



Procurement Process and OSDI Integration Commissioner Overview

May 20, 2020

Agenda

- Governance
- How do we buy?
- Exemptions from competition
- Types of solicitations and contracts and award process
- Approval thresholds
- Option terms
- Change orders
- Office of Supplier Diversity & Inclusion (OSDI)



Governance

The following Regulations, Delegations, and Codes govern the procurement process:

1. Annotated Code of Maryland, Public Utilities Article
2. WSSC Water Delegation of Authority, including Sub-Delegation by the GM/CEO
3. WSSC Water Procurement Regulations
4. WSSC Water MBE and SLBE Program Regulations
5. WSSC Water Code of Ethics

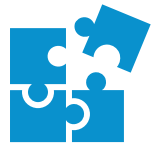
How Do We Buy?

The dollar values below represent thresholds at which we purchase goods or services via corporate credit cards (Purchase Cards), small purchases and solicitations:

- “Micro purchases”/Purchase Card: < \$10K*
- Small purchases: ≤ \$100K
- Solicitations: > \$100K
 - Invitation for Bid (e.g., lowest price)
 - Multi-Step Invitation for Bid (e.g., pre-qualified & lowest price)
 - Request For Proposal (e.g., most advantageous)

Exemptions from Competition

Some goods or services may be purchased via non-competitive procedures if in WSSC Water's best interest. The following categories are examples:



- Standardization



- Legal services



- Samples for testing purposes



- Purchase, rent, or lease of land or interest in real property

Types of Solicitations

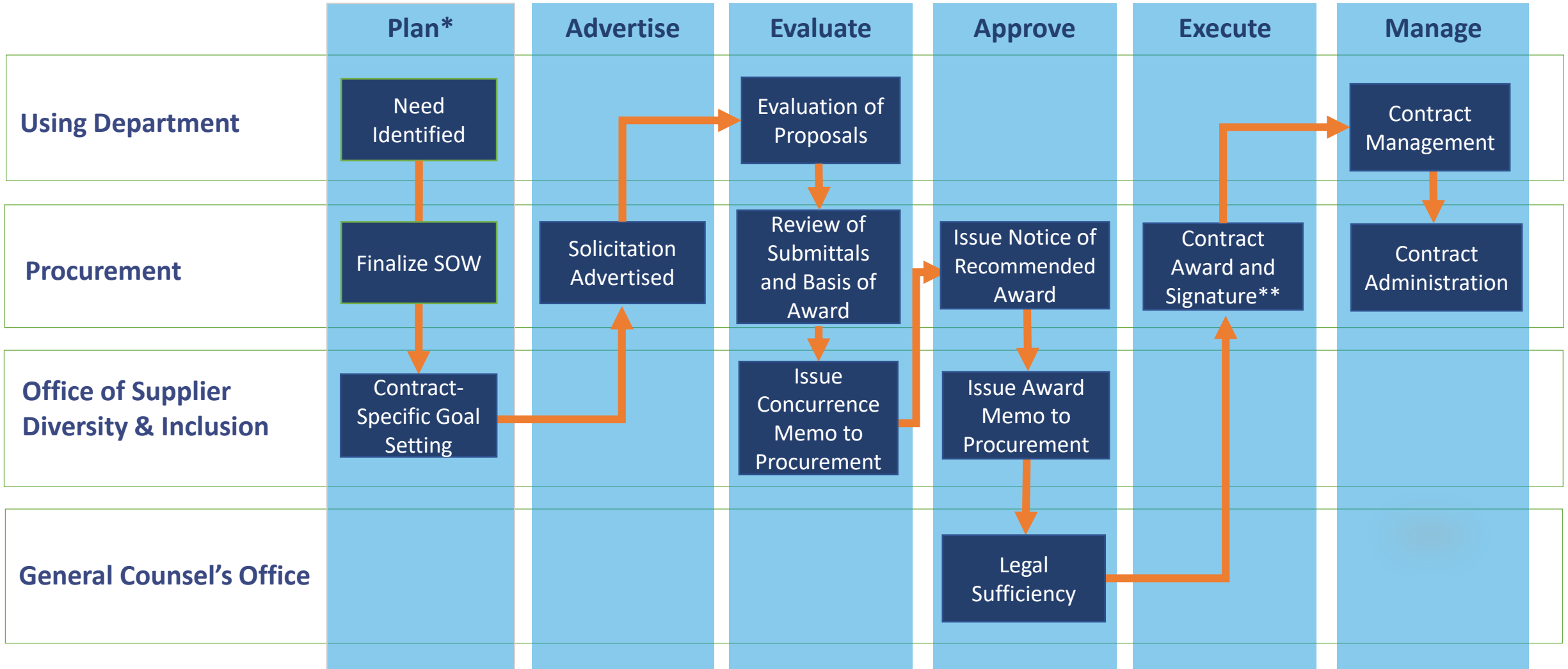
| Solicitation Type | Description | Contracting Area |
|---|---|---|
| Invitation for Bid (IFB) | A competitive sealed bid solicitation. Basis of award is to the lowest responsive and responsible bidder. | <ul style="list-style-type: none"> • Goods & Services • Construction |
| Multi-Step Invitation for Bid (MS IFB) | Bidders submit unpriced technical offers. Pricing from acceptable technical offers are considered. Basis of award is to the lowest responsive and responsible bidder. | <ul style="list-style-type: none"> • Goods & Services • Construction • Professional Services |
| Request For Proposal (RFP) | A competitive solicitation whereby vendors propose solutions to problems or business requirements. Basis of award is best value taking into consideration the evaluation factors. | <ul style="list-style-type: none"> • Goods & Services • Construction • Professional Services • Architecture & Engineering |

