



Procurement

APPROVED FY23 BUDGET

\$5,004,508

FULL TIME EQUIVALENTS

37.90

 AVINASH G. SHETTY, DIRECTOR

MISSION STATEMENT

The mission of the Office of Procurement is to facilitate the use of public funds in partnership with County departments to effectively procure goods, services, and construction in an inclusive, transparent, and equitable manner that best serves County residents, businesses, and the public interest.

The Office of Procurement is a cabinet-level department tasked with preserving the public trust and ensuring the integrity of the County's procurement process. The Office of Procurement ensures compliance with all 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 approved FY23 Operating Budget for the Office of Procurement is \$5,004,508, an increase of \$71,225 or 1.44 percent from the FY22 Approved Budget of \$4,933,283. Personnel Costs comprise 92.17 percent of the budget for 38 full-time position(s) and two part-time position(s), and a total of 37.90 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 7.83 percent of the FY23 budget.

COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:

-  **A Growing Economy**
-  **Effective, Sustainable Government**

INITIATIVES

-  Provide funds to address a structural deficit related to printing, imaging, and interoffice mail.

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- ★ The Montgomery County Office of Procurement won a National Association of Counties (NACo) Achievement Award in the category of Information Technology for the DPO Violation E-Notification and Response System.
 - ★ The Department of Procurement was awarded the Achievement of Excellence in Procurement Award (AEP), which is earned by public and non-profit agencies that demonstrate a commitment to procurement excellence. This annual program recognizes procurement organizations that embrace Innovation, Professionalism, Productivity, Leadership, and e-Procurement.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ Expanded Minority, Female, and Disabled-Owned Business (MFD) certification to include acceptance of Veteran's Affairs (VA) Service Disabled Veteran-owned Businesses as of October 1, 2021.
- ★ Coordinated donation of Continuous Positive Airway Pressure (CPAP) machines for nursing homes in partnership with the Office of Emergency Management and Homeland Security and the Department of General Services.
- ★ Partnered with the Office of the County Attorney and Department of Health and Human Services in development of a County Council Resolution provision to allow process flexibility and agility when implementing contract scope and funding changes resulting from the pandemic.

PROGRAM CONTACTS

Contact Grace Denno of the Office of Procurement at 240.777.9959 or Derrick Harrigan of the Office of Management and Budget at 240.777.2759 for more information regarding this department's operating budget.

PROGRAM 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 FY22 estimates reflect funding based on the FY22 Approved Budget. The FY23 and FY24 figures are performance targets based on the FY23 Approved Budget and funding for comparable service levels in FY24.

PROGRAM DESCRIPTIONS

★ 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 as well as 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. 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 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 in identifying 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 local 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 FY20 | Actual FY21 | Estimated FY22 | Target FY23 | Target FY24 |
|--|-------------|-------------|----------------|-------------|-------------|
| Percent of County contract dollars that are awarded to certified MFD vendors (measured against County goals for each category) | 22.9% | 26.8% | 25.0% | 25.0% | 25.0% |
| Business Relations and Compliance: Percent of contract dollars awarded to LSBs | 27.8% | 27.2% | 26.0% | 26.0% | 26.0% |
| Enforcement: Dollars returned to workers as result of enforcement actions taken by Procurement | \$80,920 | \$104,780 | \$100,000 | \$100,000 | \$100,000 |

| FY23 Approved Changes | Expenditures | FTEs |
|---|------------------|-------------|
| FY22 Approved | 1,447,995 | 9.50 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 38,424 | 0.00 |
| FY23 Approved | 1,486,419 | 9.50 |

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 Specialists develop contract administration procedures, research vendors, review contracts, 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 support to develop and maintain information systems for the department's business operations. This includes purchase and maintenance of IT equipment, service and support for major end-user 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 and Enterprise Business Solutions (TEBS).

| Program Performance Measures | Actual FY20 | Actual FY21 | Estimated FY22 | Target FY23 | Target FY24 |
|--|-------------|-------------|----------------|-------------|-------------|
| Percent of procurements completed in agreed upon time ¹ | 80% | 73% | 73% | 75% | 75% |

¹ This figure represents the average for the following: Invitation For Bid - 68%; Request For Proposals - 77%; and Construction - 75% for FY21.

| FY23 Approved Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY22 Approved | 3,272,864 | 24.40 |
| Increase Cost: Structural Deficit | 31,206 | 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. | 23,462 | 0.00 |
| FY23 Approved | 3,327,532 | 24.40 |

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-certifications, expenditure control, escrow management, human resources activities, management of departmental Knowledge Base Articles and MC311 service requests, and coordination of interpreter services for departmental activities or customer needs.

| FY23 Approved Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY22 Approved | 212,424 | 4.00 |
| Decrease Cost: Enterprise Account Licenses | (2,500) | 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. | (19,367) | 0.00 |
| FY23 Approved | 190,557 | 4.00 |

BUDGET SUMMARY

| | Actual FY21 | Budget FY22 | Estimate FY22 | Approved FY23 | %Chg Bud/App |
|--|------------------|------------------|------------------|------------------|--------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 2,664,702 | 3,576,423 | 2,788,534 | 3,622,776 | 1.3 % |
| Employee Benefits | 747,992 | 994,391 | 776,102 | 989,886 | -0.5 % |
| County General Fund Personnel Costs | 3,412,694 | 4,570,814 | 3,564,636 | 4,612,662 | 0.9 % |

