

**The
Washington Suburban
Sanitary Commission**



**Small Local and
Minority Business
Enterprise Program**

July 1, 2004 through June 30, 2005

Legislative Report

September 15, 2005

Dear Montgomery and Prince George's Counties Senate and House Delegations:

On behalf of staff at the Washington Suburban Sanitary Commission (WSSC), the Small, Local Minority Business Enterprise Group is delighted to publish our Fiscal Year End Report for 2005. The report summarizes awards made to small, local, and minority businesses from July 1, 2004 to June 30, 2005.

Fiscal year 2005 was full of changes. In February 2005, Andrew D. Brunhart was named General Manager, and one of the first steps that he took was to underscore his commitment to WSSC's Small, Local and Minority Business Enterprise (SLMBE) Program. Mr. Brunhart also assured the community that WSSC is committed to integrating into the fiber of WSSC's culture, the mind-set of looking to the vendors of our communities to participate in WSSC contracting opportunities. With the commitment of the General Manager and newly named Deputy General Manager, Carla Reid Joyner, we are pleased to report that in FY05 the total awarded dollars to SLMBE firms exceeded 37 million dollars or 26% of the total dollars awarded by WSSC. In addition, for the first time, we report that in FY05, the total dollars paid to SLMBE prime vendors reached \$22,429,845.

In FY 2006 WSSC will launch SymTrac, a web-based tool for monitoring subcontract compliance requirements and actual performance to small, local and minority firms. With this tool, WSSC will not only be able to monitor actual dollars paid to prime small, local and minority firms but also obtain verification of actual dollars paid through subcontracting agreements.

We have made significant strides in bringing small, local and minority firms into the contracting process. WSSC remains firmly committed to the goals of our program and we welcome your feedback and suggestions for program enhancement.

If we can assist you, please call the Small, Local and Minority Enterprise Group at 301-206-8800 or visit our website at <http://wsscwater.com/business/index.html>.

At WSSC "We are on the cutting **EDGE**"

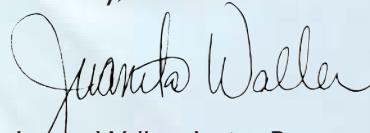
Encouragement to small and minority businesses

Diversity in all our competitive bids

Growth in economic development

Equity to vendors of our communities

Sincerely,



Juanita Waller, Acting Program Director
Small Local and Minority Businesses Enterprise Program

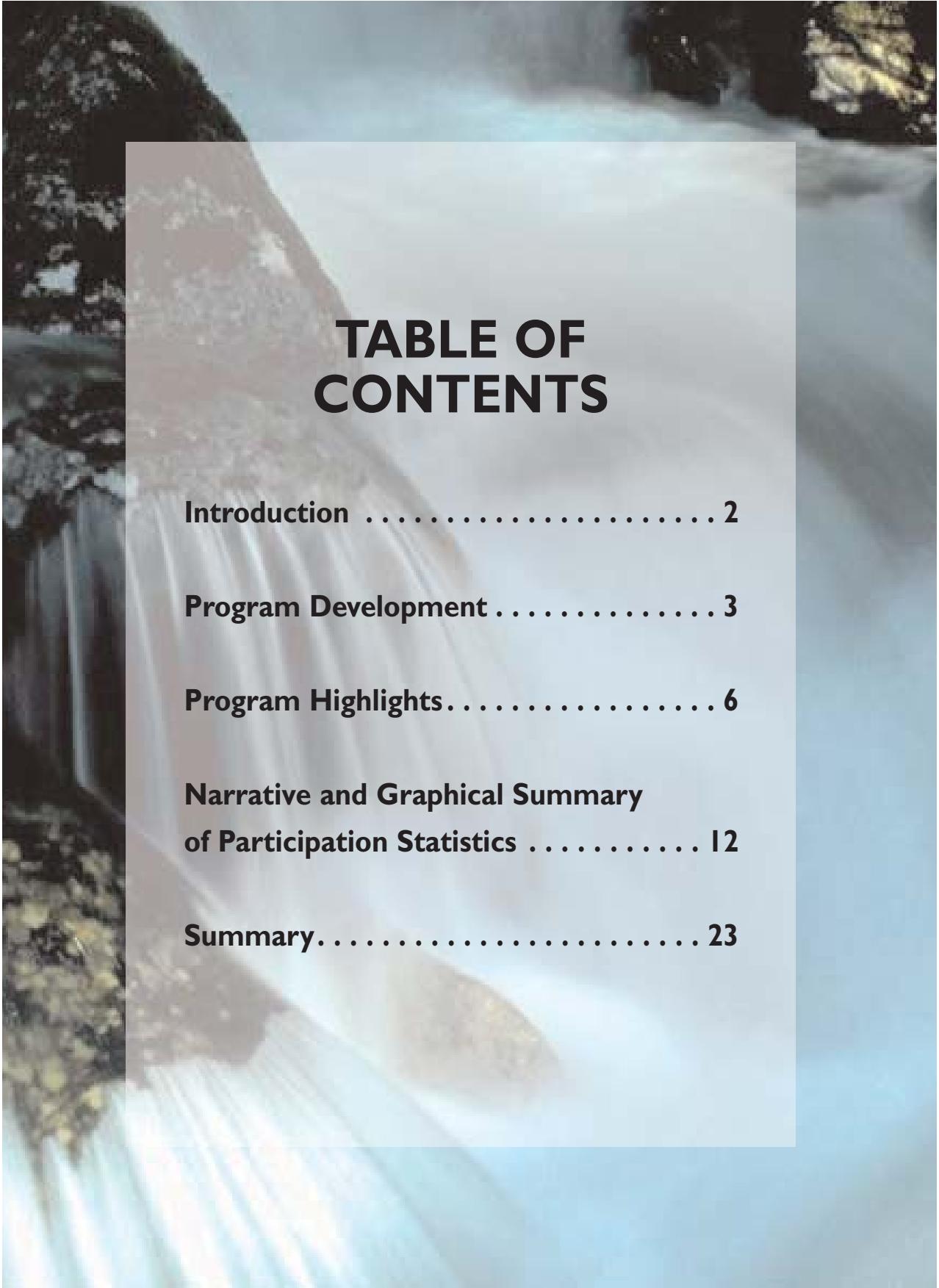
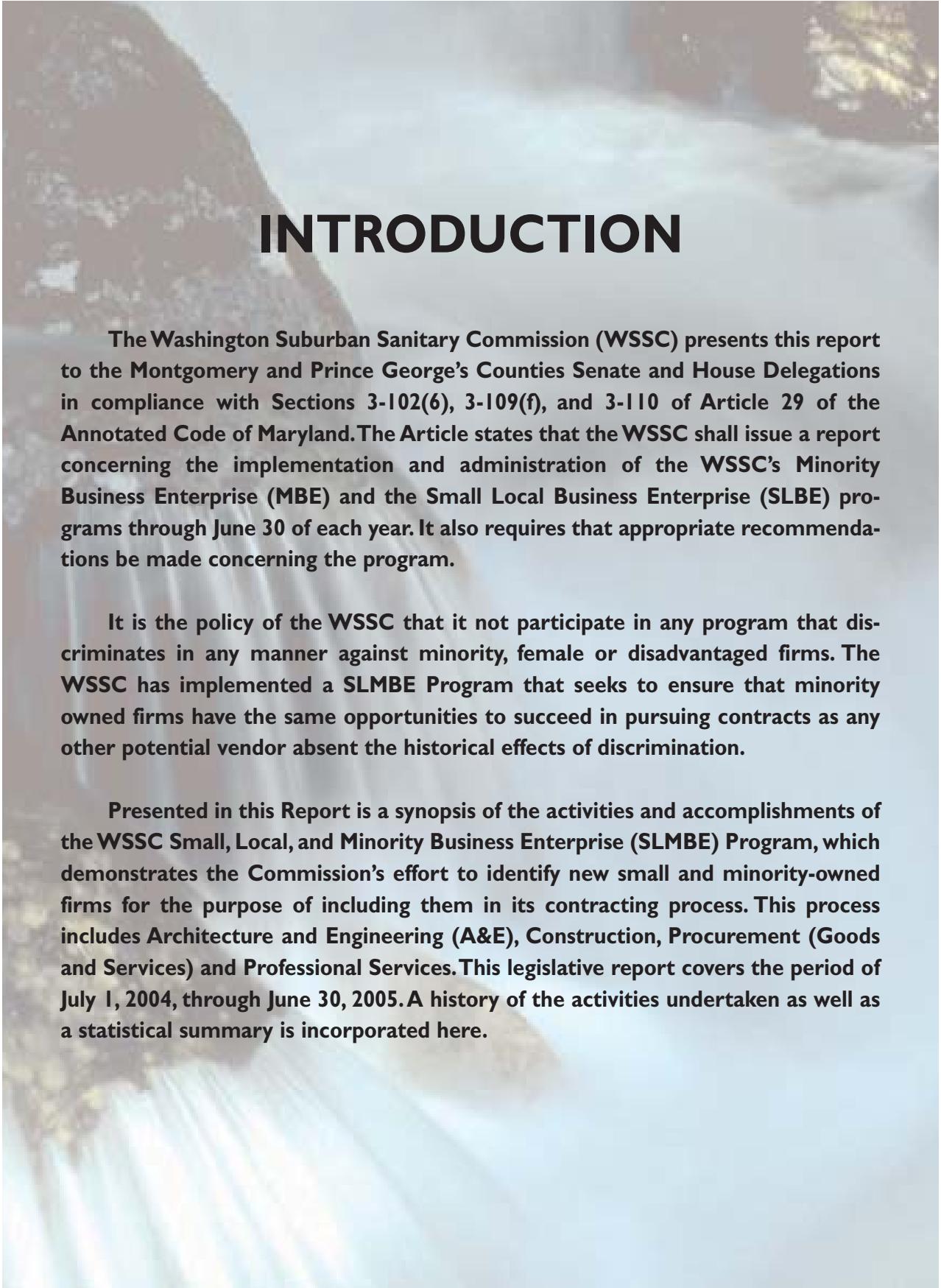


