

FY22

MINORITY, FEMALE AND DISABLED
PERSONS-OWNED BUSINESS
PROGRAM (MFD)

ANNUAL
REPORT



Executive Summary

In FY22, the County awarded **\$212,449,525** to certified Minority, Female and Disabled Persons owned (MFD) businesses that are subject to the MFD requirements. This equates to **26.03%** of the total procurement dollars (\$816,175,595) that are subject to the MFD program. The FY22 MFD awards dollars to minority firms were \$12 million higher than FY21's \$200,457,253, and the percentage is slightly lower than FY21's record high of 26.86%.

On October 1st, 2021, in the effort to encourage a more inclusive community of MFD businesses to participate in the program, we extended our list of accepted certifications to include the "Service-Disabled Veteran Owned Small Business (SDVOSB)" certificate approved by the U.S. Department of Veterans Affairs. The Service-Disabled Veterans community is able to have the opportunity to contribute and participate in the MFD program procurement process.

In FY22, African American business participation in the "Non-professional Services" category (i.e., landscaping, cleaning services, or waste hauling services) was \$36,534,261. This made African Americans the highest participating minority group at almost 40% in this category. Hispanic American businesses continued their high performance in the "Construction" category at \$12,558,698, which was 58% of this category. In the "Professional Services" category, Female owned businesses made a significant increase in FY22, receiving \$50,719,628. Of this, 98% was through prime contracting, rather than MFD subcontracting. (See page 8).

In the case of Invitation for Bid (IFB) solicitations, this is the first time that MFD vendors received more contract awards (\$19,219,380) than non-MFD vendors (\$18,994,656). It is also noteworthy that African American owned businesses received majority of formal solicitation awards amongst the MFD business groups: 82.65% of the IFB awards and 83.45% of the Request of Proposal (RFP) awards won by MFD businesses were awarded to the African American owned businesses. (See pages 9 and 10).

The CY23 MFD goals for the four purchasing categories are:

- Professional Services 19%
- Non-Professional Services 22%
- Goods 10%
- Construction 21%

The MFD program is designed to assist certified MFD businesses in gaining access to County contracting opportunities and building relationships with prime contractors. Our office was directly involved in resolving a payment dispute where the prime contractor delayed its payment to the subcontractor for more than a year for \$500,000 in services. With the cooperation of both Prime and Sub-contractors and the County stakeholders, the Procurement Office was able to reach a viable solution that benefited both parties with an agreed payment schedule and enforcement procedures to move forward.

Background

Within the Office of Procurement, the Division of Business Relations and Compliance compiles an annual report on the Minority¹, Female and Disabled Persons Owned Business Program (MFD) which provides information required in accordance with Section 11B-61 of the Montgomery County Code and the Montgomery County Procurement Regulations.

The MFD Program assists registered vendors that hold at least one County-recognized certification in identifying opportunities, as either prime contractors or sub-contractors, for County contracts with an estimated dollar value of \$50,000 or more.²

There are six (6) minority certifications recognized and accepted by the County.

Minority Certifications Recognized by the County

| Agency | Program | Description |
|---|--|--|
| U.S. Department of Veterans Affairs | Service-Disabled Veteran Owned Small Business | Service-Disabled Veteran Owned Small Business |
| Maryland Department of Transportation | Minority Business Enterprise | MDOT Certified MBE and/or DBE Businesses (MDOT-MBE) |
| Federal Small Business Administration | 8(a) Program | 8(a) Certified Businesses (SBA-8a) |
| Women's Business Enterprise National Council | Women's Business Enterprise | Women's Business Enterprise (WBENC) |
| Maryland/District of Columbia Minority Supplier Development Council | Minority Business Enterprise | Minority Business Enterprise (MSDC) |
| City of Baltimore | Minority and Women's Business Opportunity Office | Minority and Women's Business Opportunity Office (MWBOO) |

The MFD Program Specialist tracks and monitors contract awards and minority business compliance issues; conducts reviews and investigations of prime contractors' non-compliance and non-payments to minority subcontractors. These investigations may result in withholding progress payments, assessing Liquidated Damages, etc.

The MFD Program continues to work toward increasing the participation of minority businesses through working with County departments, providing sources and resources to prime contractors, workshops, outreach events, pre-submission conferences and visual networking events.

