

ANNUAL REPORT FY2023



OCTOBER 1, 2023

**ANNE ARUNDEL COUNTY
OFFICE OF CENTRAL SERVICES
PROCUREMENT DIVISION**



Executive Summary

The Procurement Division operates within the Office of Central Services in accordance with Article 8 of the Anne Arundel County Code and the County Charter. The Purchasing Agent is responsible for the Centralized Procurement Operation, Capital Construction, Consultant Selection Contracts, the County-wide Courier/Mail Delivery Service, the Minority and Small Business Initiatives, and the Non-Capital Fixed Asset Program.

In Fiscal Year 2023, the division had a staff of thirty-four (34) full-time merit employees, one (1) contractual management aide, one (1) contractual buyer, and one (1) part-time contractual mail clerk. The Procurement Division is organized into five (5) teams, to distribute the workload. The team categories are:

Orange Team - Mailroom

Purple Team - Minority and Small Business Enterprise & Prevailing Wage/Local Hiring

Green Team - Purchasing

Blue Team - Purchasing

Yellow Team - Administrative

Staff on the Purchasing Teams are tasked with procuring all goods and services required by the County. As seen Countywide, purchasing has also experienced personnel shortages and experienced many vacancies over the last fiscal year. Currently, the Procurement Division is fully staffed and has been able to fill sixteen vacancies over the last fiscal year. Staff have done an excellent job in ensuring the work gets completed even with the personnel shortages.

In FY23, the Procurement Division processed 84,285 procurement transactions, which included purchase orders, change orders, direct payments, blanket order releases against annual contracts, and procurement card transactions for a total value of \$562,750,611. In addition to our buying teams, our Division has an exceptional Mailroom team that ensures that the mail for all County facilities is processed every day. In 2023, the Mail service staff handled 1,637,184 pieces of outgoing mail, with a cost of \$990,462.00 and 13,891 incoming parcels.

The County has a goal to spend at least 22% of total annual contract, Purchase Order, and Procurement Card payments with SWMBE's. In FY23, the County spent \$142,415,393 million (25% of total spend) with SWMBEs. We expect the designation of spend to change in future years based on new program initiatives which will focus growing spend in certain vendor categories with SWMBEs. We will achieve this by a focus on outreach, education, training for both vendors and County staff, and additional communication with SWMBE suppliers.

