



Committee: GO
Committee Review: At a future date
Staff: Khandikile Sokoni, Legislative Attorney
Purpose: To introduce agenda item – no vote expected

AGENDA ITEM #1A
April 16, 2024
Introduction

SUBJECT

Bill 10-24; Contracts and Procurement- Local Small Business Reserve Program (LSBRP) – Veteran-Owned Business Preference Points

Lead Sponsor: Council President at the request of the County Executive

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Bill 10-24 would:

- (1) implement Veteran-Owned Business Preference Points under the Local Small Business Reserve Program;
- (2) outline the eligibility criteria for the Veteran-Owned Business Preference Points under the Local Small Business Reserve Program; and
- (3) generally amend the law regarding contracts and procurement.

SUMMARY OF KEY DISCUSSION POINTS: N/A

This report contains:

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County Executive Memorandum	© 6

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M E M O R A N D U M

April 11, 2024

TO: County Council

FROM: Khandikile Mvunga Sokoni, Legislative Attorney

SUBJECT: Bill 10-24, Contracts and Procurement – Local Small Business Reserve Program – Veteran Owned Business Preference Points – Established

PURPOSE: Introduction

Bill 10-24, Contracts and Procurement – Local Small Business Reserve Program – Veteran Owned Business Preference Points – Established, sponsored by Council President Friedson at the request of the Council Executive, is scheduled for introduction on April 16, 2024. A public hearing is before the Council and a worksession before the Government Operations and Fiscal Policy (GO) Committee will be scheduled at a later date.

BACKGROUND AND BILL SPECIFICS

Bill 10-24 seeks to establish a preference points system in the County's procurement program, in favor of local small businesses owned by veterans that meet certain criteria. According to the County Executive, Bill 10-24 seeks to enable veteran-owned local small businesses to gain access to more County procurement opportunities by awarding preference points of five percent to certified veteran-owned local small businesses that submit a proposal to a County RFP. To be eligible for these points a small business must have a valid Veteran-Owned Small Business (VOSB) or Service-Disabled Veteran-Owned Small Businesses (SDVOSB) certificate from the U.S. Small Business Administration or the U.S. Department of Veterans Affairs.

A copy of the County Executive's memo outlining the program and requesting the bill is attached.

This packet contains:

Bill 10-24
Fiscal Impact Statement
County Executive Memorandum

Circle #

© 1
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Bill No. 10-24
Concerning: Contracts and Procurement-
Local Small Business Reserve
Program (LSBRP) – Veteran-Owned
Business Preference Points
Revised: 3/22/2024 Draft No. 1
Introduced: April 16, 2024
Expires: December 7, 2026
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Council President at the request of the County Executive

AN ACT to:

- (1) implement Veteran-Owned Business Preference Points under the Local Small Business Reserve Program;
- (2) outline the eligibility criteria for the Veteran-Owned Business Preference Points under the Local Small Business Reserve Program; and
- (3) generally amend the law regarding contracts and procurement.

By amending

Montgomery County Code
Chapter 11B, Contracts and Procurement Section 11B-65

By adding

Montgomery County Code
Chapter 11B, Contracts and Procurement Section 11B-66A

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 11B-65 is amended as follows:

Sec. 11B-65. Definitions.

In this Article the following words have the meanings indicated.

Director is the Director of Procurement.

Direct purchase means an informal solicitation defined by regulation under Section 11B-13.

Local Small Business means a for-profit business or non-profit entity, other than a broker, that:

- (1) has its principal place of business or non-profit operations in the County;
- (2) in the case of a for-profit business, is independently owned and operated;
- (3) is not a subsidiary of another business or entity; and
- (4) meets criteria, size limits, and gross sales amounts established by method 2 regulations.

Local Small Business Reserve means any procurement that is limited to responses from local small businesses.

Veteran-Owned Local Small Business means a Local Small Business that is at least 51 percent owned by one or more individuals who:

- (a) are verified as having served on active duty in the armed forces of the United States, other than for training, and were discharged or released under conditions other than dishonorable; and
- (b) control the management and daily operations of the business.

