

MEMORANDUM

April 28, 2016

TO: Government Operations and Fiscal Policy (GO) Committee
FROM: Linda Price, ^{LP} Legislative Analyst
SUBJECT: FY17 Operating Budget: Office of Procurement

Those expected to attend this worksession include:

Cherri L. Branson, Director, Office of Procurement
Pam Jones, Procurement Operations Division Chief, Office of Procurement
Grace Denno, Business Relations and Compliance Division Chief, Office of Procurement
Marsha Watkins Thomas, Management and Budget Specialist, Office of Procurement
Erika Lopez-Finn, Office of Management & Budget

Budget Summary:

- The Executive's FY17 Recommended Operating Budget for the Office of Procurement is \$4,487,579, an increase of \$305,830 or 7.31 percent over the FY16 Approved Operating Budget.

Council Staff Recommendation:

- Council staff recommends approval of the Executive's FY17 Recommended Operating Budget for the Office of Procurement.

Relevant pages from the FY17 Recommended Operating Budget are attached on ©1-6.

OVERVIEW

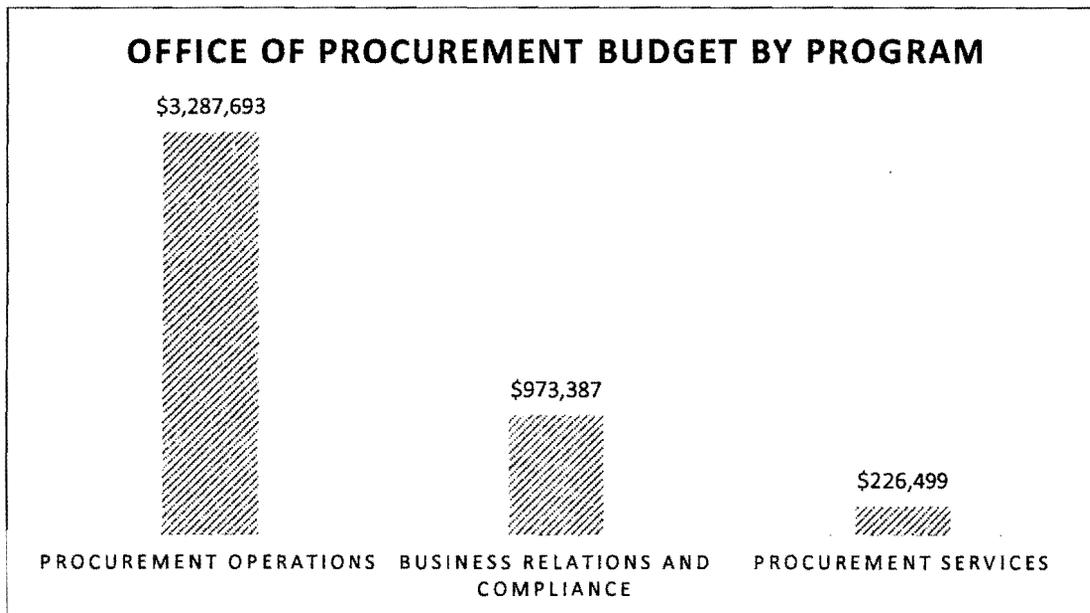
The mission of the Office of Procurement is to preserve the public trust and ensure the integrity of the County's procurement process through the efficiency and effectiveness of the procurement of goods, services, and construction. Over the course of the last year, the Council and Executive have taken action to strengthen and improve the County's procurement process, as well as programs geared towards

enhancing utilization and improving access to contracting opportunities for local small and minority, female and disabled-owned businesses.¹ An updated organization chart for the Office of Procurement is attached at © 10.

The FY17 Recommended Operating Budget for the Office of Procurement is \$4,487,579, an increase of \$305,830 or 7.31 percent over the FY16 Approved Operating Budget. The following table shows the FY16 - FY17 funding levels for the Department.