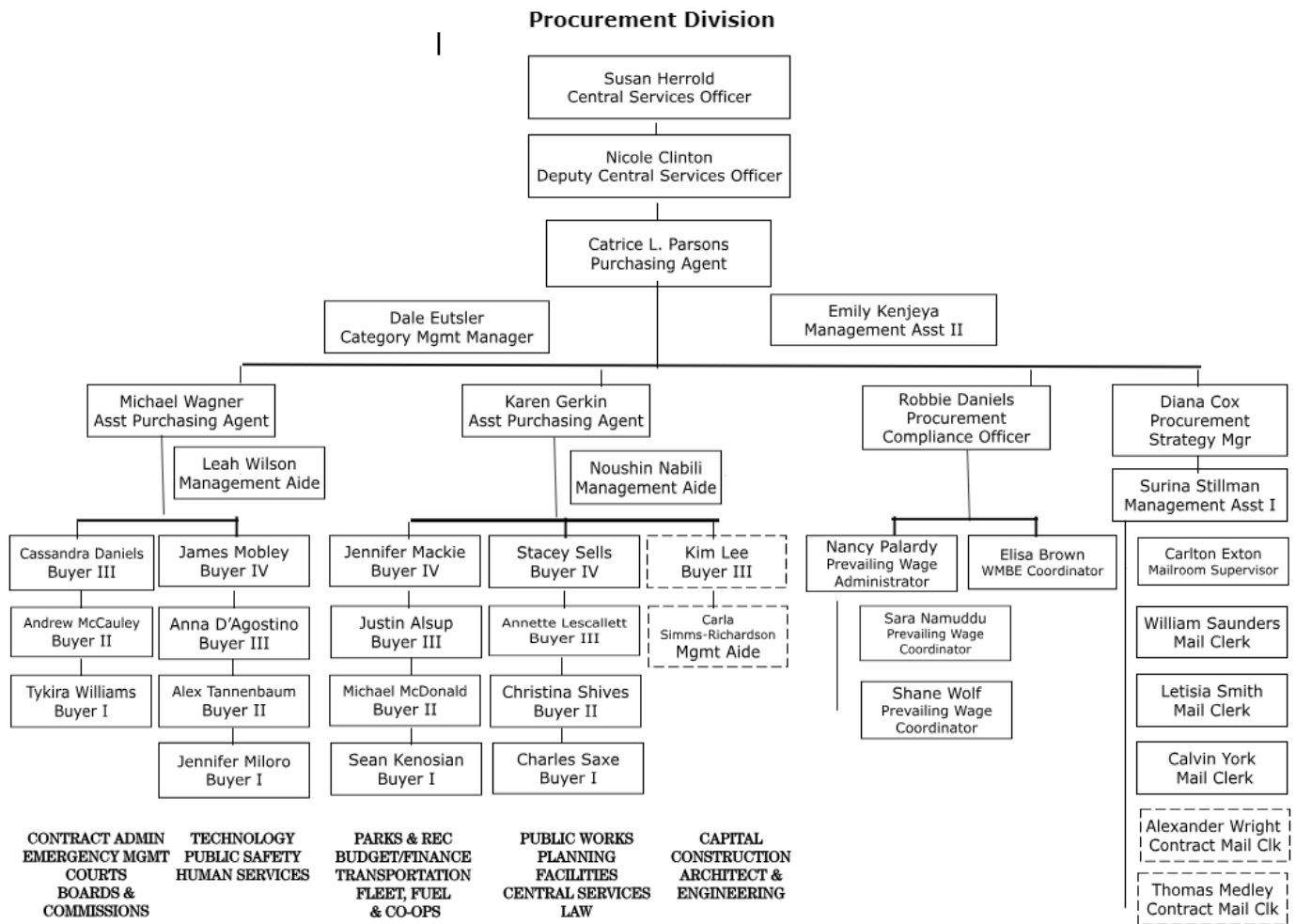
VISION STATEMENT

The vision of Anne Arundel County's procurement division is to become a source of excellence in how we procure goods and services for our County's using agencies while being fiscally responsible. We will accomplish this vision by strategically sourcing goods and services, establishing key performance indicators, streamlining procurement initiatives, and automating processes.

MISSION STATEMENT

Procurement's Mission is to aggregate spend by creating economies of scale, reducing risk, and right-size the procurement through efficient and effective means and methods in its sourcing activities.

ORGANIZATION CHART



STRATEGIC GOALS FY23

Increase Efficiency in the Procurement Process

Operational:

- Create desktop resource manuals for Buyer's to ensure consistent processes
- Create on-demand training and certification for Buyers and Using Agencies
- Create succession planning and backups for all positions
- Develop a strategic plan for Purchasing and how to weed out deficiencies
- Work with the Office of Law to create a PO/Contract Matrix to streamline the Procure to Pay process

Policy:

- Update purchasing regulations to streamline procurement processes.
- Develop and monitor the prevailing wage, local hire, and apprenticeship program within Anne Arundel County.
- Define what SWMBE is for the County by developing metrics, goals, a self-certification program, and tracking and reporting criteria.

Tools & Systems:

- Create monthly reporting that will automate reporting requirements and increase transparency.
- Develop reporting mechanisms to advocate better communication between using agencies and procurement initiatives to include tracking and reporting.
- Update the County's eProcurement Tool to create efficiencies.

HIGHLIGHTS AND ACCOMPLISHMENTS

FY23 Major Accomplishment:

- Identified spend of \$900,000 that could be economized and created a contract for this category.
- Held numerous training opportunities.
- Implemented a prevailing wage and local hiring program.
- Filled sixteen vacancies.
- Completed a mailroom survey, implemented a pilot program, and reduced daily pick-ups for over 100 locations thereby reducing operational costs.
- Performed a workload balance study to ensure staff are adequately trained and skilled to perform buying duties.
- Automated the Bid Opening process.
- Formalized the unauthorized procurement process.
- Contracted with Amazon Business Services, this was a multi-year initiative.
- Developed a Top Contract Reporting Tool to the CAO.
- Developed required training for Buyer certifications.

