



Procurement

APPROVED FY24 BUDGET

\$5,068,606

FULL TIME EQUIVALENTS

38.90

 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 FY24 Operating Budget for the Office of Procurement is \$5,068,606, an increase of \$64,098 or 1.28 percent from the FY23 Approved Budget of \$5,004,508. Personnel Costs comprise 92.26 percent of the budget for 39 full-time position(s) and two part-time position(s), and a total of 38.90 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 7.74 percent of the FY24 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**

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

-  The Office of Procurement has recently implemented a number of initiatives to improve efficiency as it pertains to contract

management and related purchasing activities. The most notable has been the introduction of PRO Direct, a web-based application that allows departments to connect with Procurement to request and complete purchasing actions. This feature was created to centralize and track requests submitted by departments to assist with timely processing and increase transparency. The central point of entry was required to eliminate access issues for requests sent directly to individuals via traditional methods, (i.e., email, chat, inter-office mail). With the implementation of this application, the Office of Procurement has enforced a commitment to acknowledge and/or respond to all requests within four business hours with the embedded PRO411 option. The application proved highly successful, garnering significant utilization from County departments, facilitating streamlined tracking and ensuring prompt completion of procurement actions.

- ★ The Office of Procurement has automated the workflow process County employees use to dispose of surplus items with the introduction of the surplus request application. Initially, this process was manual, timely, and difficult to track. For example, requests to dispose of surplus items were sent to Procurement management via email which required significant coordination to retrieve information on the outcomes of the requests. The new application incorporates an approval workflow and guides the end user on all required information prior to submission. Results are readily available for all County employees to aid in our mission to improve transparency.
- ★ The Office of Procurement has improved efficiency and transparency with the introduction of the Emergency Procurement request application. This web-based tool is used by County departments to request the approval of urgent and unexpected informal purchases where the health and safety of the public, or the conservation of public resources, are at risk. This application assists with the required documentation of the facts that constitute the emergency. Procurements under this section are limited to those goods, construction, or services required to meet the emergency and must be made with competition to the extent practical under the circumstances.
- ★ Procurement received five distinguished awards for efforts to improve efficiency from the National Association of Counties and the National Procurement Institute for Excellence in Public Procurement.

PROGRAM CONTACTS

Contact Sarah Giambra of the Office of Procurement at 240.777.9951 or Natasha Joseph-Wilkerson of the Office of Management and Budget at 240.773.0052 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 FY23 estimates reflect funding based on the FY23 Approved Budget. The FY24 and FY25 figures are performance targets based on the FY24 Approved Budget and funding for comparable service levels in FY25.

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 FY21	Actual FY22	Estimated FY23	Target FY24	Target FY25
Percent of County contract dollars that are awarded to certified MFD vendors (measured against County goals for each category)	26.8%	26.0%	25.0%	25.0%	25.0%
Business Relations and Compliance: Percent of contract dollars awarded to LSBs	27.2%	26.2%	26.0%	27.0%	27.0%
Enforcement: Dollars returned to workers as result of enforcement actions taken by Procurement	\$104,780	\$116,087	\$100,000	\$100,000	\$100,000

FY24 Approved Changes	Expenditures	FTEs
FY23 Approved	1,486,419	9.50
Re-align: One-time Budget Adjustment to Reflect Higher than Expected Vacant Positions (A/C 50099)	(36,168)	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.	(216,908)	(3.00)
FY24 Approved	1,233,343	6.50

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 recognized professional purchasing organizations at the local, State, and national levels.

Program Performance Measures	Actual FY21	Actual FY22	Estimated FY23	Target FY24	Target FY25
Percent of procurements completed in agreed upon time ¹	73%	74%	78%	80%	80%

¹ This figure represents the average for the following: Invitation For Bid - 70%; Request For Proposals - 79%; and Construction - 75% for FY22.

FY24 Approved Changes	Expenditures	FTEs
FY23 Approved	3,327,532	24.40
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(228,303)	0.00
FY24 Approved	3,099,229	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.

