



Procurement

RECOMMENDED FY19 BUDGET

\$4,445,369

FULL TIME EQUIVALENTS

34.90

 CHERRI BRANSON, DIRECTOR

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 FY19 Operating Budget for the Office of Procurement is \$4,445,369, a decrease of \$67,593 or 1.50 percent from the FY18 Approved Budget of \$4,512,962. Personnel Costs comprise 92.46 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 7.54 percent of the FY19 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 FY18 estimates reflect funding based on the FY18 approved budget. The FY19 and FY20 figures are performance targets based on the FY19 recommended budget and funding for comparable service levels in FY20.

INITIATIVES

- ★ Drafted legislation to prevent Procurement from involvement in enforcement of State campaign finance law. The bill was passed by the State legislature and signed into law.

ACCOMPLISHMENTS

- ✓ Encumbered \$217.8 million to Minority, Female, and Disabled (MFD) Owned Business Program vendors, comprising 23.24 percent of eligible spending in FY17.
- ✓ In FY17, African American owned businesses made improvements in every purchasing category. Additionally, MFD businesses made significant strides in the Construction category. In other purchasing categories, Female owned businesses remain in the lead in Non-professional Services as well as the Goods categories. In the Professional Services category, Hispanic American owned businesses almost doubled the value of contracts received in FY16 to \$8,551,018 in FY17.
- ✓ Encumbered \$93.4 million to Local Small Business Reserve Program (LSBRP) vendors, comprising 24.88 percent of eligible spending in FY17.
- ✓ Conducted Procurement Overview and Compliance trainings to further professional development and to strengthen networking and collaboration between contract administrators, peers, and procurement staff on contract issues.
- ✓ Procurement received the Achievement of Excellence in Procurement (AEP) Award for its demonstration of innovation, professionalism, E-Procurement, productivity, and leadership with a strong dedication to the advancement of the public procurement profession.
- ✓ Focused on outreach efforts and validating/certifying MFD and LSBRP vendors - hosting or attending outreach and networking events.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ Developed an online database for retrieval and search of Contract Review Committee (CRC) minutes from FY99 to the present by contract number, contract description or vendor.
- ★ Developed two pre-approved Community Grant contract templates (different dollar thresholds) for Countywide use.
- ★ Developed a "Pocket Guide to Doing Business with Montgomery County" for distribution and availability at various events and meetings for potential vendors needing a useful and informative resource for basic procedures to follow when doing business with the County.

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 240.777.2786 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 within the County. Procurement Specialists develop contract administration procedures, 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. Staff also 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 countywide 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's Department of Technology Services. The IT Program includes collaboration with Open Data and other initiatives.

Program Performance Measures	Actual FY16	Actual FY17	Estimated FY18	Target FY19	Target FY20
Percentage of procurements completed in agreed upon time ¹	84	81	82	83	84

¹ This figure represents the average for the following: Invitation For Bid - 76%; Request For Proposals - 81%; and Construction - 87% for FY17.

FY19 Recommended Changes	Expenditures	FTEs
FY18 Approved	3,375,951	25.40
Eliminate: Advertised Contract Solicitations and Computer Software Licensing Fees	(13,290)	0.00
Decrease Cost: Operating Expenses	(29,035)	0.00
Reduce: Contractual Support Services	(34,500)	0.00
Decrease Cost: Turnover Savings	(40,147)	0.00
Reduce: Lapse	(45,600)	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.	118,631	0.00
FY19 Recommended	3,332,010	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 Wage Requirements and Prevailing Wage programs for service and construction contracts. The DBRC is 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 the 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.

-Wage Requirements Law (WRL): The Wage Requirements 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.

-Prevailing Wage Law (PWL): The Prevailing Wage Law is patterned after the Federal Davis-Bacon and State of Maryland's prevailing wage laws. It requires the prevailing wage be paid to workers on County financed construction contracts. The prevailing wage rate is a rate paid for comparable work in the private sector within the County. The rates are calculated by the State, based on surveys of construction company employers.

Program Performance Measures	Actual FY16	Actual FY17	Estimated FY18	Target FY19	Target FY20
Business Relations and Compliance: Percentage of contract dollars awarded to LSBs	24	25	25	25	25
Percent of County contract dollars that are awarded to certified MFD vendors (measured against County goals for each category)	21	23	23	24	24
Value of County contracts awarded to local small businesses (\$s)	87,505	93,408	95,000	100,000	100,000

FY19 Recommended Changes	Expenditures	FTEs
FY18 Approved	1,006,391	5.50
Reduce: Contractual Support Services	(10,000)	0.00
Reduce: Operating Expenses	(12,500)	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.	(21,330)	0.00
FY19 Recommended	962,561	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 and provides departmental customer service assistance. 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.