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INTRODUCTION

The Washington Suburban Sanitary Commission (WSSC) presents this report to the Montgomery and Prince George's Counties Senate and House Delegations in compliance with Sections 3-102(6), 3-109(f), and 3-110 of Article 29 of the Annotated Code of Maryland. The Article states that the WSSC shall issue a report concerning the implementation and administration of the WSSC's Minority Business Enterprise (MBE) and the Small Local Business Enterprise (SLBE) programs through June 30 of each year. It also requires that appropriate recommendations be made concerning the program.

It is the policy of the WSSC that it not participate in any program that discriminates in any manner against minority, female or disadvantaged firms. The WSSC has implemented a SLMBE Program that seeks to ensure that minority owned firms have the same opportunities to succeed in pursuing contracts as any other potential vendor absent the historical effects of discrimination.

Presented in this Report is a synopsis of the activities and accomplishments of the WSSC Small, Local, and Minority Business Enterprise (SLMBE) Program, which demonstrates the Commission's effort to identify new small and minority-owned firms for the purpose of including them in its contracting process. This process includes Architecture and Engineering (A&E), Construction, Procurement (Goods and Services) and Professional Services. This legislative report covers the period of July 1, 2004, through June 30, 2005. A history of the activities undertaken as well as a statistical summary is incorporated here.

PROGRAM DEVELOPMENT

The Maryland Legislature extended the duration of the Minority Business Enterprise Programs. House Bill 804-WSSC—Minority Business Enterprise Programs-Sunset Extension MC/PG 112-05 extended the minority business programs until July 2006.

BBC Research & Consulting (BBC) was hired to conduct a disparity study to assess whether WSSC's current efforts to open procurement opportunities to minority and women-owned firms meet legal standards set forth in state and federal law. The Study recommendations were specific to each of the Commissions four contracting areas, Architecture and Engineering, Construction, Procurement and Professional Services.



These recommendations include race and gender-neutral measures to increase opportunities for minority and women-owned firms and small businesses in general.

The BBC disparity study follows a number of past studies of WSSC procurement. These past disparity studies include:

- **An examination of WSSC's Minority Business Program**, completed in March 1988 by the Minority Business Enterprise Legal Defense and Education Fund, Inc. (MBELDEF) and Financial Research Associates, Inc. This study researched MBE utilization for some types of WSSC procurement as far back as the 1970's.
- **Minority Business Enterprise Study for the Washington Suburban Sanitary Commission**, completed in March 1999 by MGT of America, Inc. (the most recent study prior to BBC's study). The MGT study examined WSSC's utilization of MBE and WBE from the late 1980s through 1997.

BBC noted that overall, elements of discrimination in the local marketplace continue to place minority- and women-owned firms at a disadvantage when competing for WSSC contracts. The Commission's success in enhancing contracting opportunities for goods and general services purchases to MBE/WBEs, for example, is partly attributable to its on-going and long-term efforts. BBC is recommending to reduce the disparity with race- and gender- neutral remedies.

"If in the future WSSC finds that neutral programs are not sufficient to remedy the effect of discrimination, it may have a basis to apply additional race- and gender-based programs."

PROGRAM DEVELOPMENT (Cont.)

Report Card

BBC rated each contracting area as to the level of success achieved.

Procurement (Goods and Services)	--	Success
Professional Services	--	Partial Success
Architecture & Engineering (A&E)	--	On the Road to Success
Construction	--	On the Road to Success

Some Key Findings

- *Discrimination affected the marketplace and WSSC procurement in the past.*
- *There is evidence of lasting effects of past discrimination in the local market place and in WSSC procurement.*
- *There is contemporary evidence of discrimination against minority and women-owned firms in the marketplace.*
- *There is evidence that some prime contractors doing business with WSSC discriminate against MBE/WBE subcontractors.*
- *In some areas of WSSC procurement, neutral programs alone may be adequate to address any effects of discrimination.*
- *Criteria for small business registrations should be revised.*
- *WSSC should continue to operate race and gender-based programs related to A/E and possibly professional service contracts.*



A theme of the Disparity study is BBC's recommendation that emphasis be placed on increasing minority prime contractors rather than minority subcontractors. WSSC has released the report to the public. Comments from all interested parties were encouraged. The Commission will consider all input and then formulate the road ahead for the WSSC Small, Local and Minority Business Enterprise program. The Commission will share the developed road ahead with the public, and hold another public hearing. The Commission will be completely transparent and open throughout this

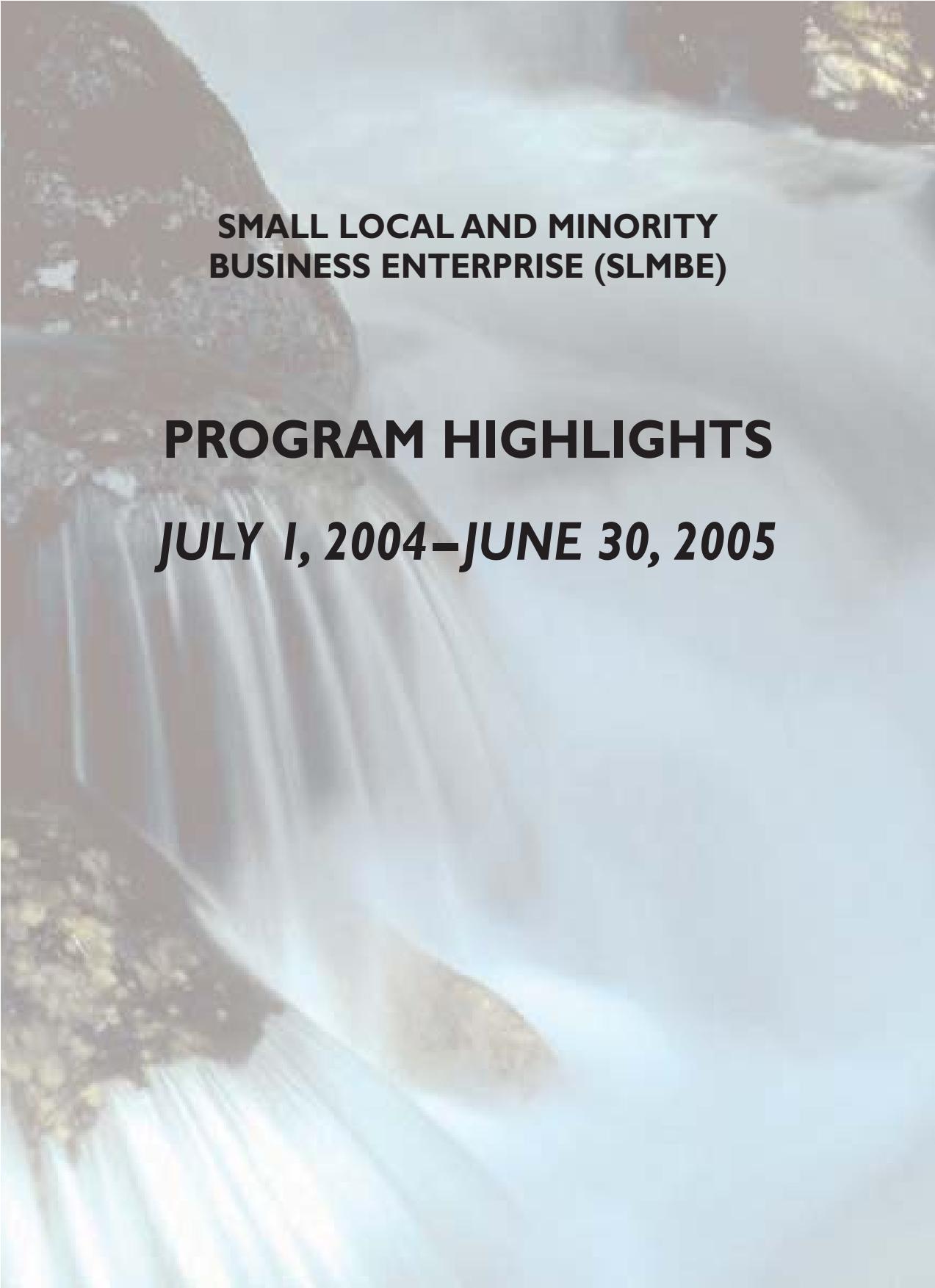
comment and dialogue period. After this period of interaction and exchange, the Commission is planning on adopting the formal road ahead during the latter part of September. It is likely that aspects of adopted direction will require legislation.

