

**SMALL, LOCAL
AND MINORITY
BUSINESS
ENTERPRISE
PROGRAM
PERFORMANCE
RESULTS REPORT
FY 2016**



WSSSC

Where Water Matters



Small, Local and Minority Business Enterprise Program Performance Results Report

FY 2016:

July 1, 2015 – June 30, 2016

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:

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

Diversity... just the way we do business!

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Letter from the General Manager/CEO

Greetings Members of the WSSC Business Community and Other WSSC Friends:



Diversity is just the way we do business and we are proving that in our delivery of excellent service to the great Prince George's and Montgomery counties. It is my distinct pleasure to present the Fiscal Year (FY) 2016 Small, Local and Minority Business Enterprise ("SLMBE") Program Performance Results. FY 2016 marks the end of another year of stellar accomplishments for Washington Suburban Sanitary Commission's (WSSC or the Commission) SLMBE Program. The SLMBE Program Performance Results for FY 2016 reflect a continuing and focused effort across the organization on our commitment to Supplier Diversity. It is a reflection of how our commitment starts at the top and is embedded in the way we do business daily.

Carla A. Reid, GM/CEO

Our performance in FY 2016 provides evidence of our ongoing efforts to build strategic partnerships with minority and women-owned businesses and small and local firms. We strive to bring sustainable value to the customers and businesses we serve through the Minority and Women Business Enterprise (MBE or M/WBE) Program and the Commission's Small Local Business Enterprise (SLBE) Program.

Our program has received local and national attention for its success and for our outreach efforts to open up WSSC business opportunities to a growing number of businesses in our community. A highlight of FY 2016 was WSSC's Women Business Owners Expo, which boasted over 450 attendees, showcasing our commitment to the holistic development of our M/WBEs, local businesses and their owners.

As a result of the SLMBE Office's hard work and partnerships' development, I am pleased to report to you that WSSC:

- Made total contract payments of over \$114.8 million to M/WBE firms — 20% of total contract payments;
- Awarded almost \$151 million in M/WBE total contracts — 27% of total contract awards;
- Made total contract payments of approximately \$31 million to SLBE firms; and
- Awarded nearly \$44.7 million in total contract awards to SLBE firms.

Our Program efforts continue to grow as WSSC's Commissioners and Leadership Team are committed to Supplier Diversity, a commitment reflected in our dynamic M/WBE and SLBE programs. We are moving forward to strategically fulfill WSSC's mission and vision to represent world-class service in the water and wastewater industry by doing three things: Simplify. Focus. Connect.

As part of our efforts to move forward, I am pleased to inform you that our 2015 Disparity Study is now complete (www.wsscwater.com/disparitystudy). The data and conclusions support the continuation of our MBE Program efforts. Our MBE Program is currently scheduled to sunset July 1, 2017. As we begin planning for the 2017 Legislative Session, we ask for your support for the authority to continue this valuable economic driver for our local business community.

In the meantime, we invite you to experience this FY 2016 SLMBE Performance Results Report and learn more about the work of WSSC's SLMBE Program. We appreciate the support of the business communities in Prince George's and Montgomery counties, and throughout the region.

As I said at the beginning, diversity is just the way we do business!

A handwritten signature in black ink, appearing to read "Carla A. Reid". The signature is fluid and cursive.

Carla A. Reid
General Manager/CEO

About WSSC

We are WSSC, Where Water Matters!

The life-sustaining water and wastewater services that we provide are critical for ensuring public health, and make it possible for individuals, families and businesses to enjoy a good quality of life. For nearly 100 years, 24 hours a day, and seven days a week, we have served the people of Prince George's and Montgomery counties.

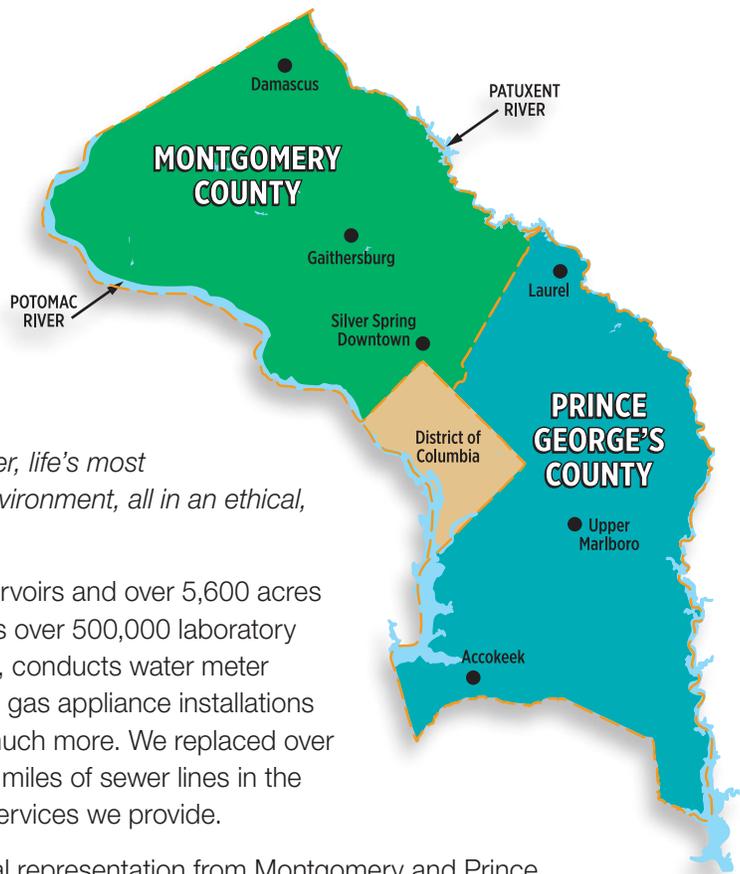
Our core mission is to provide safe and reliable water, life's most precious resource, and return clean water to our environment, all in an ethical, sustainable and financially responsible manner.

