I. Call to Order and Approval of Minutes
The meeting was called to order by Task Force Chair Taylor at 5:42 p.m. Later in the meeting, the minutes of the May 20, 2015 meeting were unanimously approved by all members present.

II. Presentation and Discussion with Dan Hoffman, Chief Innovation Officer
Mr. Hoffman provided an update on the Procurement Innovation Project (PIP). The internal working group has just begun meeting and is still in the discovery phase. The PIP report is due to the County Executive by early September. Project details are included at Attachment 1.

- Regulation changes, investments in additional technology or internal systems are possible recommendations to be considered. However, large investments in increasing staff are not likely to be considered.
- PIP is more of an internal process review project. Process implications related to the LSBRP and MFD programs for using departments will be reviewed, as well as ways to automate the process to reduce time. It’s been noted that using departments don’t want compliance issues to add time to the procurement process, particularly on the front end.
- Mr. Hollins noted the mission overlap between the two Procurement Task Forces and PIP. He also inquired if the performance plans for department directors would be reviewed to establish accountability and if current County employees would be transferred to other departments as a result of the privatization of the Department of Economic Development. In response, if reviewed on backend at end of year, performance measures may work better.
- Mr. Hoffman clarified his point about adding staff resources, and stated that smaller amounts would be ok, but not large dollars for staffing increases. Mr. Hoffman also mentioned the Hiring Process project and looking at staff rotations
to have Contract Administrators spend time in the Office of Procurement to bridge staffing shortfalls and better learn the process.

- Ms. Freeman commented that the PIP doesn’t address disparity issues. Mr. Hoffman’s response added that the scope of PIP is to look at internal processes to make the system easier for using departments and noted the challenge to be stewards of tax payer resources and fulfill social obligations. PIP will look at the value of social programs in spite of time savings and if time savings have negative impacts on MFD/LSB programs, those ideas may not be recommended.
- Mr. Hoffman noted that he is hoping that both the Procurement Task Force reports and PIP will be aligned, with any surprises being avoided.
- While outreach is not within the scope of PIP, it is part of the Innovation Program. Technology improvements would be considered to improve outreach. Mr. Hoffman encouraged Task Force members to let him know of any innovative ideas for improving outreach.
- Mr. Hoffman also stated that best practices from around the country are being researched.
- Steps to increase awareness of the MFD program include education and outreach internally in the County, to change the perception of what it means to participate in the MFD procurements, and minimize any additional time needed to participate.
- Mr. Taylor suggested checking with the State regarding its program of skill-based hiring and recruiting to increase inclusion of MFD companies.

III. Discussion with Council President George Leventhal

Mr. Leventhal spoke to the issue of why so many changes are taking place at the same time regarding the procurement process and steps taken to increase utilization of MFD businesses, noting that this issue is extremely important to both the Council and County Executive. He expressed the view that the County should step back and review the changes to the procurement process, stating that certain social objectives may make the procurement process more cumbersome. He encouraged both task forces to submit their best ideas and to weigh in now on the privatization of the Department of Economic Development, and that the Council is eager to hear from minority vendors regarding their experience with the County’s procurement process.

Regarding the privatization of the Department of Economic Development, Mr. Leventhal said the County Executive has been persuaded by the business community that the County should privatize, as done in Fairfax and Howard Counties. He said that with the departure of Steve Silverman, former director of DED, the timing was right to move toward privatization. The Council will appoint a Board of Directors, and then the Board will select staff. Mr. Leventhal said that minority businesses need to be in contact with the new private entity, as well as the Council, because changes to the economic development process will be an ongoing process. He added that elected officials respond to those they hear from, the new entity will care about minority business if they hear concerns from minority business, through whatever means, Chambers of Commerce, Task Force, Minority Business Council, etc.
Questions/Answers with Mr. Leventhal

