



# Fiscal Year 2018

## Office of Supplier Diversity & Inclusion

### Programs Performance Report

**Fiscal Year 2018: July 1, 2017 – June 30, 2018**





## ***FY 2018 OFFICE OF SUPPLIER DIVERSITY & INCLUSION PROGRAMS PERFORMANCE REPORT***

**July 1, 2017 – June 30, 2018**

The Commissioners respectfully submit this report in accordance with §20-207 of the Public Utilities Article, Annotated Code of Maryland, which states:

By October 31st of each year, the Commission shall issue a report to the Montgomery County and Prince George's County Senate and House Delegations to the Maryland General Assembly concerning:

- the implementation and administration of the minority business enterprise programs under this subtitle for the fiscal year ending on the preceding June 30; and
- appropriate recommendations concerning the programs

*“Diversity... just the way we do business!”*



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# A Letter from the General Manager/CEO

As WSSC celebrates 100 years of providing safe, clean water to our 1.8 million customers in Prince George's and Montgomery counties, we invite small, local, minority and women business owners to join in our centennial excitement by tapping in to all that WSSC has to offer! As an organization that promotes diversity and equity, we live by our slogan: *"Diversity... just the way we do business!"* Everything, from our employee-driven Diversity Committee devoted to creating an atmosphere of inclusion, to our extensive efforts in promoting supplier diversity and entrepreneurship through contracting opportunities, reflects our commitment to diversity and equity.

The commitment of WSSC's Commissioners and Leadership Team in promoting and fostering an environment where diverse businesses can thrive, is reflected in our dynamic Minority Business Enterprise (MBE) and Small Local Business Enterprise (SLBE) Programs. Our MBE and SLBE Programs have received local and national attention for their success in contributing to the economic wellbeing of diverse firms in Prince George's and Montgomery counties.



In Fiscal Year (FY) 2018, we hosted our Tap Into Business @ WSSC conference, an event filled with educational workshops, networking sessions and a preview of upcoming WSSC contracting opportunities. The first of its kind, this multi-department collaboration showcased WSSC's commitment to the development of small, local and minority- and women-owned ("M/WBE") firms by creating an all-inclusive opportunity for business owners to meet with WSSC decision makers, procurement officials and subject-matter experts for advice and strategies on doing business with WSSC.

We are working strategically to realize our vision of becoming THE world-class water utility, where excellent products and services are always on tap. At WSSC, we measure success in diversity not only through achieving strong financial results, but also growing a strong and varied vendor base.

## A Letter from the General Manager/CEO (cont.)

It is my honor to present our FY 2018 Office of Supplier Diversity & Inclusion's (OSDI) Programs Performance Report. I am pleased to report to you that in FY 2018 WSSC:

- Spent more than \$146 million with M/WBE firms - 28% of WSSC's total contract payments
- Awarded \$157 million in contracts to M/WBE firms - 26% of WSSC's total contract awards;
- Spent \$41.3 million with WSSC-Approved SLBE firms; and
- Awarded \$53.1 million in contracts to WSSC-Approved SLBE firms.

The future continues to look bright for businesses working with WSSC to fulfill our clean water mission. Over the next six years (FY 2019-FY 2024), we plan to invest more than \$2 billion in capital projects designed to enhance operations and customer service by replacing aging infrastructure. This significant level of investment will create and sustain thousands of local jobs and generate a positive economic impact for residents and businesses in Prince George's and Montgomery counties.