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).

FY24 Approved Changes	Expenditures	FTEs
FY23 Approved	190,557	4.00
Increase Cost: Mid Year Creation of MIII Position	174,644	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	370,833	3.00
FY24 Approved	736,034	8.00

BUDGET SUMMARY

	Actual FY22	Budget FY23	Estimate FY23	Approved FY24	%Chg Bud/App
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	2,736,194	3,622,776	3,160,161	3,687,029	1.8 %
Employee Benefits	741,214	989,886	862,812	989,015	-0.1 %

BUDGET SUMMARY

	Actual FY22	Budget FY23	Estimate FY23	Approved FY24	%Chg Bud/App
County General Fund Personnel Costs	3,477,408	4,612,662	4,022,973	4,676,044	1.4 %
Operating Expenses	445,903	391,846	392,346	392,562	0.2 %
County General Fund Expenditures	3,923,311	5,004,508	4,415,319	5,068,606	1.3 %
PERSONNEL					
Full-Time	38	38	38	39	2.6 %
Part-Time	2	2	2	2	—
FTEs	37.90	37.90	37.90	38.90	2.6 %
REVENUES					
Miscellaneous Revenues	3,007	0	0	0	—
County General Fund Revenues	3,007	0	0	0	—

FY24 APPROVED CHANGES

	Expenditures	FTEs
COUNTY GENERAL FUND		
FY23 ORIGINAL APPROPRIATION	5,004,508	37.90
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Annualization of FY23 Compensation Increases	197,806	0.00
Increase Cost: Mid Year Creation of MIII Position [Procurement Services]	174,644	1.00
Increase Cost: FY24 Compensation Adjustment	155,817	0.00
Increase Cost: Printing and Mail	716	0.00
Decrease Cost: Retirement Adjustment	(7,337)	0.00
Decrease Cost: Annualization of FY23 Personnel Costs	(11,327)	0.00
Re-align: One-time Budget Adjustment to Reflect Higher than Expected Vacant Positions (A/C 50099) [Business Relations and Compliance]	(36,168)	0.00
Re-align: One-time Budget Adjustment to Reflect Higher Than Expected Vacant Positions	(410,053)	0.00
FY24 APPROVED	5,068,606	38.90

PROGRAM SUMMARY

Program Name	FY23 APPR Expenditures	FY23 APPR FTEs	FY24 APPR Expenditures	FY24 APPR FTEs
Business Relations and Compliance	1,486,419	9.50	1,233,343	6.50
Procurement Operations	3,327,532	24.40	3,099,229	24.40
Procurement Services	190,557	4.00	736,034	8.00
Total	5,004,508	37.90	5,068,606	38.90

CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY23 Total\$	FY23 FTEs	FY24 Total\$	FY24 FTEs
COUNTY GENERAL FUND					
Fleet Management Services	Motor Pool	48,591	0.30	24,464	0.30
Parking District Services	Bethesda Parking	4,108	0.05	4,932	0.05
Parking District Services	Silver Spring Parking	4,108	0.05	4,932	0.05
Transit Services	Mass Transit	32,394	0.20	16,309	0.20
Recycling and Resource Management	Solid Waste Disposal	80,986	0.50	40,773	0.50
Total		170,187	1.10	91,410	1.10

FUNDING PARAMETER ITEMS

CC APPROVED (\$000S)

Title	FY24	FY25	FY26	FY27	FY28	FY29
COUNTY GENERAL FUND						
EXPENDITURES						
FY24 Approved	5,069	5,069	5,069	5,069	5,069	5,069
No inflation or compensation change is included in outyear projections.						
One-time Budget Adjustment to Reflect Higher than Expected Vacant Positions	0	36	36	36	36	36
Restore One-Time Lapse Increase	0	410	410	410	410	410
Labor Contracts	0	120	120	120	120	120
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	5,069	5,635	5,635	5,635	5,635	5,635