



FY23 ANNUAL REPORT

LOCAL BUSINESS PROGRAMS



Message from the Director



The Montgomery County Local Business Programs remain valued vehicles for local and small vendors, providing them with the opportunity to compete for contracting dollars with Montgomery County Government. In FY23, the County worked with many business organizations and local vendors and achieved a record high spend of \$305 million with Montgomery County based small businesses.

This year's Local Business Program Annual Report reflects the highest dollar amount spent with local small businesses since the inception of the Local Small Business Reserve Program (LSBRP) as well as the highest percentage spend. We look forward to increasing our efforts and strengthening connections between the business community and county departments to support growth in County contracting activity with local businesses. If you have comments or questions about this report, the Local Business Programs or any of the Office of Procurement's upcoming outreach activities, please contact us at dbrc@montgomerycountymd.gov.

Executive Summary

FY23 was a very successful year for the local business programs administered by Montgomery County Office of Procurement. The three local business programs are: Local Small Business Reserve Program (LSBRP), Local Business Preference Program (LBPP), Local Business Subcontractor Program (LBSP).

In FY23, the County spent \$305 million with local small businesses. This amount includes \$55,880,467 (31.3%) of total eligible spend under the LSBRP. This is the highest dollar amount spent with local small businesses since the inception of the program as well as the highest percentage spend.

In FY23, 86 formal solicitations were subject to the LBPP, which represented 54% of all formal solicitations that were issued.

In FY23, under the LBSP, certified local businesses were awarded \$44.7 million, which represents 4.5% of the total contract value subject to LBSP.

Support and Advocacy

The Local Business Programs are managed in the Division of Business Relations and Compliance (DBRC). Besides external outreach, DBRC also functions as an internal advocate and liaison, connecting the local business community with county departments to facilitate information exchange and contracting resource development. In FY23, the County started conducting a new Disparity Study to determine if inequities exist in procurement and contracting that adversely affect Disadvantaged Businesses.

Background

The accomplishments outlined in this report result from several initiatives to stimulate economic growth through local contracting. In FY09, a partial governmental reorganization was implemented creating the Department of General Services and the Office of Business Relations and Compliance. The County Executive and County Council enacted new legislation and Executive Regulations to expand the County's ability to increase contracting with local businesses:

1. Local Small Business Reserve Bill #3-09 (April 30, 2009) -- Established the Director as the evaluator of a business's capacity to contractually perform.
2. Expedited Bill #23-15 (January 1, 2016) – Amended LSBRP eligibility criteria for small businesses in the service sector.
3. County Executive Regulation #6-15 (March 23, 2016) -- Revised procurement regulations.
4. Local Business Subcontracting Bill #61-14 (May 17, 2016) – Established Local Business Subcontracting Program.
5. Local Business Preference Bill #25-19E (June 23, 2020) – Established Local Business Preference Program.
6. Local Small Business Program Amendment Bill #39-19 – (March 2, 2020) – Increased LSBRP goal from 20% to 25%.

Eligibility Requirements

Local Small Business Reserve Program (LSBRP)

<https://montgomerycountymd.gov/PRO/DBRC/lbrp.html>

Local Business Preference Program (LBPP)

<https://montgomerycountymd.gov/PRO/DBRC/local-business-preference.html>

Local Business Subcontracting Program (LBSP)

<https://montgomerycountymd.gov/PRO/DBRC/local-business-subcontracting.html>

Marketing and Outreach

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 local, small and 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 socioeconomic business programs. The events provide opportunities to local and minority vendors in seeking County contracting information and other County policies related to local, small and minority vendors.

In FY23, the County hosted 12 monthly online open house events. The Local Programs participated in the outreach process for the following events:

- *July 7, 2022: African Affairs Monthly Meeting
- *July 20, 2022: Online Open House: Office of Grants Management and Small Business Navigator
- *Aug. 10, 2022: USTDA Study Tour: Jamaican Students information session
- *Aug. 17, 2022: Online Open House: PROjections: Upcoming Procurement Opportunities
- *Sept. 21, 2022: Online Open House: General Session
- *Oct. 11, 2022: Procurement Fair
- Oct. 12, 2022: Meet the Primes
- Oct 18, 2022: Asian American Chamber Business Summit and Expo
- *Oct 19, 2022: Online Open House: Bidnet Presentation
- Nov. 10, 2022: Women Business Enterprise National Council (WBENC) Breakthrough Breakfast Awards
- *Nov. 16, 2022: Online Open House: Small Business Grants/Loans/Access to Capital
- Dec. 14, 2022: Maryland Washington Minority Companies Association (MWMCA) Expo
- *Dec. 21, 2022: Online Open House: General Session
- *Jan. 18, 2023: Online Open House: Local Business Programs and MFD Overview
- Feb. 13, 2023: MCEDC Interview on Local Business Programs and MFD Programs
- *Feb. 15, 2023: Online Open House: Writing an Effective Proposal
- *Mar. 9, 2023: MD Black Chamber Procurement Series: Overview
- *Mar. 15, 2023: Online Open House: General Session
- *Mar. 16, 2023: MD Black Chamber Procurement Series: How to Find Solicitations and Information

