



# Procurement

## RECOMMENDED FY26 BUDGET

\$6,796,756

## FULL TIME EQUIVALENTS

37.40

 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 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 recommended FY26 Operating Budget for the Office of Procurement is \$6,796,756, an increase of \$1,155,668 or 20.49 percent from the FY25 Approved Budget of \$5,641,088. Personnel Costs comprise 83.76 percent of the budget for 38 full-time position(s) and one part-time position(s), and a total of 37.40 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 16.24 percent of the FY26 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

-  Initiating the consolidation of various contract lifecycle applications into an e-Procurement solution, integrating sourcing, contact management, vendor management, and compliance management.

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## INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

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- ✦ Develop strategies to enhance contract efficiency, ensure accountability, and improve the County's procurement process. Provide training and consultative support to departments to ensure compliance with regulations and policies. The Office of Procurement secured a spot in Harvard University's competitive virtual training boot camp to maximize vendor value and improve vendor performance documentation.
- ✦ Support minority, female, and disabled-owned (MFD) businesses in transitioning from subcontractors to prime contractors through Pathway to Primes program. This program offers networking, capacity-building, and resource access to promote inclusion, equity, and long-term business growth in public procurement.
- ✦ Organize a quarterly regional procurement compliance forum to share best practices, discuss policies, and enhance economic opportunities for disadvantaged businesses, promoting diversity, inclusion, and compliance. Introduced a local veteran business preference program to engage the local veteran business community in Montgomery County's local small business contracting opportunities.
- ✦ Increase Minority, Female, Disabled-owned business subcontracting goals based on the FY25 Disparity Study, directing more County funds to traditionally economically disadvantaged businesses.
- ✦ Ensure contract compliance with County code and regulations through the Contract Review Committee (CRC), which evaluates actions that fail to meet compliance standards during a weekly public forum. The department has streamlined the CRC meeting process with the CRC Request application and emphasizes accountability and responsible financial management. This approach prioritized cost-effective procurement for essential services while maintaining transparency and due process in both regular and emergency procurement procedures to safeguard public safety and prevent mismanagement of funds.

## PROGRAM CONTACTS

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Contact Sarah Giambra of the Office of Procurement at 240-777-9951 or Mahnoor Anjum of the Office of Management and Budget at 240-777-2771 for more information regarding this department's operating budget.

## PROGRAM PERFORMANCE MEASURES

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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 FY25 estimates reflect funding based on the FY25 Approved Budget. The FY26 and FY27 figures are performance targets based on the FY26 Recommended Budget and funding for comparable service levels in FY27.

## PROGRAM DESCRIPTIONS

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### ✦ 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 division 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 25 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.
- **The Local Business Preference Program (LBPP)** is intended to bolster the County's economic growth and support the creation and retention of employment opportunities within the County. LBPP is a local preference points program, this means that Montgomery County-based businesses will receive an extra 10% preference points on County contract awards. LBPP requires a 10% price preference for a local business bidding on an IFB or an evaluation factor worth 10% of the total points for a local business submitting a proposal under an RFP for a contract awarded by the County.
- **Local Business Subcontracting Program (LBSP):** The County established a 10% subcontracting goal for local businesses in procurement contracts with an estimated value to exceed \$10 million.
- **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.
- **Veteran-Owned Business Preference Program:** The Verified Veteran-Owned businesses that are local to Montgomery County will receive additional evaluation points worth 5% of the total available points for proposals submitted under Local Small Business Reserve Program.

| <b>Program Performance Measures</b>  | <b>Actual FY23</b> | <b>Actual FY24</b> | <b>Estimated FY25</b> | <b>Target FY26</b> | <b>Target FY27</b> |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|
| Percent of County contract dollars that are awarded to certified minority, female, or disabled-owned (measured against County goals for each category) | 22.6%              | 23.5%              | 25.0%                 | 25.0%              | 25.0%              |
| Business Relations and Compliance: Percent of contract dollars awarded to local small businesses   | 31.3%              | 32.2%              | 32.0%                 | 33.0%              | 34.0%              |
| Enforcement: Dollars returned to workers as result of enforcement actions taken by Procurement   | \$8,582            | \$86,920           | \$55,000              | \$55,000           | \$55,000           |

| <b>FY26 Recommended Changes</b>   | <b>Expenditures</b> | <b>FTEs</b> |
|---|---------------------|-------------|
| <b>FY25 Approved</b>  | <b>1,688,198</b>    | <b>9.50</b> |
| Decrease Cost: Reduction for Miscellaneous Operating Expenses   | (1,600)             | 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. | (266,718)           | (3.00)      |
| <b>FY26 Recommended</b>   | <b>1,419,880</b>    | <b>6.50</b> |