To achieve our mission, WSSC maintains three reservoirs and over 5,600 acres of watershed, issues construction permits, performs over 500,000 laboratory tests each year, maintains over 42,000 fire hydrants, conducts water meter testing, and inspects: plumbing installations, natural gas appliance installations and food establishments, grease abatement, and much more. We replaced over 60 miles of water pipelines and refurbished over 33 miles of sewer lines in the past year. We strive for excellence in the essential services we provide.

WSSC is governed by six Commissioners with equal representation from Montgomery and Prince George's counties. 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 provides quality water and wastewater services to our local communities with the assistance and expertise of our many diverse suppliers. Our budget for FY 2016 included \$715.2 million for operating expenses and \$684.6 million in capital expenditures. Literally, WSSC purchases everything from **"paperclips to pipe"** and all of the services that are required to operate a major utility company. The SLMBE Programs support WSSC in ensuring that diverse and small local businesses are included and provide value at every level of its supply chain. WSSC has invested in its SLMBE Programs and diverse supplier community to engage and empower strategic partnerships that are positioned to bring and sustain value-added goods and service that yield cost savings for WSSC and the communities we serve.



About WSSC's SLMBE Program

Supplier Diversity is the strategy that keeps on giving. Since 1978, the Washington Suburban Sanitary Commission (“WSSC” or “Commission”) has demonstrated a strong commitment to empowering minority and women-owned businesses via its contracting opportunities. WSSC’s Small, Local and Minority Business Enterprise (SLMBE) Office effectively advocated for MBE participation in WSSC’s contracting opportunities via various preferences such as: contract-specific subcontracting requirements, price preferences and Sheltered Market Program opportunities.

In 2001, WSSC’s SLMBE Office established its SLBE Program to ensure the inclusion of small local firms located in the great Prince George’s and Montgomery counties in its contracting opportunities.

Today, the SLMBE Office has embedded into the culture of WSSC the value that “diversity is just the way we do business.” The ultimate goal of the SLMBE Office is to re-engineer the ‘playing field’ for public contracts for diverse suppliers, and to ensure fair and equal access in WSSC’s contracting opportunities.

Mission Statement

The SLMBE Office is dedicated to creating an inclusive purchasing environment while building sustainable relationships, expanding opportunities and cultivating the growth of small, local and minority business enterprises which adds value to the Commission and the community we serve.

SLMBE Strategy



The SLMBE Office administers WSSC’s MBE and SLBE Programs by setting contract participation requirements and determining competitive development opportunities for placement

in WSSC’s Sheltered Market Program. The SLMBE Office conducts important outreach to the business community regarding new contract opportunities by: serving as subject-matter experts on numerous panels and workshops throughout the year; maintaining



Lisa Malone, SLMBE Compliance Specialist, Towanda R. Livingston, SLMBE Director and Brittany Gonzalez, SLMBE Outreach Coordinator



SLMBE & Procurement Offices’ Special Outreach Event for Street Repair Services



WSSC SLMBE Office exhibiting at the MWMCA 2016 Spring Breakfast

important associations with area professional and trade associations; and engaging in discussions with the public on how to conduct business with WSSC. The SLMBE Office recognizes that partnering for success, building relationships, and providing excellent customer service is paramount. The SLMBE Office delivers on its Four Pillars which are: **Supplier Advocacy, Compliance, Extensive Outreach, and Supplier Development.** Embedded into WSSC’s contracting practices is an extensive network of supporting organizations, fully complemented by an exceptional staff, making diversity just the way we do business.

Diversity... just the way we do business!