- Mar. 22, 2023: Maryland MBDA Business Center Meeting
- *Mar. 23, 2023: MD Black Chamber Procurement Series: Doing Business with other entities
- *Apr. 18, 2023: Prevailing Wage Law Webinar
- *Apr. 19, 2023: Online Open House: PROjections – Upcoming Procurement Opportunities
- *May 9, 2023: Meet the Primes
- May 10, 2023: County Resources Event
- *May 17, 2023: Online Open House: General Session
- May 30, 2023: Tap Into Business Event
- June 7, 2023: Networking Event
- *June 8, 2023: How to do Business with Montgomery County
- *June 21, 2023: Online Open House: General Session

*Hosted or co-hosted by the Office of Procurement

FY20 – FY23 LSBRP Comparative Program Measures

Table 1: Three Year Comparison on \$ to Local Small Businesses

Procurement Awards, FY21-FY23						
	FY21		FY22		FY23	
	\$	%	\$	%	\$	%
Total Procurement Dollars	\$1,068,287,628		\$1,116,846,925		\$ 1,924,489,405	
Eligible for LSBRP Procurement*	\$82,674,943		\$75,467,338		\$178,450,309	
Encumbered \$ to Eligible LSBRP**	\$22,470,891	27.2%	\$19,755,844	26.2%	\$55,880,467	31.3%
Exempted but awarded to certified Local Small Businesses (LSB)	\$107,389,492		\$121,813,252		\$249,200,072	
Total encumbered \$ to certified Local Small Businesses (LSB)***	\$129,860,381		\$141,569,096		\$305,080,539	

* Exemption categories: Grants, Non-competitive; Emergency; Public Entity; Pre-existing; Over \$10m; No LSBRP vendor deemed qualified.

** Spend with Local Small Businesses under the LSBRP Program is calculated as dollars encumbered to Local Small Businesses as a proportion of LSBRP eligible spend ($\$55,880,467 / \$178,450,309 = 31.3\%$)

*** Total dollars to local small businesses ($\$55,880,467 + \$249,200,072 = \$305,080,539$)

LSBRP Major Awards Summary

Table 2: FY23 Major contracts (over \$100,000) awarded to LSBRP (sorted by \$ amount)

DEPT	Vendor	MFD?	Description	Amount
DGS	BWE Construction & Engineering Inc.	Y	Site Construction Services	\$7,500,000
DGS	CDCI Inc.	Y	Site Construction Services	\$7,500,000
DEP	D&A Dunlevy Landscapers Inc.	Y	Tree Canopy Planting	\$5,000,000
DOT	Quiet Sweep Ltd.	Y	Street and Parking Facility Sweeping Services	\$3,290,988
DOT	C&D Construction Co Inc.	Y	Removal & Replacement of Concrete Curb & Sidewalk in Business Districts County Wide	2,550,000
FRS	Rescue One Training for Life Inc.	Y	Emergency Medical Services (EMS) Instructors and Preceptors	1,200,000
DGS	Formost Graphic Comm Inc.	N	Specialty Printing	900,000
FRS	Personalized Classics Inc.	Y	Uniform Apparel Imprinting and Embroidery Services	\$362,730
FRS	Drink More Water LLC	N	Bottled Water and Dispensers	300,000
FRS	Electric Advantage Inc.	Y	Appliance Purchase and Repairs	225,000
DGS	The PromoTouch Inc.	Y	Novelty and Promotional Items	200,000
REC	Kafar Kafe, LLC	Y	Catering Services - Groups 2 and 3	180,000
DOCR	Listening is Key LLC	Y	Life Skills and Personal Development Training Program	175,695
DGS	Hunt Graphics Inc. DBA Signs by Tomorrow	Y	Sign Design, Fabrication, and Installation Services	150,000
FRS	Training Outreach LLC	Y	Montgomery County Fire & Rescue Service Accreditation Program Management Services	150,000
DOT	Hands On LLC	Y	Transit Bus Service Lane Operation for Nicholson Court Small Transit Shop (STS)	100,000
REC	Caribbean Caterers Inc.	Y	Catering Services - group 1	100,000