¹ Businesses owned by vendors in several socially disadvantaged groups may be eligible for certification and participation in the MFD program, including African American, Hispanic American, Asian American, Native American, Female and Persons with Disabilities.

² Grants, utilities, intra/inter-governmental procurements are not subject to the MFD requirements.

Outreach Activities and Networking Events

Outreach Events are targeted efforts, with the goal of attracting vendors from all disciplines and sectors of the business community. The objective is to invite minority vendors to participate in the County's procurement process. Events are hosted by the Office of Procurement and invitations are extended to government agencies and business organizations that have an interest in the County's minority business programs. The events provide opportunities to local and minority vendors in seeking County's contracting information and other County policies related to local, small and minority vendors.

In FY22, the Office of Procurement hosted 11 monthly online open house events, averaging 40-50 participants each time. On December 15, 2021, the office hosted a Virtual Procurement Fair with more than 400 on-line participants. On May 27, 2022, the office hosted a Minority Business Event. About 50 vendors came in person, and the livestream broadcast had 167 viewers and 51 engagements including 32 comments on Facebook.

- July 21, 2021: Monthly Open House
- August 18, 2021: Monthly Open House
- September 15, 2021: Monthly Open House: BidNet Presentation
- September 22, 2021: Back to Business: Contracting and Procurement
- September 26, 2021: Stop and Drop Marketplace
- October 12, 2021: Selling to Montgomery County
- October 13, 2021: Meet the Primes
- October 20, 2021: Monthly Open House
- October 20, 2021: MCSBA State of the County & Fall Networking event.
- November 17, 2021: Monthly Open House: Writing Effective Proposals
- December 9, 2021: Build Your Business with Procurement Opportunities in Montgomery County
- December 15, 2021: Virtual Procurement Fair
- January 19, 2022: Online Open House
- January 20, 2022: How to do Business with Montgomery County
- January 26, 2022: FMCC Small Business Round table
- February 7, 2022 Pepco Supplier Diversity Advisory Council
- February 16, 2022: Online Open House: LCATS Meet and Greet
- March 16, 2022: Online Open House: Small Business Resources with MCEDC and Small Biz Development
- March 17, 2022: Access to Opportunities
- April 20, 2022: Online Open House
- April 27, 2022: Procurement 101: Everything You Need to Know Webinar
- May 18, 2022: Online Open House: Sustainable Procurement with Dept. Env. Protection
- May 27, 2022: Minority Business Event
- June 15, 2022: Online Open House
- June 16, 2022: Federal Procurement Conference

MFD Procurement Participation Report

FY19 - FY22 Comparison of MFD Contract Activity

| FY | Total \$ Subject To MFD | Total \$ Encumbered To MFD | % Of Total \$ Encumbered To MFD |
|----|-------------------------|----------------------------|---------------------------------|
| 22 | \$816,175,595 | \$212,449,527 | 26.03% |
| 21 | \$746,510,083 | \$200,457,253 | 26.86% |
| 20 | \$797,850,214 | \$182,655,316 | 22.89% |
| 19 | \$802,861,953 | \$195,995,706 | 24.41% |

FY22 MFD Contract Activity Summary by Procurement Category

| Category | Total \$ Subject To MFD | Total \$ Encumbered To MFD | % Of Total \$ Encumbered To MFD |
|----------------------------------|-------------------------|----------------------------|---------------------------------|
| Professional Services | \$453,253,073 | \$76,697,860 | 16.92% |
| Non-Professional Services | \$244,850,101 | \$86,604,189 | 35.37% |
| Goods | \$83,461,813 | \$27,540,629 | 33.00% |
| Construction | \$34,610,608 | \$21,606,849 | 62.43% |
| Total | \$816,175,595 | \$212,449,527 | 26.03% |