## ☀ 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 FY23 | Actual FY24 | Estimated FY25 | Target FY26 | Target FY27 |
|--|-------------|-------------|----------------|-------------|-------------|
| Percent of procurements completed in agreed upon time <sup>1</sup> | 85%         | 89%         | 90%            | 90%         | 90%         |

<sup>1</sup> This figure represents the average for the following: Invitation For Bid - 81%; Request For Proposals - 88%; and Construction - 100% for FY24.

| FY26 Recommended Changes  | Expenditures     | FTEs         |
|---|------------------|--------------|
| <b>FY25 Approved</b>  | <b>3,476,317</b> | <b>22.90</b> |
| Add: E-Procurement System   | 770,000          | 0.00         |
| Decrease Cost: Reduction for Miscellaneous Operating Expenses   | (50,541)         | 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. | 641,624          | 3.00         |
| <b>FY26 Recommended</b>   | <b>4,837,400</b> | <b>25.90</b> |

## ☀ 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, and 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).

| FY26 Recommended Changes | Expenditures | FTEs |
|--------------------------|--------------|------|
|--------------------------|--------------|------|

| FY26 Recommended Changes  | Expenditures   | FTEs        |
|---|----------------|-------------|
| <b>FY25 Approved</b>  | <b>476,573</b> | <b>5.00</b> |
| Decrease Cost: Reduction for Miscellaneous Operating Expenses   | (731)          | 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. | 63,634         | 0.00        |
| <b>FY26 Recommended</b>   | <b>539,476</b> | <b>5.00</b> |

## BUDGET SUMMARY

|  | Actual<br>FY24   | Budget<br>FY25   | Estimate<br>FY25 | Recommended<br>FY26 | %Chg<br>Bud/Rec |
|--|------------------|------------------|------------------|---------------------|-----------------|
| <b>COUNTY GENERAL FUND</b>                 |                  |                  |                  |                     |                 |
| <b>EXPENDITURES</b>                        |                  |                  |                  |                     |                 |
| Salaries and Wages                         | 3,671,921        | 4,110,639        | 4,139,878        | 4,418,228           | 7.5 %           |
| Employee Benefits                          | 1,028,358        | 1,136,774        | 1,124,167        | 1,274,488           | 12.1 %          |
| <b>County General Fund Personnel Costs</b> | <b>4,700,279</b> | <b>5,247,413</b> | <b>5,264,045</b> | <b>5,692,716</b>    | <b>8.5 %</b>    |
| Operating Expenses                         | 399,199          | 393,675          | 393,675          | 1,104,040           | 180.4 %         |
| <b>County General Fund Expenditures</b>    | <b>5,099,478</b> | <b>5,641,088</b> | <b>5,657,720</b> | <b>6,796,756</b>    | <b>20.5 %</b>   |
| <b>PERSONNEL</b>                           |                  |                  |                  |                     |                 |
| Full-Time                                  | 39               | 38               | 38               | 38                  | —               |
| Part-Time                                  | 2                | 1                | 1                | 1                   | —               |
| FTEs                                       | 38.90            | 37.40            | 37.40            | 37.40               | —               |
| <b>REVENUES</b>                            |                  |                  |                  |                     |                 |
| Other Charges and Fees                     | (2,405)          | 0                | 0                | 0                   | —               |
| <b>County General Fund Revenues</b>        | <b>(2,405)</b>   | <b>0</b>         | <b>0</b>         | <b>0</b>            | <b>—</b>        |