Executive Summary

During the past decade, WSSC has awarded over \$1 billion in total contracts to Minority Business Enterprise (MBE or M/WBE) and Small Local Business Enterprise (SLBE) firms. Our mandate each year is to determine and implement new strategies to build on this record. We recognize that MBE and SLBE firms help provide ideas and perspectives reflective of the diverse marketplace and communities we serve. We see our diverse suppliers and small businesses as assets ripe for developing and growing into strategic long term partners. We need to sustain our level of service excellence and our local economies. WSSC has invested in the SLMBE Program to provide opportunities as primes and/or subcontractors, to diverse firms and small businesses. WSSC's SLMBE Program has created many win-win solutions for WSSC and our 1.8 million residents to whom we proudly provide water and sewer services.

WSSC continues its commitment to the success of M/WBE and SLBE firms. The MBE Program has been established to mitigate barriers to contracting opportunities for MBE primes and subcontractors. WSSC continues its work to re-engineer the competitive public contracting field for MBEs, WBEs and small and local businesses in Montgomery and Prince George's counties and the surrounding metropolitan area. This report will summarize the accomplishments of WSSC's SLMBE Program in FY 2016.

WSSC's MBE Program is codified in WSSC Standard Procedure (SP) MBE 11-01. The statutory foundation for SP MBE 11-01 was reauthorized by the General Assembly in 2012 and will expire on July 1, 2017 unless reauthorized. SP MBE 11-01 is a narrowly-tailored program in accordance with applicable law and facilitates participation of responsible MBEs in all types of WSSC contracting. It provides, in limited circumstances, for race-conscious remedies consistent with the results of WSSC's 2010 Disparity Study and its recently completed 2015 Disparity Study. The results conveyed in the following pages highlight the successes WSSC has achieved since implementing SP MBE 11-01 and SP SLBE 12-01. The SLBE program assists small businesses primarily located in Montgomery county and Prince George's county to participate in WSSC contracting. These fully complementary enabling policies have led to progressive supplier diversity programmatic development and have positively impacted the outcome. The policies have also contributed to achieving service excellence by ensuring we support the organization with a diverse supply chain that timely provides goods and services that help with cost savings and avoiding and mitigating risk.

The cornerstone of the MBE program and key performance measure is the dollar value of total contract payments made to M/WBEs.¹ In alignment with the goals of the MBE Program, WSSC continues to implement strategies to support increasing total contract payments to value-driven M/WBEs each fiscal year based on the 2010 and 2015 Disparity Studies.

In FY 2016, WSSC spent \$114.8 million (20%) in total contract payments to M/WBEs (Figure 1) as compared to \$134.4 million (25%) in total contract payments made in FY 2015. (Figure 2)

M/WBE Contract Payments

Figure 1: FY 2016 M/WBE Total Contract Payments

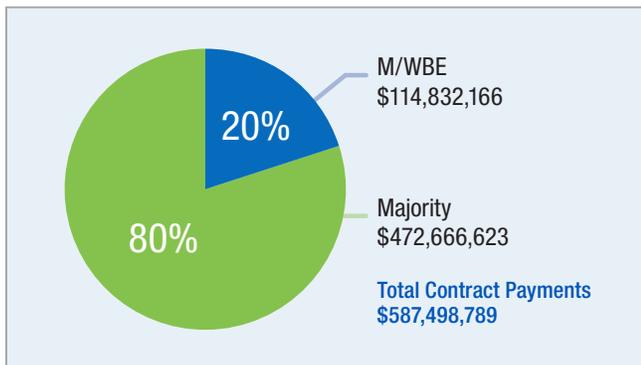
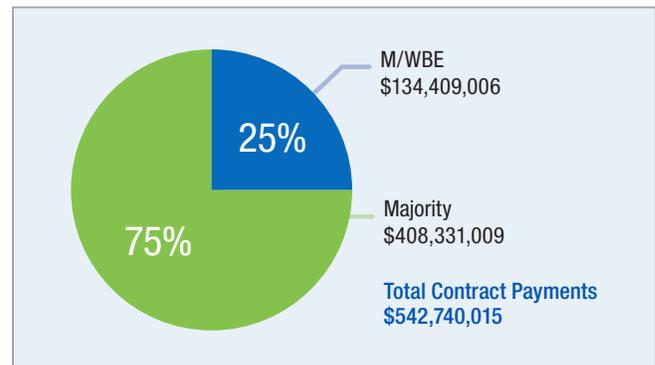


Figure 2: FY 2015 M/WBE Total Contract Payments



¹ The abbreviation "M/WBE" includes women-owned business enterprises ("WBEs") as well as minority-owned firms that have obtained MBE certification as provided in SP MBE 11-01

Executive Summary *(cont.)*

M/WBE Total Contract Awards

In FY 2016, WSSC awarded almost \$151 million (27%) in total contracts to M/WBE firms (Figure 3) as compared to \$187.9 million (28%) in FY 2015. (Figure 4)