	<i>FY16 Approved</i>	<i>FY16 Estimated</i>	<i>FY17 Recommended</i>	<i>% Change FY16 - FY17</i>
<i>Expenditures by fund</i>				
General Fund	\$4,181,749	\$4,094,637	\$4,487,579	7.3%
<i>Expenditures by type</i>				
Personnel Cost	\$3,759,387	\$3,713,104	\$4,051,106	7.8%
Operating Expenses	\$422,362	\$381,533	\$436,473	3.3%
<i>Total Expenditures</i>	\$4,181,749	\$4,094,637	\$4,487,579	7.3%
<i>Positions</i>				
Full-Time	33	33	35	6.1%
Part-Time	2	2	2	0.0%
<i>FTEs</i>	32.9	32.9	34.9	6.1%

The following chart illustrates recommended FY17 funding by program for the Office of Procurement budget.



FY17 EXPENDITURE ISSUES

¹ These initiatives include release and review of the Final Reports of the Minority Owned and Local Small Business Task Force, the Procurement Policies and Regulations Task Force, and a status update on the Procurement Innovation Project.

The Executive is recommending a number of changes to the FY17 Recommended Operating Budget from the Approved FY16 Operating Budget. These include a number of multi-program adjustments with no service impacts. The totals of the various same service adjustment are displayed in the following chart. There are also specific changes within the various Office of Procurement programs.

1. Multi-Program Adjustments

Item	Amount	FTEs
FY17 Compensation Adjustment	\$56,704	0.0
Annualization of FY16 Personnel Costs	(\$65,550)	0.0
Group Insurance Adjustment	\$21,188	0.0
Printing and Mail	\$531	0.0
Telecommunications cost shift	(\$2,320)	0.0
Retirement Adjustment	(\$35,732)	0.0
Total	-\$25,179	0.0

2. Procurement Operations

Procurement Operations is responsible for purchasing goods, services, and construction required by County departments in the most timely and cost-effective manner possible. The FY17 recommended budget for Procurement Operations is \$3,287,693 which represents 73.3% of the overall Office budget. The following table displays funding levels for the Procurement Services program for FY16 - FY17.

Procurement Operations			Changes	
	FY16 App.	FY17 Rec.	Amount	Percent
General Fund	\$3,049,029	\$3,287,693	\$238,664	7.8%
Program Total				
<i>Personnel Costs</i>	\$2,913,954	\$3,154,767	\$240,813	8.3%
<i>Operating Expenses</i>	\$135,075	\$132,926	(\$2,149)	-1.6%
<i>FTEs</i>	23.4	25.4	2.0	8.5%

Multi-program adjustments account for a reduction of \$76,445. In addition to the adjustments, the Executive has recommended three other changes to the Procurement Operations budget. The first is a reduction of \$10,000 for office supplies. These cuts will be absorbed by an increase in electronic communication, which will reduce the use of mailing and packaging supplies. Increasing the reuse of existing supplies and reducing orders of paper calendars will also help meet the reduction.

There are two new positions within Procurement Operations. The first position is a \$255,109 shift of the Minority and Small Business Outreach Manager from the Department of Economic Development. This Senior Manager will oversee business development for local, small and minority businesses and help with the workload of the MFD Specialist.

The Executive has recommended a new position for an Administrative Specialist position, at a cost of \$70,000. This position will be responsible for a host of duties, including responsibilities tied to the data and software applications, the Minority, Female and Disabled Persons (MFD) Program, Local Small

Business Reserve Program (LSBRP), and Wage Requirements laws. Executive branch staff provided the following rationale for this new position.

The Administrative Specialist will respond to and provide information to a wide range of individuals in a business-like and service-oriented manner by managing incoming and outgoing communications with efficiency and effectiveness regarding the Office of Procurement programs, issues, and policies in accordance with County laws and regulations and will liaison with the Director regarding issues needing immediate attention when key programmatic initiatives require thorough on-going communication.