BUDGET SUMMARY

| | Actual FY21 | Budget FY22 | Estimate FY22 | Approved FY23 | %Chg Bud/App |
|---|------------------|------------------|------------------|------------------|-----------------|
| Operating Expenses | 459,119 | 362,469 | 530,758 | 391,846 | 8.1 % |
| County General Fund Expenditures | 3,871,813 | 4,933,283 | 4,095,394 | 5,004,508 | 1.4 % |
| PERSONNEL | | | | | |
| Full-Time | 38 | 38 | 38 | 38 | — |
| Part-Time | 2 | 2 | 2 | 2 | — |
| FTEs | 37.90 | 37.90 | 37.90 | 37.90 | — |
| REVENUES | | | | | |
| Miscellaneous Revenues | 5,888 | 0 | 0 | 0 | — |
| County General Fund Revenues | 5,888 | 0 | 0 | 0 | — |
| GRANT FUND - MCG | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 3,295 | 0 | 0 | 0 | — |
| Employee Benefits | 0 | 0 | 0 | 0 | — |
| Grant Fund - MCG Personnel Costs | 3,295 | 0 | 0 | 0 | — |
| Operating Expenses | 5,835 | 0 | 0 | 0 | — |
| Grant Fund - MCG Expenditures | 9,130 | 0 | 0 | 0 | — |
| PERSONNEL | | | | | |
| Full-Time | 0 | 0 | 0 | 0 | — |
| Part-Time | 0 | 0 | 0 | 0 | — |
| FTEs | 0.00 | 0.00 | 0.00 | 0.00 | — |
| REVENUES | | | | | |
| Federal Grants | 9,130 | 0 | 0 | 0 | % |
| Grant Fund - MCG Revenues | 9,130 | 0 | 0 | 0 | — |
| DEPARTMENT TOTALS | | | | | |
| Total Expenditures | 3,880,943 | 4,933,283 | 4,095,394 | 5,004,508 | 1.4 % |
| Total Full-Time Positions | 38 | 38 | 38 | 38 | — |
| Total Part-Time Positions | 2 | 2 | 2 | 2 | — |
| Total FTEs | 37.90 | 37.90 | 37.90 | 37.90 | — |
| Total Revenues | 15,018 | 0 | 0 | 0 | — |

FY23 APPROVED CHANGES

| | Expenditures | FTEs |
|---|------------------|--------------|
| COUNTY GENERAL FUND | | |
| FY22 ORIGINAL APPROPRIATION | 4,933,283 | 37.90 |
| <u>Other Adjustments (with no service impacts)</u> | | |
| Increase Cost: Annualization of FY22 Compensation Increases | 81,308 | 0.00 |

FY23 APPROVED CHANGES

| | Expenditures | FTEs |
|---|------------------|--------------|
| Increase Cost: FY23 Compensation Adjustment | 63,007 | 0.00 |
| Increase Cost: Structural Deficit [Procurement Operations] | 31,206 | 0.00 |
| Increase Cost: Printing and Mail Adjustment | 671 | 0.00 |
| Decrease Cost: Enterprise Account Licenses [Procurement Services] | (2,500) | 0.00 |
| Decrease Cost: Retirement Adjustment | (35,176) | 0.00 |
| Decrease Cost: Annualization of FY22 Personnel Costs | (67,291) | 0.00 |
| FY23 APPROVED | 5,004,508 | 37.90 |

PROGRAM SUMMARY

| Program Name | FY22 APPR Expenditures | FY22 APPR FTEs | FY23 APPR Expenditures | FY23 APPR FTEs |
|-----------------------------------|---------------------------|-------------------|---------------------------|-------------------|
| Business Relations and Compliance | 1,447,995 | 9.50 | 1,486,419 | 9.50 |
| Procurement Operations | 3,272,864 | 24.40 | 3,327,532 | 24.40 |
| Procurement Services | 212,424 | 4.00 | 190,557 | 4.00 |
| Total | 4,933,283 | 37.90 | 5,004,508 | 37.90 |

CHARGES TO OTHER DEPARTMENTS

| Charged Department | Charged Fund | FY22 Total\$ | FY22 FTEs | FY23 Total\$ | FY23 FTEs |
|-----------------------------------|-----------------------|-----------------|--------------|-----------------|--------------|
| COUNTY GENERAL FUND | | | | | |
| Fleet Management Services | Motor Pool | 46,528 | 0.30 | 48,591 | 0.30 |
| Parking District Services | Bethesda Parking | 5,813 | 0.05 | 4,108 | 0.05 |
| Parking District Services | Silver Spring Parking | 5,813 | 0.05 | 4,108 | 0.05 |
| Transit Services | Mass Transit | 31,019 | 0.20 | 32,394 | 0.20 |
| Recycling and Resource Management | Solid Waste Disposal | 77,547 | 0.50 | 80,986 | 0.50 |
| Total | | 166,720 | 1.10 | 170,187 | 1.10 |

FUNDING PARAMETER ITEMS

CC APPROVED (\$000S)

| Title | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| COUNTY GENERAL FUND | | | | | | |
| EXPENDITURES | | | | | | |
| FY23 Approved | 5,005 | 5,005 | 5,005 | 5,005 | 5,005 | 5,005 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Labor Contracts | 0 | 192 | 192 | 192 | 192 | 192 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |

FUNDING PARAMETER ITEMS

CC APPROVED (\$000S)

| Title | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Subtotal Expenditures | 5,005 | 5,197 | 5,197 | 5,197 | 5,197 | 5,197 |

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