CONTINUING INITIATIVES

Purchasing is committed to its mission statement. The importance of being able to quickly adapt and reprioritize with a positive attitude is a requirement of the environment.

Sr. Management & Managers:

- Present a united front and contribute to the mission and ensure that the organization's objectives are being met.
- Invest time in automating processes.
- Communicate clearly with direction and roles and responsibilities.
- Ensure consistency across the division.

Procurement Professionals:

- Be customer service focused and accountable.
- Research procurements and ensure best practices are followed.
- Ensure their buying teams are trained, knowledgeable, and able to identify areas of opportunity.

Improving Customer Service:

- Provide periodic updates to using agencies
 - Develop reporting to support a collaborative environment
- Understand not only the procurement policies and procedures but also research and understand what is procured to identify the best value.

Training and Continuing Education

- Increase training programs for procurement staff and agencies.
- Create succession planning, cross-functional teams, and collaboration.

Develop a Prevailing Wage Program

- Develop a master plan for the Purchasing Division based on legislative requirements.
- Build a team that fosters collaboration, understanding, and compliance with prevailing wage requirements.
- Create forms, policies, and key performance indicators to learn opportunities for improvement and success.

Develop a fully comprehensive SWMBE program

- Hired a Procurement Compliance Officer to oversee the County's SWMBE and Prevailing Wage Programs.
- Develop reporting procedures.
- Train procurement staff to take on and conduct competitive RFPs utilizing new SWMBE processes and templates.
- Develop a SWMBE strategic plan to identify, guide, and implement areas of opportunity for the County's SWMBE program.

Records Improvement & Digitization

- Ensure all digitized records are easily identifiable and researchable on the County platform.
- Ensure procurements are updated in its procurement compliance reporting tool internally and to using agencies.

PROCUREMENT OPERATIONS

The overall operation consists of two (2) Assistant Purchasing Agents, one (1) Procurement Strategy Manager, one (1) Category Management Manager, sixteen (16) Buyers, and three (3) Office Support Staff. The teams are assigned the task of procuring all equipment, construction, supplies, materials, and services required to sustain the County's operations.

Buyers purchase goods and services needed for government operations in a manner that is in the best interest of the County. To be effective, they conduct research to ensure they are up to date with current features and technology of products and services, identify responsible suppliers, and meet with these suppliers to learn about new products and services.

Buyers are constantly looking for more cost-effective buying options by networking, attending forums and government procurement-related conferences, and training. This includes reducing cycle times through the use of PORT and other electronic systems such as DocuSign. Through the review of current contracts, Purchasing is able to incorporate current funding totals, amendment funding increases, and the total not to exceed funding amounts on all contracts.

Purchasing continues to encourage training for our procurement professionals and buyers so they can take on additional responsibilities that will enable them to expand their procurement knowledge while being efficient in their duties, reducing costs, and ensuring the best value good or service is selected to meet County agencies missions.

ePROCUREMENT

The County's eProcurement system, also known as PORT (Procurement Operations Resource Technology), is a secure, web-based system known as WebProcure, an application that streamlines the processing of solicitations, agreements, and vendor management, from requisition to contract award. The system supports a vendor-based registration system allowing potential bidders to enhance their business relationships by streamlining the solicitation and contract processes and improving communication with the County Procurement Division about business opportunities. The County is now requiring all vendors to self-register with the PORT system establishing company and contact information, insurance documentation, updated W-9 forms, certifications, and commodity classifications. Once registered, a vendor receives notification of upcoming business opportunities, giving them the ability to attend pre-bid conferences and public bid openings. It also allows them to submit a response to a solicitation and sign contracts online.

In FY23, the County saw an increase in the number of vendors submitting their responses to solicitations in PORT. Product enhancements to PORT included:

- The ability for vendors to upload pricing in Excel format when responding to a solicitation.
- The ability to display and keep a history of multiple award reports.
- An increase in allowable file size for attachments.