Figure 3: FY 2016 M/WBE Total Contract Awards

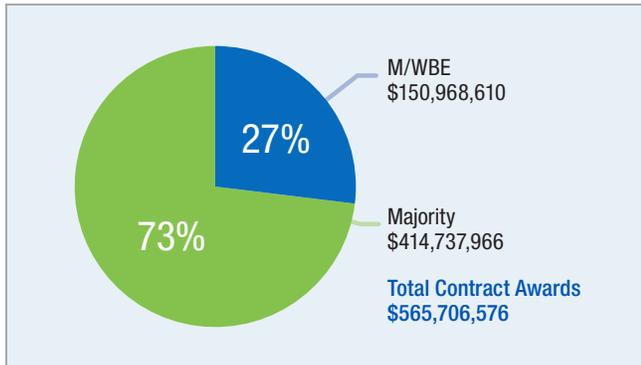
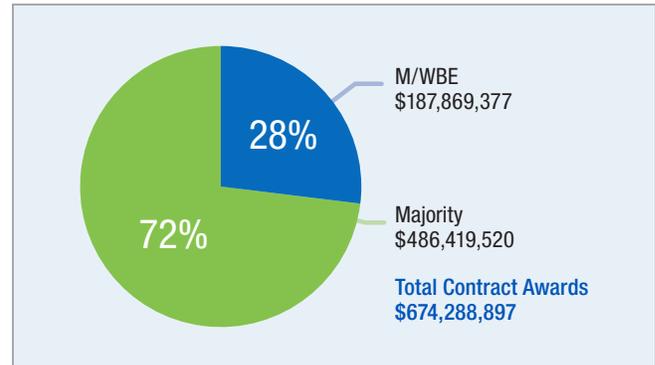


Figure 4: FY 2015 M/WBE Total Contract Awards



Small Local Business Enterprise (SLBE) Program

As a “race- and gender-neutral” program, WSSC’s signature SLBE Program continues to demonstrate value to our local economy. Spending with SLBE firms increased again in FY 2016.

The total contract payments made to SLBE firms, inclusive of prime contractors and validated payments of subcontractors in FY 2016, was \$31 million, a \$9 million increase compared to FY 2015 SLBE total contract payments of \$22 million.

SLMBE Office Outreach

The SLMBE Office continues to cultivate and expand relationships with the business community and professional and trade organizations. Our extensive outreach efforts are targeted to prepare the market and develop the base of diverse suppliers needed to support WSSC’s supply chain. These efforts include:

- Hosting, attending and participating in 97 outreach events (45 internal; 52 external). Among the events were business and procurement fairs, trade shows, business matchmaking events, networking events and clinics;
- Providing contracting opportunities and information via targeted outreach events;
- Registering 602 new suppliers of which 107 were MBEs, 41 were SLBEs, and 4 were a combination of both in WSSC’s Supplier Portal System (formerly the Centralized Bidder Registration (CBR) System) as of June 30, 2016; and
- Hosting business development clinics in either one-on-one and/or group forums to help suppliers seeking to participate in WSSC’s SLMBE Programs and contracting opportunities.

The SLMBE Office’s extensive outreach has shifted from a focus on meeting tactical Supplier Diversity goals, such as spending targets and/or metrics, to more strategic goals that focus on developing the skills and financial stability of our M/WBE and SLBE firms. These outreach events were designed to develop a diverse supplier base to support our supply chain needs and stimulate our local economies. WSSC’s performance in FY 2016 and our goals for the current year demonstrate our commitment to the success of the M/WBE and SLBE Programs and the local economic well-being of Prince George’s and Montgomery counties.

Milestones and Highlights

May 19, 2015: 2015 Disparity Study Kick-Off. Announced the selection of MGT of America, Inc. (“MGT”) to conduct the 2015 Disparity Study

June 10, 2015: Resolution 2015-2091 was adopted extending MBE SP 11-01 to September 30, 2016

September 24, 2015: Community Meetings for the 2015 Disparity Study conducted by MGT for both Montgomery and Prince George’s counties as a part of MGT’s data collection process to characterize the Community Meeting

October 22, 2015: Additional Community Meeting conducted by MGT for the 2015 Disparity Study as a part of MGT’s data collection process to characterize the Community Meeting. Public Comments’ period commenced on this date

November 30, 2015: Public Comment Period regarding participation in the surveys for the 2015 Disparity Study Community Meetings closed on this date



Carla A. Reid, GM/CEO and Thomas Street, Deputy General Manager for Administration with a MGT Representative

January 4, 2016: Carla A. Reid began as the new GM/CEO of WSSC. Ms. Reid is the first female named to the position in the 97-year history of WSSC

February 29, 2016: WSSC’s SLMBE Office hosted the WSSC’s “Leap to Fleet Event” with a panel discussion regarding the procurement of fleet, fuel, tires, maintenance and equipment. More than 40 local businesses participated in this event

March 31, 2016: The WSSC’s 6th Annual Women Business Owners Expo was held, hosting more than 450 participants

May 18, 2016: Resolution 2016-2124 adopted extending SP MBE 11-01 to July 1, 2017