PROGRAM DEVELOPMENT (Cont.)

Since the implementation of Standard Procedures SP 03-01, the Small Local Business Enterprise Program (SLBE) has received 212 applications, of those 139 have been accepted into the program.

Due to the lack of registered firms in the program for various commodities and services, several initiatives, established in Standard Procedure 03-01 have not been implemented:

- Price preferences were not applied to solicitations.
- Contracts set aside for SLBE firms in Goods and Services.
- Additional points for A/E or Professional Services contracts that involve joint ventures with SLBE firms.
- Mandatory subcontracting on Construction or Goods and Services contracts.
- Competitive Business Development Demonstration contracts were not implemented.



**SMALL LOCAL AND MINORITY
BUSINESS ENTERPRISE (SLMBE)**

PROGRAM HIGHLIGHTS

JULY 1, 2004–JUNE 30, 2005

SPECIAL PROGRAM

- **August 2004**—The Gordian Group implemented its Job Order Contracting (JOC) Program for WSSC. JOC is a firm, fixed price, competitively bid indefinite quantity contract. It is a performance-based contract, which provides a financial incentive for a contractor to perform well and fulfill contractual requirements. The SLMBE and Systems Infrastructure Groups conducted a series of outreach events to educate and encourage small and minority vendors regarding the conditions and requirements of the program. The contract was awarded Anchor Construction, formerly C&F Construction Company, a certified minority firm located in Washington, DC and Prince George's County. WSSC has utilized the JOC contract to award three contracts totaling \$6 million per year for five years for water and sewer replacement and rehabilitation work throughout Montgomery and Prince George's counties. To date, \$2.8 million have been issued to a certified minority firm. Of the \$2.8 million, approximately \$812,000 or 29 percent has been subcontracted also to minority firms.



MINORITY COMPLIANCE TRACKING TOOL

- **In April 2005** WSSC contracted with Symbiont Inc., a local certified minority firm, to implement a web-based tracking software—SymTrac. The benefit of the SymTrac software application is to track participation of certified minority-owned businesses. SymTrac automates the monitoring and assessment of the prime contractor's subcontracting goal achievement. Perhaps the most important aspect of SymTrac is the fact that it bases its tracking and reporting on payments actually made to MBE prime contractors and subcontractors, not just on contracts and subcontracts awarded.

CONFERENCES AND BUSINESS EXPOS

- **September 8–11, 2004**—The SLMBE Group participated in National Minority Enterprise Development (MED Week) “Forward to the Future, Minority Business Enterprise”, held at the Washington Shoreham Hotel, Washington, DC.



- **September 13**—The SLMBE Group exhibited at the Honorable Albert Wynn's Congressional Black Caucus Minority Business Exchange, held at the Washington Convention Center, Washington, and DC.

- **September 21**—The SLMBE Group attended the “Partnering for Economic Development,” sponsored by the Prince George’s Hispanic Latino Chamber of

Commerce and the Maryland Department of Business and Economic Development, held at the Marriott Hotel, Greenbelt, Maryland.

- **October 18–21**—The SLMBE Group participated on the arrangement committee in hosting the annual National Minority Supplier Development Council’s Conference, held at the Washington Convention Center, in Washington, DC.
- **October 28**—The SLMBE Group exhibited at the annual Prince George’s Chamber of Commerce “Showcase.” The event was held at the Show Place Arena, Upper Marlboro, Md.
- **November 3**—The SLMBE Group attended The Metropolitan Washington Airport Authority’s (MWAA) 14th annual Business Opportunity Seminar, held at the Marriott Wardman Park Hotel in Washington, DC.
- **January 9, 2005**—The SLMBE Group attended the Prince George’s Chamber of Commerce event annual “Power Networking Breakfast” for new members; this event was co-sponsored by Riggs Bank and was held at the Double Tree Hotel, Landover, Maryland.



CONFERENCES AND BUSINESS EXPOS (Cont.)



- **March 28**—WSSC staff participated in Congressman Albert Wynn's 10th Annual Procurement Fair and Business Expo held at The University of Maryland College Park, College Park, Maryland.
- **April 5**—The SLMBE Group, along with the General Manager and the Deputy General Manager, attended Prince George's Chamber of Commerce, "2005 State of the Economy," held at the Showplace Arena, Upper Marlboro, Maryland.
- **April 19**—The SLMBE Group exhibited at the Baltimore/Washington Corridor Chamber of Commerce "Race for the Prize" held at the Laurel RaceTrack, Laurel, Maryland.
- **April 20**—The Office of Small Disadvantaged Business Utilization (OSDBU) hosted its fifteenth annual Procurement Fair. The SLMBE Group participated with numerous other federal and state government contracting offices.
- **May 4–6**—The SLMBE Group attended CelebrAsian 2005 Business and Procurement Conference held at the Omni Shoreham Hotel, Washington, DC.
- **May 9**—The SLMBE Group exhibited at DC ProBiz, "Empowering Your Assets-Money, Skills, Business & Contacts," held at the DC Convention Center, Washington, DC.
- **June 1–2**—The SLMBE Group participated in the Maryland/DC Minority Supplier Development Council's 23rd Annual Business Opportunity Procurement Conference held at the Bethesda Marriott Hotel and Conference Center, Bethesda, Maryland.
- **June 20**—The SLMBE Group hosted its First Annual SLMBE Summit for minority organizations, procurement officials, chambers of commerce, and minority business leaders to provide them with the opportunity to express their concerns and hesitations in doing business with the Commission. The summit offered the opportunity to share suggestions from the



CONFERENCES AND BUSINESS EXPOS (Cont.)

contracting community with our General Manager and other members of the Senior Leadership Team as well as Contracting Officers from Construction, Architecture/Engineering, and Procurement.



This was a roundtable discussion on how the Commission might increase the participation of small, local and minority businesses in WSSC's contracting opportunities. The panel (the SLMBE Group, WSSC contracting officers and the General Manager) fielded questions from the audience and explained their processes. This event was held at WSSC's headquarters in Laurel, Maryland.

EXTERNAL EDUCATIONAL EFFORTS

- **November 14, 2004**—The SLMBE Group participated in Career Day at Melwood Elementary School in Upper Marlboro, Maryland. The Presentation was on Entrepreneurship and WSSC's SLMBE Office.
- **February 9, 2005**—The SLMBE Group attended the opening ceremony for the county's "Small Business Initiative." This initiative (SBI) was created by the Prince George's County Economic Development Corporation to provide assistance to the rapid growth potential of small and minority owned businesses located in Prince George's County. This event was to educate all procurement and minority business officials in the County about SBI and what their objectives would be for small and minority businesses.
- **June 12–15**—SLMBE Staff attended a workshop on how to advance an existing Supplier Diversity Program. The training provided the staff with additional tools to move the program to the next level.

