

**MEMORANDUM**

October 9, 2015

**TO: Government Operations and Fiscal Policy Committee**

**FROM:** Kristen Latham, Legislative Analyst  
Office of Legislative Oversight

**SUBJECT: Office of Legislative Oversight Report 2015-11: Procurement Performance Measures**

The Montgomery County Office of Procurement is currently in a transition period including an office restructuring, policy and process reviews by two citizen task forces, and the County Executive's Procurement Innovation Project. In coordination with these ongoing efforts to improve County procurement functions, the Council requested that OLO review performance metrics for public-sector procurement agencies and to obtain feedback from Councilmembers on the type of performance metrics they would like to see tracked going forward. On October 13th, the GO Committee will hold a worksession on that OLO Report.

This memo briefly summarizes OLO Report 2015-11, including the County's current performance metrics for procurement and Councilmember suggestions for future metrics, along with best practices and the metrics used by other local jurisdictions. The full memorandum report is attached.

**Summary of Council Recommendations for Procurement Performance Metrics**

Performance metrics for the County's procurement function are currently tracked and monitored by two County offices:

- *CountyStat* is responsible for an annual review of numerous performance metrics, such as: percent of construction, IFB and RFP procurements meeting agreed-upon timeline; percentage of contract dollars awarded to local small or MFD businesses; and percentage of employees that have fulfilled mandatory training requirements.
- *Office of Procurement* tracks performance metrics through a variety of annual reports: the Record of Procurements, the Local Small Business Reserve Program Annual Report, the Minority, Female, and Disabled-Owned Businesses Annual Report, and the Recycled Report.

Councilmembers identified numerous potential performance metrics for the Office of Procurement to track and monitor in the future, summarized by overall topic area below. Further, Councilmembers expressed an interest in reviewing the "culture" surrounding procurement in the County, which cannot be quantified in performance metrics.

- *Process metrics*, such as the efficiency of the various steps of the procurement process, including analysis by size and type of contract, using department and by commodity purchased.
- *Vendor metrics*, including a review of new versus existing vendor bids and awards and repeat vendors, particularly among LSBRP and MFD solicitations.
- *Procurement staff metrics*, including a summary of the workload and training of procurement officials in both the Office of Procurement and using departments.

### **Summary of New Performance Metrics for Procurement**

CountyStat reviewed the OLO report, best practices in procurement performance measures, and County priorities and are currently working on a new set of procurement measures to track going forward. CountyStat intends to implement these measures, in the final stages of development, by the end of the calendar year:

- Number and percent of awards to existing/repeat vendors vs. new vendors;
- Number of first time vendors awarded contracts;
- Percent of contracts awarded to first time vendors;
- Compliance of contract administrators with procurement trainings;
- Satisfaction survey ratings of contract administrators;
- Cost savings/avoidance as a percent of total contract dollars subject to cost and price;
- Timeline data: length of steps that comprise the procurement process (measure will be the average number of days for each step, by user department; goal is also to compare the length of time between events to industry norms);
- Number and percent of procurement staff with specific certifications;
- The total and average dollar value of contracts handled by each procurement specialist;
- Recycling data;
- Number of protests as a percent of total solicitations issued;
- Number and percent of MFD vendors and contracts (measured against County goals for each category);
- Number and percent of LSBRP vendors who apply and get selected and the number and percent who apply but do not get selected;
- Number and percent of local small businesses that are no longer eligible to be in the LSBRP program;
- Number of companies assessed with violations of living wage and prevailing wage laws;
- Dollars returned to workers as a result of enforcement actions taken by Procurement;
- Piggyback contracting data from annual report; and
- Green-related activities.

Further, CountyStat is discussing what other living wage data might be tracked and whether the number of contractors bidding is a good measure of competitiveness because there may only be a small number of companies who can provide a specific needed service.

### **Summary of Best Practices and Other Jurisdictions**

Government procurement performance management should be transparent in policy and practice, while ensuring the protection of confidential information. OLO found the following resources for best practices in procurement. For full summaries of these resources, including specific metrics, see the attached report.