Carla A. Reid

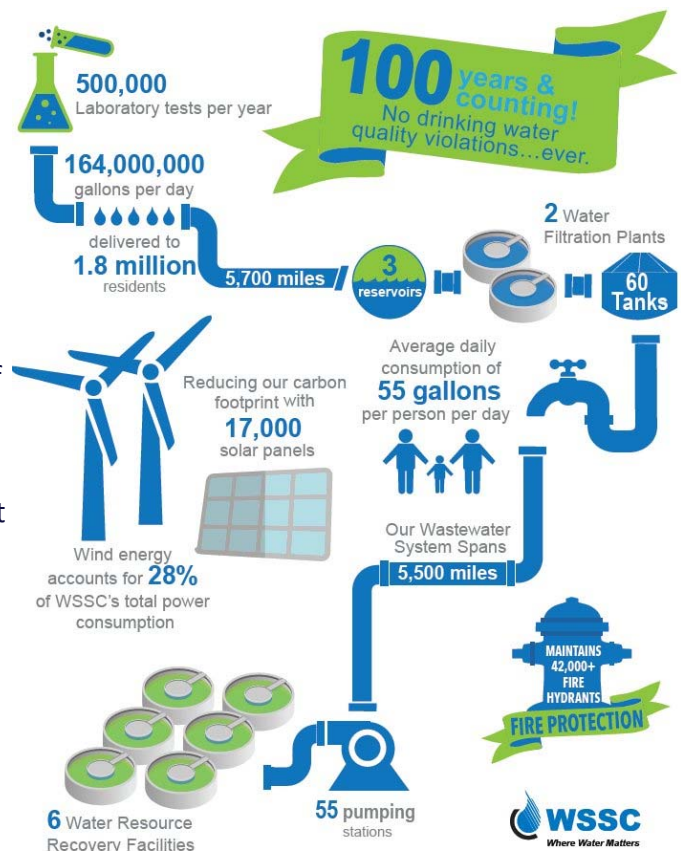
A handwritten signature in black ink, appearing to read 'Carla A. Reid', with a stylized, cursive script.

General Manager/CEO

## 100 Years of Excellence

One hundred years ago, WSSC's founders created the groundwork for a system now recognized as one of the leaders in the world for water systems. Today, safe drinking water and innovative water resource recovery remain as vital as ever. Balancing the needs of the present while protecting the environment for future generations ensures access to life's essential clean water.

The WSSC mission is to provide safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable and financially responsible manner. WSSC understands that our success protects the health and well-being of communities, children, families, animals and the environment. Since our establishment in May 1918, WSSC has never had a water quality violation. WSSC is extremely proud of our hard-earned record of accomplishment as a testament to our commitment. WSSC's workforce of 1,600 employees demonstrates our commitment to diversity and inclusion in our recruiting and retention initiatives. Our valued employees are highly-trained professionals from meter readers and administrators to engineers, accountants, laboratory technicians, environmental scientists, and the many other skilled and talented professionals it takes to run our modern agency.



## Supporting Supplier Diversity and Excellence at WSSC

WSSC purchases everything from "paperclips to pipe" and all of the services required to operate a major utility company. Many of our services are provided by the expertise of our diverse supplier community. Our budget for FY 2018 included \$741.2 million for operating expenses and \$685.5 million in capital expenditures. WSSC engages in our diverse supplier community through its MBE and SLBE Programs. WSSC encourages strategic partnerships positioned to bring and sustain value-added goods and services and partnerships that yield cost savings for both WSSC and the communities we serve.

# About WSSC (cont.)

## Office of Supplier Diversity & Inclusion (OSDI)

The OSDI administers WSSC's MBE and SLBE Programs, working to ensure that WSSC has a vendor base reflective of the community we serve. Since 1978, WSSC has demonstrated a strong commitment to the economic development and advancement of diverse businesses.

By focusing on our Four Pillars of Excellence – Supplier Advocacy, Compliance, Extensive Outreach and Supplier Development – the OSDI is creating an inclusive purchasing environment that builds sustainable relationships and expands opportunities for diverse businesses.

An extensive network of supporting organizations, fully complemented by an exceptional staff is embedded into WSSC's contracting practices, making “Diversity... just the way we do business!”

*The OSDI strategy is to fiscally support the Commission in achieving its MBE and SLBE objectives by offering trusted and convenient services to both our internal and external stakeholders through customized solutions centered on four strategic pillars.*



### Supplier Advocacy

- Providing fair and equal access to WSSC contracting opportunities
- Creating a level-playing field for contract competition
- Establishing contract-specific MBE and SLBE preferences for solicitations



### Compliance

- Administering WSSC's Web-Based Compliance System
- Tracking, monitoring and reporting contract award and payment information for M/WBE and SLBE firms
- Overseeing and enforcing contract requirements with WSSC suppliers



### Extensive Outreach

- Increasing awareness of WSSC's MBE and SLBE Program benefits and features
- Facilitating workshops, conferences and contract-specific outreach events



