





April 7, 2025

MEMORANDUM

TO: Ingrid S. Watson, Chair
Government Operations and Fiscal Policy (GOFP) Committee

THRU: Joseph R. Hamlin 
Director of Budget and Policy Analysis

FROM: Sylvia S. Singleton 
Senior Legislative Budget Officer

RE: Office of Procurement (OOP)
Fiscal Year 2026 Budget Review

BUDGET OVERVIEW

Beginning in Fiscal Year 2025, with Executive Order Number 2-2024, the county's procurement function was separated from the Office of Central Services (OCS) into its own agency, the Office of Procurement (OOP). The Office continues to track relevant data regarding the procurement of Minority Business Enterprises, County-Based Businesses, and Small Businesses to guide a more equitable procurement process. The Department is 100% general funded.

The FY 2026 Proposed Budget for the Office of Procurement is ~\$6.3 million, a decrease of \$482,600, or 7.1%, under the FY 2025 Approved Budget. The increases in the FY 2026 Proposed Budget are primarily due to compensation attributed to the annualization of FY 2025 and anticipated FY 2026 salary adjustments, and the inclusion of two (2) personal service contractors as a result of a reallocation of operating contracts in the previous fiscal year. The increases are being offset primarily by reductions attributed to the reallocation of Office of Information Technology (OIT) charges for countywide costs for technology to OCS.

Expenditures by Category - General Fund

Category	FY 2024 Actual	FY 2025 Budget	FY 2025 Estimate	FY 2026 Proposed	Change FY25-FY26	
					Amount (\$)	Percent (%)
Compensation	\$—	\$3,835,700	\$3,777,500	\$4,528,000	\$692,300	18.0%
Fringe Benefits	—	1,265,800	1,192,800	1,412,700	146,900	11.6%
Operating	—	1,894,400	1,960,300	600,800	(1,293,600)	-68.3%
Capital Outlay	—	—	—	—	—	—
SubTotal	\$—	\$6,995,900	\$6,930,600	\$6,541,500	\$(454,400)	-6.5%
Recoveries	—	(218,700)	(218,700)	(246,900)	(28,200)	12.9%
Total	\$—	\$6,777,200	\$6,711,900	\$6,294,600	\$(482,600)	-7.1%

CHALLENGES/CONCERNS

- The Department is reporting concerns/challenges as follows:
 - Non-competitive compensation package relevant to the local market is a big factor in employee recruitment and attrition. Salaries do not provide a competitive edge to hire first-choice candidates, extend the hiring timeline, and leave voids that a highly qualified teammate should fill.
 - ✚ Planned actions are to retain staff and continue to provide training opportunities and access to advancement within the agency.
 - Workload fluctuations due to project demands and the lack of funding and availability for training and development.
 - While the County provides an annual procurement forecast, as well as a Green Book to help guide the business community towards forthcoming opportunities, there is also a perceived lack of opportunities to attract new businesses to the County and funding for new programming.
 - The lack of system integrations and data integrity across all platforms.
 - In 2026, a potential obstacle is the loss of training and development. Staff need training opportunities to learn tools that will assist our agency in conducting solicitations, negotiating contracts, and contract administration.
 - ✚ To address this loss, the Office will seek free training and development opportunities closer to the County.

IMPACT OF KNOWN OR ANTICIPATED FEDERAL CHANGES OR ACTIONS

- There is no direct impact on the agency's programs. However, operationally, the Office will need to assist other County agencies that are impacted, by assisting with the review of current services and contracts that receive Federal funding to ensure the County is compliant with Federal rules and regulations.

STAFFING CHANGES AND COMPENSATION

Authorized Staffing Count- General Fund

	FY 2025 Approved	FY 2026 Proposed	Change Amount	Percentage Change
Full-Time	39	39	0	0.0%
Total	39	39	0	0.0%