Contract Migration

The County continues to migrate active contracts established by Purchasing to the eProcurement System. This benefits Procurement by having a single unified repository of contracts. The PORT database helps to identify obligations to renew and amend contracts in accordance with the terms of the contract. The process includes:

- The uploading of contract documents to the PORT System
- Review and tweak data elements of each contract and approve for publication
- Publish on the County's Internal Contract Board

The migration efforts result in reduced risks of facing penalties or loss of resources and services due to premature expirations. It also provides quick access to all active contracts, which are available for research once they have expired and are placed in archives.

Accomplishments

- We are pleased to announce that 576 new vendors registered in the eProcurement system during FY2023.
- We implemented the DocuSign Punchout Process that allows a contract to be transferred directly into the County's DocuSign account for a more flexible way to route for approvals and signatures and for managing administrative documents.

Goals

- Begin writing a Scope of Work for a replacement eProcurement System as it is reaching the end of its design life.
- Ensure future eProcurement systems integrate successfully with the County's enterprise financial system.
- Continue migration efforts for contracts to PORT.
- Design and implement a file naming system for the contract database.
- Increase outreach to vendors and County end users to refine skills in using the eProcurement System.

PROCUREMENT ACTIVITY

Purchase Transactions for FY2023

The following chart illustrates the total annual transactions activity in Purchasing for Fiscal Years 2019 through 2023. The comparative totals indicate the diverse workload and the large volume of procurements conducted. Solicitations are published on the County's website, in a local newspaper, and on the PORT website in order to reach potential bidders. Vendors registered in the eProcurement System receive emailed notifications. Buyers also use cooperative contracts when appropriate.

	FY2019	FY2020	FY2021	FY2022	FY2023
Purchase Orders/Change Orders	2,211	2,181	1,975	1,944	2,000
Blanket Order Releases	2,585	1,837	2,202	2,151	2,069
Direct Payments	5,871	5,777	4,920	4,944	5,843
Value of PO's, CO's, Blanket Releases, Direct Payments	\$433,558,631	\$474,995,511	\$441,202,500	\$497,561,374	\$517,476,655
Number of Procurement Card Transactions	79,421	76,217	69,099	73,574	74,373
Value of Procurement Card Transactions	\$36,000,776	\$41,982,144	\$47,988,125	\$43,996,211	\$45,273,956
Number of Total Transactions	90,088	86,012	78,196	82,613	84,285
Value of Total Transactions	\$469,559,407	\$516,977,655	\$489,190,625	\$541,557,585	\$562,750,611

New Solicitations and Agreements

The following data lists the number of formal and informal solicitations as well as the number of resulting Blanket Contracts and Price Agreements awarded in FY23. There were 181 price agreements and 90 blanket contracts awarded.

Solicitations

- There was a decrease in formal solicitations in PORT due to the new threshold bidding limits being raised to \$100,000 for formal solicitations.
 - Formal Solicitations:
 - Invitations for Bids: 35
 - Capital Invitation for Bids: 43
 - Requests for Proposals: 3
 - Informal Solicitations
 - Requests for Quotes: 8
 - Miscellaneous Solicitations
 - Statements of Qualifications: 5
 - Letters of Interests: 2
 - Requests for Information: 4
 - Contracts
 - New Price Agreements: 181
 - New Blanket Contracts: 90

Local Spend

In FY23, the value of purchases awarded to local businesses based in Anne Arundel County was \$64,089,518, or 11.4% of Total Spending (\$562,750,611).

FY 2023	Purchase Orders	Procurement Cards	Total Spend
Anne Arundel County-based Businesses	\$52,931,749	\$11,157,769	\$64,089,518
Total Spend	\$517,476,655	\$45,273,956	\$562,750,611
Total Spend vs. Local Spend	10.2%	24.6%	11.4%

CONSTRUCTION CONTRACTS

FY23, construction contract awards (40) are down approximately 35% from FY22 and the value of the awards (\$79,633,046) is down approximately 12%. The value of awards (\$79,633,046) compared to the Engineers' Estimate for FY23 (\$74,028,687) is slightly higher than the estimates which could be attributed to the sharp increase in the Consumer Price Index for FY23 and the start of the Prevailing Wage Program.