### Supplier Development

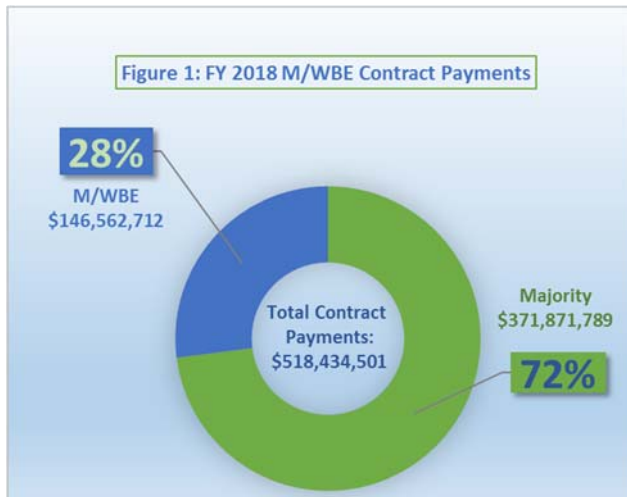
- Educating diverse firms on capacity-building, accessing capital and contract competition
- Facilitating WSSC's Business Development Technical Assistance Program (TAP In)



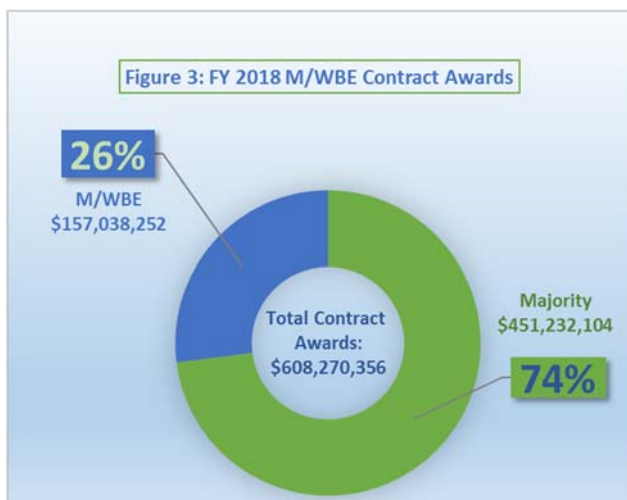
# Fiscal Year 2018 Performance Results: MBE Program

The MBE Program was established to mitigate barriers to contracting opportunities for MBE primes and subcontractors. The MBE Program is designed to promote greater availability, contract participation, and capacity development by MBEs and Women Business Enterprises (WBEs) in WSSC's contracts. The cornerstone of the MBE Program and a key performance measure is the dollar value of total contract payments made to M/WBEs. In alignment with the goals of the MBE Program, WSSC continues to implement strategies to increase total contract payments to value-driven M/WBEs each fiscal year, based on the results of the Disparity Study.

FY 2018, WSSC spent \$146.5 million (28%) in total contract payments with M/WBEs (Figure 1) as compared to \$156.9 million (27%) in FY 2017 (Figure 2).



In FY 2018, WSSC awarded \$157 million (26%) in total contracts to M/WBE firms (Figure 3) as compared to \$236.1 million (37%) in FY 2017 (Figure 4).



# Fiscal Year 2018 Performance Results: MBE Program (cont.)

## Summary: FY 2018 Total M/WBE Contract Payments and Total M/WBE Contract Awards

For the purpose of the FY 2018 OSDI Programs Performance Report, WSSC's total contract payments and total contract awards are based on the service areas of Prince George's and Montgomery counties, the Baltimore and Washington Standard Metropolitan Statistical Area (SMSA), other surrounding communities/counties in Maryland, and some out-of-state cities and counties. The following pages provide the summary of total contract payments and total contract awards for FY 2018. It is WSSC's intent to provide data that is accurate and complete in support of the program objectives. The success of the MBE and SLBE Programs relies on the integrity of its data.

## MBE Program: Data and Metrics

M/WBE total contract awards serve as a leading indicator for WSSC's M/WBE contract performance. Actual contract payments to M/WBE firms measure the meaningful success of the MBE Program. The following figures provide the summary of M/WBE total contract payments.

## Total Contract Payments

Contract payments serve as a lagging indicator as a result of the total contract awards. In FY 2018, WSSC's contract payments totaled to \$518.4 million, while the M/WBE contract payments totaled to \$146.5 million (28%), shown in Figure 5.

