



**Committee:** GO  
**Committee Review:** Completed  
**Staff:** Dr. Costis Torgas, Council IT Adviser  
**Purpose:** To make preliminary decisions – straw vote expected

AGENDA ITEM #3L  
 May 5, 2026  
**Worksession**

**SUBJECT**

Office of Procurement FY27 Operating Budget

**EXPECTED ATTENDEES**

Ash Shetty, Director, Office of Procurement  
 Melissa Garner, Operations Division Chief, Office of Procurement  
 Grace Denno, DBRC Division Chief, Office of Procurement  
 Sarah Giambra, Management and Budget Specialist, Office of Procurement  
 Mahnoor Anjum, Fiscal and Policy Analyst, Office of Management and Budget

**FY27 COUNTY EXECUTIVE RECOMMENDATION**

Office of Procurement	FY26 Approved	FY27 CE Recommended	Change from FY26 Approved
<b>General Fund</b>	<b>\$6,026,756</b>	<b>\$7,289,479</b>	<b>21%</b>
Personnel Costs	\$ 5,692,716	\$ 6,130,902	7.7%
Staffing (FTEs)	37.40 FTEs	37.40 FTEs	0%
Operating Costs	\$334,040	\$1,158,577	246.8%
<b>Total Expenditures (All Funds)</b>	<b>\$6,026,756</b>	<b>\$7,289,479</b>	<b>21%</b>
<b>Total Staffing (All Funds)</b>	<b>37.40FTEs</b>	<b>37.40 FTEs</b>	<b>0%</b>

**COMMITTEE RECOMMENDATIONS**

On a unanimous 3-0 vote, the GO Committee voted to

- Reduce the Office of Procurement budget request to \$6,473,309 (the difference in the total recommended amount for the Office of Procurement of \$7,289,479 less the E-Procurement cost of \$816,170) and recommend it to the full Council for action.
- Place the \$816,170 E-Procurement item in the reconciliation list. The GO Chair asked Council staff to add more detail on the E-Procurement need and potential benefits of adoption in the Reconciliation transmission.

## SUMMARY OF KEY ISSUES

- The CE Recommended FY27 budget for the Office of Procurement is fundamentally a same-services budget, with the exception of a one time cost of \$816, 170 to fund the development and deployment of an e-Procurement system. This request was also made during the Council’s FY26 deliberations but was not funded at that time.
- The Committee discussed the e-Procurement issue and requested information on how other jurisdictions handle their procurement processes. The chart below summarizes information on neighboring jurisdictions.

Entity	Annual Procurement Benchmark			e-Procurement System			Contract Compliance System <sup>1</sup> (for MBE, LBE, Wage enforcement)			Comments
	Annual Procurement Spending	# of Active contracts	Yearly Pro Actions	System Name	Initial cost	Annual Maintenance cost	System Name	Initial cost	Annual Maintenance cost	
Montgomery County	\$1,500,000,000	2800	11,000	--	--	--	--	--	--	Piloting BidNet for free since 2020 (COVID emergency)
Howard County	\$388,000,000	802	8,000	Planet Bids	\$26,625	\$26,400	B2G Now	\$38,625	\$15,500	Please note that our MBE software only manages our MBE and local business programs, not our wage program
PG County	\$800,000,000	1100	3,200	ARIBA	--	--	--	--	--	As part of their SAP ERP system
Frederck County	\$200,000,000	1200	4,100	Infor	--	--	--	--	--	As part of their ERP system
WSSC	\$500,000,000	500	820	OpenGov	\$107,984.83	\$212,000	PRISM	--	--	Initial cost based on period of 3/1/25 thru 6/30/25 which include Assembly & eSignature, Enterprise Procurement & Contracts and Professional Services Deployment
Fairfax County, VA	\$900,000,000	1700	5,000	Bonfire	--	--	--	--	--	

- The Committee also requested that additional detail be provided regarding the need for an e-procurement system and anticipated Return on Investment (RoI) information to the full Council as it deliberates the Procurement FY27 budget request. This information is provided on ©11-15.

### **This report contains:**

1 April 23, 2026 GO Procurement Budget Worksession Staff Report	Pages 1 – 17
FY27 CE Recommended Procurement budget	©1-6
Pro Direct detail Office of Procurement	©7-8
Procurement Org Chart January 2026	©9
Procurement FY27 OBET Narrative	©10
2 Summary of e-Procurement issues	©11-15

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**Agenda Item:** #1

**Date:** April 23, 2026

**Staff:** Dr. Costis Toregas, Council IT Adviser

**Subject:** FY27 Operating Budget – Office of Procurement

**Purpose:** Worksession - make recommendations for Council consideration (vote expected)

**Expected Attendees:**

Ash Shetty, Director, Office of Procurement

Melissa Garner, Operations Division Chief, Office of Procurement

Grace Denno, DBRC Division Chief, Office of Procurement

Sheronda Baltimore, Central Services Manager, Office of Procurement

Sarah Giambra, Management and Budget Specialist, Office of Procurement

Mahnoor Anjum, Fiscal and Policy Analyst, Office of Management and Budget

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## Executive Summary and Key Issues for Committee Review