INTERNAL TRAINING EFFORTS

- **August 12, 2004**—The SLMBE

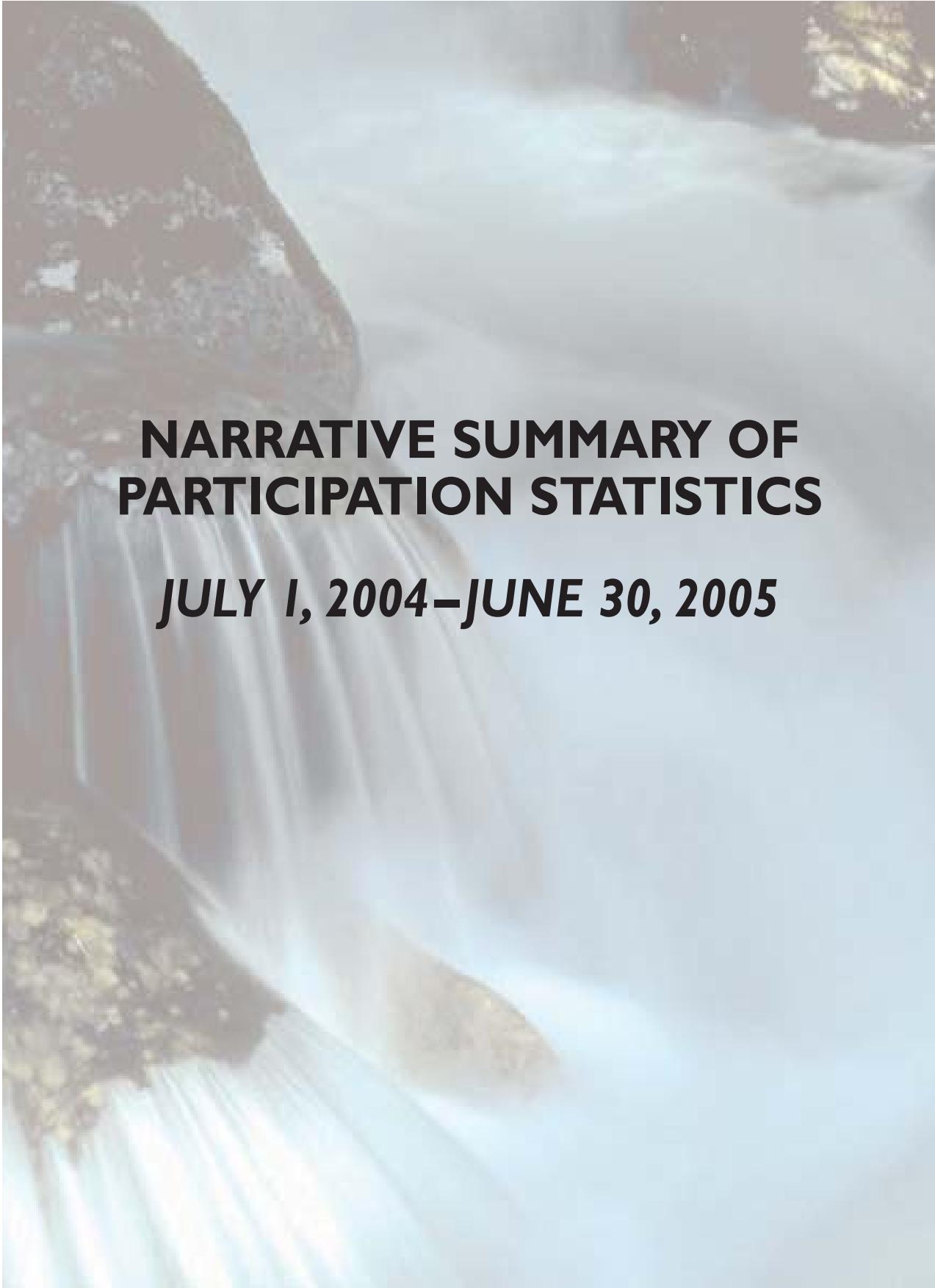
Group and Systems Infrastructure Group presented an internal workshop on Job Order Contracting (JOC). The Commission had four (4) contracts for installation of new, miscellaneous repair, rehabilitation and replacement of water mains, water house connections and other related infrastructure primarily in Prince George's



and Montgomery Counties. These workshops were designed to educate internal staff on what JOC is and how it will operate at WSSC.

- **March 21, 2005**—The SLMBE Group introduced Senior Leadership to the Prince George's County Economic Development Corporation's Small Business Initiative (SBI) program. This new program is responsible for providing technical and consulting assistance to small and minority businesses. The Commission signed a Memorandum of Understanding (MOU) that will act as a referral service to Small Business Enterprises and the Commission.

- **June 9**—SLMBE staff received training on the new web-based subcontract compliance tracking software. This software application will allow the SLMBE staff to track subcontracting participation of certified small and minority businesses.



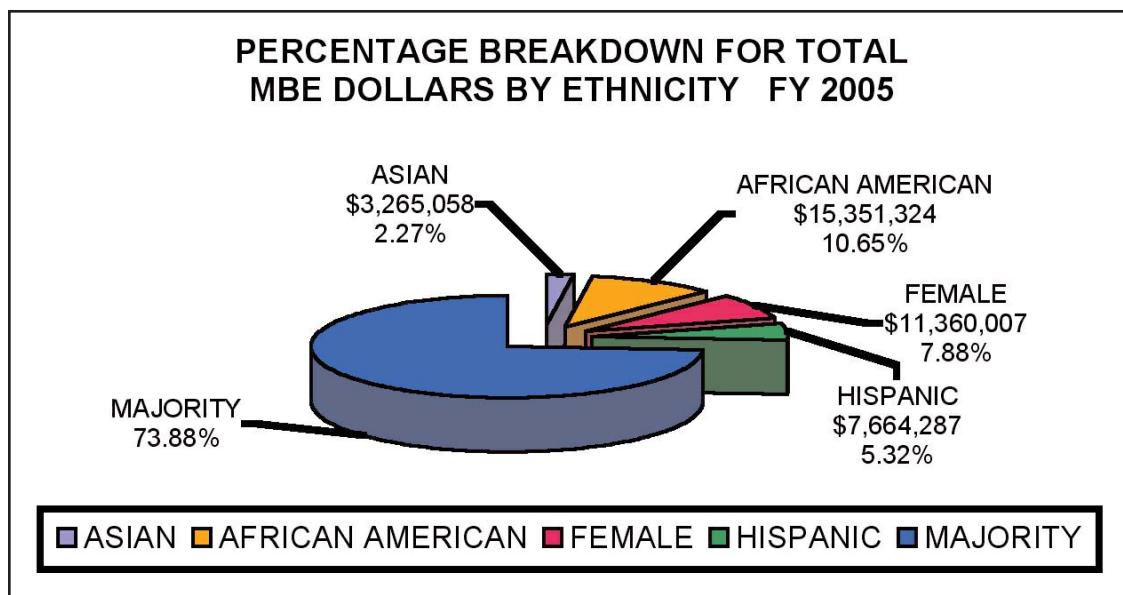
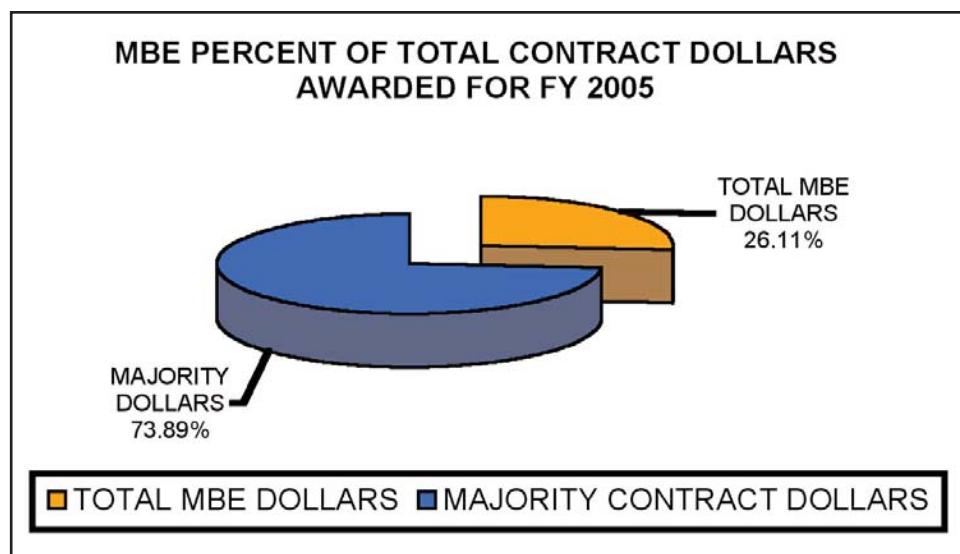
NARRATIVE SUMMARY OF PARTICIPATION STATISTICS