## FY26 RECOMMENDED CHANGES

|   | Expenditures     | FTEs         |
|---|------------------|--------------|
| <b>COUNTY GENERAL FUND</b>  |                  |              |
| <b>FY25 ORIGINAL APPROPRIATION</b>  | <b>5,641,088</b> | <b>37.40</b> |
| <b><u>Changes (with service impacts)</u></b>  |                  |              |
| Add: E-Procurement System [Procurement Operations]  | 770,000          | 0.00         |
| <b><u>Other Adjustments (with no service impacts)</u></b>   |                  |              |
| Increase Cost: FY26 Compensation Adjustment   | 231,660          | 0.00         |
| Increase Cost: Annualization of FY25 Compensation Increases                                       | 132,931          | 0.00         |
| Increase Cost: Annualization of FY25 Personnel Costs  | 63,492           | 0.00         |
| Increase Cost: Retirement Adjustment  | 17,220           | 0.00         |
| Decrease Cost: Reduction for Miscellaneous Operating Expenses [Procurement Services]              | (731)            | 0.00         |
| Decrease Cost: Reduction for Miscellaneous Operating Expenses [Business Relations and Compliance] | (1,600)          | 0.00         |
| Decrease Cost: Printing and Mail Adjustment   | (6,763)          | 0.00         |
| Decrease Cost: Reduction for Miscellaneous Operating Expenses [Procurement Operations]            | (50,541)         | 0.00         |

## FY26 RECOMMENDED CHANGES

|                         | Expenditures     | FTEs         |
|-------------------------|------------------|--------------|
| <b>FY26 RECOMMENDED</b> | <b>6,796,756</b> | <b>37.40</b> |

## PROGRAM SUMMARY

| Program Name                      | FY25 APPR<br>Expenditures | FY25 APPR<br>FTEs | FY26 REC<br>Expenditures | FY26 REC<br>FTEs |
|-----------------------------------|---------------------------|-------------------|--------------------------|------------------|
| Business Relations and Compliance | 1,688,198                 | 9.50              | 1,419,880                | 6.50             |
| Procurement Operations            | 3,476,317                 | 22.90             | 4,837,400                | 25.90            |
| Procurement Services              | 476,573                   | 5.00              | 539,476                  | 5.00             |
| <b>Total</b>                      | <b>5,641,088</b>          | <b>37.40</b>      | <b>6,796,756</b>         | <b>37.40</b>     |

## CHARGES TO OTHER DEPARTMENTS

| Charged Department                | Charged Fund          | FY25<br>Total\$ | FY25<br>FTEs | FY26<br>Total\$ | FY26<br>FTEs |
|-----------------------------------|-----------------------|-----------------|--------------|-----------------|--------------|
| <b>COUNTY GENERAL FUND</b>        |                       |                 |              |                 |              |
| Fleet Management Services         | Motor Pool            | 26,954          | 0.30         | 31,937          | 0.30         |
| Parking District Services         | Bethesda Parking      | 5,895           | 0.05         | 6,400           | 0.05         |
| Parking District Services         | Silver Spring Parking | 5,895           | 0.05         | 6,400           | 0.05         |
| Transit Services                  | Mass Transit          | 17,970          | 0.20         | 21,292          | 0.20         |
| Recycling and Resource Management | Solid Waste Disposal  | 44,924          | 0.50         | 53,229          | 0.50         |
| <b>Total</b>                      |                       | <b>101,638</b>  | <b>1.10</b>  | <b>119,258</b>  | <b>1.10</b>  |

## FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

| Title  | FY26         | FY27         | FY28         | FY29         | FY30         | FY31         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>COUNTY GENERAL FUND</b>   |              |              |              |              |              |              |
| <b>EXPENDITURES</b>  |              |              |              |              |              |              |
| <b>FY26 Recommended</b>  | <b>6,797</b> | <b>6,797</b> | <b>6,797</b> | <b>6,797</b> | <b>6,797</b> | <b>6,797</b> |
| No inflation or compensation change is included in outyear projections.  |              |              |              |              |              |              |
| <b>Labor Contracts</b>   | <b>0</b>     | <b>38</b>    | <b>38</b>    | <b>38</b>    | <b>38</b>    | <b>38</b>    |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.                     |              |              |              |              |              |              |
| <b>E-Procurement System</b>  | <b>0</b>     | <b>0</b>     | <b>(770)</b> | <b>(770)</b> | <b>(770)</b> | <b>(770)</b> |
| Items recommended for funding in FY26 and FY27, including implementation of an e-Procurement System, will be eliminated from the base in the outyears. |              |              |              |              |              |              |
| <b>Subtotal Expenditures</b>   | <b>6,797</b> | <b>6,835</b> | <b>6,065</b> | <b>6,065</b> | <b>6,065</b> | <b>6,065</b> |