Dollar Value to MFD Firms by Group

| Professional Services | | |
|---|---------------------------------------|--|
| Total Dollars Subject to Goal: \$453,253,073 | | Total Actions:2,191 |
| Group | Total \$ Encumbered To MFD | % Of Total \$ Encumbered To MFD |
| African American | \$4,824,461 | 1.06% |
| Asian American | \$17,457,185 | 3.85% |
| Female | \$50,719,628 | 11.19% |
| Hispanic American | \$3,617,435 | 0.80% |
| Native American | \$72,674 | 0.02% |
| Person with Disability | \$6,476 | 0.00% |
| Total | \$76,697,859 | 16.93% |

| Non-Professional Services | | |
|---|---------------------------------------|--|
| Total Dollars Subject to Goal: \$244,850,101 | | Total Actions:3,037 |
| Group | Total \$ Encumbered To MFD | % Of Total \$ Encumbered To MFD |
| African American | \$36,534,261 | 14.93% |
| Asian American | \$5,354,397 | 2.19 % |
| Female | \$9,150,389 | 3.74% |
| Hispanic American | \$34,389,590 | 14.05% |
| Native American | \$1,160,851 | 0.48% |
| Person with Disability | \$14,700 | 0.01% |
| Total | \$86,604,188 | 35.37% |

Goods

Total Dollars Subject to Goal: \$83,461,813

Total Actions:1,229

| Group | Total \$ Encumbered To MFD | % Of Total \$ Encumbered To MFD |
|------------------------|----------------------------|---------------------------------|
| African American | \$466,476 | 0.56% |
| Asian American | \$8,179,792 | 9.80% |
| Female | \$18,578,769 | 22.26% |
| Hispanic American | \$315,592 | 0.38% |
| Native American | \$0 | 0.00% |
| Person with Disability | \$0 | 0.00% |
| Total | \$27,540,629 | 33.00% |

Construction

Total Dollars Subject to Goal: \$34,610,608

Total Actions:263

| Group | Total \$ Encumbered To MFD | % Of Total \$ Encumbered To MFD |
|------------------------|----------------------------|---------------------------------|
| African American | \$42,562 | 0.12% |
| Asian American | \$387,173 | 1.12% |
| Female | \$8,506,889 | 24.58% |
| Hispanic American | \$12,558,698 | 36.29% |
| Native American | \$111,526 | 0.32% |
| Person with Disability | \$0 | 0.00% |
| Total | \$21,606,848 | 62.43% |

| FY22 MFD Utilization and Availability | | | | | | |
|--|-------------------------------------|--------------------|----------------------|------------------|-------------------|-------------------------|
| | Prime Contractor | Sub-Contractor | Total Contractor | FY22 Utilization | FY22 Availability | CY23 Goals ³ |
| Professional Services | Subject to MFD Requirements: | | \$453,253,073 | | | |
| African American | \$2,947,882 | \$1,876,579 | \$4,824,461 | 1.06% | 8.25% | 8.25% |
| Asian American | \$16,450,398 | \$1,006,787 | \$17,457,185 | 3.85% | 4.11% | 4.11% |
| Female | \$49,155,021 | \$1,564,607 | \$50,719,628 | 11.19% | 4.26% | 4.26% |
| Hispanic American | \$3,332,309 | \$285,126 | \$3,617,435 | 0.79% | 1.24% | 1.24% |
| Native American | \$0 | \$72,674 | \$72,674 | 0.02% | 0.11% | 0.11% |
| Person with Disability | \$0 | \$6,476 | \$6,476 | 0% | 0.80% | 0.80% |
| Sub Total | \$71,885,610 | \$4,812,249 | \$76,697,859 | 16.93% | 18.77% | 19% |
| Non-Professional Services | Subject to MFD Requirements: | | \$244,850,101 | | | |
| African American | \$31,955,909 | \$4,578,352 | \$36,534,261 | 14.92% | 12.57% | 12.57% |
| Asian American | \$5,322,551 | \$31,846 | \$5,354,397 | 2.19% | 3.49% | 3.49% |
| Female | \$8,371,285 | \$779,104 | \$9,150,389 | 3.74% | 5.46% | 5.46% |
| Hispanic American | \$32,826,044 | \$1,563,546 | \$34,389,590 | 14.05% | 2.58% | -- |
| Native American | \$1,160,851 | \$0 | \$1,160,851 | 0.47% | 0.08% | -- |
| Person with Disability | \$0 | \$14,700 | \$14,700 | 0.01% | 0.62% | 0.62% |
| Sub Total | \$79,636,640 | \$6,967,548 | \$86,604,188 | 35.37% | 24.80% | 22% |
| Goods | Subject to MFD Requirements: | | \$83,461,813 | | | |
| African American | \$192,148 | \$274,328 | \$466,476 | 0.56% | 5.79% | 5.79% |
| Asian American | \$8,110,194 | \$69,598 | \$8,179,792 | 9.80% | 2.01% | 2.01% |
| Female | \$17,600,221 | \$978,548 | \$18,578,769 | 22.26% | 6.57% | -- |
| Hispanic American | \$137,155 | \$178,437 | \$315,592 | 0.38% | 1.51% | 1.51% |
| Native American | \$0 | \$0 | \$0 | 0% | 0.11% | 0.11% |
| Person with Disability | \$0 | \$0 | \$0 | 0% | 0.75% | 0.75% |
| Sub Total | \$26,039,718 | \$1,500,911 | \$27,540,629 | 33.00% | 16.74% | 10% |
| Construction | Subject to MFD Requirements: | | \$34,610,608 | | | |
| African American | \$0 | \$42,562 | \$42,562 | 0.12% | 11.00% | 11.00% |
| Asian American | \$41,022 | \$346,151 | \$387,173 | 1.12% | 3.29% | 3.29% |
| Female | \$8,423,404 | \$83,485 | \$8,506,889 | 24.58% | 5.54% | 5.54% |
| Hispanic American | \$11,293,020 | \$1,265,678 | \$12,558,698 | 36.29% | 6.14% | -- |
| Native American | \$0 | \$111,526 | \$111,526 | 0.32% | 0.49% | 0.49% |
| Person with Disability | \$0 | \$0 | \$0 | 0% | 1.00% | 1.00% |
| Sub Total | \$19,757,446 | \$1,849,403 | \$21,606,849 | 62.43% | 27.46% | 21% |
| Total Subject to MFD Requirements | | | \$816,175,595 | 26.03% | | |
| Total MFD Procurement | | | \$212,449,525 | | | |