Types of Contracts

These methods are used by Procurement to procure goods and services.

| Contract Type | Description | WSSC Water Contract Examples |
|--|---|--|
| Basic Ordering Agreement (BOA) | Entails establishing a term contract and accomplishing work via task orders. | <ul style="list-style-type: none"> • Architecture & Professional Services • IT management support services |
| Design-Bid-Build (DBB) | Entails separate contracts: the first for architectural and engineering services to design the project; and the second for construction of the project according to the design. | <ul style="list-style-type: none"> • Building enhancements • Lab Services building expansion |
| Indefinite Delivery, Indefinite Quantity (IDIQ) | Construction/Utility Services contracts accomplishing work via task orders. | <ul style="list-style-type: none"> • Construction and Utility Services • Water main replacement and rehab |
| Progressive Design-Build (PDB) | Single award for both design and construction services by one contractor. Primary features are open-book costs and off-ramp capabilities. | <ul style="list-style-type: none"> • Substation replacement • Bioenergy project |

Solicitation and Award Process



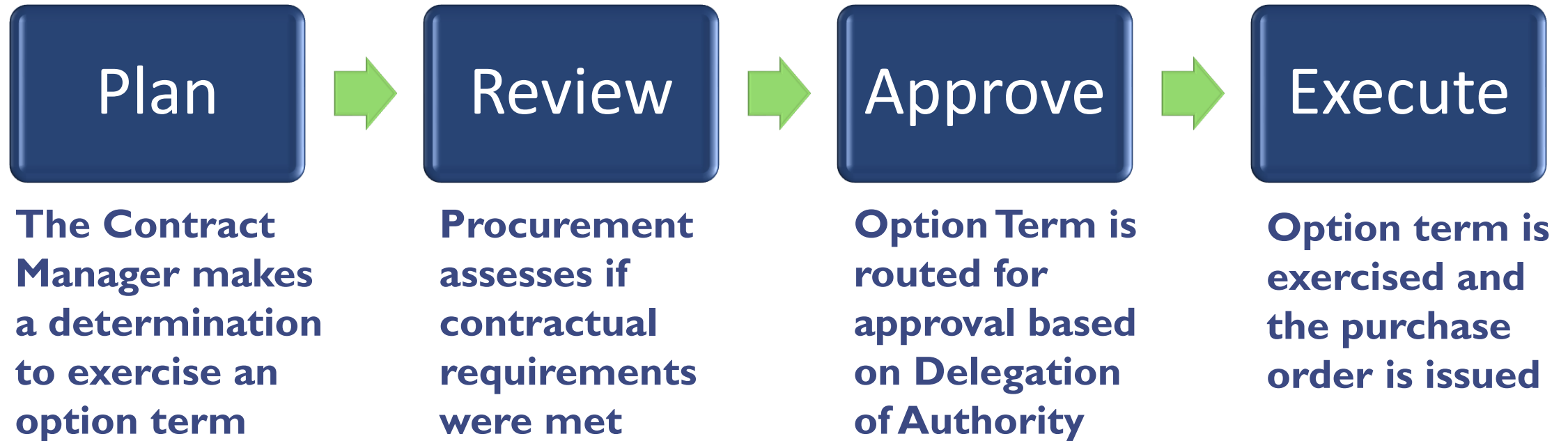
Approval Thresholds

The following dollar values are the amounts at which new contracts, change orders, and option terms are submitted to the Commissioners for approval:

| Contracting Area | New Contract | Change Order | Option Terms |
|---------------------------------------|---|--|---|
| Goods & Services | <ul style="list-style-type: none"> Exceeding \$1.2M annually | <ul style="list-style-type: none"> Exceeding \$500K Cumulative | Value exceeds the base term and/or value was not previously approved. |
| Construction | <ul style="list-style-type: none"> Exceeding \$1.2M in total | <ul style="list-style-type: none"> Individual water/sewer projects: \$400K or 50% of the bid price, whichever is less. Major construction projects (e.g., facilities): \$1M or 5% cumulative of the bid price, whichever is greater. | |
| Professional Services | <ul style="list-style-type: none"> Exceeding \$1.0M in total | <ul style="list-style-type: none"> Exceeding \$150K Cumulative | |
| Architecture & Engineering | <ul style="list-style-type: none"> Exceeding \$1.0M in total | <ul style="list-style-type: none"> \$0 - \$500K: Exceeding \$125K Cumulative \$500K - \$1M: Exceeding \$250K Cumulative \$1M+: Exceeding \$500K Cumulative | |