WSSC's total contract payments are delineated by the four (4) broad contracting areas: Architecture and Engineering; Construction; Goods and Services; and Professional Services. Throughout the lifecycle of a contract, a number of variables will influence the utilization of contractors, including change orders, contract scope changes, and the availability of the proposed project team.

Figure 5: Summary of Total Contract Payments by WSSC Contracting Area

Contracting Area	M/WBE Payments	M/WBE Percent	Aspirational Goals	MBE PRIME Payments	WBE PRIME Payments	M/WBE Sub Payments*	Majority Payments	Total Contract Payments
A&E Services	\$17,721,236	40%	24%	\$2,297,035	\$0	\$15,424,201	\$26,392,939	\$44,114,175
Construction Services	\$60,232,558	23%	13%	\$40,644,642	\$0	\$19,587,916	\$200,312,166	\$260,544,724
Goods and Services	\$44,886,932	29%	33%	\$27,686,313	\$11,294,637	\$5,905,982	\$110,388,224	\$155,275,156
Professional Services	\$23,721,986	41%	23%	\$13,777,516	\$5,050,519	\$4,893,951	\$34,778,460	\$58,500,446
<b>Total All Contract Areas</b>	<b>\$146,562,712</b>	<b>28%</b>		<b>\$84,405,506</b>	<b>\$16,345,156</b>	<b>\$45,812,050</b>	<b>\$371,871,789</b>	<b>\$518,434,501</b>

\*Subcontractor Payments are included in the M/WBE Payments

# Fiscal Year 2018 Performance Results: MBE Program (cont.)

WSSC established M/WBE Aspirational Goals for the four (4) broad contracting areas to help ensure that WSSC remains on target with total contract awards and total contract payments by contract area—the leading indicator of future M/WBE results.

Figure 6 shows total contract payments by business classification. Hispanic-American firms received the largest share of total contract payments— \$48.7 million (33%). Asian-American firms received \$43.3 million (30%) in total contract payments and African-American firms received \$33.1 million (23%) in total contract payments.

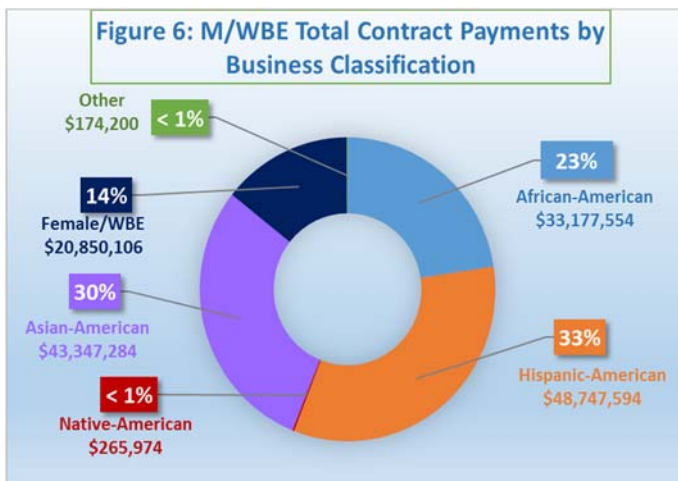
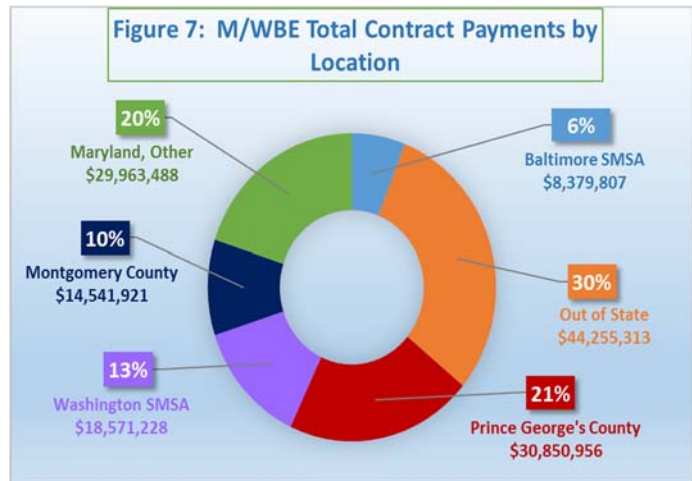


Figure 6 summarizes the \$146.5 million in total contract payments made to M/WBE firms. Percentages have been rounded to the nearest whole percentage.