JULY 1, 2004–JUNE 30, 2005

NARRATIVE SUMMARY OF PARTICIPATION STATISTICS

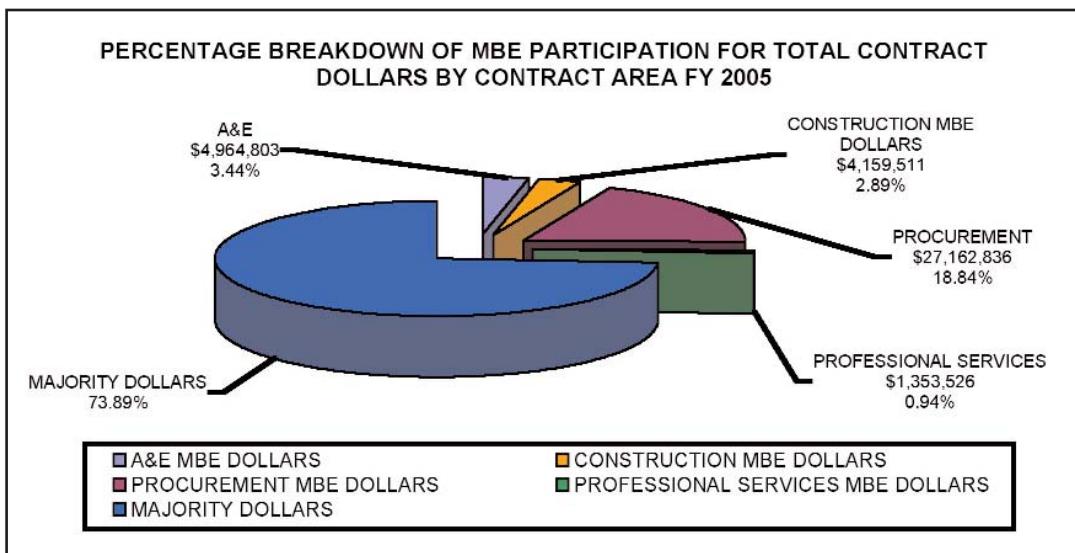
In fiscal year 2005, the Commission awarded a total of **\$144,141,421**. This amount reflects dollars from the four contracting areas of Architecture and Engineering, Construction, Procurement and Professional Services. Of this amount, certified minority business enterprises (MBEs) were pledged a total of **\$37,640,676** or **26.11%**. Below are graphical depictions of the minority participation on total contracting dollars for fiscal year 2005.

Below are graphical depictions of the minority participation on the total contracting dollars awarded for fiscal year 2005.

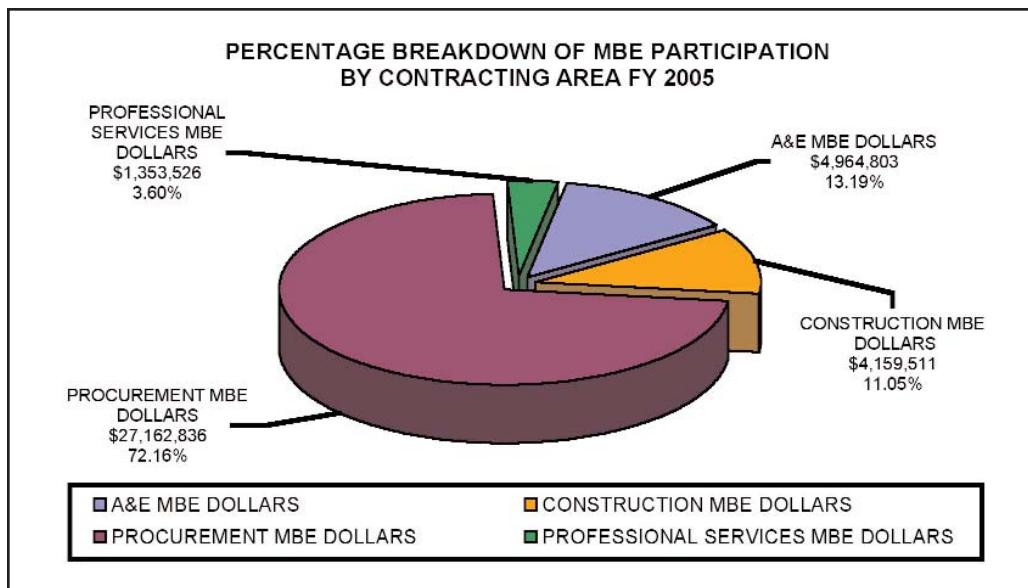


SUMMARY OF PARTICIPATION STATISTICS (Cont.)

The Chart below depicts the MBE dollars pledged within the contracting areas as a percentage of total contracting.

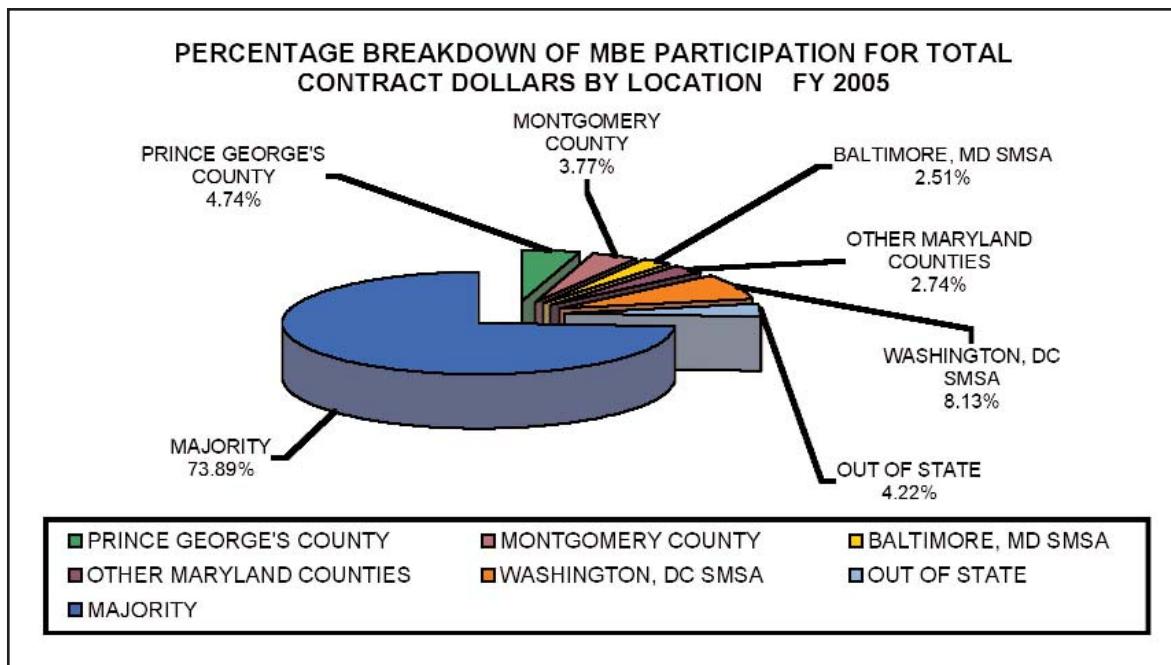


Depicted below is the break out of MBE dollars for each contracting area for FY 2005.



SUMMARY OF PARTICIPATION STATISTICS (Cont.)

The pie chart below illustrates the breakdown of MBE participation by jurisdiction as a percentage of total contract dollars for FY 2005.