- The agency's proposed FY 2026 staffing count remains unchanged at 39 positions, of which 37 are fully funded in FY 2026. Of the 37 fully funded positions, 34 are currently filled.
- As of March 2025, there are five (5) vacancies, of which four (4) are pending announcements and completing the recruitment process and have been through the ePRB process before the hiring freeze took effect.
 - One (1) position, currently filled, will be unfunded in FY 2026. The plan is to do an internal promotion and then not fund the vacancy that person leaves behind.
 - Competitive salary and promotional opportunities are key factors in recruiting and retaining staff.
- Three (3) people have separated from the agency so far in FY 2025 YTD, leading to an attrition rate of 7.7%. The positions impacted by attrition are the Public Information Officer 3G (G24), an Administrative Aide 2G (G15), and a Procurement Officer 3G (G24).
- In FY 2026, six (6) positions are being reallocated from the Administrative Services and Business Services Division to the Office of the Director.
- In FY 2026, General Fund compensation expenditures are proposed at ~\$4.5 million, representing an increase of \$692,300, or 18.0%, above the FY 2025 Approved Budget.
 - FY 2026, a total of two (2) Procurement Officer 1G positions will be unfunded. Given the budget constraints, one position had to be unfunded to fund salary increases to retain critical staff members.
- One vacancy, the Compliance Specialist 3G, is currently with the County Executive and is budgeted at \$100,400 in FY 2026.
 - At the time the report was written, it was unclear whether MGM continues to provide partial funding for this position and, if so, how much.
- The Office anticipates accruing approximately \$131,300 in salary and fringe benefits lapse in FY 2025. The lapse will be used to fund personal services contractors who assist with staff training, policy creation, managing the Supply Schedule, and vendor interactions.

FRINGE BENEFITS

Fringe Benefits Historical Trend			
* New in FY 2025	*FY 2024 Actual	FY 2025 Approved	FY 2026 Proposed
Fringe Benefit Expenditures	\$ -	\$ 1,265,800	\$1,412,700
Compensation	\$ -	\$ 3,835,700	\$4,528,000
Fringe As a % of Total Employee Compensation	n/a	33.0%	31.2%

- In FY 2026, Fringe benefit expenditures are proposed at ~\$1.4 million, an increase of \$146,900, or 11.6%, over the FY 2025 budget due to an increase in costs from salary adjustments and anticipated healthcare and pension costs, offset with a reduction in the fringe benefit rate from 33.0% to 31.2%.

EXPENDITURES

- Operating expenses are proposed at \$600,800, representing a, ~\$1.3 million, or -68.3%, decrease from the FY 2025 Approved Budget, largely due to the reallocation of the OIT technology charge to the Office of Central Services and shifting contract costs to personal service contracts. Some of the major line items in the operating budget include:
 - Office Automation \$333,400
 - Interagency Charges \$116,400
 - Operating Contracts \$ 70,000
- Five (5) of the line items show an overall increase in funding from the FY 2025 Approved budgeted levels. Funding increases for telephone, printing, membership fees, vehicle maintenance expenditures, and the Office of Law personnel charge.
- Three (3) line items remain unchanged from the FY 2025 Approved funding levels.
- Four (4) of the Operating Budget line items show a proposed decrease in funding from the FY 2025 Approved Budget levels. Operating contracts of \$374,000, are being reallocated to Personal Service Contracts in compensation in FY 2026.

General Fund (1000)					
Commitment Items	FY2025 Budget	FY2025 Estimate	FY2026 Proposed	\$ Change from FY25 Budget	Explain reason for budgetary change for each commitment item
Telephone	\$4,000	\$10,700	\$11,300	\$7,300	Right-sizing costs after agency transitions from OCS
Interagency Charges	110,300	110,300	116,400	6,100	Office of Law personnel charge
Membership Fees	1,500	2,700	5,000	3,500	Increase for local and national associations
Vehicle Equipment Repair/Maintenance	2,500	9,400	3,900	1,400	Increase in countywide Fleet charges
Printing	1,500	2,900	2,800	1,300	Increase mobile and external vendor participation
Advertising	14,000	17,500	14,000	0	
General Office Supplies	7,000	10,100	7,000	0	
Office and Operating Equipment Non-Capital	15,000	6,000	15,000	0	
Mileage Reimbursement	5,000	500	0	(5,000)	Reduce because funding transportation with Fleet charge
Training	40,900	35,000	22,000	(18,900)	Reduce to meet budget needs
Operating Contracts	444,000	536,500	70,000	(374,000)	Reallocated operating contracts to Personal Service Contracts in comp
Office Automation	1,248,700	1,218,700	333,400	(915,300)	Reallocate countywide technology costs between OCS and OOP
TOTAL	\$1,894,400	\$1,960,300	\$600,800	(\$1,293,600)	

- The table below lists Operating Contracts for FY 2025 and FY 2026. In FY 2025, the estimated contract amounts exceed the approved budgeted amounts by \$92,500 and will be funded from salary lapse. In FY 2026, one (1) contract of \$70,000 is being proposed to various vendors for the Procurement Summit.

