



Procurement

Recommended FY18 Budget

\$4,512,962

Full Time Equivalents

34.90

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 FY18 Operating Budget for the Office of Procurement is \$4,512,962, an increase of \$28,605 or 0.64 percent from the FY17 Approved Budget of \$4,484,357. Personnel Costs comprise 90.37 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 9.63 percent of the FY18 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 FY17 estimates reflect funding based on the FY17 approved budget. The FY18 and FY19 figures are performance targets based on the FY18 recommended budget and funding for comparable service levels in FY19.

Initiatives

- ★ Enhancing the County's comprehensive Procurement Guide.
- ★ Created and updating a searchable online database that allows County employees to read, and learn from, the minutes taken at the Contract Review Committee (CRC) meetings.

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- ★ Developed and currently conducting enhanced curriculum classes for Contract Administrators; including a new class on Contract Transition Planning.
 - ★ Enhancing Minority, Female, and Disabled (MFD); and Local Small Business Reserve Program (LSBRP) outreach efforts, through a more focused collaboration with other local Montgomery County jurisdictions.

Accomplishments

- ✓ Encumbered \$190 million of procurement contracts to MFD Owned Business Program vendors, 21% of eligible spending in FY16.
- ✓ Encumbered \$87.5 million of procurement contracts to LSBRP vendors, 24.3% of eligible spending in FY16.
- ✓ To implement Bills 48-14 (MFD evaluation points) and 43-15 (LSBRP amendments); the Office enhanced outreach to MFD and LSBRP vendors, to increase participation in the certification process. Since July, 2015 to date, total vendor registration has increased from 14,323 to 15,987, or 11.6%; certified MFD vendors increased from 686 to 924, or approximately 35%; fully certified LSBRP vendors increased from 91 to 563 - an over 500% increase.
- ✓ Accountability Measure - Recouped and distributed over \$300,000 in Wage Requirement Law underpayments to 318 employees of County service contract vendors.

Innovations and Productivity Improvements

★ Contract Administration Innovations:

- Developed a Qualification and Selection Committee (QSC) Guide
- Developed Debriefing Guidelines and Agenda and Ground Rules
- Conducted QSC and Debriefing training; with approximately 100 Contract Administrators in attendance
- Completed Direct Purchase Order (DPO) Violation Reporting to identify potential violations
- Developed a "google-search" type mechanism for contract administrators to facilitate use of LSBRP and MFD businesses

★ Streamlining Measures:

- Simplified the Request for Proposal (RFP) template, reducing length by 43% (from 44 pages to 25 pages)
- Developed a pre-approved amendment form for Department of Health and Human Services (DHHS) grants contracts

★ Transparency Measures:

- Developed an e-notice receipt for vendor's bids and proposals, which provides acknowledgement and an overview of the County's procurement process
- Required departments to provide a scope of services required; and include an internet URL address for Informal Solicitation documents, allowing easier vendor access to information
- Updated Unsuccessful Offeror and Bidder letters to automatic e-notices that include information on how to request a debriefing from the Office
- Centralized disposition of Surplus Property and developed Disposal Guidance procedures

- ✦ The Office enhanced their internet website in accordance with the County's more responsive design; making it easier for stakeholders to locate policies, e-Portals, Boiler Plate contract language, and perform related search actions.

Program Contacts

Contact Marsha Watkins Thomas of the Office of Procurement at 240-777-9954 or Bryan Hunt of the Office of Management and Budget at 240.777.2767 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 (IT) 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 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 FY15	Actual FY16	Estimated FY17	Target FY18	Target FY19
Percent of procurements meeting agreed-upon timeline (Construction)	98%	93%	95%	95%	95%
FY18 Recommended Changes			Expenditures	FTEs	
FY17 Approved			3,284,471	25.40	
Restore: Fill an FY17 Lapsed Procurement Specialist II Position			35,418	0.00	
Increase Cost: Miscellaneous Personnel Costs			6,971	0.00	
Reduce: Under-fill Procurement Specialist II			(17,424)	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.			66,515	0.00	
FY18 Recommended			3,375,951	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.