More than 50% of WSSC's total contract payments were paid to firms in Maryland. Of that amount, WSSC spent 16% with firms in Prince George's County and 6% with firms in Montgomery County.



A Standard Metropolitan Statistical Area (SMSA) is a geographical region with a relatively high population density at its core and close economic ties throughout the area. Figure 7 displays a total of \$45.3 million (31%) of WSSC's M/WBE total contract payments remitted to businesses located in Prince George's and Montgomery counties.

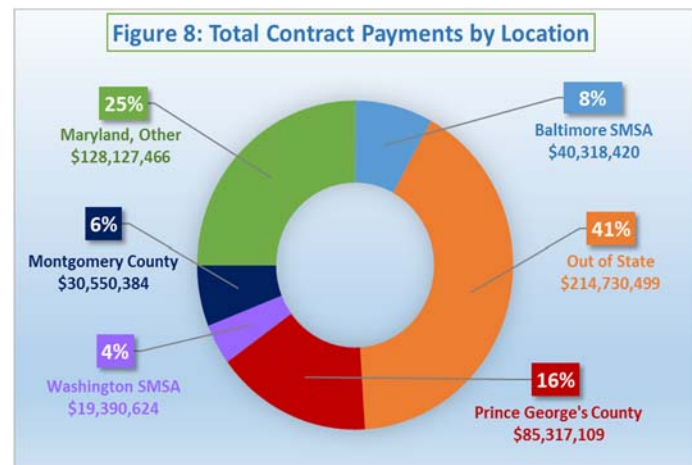


Figure 8 displays total contract payments to all firms by location. More than 50% of the total contract payments went to businesses located in Maryland, including Prince George's and Montgomery counties.

# Fiscal Year 2018 Performance Results: MBE Program (cont.)

The five-year fiscal year trending data depicts that on average twenty-four percent (24%) of WSSC's total contract payments went to M/WBE firms. In FY 2018, twenty-eight percent (28%) of WSSC's total contract payments went to M/WBE firms (Figure 9).

Figure 9: Trending Report by Fiscal Year for M/WBE Total Contract Payments

Fiscal Year	M/WBE Contract Payments	M/WBE Percent	Majority Contract Payments	Total Contract Payments
2014	\$99,965,604	20%	\$391,394,729	\$491,360,333
2015	\$134,409,006	25%	\$408,331,009	\$542,740,015
2016	\$114,832,166	20%	\$472,666,623	\$587,498,789
2017	\$156,900,804	27%	\$431,874,399	\$588,775,203
2018	\$146,562,712	28%	\$371,871,789	\$518,434,501
<b>5 Fiscal Years</b>	<b>\$652,670,292</b>	<b>24%</b>	<b>\$2,076,138,549</b>	<b>\$2,728,808,841</b>

Figure 9 shows the five-year fiscal year trending data and depicts that WSSC has paid 24% of its total contract payments to M/WBE firms on average. In FY 2018, 28% of WSSC's total contract payments went to M/WBE firms.

The OSDI received fourteen (14) requests for a full or partial waiver of the MBE/SLBE subcontracting requirements in FY 2018. Of the fourteen (14) requests received, nine (9) were approved and five (5) denied.

## Total Contract Awards

Contract awards serve as a leading indicator of future contract payments. Because contracts may have multi-year terms, the impact of contract award dollars on contract expenditures may extend beyond a single fiscal year.