Total Number of Awards

FY2019	FY2020	FY2021	FY2022	FY2023
49	84	50	62	40

Total Value of Engineer's Estimates

FY2019	FY2020	FY2021	FY2022	FY2023
\$72,010,632	\$210,799,421	\$66,362,853	\$99,186,495	\$74,028,687

Total Value of Actual Awards

FY2019	FY2020	FY2021	FY2022	FY2023
\$72,011,694	\$227,693,460	\$76,951,121	90,940,779	\$79,633,046

ARCHITECTURE, ENGINEERING, OPEN END TASKS

The following tables show the number and value of purchase orders and change orders issued during FY23 under the Architect/Engineering Open End Agreements. The number of Architect/Engineering Open End purchase orders and their value decreased by approximately 23%.

FY2019	FY2020	FY2021	FY2022	FY2023
131	129	145	186	162
\$8,356,206	\$9,328,486	\$12,469,549	\$16,089,176	\$12,470,881

ARCHITECTURE, ENGINEERING AND MISCELLANEOUS SERVICES

In FY23 the County awarded 27 formal service agreements. The number of awards decreased by 29% from last year. There were no large agreements awarded during this timeframe.

FY2019	FY2020	FY2021	FY2022	FY2023
42	22	17	38	27
\$11,099,519	\$13,026,564	\$11,090,028	\$34,380,505	\$16,048,287

CATEGORY MANAGEMENT

The Category Management program is effectively enhancing operational efficiencies and driving reductions in overall county expenditures for goods and services. By actively seeking effective sourcing solutions, the program has implemented new initiatives and set ambitious goals for fiscal year 2023. The focus remains on optimizing resource allocation and prioritizing efficiency, navigating inflation to provide the sourcing solutions needed for high-quality goods and services.

Accomplishments FY23

- Achieved significant progress towards leading a national cooperative by actively engaging with a new cooperative GovMvmt and serving on the evaluation committee for national solicitation.
- Fostered continuous education for Buyers and Agencies to enhance their understanding of strategic sourcing, cooperative purchasing, and category management.
- Forged strategic contracts with 29 suppliers who were either off-contract or had expired contracts, bringing an estimated \$6.3M of addressable spending under the contractual agreement.
- Ended years of contractual obstacles by establishing an enterprise Amazon Business account, driving greater efficiency, improved spend control, and standardized purchasing policies.

Amazon Business

As a team, we reached an exceptional milestone by successfully establishing an enterprise Amazon Business account, igniting greater efficiency, improved spend controls, and standardized policies that will undoubtedly elevate our organization's success and the impact of category management.

Category Management & Sourcing Goals for FY24

- Lead a national cooperative procurement
- Continue efforts to develop strategic contracts with non-contracted suppliers, aiming to enhance operational efficiencies and achieve potential cost avoidance/savings through contract utilization.
- Explore the possibility of required use contracting for specific areas of spend (office supplies, printing, apparel).
- Develop a Category Management Procurement Policy
- Conduct webinars/spotlights with strategic suppliers to drive category management awareness and contract utilization.

SMALL, WOMEN-OWNED, AND MINORITY BUSINESS ENTERPRISE PROGRAM

Anne Arundel County’s mission is to sustain and support our local economy by empowering the viability and growth of all Small, Women-Owned, and Minority Business Enterprises (SWMBE) giving them a platform to speak their concerns and share resources that will assist and accelerate their businesses to the next level. Our goal is to continue to inform businesses on how to work with the County through our Purchasing Division and Agencies to keep them abreast of new industry trends and opportunities, thereby preserving free competitive enterprise for each company.