- Asked if he supports set asides, Mr. Leventhal said yes, but that they must be legally defensible.
- Mr. Leventhal reiterated that the community must provide input and pressure to ensure that the new private corporation be held accountable.
- The new corporation will have a contractual arrangement with the County. The spending of funds still requires Council approval. Evaluation of the new entity will occur as the Council considers funding appropriations, giving the Council an opportunity to raise questions that have been brought to its attention by the community.
- The new Board of Directors will service 3-year terms and must submit a report to the County Executive each year.
- Mr. Haffner noted that the Task Force does not want to offer a wish list to the Council, but rather effective and practical recommendations to ensure adoption. Mr. Leventhal encouraged the Task Force to utilize County staff to help with their research and vetting of recommendations.
- The bill does not specify who is appointed to the Board. Mr. Hollins suggested that it be specified that a minority must be appointed. Mr. Leventhal said this can be discussed at the PHED Committee meeting. However, naming representatives of specific organizations should not be identified to serve on the Board, as the organizations may not exist in the future.
- The Council can amend the bill put forth by the County Executive, but the Council works cooperatively with the Executive.
- Mr. Hollins stated that clear, crisp and measurable metrics for success are needed for the new economic development authority.
- It is possible a future Council could decide to revert the Department of Economic Development back to the government.
- Ms. Wong stated that Montgomery County is viewed as being more minority business friendly, but a focus needs to be placed on local minority businesses.

IV. Review of Next Steps

- Task Force members reviewed the timeline for the remaining meetings, highlighting that the Task Force’s report must go to print by September 10th, as the final report will be transmitted to the Council on September 15th.
- The Task Force discussed providing feedback for the public hearing on Bill 25-15-Department of Economic Development Reorganization. The hearing is scheduled for June 9th.

  Mr. Hollins made a motion, duly seconded, that a statement be drafted for Mr. Taylor to deliver at the public hearing. The motion carried unanimously. Mr. Hollins agreed to provide a draft statement which will be forwarded to all members.

- Mr. Hollins recommended that all recommendations be vetted with rationale. Ms. Price added that the Task Force creation resolution states that the rationale must be included for the recommendations put forth. Mr. Fleming said a foundation is needed to direct the report to the issue of increased minority procurement, which comes back to the Disparity Study.
- Ms. McMillan suggested that for potential recommendations, Task Force members each suggest what their recommendations are and then staff can provide the background.
- *Ms. Freeman made a motion to invite Cherri Branson to attend the next meeting. The motion was seconded, and came to a tie vote of 3-3. The Chair cast the deciding vote in opposition to the motion.*

The meeting adjourned at 8:15 p.m.
Procurement Innovation Project

Across the Country public sector procurement is often seen as a barrier to innovation, does not develop a diverse pool of vendors, and in some cases takes so long that it decreases the likelihood of project success. The layers of regulations and processes that have been created over the years are all well intended, but over time they have either become outdated or possibly ineffective in fulfilling their intended purpose.

To facilitate a transformation in the way Montgomery County procures goods and services, the County Executive has asked for the creation of an independent Office of Procurement. The Department of General Services has worked hard to improve the reality and perception of procurement processes. They have refined processes and adopted new technologies to assist in addressing these issues. Yet challenges still linger, so in planning for the new Office of Procurement, the County Executive is launching the Procurement Innovation Project (PIP) which will be led by the Chief Innovation Officer.

PIP will review internal procurement processes and identify recommendations for optimizing them. The approach for this Initiative is:

- PIP will establish an internal working group and begin identifying current processes and structures that are either directly involved or contribute to the procurement process. Emphasis will be placed on identifying the root causes of these issues and verifying them through a thoughtful, data-driven discovery process. Working with the new Director of Procurement, the Chief Innovation Officer and advisors will identify bottlenecks, ineffective processes and enhancements to the current system with the assistance of external expertise.
- Building on a clear picture of the current state, future state processes and organization structures will be drafted. The goal of creating this new office is to provide a more nimble and responsive procurement function in County government. A new organization structure with processes aligned to the proper components of that structure can accomplish this.
- By September our goal is to have a vetted series of creative, innovative recommendations that will address the primary challenges: speed of acquisition and an improved process for our local, small, minority businesses. These recommendations will be presented to the County Executive for review and approval. After the recommendations have been reviewed/approved the Office of Procurement will be responsible for implementation. New success measures and progress will be monitored by CountyStat.

At its heart this Initiative seeks to take a new look at some of the long held and protected processes for acquiring goods and services. This will be accomplished by a thorough review of best practices from around the Country as well as assistance from external consultants. Our scope will be focused on internal processes that lengthen the procurement process and also deter our departments from using local, small, and/or minority businesses. This thoughtful, deliberate approach will help prevent a future state in which a complicated patchwork of rules and regulations inhibit diversity and innovation.