³ For MFD subcontracting goal setting procedure, please refer to [Montgomery County Code 11B-60](#)

Total Dollars & Value of RFPs by MFD Group

The RFP section of the MFD report is a result of proposals submitted in response to formal Requests for Proposals (RFPs) issued by the County during FY22. The report tracks the following information:

- MFD business groups and non-MFD businesses participating in the process only as prime contractors
- Breakdown of number of awards
- Dollar values for each group
- Number of proposals submitted by each group

The total dollar value for RFPs issued in FY22 was \$245,886,730. Of that amount, MFD businesses were awarded \$110,832,930 or 45.08%. Out of 92 total RFP proposals submitted, 19 (20.65%) proposals were submitted by MFD businesses. A total of 36 RFP contract awards were issued. RFP contract awards to MFD prime contractors were 12 (33.34%). More contract dollars were awarded to minority firms in FY22 -\$110,832,930, compared to FY21 MFD awards of \$85,983,333. **Note that out of the \$110,832,930 that was awarded to the MFD businesses, 83.45% or \$106,507,320 went to African American owned businesses.**

Total Dollars & Value of RFPs by MFD Group

| | # Of Awards | % Of # Of Awards | Award Dollar Value | % Of Dollar Value | % Of Total MFD Dollar Value | # Of Proposals Submitted | % Of Proposals Submitted |
|-----------------------------|-------------|------------------|----------------------|-------------------|-----------------------------|--------------------------|--------------------------|
| African American | 5 | 13.89% | \$106,507,320 | 43.32% | 83.45% | 13 | 9.35% |
| Hispanic American | 1 | 2.78% | \$714,285 | 0.29% | 11.15% | 5 | 3.60% |
| Asian American | 1 | 2.78% | \$714,285 | 0.29% | 11.15% | 22 | 15.83% |
| Native American | 0 | 0.00% | \$0 | 0.00% | 0.00% | 0 | 0.00% |
| Female | 5 | 13.89% | \$2,897,040 | 1.18% | 5.41% | 6 | 4.32% |
| Person with Disabilities | 0 | 0.00% | \$0 | 0.00% | 0.00% | 0 | 0.00% |
| Total MFD Businesses | 12 | 33.34% | \$110,832,930 | 45.08% | 100% | 19 | 20.65% |
| Non-MFD | 24 | 66.66% | \$135,053,800 | 54.93% | -- | 73 | 79.35% |
| Total | 36 | 100% | \$165,022,043 | 100% | | 92 | 100% |

Total Dollars & Value of IFBs by MFD Group

The IFB section of the MFD report is a result of bids submitted in response to formal Invitation for Bids (IFBs) issued by the County during FY22. The report tracks the following information:

- MFD business groups and non-MFD businesses participating in the process only as prime contractors
- Breakdown of number of awards
- Dollar values for each group
- Number of bids submitted by each group

The total dollar value for IFBs issued in FY22 was \$38,214,036. Of that amount MFD businesses were awarded \$19,219,380 or 50.29%. Out of 65 total bids responding to the IFBs, 21 (32.31%) bids were submitted by MFD businesses. A total of 33 IFB contract awards were issued. MFD businesses were awarded 10 or 30.30%. **Note that out of the \$19,219,380 that was awarded to the MFD businesses, 82.65% or \$15,884,000 went to African American owned businesses.**

Total Dollars & Value of IFBs by MFD Group

| | # Of Awards | % Of # Of Awards | Award Dollar Value | % Of Dollar Value | % Of Total MFD Dollar Value | # Of Proposals Submitted | % Of Proposals Submitted |
|-----------------------------|-------------|------------------|---------------------|-------------------|-----------------------------|--------------------------|--------------------------|
| African American | 4 | 12.12% | \$15,884,000 | 41.57% | 82.65% | 8 | 12.30% |
| Hispanic American | 4 | 12.12% | \$2,006,760 | 5.25% | 10.44% | 9 | 13.85% |
| Asian American | 0 | 0.00% | \$0 | 0.00% | 0.00% | 1 | 1.54% |
| Native American | 0 | 0.00% | \$0 | 0.00% | 0.00% | 0 | 0.00% |
| Female | 2 | 6.06% | \$1,328,620 | 3.48% | 6.91% | 3 | 4.62% |
| Person with Disabilities | 0 | 0.00% | \$0 | 0.00% | 0.00% | 0 | 0.00% |
| Total MFD Businesses | 10 | 30.30% | \$19,219,380 | 50.29% | 100% | 21 | 32.31% |
| Non-MFD | 23 | 69.70% | \$18,994,656 | 49.71% | -- | 44 | 67.69% |
| Total | 33 | 100% | \$38,214,036 | 100% | | 65 | 100% |

Select Department MFD Participation Summary

MFD participation by selected departments focuses on those departments that have procurements of any type exceeding \$5 million in the aggregate or procurements for professional services exceeding \$1 million in the aggregate. For FY22, 14 departments met the criteria. Listed below is a summary of these departments' MFD utilization in FY22.

Select Department MFD Participation Summary

| Departments | Total \$ Subject To MFD | MFD Utilization | % Of MFD Utilization | % Of Total MFD \$ |
|--------------------------------------|-------------------------|----------------------|----------------------|-------------------|
| Transportation | \$151,833,505 | \$56,795,838 | 37.41% | 27.42% |
| Technology Solutions | \$63,578,343 | \$19,956,552 | 31.39% | 9.64% |
| Recreation | \$7,317,273 | \$497,852 | 6.80% | 0.24% |
| Police | \$27,840,643 | \$5,968,970 | 21.44% | 2.88% |
| Human Resources | \$236,251,462 | \$756,747 | 0.32% | 0.37% |
| Housing and Community Affairs | \$3,806,607 | 2,511,589 | 65.98% | 1.21% |
| Health and Human Services | \$71,703,520 | \$47,016,812 | 65.57% | 22.70% |
| General Services | \$125,761,862 | \$40,274,760 | 32.02% | 19.45% |
| Fire and Rescue Service | \$23,809,317 | \$2,122,756 | 8.92% | 1.02% |
| Finance | \$20,703,526 | \$147,251 | 0.71% | 0.07% |
| Environmental Protection | \$55,205,233 | \$29,030,122 | 52.59% | 14.02% |
| County Executive | \$726,259 | \$174,026 | 23.96% | 0.08% |
| Correction and Rehabilitation | \$5,442,724 | \$16,319 | 0.30% | 0.01% |
| Alcohol Beverage Services | \$6,216,658 | \$1,833,024 | 29.49% | 0.89% |
| Total | \$800,196,932 | \$207,102,618 | 25.88% | 100.00% |

* Detailed **Departments** reports can be viewed online at:
<https://montgomerycountymd.gov/PRO/report/index.html> under MFD Annual Report FY22

* Detailed **Exclusion and Waivers** reports can be viewed online at:
<https://montgomerycountymd.gov/PRO/report/index.html> under MFD Annual Report FY22