SWMBE Accomplishments for 2023:

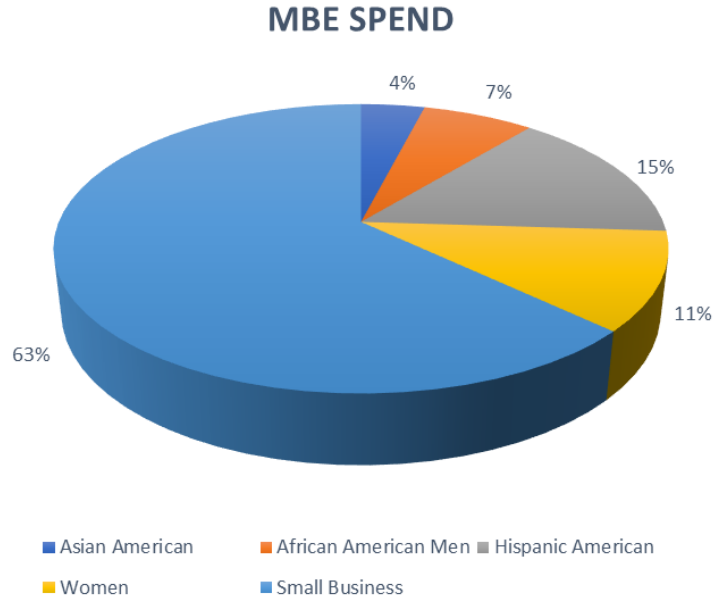
- Growth of the Procurement Division’s SWMBE Unit with a new compliance component.
- Developed various aspects of the new Language access plan for the Office of Central Services.
- Joined the County’s Diversity Council to strategize on creating a diverse and inclusive atmosphere for the Purchasing Team as well as the Small Minority Business Community.
- Completion of Anne Arundel County’s Disparity Study
- Increase SWMBE total Procurement by over \$2 million dollars from FY22 to FY23.

Minority/Small Business Events Hosted/Participant

- BI-Lingual Minority/Small Business Outreach Access to Capital, Bonding and Insurance
- MBE Outreach with Public Safety, Capital Construction and Facilities Maintenance
- Zoom Webinar with the Governor’s Office of Small, Minority & Women Business Affairs
- Maryland Washington Minority Companies Outreach Fair as an Exhibitor
- Office of Montgomery County Chamber Procurement Fair as an Exhibitor
- Meet The Primes as an Exhibitor
- Maryland Women’s Small Business Celebration
- Virtual Judge for all of Anne Arundel County’s Economic Development’s Inclusive Ventures Programs
- Ribbon cutting ceremonies for local Anne Arundel County Small/Minority firms
- Women’s Business Center at Maryland Capital Enterprises Inc., Lunch & Learn
- Virtual Judge for John Hopkins Carey Business School Community Consulting Lab
- Ready, Set, Grow! Procurement Workshop
- City of Baltimore Procurement Conference
- Small Business Industry Day
- U.S. Chambers “The Big Week for Small Business
- Minority Hispanic Business Talk session as a presenter

The MBE Coordinator partners with Anne Arundel County’s Diversity & Multicultural Outreach Officer on Outreach and Procurement opportunities. This outreach initiative is to bridge the gaps with local minority groups through improved communication, access, and education on how to work

through the procurement process in Anne Arundel County. In addition, partnering with Anne Arundel County’s Economic Development Cooperation as a judge, resource and mentor for the IVP Program.



Classification	Contracts & Purchase Orders	Direct Payments	P-Card	Subcontractor Payments	Total Spend	Percent Total
Asian American	3,239,676.15	270	147,754.22	2,359,177.00	5,746,877.37	4%
African American Men	8,962,751.09	17,011.40	321,470.76	101,375.71	9,402,608.96	7%
Hispanic American	16,193,018.06	39,156.49	147,563.25	4,592,913.11	20,972,650.91	15%
Women	13,594,148.66	1,388,417.07	984,402.00	67,103.09	16,034,070.82	11%
Small Business	38,881,489.07	0	7,144,882.94	44,232,812.82	90,259,184.83	63%
Total	80,871,083.03	1,444,854.96	8,746,073.17	51,353,381.73	142,415,392.89	100%

	FY-22	FY-23
W/MBE Spend	140,252,138	142,415,392
Total Purchasing Spend	541,557,585	562,750,611
Percent	26%	25%

PREVAILING WAGE AND LOCAL HIRING PROGRAMS

On July 1, 2022, the County launched the Prevailing Wage and Local Hiring Program. The Maryland Prevailing Wage Law applies to certain contracts for public works and requires that contractors and subcontractors pay the employees performing work on the public works projects a prevailing wage rate that is established by the State Commissioner of Labor and Industry. This program is to ensure workers are paid the rates they deserve.