- **The Partnership for Public Procurement** released the *Principles and Practices of Public Procurement*, which is a comprehensive policy guide to establish common standards for public procurement practice and simplify access to information for businesses and the public. The guide summarizes metrics in the following areas: cost savings/cost avoidance; supplier and industry development; supplier performance; efficiency of internal procurement systems and processes; and procurement professional development and employee retention.
- **National Association of State Procurement Officials.** This Association developed a survey for states to report on which areas of the procurement process are being benchmarked with some consistency and found the following topics of performance measurement: efficiency of the procurement process; technical or system development; professional development; cost savings/cost avoidance; and economic growth and development.
- **International City/County Management Association (ICMA) Procurement Metrics.** ICMA released a list of performance metrics recommended to track and monitor the performance of the procurement function of government that included the types of spending (e.g. purchase orders); use of technology; working days during procurement processes; and contract protests.

*Other Jurisdictions.* OLO contacted several local jurisdictions about performance metrics used for their local procurement functions. Overall, OLO found that Fairfax has the most extensive array of performance measures (with metrics for agency management, contract management, and procurement support and oversight) while both Prince George's and Howard Counties are currently undertaking overhauls of their procurement metrics under new ERP systems.

# OLO Memorandum Report 2015-11

---

**To:** County Council

**From:** Kristen Latham, Legislative Analyst  
Office of Legislative Oversight

**Subject:** OLO Memorandum Report 2015-11: Procurement Performance Metrics

Public-sector procurement organizations should develop a performance management program that allows for continuous improvement. This memorandum report reviews Montgomery County's current performance metrics for procurement, along with best practices and the metrics used by other local jurisdictions. The report concludes with a summary of procurement performance metrics suggested by the County Council for the Executive to track and monitor.

**Background.** The Montgomery County Office of Procurement is currently in a transition period; in March 2015, the County Council passed Bill 7-15 that established the Office of Procurement as a principal Office of the Executive Branch (the Office was previously under the Department of General Services). The newly established office includes the County's procurement function as well as the duties previously handled by the Office of Business Relations and Compliance. In addition, the procurement function is undergoing numerous policy and practice reviews:

- **Council Task Forces.** In 2014, the County Council formed two task forces to look at the procurement function in the County: (1) the Procurement Policies and Regulations Task Force to provide options for overall procurement reform; and (2) the Minority Owned and Local Small Business Task Force to recommend improvements to the Minority, Female, and Disabled Owned Business Program (MFD) and Local Small Business Reserve Program (LSBRP).
- **Procurement Innovation Project.** The County Executive initiated this ongoing project in 2015 to review the current procurement processes and policies. The specific goals for the project include reducing the time needed for the procurement process and utilizing more local small businesses for government contracts.

In coordination with these ongoing efforts to improve County procurement functions, the Council requested that OLO review performance metrics for public-sector procurement agencies. Specifically, OLO was tasked with summarizing best practices for measuring procurement performance, performance metrics used by Montgomery County and other local jurisdictions, and to obtain feedback from Councilmembers on the type of performance metrics they would like to see tracked going forward.

### **Summary of Council Recommendations for Procurement Performance Metrics.**

Councilmembers identified numerous potential performance metrics for the Office of Procurement to track and monitor in the future, detailed in Section D of this memorandum report. Overall, Councilmembers identified metrics in three areas:

- *Process metrics*, such as the efficiency of the various steps of the procurement process, including analysis by size and type of contract and by department;
- *Vendor metrics*, including a review of new versus existing vendor bids and awards, particularly among LSBRP and MFD solicitations; and
- *Procurement staff metrics*, including a summary of the workload and training of procurement officials in both the Office of Procurement and using departments.

### **Organization of Report**

	<b>Page</b>
<b>A. Procurement Performance Metric Best Practices</b>	2
<b>B. Montgomery County Procurement Performance Metrics</b>	8
<b>C. Procurement Performance Metrics in Other Local Jurisdictions</b>	11
<b>D. Summary of Council Recommendations for Procurement Performance Metrics</b>	14

#### **A. Procurement Performance Metric Best Practices**

Government procurement performance management should be transparent in policy and practice, while ensuring the protection of confidential information. Transparency encourages the free and open exchange of information, improves efficiency, and reduces potential for corruption and waste. This section summarizes the best practices in procurement performance measurement, beginning with an overview of the Government Performance and Results (GPRA) Modernization Act, a series of laws designed to improve the overall performance of the federal government. The sections then summarizes the performance metrics recommended by the following groups:

- The Partnership for Public Procurement;
- National Association of State Procurement Officials; and
- International City/County Management Association (ICMA).