Sec. 11B-66. Local Small Business Reserve Program.

* * *

Sec. 2. Section 11B-66A is added as follows:

Sec. 11B-66A. Local Small Business Reserve Program – Veteran-Owned Preference Points

- (a) Established. There is established a Veteran-Owned Local Small Business preference points program for County procurements.
- (b) Eligibility. To be eligible for Veteran-Owned Local Small Business preference points, a business must affirm and provide supporting documentation to the Director to show that it is a Veteran-Owned Local Small Business as defined in Section 11B-65. The Director may investigate and verify the information provided on the application, as necessary.
- (c) Certification. Veteran-Owned Local Small Business preference points must only be applied to a Local Small Business that has a valid Veteran-Owned Small Business (VOSB) or Service-Disabled Veteran-Owned Small Businesses (SDVOSB) certificate from the U.S. Small Business Administration or the U.S. Department of Veterans Affairs' Center for Verification and Evaluation.
- (d) Application of Preference Points to competitive sealed proposals. For any Request for proposals issued under Section 11B-10 that has been designated for a Local Small Business Reserve, the Director must include an evaluation factor awarding additional points for a proposal from a Veteran-Owned Local Small Business worth five percent of the total available points.
- (e) Waiver. The Director may waive a bid or proposal preference under this Section in a solicitation if the Director finds that a preference would result in the loss to the County of Federal or State funds.

Fiscal Impact Statement

Office of Management and Budget

Bill XX-24

Contracts and Procurement - Local Small Business Reserve Program (LSBRP) - Veteran-Owned Business Preference Points

Bill Summary

This bill amends the Local Small Business Reserve Loan Program (LSBRP) to favorably consider Federal Veteran Affairs/Small Business Administration certified veteran-owned businesses when participating in the County's Procurement process. It requires that five percentage preference points be provided to a certified veteran-owned local small business when the selection team is evaluating the business' proposal for a contract award under LSBRP.

Fiscal Impact Summary

The bill is not expected to impact County expenditures or revenues.

Fiscal Year	0	0	0	0	0	0	Total
Personnel Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Impact	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00	

Fiscal Impact Analysis

Adding preference points to competitive sealed proposals for veteran-owned local small businesses is not expected to impact County revenues or expenditures.

Staff Impact

The bill is not expected to impact staff time or duties.

Actuarial Analysis

The bill is not expected to impact retiree pension or group insurance costs.

Information Technology Impact

The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems in terms of cost. A new section on Veteran-Owned Local Small Businesses will be added to the LSBRP annual report in the ERP system. This action can be completed by utilizing the existing ERP staff and resources.

Other Information

Later actions that may impact revenue or expenditures if future spending is projected

The bill does not authorize future spending.

Ranges of revenue or expenditures that are uncertain or difficult to project

This five percent increase in evaluation scores will result in boosting a veteran-owned local small business' proposal to receive preferences for a contract award. These preference points do not guarantee the business will win the contract award, nor does it result in an increase in the contract award value. In the event a veteran-owned local small business is awarded the contract, the final cost/pricing may not have been the



lowest cost bid.

Sources of information

Office of Procurement

Contributors

Ash Shetty, Director, Office of Procurement

Grace Denno, Division Chief, Office of Procurement

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





OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

MEMORANDUM

March 8, 2024

TO: Andrew Friedson, President
Montgomery County Council

FROM: Marc Elrich, County Executive

SUBJECT: Bill xx-24, Contracts and Procurement – Local Small Business Reserve Program (LSBRP) – Veteran Owned Business Preference Points.

I am transmitting Bill xx-24, Veteran-Owned Business preference points. This Bill amends the Local Small Business Reserve Loan Program (LSBRP) to favorably consider Federal Veteran Affairs/Small Business Administration certified veteran-owned businesses when participating in the County's Procurement process.

This Bill will enable veteran-owned local small businesses to gain access to more county procurement opportunities. Under the Bill, preference points of five percent will be awarded to certified veteran-owned local small businesses that submit a proposal to a County RFP. To be eligible for these points, a small business must have a valid Veteran-Owned Small Business (VOSB) or Service-Disabled Veteran-Owned Small Businesses (SDVOSB) certificate from the U.S. Small Business Administration or the U.S. Department of Veterans Affairs.