LSBRP Awards by Department

Table 3: Department’s LSBRP Spending and its percentage of Eligible Spending

Department	LSBRP spending	% to Eligible
Board of Investment Trustees	\$3,413,017	25
Circuit Court	\$671,317	78
Community Engagement Cluster	\$1,959,560	36
Community Use of Public Facilities	\$890,000	96
Department of Correction and Rehabilitation	\$1,699,300	36
County Council	\$336,057	51
Department of Emergency Management and Homeland Security	\$507,271	35
Department of Environmental Protection	\$22,928,156	83
Department of Finance	\$69,185	4
Department of Fire & Rescue Services	\$9,539,786	43
Department of General Services	\$77,179,401	94
Department of Health & Human Services	\$60,187,067	66
Department of Housing & Community Affairs	\$3,190,134	29
Office of Human Resources	\$366,569	9
Department of Alcohol and Beverage Services	\$4,228,105	45
Department of Permitting Services	\$1,162,735	90
Department of Police	\$12,812,849	87
Public Information Office	\$169,609	62
Department of Public Libraries	\$1,459,808	84
Department of Recreation	\$7,421,048	80
Sheriff’s Office	\$1,625,541	96
Department of Technology and Enterprise Business Solutions	\$21,971,831	82
Department of Transportation	\$43,540,890	77

Table 4: Number of Departments that met/did not meet the 25% goal

	FY20	FY21	FY22	FY23
# of Departments that met requirement	20	22	22	21
# of Departments that did not meet requirement	3	1	1	2
Total	23	23	23	23

Local Small Business Reserve Program – DPO spending

Council Bill 39-19, LSBRP Amendments, was enacted on June 1, 2020. Among other general amendments, the Bill amended the LSBRP as follows:

- (1) Subject to Method 2 regulations, a using department’s procurement procedures must award a minimum of 25 percent of the using department’s combined dollar value of contracts issued for goods, services, or construction, including direct purchases, to local small businesses.*
- (2) A using department must have a goal to award at least 50 percent of the combined dollar value of its direct purchases to local small businesses.*

Direct Purchase is an informal procurement of goods, services, or construction that is accomplished under the direct authority of the using department head and not by the Procurement Director. Competition should be preserved with this method to the extent practical. Contracting with Local, Small, and MFD firms is encouraged. The current DPO threshold is \$10,000.

In FY23, total LSBRP eligible Direct Purchase Orders (DPOs) was **\$3,547,674.61***, and 43% of it or **\$1,526,530.76** were spent towards Montgomery County based businesses.

*Excluding “999” and “444” commodity codes such as Real Properties, Utilities, Insurance Liability, Debt Services, Claims, Fees, etc.

Table 5: Departments hat spent more than 50% of their DPOs with County based businesses:

Departments	Total Eligible DPOs	DPOs towards MC vendors	Local %
Office of Agriculture	\$728.50	\$728.50	100%
Sheriff’s Office	\$6,968.87	\$5,808.87	83%
Permitting Services	\$46,622.32	\$35,618.32	76%
Board of Elections	\$102,938.85	\$73,134.87	71%
Non-Departmental Accounts	\$132,837.16	\$93,090.04	70%
Circuit Court	\$34,412.69	\$23,952.84	70%
Recreation	\$163,325.91	\$108,217.41	66%
Community Engagement Cluster	\$142,932.85	\$89,820.12	63%
Community Use of Public Facilities	\$25,883.98	\$15,963.98	62%
County Council	\$314,744.85	\$192,707.64	61%
Public Libraries	\$62,152.85	\$35,304.30	57%
Health and Human Services	\$563,714.76	\$288,161.55	51%
Legislative Oversight	\$8,000.00	\$4,000.00	50%

Local Business Preference Program (LBPP)

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 gives an extra 10% preference points on proposals or a 10% price preference on bids to Montgomery County-based businesses.

In FY23, 159 formal solicitations were issued. 86 solicitations were subject to the LBPP. The preferences were applied to 60 solicitations, which is 70% of the 86 solicitations.