**Government Performance and Results (GPRA) Modernization Act of 2010.** In 2011, the federal government passed the GPRA Modernization Act that updated and enhanced the Government Performance and Results Act of 1993 (GPRA). The goal of both acts is to modernize the federal government's performance management framework, including strategic

planning, performance planning, and reporting for agencies to communicate progress in achieving their missions.

The GPRA Modernization Act serves as a foundation for helping agencies to focus on their highest priorities and creating a culture where data and empirical evidence plays a greater role in policy, budget, and management decisions. Each federal agency was tasked with establishing priorities and performance metrics under the GPRA.

An example of an agency that has identified procurement related priorities and performance metrics is the General Services Administration (GSA).<sup>1</sup> The GSA's FY16 Annual Performance Plan and Report identifies the following agency priorities for procurement:

- Deliver contracting solutions to generate customer savings;
- Improve the federal utilization of space;
- Reduce resource use and environmental impact;
- Increase the efficiency of GSA operations;
- Enhance asset management;
- Enhance relationships with our customers, suppliers and stakeholders; and
- Support small and disadvantaged business.

Some specific performance metrics identified in the GSA Performance Plan (relevant to procurement) include:

- Operating costs as a percentage of goods and services provided;
- Reduction in total GSA indirect costs;
- Percent of leased revenue available after administering program;
- New construction projects on schedule;
- Capital projects on schedule;
- Attendance levels for Federal Acquisition Institute training courses;
- Percentage of public sale properties awarded within 135 days;
- Percentage of non-competitive sales and donations awarded within 220 days;
- Customer loyalty with acquisition services;
- Supplier satisfaction with acquisition services;
- Percent of key policy stakeholders who rate policy initiatives effective;
- Cumulative number of innovative solutions;
- Percent of dollars awarded to small business prime contracting;
- Percent of dollars awarded to small business through subcontracting;
- Percent of Multiple Award Schedule (MAS) business volume from small businesses;
- Time to hire (in days); and
- Employee Engagement Score.

---

<sup>1</sup> The GSA helps manage and support the basic functioning of federal agencies – the mission of the agency is to “deliver the best value in real estate, acquisition, and technology services to government and the American people.”

**The Partnership for Public Procurement.** The Chartered Institute of Procurement & Supply (CIPS)<sup>2</sup> and the Institute for Public Procurement (NIGP)<sup>3</sup> jointly released *Principles and Practices of Public Procurement*<sup>4</sup>, which is a comprehensive policy guide to establish common standards for public procurement practice. The overall philosophy of this manual is that standardizing processes and simplifying access to information will make contracting with the government appealing to business and increase public trust.

The manual outlines recommended performance measures for all governments to track and monitor regarding the procurement function. The metrics include the following types:

- *Input metrics* are resources used such as labor, materials, equipment, and supplies;
- *Output metrics* include activities that can be expressed in a quantitative or qualitative manner such as number/value of contracts or certified employees;
- *Outcome metrics* are assessments of the results of an activity compared with the goals and objectives such as customer service or employee retention; and
- *Efficiency metrics* look at a ratio of inputs to outputs or outcomes such as average processing time or percentage of small business contracts as a percentage of all contracts.

The manual notes that specific performance metrics aligned with the organizational mission are critical to a performance measurement system within the procurement function of government. The following table summarizes the recommended performance metrics within five different topic areas.

