

MARYLAND
BOARD OF PUBLIC WORKS

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Senate Budget and Taxation Committee
Subcommittee on Education, Business and Administration
Suite 3 West, Miller Senate Office Building
Annapolis, Maryland 21401

Dear Senator King and Subcommittee Members:

We welcome the opportunity to appear before you on behalf of the Board of Public Works. Today's presentation supports our fiscal year 2019 operating budget. We are pleased that the Department of Legislative Services analysis supports the Board's proposed operations budget. And we are equally pleased to note that the Legislative Auditor made no findings in our 2014-17 Audit Report (Nov. 2017).

Board budget overview. The Board's budget comprises two types of appropriations: agency operations and pass-through accounts. Our perennial pass-through grantees, Historic Annapolis Foundation and the Maryland Zoo in Baltimore, are outstanding guardians of State treasures and are prepared to comment on their requests. The Western Maryland Scenic Railroad also seeks operating money for its important contribution to Maryland heritage.

Board operations. As for Board of Public Works operations, the amount budgeted comprises primarily personnel expenses (90% v. 10% for non-personnel expenses). Our mission remains to enable the Board members to carry out the myriad duties involved in stewarding State assets and also to assure public and intra-governmental access to Board deliberations, decision-making, and records, all of which are vitally important to the Board and to Maryland citizens.

Competitive Procurement Methods. The DLS analysis states:

[M]ore than 50% of contracts approved by BPW in fiscal 2016 and 2017 were competitive procurements. Insofar as this is the preferred procurement method, 50% seems low. **The board should discuss strategies that can be implemented to increase the number of competitively bid procurements.**

In context, please note that procurements submitted to the Board are not reflective of all State procurements. Because the Board delegates most procurements under a certain dollar amount and commodities procurements in any amount, Board statistics comprise more complex transactions not always best suited to low-bid solicitations.

However, the Board agrees that encouraging competitive procurement methods generally results in attaining the best value for the State.¹ To that end, we report:

- *Increased scrutiny of single bid/proposal recommendations for award:* Board members have increased their scrutiny and questioning of Action Agenda Items recommending award of contracts based on a single bid/proposal received. Board staff questions Items before Board meetings occasionally leading to the agency's reconsideration of its recommendation to award based on a single response. Board members' questions at meetings have likewise resulted in referring the matter back to the agency for re-procurement.
- *Primary procurement units directing agencies to re-procure when a single bid/proposal is received:* Following the Board's lead, primary procurement units that oversee other agencies' procurements (DBM, DGS, DoIT, MDOT) have increased their scrutiny of non-competitive award recommendations and in turn, directed agencies to re-procure when appropriate.
- *Ensuring fair and reasonable pricing for single bid/proposal awards and sole source contracts:* A recent BPW Advisory - *Fair and Reasonable Contract Price* - instructs State agencies on how to ensure that contract pricing is fair and reasonable.²
- *Procurement training manual.* The Board's Procurement Advisor is currently part of a multi-agency collaboration intended to lead to a State Procurement Training Manual that will provide practical guidance to procurement officers to ensure competition in solicitations.
- *Improved electronic and direct solicitation:* The Board is encouraging development of a more intuitive and efficient *eMarylandMarketplace* system that should result in an increased database of potential vendors, easier outreach to vendors, more informative solicitations, and improved search functionality to allow vendors to easily access State procurement solicitations matching their capabilities. Board staff is also encouraging procurement officers to more carefully research the pool of available vendors so more targeted – and effective – solicitations can be made directly.

We continue to do an excellent job of managing our resources and meeting the tasks – expected and unexpected – assigned to us.³ Thank you for your continued support of our sustained efforts to improve our operations and service to the Board members, the General Assembly, and the public.

Sincerely,



Sheila McDonald

¹ The General Assembly abolished the statutory preference for competitive sealed bids in the 2017 session. This change was effective 1 October 2017. There is no longer a statutorily preferred procurement method; procurement officers are afforded discretion to choose the most appropriate method for each procurement. See State Finance & Procurement Article, § 13-102, Annotated Code of Maryland (as amended by Chapters 588 and 589, 2017 Acts).

² [BPW Advisory 2016-1](#)

³ Even thirty years ago, now-retired Judge Wilner noted, "As an institution the board has managed to earn and retain the confidence of the General Assembly, which has heaped more and more responsibility on it." *The Maryland Board of Public Works: A History* by Alan Wilner (1984) at 123-24.