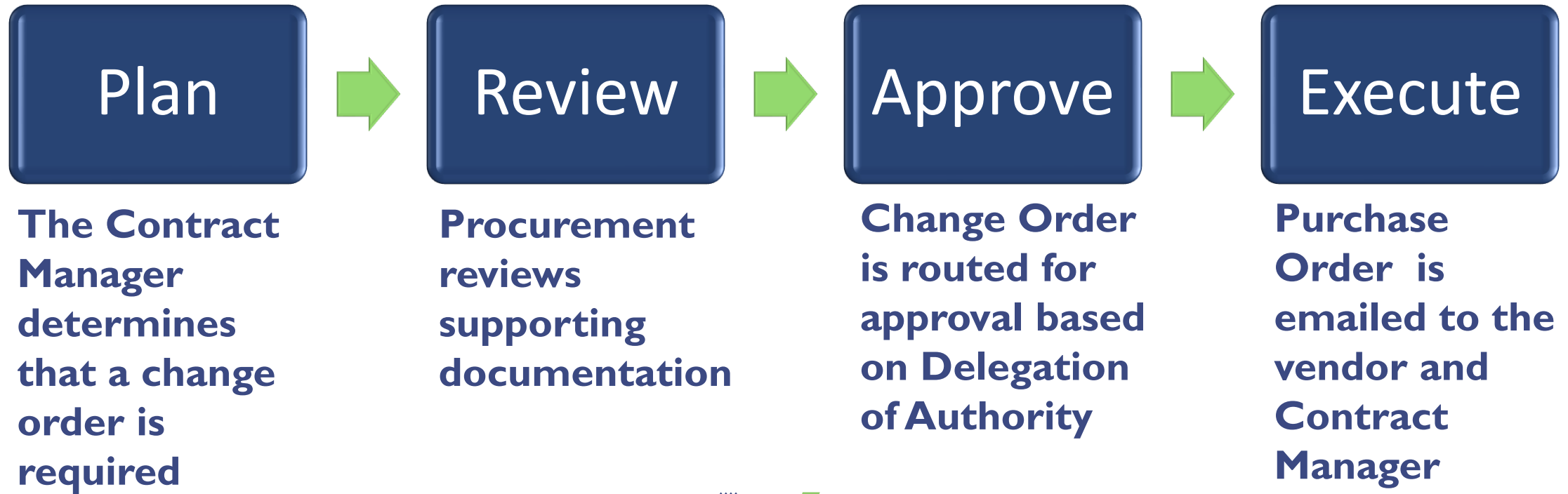
Option Terms

Option terms are exercised at the discretion of the Commission. Contracted suppliers are notified of this unilateral decision.



Change Orders

Change orders may pertain to modifications to the contracted scope of work or specifications.



OSDI Foundation & Framework

MBE Program began in 1978

State Law

- Annotated Code of Maryland, Public Utilities
- § 20-201 thru 207; § 20-301 thru 304
- § 20-207: Annual Performance Report by Oct. 31st each year

MBE Program – Race & Gender Conscious

- WSSC Code of Regulations Chapter 6.30

SLBE Program – Race & Gender Neutral

- WSSC Code of Regulations Chapter 6.35

Disparity Study

- Establishes the “factual predicate” or legal basis for continuation of MBE Program
- Conducted every 5 years

Fiscal Year 2015 Disparity Study Findings

Prime Participation

| PRIME MBE & SLBE PARTICIPATION AS OF APRIL 24, 2017 | MBE & SLBE Programs Firm Type(s) | Construction Services | Architectural & Engineering | Professional Services | Goods & General Services |
|--|----------------------------------|-----------------------|-----------------------------|-----------------------|--------------------------|
| | African American | YES | YES | YES | YES |
| Asian American | YES | YES | YES | NO | NO |
| Hispanic American | NO | YES | NO | YES | YES |
| Native American | YES | NO | NO | NO | NO |
| Women Business Enterprise (WBE) | YES | YES | YES | NO | NO |
| WSSC Approved SLBE | YES | YES | YES | YES | YES |
| WSSC Approved SLBE-SDV | YES | YES | YES | YES | YES |

Subcontractor Participation

| SUBCONTRACTING MBE & SLBE PARTICIPATION AS OF APRIL 24, 2017 | MBE & SLBE Programs Firm Type(s) | Construction Services | Architectural & Engineering | Professional Services | Goods & General Services |
|--|----------------------------------|-----------------------|-----------------------------|-----------------------|--------------------------|
| | African American | YES | YES | YES | YES |
| Asian American | YES | YES | YES | NO | NO |
| Hispanic American | NO | YES | NO | NO | NO |
| Native American | YES | NO | YES | NO | NO |
| Women Business Enterprise (WBE) | YES | YES | YES | NO | NO |
| WSSC Approved SLBE | YES | YES | YES | YES | YES |
| WSSC Approved SLBE-SDV | YES | YES | YES | YES | YES |

Goal Setting: Aspirational Goals

Aspirational Goal Setting

- Benchmark for MBE participation in WSSC Water's 4 broad contracting areas
- Based on Disparity Study findings
- Adopted by Commissioners Oct. 19, 2016

| Contracting Area | Aspirational Goals |
|-----------------------|--------------------|
| A/E Services | 24% |
| Construction Services | 13% |
| Goods & Services | 33% |
| Professional Services | 23% |