Program Performance Measures	Actual FY15	Actual FY16	Estimated FY17	Target FY18	Target FY19
Business Relations and Compliance: Percentage of contract dollars awarded to LSBs (Local Small Businesses)	24%	24%	24%	25%	25%
Percent of County contract dollars that are awarded to certified MFD vendors (measured against County goals for each category)	19%	21%	20%	20%	20%
Value of County contracts awarded to local small businesses (\$000)	\$88,550	\$87,300	\$88,000	\$90,000	\$90,000

FY18 Recommended Changes	Expenditures	FTEs
FY17 Approved	973,387	5.50
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	33,004	0.00
FY18 Recommended	1,006,391	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.

FY18 Recommended Changes	Expenditures	FTEs
FY17 Approved	226,499	4.00
Reduce: Under-fill Procurement Specialist II	(14,992)	0.00
Reduce: Lapse Office Services Coordinator Position	(90,245)	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.	9,358	0.00
FY18 Recommended	130,620	4.00

BUDGET SUMMARY

	Actual FY16	Budget FY17	Estimate FY17	Recommended FY18	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,744,806	3,070,599	3,078,971	3,039,221	-1.0 %
Employee Benefits	918,330	977,285	957,410	1,038,959	6.3 %
County General Fund Personnel Costs	3,663,136	4,047,884	4,036,381	4,078,180	0.7 %
Operating Expenses	442,541	436,473	434,422	434,782	-0.4 %
County General Fund Expenditures	4,105,677	4,484,357	4,470,803	4,512,962	0.6 %
PERSONNEL					
Full-Time	33	35	35	35	—
Part-Time	2	2	2	2	—
FTEs	32.90	34.90	34.90	34.90	—
REVENUES					
Other Charges and Fees	(5,075)	0	0	0	—
County General Fund Revenues	(5,075)	0	0	0	—

FY18 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY17 ORIGINAL APPROPRIATION	4,484,357	34.90
Changes (with service impacts)		
Reduce: Under-fill Procurement Specialist II [Procurement Services]	(14,992)	0.00
Reduce: Under-fill Procurement Specialist II [Procurement Operations]	(17,424)	0.00
Reduce: Lapse Office Services Coordinator Position [Procurement Services]	(90,245)	0.00
Other Adjustments (with no service impacts)		
Increase Cost: FY18 Compensation Adjustment	74,735	0.00
Restore: Fill an FY17 Lapsed Procurement Specialist II Position [Procurement Operations]	35,418	0.00
Increase Cost: Retirement Adjustment	15,907	0.00
Increase Cost: Annualization of FY17 Compensation Increases	12,906	0.00
Increase Cost: Annualization of FY17 Personnel Costs	7,020	0.00

FY18 RECOMMENDED CHANGES

	Expenditures	FTEs
Increase Cost: Miscellaneous Personnel Costs [Procurement Operations]	6,971	0.00
Decrease Cost: Printing and Mail	(1,691)	0.00
FY18 RECOMMENDED	4,512,962	34.90

PROGRAM SUMMARY

Program Name	FY17 APPR Expenditures	FY17 APPR FTEs	FY18 REC Expenditures	FY18 REC FTEs
Procurement Operations	3,284,471	25.40	3,375,951	25.40
Business Relations and Compliance	973,387	5.50	1,006,391	5.50
Procurement Services	226,499	4.00	130,620	4.00
Total	4,484,357	34.90	4,512,962	34.90

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY17 Total\$	FY17 FTES	FY18 Total\$	FY18 FTES
COUNTY GENERAL FUND					
Fleet Management Services	Motor Pool	38,826	0.30	39,953	0.30
Parking District Services	Bethesda Parking	6,397	0.05	6,479	0.05
Parking District Services	Silver Spring Parking	6,397	0.05	6,479	0.05
Transit Services	Mass Transit	25,884	0.20	26,636	0.20
Solid Waste Services	Solid Waste Disposal	64,711	0.50	66,589	0.50
Total		142,215	1.10	146,136	1.10

FUTURE FISCAL IMPACTS

CE RECOMMENDED (\$000S)

Title	FY18	FY19	FY20	FY21	FY22	FY23
COUNTY GENERAL FUND						
EXPENDITURES						
FY18 Recommended	4,513	4,513	4,513	4,513	4,513	4,513
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	18	18	18	18	18
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	4,513	4,531	4,531	4,531	4,531	4,531