



Procurement

APPROVED FY25 BUDGET

\$5,641,088

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 approved FY25 Operating Budget for the Office of Procurement is \$5,641,088, an increase of \$572,482 or 11.29 percent from the FY24 Approved Budget of \$5,068,606. Personnel Costs comprise 93.02 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 6.98 percent of the FY25 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

-  Initiate the first stage of identifying an eProcurement solution to consolidate various applications used throughout the lifecycle of a contract from sourcing to execution. This solution will incorporate sourcing, contract management, vendor management,

and compliance management.

- ★ Develop a contract audit program to review and confirm that all contract actions follow appropriate workflow approvals and County regulations. This program will aid in Procurement's mission to facilitate the use of public funds to efficiently procure goods and services in an inclusive, transparent, and equitable manner.
- ★ Include the apprenticeship panels in the annual Procurement Fair to better position the County as it relates to infrastructure funding. The Office of Procurement hosts an annual fair with approximately 500 plus individuals in attendance. This year the office will be shining a spotlight on the value and importance of apprenticeship programs as it relates to County construction contracting opportunities.
- ★ Develop, through the division of Business Relations and Compliance, an enforcement program of the existing Minority, Female, and Disabled-Owned Business law to be more proactive rather than reactive/complaints-based.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ Implemented a digital solution to address the inefficiencies of conventional, paper-based procurement practices to a more streamlined digitized approach, which resulted in the complete virtualization of County contracting. The County's contracts and all related documentation (including inter-departmental communications, contracting actions, meeting minutes, and sourcing records) were printed and stored in folders and numerous file cabinets within Procurement. This method of managing contracts faced many challenges that were further magnified with the onset of the pandemic in 2020.
- ★ Implemented web-based tools to assist County departments in managing informal solicitations by providing immediate access to County solicitation data which increased transparency, eliminated errors due to manual processes, and improved efficiency of the overall process.
- ★ Implemented a new workflow management tool used by County departments to expedite the receipt and approval of emergency purchases for any dangerous conditions or unforeseen curtailments, diminution, or termination of an essential service that poses an immediate danger to health, life, or property.
- ★ Implemented the first phase of the web-based Contract Review Committee application to improve the efficiency of the overall process, and to maintain compliance with updates to the Open Meetings Act. Additional phases will further improve the process and include reporting features.

PROGRAM CONTACTS

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

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 FY24 estimates reflect funding based on the FY24 Approved Budget. The FY25 and FY26 figures are performance targets based on the FY25 Approved Budget and funding for comparable service levels in FY26.

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 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.
- **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 FY22 | Actual FY23 | Estimated FY24 | Target FY25 | Target FY26 |
|--|------------------------|------------------------|---------------------------|------------------------|------------------------|
| Percent of County contract dollars that are awarded to certified MFD vendors (measured against County goals for each category) | 26.0% | 22.6% | 25.0% | 25.0% | 25.0% |
| Business Relations and Compliance: Percent of contract dollars awarded to LSBs | 26.2% | 31.3% | 28.0% | 28.0% | 28.0% |
| Enforcement: Dollars returned to workers as result of enforcement actions taken by Procurement | \$116,087 | \$8,582 | \$10,000 | \$10,000 | \$10,000 |

| FY25 Approved Changes | Expenditures | FTEs |
|---|---------------------|-------------|
| FY24 Approved | 1,233,343 | 6.50 |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | 454,855 | 3.00 |
| FY25 Approved | 1,688,198 | 9.50 |

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 FY22 | Actual FY23 | Estimated FY24 | Target FY25 | Target FY26 |
|--|-------------|-------------|----------------|-------------|-------------|
| Percent of procurements completed in agreed upon time ¹ | 74% | 85% | 85% | 85% | 85% |

¹ This figure represents the average for the following: Invitation For Bid - 81%; Request For Proposals - 86%; and Construction - 88% for FY23.

| FY25 Approved Changes | Expenditures | FTEs |
|---|------------------|--------------|
| FY24 Approved | 3,099,229 | 24.40 |
| Restore: Restoration of One-Time Lapse | 446,221 | 0.00 |
| Technical Adj: FY24 Mid Year Changes | 0 | (0.50) |
| Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs. | (69,133) | (1.00) |
| FY25 Approved | 3,476,317 | 22.90 |

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).

| FY25 Approved Changes | Expenditures | FTEs |
|---|----------------|-------------|
| FY24 Approved | 736,034 | 8.00 |
| Re-align: Elimination of Long-Term Vacant Position | (132,543) | (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. | (126,918) | (2.00) |
| FY25 Approved | 476,573 | 5.00 |