- The County Executive recommends a budget of **\$7,289,479** for the Office of Procurement in FY27. This is an increase of \$1,262,723 or 21% from the FY26 Approved operating budget of \$6,026,756 (See Attachment 1).
- There is **no increase** in the Office of Procurement **staffing** request, which remains at the 37.40 FTE level of FY26.
- The major **increase** in the FY27 Office of Procurement budget request is an **\$816,170 addition requesting an E-Procurement System** development to be undertaken. This same item was also requested in the Executive's FY26 budget submission, but was not funded in the Reconciliation process.
- The additional expense of \$816,170 for the E-Procurement system must be put on the reconciliation list according to the Council President's approach to the CE's FY27 recommended budget.
- The Office of Procurement developed PRO Direct system to serve as a user-friendly web-based solution to streamline processes, eliminate repetition, and reduce costs using existing County infrastructure and resources. Through PRO Direct, Procurement Operations staff are provided with an automated means to communicate and track contract action requests made by County departments. PRO Direct includes an intake form, chat feature, performance analysis, staff collaboration, ability to identify timeliness of actions by the department and Procurement, and workflow. More detail on this system and its performance is provided as Attachment 2.

## Summary of FY27 Recommended Office of Procurement Budget

Department Name	FY26 Approved	FY27 CE Recommended	Change from FY26 Approved
<b>General Fund</b>	<b>\$6,026,756</b>	<b>\$7,289,479</b>	<b>21%</b>
Personnel Costs	\$ 5,692,716	\$ 6,130,902	7.7%
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<b>Total Expenditures (All Funds)</b>	<b>\$6,026,756</b>	<b>\$7,289,479</b>	<b>21%</b>
<b>Total Staffing (All Funds)</b>	<b>37.40FTEs</b>	<b>37.40 FTEs</b>	<b>0%</b>

### A. Public Testimony

The Council held public hearings on the FY27 Operating Budget and related items on April 7, 8, and 9, 2026. Recordings of the public hearings as well as written/video testimony are available on the Council's [website](#).

### B. Department Background

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.

There are three programs within the Office of Procurement (see detailed Organization chart for the Office of Procurement in Attachment 3):

#### ➤ Office of 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 local, small, minority, female,

disabled-owned and veteran-owned businesses. The division administers the County's Wage Requirements (WRL) and Prevailing Wage (PWL) laws for service and construction contracts. The DBRC is responsible for enforcing County government contracting compliance with the socioeconomic laws, programs, and policies of the County. DBRC is also responsible for vendor outreach, training, and engagement with the business community.

DBRC's compliance programs ensure that the County's procurement compliance laws such as Minority, Female, Disabled (MFD) owned business program and local, small, veteran owned business programs are enforced and monitored. This is done by ensuring department spending goals to the MFD and Local Business laws are met and that contractors are paying their employees the proper wage rate under the WRL and PWL wage laws.

The recommended FY27 budget is a same services budget for this office.

Council staff asked the following question to help the GO Committee assess progress towards these goals: Overall, **is the County doing better** in ensuring equitable access to County contracting opportunities to all? Please provide #, \$ and % numbers for actual (or estimated) levels of MFD, LSBRP, LBPP, LBSP and VOBPP programs using most appropriate performance metrics and units of measurement for each.

The Office of Procurement provided the following answer:

- Local Small Business Reserve Program (LSBRP) and Minority, Female and Disabled Owned Businesses (MFD): In the past three consecutive years, LSBRP has been hitting record high percentage in spending towards LSBRP vendors; MFD has been hitting record high \$ in spending towards MFD vendors.

	LSBRP		MFD	
	\$ to LSBRP contractors	% of total eligible	\$ to MFD contractor and subs	% of total eligible
FY25	\$132,943,867	33.7%	\$273,994,943	21.21%
FY24	\$130,595,485	32.2%	\$248,126,541	23.50%
FY23	\$305,080,539	31.5%	\$246,374,095	22.60%

- Local Business Preference Program (LBPP): In FY25, a total of 149 formal solicitations were issued, of which 81 were subject to the LBPP. Out of these formal solicitations, 35 solicitations (43.2%) received offers from certified local businesses. As a result, 17 contracts were awarded to Montgomery County based local businesses, with an additional 3 contracts pending contract awards. For the 17 Local Business awards, the total award amount is \$44.6 million.
- Local Business Subcontracting Program (LBSP): In FY25, a total of 9 solicitations were subject to the LBSP, with a total contract value of \$316.5 million. Of these, 2 contracts received full waivers, while 7 contracts reported participation in this program. Local Subcontracting Businesses received a total of \$15.8 million, which represents 5% of the total awarded amount.

- Veteran-Owned Business Preference Program (VBPP): VBPP was implemented on January 1st, 2025 (Later half of FY25) and only apply to Request for Proposals (RFPs). Out of 30 RFP solicitations issued between 1/1/2025 -6/30/2025, 6 RFP solicitations were reserved under the LSBRP, which were subject to the VBPP. Out of these 6 LSBRP solicitations, 1 solicitation received 2 offers from certified veteran owned businesses. The veteran owned business did not receive the contract award.

➤ **Office or 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.