Figure 10: M/WBE Total Contract Awards

Contracting Area	M/WBE Awards	M/WBE Percent	Aspirational Goals	MBE Awards	WBE Awards	Majority Awards	Totals Contract Awards
A/E Services	\$28,689,617	28%	24%	\$18,689,617	\$10,000,000	\$73,742,917	<b>\$102,432,534</b>
Construction Services	\$60,839,031	22%	13%	\$60,839,031	\$0	\$215,088,171	<b>\$275,927,202</b>
Goods & Services	\$40,738,851	27%	33%	\$31,313,704	\$9,425,147	\$111,182,833	<b>\$151,921,684</b>
Professional Services	\$26,770,753	34%	23%	\$20,628,433	\$6,142,320	\$51,218,183	<b>\$77,988,936</b>
<b>Total All Contract Areas</b>	<b>\$157,038,252</b>	<b>26%</b>		<b>\$131,470,785</b>	<b>\$25,567,467</b>	<b>\$451,232,104</b>	<b>\$608,270,356</b>

Figure 10 summarizes total contract awards in FY 2018. Total contract awards to M/WBE firms totaled \$157 million, or 26% of total contract awards.

# Fiscal Year 2018 Performance Results: MBE Program (cont.)

Of the \$157 million in M/WBE total contract awards, \$96.2 million (61%) were made to prime M/WBE firms and \$60.8 million (39%) were made to M/WBE subcontractors (Figure 11).

Figure 11: M/WBE Prime and Subcontractor Total Contract Awards

Contract Area	Sub Percent of M/WBE Percent	M/WBE Prime Awards	M/WBE Sub Awards	Total M/WBE Contract Awards
A/E Services	60%	\$11,550,000	\$17,139,617	\$28,689,617
Construction Services	59%	\$25,228,490	\$35,610,541	\$60,839,031
Goods & Services	10%	\$36,486,362	\$4,252,489	\$40,738,851
Professional Services	14%	\$22,967,493	\$3,803,260	\$26,770,753
<b>Total All Contract Areas</b>		<b>\$96,232,345</b>	<b>\$60,805,907</b>	<b>\$157,038,252</b>

Figure 11 summarizes total M/WBE contract awards as \$157 million and describes the sub awards percentage of each of the four (4) contracting areas.

The five-year fiscal year trending data depicts that on average WSSC awarded twenty-eight percent (28%) of its total contract awards to M/WBE firms. In FY 2018, WSSC awarded twenty-six percent (26%) of its total contracts to M/WBE firms (Figure 12).

Figure 12: Trending Report by Fiscal Year for M/WBE Total Contract Awards

Fiscal Year	M/WBE Total Contract Awards	M/WBE Percent	Majority Total Contract Awards	Total Contract Awards
2014	\$228,579,268	24%	\$737,785,375	\$966,364,643
2015	\$187,869,377	28%	\$486,419,520	\$674,288,897
2016	\$150,968,610	27%	\$414,737,966	\$565,706,576
2017	\$236,136,069	37%	\$406,535,728	\$642,671,797
2018	\$157,038,252	26%	\$451,232,104	\$608,270,356
<b>5 Fiscal Years</b>	<b>\$960,591,576</b>	<b>28%</b>	<b>\$2,496,710,693</b>	<b>\$3,457,302,269</b>

Figure 12 shows the five-year fiscal year trending data and depicts that WSSC has awarded 28% of its total contracts to M/WBE firms. In FY 2018, 26% of WSSC's total contracts were awarded to M/WBE firms.



## Small Local Business Enterprise (SLBE) Program

The SLBE Program is intended to provide an additional race- and gender-neutral tool for the Commission to use in its efforts to ensure that all segments of its local business community have a reasonable and significant opportunity to participate in WSSC's contracting opportunities. As a race- and gender-neutral program, WSSC's signature SLBE Program continues to demonstrate value to the local economy. The SLBE Program furthers WSSC's objective of fostering broad-based competition within the vendor community. The SLBE Program encourages economic growth by offering benefits, particularly to those small firms headquartered in Prince George's and Montgomery counties. These benefits include contract-specific subcontracting goals, bid price preferences, evaluation point preferences, and the Optimization of Diverse Business Development Program (formerly Sheltered Market).

Total contract payments made to WSSC-Approved SLBE firms, inclusive of prime contractors and validated subcontractor payments in FY 2018, equaled \$41.3 million. In FY 2018, WSSC awarded \$53.1 million in total contracts to WSSC-Approved SLBE firms.

Figure 13: FY 2018 SLBE Total Contract Payments



Figure 14: FY 2018 SLBE Total Contract Awards



# Fiscal Year 2018 Performance Results: SLBE Program (cont.)

## SLBE Total Contract Payments

Payments to WSSC-Approved SLBE firms totaled \$41.3 million as depicted in Figure 15, with \$32.8 million in total contract payments in the Construction contracting area.

