



# Department of Military Affairs Contracted Services Overview

## Overview

Within the Department of Military Affairs, Montana Army National Guard (ARNG) manages just under 70 service contracts. These contracts serve a variety of uses, such as: snow removal, janitorial work, groundskeeping, fire suppression system testing and inspections, generator testing, annual crane inspections, range hood inspections, elevator inspections, and waste removal services.

Apart from contracting the fire and emergency services for Fort Harrison, the largest single contract for services incorporates the clearing of snow for the Limestone Hills Training Area (LHTA). This area began being used in 2020 for winter training activities, which include maneuverability training for heavy weaponry and tanks. In FY 2024, the total contract value for this work is \$162,500. This service is important for the ARNG as it is necessary to clear snow prior to training exercises due to safety concerns. The size of this contract is due to the amount of roads to be cleared, unpredictability of the weather, and the potential size of the snow drifts. Another substantial reason for the cost of the contract is due to requirements for the contractor to hold year-round insurance, regardless of the amount of services provided.

## Service Contract Types

Two different types of contracts exist within contracted services. These contract types are:

- Paid upon event, such as for snow removal
- Regular intervals, such as for janitorial work

Within the paid-upon-event category, these contracts are structured to outline payment based on the occurrence of the event. The contract stipulates the maximum number of events that may occur. The contract value is calculated by the number of events multiplied by the cost per event.

In regular interval contracts the language of the contract sets the interval for various duties and the intervals may change based upon the specific task assigned. An example of this is janitorial tasks being completed daily compared to tasks being completed on a monthly or annual basis. In the various intervals, a subtotal is used for each interval in calculation of the contract total.

## Procurement Process

The Department of Military Affairs utilizes state procurement procedures and rules in the issuance and bidding process for its service contracts. Upon issuing an invitation for bid (IFB), the agency is required by state law to award the contract to the lowest bidder that meets all the requirements and can perform the services.

The contracts outlined in the appendix chart illustrate those which have already been awarded for FY 2023-2025. Contracts may be renewed without issuing a new IFB; these instances are illustrated through the renewals depicted in the appendix. Following the use of the remaining renewals, the contract will be put out for rebid, thus initiating the IFB process. Agencies that utilize contracted services can experience increasing costs due to the rise in labor costs as well as a shortage in available vendors to execute the outlined work.

## Contract Value Trends

Regarding the contract structure, there are two major pieces of financial data: the total expenditures and the contract value. The expenditures are the total expenses applied to the contract at the rate schedule outlined in the language of the contract. The contract value is the total amount that is possible to be expensed if all of the estimated events and services are performed within the scope and timeframe of the contract. Depending on the services outlined in the agreement, there can be a difference in the expenditures and value of the contract at the conclusion of the agreement.



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Certain trends are present when looking at the contract value for fiscal years 2022-2025. In analyzing the change in contract values from FY 2023 - FY 2024, there is a 13.3% increase in the contract values. The total contract value across all categories in FY 2023 was \$1.6 million and \$1.9 million in FY 2024. With that being said, the largest percent increase was found in generator testing and snow removal services, with the largest dollar increase also being in snow removal with a one-year increase of \$211,000 in contract value. The FY 2025 contract values are 13.3% lower than the FY 2024 values, which creates a 1.4% decrease in contract values from FY 2023 to FY 2025. The largest decrease from FY 2024 to FY 2025 is within snow removal due to the decrease in the number of snow removal events that are incorporated within the agreements. According to the agency, the decrease in total contract value from FY 2024 - FY 2025 is due to the coordination of snow events to the current winter events total. In addition to this, the agency also transitioned fire and emergency services from Helena Fire Department to the Fort Harrison Veterans Affairs Fire Department. The agency expects the contract values to vary depending on winter estimates.

## Financial Summary

The table below shows the total contract value as compared to expenditures broken out by the service type. Within the bottom graph, the total expenditures for FY 2019 – FY 2024 are shown with the constant line being the average contract value for FY 2022-2025. Please note that the expenditures for 2024 are as of June 3, 2024. The total contract values for FY 2019 – FY 2021 were not provided as this information was not incorporated into the digital system at this time. The information and data illustrated in these visuals was provided by the agency.

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	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Contract Value	-	-	-	\$ 1,616,327	\$ 1,647,008	\$ 1,865,693
<b>Service Type</b>						
Janitorial Services	469,033	506,799	542,539	486,713	537,309	480,648
Fire Suppression/Protection	147,441	340,684	387,743	512,047	501,954	238,965
Inspection-Field Equip	30,097	49,940	45,817	69,862	61,196	22,933
Lawn and Weed Control	225,354	284,122	196,236	283,116	197,935	187,878
Garbage and Refuse	136,025	137,131	145,535	146,055	150,043	148,774
Snow Removal	128,591	63,055	93,562	96,318	134,078	143,881
Service Cost Total	\$ 1,136,541	\$ 1,381,731	\$ 1,411,432	\$ 1,594,112	\$ 1,582,515	\$ 1,223,079
Difference between Contract Value and Expenses	-	-	-	22,215	64,492	642,614
Percent Expended	-	-	-	98.6%	96.1%	65.6%