- Developed the Anne Arundel County Prevailing Wage (PW) & Local Hiring (LH) Programs.
- Hosted the first AA County Prevailing Wage & Local Hiring Outreach Event for Construction contractors to provide information to them on the programs.
- Developed working relationships with resources for Prevailing Wage such as the State Department of Labor and other Maryland counties with Prevailing Wage Program.

Developed and provided PW & LH training to AA County Department of Public Works (DPW) Capital Construction contracts Program Managers and DPW management staff.

MAILROOM OPERATIONS

The Mailroom consists of one (1) Mailroom Supervisor, three (3) Mail Clerks, and one (1) part-time shop assistant. Staff are responsible for the security and handling of County-wide mail pick-up at almost 200 mail stops including delivery and processing of all incoming and outgoing mail and parcel packages.

Mail Distribution

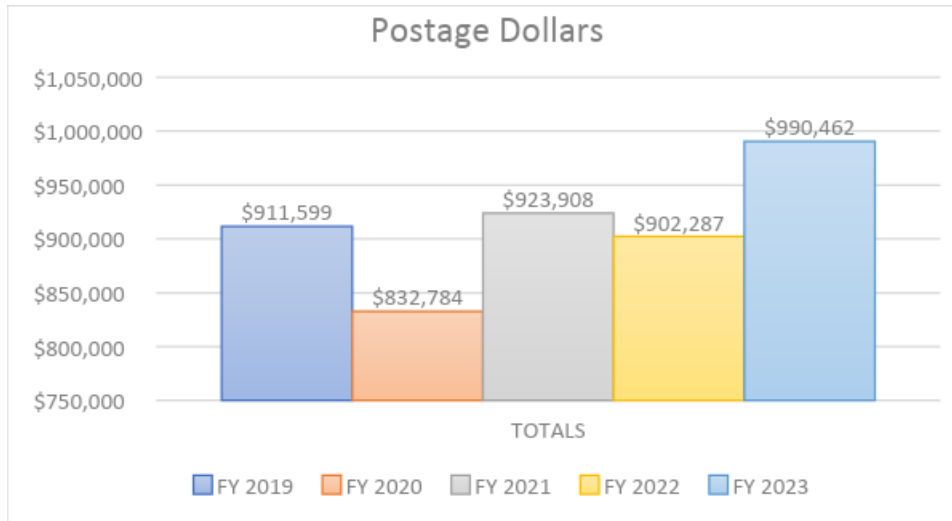
The County mail distribution system operates from two (2) Mailroom locations; the Arundel Center and the Heritage Complex. In FY 2022, 13,891 parcel packages were received and delivered within the County.

Mail Volume

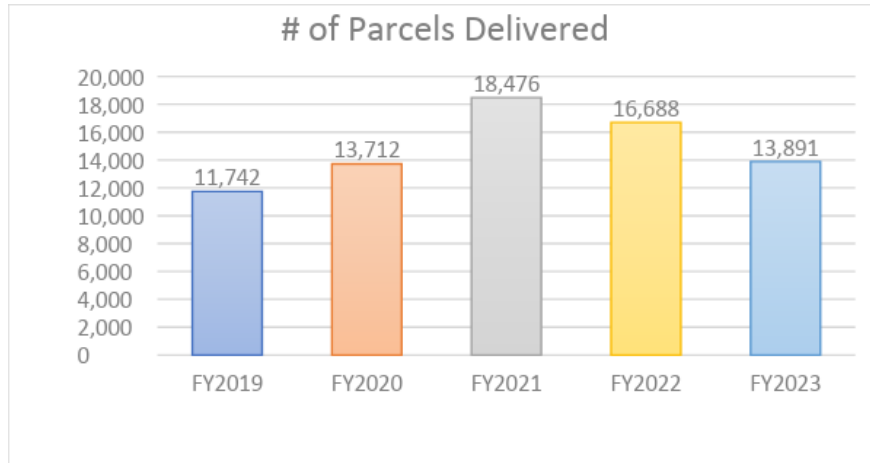
The Mailroom processed 1,637,184 pieces of outgoing mail. This included 989,346 pieces of bulk mail for insertion jobs processed and 647,838 additional pieces of routine mail processed through the mailing machines. The incoming mail continues to be significant in volume.

