owned businesses. The Executive Summary for Report 2014-11 appears on ©1.

Executive Branch representatives expected to attend the Committee worksession include David Dise, Grace Denno, and Pam Jones from the Department of General Services.

This packet is organized as follows:

- **Section A** summarizes OLO's findings; and
- **Section B** summarizes OLO's recommendations for Council Action

COUNCILMEMBERS PREVIOUSLY RECEIVED COPIES OF REPORT 2014-11 AND SHOULD BRING A COPY OF THE REPORT TO THE WORKSESSION.

A. Summary of Findings in Report 2014-2

OLO staff will provide the Committee with an overview of the report. For this report, OLO distributed an electronic survey to approximately 9,800 businesses and received 1,233 responses (13%). Key findings from the report, particularly the survey responses, include:

- Of the approximately 13,000 businesses are registered as a County vendor, 9% are registered as a local small business and 7% are registered as MFD. There are currently 205 businesses (approximately 2% of the total) registered simultaneously in both programs.
- 47% of survey respondents were familiar with the LSBRP and 58% of respondents were familiar with the MFD program.
- Survey respondents who received a contract consistently rated the County higher in every aspect of the procurement process than those who had not received a contract.
- Survey respondents reported that staff accessibility and helpfulness were among the highest rated aspects of the procurement process, while statements regarding follow-up efforts were the lowest scores.
- Survey respondents reported that increased outreach, a simplified application process, and better communication with County staff could improve the procurement process and the LSBRP and MFD programs.
- For businesses interested in County procurement, unfamiliarity with procurement opportunities was the primary reason for not bidding, while the lack of relevant goods/services was the primary reason for those who weren't interested in County procurement.
- Businesses registered in either the LSBRP or MFD program rated the County's procurement process approximately the same as those businesses not registered in the programs.
- Overall, LSBRP members rated their experience with the LSBRP higher than MFD members rated the MFD program.

B. Summary of Recommendations

Based on the findings of Report 2014-11, OLO offers the following three recommendations for Council action.

- Ask the County Executive to strengthen and expand current outreach efforts – particularly to LSBRP and MFD businesses – to increase businesses' awareness of County contracting opportunities.
- Ask the County Executive to develop a consistent set of follow-up procedures for all bid submissions for County contracts to inform businesses about the status of their bid.
- Ask the County Executive to closely examine the promotion and administration of the Minority, Female, and Disabled-Owned Program.

Procurement and Small, Minority, Female, Disabled and Locally-Owned Businesses

OLO Report 2014-11

July 29, 2014

The Council requested this project in order to examine the County’s procurement process, particularly for small and minority, female, disabled, or locally-owned businesses. Currently, over 13,000 businesses have been registered in the County’s Central Vendor Registration System (CVRS) – 9% as a local small business and 7% as a minority, female, or disabled-owned business.

Montgomery County’s Procurement Outreach Efforts

The County administers two programs specifically aimed at promoting contracting opportunities:

- The **Local Small Business Reserve Program (LSBRP)** reserves 20% of eligible County procurement opportunities for qualified small, County-based businesses.
- The **Minority, Female, and Disabled-Owned Business (MFD) Program** is designed to ensure that minority-owned local businesses receive an adequate share of County contracting opportunities.

The Department of General Services’ Office of Business Relations and Compliance handles the County’s main outreach to the business community for both of these programs, while additional support is provided by the Office of Procurement and Department of Economic Development.

Survey of Local Businesses

To obtain information on the experiences of local businesses, as well as their assessment of the County’s services, OLO distributed an electronic survey to approximately 9,800 businesses and received 1,233 responses (13%). OLO found that 47% of survey respondents were familiar with the LSBRP and 58% of respondents were familiar with the MFD program.

Survey Results on Procurement Process. OLO asked survey respondents to rate different aspects of the procurement process through several qualitative statements. The table below summarizes the results for those businesses who applied for a County contract.

Weighted Average Ratings of County Procurement Process by Businesses that Bid on County Government Contracts in the Past Year (On a 1-5 Scale)

Survey Questions on Experience with the Procurement Process	Firm Bid on Contract and...	
	Received a Contract	Did Not Receive a Contract
# of Responses	248	181
Montgomery County Government procurement opportunities are promoted effectively.	3.75	3.10
The steps required to bid on a County solicitation are easy to understand.	3.70	3.44
All necessary contract documents (including solicitation material) are easy to find.	3.79	3.51
The terms of the contract are easy to understand.	3.75	3.42
The contract solicitation period is adequate to complete a bid proposal.	3.91	3.53
The follow-up provided by the County after your bid proposal was sufficient.	3.67	2.62
The time it took to award the contract was acceptable.	3.61	2.98
The County's procurement website is easy to navigate.	3.69	3.51
If your business had a question regarding procurement, County staff were easily accessible.	3.90	3.23
If your business had a question regarding procurement, County staff provided accurate answers.	3.91	3.47
If your business had a question, County staff provided answers in a timely manner.	3.93	3.26
Overall, Montgomery County's procurement process is effective.	3.76	3.06
Montgomery County values your business.	3.73	2.77

Highlighted findings include:

- Respondents who were awarded a contract rated the County higher in every aspect of the procurement process than those who were not awarded a contract.
- Respondents rated the staff accessibility and helpfulness highest and the process for follow up after a bid submission as the lowest.
- Respondents reported that increased outreach, a simplified application process, and better communication with County staff could help to improve the procurement process.

In addition, businesses that were interested in, but did not apply for a County contract, reported that their primary reason was unfamiliarity with contracting opportunities. The primary reason for businesses not interested in County Procurement was because they did not provide relevant goods/services.

Survey Results for LSBRP/MFD Programs. Businesses registered in either the LSBRP or MFD program rated the County's procurement process approximately the same as those businesses not registered in the programs. However, as shown in the table below, LSBRP members rated their experience with the LSBRP higher than MFD members rated the MFD program.

Ratings of Overall Experiences with LSBRP and MFD, by Registered Businesses

Survey Questions on Experience with the LSBRP and MFD Programs	LSBRP	MFD
Montgomery County effectively promotes the program.	3.46	3.06
The program outreach events run by Montgomery County are beneficial to your business.	3.14	3.01
The requirements to become a certified vendor with Montgomery County are clearly explained.	3.87	3.40
The program certification process is easy to understand.	3.88	3.42
The program adequately informs your business of contracting opportunities.	3.76	3.01
The steps required to bid on a County solicitation in the program are easy to understand.	3.55	3.23
If your business had a question regarding the program, County staff were easily accessible.	3.68	3.32
If your business had a question regarding the program, County staff provided accurate answers.	3.75	3.36
If your business had a question, County staff provided answers in a timely manner.	3.70	3.34
Overall, your business' experience with the program has been good.	3.37	3.05

Office of Legislative Oversight's Recommendations

Overall, the OLO found an interest among local businesses to bid on County contracts. OLO offers the following three recommendations for action by the County Council based on the survey results:

- Strengthen and expand current outreach efforts to increase businesses' awareness of County contracting opportunities – in particular, for those offered to LSBRP and MFD businesses.
- Develop a consistent set of follow-up procedures for all bid submissions for County contracts to inform businesses about the status of their bid.
- Closely examine the promotion and administration of the MFD Program.