The chosen effectiveness **metric** of “% of procurements completed in agreed upon time” within the Procurement Operations section is **falling over time** (from 89% in FY24 to 85% in FY26)? When asked to explain, the Office of Procurement provided the following answer:

This metric is an average of three formal solicitation processes: Construction, Invitation for Bids (IFBs) and Request for Proposals (RFPs). The Office of Procurement oversees the end-to end procurement process, inclusive of both centralized functions and departmental responsibilities. Recent improvements within the Office of Procurement have increased overall efficiency; however, these gains have not been consistently replicated across departments. Variability persists due to gaps in institutional knowledge, procurement expertise, and competing priorities. Despite this, overall procurement performance has improved. Construction procurements remain an exception, with extended cycle times driven by project complexity, scale, and value. Strengthening departmental alignment and capability is critical to sustaining continued performance gains.

The Executive is requesting an additional \$816,170 from last year’s level of funding for the E-Procurement system. This system will consolidate contract lifecycle applications into an e-

Procurement solution to integrate sourcing, contract management, vendor management, and compliance management. Since the Council did not fund this request during the FY26 budget review, Council staff asked whether something had changed since Spring 2025? And what, if any, impact would continued lack of funding for this technology project have on the Office of Procurement's effectiveness? The response from the Office of Procurement is as follows:

**What has changed:** All documents being accessed by the public are now legally required to be modified to be ADA accessible. Without the eProcurement system in place, this new time-consuming requirement is done manually at the expense of other mission critical procurement activities. Implementation of the eProcurement system, as recommended by the Executive, would address this additional workload.

**Impact from continued lack of funding:** Each department manages its own document templates, resulting in inconsistent documentation development (different look, less control on information included, etc.), an issue worsening over time. In the current state, document development engages individual departments as needed, frequently by email and in a redundant pattern. An eProcurement solution would enable centralized control over documentation access and editing, enhancing efficiency, governance, and control. Without an eProcurement system, there is limited visibility and ability to oversee how and when departments carry out procurement activities.

➤ **Office of Procurement Services**

The Procurement Services section provides departmental direction, oversight, and support for the Contract Review Committee, reporting and analysis, and budget preparation/ administration. This section also manages 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 resource actions, 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 County-wide 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).

The recommended FY27 budget is a same services budget for this office. There is a technical adjustment to the FY26 budget allocation, shifting a position from Procurement Operations to Procurement Services in order to address operational needs. The rationale provided by the Office of Procurement for this shift is as follows:

In 2025, an operational decision was made to enhance the IT support within our department due to the high demand on existing IT infrastructure and the need to continue developing and improving our innovative goals. The department identified the need to modernize procurement infrastructure to meet growing expectations for efficiency, transparency, and accountability. For decades, the Office of Procurement has operated with only one

IT Specialist, responsible for maintaining a growing and increasingly complex set of systems and tools. While the department has maintained operations under these constraints, the demand for IT support has increased significantly, both in volume and complexity, due to expanded use of digital platforms, increasing procurement activity, new programs, and system interoperability challenges. Without additional technical capacity, the department faced increasing risk of delays, inefficiencies, and service disruptions.

Because funding for the eProcurement system has not been secured, the department must continue relying on existing systems, which increases the burden on both IT support and procurement staff. To maintain and optimize these legacy platforms, while addressing the growing volume of IT-related issues, we requested the reclassification of the Program Manager II role in Operations into an IT Specialist II role in Central Services. This reclassification is essential to ensure the in-house technical expertise needed to support operations, mitigate system-related risks, and lay the groundwork for future modernization when funding for the eProcurement system becomes available.

### C. Operating Equity Budget Tool (OBET) Analysis

The Office of Procurement received a commitment level rating of 11 in the Operating Budget Equity Tool (OBET) analysis, demonstrating that the Office of Procurement shows a proactive and strategic commitment to advancing racial equity and social justice (RESJ). The score of 11 is the highest score a department can achieve, highlighting its commitment to Racial Equity and Social Justice, and providing other departments an example of creative ways to move the County forward. The Office is working now to be more intentional in the application of a racial equity and social justice lens by focusing on the outcomes for minority, female, and disabled-owned subcontractors. The application of a racial equity lens is a decentralized process and embedded, not only within the Division of Business Relations and Compliance-which administers the Minority, Female and Disabled-Owned Business (MFD) program, but also among procurement specialists, with multiple levels of review. The full OBET Narrative is provided as Attachment 4.

### D. Budget Discussion Items

#### FY27 CE Recommended Budget Add/Increase

Program	FY27 Cost
E-Procurement System	\$816,170

#### Potential Reductions for Committee Consideration

Program	FY27 Cost	Notes
		No additional reductions

**E. Summary of Committee Decision Points**

The table below summarizes increases, potential reductions, or other items identified for Committee decision based on the Council President’s recommended budget approach. The Committee may also reduce items from the Executive’s budget instead of placing them on the reconciliation list and may recommend adding items to the reconciliation list that were not included in the Executive’s budget. All items on the reconciliation list remain subject to final decision making by the Council for funding approval.

Item	FY27 Recommended Amount	Notes
E-Procurement System	\$816,170	Move to reconciliation list

**All other items in CE Recommended Operating Budget.** Staff recommends approving all other FY27 items as recommended by the Executive at the level of **\$6,473,309** (the difference in the total recommended amount for the Office of Procurement of \$7,289,479 less the E-Procurement cost of \$816,170). These include FY26 compensation annualizations and other required personnel costs changes for existing staff, FY27 compensation cost adjustments (subject to Council decisions on those items), and other cost increases that do not need to be placed on the reconciliation list.