Figure 15: Total Contract Payments to SLBE Firms by Contracting Area

WSSC Contracting Areas	Total Contract Payments
A&E	\$1,013,262
Construction	\$32,829,292
Goods and Services	\$4,508,376
Professional Services	\$2,978,098
<b>Total Contract Payments</b>	<b>\$41,329,028</b>

Figure 15 depicts \$41.3 million in total contract payments to WSSC-Approved SLBE firms, with \$32.8 million in the Construction contracting area.

Contract payments made to WSSC-Approved SLBE firms totaled \$41.3 million, with \$22.1 million in payments to firms located in Prince George's County and another \$12.2 million to firms located in Montgomery County.

Figure 16: Total Contract Payments to SLBE Firms by Location

Location/County	Total Contract Payments
Baltimore SMSA	\$9,530
Out of State	\$127,150
Prince George's County	\$22,124,353
Washington SMSA	\$899,357
Montgomery County	\$12,257,830
Maryland, Other	\$5,910,808
<b>Total Contract Payments</b>	<b>\$41,329,028</b>

Figure 16 shows more than half of all payments made to WSSC-Approved SLBE firms went to firms located in Prince George's and Montgomery counties.

# Fiscal Year 2018 Performance Results: SLBE Program (cont.)

## SLBE Total Contract Awards

WSSC awarded \$53.1 million to WSSC-Approved SLBE firms in FY 2018, as depicted in Figure 17.

Figure 17: Total Contract Awards to SLBE Firms by Contracting Area

Contracting Area	Prime Total Contract Awards	Sub Total Contract Awards	Total Contract Awards
A&E	\$0	\$7,265,000	\$7,265,000
Construction	\$4,538,815	\$32,463,755	\$37,002,570
Goods and Services	\$4,971,968	\$1,429,066	\$6,401,034
Professional Services	\$1,125,296	\$1,336,250	\$2,461,546
<b>Total Contract Awards</b>	<b>\$10,636,079</b>	<b>\$42,494,071</b>	<b>\$53,130,150</b>

Total contract awards made to WSSC-Approved SLBE firms equaled \$53.1 million, with the majority of awards in the Construction contracting area.



As we enter into our next century of providing world-class services, our commitment to developing strategic, value-added supplier relationships remains strong. In Fiscal Year 2019, the OSDI will increase our **FOCUS** on key priorities and initiatives that will strengthen and continue to advance economic opportunities for small, local, minority- and women-owned businesses in Prince George's and Montgomery counties.

### ***Increased Compliance Efforts***

In collaboration with WSSC's Procurement Office, the OSDI will focus on increasing its compliance efforts, with the implementation and launch of the Contractor Performance Evaluation Tool. This Oracle-based tool will allow greater visibility and insight into current contract performance, based on identified metrics and contract milestones.

### ***Technical Assistance Program (TAP In)***

In FY 2019, the OSDI will continue our Business Development Technical Assistance Program (TAP In) series, providing diverse businesses with tools and strategies to cultivate business success.

### ***Fiscal Year 2020 Disparity Study***

The OSDI will continue to monitor and track the utilization of M/WBE firms in preparation for the FY 2020 Disparity Study. Every five years, WSSC conducts a Disparity Study to determine if the Commission has participated in active or passive discrimination in its contracting practices. The Disparity Study provides a foundation or "factual predicate" to support WSSC's MBE Program. The FY 2020 Disparity Study will cover the review of all contract payments and awards from July 1, 2014 through June 30, 2019.

For more information about WSSC's Office of Supplier Diversity & Inclusion and our MBE and SLBE Programs, visit [www.wsscwater.com/SupplierDiversity](http://www.wsscwater.com/SupplierDiversity).

**EXTENSIVE  
OUTREACH**



# 40

Years of Commitment to  
Supplier Diversity

1978-2018

**SUPPLIER  
DEVELOPMENT**



**COMPLIANCE**

**SUPPLIER  
ADVOCACY**



To learn more about WSSC's  
Office of Supplier Diversity and Inclusion,  
visit [www.wsscwater.com/supplierdiversity](http://www.wsscwater.com/supplierdiversity).