FY 2019 MBE Payments

Total Contract Payments to MBE firms exceeded the aspirational goals in each contracting area, with a total of **\$152M** in payments

| Contracting Area | MBE Payments | MBE Percent | Aspirational Goals | Majority Payments | Total Contract Payments |
|-------------------------------------|----------------------|-------------|--------------------|----------------------|-------------------------|
| A/E Services | \$14,478,521 | 35% | 24% | \$26,426,592 | \$40,905,113 |
| Construction Services | \$65,194,623 | 27% | 13% | \$174,017,470 | \$239,212,093 |
| Goods & Services | \$53,979,201 | 33% | 33% | \$109,024,173 | \$163,003,374 |
| Professional Services | \$18,857,919 | 25% | 23% | \$55,175,058 | \$74,032,977 |
| Total for all Contract Areas | \$152,510,264 | 29% | | \$364,643,293 | \$517,153,557 |

FY 2019 MBE Awards

Total Contract Awards to MBE firms exceeded the aspirational goals in Construction and Professional Services, with a total of **\$133M** in awards

| Contracting Area | MBE Awards | MBE Percent | Aspirational Goals | Majority Awards | Total Contract Awards |
|-------------------------------------|----------------------|-------------|--------------------|----------------------|-----------------------|
| A/E Services | \$8,281,100 | 20% | 24% | \$32,934,267 | \$41,215,367 |
| Construction Services | \$60,504,430 | 26% | 13% | \$176,472,245 | \$236,976,675 |
| Goods & Services | \$42,209,179 | 26% | 33% | \$123,080,140 | \$165,289,319 |
| Professional Services | \$22,542,738 | 48% | 23% | \$24,861,161 | \$47,403,899 |
| Total for all Contract Areas | \$133,537,447 | 27% | | \$357,347,813 | \$490,885,260 |

Goal Setting: Contract-Specific

Contract-Specific Goal Setting

Goals are determined/set for specific contracts

Three Step Process



- Step 1: Collaborate with End Using Department



- Step 2: Research Previous Contract History



- Step 3: Analyze Market Availability

Commission Packages for Approval

| COMMISSION PACKAGE | | | |
|---|---|-----------------------------|--|
| ACTION REQUESTED: | | | |
| Purpose of Commission Package: Request approval to award Contract No. CD6630A19 for Solids Screening at Four (4) Water Resource Recovery Facilities within Prince George's and Montgomery County to CPP Construction Company, Inc. in the amount of \$4,334,000.00 with a completion time of 540 days. | | | |
| Basis of Award: This solicitation is being awarded to the lowest, most responsible and responsive bidder. | | | |
| PROJECT OVERVIEW: | | | |
| The project consists of the installation of solids fine screening equipment at four (4) Water Resource Recovery (WRRF) Facilities: Parkway, Seneca, Damascus, and Western Branch. The project includes demolition of existing equipment and process piping, demolition of concrete curbs and pavement, excavation, removal of lead paint, installation of underground drain pipe, concrete and asphalt pavement, steel support structures, aluminum platforms, steel chutes, valves, alum grates, evaluation of chemical tanks for converting to use of new chemical, hoists, screw conveyers, process piping, painting, electrical power and control wiring, electrical panels, process controls and system integration, modification to existing process piping and etc. in accordance with the contract drawings and specifications. | | | |
| CONTRACT DATA: | | | |
| CONTRACT NO.: | CD6630A19 | CUMULATIVE CONTRACT AMOUNT: | \$4,334,000.00 |
| CONTRACT TERM: | 540 DAYS | CONTRACT TYPE: | CONSTRUCTION |
| PROCUREMENT TYPE: | IFB | OPTION TERM: | N/A |
| PROJECT LOCATION: | <input type="checkbox"/> MONTGOMERY COUNTY <input type="checkbox"/> PRINCE GEORGE'S COUNTY <input checked="" type="checkbox"/> BOTH | OSDI CONCURRENCE: | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| AWARDEE INFORMATION: | | | |
| AWARDEE: | CPP CONSTRUCTION COMPANY, INC. | | |
| CONTRACT AMOUNT: | \$4,334,000.00 | | |
| PAST PERFORMANCE: | <input checked="" type="checkbox"/> SATISFACTORY <input type="checkbox"/> NO PAST PERFORMANCE | | |
| MBE/SLBE SUBCONTRACTING REQUIREMENT: 17.06% | | | |
| <input checked="" type="checkbox"/> AFRICAN AMERICAN <input type="checkbox"/> ASIAN AMERICAN <input checked="" type="checkbox"/> NATIVE AMERICAN <input type="checkbox"/> HISPANIC AMERICAN <input type="checkbox"/> WOMEN OWNED <input type="checkbox"/> WSSC-SLBE APPROVED | | | |
| SUBCONTRACTORS (OSDI APPROVED SUBCONTRACTING PLAN) | | PROFFERED PERCENTAGE | SUMMARY OF SERVICES |
| MOHAWK BRIDGE & IRON, INC. | | 0.49% | Reinforcing Steel |
| IDEAL ELECTRIC SUPPLY CORPORATION | | 16.57% | Electrical/Mechanical Equipment & Supplies |