# Procurement

## RECOMMENDED FY27 BUDGET

\$7,289,479

## 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 recommended FY27 Operating Budget for the Office of Procurement is \$7,289,479, an increase of \$1,262,723 or 20.95 percent from the FY26 Approved Budget of \$6,026,756. Personnel Costs comprise 84.11 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 15.89 percent of the FY27 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

-  Consolidating contract lifecycle applications into an e-Procurement solution to integrate sourcing, contract management, vendor management, and compliance management.

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## INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

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- ✦ Expanded outreach by increasing annual events and launching new large-scale initiatives to better connect businesses, especially federal contractors, with County opportunities. These engagements provide business owners with practical guidance and direct access to procurement resources.
- ✦ Developed several standardized tools and processes, including the Contract Pre-Cure Resource, Vendor Onboarding Guide, Bridge Contract Guidance, and Contract Closeout Playbook, to ensure consistent, fair, and transparent contract management across the lifecycle. These frameworks improve communication, documentation, and oversight while supporting equity and accountability.
- ✦ Streamlined internal operations by consolidating and rebranding procurement forms into new fillable PRO-Forms. This modernization improves usability for staff and enhances overall procurement efficiency.

## PROGRAM CONTACTS

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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

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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 FY26 estimates reflect funding based on the FY26 Approved Budget. The FY27 and FY28 figures are performance targets based on the FY27 Recommended Budget and funding for comparable service levels in FY28.

## PROGRAM DESCRIPTIONS

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### ✦ 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 local, small, minority, female, disabled-owned and veteran-owned businesses. The division administers the County's Wage Requirements (WRL) and Prevailing Wage (PWL) laws for service and construction contracts. The DBRC is responsible for enforcing County government contracting compliance with the socioeconomic laws, programs, and policies of the County. DBRC is also responsible for vendor outreach, training, and engagement with the business community.

DBRC's compliance programs ensure that the County's procurement compliance laws such as Minority, Female, Disabled (MFD) owned business program and local, small, veteran owned business programs are enforced and monitored. This is done by ensuring department spending goals to the MFD and Local Business laws are met and that contractors are paying their employees the proper wage rate under the WRL and PWL wage laws.

- **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.
- **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 is a local preference points program; this means that Montgomery County-based businesses will receive an extra 10% preference points on County contract awards. LBPP requires a 10% price preference for a local business bidding on an IFB or an evaluation factor worth 10% of the total points for a local business submitting a proposal under an RFP for a contract awarded by the County.
- **Local Business Subcontracting Program (LBSP):** The County established a 10% subcontracting goal for local businesses in procurement contracts with an estimated value to exceed \$10 million.
- **Wage Requirements Law:** 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:** 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.
- **Veteran-Owned Business Preference Program:** The Verified Veteran-Owned businesses that are local to Montgomery County will receive additional evaluation points worth 5% of the total available points for proposals submitted under Local Small Business Reserve Program.

<b>Program Performance Measures</b>	<b>Actual FY24</b>	<b>Actual FY25</b>	<b>Estimated FY26</b>	<b>Target FY27</b>	<b>Target FY28</b>
Percent of County contract dollars that are awarded to certified minority, female, or disabled-owned (measured against County goals for each category)	23.5%	21.4%	22.0%	23.0%	24.0%
Business Relations and Compliance: Percent of contract dollars awarded to local small businesses	32.2%	33.7%	34.0%	34.5%	35.0%
Enforcement: Dollars returned to workers as result of enforcement actions taken by Procurement	\$86,920	\$17,278	\$10,000	\$10,000	\$10,000

<b>FY27 Recommended Changes</b>	<b>Expenditures</b>	<b>FTEs</b>
<b>FY26 Approved</b>	<b>1,419,880</b>	<b>6.50</b>
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	31,337	0.00
<b>FY27 Recommended</b>	<b>1,451,217</b>	<b>6.50</b>

## 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 FY24	Actual FY25	Estimated FY26	Target FY27	Target FY28
Percent of procurements completed in agreed upon time <sup>1</sup>	89%	87%	85%	85%	85%

<sup>1</sup> This figure represents the average for the following: Invitation For Bid: 81%; Request For Proposals: 91%; and Construction: 89% for FY25.

FY27 Recommended Changes	Expenditures	FTEs
<b>FY26 Approved</b>	<b>4,067,400</b>	<b>25.90</b>
Add: E-Procurement System	816,170	0.00
Technical Adj: Shift Position From Procurement Operations to Procurement Services to Address Operational Needs	(129,028)	(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.	348,592	0.00
<b>FY27 Recommended</b>	<b>5,103,134</b>	<b>24.90</b>

## Procurement Services

The Procurement Services section provides departmental direction, oversight, and support for the Contract Review Committee, reporting and analysis, and budget preparation/ administration. This section also manages 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 resource actions, 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 County-wide basis. IT management of applications, databases, systems, and department website design and maintenance are included in this program, as well as coordination with the County's Department of Technology and Enterprise Business Solutions (TEBS).