FY19 Recommended Changes	Expenditures	FTEs
FY18 Approved	130,620	4.00
Decrease Cost: Telecommunication Service Requests	(536)	0.00
Reduce: Lapse Office Services Coordinator Position	(70,216)	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.	90,930	0.00
FY19 Recommended	150,798	4.00

BUDGET SUMMARY

	Actual FY17	Budget FY18	Estimate FY18	Recommended FY19	%Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,971,900	3,039,221	3,092,571	3,065,607	0.9 %
Employee Benefits	950,450	1,038,959	1,059,888	1,044,594	0.5 %
County General Fund Personnel Costs	3,922,350	4,078,180	4,152,459	4,110,201	0.8 %
Operating Expenses	503,398	434,782	305,240	335,168	-22.9 %
Capital Outlay	20	0	0	0	—
County General Fund Expenditures	4,425,768	4,512,962	4,457,699	4,445,369	-1.5 %
PERSONNEL					
Full-Time	35	35	35	35	—
Part-Time	2	2	2	2	—
FTEs	34.90	34.90	34.90	34.90	—
REVENUES					
Miscellaneous Revenues	143	0	0	0	—
County General Fund Revenues	143	0	0	0	—

FY19 RECOMMENDED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
	FY18 ORIGINAL APPROPRIATION	4,512,962 34.90
Changes (with service impacts)		
Reduce: Contractual Support Services [Business Relations and Compliance]	(10,000)	0.00
Reduce: Operating Expenses [Business Relations and Compliance]	(12,500)	0.00
Eliminate: Advertised Contract Solicitations and Computer Software Licensing Fees [Procurement Operations]	(13,290)	0.00
Reduce: Contractual Support Services [Procurement Operations]	(34,500)	0.00

FY19 RECOMMENDED CHANGES

	Expenditures	FTEs
Reduce: Lapse [Procurement Operations]	(45,600)	0.00
Reduce: Lapse Office Services Coordinator Position [Procurement Services]	(70,216)	0.00
Other Adjustments (with no service impacts)		
Increase Cost: Annualization of FY18 Personnel Costs	120,442	0.00
Increase Cost: FY19 Compensation Adjustment	100,440	0.00
Increase Cost: Printing and Mail	247	0.00
Decrease Cost: Telecommunication Service Requests [Procurement Services]	(536)	0.00
Decrease Cost: Operating Expenses [Procurement Operations]	(29,035)	0.00
Decrease Cost: Retirement Adjustment	(32,898)	0.00
Decrease Cost: Turnover Savings [Procurement Operations]	(40,147)	0.00
FY19 RECOMMENDED	4,445,369	34.90

PROGRAM SUMMARY

Program Name	FY18 APPR Expenditures	FY18 APPR FTEs	FY19 REC Expenditures	FY19 REC FTEs
Procurement Operations	3,375,951	25.40	3,332,010	25.40
Business Relations and Compliance	1,006,391	5.50	962,561	5.50
Procurement Services	130,620	4.00	150,798	4.00
Total	4,512,962	34.90	4,445,369	34.90

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY18 Total\$	FY18 FTEs	FY19 Total\$	FY19 FTEs
COUNTY GENERAL FUND					
Fleet Management Services	Motor Pool	39,953	0.30	40,636	0.30
Parking District Services	Bethesda Parking	6,479	0.05	6,775	0.05
Parking District Services	Silver Spring Parking	6,479	0.05	6,775	0.05
Transit Services	Mass Transit	26,636	0.20	27,091	0.20
Solid Waste Services	Solid Waste Disposal	66,589	0.50	67,727	0.50
Total		146,136	1.10	149,004	1.10

FUTURE FISCAL IMPACTS

CE RECOMMENDED (\$000S)

Title	FY19	FY20	FY21	FY22	FY23	FY24
COUNTY GENERAL FUND						
EXPENDITURES						

FUTURE FISCAL IMPACTS

CE RECOMMENDED (\$000S)

Title	FY19	FY20	FY21	FY22	FY23	FY24
FY19 Recommended	4,445	4,445	4,445	4,445	4,445	4,445
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	43	43	43	43	43
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	4,445	4,488	4,488	4,488	4,488	4,488

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