June 15, 2016: MGT presented its findings to WSSC during the June Commission Meeting. The 1st Public Meeting presenting the findings was held in Prince George’s County

June 16, 2016: MGT presented its findings during a Public Meeting held in Montgomery County. A draft of the 2015 Disparity Study report was made available to the public on WSSC’s website. The Public Comment period for the Study commenced on this date

July 16, 2016: Public Comments’ period closed

July 28, 2016: The Final 2015 Disparity Study Report was made available to the public on WSSC’s website at www.wsscwater.com/disparitystudy



Carla A. Reid, GM/CEO



Monica Johnson, Deputy General Manager for Strategic Partnerships; Sheila Finlayson, Esq., Corporate Secretary; Crystal Knight-Lee, Chief of Customer Relations; and one of the Expo awardees

Minority Business Enterprise (MBE) Program: FY 2016 Performance Results

Summary of FY 2016 Total Contract Payments and Total Contract Awards

For the purpose of this FY 2016 SLMBE Program Performance Results Report, WSSC 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 2016. It is WSSC’s intent to provide data that is accurate and complete in support of our program objectives. The success of our MBE and SLBE Programs rely on the integrity of our data.

Minority and Women Business Enterprise (M/WBE) Program: Data and Metrics

M/WBE total contract awards serve as a leading indicator for WSSC’s MBE contract performance. However, actual contract payments to M/WBE firms measure the meaningful success of the MBE Program. The following figures provide the summary of M/WBE contract payments based on total contract payments, WSSC contracting areas and M/WBE firms.

Total Contract Payments

Contract payments serve as a lagging indicator as a result of the total contract awards. In FY 2016, WSSC’s total contract payments amounted to \$587.5 million while the M/WBE total contract payments amounted to \$114.8 million, (or 20%) shown in Figure 5.

The total contract payments to M/WBEs represents a 15% decrease (or \$19.6 million less) in total contract payments from FY 2015 to FY 2016. Our total contract payments are delineated by the four broad contracting areas of: Architecture and Engineering; Construction; Goods and Services; and Professional Services. A contributing factor to the decrease in payments focuses on contract compliance activities. It is important to note that Construction represents approximately sixty percent (60%) of our total contract payments. Throughout the lifecycle of a contract, a number of variables will influence the utilization of contractors, particularly change orders, contract scope changes and the availability of the proposed project team.

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

Contract Area	M/WBE Dollars	M/WBE Percent	MBE Prime Dollars	WBE Prime Dollars	M/WBE Sub Payment*	Majority Dollars	Total Dollars
A&E Services	\$11,069,068	28%	\$5,103,270	\$0.00	\$5,965,798	\$28,988,558	\$40,057,626
Construction Services	\$47,685,450	13%	\$39,002,883	\$0.00	\$8,682,567	\$306,870,916	\$354,556,366
Goods & Services	\$33,635,948	25%	\$21,180,910	\$8,846,114	\$3,608,924	\$103,642,761	\$137,278,709
Professional Services	\$22,441,700	40%	\$15,176,251	\$4,858,555	\$2,406,894	\$33,164,389	\$55,606,089
Total All Contract Areas	\$114,832,166	20%	\$80,463,314	\$13,704,669	\$20,664,183	\$472,666,624	\$587,498,790

*Subcontractor Dollars are included in the Total M/WBE Dollars.

Total Contract Payments (cont.)

WSSC is in the process of establishing MBE aspirational goals for the four broad contracting areas to help ensure that we are remaining on target with total contract awards by contract area—the leading indicator of future M/WBE results. Additionally, the Commission has increased its efforts to devote resources to the management of compliance activities across the organization, specifically the Contracting Officer Representative and Administrative Contracting Manager. Finally, the SLMBE Office is focused on four key areas for compliance efforts—education and awareness, prevention, enforcement and smart intervention. The increased focus of the Commission on compliance activities specifically will have a direct impact on the future total contract payments to M/WBE firms.

Figure 6 (below) shows total contract payments by classification. Hispanic-American firms received the largest share of payments, \$37.1 million (32%). Asian-American firms received \$30.4 million (27%) in contract payments and African-Americans received almost \$30 million (26%) in contract payments. Less than one percent (1%) of contract payments went to firms classified as “Other” (e.g. firms classified as Disabled, Disabled Veterans).

Figure 6: M/WBE Total Contract Payments by Classification

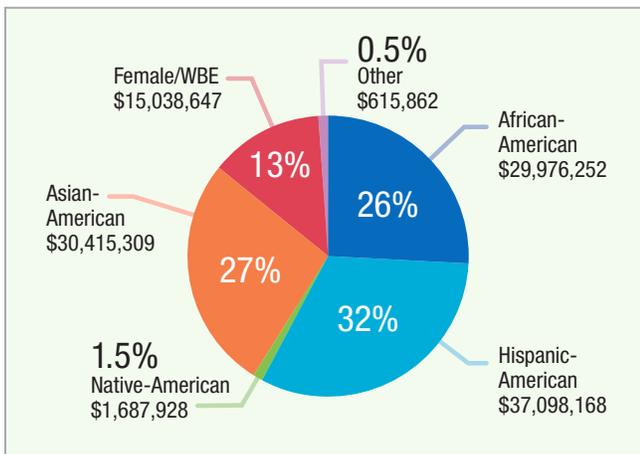


Figure 6 summarizes the \$114.8 million in total contract payments made to M/WBE firms. Percentages have been rounded to the nearest whole percentage.