There are two vacancies within the Procurement Operations Division. The Cost & Price Analyst position is now vacant due to retirement. The position announcement is scheduled to close on April 28. Procurement is also recruiting the 0.5 FTE position tied to Bill 14-14 –Health Insurance Requirements, which was approved in FY16 by the Council. The Committee may wish to understand the delay in recruiting this position.

Council Staff concurs with the Executive’s recommendation.

3. Division of Business Relations and Compliance

The mission of the Division of Business Relations and Compliance (DBRC) is to plan and implement programmatic strategies to expand business opportunities for minority, female and disabled business owners and Montgomery County small businesses. DBRC administers the MFD Program and LSBRP. Additionally, they administer the Living Wage, Prevailing Wage, and Equal Benefits laws. The FY17 recommended budget for DBRC is \$973,387 which represents 21.7% of the overall Office budget. The following table displays funding levels for the Procurement Services program for FY16 - FY17.

Business Relations and Compliance			Changes	
	FY16 App.	FY17 Rec.	Amount	Percent
General Fund	\$914,818	\$973,387	\$58,569	6.4%
Program Total				
<i>Personnel Costs</i>	\$629,818	\$672,127	\$42,309	6.7%
<i>Operating Expenses</i>	\$285,000	\$301,260	\$16,260	5.7%
<i>FTEs</i>	5.5	5.5	0.0	0.0%

Multi-program adjustments account for an increase of \$42,669. Additionally, the DBRC budget has increased by \$15,900 for software maintenance related to the PRISM system software. The Committee received an update on this software on March 10.² The costs include software updates, maintenance and technical support.

After the Committee reviewed the Final Report of the Minority Owned and Local Small Business Task Force, the Committee agreed to review resource needs for the MFD Program during review of the FY17 Operating Budget.³ Council staff asked the Office of Procurement to provide information on the workload of the MFD Program Specialist and identify the cost and enhancements that could be made to

² See http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2016/160310/20160310_GO3.pdf.

³ See http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2016/160310/20160310_GO2.pdf.

the program with the addition of 1, 2, and 3 FTEs. Council staff received the following information from the Executive Branch.

MFD compliance monitoring and tracking is an ongoing task, and having open and incomplete actions is within normal procedures. New MFD plans are submitted to this office on a daily basis. Depending on the scope and complication of the contract, as well as the number of contractors and sub-contractors on the MFD plan, it may take anywhere between a couple of days to up to a couple of months to complete and close an action. Tasks include reviewing the MFD plans, validating certifications, following up with prime and subcontractors, negotiating participating percentages, logging plans into systems, requesting and reviewing quarterly reports, attending pre-bid conferences, meeting with vendors, etc. Currently, these tasks are absorbed by the Program Specialist with the assistance of a temporary administrative person. Other available resources to assist the MFD program related activities:

- *As part of the DED re-org, we now have a Senior Manager that oversees Business Development for local, small and minority businesses. This person will help with the workload of the MFD Program Specialist.*
- *The newly proposed Administrative Specialist will also help with some of the MFD outreach and compliance workload.*
- *We have identified some research and outreach efforts for an MFD outreach consulting contractor. This is anticipated to be issued as an informal opportunity for LSBRP businesses.*

There is one vacancy within DBRC for a Procurement Specialist II (0.5 FTE). This position was approved in FY16 and is for Bill 14-14 –Health Insurance Requirements. Procurement is developing a position description with the Office of Human Resources. The Committee may wish to understand the delay in recruiting this position.

Council Staff concurs with the Executive’s recommendation.

4. Procurement Services

The Procurement Services program provides for departmental direction, oversight and support for the Contract Review Committee, analysis, budget preparation and monitoring. The FY17 recommended budget for Procurement Services is \$226,499, which represents 5% of the overall Office budget. Multi-program adjustments account for an increase of \$8,597. There are no other changes for this program. The following table displays funding levels for the Procurement Services program for FY16 - FY17.