FY27 Recommended Changes	Expenditures	FTEs
<b>FY26 Approved</b>	<b>539,476</b>	<b>5.00</b>
Technical Adj: Shift Position From Procurement Operations to Procurement Services to Address Operational Needs	129,028	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.	66,624	0.00

FY27 Recommended Changes	Expenditures	FTEs
<b>FY27 Recommended</b>	<b>735,128</b>	<b>6.00</b>

## BUDGET SUMMARY

	Actual FY25	Budget FY26	Estimated FY26	Recommended FY27	%Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	4,158,634	4,422,974	4,583,482	4,752,857	7.5 %
Employee Benefits	1,144,144	1,269,742	1,214,154	1,378,045	8.5 %
<b>County General Fund Personnel Costs</b>	<b>5,302,778</b>	<b>5,692,716</b>	<b>5,797,636</b>	<b>6,130,902</b>	<b>7.7 %</b>
Operating Expenses	387,084	334,040	334,040	1,158,577	246.8 %
<b>County General Fund Expenditures</b>	<b>5,689,862</b>	<b>6,026,756</b>	<b>6,131,676</b>	<b>7,289,479</b>	<b>21.0 %</b>
<b>PERSONNEL</b>					
Full-Time	38	38	38	38	—
Part-Time	1	1	1	1	—
FTEs	37.40	37.40	37.40	37.40	—
<b>County General Fund Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>

## FY27 RECOMMENDED CHANGES

	Expenditures	FTEs
<b>COUNTY GENERAL FUND</b>		
	<b>FY26 ORIGINAL APPROPRIATION</b>	<b>6,026,756 37.40</b>
<b><u>Changes (with service impacts)</u></b>		
Add: E-Procurement System [Procurement Operations]	816,170	0.00
<b><u>Other Adjustments (with no service impacts)</u></b>		
Increase Cost: FY27 Compensation Adjustment	215,358	0.00
Increase Cost: Annualization of FY26 Personnel Costs	135,204	0.00
Technical Adj: Shift Position From Procurement Operations to Procurement Services to Address Operational Needs [Procurement Services]	129,028	1.00
Increase Cost: Lapse Adjustment	60,541	0.00
Increase Cost: Annualization of FY26 Compensation Increases	42,931	0.00
Increase Cost: Printing and Mail	8,367	0.00
Decrease Cost: Retirement Adjustment	(15,848)	0.00
Technical Adj: Shift Position From Procurement Operations to Procurement Services to Address Operational Needs [Procurement Operations]	(129,028)	(1.00)
	<b>FY27 RECOMMENDED</b>	<b>7,289,479 37.40</b>

## PROGRAM SUMMARY

Program Name	FY26 APPR Expenditures	FY26 APPR FTEs	FY27 REC Expenditures	FY27 REC FTEs
Business Relations and Compliance	1,419,880	6.50	1,451,217	6.50
Procurement Operations	4,067,400	25.90	5,103,134	24.90
Procurement Services	539,476	5.00	735,128	6.00
<b>Total</b>	<b>6,026,756</b>	<b>37.40</b>	<b>7,289,479</b>	<b>37.40</b>

### CHARGES TO OTHER DEPARTMENTS

Charged Department	Charged Fund	FY26 Total\$	FY26 FTEs	FY27 Total\$	FY27 FTEs
<b>COUNTY GENERAL FUND</b>					
Fleet Management Services	Motor Pool	31,937	0.30	36,912	0.30
Parking District Services	Bethesda Parking	6,400	0.05	6,807	0.05
Parking District Services	Silver Spring Parking	6,400	0.05	6,807	0.05
Transit Services	Mass Transit	21,292	0.20	24,608	0.20
Recycling and Resource Management	Solid Waste Disposal	53,229	0.50	61,521	0.50
	<b>Total</b>	<b>119,258</b>	<b>1.10</b>	<b>136,655</b>	<b>1.10</b>

### FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY27	FY28	FY29	FY30	FY31	FY32
<b>COUNTY GENERAL FUND</b>						
<b>EXPENDITURES</b>						
<b>FY27 Recommended</b>	<b>7,289</b>	<b>7,289</b>	<b>7,289</b>	<b>7,289</b>	<b>7,289</b>	<b>7,289</b>
No inflation or compensation change is included in outyear projections.						
<b>E-Procurement System</b>	<b>0</b>	<b>38</b>	<b>(337)</b>	<b>(666)</b>	<b>(666)</b>	<b>0</b>
Items recommended for funding in FY27, including the implementation of an e-Procurement System, will be adjusted within the base in the outyears.						
<b>Labor Contracts</b>	<b>0</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
<b>Subtotal Expenditures</b>	<b>7,289</b>	<b>7,377</b>	<b>7,002</b>	<b>6,673</b>	<b>6,673</b>	<b>7,339</b>