Figure 7: M/WBE Total Contract Payments by Location

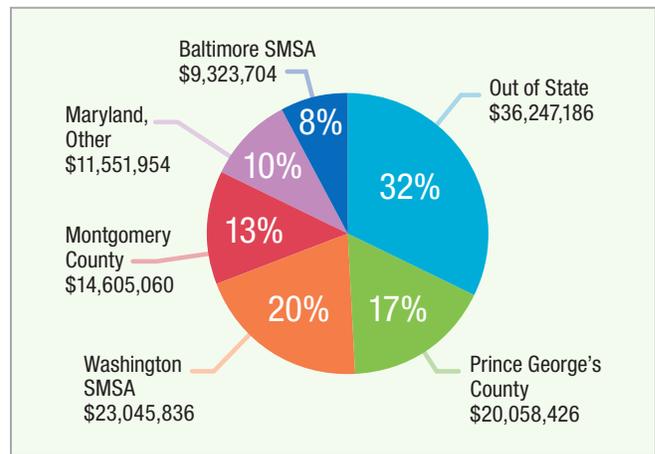


Figure 7 illustrates a total of \$34 million (30%) of WSSC's M/WBE total contract payments remitted to businesses located in Prince George's and Montgomery counties.

Figure 8: Total Contract Payments by Location

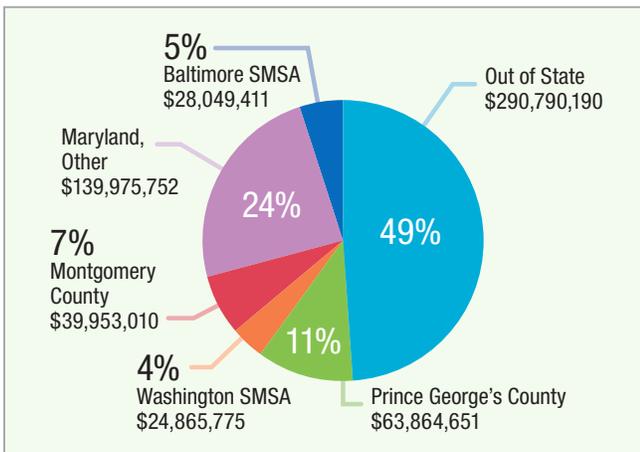


Figure 8 illustrates the total contract payments by location. Based on the total contract payment amounts, 47% of the total contract payments went to businesses located in Maryland, including Prince George's and Montgomery counties.

Forty-seven percent (47%) of WSSC's total contract payments were paid to firms in Maryland. Of that 47%, 11% was paid to Prince George's County firms and 7% was paid to Montgomery County firms.

WSSC believes that doing more business with local firms is good for Prince George's and Montgomery counties and the local economy.

Total Contract Payments (cont.)

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

Fiscal Year	M/WBE Percent	M/WBE Contract Payments	Majority Contract Payments	Total Contract Payments
2012	28%	\$102,281,071	\$263,399,584	\$365,680,655
2013	20%	\$92,137,148	\$372,931,547	\$465,068,695
2014	20%	\$99,965,604	\$391,394,729	\$491,360,333
2015	25%	\$134,409,006	\$408,331,009	\$542,740,015
2016	20%	\$114,832,166	\$472,666,623	\$587,498,789
5 Fiscal Years	22%	Total	\$543,624,995	\$1,908,723,492
			\$1,908,723,492	\$2,452,348,487

The five-year fiscal year trending data depicts that WSSC has paid 22% of its total contract payments to M/WBE firms. In FY 2016, 20% of WSSC’s total contract payments went to M/WBE firms. (Figure 9)

The SLMBE Office received 12 waiver requests in FY 2016. Of the 12 requests received, two (2) were for a full waiver and ten (10) were for a partial waiver. The SLMBE Office approved three (3) partial waiver requests, denied seven (7) partial waiver requests and denied two (2) full waiver requests.