---

<sup>2</sup> The Chartered Institute of Procurement & Supply (CIPS) is recognized internationally as a leading body representing the procurement and supply chain management profession. <http://www.cips.org/>

<sup>3</sup> The Institute for Public Procurement (NIGP) is “the largest association focused exclusively on the development, support and promotion of the public procurement profession.” <http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP>

<sup>4</sup> <http://www.globalpublicprocurement.org/Resources/Procurement-Practices/>

## Partnership for Public Procurement Suggested Procurement Performance Metrics

Topic Area	Suggested Performance Metrics
Cost Savings/Cost Avoidance	<ul style="list-style-type: none"> <li>• Realized/implemented savings as a percent of identified savings</li> <li>• Level of savings due to new contract/supplier arrangement or purchasing initiatives</li> <li>• Value of negotiated additional benefits</li> <li>• Cost reduction due to using alternative goods or services</li> <li>• Value of improved warranties</li> <li>• Reduced stock holdings and improved payment terms</li> <li>• Savings due to improved waste management</li> <li>• Reduction in demand for a good or service</li> <li>• Percent of spend under management</li> <li>• Refunds, credit, and/or rebate payments made by vendors as a result of a savings project</li> </ul>
Supplier and Industry Development	<ul style="list-style-type: none"> <li>• Potential local suppliers identified</li> <li>• Number of new sources of particular goods and services</li> <li>• Number of firms involved in local supplier development programs</li> </ul>
Supplier Performance	<ul style="list-style-type: none"> <li>• Include a range of cost targets</li> <li>• Gauge whether contract requirements, service, and quality requirements are being met through the use of consistently applied evaluation procedures</li> </ul>
Efficiency of Internal Procurement Systems and Processes	<ul style="list-style-type: none"> <li>• Volume of procurement spend transacted electronically or through other transaction methods like P-Cards</li> <li>• Volume of transactions via aggregated or standing offer arrangements</li> <li>• Reduction in transaction and inventory management costs and distribution costs</li> <li>• Internal customer satisfaction with delegation of purchasing processes and service levels</li> <li>• Response time between requisition submission and purchase order placement</li> <li>• Procurement cycle time from the beginning of a sourcing process to the time that a contract is executed</li> <li>• Simplicity, convenience, and effectiveness of procurement decision making and authority lines, systems, and processes</li> <li>• Procurement operating costs as a percentage of managed spend</li> </ul>
Procurement Professional Development and Employee Retention	<ul style="list-style-type: none"> <li>• Number of full time employees with professional certification</li> <li>• Number of employees in management positions that hold professional certification</li> <li>• Amount of spending per full time employee for professional development and training</li> <li>• Average number of hours per full time employee for professional development and training</li> <li>• Total number of employees retained</li> <li>• Total number of new employees as percentage of total employees</li> </ul>

Governments should identify and implement technology that aides the procurement process to improve efficiency, reduce errors, and improve transparency. The strategic use of technology can also increase access to bid opportunities for business, resulting in increased competition, diversity and inclusion of businesses.

One of the key aspects of establishing performance metrics is also establishing a plan for monitoring performance, particularly time frames for reporting and analyzing data. Progress should be consistently monitored to ensure that goals and objectives are being achieved in the most efficient and effective manner. Identifying opportunities for improvement is critical to enhancing procurement performance over time. Further, the collection and reporting of data with customers and other stakeholders is important for transparency in government.

**National Association of State Procurement Officials.**<sup>5</sup> In 2005, the National Association of State Procurement Officials developed a survey for states to report on which areas of the procurement process are being benchmarked with some consistency. The following table summarizes the benchmarked performance measures identified in the report.

---

<sup>5</sup> From The Measure of Our Success: The Challenge and Opportunity of State Procurement Performance Measures. National Association of State Procurement Officials, August 2005.

**National Association of State Procurement Officials Benchmarked Procurement Performance Metrics**

<b>Area of Procurement</b>	<b>Benchmarks Tracked</b>
Efficiency of the Procurement Process	<ul style="list-style-type: none"> <li>• Processing time for RFP, IFB, RFQ's</li> <li>• Number of commodity, technical and professional service contracts developed per year</li> <li>• State contract lapses</li> <li>• Customer satisfaction</li> <li>• Protest activity</li> </ul>
Technical or System Development	<ul style="list-style-type: none"> <li>• Website or electronic system functionality</li> <li>• Innovation – actions taken, rules promulgated to improve performance</li> <li>• Rate of reverse auction</li> <li>• Online registered vendors</li> <li>• Online bid responses</li> <li>• Contracts with online pricing and ordering capabilities</li> </ul>
Professional Development	<ul style="list-style-type: none"> <li>• Training and development hours</li> <li>• Number of certified staff</li> </ul>
Cost Savings/Cost Avoidance	<ul style="list-style-type: none"> <li>• Multi-state contract savings</li> <li>• Multiple award contract savings</li> <li>• State agency usage of state-wide contracts</li> <li>• Revenue per employee in office supplies and surplus operations</li> <li>• Price benchmarking</li> <li>• Negotiated savings - offered price vs. negotiated price</li> <li>• State P-card rebate and volume of P-card spend</li> </ul>
Economic Growth and Development	<ul style="list-style-type: none"> <li>• Minority and small business outreach</li> <li>• Environmentally preferable contracting</li> <li>• Redistribution activities (% returned to state agencies)</li> <li>• Customer base growth</li> <li>• Registered vendors</li> </ul>