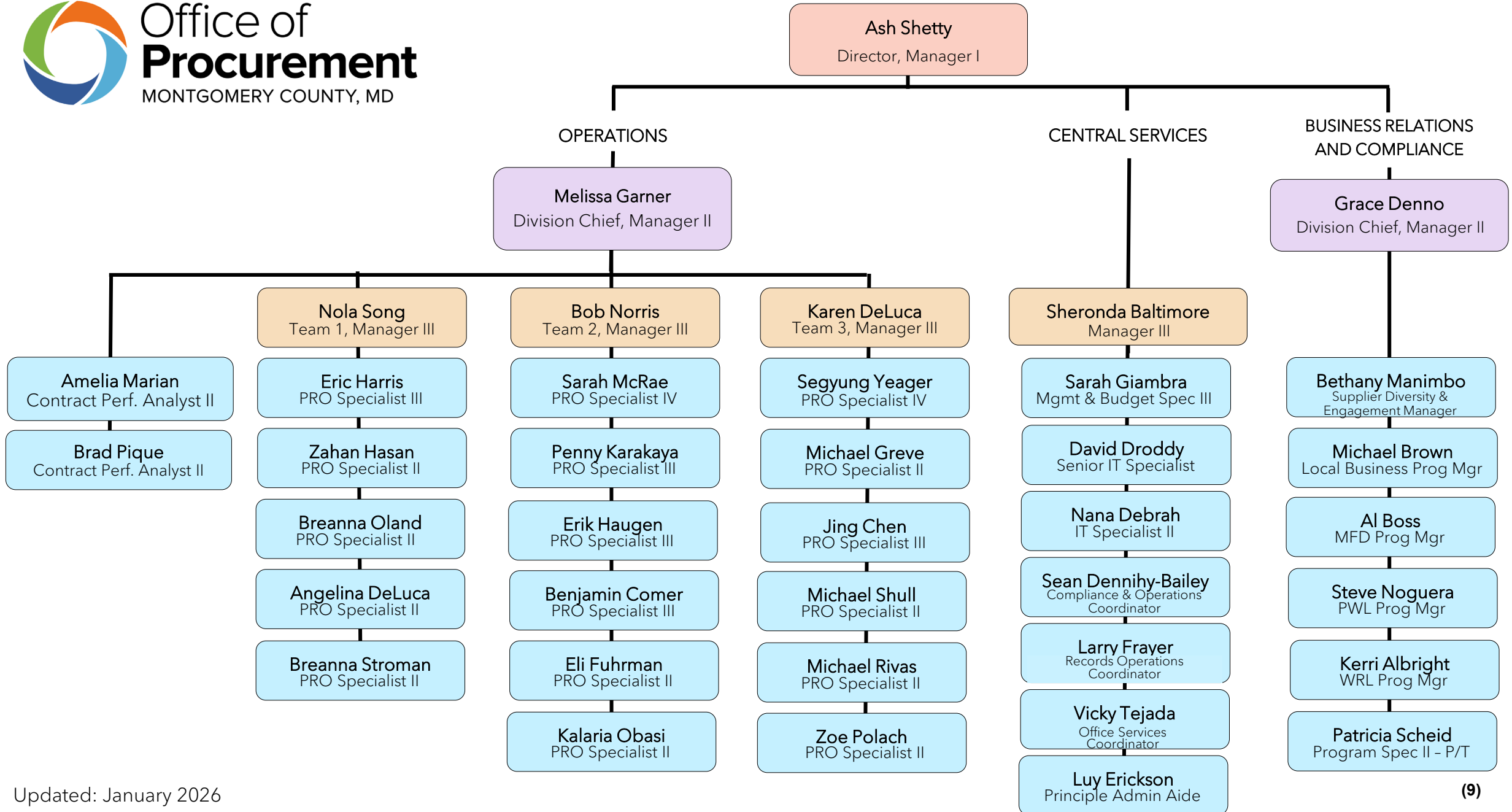
The Office of Procurement developed PRO Direct to serve as a user-friendly web-based solution to streamline processes, eliminate repetition, and reduce costs using existing County infrastructure and resources. Through PRO Direct, Procurement Operations staff are provided with an automated means to communicate and track contract action requests made by County departments. PRO Direct includes an intake form, chat feature, performance analysis, staff collaboration, ability to identify timeliness of actions by the department and Procurement, and workflow. This is made more efficient with the incorporation of the following features:

- **Pre-Defined Actions and Pre-Populated Contracting Data:** The initial implementation included several of the most used contracting/solicitation action types, including requests for new contracts or solicitations, contract amendments/modifications, change order requests, and inclusion into various contract distribution groups. Based on the action type selected, the intake form adjusted the data fields requested to align more with the action type. Contracting and/or solicitation data is automatically populated upon entry of the contract/solicitation number (i.e., Description, Supplier if applicable, and amendment number) to improve efficiency. Additional action types have been included since the implementation of PRO Direct to address the requests made by using departments.
- **Detailed Analytics – Using Departments:** To promote transparency, charting and graphs are provided to departments identifying the time required for Procurement to complete an action by type. It compares the user’s metrics against others within the same department and provides a realistic expectation of how long, on average, a particular action can take. This helps with resource planning and more accurate estimations for completion.
- **Performance Metrics – Office of Procurement:** The Office of Procurement’s performance as it relates to length of time to complete PRO Direct requests is made available through a dashboard list of incomplete PRO Direct records for internal users and management. Procurement staff can quickly access and respond to outstanding requests in a timely manner.
- **Access to Department History:** Each County department can view its departmental PRO Direct requests. The user is provided with a search and activity page that allows them to view the entire department’s activity as well as actions submitted directly by the user. This allows department staff to assist by completing actions, should the need arise. Similarly, Procurement staff can respond and complete actions not assigned to them. An audit trail provides detailed information on record activity.
- **Program Results/Success:** The Office of Procurement worked quickly to implement a solution to centralize contracting actions to address concerns from County departments. PRO Direct has streamlined workflow processes within Montgomery County. By centralizing workload and incorporating real-time data on action requests, Procurement has improved transparency and ensured better communication with County departments.