SUMMARY OF PARTICIPATION STATISTICS (Cont.)

All contracting areas continue to meet or exceed their goals with exception of Construction (see goals below). The goal for Construction is voluntary. Below are charts detailing a three-year history of contracting dollars in all contracting areas awarded and the amount of MBE participation pledged.

Goals

- A&E — 24%
- Construction — Voluntary 20%
- Procurement — 28%
- Professional Services — 20%

Three year view of MBE participation in all contracting areas.

YEAR	A&E	CONSTRUCTION	PROCUREMENT	PROFESSIONAL SERVICES
2003	29.68%	12.53%	33.89%	51.90%
2004	26.50%	10.12%	31.13%	23.44%
2005	29.49%	10.49%	33.00%	32.62%

Three year view of MBE participation in all contracting areas.

YEAR	TOTAL DOLLARS	MBE DOLLARS	MBE %
2003	116,758,003	34,984,290	29.96%
2004	104,587,655	27,190,152	29.96%
2005	131,805,514	37,640,676	26.11%

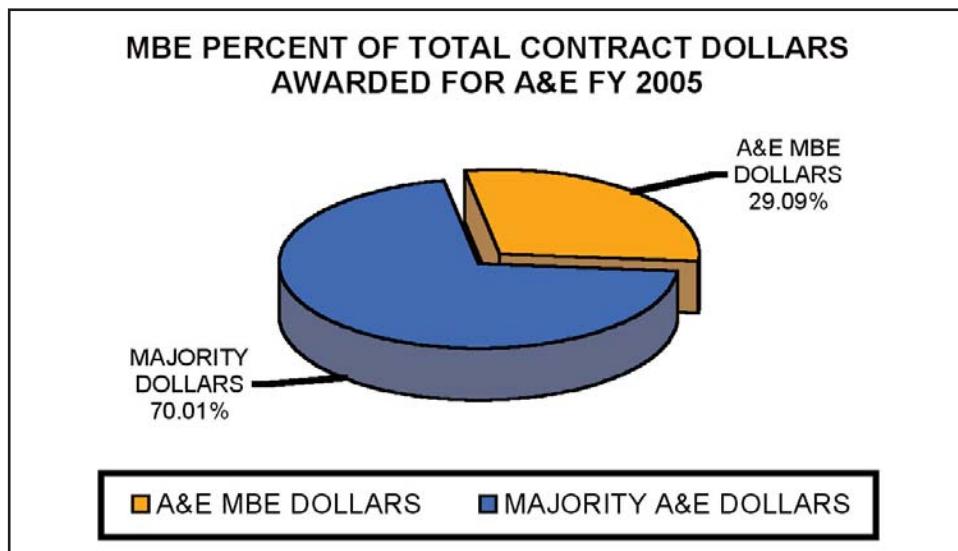
SUMMARY OF PARTICIPATION STATISTICS (Cont.)

To provide an in depth view of dollars in the four contracting areas each area is presented individually.

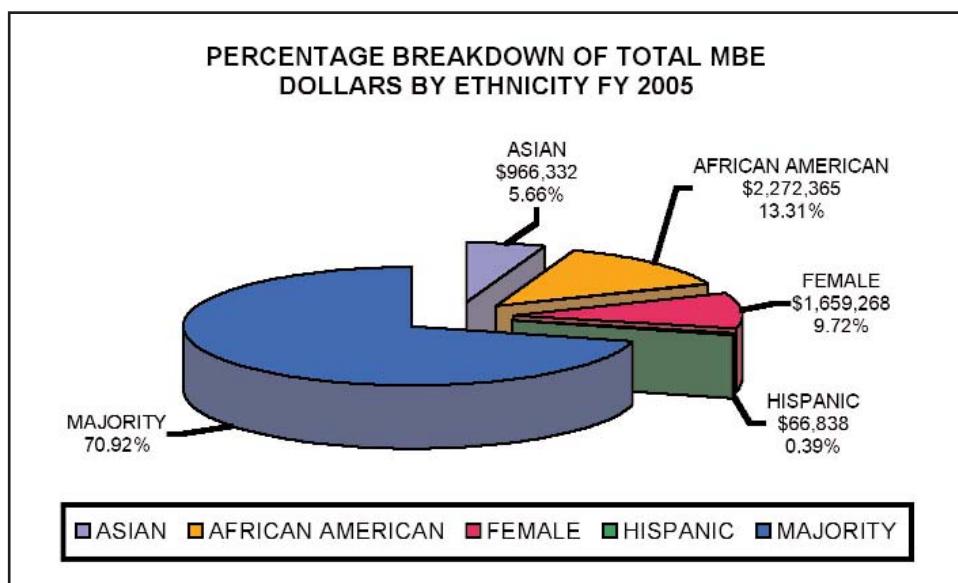
ARCHITECTURE & ENGINEERING

In Architecture and Engineering (A&E), a total of **\$17,067,697** was awarded. Of that total, **\$4,964,803** were pledged to certified minority owned firms, accounting for **29.09%** of the A&E dollars awarded. This amount exceeds the A&E goal of 24% by 5%.

Below are graphical illustrations of the minority participation on total A&E contracting dollars for fiscal year 2005.



A&E contracting dollars awarded by ethnicity:

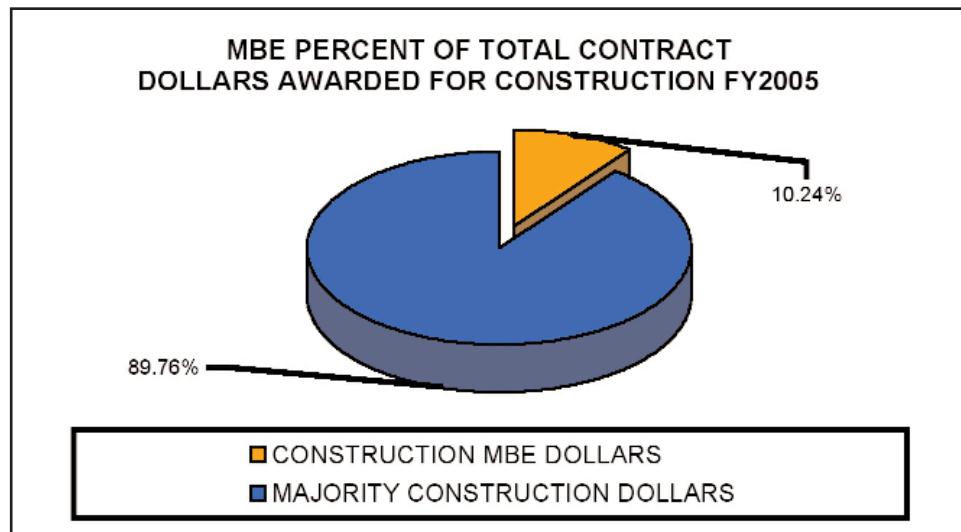


SUMMARY OF PARTICIPATION STATISTICS (Cont.)

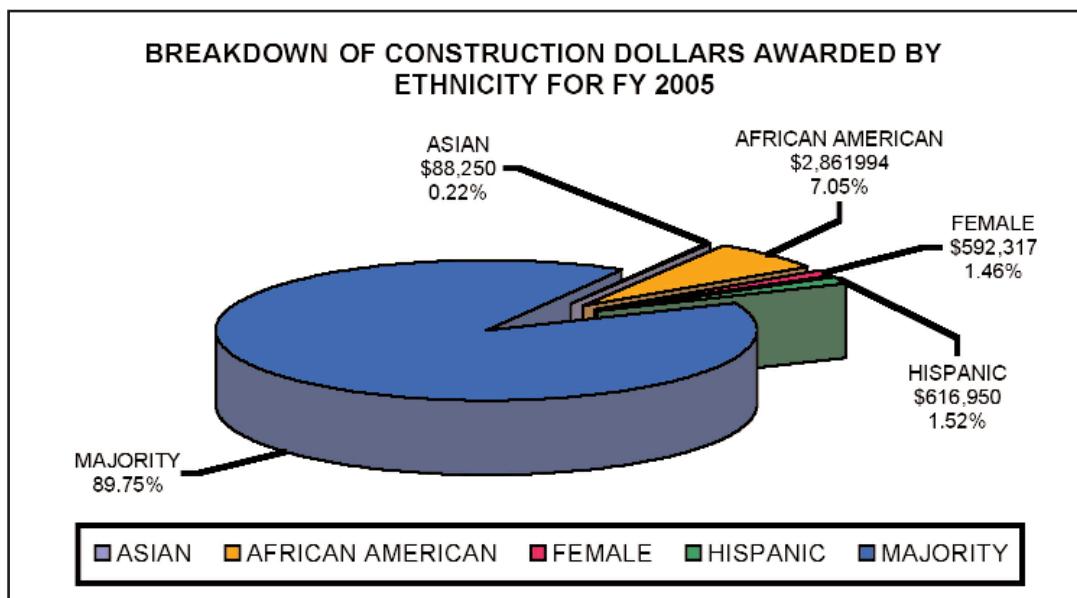
CONSTRUCTION

WSSC's voluntary Construction goal is twenty percent. In FY 2005 total awards were \$40,610,308, and pledges of \$4,159,511 or 10.24% were made to certified minority owned firms.