**International City/County Management Association (ICMA) Procurement Metrics.** In June 2015, ICMA released a list of performance metrics recommended to track and monitor the performance of the procurement function of government. ICMA's recommended metrics, provided to OLO by the Metropolitan Council of Governments, are listed in the table below.

#### **ICMA Recommended Procurement Performance Metrics**

- Dollar amount of all purchases made using blanket purchase orders
- Dollar amount of all purchases made using purchase orders
- Dollar amount of procurement spending through cooperative purchasing
- Dollar amount of purchases: total by central purchasing and other departments
- Dollar amount of purchases made by the central procurement office or other departments per central procurement full-time equivalent
- Dollar amount of purchases made via purchasing card/credit card as a percentage of all purchases
- Number of full-time equivalents in central procurement
- Hours paid: central procurement office
- Number of bid processes conducted electronically
- Number of blanket purchase orders or vendor agreements
- Number of long-term purchasing solutions in place
- Number of protests filed
- Number of protests sustained
- Number of purchase orders
- Percentage of long-term contracts and solutions up for renewal that were evaluated favorably and renewed
- Working days from requisition to purchase order: formal construction
- Working days from requisition to purchase order: formal non-construction
- Working days from requisition to purchase order: informal
- Procurement protests: percentage sustained
- Purchasing/credit card purchases: total dollar value
- Purchasing/credit card purchases: total number of transactions

#### **B. Montgomery County Procurement Performance Metrics**

This section summarizes the procurement performance metrics that Montgomery County currently tracks and monitors. However, with the two procurement task forces and the Executive's Procurement Innovation Project, the performance metrics may undergo changes in the coming months. This section summarizes the current performance tracking by CountyStat, along with the following annual reports released by the Office of Procurement: Record of Procurements; Minority, Female and Disabled-Owned Business Program Annual Report; Local Small Business Reserve Program Annual Report; and the Recycled Report.

**CountyStat Performance Tracking.** The CountyStat website provides access to performance information for all County departments, including the newly established Office of Procurement. CountyStat also periodically completes performance review presentations and reports for County departments. This section summarizes the performance management of the Office of Procurement.

*CountyStat Website.* The following performance metrics are currently listed on the CountyStat website for the Office of Procurement. The data is updated annually.

- Percent of construction procurements meeting agreed-upon timeline;
- Percent of Invitation for Bid (IFB) procurements meeting agreed-upon timeline;
- Percent of Request for Proposal (RFP) procurements meeting agreed-upon timeline;
- Percentage of contract dollars awarded to local small businesses;
- Percentage of contract dollars awarded to minority, female, disabled (MFD) firms;
- Overtime hours worked per full-time, non-seasonal employees;
- Workforce availability for full-time, non-seasonal employees;
- Fully implemented audit report recommendations since issuance of the audit report;
- Percentage of key positions that have a succession plan in place;
- Percentage of department's employees that have fulfilled mandatory; County/State/Federal training requirements;
- Percentage of contract actions awarded to minority, female, disabled (MFD) firms;
- Innovative ideas and projects;
- Collaborations and partnerships with other departments and/or organizations;
- Print and mail expenditures; and
- Sheets of paper purchased.

In addition to the data points associated with each metric, the CountyStat website provides department written summaries of the factors contributing to current performance, factors restricting improvement, and what steps are next in the performance improvement plan.