Table 6: Local Business Preference Program Contract Award List:

Sol #	Contract Description	# Offerors	# Local Offerors	LB awarded?
1142688	BMW R 1250RT-P Motorcycle Services, Accessories, Parts and Repair	1	0	No
1142333	Single-Family Residential Food Scraps Collection for Recycling	1	1	Yes
1104083	Bus Service Lane Operation at the Equipment Maintenance and Transit Operation	2	0	No
1143948	Metropolitan Branch Trail	3	1	Yes
1131333	Maintenance and Repair: Aboveground Stormwater Management Facilities	4	2	No
1146899	Specialty Paper	2	0	No
1147766	HVAC Air Filters	2	0	No
1136859	Underground Utility Locating Services	3	0	No
1143866	Applicant Tracking System	7	0	No
1140069	Blank and Finished Traffic Sign Panels	2	0	No
1137586	Design Build Services for Playgrounds at Various Childcare Facilities	1	0	No
1148882	Design-Build for Various County Buildings	7	2	Yes
1144549	Time and Material Kitchen Hood, Laundry Exhaust Systems & HVAC Duct Cleaning Services	3	0	No
1125077	Cost Allocation Plan and Random Moment Time Study	2	0	No
1128316	Timetable and Transit Map Design and Printing Services	1	0	No
1149292	Full Service and Pooled Preventive Maintenance of Binding Equipment	1	0	No
1130653	County-Wide Security Guard Services	11	3	No
1150605	Multilingual Certification Testing Services	2	0	No
1144087	Noyes Library for Young Children Rehabilitation and Renovation	1	0	No

1139723	Montgomery County, Maryland Cost of Quality Child Care Study	1	0	No
1150623	Graphic Design Services	21	6	No
1140581	Traffic Engineering and Operations Consulting Services	14	1	Not awarded yet
1151070	Montgomery County, Maryland Child Care Supply and Demand Study	2	0	No
1126268	Grocery Shopping Program for Seniors	2	0	No
1135551	Furnish Turfgrass Sod	2	1	Yes
1114205	Community Use of Public Facilities Fee Study	1	1	Not awarded yet
1137690	Catering for Congregate and Home-Delivered Meals for Seniors	3	0	No
1126945	Representative Payee Services for Elderly and Disabled Adults	1	0	No
1150514	Design Build Services for Red Brick Courthouse Restoration	1	0	No
1148791	Fireworks Displays	1	0	No
1148060	Task Order Contracts for Design Build Services for Various Recreation Pool Slides	1	0	No
1141628	Transcription Services for the Circuit Court for Montgomery County, MD	7	0	No
1148999	Pool Maintenance and Repair - Time & Material	7	0	No
1115481	Social Work Case Management Services	1	0	No
1143897	Banking Services	4	0	No
1147188	Installation and Support: Residential Electrification Incentive Program	1	0	No
1150676	Construction Services for 6th District Police Station	4	2	Yes
1126267	Respite Care Services	2	1	Yes
1151621	Avery Road Treatment Center Partial Roof Replacement	4	0	No
1150490	John F. Kennedy High School Wellness Center	4	1	Yes
1141406	Furnish Cold Patch Materials	5	0	No
1136272	Emulsified Liquid Asphalt and Distributor Services	3	0	No
1141988	Moisture-Proof Glass Beads for Reflectorized Highway Pavement Marking	2	0	No
1183784	Linkages to Learning Program	4	0	No
1153333	Pool Accessories	1	0	No
1141402	Rehabilitation and Reconstruction of Residential Neighborhood Streets and Sidewalks	3	1	Yes
1147084	Supplemental Staffing	25	4	Not awarded yet
1138808	School Based Health and Wellness Centers	3	1	No