Commission Packages for Approval



Memorandum

April 2, 2020

To: Commissioners

Thru: Carla A. Reid, General Manager/CEO *CR*

Thru: Joseph F. Beach, Deputy General Manager for Administration *JFB*

From: Courtney J. Edmonds, Director, Office of Supplier Diversity & Inclusion *CJE*

Subject: Review of Request for Award of Contract No. CD6630A19/16325 Solids Screening for Four Water Resource Recovery Facilities

The Office of Supplier Diversity & Inclusion ("OSDI") has reviewed the request for the Award of Contract No. CD6630A19/16325 Solids Screening for Four Water Resource Recovery Facilities. In accordance with MBE Program Regulations (WSSC Water Code of Regulations Chapter 6.30) and SLBE Program Regulations (WSSC Water Code of Regulations Chapter 6.35), this Solicitation contained a 17.00% Minority Business Enterprise and Small Local Business Enterprise (MBE/SLBE) subcontracting requirement for WSSC Water-Approved SLBE (SLBE only or SLBE-SDV) firms and firms that are African American, Asian American, Native American and Female/Women-Owned.

This Solicitation was advertised in WSSC Water's Supplier Portal System and through the Commission's normal procurement process. Four hundred fifty-six (456) firms were notified, one hundred twelve (112) firms downloaded the Solicitation and four (4) bids were received.

CPP Construction Company, a majority-owned firm, located in Gaithersburg, Maryland, has been recommended for award by the Procurement Office. The contract value is \$4,334,000.00 with a contract term of 540 days.

Listed below is the OSDI determination of the most responsive and responsible bidder deemed by the Procurement Office:

| Prime/Bidder | Responsive to OSDI Solicitation Requirements | Subcontractors | Proffered Percentage | Summary of Services | Plan Validated |
|--|--|---|----------------------|--|----------------|
| CPP Construction Company, Inc. Gaithersburg, Maryland | Yes | Mohawk Bridge & Iron, Inc. (MDOT #09-598, Native American) Baltimore, Maryland | 0.49% (MBE) | Reinforcing Steel | Yes |
| Estimated Contract Value: \$4,334,000.00 | | Ideal Electric Supply Corporation (MDOT #99-302, African American/Female) Washington, DC | 16.57% (MBE) | Electrical/Mechanical Equipment & Supplies | Yes |
| Total MBE Subcontracting: 17.06% (\$739,380.40) | | | | | |

¹WSSC Water-Approved SLBE Firm

Questions?

