



OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

October 21, 2024

TO: Andrew Friedson, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: FY24 Annual Report: Local Small Business Reserve Program

In accordance with §11B-69 of the Montgomery County Code, I am pleased to attach the annual activity report for the Local Small Business Reserve Program for FY24.

The County spent \$130.5 million with local small businesses in FY24. This amount includes \$9.7 million (32.2%) through LSBRP-advertised solicitations and awards, and \$120.8 million that was exempted from LSBRP but still awarded to local small businesses.

Annual reports are posted on the Office of Procurement's website which may serve as useful references: <http://www.montgomerycountymd.gov/PRO/Reports.html>.

Enclosures

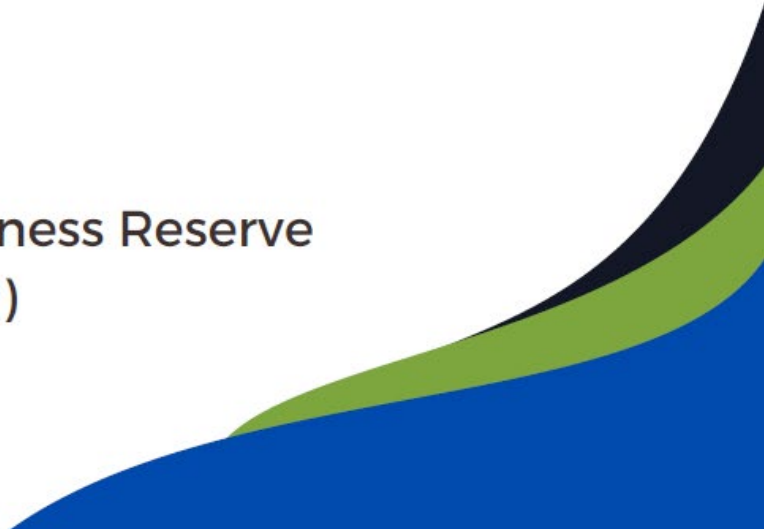
cc: Richard Madaleno, Chief Administrative Officer
Ash Shetty, Director, Office of Procurement
Grace Denno, Division Chief, Office of Procurement



Office of
Procurement
MONTGOMERY COUNTY, MD

FY2024
ANNUAL
REPORT

Local Small Business Reserve
Program (LSBRP)



Message from the Director



The Montgomery County Local Small Business Reserve Program (LSBRP) continues to be a valuable procurement vehicle for Montgomery County-based small businesses, providing them with opportunities to compete for the County’s contracting dollars. In FY24, the Office of Procurement collaborated with numerous business organizations and local small vendors, achieving a record high of 32.2% of eligible spending towards Montgomery County-based small businesses.

This year, the Office of Procurement introduced the “Pathways to Partnership” program, offering targeted assistance through a variety of services. These include networking opportunities with key stakeholders in public sector contracting, enabling participants to focus on capacity-building, access to resources, and long-term business development. The program aims to level the playing field, increase market access, and promote the inclusion of diverse vendors in public procurements. Ultimately, the goal is to empower local, small, and minority-owned vendors to scale their businesses, expand their roles in the county’s contracting landscape, and increase diversity in the procurement process.

We look forward to continuing to strengthen connections between the business community and County departments to support the growth of County contracting activity with local small businesses.

Executive Summary

FY24 was a successful year for the local business programs administered by Montgomery County Office of Procurement. The three local business programs are: the Local Small Business Reserve Program (LSBRP), the Local Business Preference Program (LBPP), and the Local Business Subcontractor Program (LBSP). This report focuses on the LSBRP.

The County spent **\$130.5** million with local small businesses in FY24. This amount includes \$9.7 million (**32.2%**) through LSBRP-advertised solicitations and awards, and \$120.8 million that was exempted from LSBRP but still awarded to local small businesses.

In addition, total LSBRP eligible Direct Purchase Orders (DPOs) was **\$3,593,114¹**; 38% of which, or **\$1,380,045**, was spent towards Montgomery County-based businesses.

¹ Excluding “999” and “444” commodity codes such as Real Properties, Utilities, Insurance Liability, Debt Services, Claims, Fees, etc.

Background

The accomplishments outlined in this report result from several initiatives to stimulate economic growth through local contracting. In FY2009, 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 also enacted new legislation and Executive Regulations to expand the County’s ability to contract 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. Local Small Business Program Amendment Bill #39-19 – (March 2, 2020) – Increased the LSBRP goal from 20% to 25% of eligible procurement actions.

Marketing and Outreach

Throughout the year, the Office of Procurement organized targeted outreach events that attracted vendors from all disciplines and sectors of the business community. The objective of these events was to invite local, small and minority vendors to participate in the County’s procurement process. Government agencies and business organizations that have an interest in the County’s socioeconomic business programs were among the key participants. These well-attended and popular events provided opportunities to local and minority vendors to better understand County contracting procedures and opportunities, as well as County policies related to local, small and minority vendors.