Procurement Services			Changes	
	FY16 App.	FY17 Rec.	Amount	Percent
General Fund	\$217,902	\$226,499	\$8,597	3.9%
Program Total				
<i>Personnel Costs</i>	\$215,615	\$224,212	\$8,597	4.0%
<i>Operating Expenses</i>	\$2,287	\$2,287	\$0	0.0%
FTEs	4.0	4.0	0.0	0.0%

Council Staff concurs with the Executive’s recommendation.

Issues to Pursue After Budget Season

The Office of Procurement provided the following update on the enacted legislation with fiscal impacts that were not funded.

Bill	Update	Implementation Status
29-14 - Wage Reporting	<i>Embedded the race and gender reporting into the payroll reporting form. The staff that reviews payrolls has covered this task.</i>	Completed
49-14 - Reciprocal Local Preference	<i>Engaged a contractor to gather information on Reciprocal Local preferences that are in existence. As of 2015, all but one state (RI) have some kind of local preference or reciprocal program. Within each state, many counties, cities and towns also have their own local preference programs. Procurement is potentially looking at hundreds of programs and they may be ever changing. Procurement is focusing our research on the four jurisdictions where most bidders originate: MD, VA, DC, and PA, and their subdivisions.</i>	Effective Date - January 1, 2016
5-15 - Health Insurance Preference	<i>HHS is the lead on this legislation. If their certification process is robust, Procurement will validate the certification, and then apply the preferences. Procurement will validate certification and apply preferences.</i>	Effective Date – July 1, 2016
43-15 - Wage Requirements- Amendment	<i>This Bill added 400-500 workers under independent businesses with Collective Bargaining Agreements which conduct business with the County back into the program. The payroll reports and operation activity are increased by approximately 24.7%. The review workload is therefore increased but Procurement will be able to absorb this workload increase by filling vacant positions.</i>	Effective Date – May 1, 2016

On April 4, the GO Committee held a worksession to continue the review of Bill 61-14.⁴ At the worksession, the Committee expressed concern regarding the fiscal impact of Bill 61-14, which requires 1.0 FTE, and the unfunded fiscal impacts of other legislation passed over the last two years. A total of 6.0 FTEs have been identified in the fiscal impact statements of recently enacted legislation, but only 1.0 FTE for Bill 14-14 has been funded.

The Office of Procurement transmitted a memo to the GO Committee on April 20, 2016 to address these concerns (see © 7). Procurement has evaluated the cumulative need for additional staffing related to recent legislation (see © 9). In their assessment, the new Administrative Specialist position would be able to absorb the duties required of Bills 13-14, 49-14, 61-14, and 23-15, which called for the addition of 2.0 FTEs. Instead of 4.0 FTEs, 1.0 additional FTE would be needed to absorb the duties identified in

⁴ See http://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2016/160404/20160404_GO3.pdf.

Bills 5-15, and 43-15. However, Procurement has expressed that they may be able to accommodate the responsibilities required by the legislation with use of their existing contractor and a partnership and technological enhancements. They will continue to evaluate the need for an additional FTE. **The Committee may wish to hold a subsequent meeting in the fall to monitor progress Procurement has made to meet the responsibilities required in the Bills.**

F:\PRICE\Procurement\FY16\May 2 GO Committee FY17 Op Bud worksession.docx



Procurement

Mission Statement

The Office of Procurement is a cabinet-level department with a mission to preserve the public trust and ensure the integrity of the County's procurement process through the efficiency and effectiveness of the procurement of goods, services, and construction for all Executive Branch departments and agencies. The Office of Procurement ensures compliance with all procurement-related laws, regulations, and policies. The Office of Procurement focuses on identifying opportunities for improvement of inter and intra departmental purchasing processes and implementation of recognized best practices to increase organizational efficacy, promote transparency, improve accountability and facilitate compliance. In its interactions with all County departments and agencies, external governmental agencies, members of the business community and the general public, the Office of Procurement serves as a resource for policy and program initiatives involving public contracting.