1150433	Time and Material Electrical Services at County Parking Facilities	3	1	Yes
1153368	Electric Motor and Pump Repair and Replacement for Swimming Pool	2	0	No
1143252	Underground Stormwater Facility Maintenance and Repair Services	2	1	No
1148881	Inflatable Entertainment Equipment Rentals	4	1	Yes
1154637	Furnishing Pavement Marking Paint	2	0	No
1154178	Pharmacy for Prescribed Psychotropic and Opioid Medications	2	1	Yes
1152576	Inmate Clothing & Supplies	6	1	No
1151797	Elevator Maintenance Services	2	0	No
1153887	Scrap Metal Collection Services	2	0	No
1151029	Business Center Customer Relationship Management System	7	0	No
1154907	Lab Courier Services	7	0	No
1134941	Parking Meters	4	0	No
1138052	Registered Nurse Healthcare Services for Head Start and Pre-Kindergarten Children	13	1	Not awarded yet
1129510	Montgomery County Device Client Management (DCM) Services	1	0	No
1140438	Water Quality Monitoring	4	0	No
1139541	Mobile X-Ray and Imaging Services	2	0	No
1155681	Game Room Table Purchase and Repair	2	0	No
1108840	Media Production Services	2	2	Not awarded yet
1111358	Multilingual Health Navigation Line/Medical Interpretation	4	1	Not awarded yet
1155635	Montgomery County, Maryland Website Re-Design	18	8	Not awarded yet
1141568	Good Hope Road Shared Use Path	6	1	No
1153964	Hydraulic Hoses and Fittings	3	0	No
1153634	Life Insurance and Long-Term Disability Insurance Services	8	0	No
1111848	Medical Supplies and Durable Medical Equipment	7	3	No
1151688	Construction Services for On-Call Bridge, Culvert and Retaining Wall Repair	4	1	Not awarded yet
1152685	Time & Material Glass Installation and Repair Services	1	0	No
1147508	Merchant Card Services	9	1	Not awarded yet
1154768	Onsite Physician Services	2	0	No
1149776	Independent Financial Advisory Services	7	0	No
1137891	Utility Management Software and Services	6	1	Not awarded yet
1140534	Application of Slurry Seal, Crack Sealant, and Asphalt Mix Products	3	1	Yes

1154882	Food & Grocery Services	2	0	No
1155442	Audio, Lighting, Sound, Backline and Production Services for Special Events	2	1	Yes
1136850	Insurance Broker Services	1	0	No
1150041	Residential Refuse, Recyclable Materials, Yard Trim, and Scrap Metal - Area 6	1	0	No
1150042	Residential Refuse, Recyclable Materials, Yard Trim, and Scrap Metal - Area 8	1	0	No
1156052	Towing, Transport, and Recovery of Fixed Route Transit Buses, Heavy Duty Trucks, and Construction Equipment	4	0	No
1152079	Event Equipment Rental	5	0	No

Local Business Subcontracting Program (LBSP)

To increase the participation of local businesses in certain large County procurement contracts, the County established a subcontracting goal for local businesses in procurement contracts with an estimated value to exceed \$10 million.

Local Business subcontracting goals are as follows:

1. at least 10% of the contract dollars awarded for each high dollar value contract should be awarded to a local business; and
2. at least 10% of the total dollar value of all high dollar value contracts in the aggregate should be awarded to local businesses.

A high dollar value contract means an initial contract award that is estimated to exceed \$10 million. To qualify, the business must have its principal place of business in Montgomery County defined as follows:

1. The business has its physical business location(s) only in Montgomery County; or
2. The business has physical business locations both in and outside of the County, but the County-based location(s) accounts for over 50% of the business's total number of employees, or over 50% of the business's gross sales.

In FY23, a total solicitation value of \$997,401,084 over \$10 million contracts was subject to the LBSP. Besides the two largest contracts that received full waivers, nine contracts reported with Local Business Subcontracting participation. **In total, Local Subcontracting Businesses received \$44,755,600 which represents 4.5% of the total awarded.**

Table 7: Contract Participation on LBSP

Contract No.	Contract Description	Contract Value	Participation
1150676	Construction Services for 6th District Police Station	\$30,800,000	10%
1130533	Construction Services for Various Montgomery County Alcohol Beverage Services Stores	\$6,372,000	10%
1148892	Construction Services for Various Montgomery County Alcohol Beverage Services Stores	\$6,372,000	10%
1148893	Construction Services for Various Montgomery County Alcohol Beverage Services Stores	\$6,372,000	10%
1126958	Traffic Signal Control Services	\$15,000,000	10%
1144695	Engineering, Planning, and Construction Support Services	\$3,400,000	10%
1144696	Engineering, Planning, and Construction Support Services	\$3,400,000	11%
1146882	Medical Insurance Services and Administration for Montgomery County	\$167,500,000	6%
1134069	Medical Insurance Services and Administration for Montgomery County	\$550,000,000*	5%

* This \$ amount is the total contract value for its 5-year contract term.

Table 8: Contracts received full waivers from the LBSP

Contract No.	Contract Description	Contract Value	Participation
1104083	Bus Service Lane Operation at the Equipment Maintenance and Transit Operation Center and the Brookville Maintenance Facility	\$35,685,084	Full waiver
1146883	Medical Insurance Services and Administration for Montgomery County	\$172,500,000	Full waiver