(Contracts Table – Next Page)

C ontracts , FY 2025 and FY 2026									
Vendor/Contractor Name	1=MBE 2=CBB 3=CSB 4=CLB Unknown	Summary of Contract Services	FY 2025 Approved Budget					Contr act	
			FY 2025 Approved Budget	FY 2025 Actual/ Estimated Contract Amount	Current Contract Term	Number of Additional Option Years Available	Contract Status: Executed (E), Planned Not Executed (PE)	FY 2026 Proposed Contract Amount	Funding Source: General Fund (GF), Grants (GR), Other
LMPTransformational; All PCOperation; SimpleSolutions LLC	u	CreateSOP materials; conduct trainings for staff; Manage the Supply Schedule	\$294,000	\$315,000	07/2024-06/2025	N/A	E	\$-	GF
Premikati	u	Ariba Consultant	\$-	\$150,000	07/2024-06/2025	N/A	E	\$-	GF
Hennessy Creek and other vendors	CBSB	Procurement Summit	\$100,000	\$70,000	07/2024-06/2025	N/A	E	\$70,000	GF
Sardi's	u	Catering	\$-	\$1,500	07/2024-06/2025	N/A	E	\$-	GF
TBD	u	Temporary services for Ariba	\$50,000	\$-	07/2024-06/2025	N/A	PE	\$-	GF
Total			\$444,000	\$536,500				\$70,000	

RECOVERIES

- Recoveries for FY 2026 are proposed at \$246,000, an increase of \$28,200, or 12.9%, over the FY 2025 budget due to mandated salary adjustments from the Capital Fund.

Recoveries				
	Description	FY 2025 Estimated	FY2026 Proposed Budget	Fund (GF, IS, Grants)
1	Personnel costs from the Capital Fund	(\$218,700)	(\$246,900)	GF

EQUIPMENT AND INFORMATION TECHNOLOGY (IT)

- In FY 2025, YTD, desktop printers and Adobe software were purchased for \$1,595, with proposed FY 2026 funding of \$15,000 for upgrades to desktops and portable electronic devices.
- The Office reports that it is involved with other IT projects funded within the OIT budget. The complete list can be found in the *Office's First Round Response Q.29*.
- The County has re-engaged the Supplier Lifecycle and Performance (SLP) Ariba Module to replace the county's current Supplier Lifecycle Management (SLC) module.

- SLP is a cloud-based solution within the SAP Ariba platform that helps companies manage their suppliers throughout their lifecycle, including onboarding, qualification, risk assessment and performance monitoring allowing for a streamlined supplier management system and improved compliance.
- The County is projected to go-live with SLP by June 2025.
- The County is simultaneously implementing Buying and Invoicing. Buying and Invoicing is a cloud-based Ariba solution that manages the procure-to-pay process.

PROGRAM UPDATES

- The Office is reporting the following:
 - It is currently working to reduce the vendor certification application processing time, to increase the number of certified vendors in all diverse supplier categories and to enhance the monitoring of contract compliance requirements.
 - ✚ Success will be measured by comparing this fiscal year's data with last year's, tracking the number of new certifications and reviewing vendor adherence to prompt payment, wage requirements and the timeliness of prime-to-subcontractor payments.
 - The County's purchasing card program will be enhanced, staff retention will be prioritized, employee recognition will be prioritized, open communication and employee empowerment will be cultivated, and the vendor registration process will be streamlined.
 - ✚ Success will be measured by reviewing agency adherence to revised purchasing card internal procedures, employee engagement surveys, and vendor registration timeliness compared to last year.
 - It aims to reduce the response time to Director inquiries, which will be measured based on a review of timely inbox responses for each request.
- In its efforts to **manage processing times for procurement requests** the Office of Business Services provides updates to SLA(s) and works to streamline processing with updates to procedures and determination forms for submission and approval.
 - Monthly meetings are also held between procurement officers and external agency stakeholders to provide updates and resolve various issues that may result in the delayed processing of requests.
- In its efforts to **monitor livable wage requirements** for County-funded service contracts, each County issued solicitation includes a wage requirements document, which is executed and included in all bids as a required document.
 - In addition, the Contract Compliance Unit provides an overview of the applicable requirements in all pre-bid, pre-construction, and work initiation conferences.
 - The Office of Procurement conducts an annual survey of firms engaged in County-funded service contracts.
 - The results of the survey are used to review adherence to the County's livable wage requirements.

- In its efforts to **monitor prevailing wage requirements** for County-funded construction projects the Office of Procurement conducts a data-driven annual survey of all construction firms actively engaged in County-funded construction projects.
 - The results of the survey are used by the County's Wage Determination Board to establish (construction) prevailing wage rates for the following year. The Contract Compliance Unit covers the applicable requirements in all pre-bid, pre-construction, and work initiation conferences with a prevailing wage requirement.
 - Wage rates and requirements are monitored through frequent construction site visits, interviews of workers and review of construction firms' weekly submissions of certified payroll.