Budget Overview

The total recommended FY17 Operating Budget for the Office of Procurement is \$4,487,579, an increase of \$305,830 or 7.31 percent from the FY16 Approved Budget of \$4,181,749. Personnel Costs comprise 90.27 percent of the budget for 35 full-time position(s) and two part-time position(s), and a total of 34.90 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 9.73 percent of the FY17 budget.

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**
- ❖ **Strong and Vibrant Economy**

Department Performance Measures

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

Initiatives

- ★ Procurement will assume responsibility for minority and small business outreach from the Department of Economic Development. Staff will liaise with various Chambers of Commerce, conduct outreach to minority owned businesses and local small businesses, attend conferences to publicize Procurement's outreach in the metropolitan area, report on new rules and legislation affecting local procurement operations implemented by the federal or state government and increase the number of minority, female, and disabled-owned businesses to register and respond to solicitations.
- ★ Implemented new legislative initiatives into the procurement process, such as Bill 14-14, Health Care.
- ★ Upgraded Procurement's internal workflow dashboard (online database application 2.0) to increase efficiency, reduce errors, and improve data search access and functionality.

Accomplishments

- ☑ Received the 2015 National Procurement Institute's Achievement of Excellence in Procurement award. This award is earned by organizations that demonstrate innovation, professionalism, productivity, e-procurement, and leadership attributes.

- ✓ Partnered with the Office of County Attorney to offer contract administration courses to explain the procurement process and regulatory compliance (each session had 70 attendees).
- ✓ Represented the County to promote environmentally preferable purchasing during Maryland Green Purchasing Legislative Day.
- ✓ Power Talk Presenter at the Department of Economic Development's Women's Power Conference, "What You Need to Know About the Procurement Process".
- ✓ Encumbered \$191 million to Minority, Female, and Disabled Owned Business Program vendors, 18.5% of eligible spending in FY15.
- ✓ Encumbered \$88.5 million to Local Small Business Reserve Program vendors, 23.9% of eligible spending in FY15.

Productivity Improvements

- ✱ Reduced the average amount of time to get from Request for Proposal to contract execution from average of 9 months to 7 months.
- ✱ Collaborated with Department of Economic Development and Business Relations and the Division of Business Relations and Compliance on additional vendor outreach and events.

Program Contacts

Contact Marsha Watkins Thomas of the Office of Procurement at 240-777-9954 or Erika Lopez-Finn of the Office of Management and Budget at 240.777.2771 for more information regarding this department's operating budget.

Program Descriptions

Procurement Operations

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 assist departments in the development of procurement strategies and documents to ensure a competitive, transparent, and fair procurement process in accordance with the County Code and the Procurement Regulations. Program staff also educate vendors about the County's procurement process and procedures.

Procurement staff also provides County departments with training, assistance and guidance of department contract administrators. Procurement works collaboratively with the Division of Business Relations and Compliance, the Office of Community Partnerships and other departments to build relationships 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.

Procurement staff participates with local, state, and national procurement purchasing associations to promote and teach continuing procurement education and learning credits; latest industry trends; latest source selection methods; and cooperative purchases. Also staff participates in and leads recognized professional purchasing organizations at the local, state, and national levels.

The information technology staff provides 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 applications, databases, systems, and department website design and maintenance is included in this program as well as coordination with the County Department of Technology Services.

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Percentage of procurements completed in agreed upon time ¹	84.0	82	79	80	81

¹ This figure represents the average for the following: Invitation For Bid - 71%; Request For Proposals - 77%; and Construction - 98% for FY15.