*Performance Reports.* For the most recent Procurement Performance Report (March 2011, when the Office was still under DGS), CountyStat summarized the following data points on County procurement:

- A summary of customer satisfaction survey results on quality of service, level of effort, professional knowledge, responsiveness, initiative, timeliness, information and innovation;
- The ability to meet agreed upon timelines for construction, RFP, IFB solicitations;
- The lifecycle of solicitations including the number of days from the date procurement receives a complete solicitation packet until the date of contract execution or solicitation cancellation; and
- The number of days in contract lifecycle versus days ahead/behind schedule for IFB, RFP and construction solicitations.

*Future of Procurement Performance Metrics in Montgomery County.* With the establishment of the new Office of Procurement and the Procurement Innovation Process, the Executive Branch is reviewing the current performance metrics for the procurement function (along with overall procurement policies and processes) to potentially update/expand on them.

**Office of Procurement Record of Procurements.** Required by County Code, the Office of Procurement releases the annual Record of Procurements. Some performance metrics included in this report include:

- Total dollars awarded and total actions awarded by delivery order, field order, modification, new award and renewal category;
- Total dollars awarded and the total award actions by procurement type and for non-competitive non-professional and professional awards;
- Total dollars awarded for the required award categories (emergency, modifications exceeding \$25,000, bridge, public entity and county council resolution);
- Status update on protested contracts;
- Report of contracts terminated or in dispute;
- Report of purchases from Office Depart for County departments; and
- Summary of cost/price analyses for some awarded contracts.

**Local Small Business Reserve Program (LSBRP) Annual Report.** The Office of Procurement releases an annual report that summarizes performance metrics on the LSBRP. These performance metrics include:

- Total contract dollars awarded;
- Dollars eligible for LSBRP;
- Total dollars awarded to LSBRP vendors;
- Percent of eligible LSBRP dollars awarded to LSBRP vendors;
- Number of formal and informal solicitations reserved for LSBRP;
- Number of issued formal and informal LSBRP solicitations subsequently canceled;
- Number of formal and informal solicitations reserved and awarded to LSBRP;
- Percent of eligible LSBRP dollars awarded to LSBRP vendors by department;
- Number of departments that meet/do not meet the program's 20% goal.

**Minority, Female, and Disabled-Owned Businesses (MFD) Annual Report.** The Office of Procurement releases an annual report on the County's MFD program. The report summarizes the following performance metrics:

- Total dollars subject to MFD;
- Total dollars encumbered to MFD;
- Total number of purchase orders;
- Total number of purchase orders to MFD;
- Percent of total encumbered to MFD;
- Number of purchase orders to MFD; and
- Number of RFP and IFB proposals submitted under MFD.

These performance metrics are reported by four procurement categories (professional services, non-professional services, goods, and construction) along with reporting by MFD group (African American, Hispanic American, Asian American, Native American, Female, or Persons with

Disabilities) and using department. The report further details the utilization of the MFD program by vendors compared with the availability of vendors and the utilization goals of the program.

**Recycled Report.** Each year, the Office of Procurement releases the Recycled Report, which summarizes the County's efforts to purchase goods containing recycled materials. The performance metrics included in this report are the dollar values of the recycled products purchased and the dollar value of recycled and non-recycled paper purchased.

### **C. Procurement Performance Metrics in Other Local Jurisdictions**

OLO contacted several local jurisdictions about performance metrics used for their local procurement functions. The following summarizes procurement measures for Fairfax, Howard, Prince George's, and Frederick Counties. Overall, OLO found that Fairfax has the most extensive array of performance measures while both Prince George's and Howard Counties are currently undertaking overhauls of their procurement metrics under new ERP systems.

**Fairfax County.** The Fairfax County Department of Purchasing and Supply Management (DPSM) manages the County's centralized procurement and material management program (both for County government and the school system). Each year, DPSM releases an annual report that reports on performance metrics for output, efficiency, service quality, and outcomes. The following table summarizes the performance metrics currently tracked and monitored in Fairfax County for procurement.