BUDGET SUMMARY

| | Actual FY23 | Budget FY24 | Estimate FY24 | Approved FY25 | %Chg Bud/App |
|--|------------------|------------------|------------------|------------------|-----------------|
| COUNTY GENERAL FUND | | | | | |
| EXPENDITURES | | | | | |
| Salaries and Wages | 3,140,743 | 3,687,029 | 3,532,108 | 4,110,639 | 11.5 % |
| Employee Benefits | 851,495 | 989,015 | 981,124 | 1,136,774 | 14.9 % |
| County General Fund Personnel Costs | 3,992,238 | 4,676,044 | 4,513,232 | 5,247,413 | 12.2 % |
| Operating Expenses | 393,923 | 392,562 | 392,562 | 393,675 | 0.3 % |
| County General Fund Expenditures | 4,386,161 | 5,068,606 | 4,905,794 | 5,641,088 | 11.3 % |
| PERSONNEL | | | | | |
| Full-Time | 38 | 39 | 39 | 38 | -2.6 % |
| Part-Time | 2 | 2 | 2 | 1 | -50.0 % |
| FTEs | 37.90 | 38.90 | 38.90 | 37.40 | -3.9 % |
| County General Fund Revenues | 0 | 0 | 0 | 0 | — |

FY25 APPROVED CHANGES

| | Expenditures | FTEs |
|---|------------------|--------------|
| COUNTY GENERAL FUND | | |
| FY24 ORIGINAL APPROPRIATION | 5,068,606 | 38.90 |
| <u>Other Adjustments (with no service impacts)</u> | | |
| Restore: Restoration of One-Time Lapse [Procurement Operations] | 446,221 | 0.00 |
| Increase Cost: Annualization of FY24 Compensation Increases | 223,655 | 0.00 |
| Increase Cost: FY25 Compensation Adjustment | 206,443 | 0.00 |
| Increase Cost: Retirement Adjustment | 3,643 | 0.00 |
| Increase Cost: Printing and Mail | 1,113 | 0.00 |
| Technical Adj: FY24 Mid Year Changes [Procurement Operations] | 0 | (0.50) |
| Re-align: Elimination of Long-Term Vacant Position [Procurement Services] | (132,543) | (1.00) |
| Decrease Cost: Annualization of FY24 Personnel Costs | (176,050) | 0.00 |
| FY25 APPROVED | 5,641,088 | 37.40 |

PROGRAM SUMMARY

| Program Name | FY24 APPR Expenditures | FY24 APPR FTEs | FY25 APPR Expenditures | FY25 APPR FTEs |
|-----------------------------------|---------------------------|-------------------|---------------------------|-------------------|
| Business Relations and Compliance | 1,233,343 | 6.50 | 1,688,198 | 9.50 |
| Procurement Operations | 3,099,229 | 24.40 | 3,476,317 | 22.90 |
| Procurement Services | 736,034 | 8.00 | 476,573 | 5.00 |
| Total | 5,068,606 | 38.90 | 5,641,088 | 37.40 |

CHARGES TO OTHER DEPARTMENTS

| Charged Department | Charged Fund | FY24 Total\$ | FY24 FTEs | FY25 Total\$ | FY25 FTEs |
|-----------------------------------|-----------------------|-----------------|--------------|-----------------|--------------|
| COUNTY GENERAL FUND | | | | | |
| Fleet Management Services | Motor Pool | 24,464 | 0.30 | 26,954 | 0.30 |
| Parking District Services | Bethesda Parking | 4,932 | 0.05 | 5,895 | 0.05 |
| Parking District Services | Silver Spring Parking | 4,932 | 0.05 | 5,895 | 0.05 |
| Transit Services | Mass Transit | 16,309 | 0.20 | 17,970 | 0.20 |
| Recycling and Resource Management | Solid Waste Disposal | 40,773 | 0.50 | 44,924 | 0.50 |
| Total | | 91,410 | 1.10 | 101,638 | 1.10 |

FUNDING PARAMETER ITEMS

CC APPROVED (\$000S)

| Title | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| COUNTY GENERAL FUND | | | | | | |
| EXPENDITURES | | | | | | |
| FY25 Approved | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 | 5,641 |
| No inflation or compensation change is included in outyear projections. | | | | | | |
| Labor Contracts | 0 | 112 | 112 | 112 | 112 | 112 |
| These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items. | | | | | | |
| Subtotal Expenditures | 5,641 | 5,753 | 5,753 | 5,753 | 5,753 | 5,753 |