Below is a graphical illustration of the minority participation on total Construction contracting dollars for fiscal year 2005. Contract dollars awarded through the SLBE program are not considered in this calculation as they were not available for MBE participation.



Graphical depiction of Construction contract dollars awarded by ethnicity:



SUMMARY OF PARTICIPATION STATISTICS (Cont.)

Listed below are the contracts awarded in Fiscal Year 2005 in the SLBE program. These contracts have been compared against total construction contract dollars. As all contracts have been issued through the set aside provision of the program, this is the best way to gauge the performance.

DATE AWARDED	CONTRACT AMOUNT
8/17/2004	11,000.00
8/17/2004	12,681.00
11/3/2004	12,440.00
11/24/2004	14,680.00
12/8/2004	35,450.00
1/6/2005	44,150.00
1/21/2005	19,275.00
2/23/2005	42,425.00
1/28/2005	21,970.00
3/2/2005	45,605.00
4/5/2005	22,852.00
4/21/2005	23,965.00
5/13/2005	43,975.00
	350,468.00

TOTAL CONSTRUCTION CONTRACTING AWARDS FOR FY 2005 \$39,599,934

COUNTY	SLBE DOLLARS	PERCENT OF TOTAL DOLLARS
MONTGOMERY	34,410	.09%
PRINCE GEORGE'S	316,058	.80%
TOTAL SLBE	350,468	.89%

SUMMARY OF PARTICIPATION STATISTICS (Cont.)

The data for construction contracts indicates that of the fifty-nine contracts awarded in FY05, thirty-two (or 54%) had MBE participation. Below is a chart that lists by month the total number of contracts awarded in comparison to the number of contracts awarded with MBE participation offered.

MONTH	# CONTRACTS	# USING MBE	% USING MBE	TOTAL CONTRACTS	MBE DOLLARS	% MBE
JULY	4	4	100.00%	206,455.00	20,712.00	10.03%
AUGUST	8	3	37.50%	8,736,876.50	568,950.00	6.51%
SEPTEMBER	8	7	87.50%	1,788,770.00	256,175.00	14.32%
OCTOBER	0	0	0.00%	0.00	-	0.00%
NOVEMBER	6	3	50.00%	810,225.00	96,250.00	11.88%
DECEMBER	2	1	50.00%	7,144,355.00	850,000.00	11.90%
JANUARY	7	4	57.14%	886,660.00	120,117.00	13.55%
FEBRUARY	6	3	50.00%	2,155,625.00	273,327.00	12.68%
MARCH	3	1	33.33%	3,816,010.00	295,000.00	7.73%
APRIL	2	1	50.00%	1,104,000.00	251,500.00	22.78%
MAY	7	4	57.14%	12,950,957.00	1,423,480.00	10.99%
JUNE	6	1	16.67%	1,010,374.00	4,000.00	0.40%
	59	32	54.24%	40,610,307.50	4,159,511.00	10.24%

Contracts that were bid through the Small and Local Program were not considered in this review.

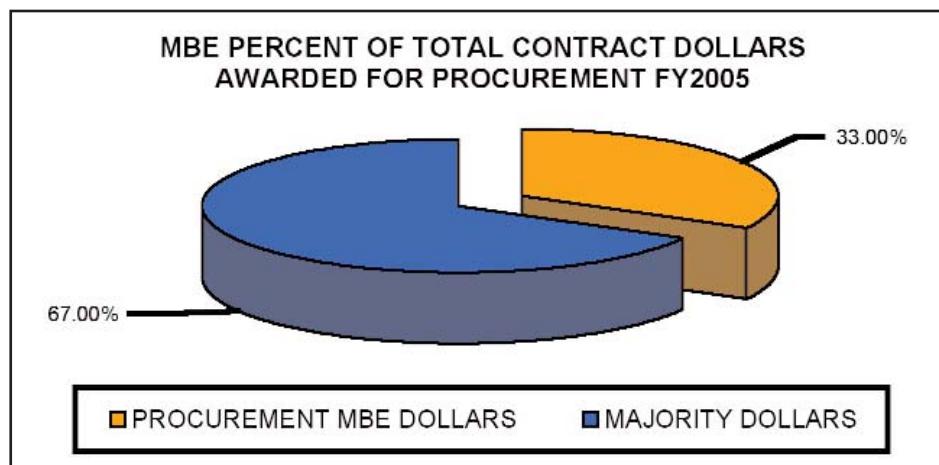
SUMMARY OF PARTICIPATION STATISTICS (Cont.)

PROCUREMENT

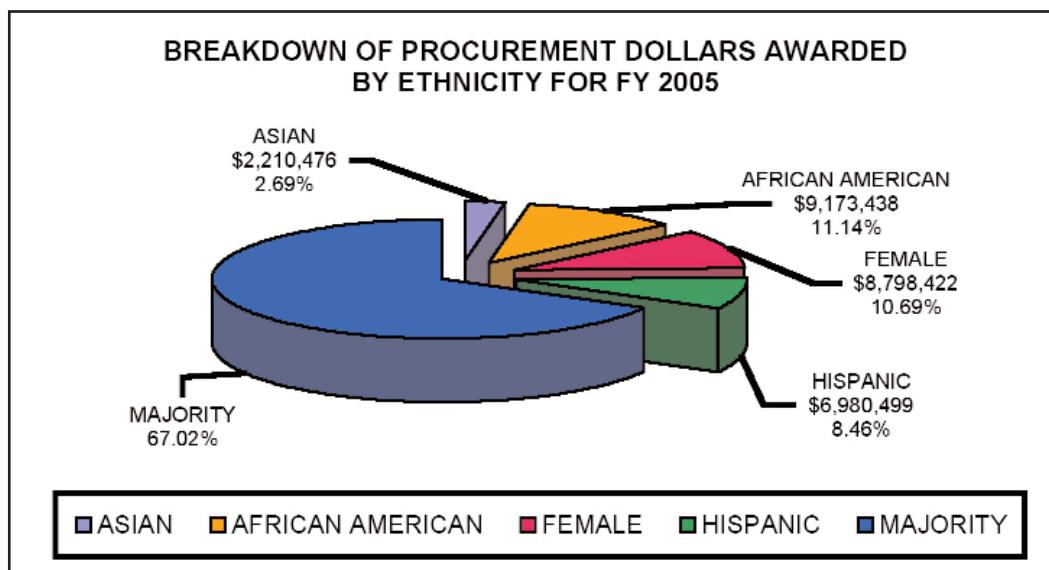
Both Procurement (the contracting for goods and services) and most Professional Services contracts are managed through the same area. Since they are subject to separate MBE goals they are tracked separately. Procurement has a goal of 28% and Professional Services has a goal of 20%.

Total contract dollars in FY 2005, for **Procurement** were **\$82,313,853**. **MBE** participation on these contracts was **\$27,162,836** or **33.00 %**. This is an increase from FY 2004 and the MBE participation goal of 28% was exceeded by 5%.

Below is a graphical illustration of the minority participation on total Procurement dollars for fiscal year 2004 are below.