FY17 Recommended Changes	Expenditures	FTEs
--------------------------	--------------	------

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	3,049,029	23.40
Shift: Minority and Small Business Outreach from Department of Economic Development	255,109	1.00
Enhance: Administrative Specialist for Outreach and Technical Support	70,000	1.00
Reduce: Office Supplies	(10,000)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(76,445)	0.00
FY17 Recommended	3,287,693	25.40

Business Relations and Compliance

The mission of the Division of Business Relations and Compliance (DBRC) is to plan and implement programmatic strategies to expand business opportunities for minority, female and disabled business owners and Montgomery County small businesses. The office administers the County's Living and Prevailing Wage programs as well as the Domestic Partner Benefits Law for service and construction contracts. The DBRC is solely responsible for ensuring County government contracting compliance with the socioeconomic laws, programs, and policies of the County.

-Minority, Female and Disabled Persons (MFD): the MFD program objectives focus on ensuring that contracts awarded by Montgomery County include equitable participation by certified minority, female, or disabled-owned businesses. 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 Local Small Business Reserve Program ensures that County departments award a minimum of 20 percent of total eligible contract dollars issued for goods, services or construction to registered local small businesses. The program certifies local small businesses that meet the requirements set by law, assists County departments to identify contracting opportunities and solicitations appropriate for LSBRP competition, and provides training and networking to help local small businesses compete with businesses of similar size and resources for County contracts to strengthen the local small business sector.

-Living Wage: The Living Wage Law program ensures that County contractors and subcontractors pay employees a "living wage" in compliance with the annually adjusted rate established by the Maryland State Commissioner of Labor and Industry for the Montgomery County region.

-Domestic Partner Benefits: The Domestic Partner Benefits program ensures the County's contractors or subcontractors, as employer, provide the same benefits to an employee with a domestic partner as provided to an employee with a spouse.

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Business Relations and Compliance: Percentage of contract dollars awarded to small, local business	25	24	24	24	24
Percent of contract Dollars awarded to minority/female/disabled (MFD) owned businesses	20	19	20	20	20
Value of County contracts awarded to local small businesses (\$000)	96,271	88,550	80,000	80,000	80,000

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	914,818	5.50
Increase Cost: Software Maintenance	15,900	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	42,669	0.00
FY17 Recommended	973,387	5.50

Procurement Services

The Procurement Services Section provides for departmental direction, oversight and support for the Contract Review Committee, analysis, budget preparation and monitoring. This section also manages contract scanning activities for documents, contracts and subsequent contract actions, manages archiving standards, provides departmental customer service assistance, and manages the development of Contract

Administrator Forums. Additionally, it centrally coordinates departmental training and tracking including national certifications and re-certification, expenditure control, escrow management, human resources activities, management of departmental knowledge based articles and 311 service requests, and coordination of interpreter services for departmental activities or customer needs.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	217,902	4.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	8,597	0.00
FY17 Recommended	226,499	4.00

Budget Summary

	Actual FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	0	2,778,984	2,792,011	3,073,821	10.6 %
Employee Benefits	0	980,403	921,093	977,285	-0.3 %
County General Fund Personnel Costs	0	3,759,387	3,713,104	4,051,106	7.8 %
Operating Expenses	0	422,362	381,533	436,473	3.3 %
County General Fund Expenditures	0	4,181,749	4,094,637	4,487,579	7.3 %
PERSONNEL					
Full-Time	0	33	33	35	6.1 %
Part-Time	0	2	2	2	—
FTEs	0.00	32.90	32.90	34.90	6.1 %

FY17 Recommended Changes

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY16 ORIGINAL APPROPRIATION	4,181,749	32.90
Changes (with service impacts)		
Enhance: Administrative Specialist for Outreach and Technical Support [Procurement Operations]	70,000	1.00
Reduce: Office Supplies [Procurement Operations]	(10,000)	0.00
Other Adjustments (with no service impacts)		
Shift: Minority and Small Business Outreach from Department of Economic Development [Procurement Operations]	255,109	1.00
Increase Cost: FY17 Compensation Adjustment	56,704	0.00
Increase Cost: Group Insurance Adjustment	21,188	0.00
Increase Cost: Software Maintenance [Business Relations and Compliance]	15,900	0.00
Increase Cost: Printing and Mail	531	0.00
Decrease Cost: Telecommunications to the Telecommunications Non-Departmental Account	(2,320)	0.00
Decrease Cost: Retirement Adjustment	(35,732)	0.00
Decrease Cost: Annualization of FY16 Personnel Costs	(65,550)	0.00
FY17 RECOMMENDED	4,487,579	34.90