## Fairfax County Procurement Performance Metrics

Procurement Goal	Performance Metrics
<b>Agency Management</b>	
To maintain the percentage of formal contract actions awarded without valid protest or legal actions at 100%.	<ul style="list-style-type: none"> <li>• Formal contractual actions processed</li> <li>• Administrative cost per formal contractual action</li> <li>• Percent of contractual actions receiving valid protest</li> <li>• Percent of formal contractual actions awarded without valid protest</li> </ul>
To achieve a dollar value of contracts awarded to small and minority businesses (processed through the mainframe procurement system) at 40% or greater.	<ul style="list-style-type: none"> <li>• Total dollars awarded to small and minority businesses (millions)</li> <li>• Vendors attending monthly vendor workshop</li> <li>• Average cost to educate and assist small and minority businesses</li> <li>• Percent of small and minority businesses rating workshops as satisfactory or better</li> <li>• Percent of procurement dollars awarded to small and minority businesses</li> </ul>
To provide system and program management, user administration, and training support for the County and FCPS environmentally preferred procurement ("Green Procurement") program including excess property redistribution and surplus property sales and disposal.	<ul style="list-style-type: none"> <li>• Number of items routed through Online Reuse/Auction Website</li> <li>• Number of items redistributed through Online Reuse/Auction Website</li> <li>• Percent of excess/surplus items redistributed and sold through Online Reuse/Auction Website</li> <li>• Number of items sold through Online Reuse/Auction Website</li> <li>• Percent of customers indicating satisfaction with redistribution/surplus program</li> <li>• Net surplus sales revenue - includes: online auction sales, consignment equipment and vehicle sales, direct sales and recycling proceeds</li> </ul>

### Fairfax County Procurement Performance Metrics (Continued)

Procurement Goal	Performance Metrics
<b>Contracts</b>	
To process Requests for Proposals (RFPs) and Invitations for Bids (IFBs) with the goal of reducing formal solicitation processing time by 10% in a 5-year period.	<ul style="list-style-type: none"> <li>• Contractual awards processed</li> <li>• Formal contractual actions managed per Contract Specialist</li> <li>• Percent satisfaction with timeliness of process</li> <li>• Processing time in days for an IFB</li> <li>• Processing time in days for a RFP</li> </ul>
To increase the percentage of competitive procurement actions to 95%.	<ul style="list-style-type: none"> <li>• Number of active contracts</li> <li>• Active contracts managed per Contract Specialist</li> <li>• Percent satisfaction with the classroom training Percentage of contracts awarded through a competitive procurement action</li> </ul>
<b>Procurement Support and Oversight</b>	
To accurately track and maintain the County's consumable and fixed assets inventories, maintaining an accuracy rate of at least 98%.	<ul style="list-style-type: none"> <li>• Line items carried in Consumable Inventory Account</li> <li>• Capital assets in the County Accountable Equipment inventory</li> <li>• Cost per line item to maintain consumable inventory accuracy of at least 95%</li> <li>• Cost per fixed asset to maintain at least 95% inventory accuracy</li> <li>• Percent of customers rating consumable inventory tracking as satisfactory or better</li> <li>• Percent of consumable items accurately tracked</li> <li>• Percent of fixed assets accurately tracked</li> </ul>
To maximize rebates and incentives through management of the procurement card and office supply contracts and serving as lead public agency for cooperative contracts.	<ul style="list-style-type: none"> <li>• Percent of office supply orders submitted via Internet</li> <li>• Value of procurement card purchases (in millions)</li> <li>• Rebates and incentives received</li> <li>• Cooperative Contracts (U. S. Communities) lead public agency</li> <li>• Cost per \$1 of rebate received</li> <li>• Percent of customers satisfied with the procurement card program</li> <li>• Percent of rebates achieved relative to plan</li> </ul>
To purchase environmentally preferable products and services that reduce the County's impact on the environment while improving financial performance.	<ul style="list-style-type: none"> <li>• Number of solicitations</li> <li>• Number of "green solicitations"</li> <li>• Percent of solicitations containing green attributes</li> <li>• Percent of customers indicating satisfaction with green products or services procured</li> <li>• Number of education and outreach activities</li> <li>• Percent of customers indicating they considered green attributes in any purchasing decision</li> <li>• Total number of active contracts for goods and services with demonstrated environmental benefits</li> <li>• Financial impact related to green procurement</li> </ul>

**Howard County.** The Howard County Office of Purchasing is responsible for the delivery of goods and services to maintain the County's operations and capital construction. Each year, the Office releases an Annual Report that details various performance measures. In the FY14 Annual Report, the Office reported on the following performance metrics:

- Employees with relevant certifications;
- Number of training classes or workshops attended by staff;
- Total spend;
- Dollars awarded to minority, women, or disadvantaged business enterprises;
- Dollars and percent of contracts held by Equal Business Opportunities vendors;
- Number of businesses that received Equal Business Opportunity certification;
- Number of attendees of Equal Business Opportunity events offered by Office of Purchasing;
- Number of PDQ card transactions per fiscal year;
- Total PDQ card spend per fiscal year;
- Rebate amount received each fiscal year;
- Asset acquisition – land, infrastructure, equipment;
- Inventory value received;
- Inventory value issued;
- Average inventory value;
- Number of online and internal reallocation auctions;
- Revenue from surplus auctions;
- Number of contracts that meet Environmentally Preferred Products standards; and
- Number of vendors paying employees living wage or higher.

**Prince George's and Frederick Counties.** Both Prince George's and Frederick County are currently undertaking the development of a new ERP system, including a significant overhaul of procurement performance tracking. At the time of this writing, the Frederick County Office of Procurement and Contracting nor the Prince George's Division of Contract Administration and Procurement could not provide information on what performance measures will be tracked.

#### **D. Summary of Council Recommendations for Procurement Performance Metrics**

Performance management establishes metrics (aligned with strategic planning goals) to determine the results and quality of procurement activities and determine whether the organization is meeting its objectives. There are wide range of metrics that can be tracked and monitored, which must be established based on priorities of the organization.

For this report, OLO staff asked all Montgomery County Councilmembers what procurement performance metrics they would like tracked and monitored, summarized below.

Councilmembers expressed an interest in comparing the following performance metrics to benchmarks in comparable jurisdictions and in comparison with internal cost goals. Further,

Councilmembers expressed an interest in reviewing the “culture” surrounding procurement in the County, which cannot be quantified in performance metrics.

**Process Metrics.** Councilmembers expressed interest in the Office of Procurement in tracking the timeliness of the County’s procurement process. This includes tracking how long each part of the process takes, for example:

- How long is the solicitation/contract with various stakeholder departments, such as Office of Procurement, County Attorney, and using department?
- How long does the posting of a solicitation take?
- How long to finalize a contract once a vendor is chosen?

Councilmembers also suggested that these process metrics be tracked and monitored by various factors:

- Using department;
- Size of contract (dollars);
- Type of contract (RFP, IFB, etc.); and
- Type of commodity (information technology, office supplies, etc.).

Further, Councilmembers suggested some measures of competitiveness should be tracked such as the average number of bidders for a county contract and how close (on the point scale used in assessing contracts) are losing contract bids to the awarded vendor.

*Piggyback Contracting.* Councilmembers suggested some tracking of the use of piggyback contracts in County government, including across County departments and with other jurisdictions through organizations such as the Metropolitan Council of Governments (COG). Suggested reviews included how prevalent are piggyback contracts and for what types of goods/services. A more in-depth review might include whether the County is taking advantage of available piggybacking opportunities (analysis of overlap of goods/services across departments and with other organizations).

**Vendor Related Metrics.** Councilmembers reported that they would like to see an analysis of vendors and potential vendors for County procurement opportunities. Some specific metric requests include:

- How many contracts are awarded to vendors with existing County contracts versus vendors that have never had a county contract?
- How many bids are from vendors that are new to County procurement versus vendors who have previously bid on County contracts?
- For the Local Small Business Reserve and Minority, Female, and Disabled Programs, how many businesses are taking advantage of the programs compared with how many businesses are eligible but not applying? Why are the businesses either applying for the programs or not?

*MFD Vendors.* Councilmembers suggested more in-depth review of the MFD program and particularly how many vendors transition from an MFD subcontractor to a prime contractor with the County. Further, there was interest in requesting some measurement of how MFD waivers are granted, particularly what constitutes a “good faith effort” needed to grant a waiver.

**Procurement Staff Metrics.** Councilmembers expressed an interest in tracking and monitoring the contract administration training of both staff in the Office of Procurement and the using departments. Further, Councilmembers showed interest in analysis of both Procurement staff and using department contract administrator workload numbers, particularly the number of contracts each employee is responsible for.