In FY24, the Office of Procurement hosted a total of 40 events, including 12 monthly Online Open Houses and two signature in-person annual events that were held in the Fall and Spring. (* Events hosted or co-hosted by the Office of Procurement)

- July 17, 2023*: USTDA Study Tour: Kenyan Delegation
- July 19, 2023*: Online Open House: PROjections - Upcoming Solicitations
- July 19, 2023: Business Showcase
- August 16, 2023*: Online Open House: MFD and Local Programs
- September 7, 2023*: MDOT Certification Event
- September 9, 2023: Asian Fest
- September 13, 2023: Minority Contractor Summit
- September 20, 2023*: Online Open House: Write an Effective Proposal
- October 11, 2023: Meet the Primes
- October 17, 2023*: How to do Business with Montgomery County: Quarterly Webinar

FY2024 Annual Report: Local Small Business Reserve Program

October 18, 2023*: Online Open House: General Session

October 24, 2023: Challenge HER Event

October 25, 2023: Small Business Roundtable

October 27, 2023: Asian American Business Summit

November 15, 2023*: Online Open House

November 16, 2023*: Procurement Fair

November 17, 2023: Entrepreneurship Expo

December 11, 2023: Minority Business Fair

December 20, 2023*: Online Open House: Small Business Grants/Access to Capital

January 16, 2024*: How to do Business with Montgomery County: Quarterly Webinar

January 17, 2024*: Online Open House: General Session

February 4, 2024: Lunar New Year Dinner

February 20, 2024: Black Business Expo

February 21, 2024*: Online Open House: Local Procurement Offices

February 22, 2024: MBE Night in Annapolis

March 6, 2024: Minority Contractor Summit

March 7, 2024: Empower HER

March 20, 2024*: Online Open House: What to Consider When Responding to an IFB

March 21, 2024: US-India Small Medium Enterprise

April 17, 2024*: Online Open House: General Session

April. 25, 2024*: Vendor Connection Summit

April 29, 2024*: MDOT Certification Training

May 7, 2024*: MD Black Chamber Series: Local Procurement Offices

May 14, 2024*: MD Black Chamber Series: How to do Business with MCG

May 21, 2024*: MD Black Chamber Series: MDOT Certification

May 15, 2024*: Online Open House: PROjections - Upcoming Solicitations

May 16, 2024*: How to do Business with Montgomery County

May 23, 2024*: Prevailing Wage Law Webinar

June 12, 2024: Federal Procurement Conference

June 19, 2024*: Online Open House: Local Business and MFD Program Overview

FY22 – FY24 LSBRP Comparative Program Measures

Table 1: Three Year Comparison of Spending with Local Small Businesses

Procurement Awards, FY22-FY24						
	FY22		FY23		FY24	
	\$	%	\$	%	\$	%
Total Procurement Dollars	\$1,116,846,925		\$ 1,924,489,405		\$1,102,403,317	
Eligible for LSBRP Procurement²	\$75,467,338		\$178,450,309		\$30,097,064	
Encumbered \$ to Eligible LSBRP³	\$19,755,844	26.2%	\$55,880,467	31.5%	\$9,701,488	32.23%
Exempted but awarded to certified Local Small Businesses (LSB)	\$121,813,252		\$249,200,072		\$120,893,996	
Total encumbered \$ to certified Local Small Businesses (LSB)⁴	\$141,569,096		\$305,080,539		\$130,595,485	

Table 2: Three Year Comparison of LSBRP Exemptions (in million \$)

Exemption Category	FY22		FY23		FY24	
	\$	%	\$	%	\$	%
Chief Administrative Officer waiver	\$0	0.00%	\$0	0%	\$0	0%
Conflicts with law or grant	\$6.79	0.74%	\$51.89	3.47%	\$20.22	2.08%
Public Entity or emergency procurement	\$107.60	11.76%	\$103.84	6.94%	\$3.22	0.33%
Non-competitive contract	\$62.70	6.85%	\$131.09	8.76%	\$36.25	3.73%
Pre-existing contract	\$567.42	62.03%	\$853.76	57.04%	\$587.58	60.47%
Procurement exceeds \$10 million	\$154.98	16.94%	\$328.64	21.96%	\$309.67	31.87%
No LSBRP vendor deemed qualified	\$15.26	1.67%	\$27.64	1.85%	\$14.69	1.51%
Total procurement exempted from LSBRP	\$914.75	100%	\$1496.86	100%	\$971.63	100%

² Exemption categories: Grants, Non-competitive; Emergency; Public Entity; Pre-existing; Over \$10m; No LSBRP vendor deemed qualified.