Program Summary

Program Name	FY16 APPR		FY17 REC	
	Expenditures	FTEs	Expenditures	FTEs
Procurement Operations	3,049,029	23.40	3,287,693	25.40
Business Relations and Compliance	914,818	5.50	973,387	5.50
Procurement Services	217,902	4.00	226,499	4.00

Program Name	FY16 APPR Expenditures	FTEs	FY17 REC Expenditures	FTEs
Total	4,181,749	32.90	4,487,579	34.90

Charges to Other Departments

Charged Department	Charged Fund	FY16		FY17	
		Total\$	FTEs	Total\$	FTEs
COUNTY GENERAL FUND					
Fleet Management Services	Motor Pool	37,375	0.30	38,826	0.30
Parking District Services	Bethesda Parking	6,387	0.05	6,397	0.05
Parking District Services	Silver Spring Parking	6,387	0.05	6,397	0.05
Transit Services	Mass Transit	24,917	0.20	25,884	0.20
Solid Waste Services	Solid Waste Disposal	62,292	0.50	64,711	0.50
Total		137,358	1.10	142,215	1.10

Future Fiscal Impacts

Title	CE RECOMMENDED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22
COUNTY GENERAL FUND						
EXPENDITURES						
FY17 Recommended	4,488	4,488	4,488	4,488	4,488	4,488
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	31	31	31	31	31
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	4,488	4,519	4,519	4,519	4,519	4,519

THIS PAGE INTENTIONALLY LEFT BLANK



OFFICE OF PROCUREMENT

Isiah Leggett
County Executive

Cherri Branson
Director

MEMORANDUM

April 20, 2016

To: Hon. Nancy Navarro, Chair, Government Operations and Fiscal Policy Committee
Hon. Hans Reimer, Member, Government Operations and Fiscal Policy Committee
Hon. Sidney Katz, Member, Government Operations and Fiscal Policy Committee

From: Cherri Branson, 
Director, Office of Procurement

Re: Office of Procurement – Added responsibilities and resources

I appreciate the support expressed for Bill 61-14, Contracts and Procurement – Local Business Subcontracting Program at the Committee work session on April 4, 2016.

This memorandum responds to questions raised at the work session regarding the fiscal and organizational impact of Bill 61-14 and certain other bills passed over the last two years on the Office of Procurement.

As you may recall, Page 5 of the staff packet on Bill 61-14 included a chart delineating the estimated FTE impact and related expense for 7 bills enacted in 2014 and 2015 along with the currently pending Bill 61-14. At first glance, the chart appears to indicate the need for 7 FTEs. During the last two years, the fiscal impact of each bill was evaluated separately, independent of other bills, and external to a consideration of functions currently performed by county employees.

To accurately assess the overall impact of the bills, including Bill 61-14, the County Executive asked the Office of Procurement to review current staffing resources and evaluate the overall cumulative need for additional resources. The Office reviewed the added responsibilities of the bills within its current administrative framework.

Viewing the added responsibilities in this manner allowed the Office to determine whether connections exist between anticipated job functions and current job functions, as well as whether the alignment of functions may create synergies. By viewing these added responsibilities in this task-specific manner, we believe that current staff will be able to undertake the responsibilities associated with the lion's share of the anticipated work.

Attached you will find a chart that places the added responsibilities for the bills within our current administrative framework and delineates the type of tasks that we believe will be necessary for implementation.