FY 2016 M/WBE Total Procurement Card (P-Card) Expenditures

Procurement Cards (P-Cards or WSSC credit cards) are used for expenditures of less than \$5,000. In FY 2016, total P-Card expenditures were \$6.6 million, of which WSSC’s M/WBE Total P-Card expenditures were \$283,190 (4%) and the Majority Total P-Card expenditures were \$6.3 million (96%). (Figure 10)

Figure 10: FY 2016 M/WBE Total P-Card Expenditures

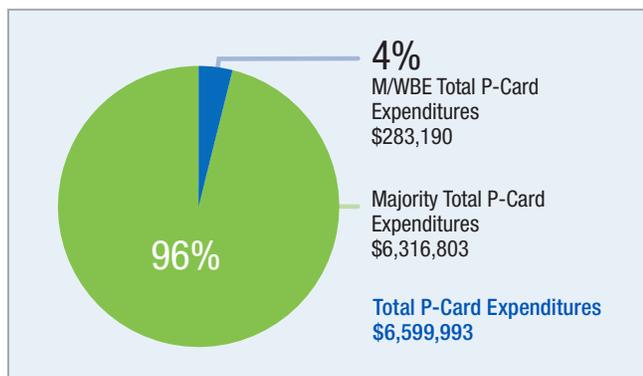
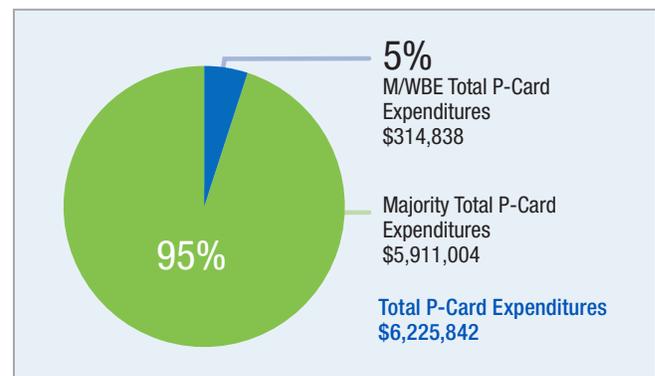


Figure 11: FY 2015 M/WBE Total P-Card Expenditures



In FY 2016, the M/WBE Total P-Card Expenditures were 4% compared to 5% in FY 2015. This represents a 1% decrease in M/WBE Total P-Card Expenditures in FY 2016.

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. FY 2016 saw a \$36.9 million decrease in M/WBE total contract awards (almost \$151 million) compared to FY 2015 (\$187.9 million). The overall total contract awards saw a \$108.6 million decrease (16%) from FY 2015.

Figure 12 summarizes total contract awards in FY 2016. Almost \$151 million or 27% of contract awards were made to M/WBE firms, of which \$46.3 million in total contract awards were made to M/WBE subcontractors.

Construction contract awards represent approximately 39% of our total contract awards. The Construction total contract awards has negatively impacted the total contract awards to MBE firms. Additional contributing factors that impact the total contract awards include: the lack of availability of firms; outreach and development activities; the lack of contract compliance; and contracting practices.

Figure 12: Total Contract Awards

Contract Area	M/WBE% Percent	MBE Dollars	WBE Dollars	Total M/WBE Dollars	Majority Dollars	Total Awards Dollars
A&E Services	24%	\$24,142,923	\$0	\$24,142,923	\$75,830,404	\$99,973,327
Construction Services	24%	\$52,982,280	\$0	\$52,982,280	\$166,853,648	\$219,835,928
Goods & Services	28%	\$35,609,963	\$7,815,332	\$43,425,295	\$109,556,656	\$152,981,951
Professional Services	33%	\$22,058,814	\$8,359,298	\$30,418,112	\$62,497,258	\$92,915,370
Total All Contract Areas	27%	\$134,793,980	\$16,174,630	\$150,968,610	\$414,737,966	\$565,706,576

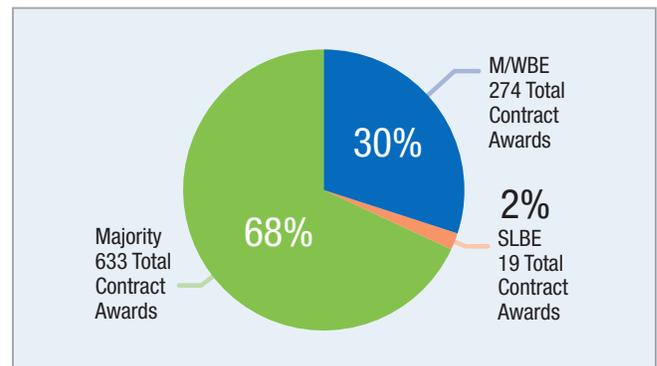
Figure 13: M/WBE Prime and Subcontractor Total Contract Awards

Contract Area	Sub Percent of M/WBE%	M/WBE Prime Dollars	M/WBE Sub Dollars	Total M/WBE Awards Dollars
A&E Services	78%	\$5,328,512	\$18,814,411	\$24,142,923
Construction Services	28%	\$38,054,553	\$14,927,727	\$52,982,280
Goods & Services	10%	\$38,902,623	\$4,522,672	\$43,425,295
Professional Services	26%	\$22,371,608	\$8,046,504	\$30,418,112
Total All Contract Areas	31%	\$104,657,296	\$46,311,314	\$150,968,610

Of the almost \$151 million in M/WBE total contract awards, \$104.6 million in total contract awards were made to prime M/WBE firms and \$46.3 million in total contract awards were made to M/WBE subcontractors. Sixty-nine percent (69%) of the total contract awards were made to M/WBE prime contractors and thirty-one percent (31%) of the total contract awards were made to M/WBE subcontractors.