Graphical depiction of Procurement contract dollars awarded by ethnicity:

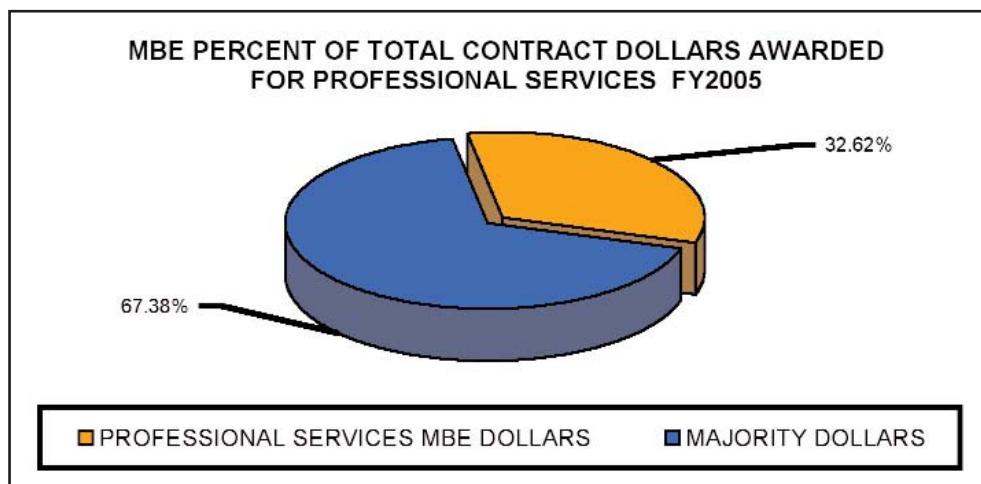


SUMMARY OF PARTICIPATION STATISTICS (Cont.)

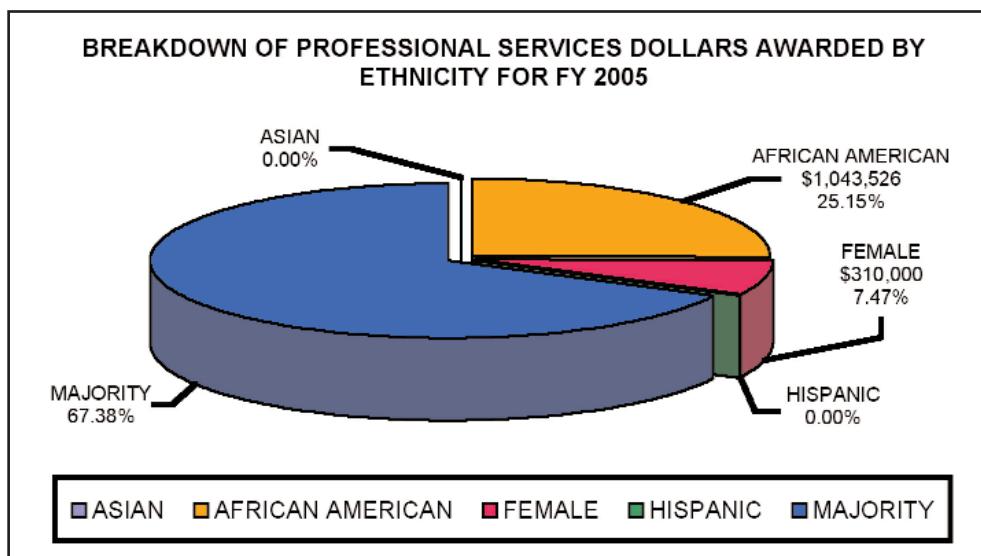
PROFESSIONAL SERVICES

In FY 2005, there were **\$4,149,463** in **Professional Services** contracts, and of that amount **\$1,353,526** were promised to certified minority owned firms. MBE participation accounted for **32.62%** of total contracts. MBE participation for Professional Services exceed the goal of 20% by just over 12.00%. Participation by minority business enterprises in FY 2004 was 23.44%, showing a significant increase.

Below is a graphical depiction of minority participation on total Professional Services contracting dollars for fiscal year 2005.



Graphical depiction of Professional Services contract dollars awarded by ethnicity:



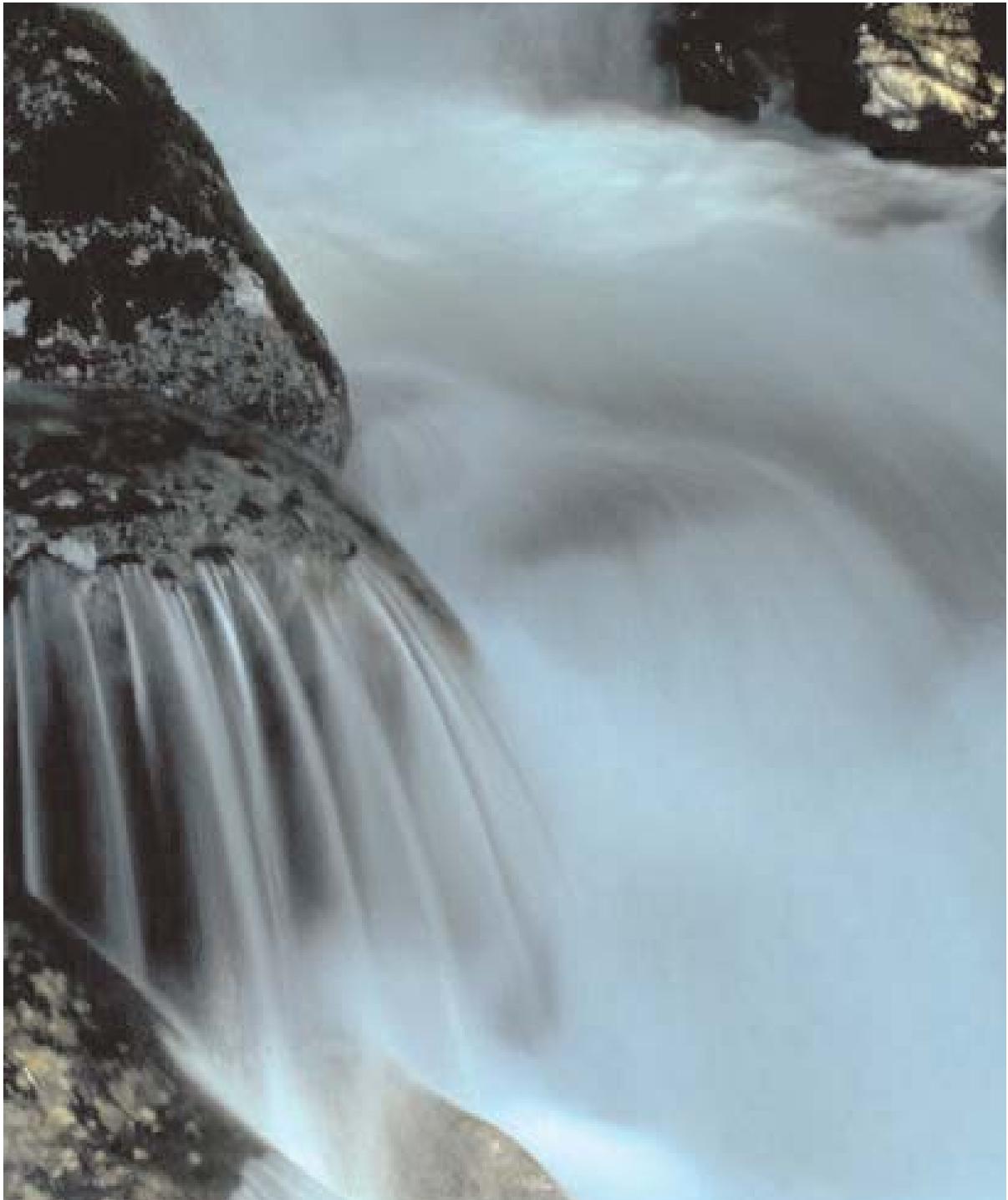
SUMMARY

Fiscal Year 2005 proved to be successful for WSSC's SLMBE Program.

The Legislature passed Senate Bill 804 which extended the minority business program to 2006.

The SLMBE Group was successful in registering approximately 45 firms well as awarding several contracts through the SLBE program in FY2005. Our success can be attributed to aggressive outreach efforts and dedicated commitment to make certain that the small business communities of Montgomery and Prince George's Counties benefit from WSSC's contracting opportunities.

The WSSC's SLMBE Group takes pride in presenting this report to the Montgomery and Prince George's Counties' Senate and House Delegations. We believe that it demonstrates WSSC's commitment to providing opportunities for minority participation opportunities, and it promises to expand opportunities for small and local businesses.



WSSC
MATERIALS & SERVICES
PRINTING • GRAPHICS • PHOTOGRAPHY