Office of Procurement

255 Rockville Pike, Suite 180 • Rockville, Maryland 20850 • 240-777-9900 • 240-777-9956 TTY • 240-777-9952 FAX
www.montgomerycountymd.gov



At this time, the Office believes it will be able to implement the seven bills on the chart staff packet chart (along with 4 others that have not yet passed or have no impact on staffing needs) with current staff supplemented by the new Administrative Specialist position included in the FY17 proposed Operating Budget and possibly one other FTE, described below.

The need for a second FTE to implement Bill 43-15 (WRL protection for contractors covered by a collective bargaining agreement) and Bill 5-15 (new health insurance preference), may exist but remains unclear for two reasons. First, our existing private contractor who assists with WRL enforcement may be able to undertake some of the work. While we can anticipate additional cost associated with the expansion of the contract responsibilities, we have not yet obtained a cost estimate. Second, implementation of Bill 5-15 is a shared responsibility with the Department of Health and Human Services (HHS). The Office of Procurement may be able to use a technological solution for its responsibilities under the bill (calculating preferences).

As the Office undertakes implementation, the evaluation of the need for this FTE will continue. The Office of Procurement will keep the GO Committee apprised.

I hope the above text and the attached chart address the questions you have raised. Please let me know if you have any additional concerns.

Attachment

Bill	Bill Name	Added responsibilities	OMB approved FIS	Revisited proposal
Staff: Program Manager – grade 25, managing both Living and Prevailing Wage				
14-14	WRL - Employee Health Care	DBRC: auditing, Health Insurance knowledge, analyzing Operations: added analysis, applications, reviews Full FIS: http://www.inontgomerycountymd.gov/COUNCIL/Resources/Files/bill/2014/Packets/20150414_7C.pdf	0.5 + 0.5 funded	0.5 + 0.5 funded
29-14	WRL - Gender and Race Reporting	DBRC: financing and auditing, data mining, investigating Operations: added analysis, applications, reviews Full FIS: http://www.montgomerycountymd.gov/COUNCIL/Resources/Files/bill/2014/Packets/20150414_7F.pdf	0.5 + 0.5 unfunded	0.5 + 0.5 Current staff will absorb the other duties
5-15	WRL - Health Insurance Preference	DBRC: validate certifications, apply and calculate preferences Operations: added input and tracking processes Full FIS: http://www.montgomerycountymd.gov/COUNCIL/Resources/Files/bill/2015/Packets/20150915_5A.pdf	0.5 + 0.5 unfunded	
43-15	WRL enforcement enhancement	DBRC: review 400+ quarterly reports, added CBA contractors Operations: added processes, response to MPIA requests Full FIS: http://www.montgomerycountymd.gov/COUNCIL/Resources/Files/bill/2015/Packets/20160202_6A.pdf	1 + 1 unfunded	
40-14	PWL Apprenticeship Training	--Postponed--	Contractor cost	
Staff: Procurement Specialist – grade 23, managing LSBRP				
13-14	Local Preference – tie breaker		0	Can be absorbed by the funded 1 Administrative Specialist
49-14	Reciprocal Local Preference	DBRC: keep records of all other jurisdictions' local preference Full FIS: http://www.montgomerycountymd.gov/COUNCIL/Resources/Files/bill/2014/Packets/20150414_7E.pdf	1 unfunded	
61-14	Local Business Subcontracting	DBRC: separate certification, Local subcontractor plan, track and monitor participation Operations: added analysis, applications, reviews FIS: http://www.montgomerycountymd.gov/COUNCIL/Resources/Files/agenda/cm/2016/160404/20160404_GO3.pdf	0.5 + 0.5 submitted	
23-15	LSBRP amendments		0	
Staff: Program Specialist – grade 21, managing MFD				
42-14	MFD sunset extension		0	Absorbed
48-14	MFD evaluation points	DBRC: review MFD plans, assign points, log and track	0	
48-15	MFD sunset extension		0	
Staff: Program Manager – grade 23, managing outreach for procurement and compliance programs				

Office of Procurement

(35 Positions)