In the first eight weeks after implementation, Procurement received nearly 1,000 PRO Direct requests with an average completion time of 1.2 days. The use of emails, inter-office mail, phone calls, and direct messages for action requests and status updates decreased immediately. This allowed Procurement Specialists to focus on completing actions and performing analysis instead of responding to frequent status inquiries from end users. It also allowed managers and staff to focus on their primary functions and the core work of Procurement.

Since the launch of PRO Direct, we saw a 30% increase in PRO Direct requests from FY23 to FY24, and a 5% increase from FY24 to FY25. For IT Help support, we saw a 107% increase from FY24 to FY25.

While Pro Direct supports centralized submission and communication processes, the County still requires a comprehensive eProcurement system to ensure more efficient and consistent procurement practices. An eProcurement system will provide standardized language, uniform procedures, and end-to-end management of the entire contract lifecycle.



## Procurement

### Commitment-level Rating

**11 – Department demonstrates a “Proactive and Strategic commitment to advancing racial equity and social justice”.**

### Narrative Justification

The Office of Procurement (PRO) demonstrates a proactive and strategic commitment to advancing racial equity and social justice (RESJ). This is evidenced by PRO’s FY27 Operating Budget Equity Tool (OBET) responses which provide information on how the Office has sustained and grown their Core Team and infrastructure over the years, as well as their strong mission and racial equity vision, data collection, and program administration that work to advance racial equity in the County’s procurement of goods and services. The Office is working now to be more intentional in the application of a racial equity and social justice lens by focusing on the outcomes for minority, female, and disabled-owned subcontractors. The application of a racial equity lens is a decentralized process and embedded, not only within the Division of Business Relations and Compliance-which administers the Minority, Female and Disabled-Owned Business (MFD) program, but also among procurement specialists, with multiple levels of review. The Core Team and the Office’s efforts to normalize racial equity are a model for other departments to emulate in developing, mobilizing, and sustaining a Core Team. The Office’s training efforts and avenues for staff to engage in outreach with vendors and professional organizations also continue to demonstrate proficiency in organizing around racial equity and social justice. The Office has also detailed several ways in which they plan to operationalize racial equity. As these plans move forward, communication and greater knowledge-sharing with the Office of Racial Equity and Social Justice (ORESJ) may enable the Office to further deepen its commitment to advancing racial equity and social justice.

## **Summary of e-Procurement issues:**

The County's current procurement environment relies on a fragmented, multi-system approach spanning at least four platforms (CVRS, BidNet, YODA, and SharePoint), none of which are fully integrated. This results in duplicative data entry, inefficient workflows, increased risk of errors, and significant administrative burden for both procurement staff and using departments. The lack of system integration creates information silos, slows down procurement timelines, complicates collaboration, and limits visibility into procurement activities across departments. As a result, departments experience delays in obtaining goods and services, while staff spend excessive time reconciling data, troubleshooting issues, and managing document exchanges. An eProcurement system would replace this fragmented structure with a centralized, end-to-end solution covering vendor registration, sourcing, contract management, and compliance. This would streamline processes, reduce redundancy, improve data accuracy, and enable better reporting and oversight. It would also standardize documentation, enhance governance, and provide consistent procurement practices across departments, while addressing current variability driven by differing levels of expertise and decentralized processes.

The system is expected to improve operational speed, reduce errors, and increase capacity to handle additional workload. It would also make it easier for vendors to participate, increasing competition and potentially lowering costs for the County. Additionally, new legal requirements, such as ADA accessibility for public-facing documents, have introduced further manual workload that the current system cannot efficiently support, reinforcing the need for automation and centralized controls.

Without funding, inefficiencies will persist and likely worsen, including inconsistent documentation, limited oversight, continued duplication of effort, and growing administrative demands. While recent internal improvements have enhanced performance within the Office of Procurement, these gains are not sustainable or scalable across all departments without a comprehensive eProcurement solution.

### **Development and Procurement Process for Solicitations:**

Beyond the operational inefficiencies already identified, an eProcurement system would deliver meaningful, role-specific benefits across all parties involved in the procurement lifecycle. These advantages strengthen the case for investment by demonstrating not just internal efficiency gains, but improved outcomes in risk mitigation, legal integrity, vendor engagement, and enterprise-wide consistency.

Below are examples of the impacts to stakeholders involved in the procurement process:

#### **Using Departments (Customers of Procurement)**

For using departments, an eProcurement system would significantly simplify and accelerate the development of solicitations and contracts. Instead of working in static Word documents with inconsistent formatting and unclear requirements, departments would be guided through structured, intuitive workflows. Pre-configured templates and "smart" question-and-answer interfaces would present only relevant clauses and options based on the type of procurement, reducing confusion and eliminating guesswork.

This approach ensures that required language is included, inappropriate language is excluded, and formatting remains consistent and professional. It also enables real-time collaboration with Procurement and other stakeholders, eliminating the need for back-and-forth email exchanges

and version control issues. Ultimately, departments benefit from faster turnaround times, clearer expectations, and reduced administrative burden.

### **Office of Procurement (PRO)**

For the Office of Procurement, the system introduces standardization, control, and scalability. Currently, Word-based document development creates significant risk—critical clauses can be unintentionally altered or removed, formatting inconsistencies undermine professionalism, and tracking changes across multiple versions is time-consuming and error-prone.