I appreciate your prompt consideration of this action.

Enclosure: Bill xx-24 LSBRP Amendments - Veteran-Owned Business Preference Points

cc: Dale Tibbitts, Special Assistant to the County Executive
Ash Shetty, Director, Office of Procurement
Grace Denno, Division Chief, Office of Procurement

Bill No. _____ [Click-type #]
Concerning: Contracts and Procurement
 – Local Small Business Reserve
 Program (LSBRP) – Veteran-Owned
 Business Preference Points
Revised: _____ [date] Draft No. _____ [#]
Introduced: _____ [date]
Expires: _____
Enacted: _____ [date]
Executive: _____ [date signed]
Effective: _____ [date takes effect]
Sunset Date: _____
Ch. _____ [#] , Laws of Mont. Co. _____ [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: [Click - Type sponsor(s)]

AN ACT to:

- (1) Implement Veteran-Owned Business Preference Points under the Local Small Business Reserve Program

By amending

Montgomery County Code
Chapter 11B, Contracts and Procurement
Section 11B-65

By establishing new provision

Montgomery County Code
Chapter 11B, Contracts and Procurement
Section 11B-66A

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The County Council for Montgomery County, Maryland approves the following Act:

1 **SEC. 1. Section 11B-65 is amended as follows:**

2 **Sec. 11B-65. Definitions.**

3 In this Article the following words have the meanings indicated.

4 *Direct purchase* means an informal solicitation defined by regulation under Section 11B-13.

5 *Local Small Business* means a for-profit business or non-profit entity, other than a broker,
6 that:

- 7 (1) has its principal place of business or non-profit operations in the County;
8 (2) in the case of a for-profit business, is independently owned and operated;
9 (3) is not a subsidiary of another business or entity; and
10 (4) meets criteria, size limits, and gross sales amounts established by method 2
11 regulations.

12 *Local Small Business Reserve* means any procurement that is limited to responses from local
13 small businesses.

14 *Veteran-Owned Local Small Business* means a Local Small Business that is at least 51%
15 owned by one or more individuals who:

- 16 (a) are verified as having served on active duty in the armed forces of the
17 United States, other than for training, and were discharged or released
18 under conditions other than dishonorable; and
19 (b) control the management and daily operations of the business.

20 * * *

21 **SEC. 2. Section 11B-66A is added as follows:**

22 **Sec. 11B-66A. Local Small Business Reserve Program – Veteran-Owned Preference Points.**

23 (a) *Eligibility.* To be eligible for Veteran-Owned Local Small Business preference
24 points, a business must affirm and provide supporting documentation to the Director to
25 show that it is a Veteran-Owned Local Small Business as defined in Section 11B-65. The
26 Director may investigate and verify the information provided on the application, as
27 necessary.

28 (b) *Certification.* Veteran-Owned Local Small Business preference points must only
29 be applied to a Local Small Business that has a valid Veteran-Owned Small Business
30 (VOSB) or Service-Disabled Veteran-Owned Small Businesses (SDVOSB) certificate
31 from the U.S. Small Business Administration or the U.S. Department of Veterans Affairs'
32 Center for Verification and Evaluation.

33 (c) *Application of Preference Points to competitive sealed proposals.* For any

Request for Proposals issued under Section 11B-10 that has been designated for a local small business reserve, the Director must include an evaluation factor awarding additional points for a proposal from a Veteran-Owned Local Small Business worth 5% of the total available points.

(d) Waiver. The Director may waive a bid or proposal preference under this Section in a solicitation if the Director finds that a preference would result in the loss to the County of Federal or State funds.

* * *

Sec. 3. Effective Date.

This Act takes effect on _____.

Approved:

Andrew Friedson, President, County Council

Date

Approved:

Marc Elrich, County Executive

Date

This is a correct copy of Council action.

Sarah Tenenbaum, Clerk of the Council

Date