Mailroom Activity in Postage Dollars and Parcels Delivered

The County saw an increase of 34,673 pieces of outgoing mail from FY22 to FY23, a 2.16% increase.



A total of 13,891 parcel packages were received and delivered within the County, a decrease of 16.76% over the last fiscal year.



Mailroom Initiatives

In October 2022 we performed a thirty (30) day analysis of mail routes, incoming and outgoing mail. With this data and in an effort to improve operations and efficiencies a pilot program was created to reduce the number of daily stops. Communications went out on January 20, 2023, for a 90-day pilot program that included moving low-usage mail stops to a new “Will-Call” service for pickup and drop off of mail on “Wednesdays” beginning March 1st. During this time, we continued to gather data throughout the 90 days and a survey for feedback was sent to departments in June 2023. After review of all data and survey results, it was decided that a few stops placed on Will Call status would be moved to twice-a-week service on predetermined days and the remaining would continue to remain on Will Call status.

As a result of the Pilot Program, several cost savings were achieved: fuel, mileage, time, and labor.

Standard operating procedures that will enable operational consistency are still being developed and will be finalized before fiscal year 2024 ends.

Plans for FY24

- Continue to develop and implement new reporting metrics.
- Update and improve mailroom policies to increase operational efficiency and cost savings.
- Continue employee training and incorporate best practices while keeping up with the new technology and mail requirements of the USPS.
- Maintain a high level of efficiency and security in mail processing and customer service.
- Replace outdated Mail Room equipment to allow operations to run more efficiently.

NON-CAPITAL FIXED ASSETS

The Non-Capital Fixed Asset Program manages over 16,000 non-capital assets. The reporting, safeguarding, and accounting for these items require the assistance of the County Property Coordinators as well as the Property Control and Accountability Manager.

2022 Inventory

The 2022 Annual Non-Capital Fixed Asset inventory was completed and the close-out memo was submitted on December 2, 2022. The final count for inventory was 378 unaccounted items, representing 2.2% of the total active items. This represents an increase of 20 missing items over the previous year of 358 missing items, a 5.58% increase over the 2021 inventory. We attribute this increase to the changeover in property coordinators in departments and coordinators' efforts.

2023 Inventory Information

The 2023 Pre-Inventory meetings and training for the newly updated application were held in June 2023 for property coordinators. The 2023 Annual Non-Capital Fixed Asset Inventory began on July 1, 2023, and is expected to be completed by December 2023.

Surplus Auctions

The County uses the online auction site, PropertySurplus.com, to turn its surplus items into revenue. For fiscal 2023, forty-three (43) auctions were held which yielded \$61,891 in revenue.

Training

Purchasing conducts training classes for new Property Coordinators, refresher classes for those Property Coordinators needing additional help in Asset Management, and also provides Pre-Inventory Training classes. Purchasing also continues to work with departments to ensure proper documentation is created when items are moved for any reason.

OTHER ACTIVITIES

Print Portal

Over 150 County employees have registered for WB Mason’s Print Portal. The print portal allows the County to increase efficiencies through print consistency, reduce cost, analyze usage, and standard practices.

Surplus Disposal

Fleet’s auction of surplus vehicles, equipment, and materials was \$571,700 in the fiscal year 2023.

Surplus Material Sales

MATERIAL	REVENUE
Aluminum	\$5,211.84
Steel	\$1,599.44
Sandstone	\$.00
Vinyl Siding	\$3,801.60
Cardboard	\$24,344.79
Textiles	\$26,656.56
Cooking Oil	\$3,551.50
Electronics	\$.00
Batteries	\$37,866.60
Used Motor Oil	\$21,109.94



The Best Place for All

*Anne Arundel County Government
Office of Central Services
Procurement Division*

*Heritage Office Complex
2660 Riva Road, MS 9302
Annapolis, MD 21401*

Susan Herrold, Central Service Officer

Catrice L. Parsons, Purchasing Agent