An eProcurement system would allow Procurement to “lock down” core legal and policy-driven language, ensuring it cannot be modified or deleted. At the same time, it can provide controlled flexibility through pre-approved clause libraries and conditional logic (e.g., checkbox or dropdown selections) that automatically insert appropriate language in a consistent format. This reduces review time, minimizes errors, and ensures compliance with County policies. It also enables Procurement to manage a higher volume of work without sacrificing quality, shifting staff time away from administrative corrections and toward higher-value strategic activities.

### **Office of County Attorney (OCA)**

From a legal perspective, the current environment presents risk due to uncontrolled document editing and inconsistent application of legal language. Subtle changes in Word documents, whether intentional or accidental, can materially alter legal meaning and expose the County to liability. These changes are often difficult to detect, especially across multiple document versions.

An eProcurement system mitigates this risk by standardizing and protecting approved legal language. Required clauses can be embedded and locked, while alternative provisions can be presented in a controlled manner for appropriate selection. This ensures that all contracts adhere to vetted legal standards and reduces the need for extensive re-review.

Additionally, improved version control and audit trails provide transparency into what changes were made, by whom, and when. This strengthens defensibility and legal oversight.

### **Risk Management**

Risk Management benefits from increased consistency, visibility, and compliance. Currently, decentralized document creation and inconsistent use of templates make it difficult to ensure that appropriate risk protections (e.g., insurance requirements, indemnification clauses) are consistently applied.

With an eProcurement system, risk-related provisions can be standardized, required where applicable, and aligned with the specific type of procurement. Automated workflows can ensure that Risk Management is engaged at the right points in the process, and that no procurement proceeds without appropriate safeguards in place.

This reduces the County’s exposure to contractual and financial risk while improving overall governance and accountability.

### **Vendors (Customers of Procurement)**

For vendors, the current fragmented and manual process can be confusing, time-consuming, and discouraging, particularly for smaller or less experienced firms. Inconsistent solicitation formats, unclear requirements, and cumbersome submission processes can limit participation and reduce competition.

An eProcurement system creates a more transparent, user-friendly experience. Standardized solicitations, clear instructions, and streamlined electronic submissions make it easier for vendors to participate. Features such as guided responses, automated compliance checks, and centralized communication improve clarity and reduce barriers to entry.

This can expand the vendor pool, increase competition, and ultimately drive better pricing and value for the County.

### **Cross-Cutting Benefits**

Across all stakeholders, the system enables true collaboration through simultaneous, real-time document development and eliminates version control issues and delays associated with sequential editing. It also ensures professional, consistent formatting and presentation of all procurement documents, reinforcing credibility with vendors and the public.

Perhaps most importantly, it transforms procurement from a fragmented, document-driven process into a structured, controlled, and data-driven lifecycle. By embedding rules, standardizing language, and automating routine decisions, the County can reduce risk, improve efficiency, and deliver more consistent, high-quality outcomes across all departments.

### **Contract Administration and Life Cycle:**

A major gap in the current environment is not just how solicitations and contracts are created, but how contracts are managed after award. Today, contract administration is largely decentralized, with each department handling contracts differently. This lack of structure leads to inconsistent practices, limited visibility, missed deadlines, and uneven vendor oversight. An eProcurement system directly addresses these issues by introducing true contract lifecycle management.

### **Contract Management (Enterprise-Wide Perspective)**

An eProcurement system would establish a standardized, end-to-end contract lifecycle from initial solicitation development through award, administration, amendments, renewals, and final closeout. This would all be done within a single, integrated platform. This eliminates the current fragmentation where different stages of the contract exist across multiple systems, emails, and shared drives.

Key improvements include:

- **Standardized Contract Administration**  
Departments would follow consistent processes for managing contracts, including tracking deliverables, monitoring timelines, and documenting performance. This reduces variability caused by differing levels of experience or competing priorities and ensures all contracts are managed to the same standard.
- **Automated Milestones and Alerts**  
The system can track key dates such as expirations, renewals, insurance certificates, and compliance requirements, with automated alerts to prevent lapses. This reduces the risk of contracts expiring unintentionally or continuing without proper authorization.
- **Templated Amendments and Renewals**  
Instead of recreating documents in Word, the system can generate amendments, renewals, and modifications using standardized, pre-approved templates. This ensures consistency in language, maintains formatting integrity, and reduces the risk of introducing errors or unauthorized changes.

- Performance Tracking and Vendor Management**  
 Departments would have tools to document vendor performance, track issues, and maintain a history of contractor performance across contracts. This creates institutional knowledge that can inform future procurement decisions, improve accountability, and support more strategic vendor management.
- Centralized Visibility and Oversight**  
 Procurement, Risk Management, and leadership would have real-time insight into contract status, obligations, and performance across all departments. This level of visibility does not exist today and is critical for effective oversight, reporting, and decision-making.
- Improved Closeout Processes**  
 Contracts would be formally closed out within the system, ensuring that all deliverables are completed, final payments are reconciled, and documentation is properly retained. This reduces risk and strengthens audit readiness.

### Broader Impact

By integrating contract management into the same system used for solicitation and award, the County moves from a transaction-based approach to a lifecycle-based approach. This ensures continuity, accountability, and data integrity from start to finish. Ultimately, this capability strengthens governance, reduces risk, improves vendor performance, and ensures the County is maximizing value from its contracts. The contracts would not just be awarded efficiently but managed more effectively over time.

Please see attached for the current forward workflow process for both IFBs and RFPs.