³ 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 $\$9,701,488 / \$30,097,064 = 32.2\%$

⁴ Total dollars to local small businesses $(\$9,701,488 + \$120,893,996 = \$130,595,485)$

LSBRP Major Awards Summary

Table 3: FY24 Major Contracts Awarded to LSBRP (over \$100,000 / sorted by \$ amount)

DEPT	Vendor	Description	Amount
DOT	Mercado Consultants, Inc.	Engineering Services for Transportation Facilities	\$4,000,000
DOT	Sheladia Associates, Inc.	Engineering Services for Transportation Facilities	\$4,000,000
DOT	Walker Willis Corporation	Concrete and Steel Repairs and Restoration Services in MCDOT Parking Facilities	\$3,500,000
DOT	Professional Hispanic Contractors	Concrete and Steel Repairs and Restoration Services in MCDOT Parking Facilities	\$3,500,000
DOT	MCNA LLC	Ride On Bus Stop Maintenance & Snow Removal Services	\$1,500,000
DOT	Burgos Contractors LLC	Ride On Bus Stop Maintenance & Snow Removal Services	\$1,500,000
DOT	Smislova Kehnemui & Associates	Engineering Design, Consulting and Construction Administration Services	\$1,250,000
DOT	Sheladia Associates, Inc.	Engineering Design, Consulting and Construction Administration Services	\$1,250,000
TEBS	Databridge Sites LLC	Tier 4 Data Center Colocation Services	\$1,226,693
DEP	Epstein Creative LLC	Comprehensive Environmental Strategic Marketing Communications Support for Programs and Campaigns	\$625,000
DEP	The Hatcher Group	Comprehensive Environmental Strategic Marketing Communications Support for Programs and Campaigns	\$625,000
DEP	McAndrew Co, Inc.	Comprehensive Environmental Strategic Marketing Communications Support for Programs and Campaigns	\$625,000
DEP	Montage Marketing Group	Comprehensive Environmental Strategic Marketing Communications Support for Programs and Campaigns	\$625,000
SHE	Chesapeake Counseling Associates LLC	Safe Start: Counseling for Children Exposed to Domestic Violence	\$500,000
DOT	Professional Hispanic Contractors, Inc.	Seasonal Labor - primary award	\$500,000
REC	Amato Industries, Inc.	Sodium Hypochlorite for Swimming Pools	\$424,999
FRS	Personalized Classics, Inc.	Uniform Apparel	\$150,000
REC	Personalized Classics, Inc.	Recreation Apparel	\$120,000
DOT	NVR Contracting, Inc.	Seasonal Labor - secondary award	\$100,000

LSBRP Awards by Department

Table 4: LSBRP Spending by County Department / Office

Department	LSBRP spending	% of Eligible \$
Board of Investment Trustees	\$4,435,385	89
Circuit Court	\$12,000	100
Community Engagement Cluster	\$792,005	88
Community Use of Public Facilities	\$235,284	100
Department of Correction and Rehabilitation	\$261,392	30
County Council	\$44,322.00	47
Office of the County Attorney	\$77,422	100
Department of Emergency Management and Homeland Security	\$360,946	91
Department of Environmental Protection	\$8,970,642	96
Department of Finance	\$229,436.00	76
Department of Fire & Rescue Services	\$3,359,234	91
Department of General Services	\$20,736,885	96
Department of Health & Human Services	\$36,371,938	90
Department of Housing & Community Affairs	\$2,507,360	76
Office of Human Resources	\$147,176.40	28
Department of Alcohol and Beverage Services	\$1,402,430	47
Department of Permitting Services	\$252,114	48
Department of Police	\$2,789,841	88
Office of Procurement	\$120,500	100
Department of Public Libraries	\$548,237	97
Department of Recreation	\$1,969,302	77
Sheriff's Office	\$307,045	100
Department of Technology and Enterprise Business Solutions	\$7,489,291	99
Department of Transportation	\$22,617,238	92

Table 5: Number of Departments Meeting the 25% Goal

	FY21	FY22	FY23	FY24
# of Departments that met the requirement	22	22	21	24
# of Departments that did not meet the requirement	1	1	2	0
Total	23	23	23	24

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 FY24, total LSBRP eligible DPOs were **\$3,593,113.86⁵**, of which **\$1,380,045.37 (38%)**, was spent towards Montgomery County-based businesses.

Table 6: Departments that Spent more than 50% of DPOs with County-based Businesses

Departments	Total Eligible DPOs	DPOs with County-based vendors	Local %
Permitting Services	\$ 10,099.00	\$ 10,099.00	100%
Public Information	\$ 690.00	\$ 690.00	100%
Board of Elections	\$ 35,968.00	\$ 32,218.00	90%
Community Use of Public Facilities	\$ 11,550.90	\$ 9,350.90	81%
Legislative Oversight	\$ 16,860.00	\$ 12,836.00	76%
Finance	\$ 8,709.63	\$ 6,400.00	73%
Management and Budget	\$ 6,240.00	\$ 4,240.00	68%
Community Engagement Cluster	\$ 141,836.07	\$ 90,539.66	64%
Alcohol Beverage Services	\$ 131,259.81	\$ 83,098.27	63%
County Executive	\$ 37,263.50	\$ 23,349.50	63%
County Council	\$ 263,162.99	\$ 164,628.52	63%
Office of Procurement	\$ 12,601.51	\$ 7,326.51	58%
Circuit Court	\$ 12,691.70	\$ 7,124.90	56%

⁵ Excluding “999” and “444” commodity codes such as Real Properties, Utilities, Insurance Liability, Debt Services, Claims, Fees, etc.