In FY 2016, WSSC awarded 926 contracts. Of that total, 30% was awarded to M/WBE firms and 2% to SLBE firms.

Figure 14: Total Contract Awards by Business Type



Total Contract Awards (cont.)

The five-year fiscal year trending data depicts that WSSC awarded 24% of its total contract awards to M/WBE firms. In FY 2016, WSSC made total contract awards of 27% to M/WBE firms. (Figure 15)

Figure 15: Trending Report by Fiscal Year for M/WBE Total Contract Awards

Fiscal Year	M/WBE Percent	M/WBE Contract Awards Dollars	Majority Contract Awards Dollars	Total Contract Award Dollars
2012	18%	\$129,037,973	\$573,944,275	\$702,982,248
2013	25%	\$186,250,875	\$560,086,819	\$746,337,694
2014*	24%	\$228,579,268	\$737,785,375	\$966,364,643
2015	28%	\$187,869,377	\$486,419,520	\$674,288,897
2016	27%	\$150,968,610	\$414,737,966	\$565,706,576
5 Fiscal Years	24%	Total	\$882,706,103	\$2,780,991,461

*Please note: In FY 2014, WSSC understated the total amount of total contract awards to M/WBE Firms at 23%. The correct percentage of total contract awards to M/WBE firms in FY 2014 was 24% of the total contract award dollars, or \$966,364,643. This information has been updated in Figure 15.

Figure 16: Trending Report of M/WBE Total Contract Awards by Fiscal Year and Contracting Area

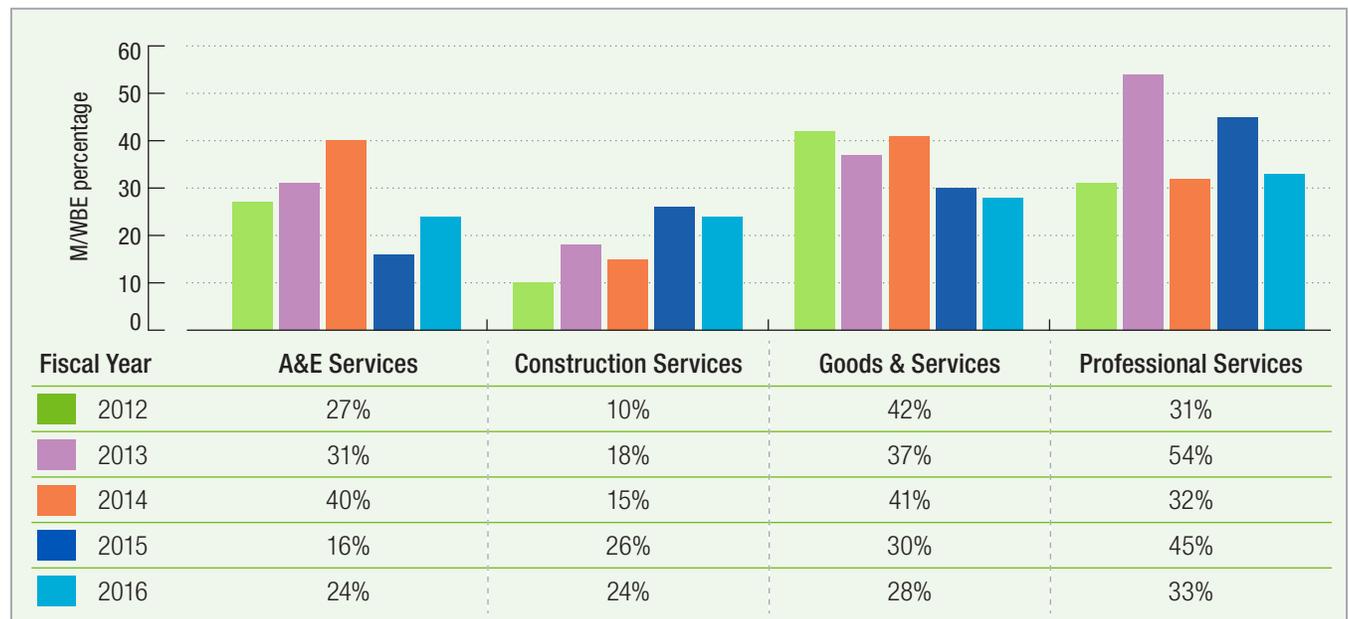


Figure 16 depicts the trend of M/WBE total contract awards by contracting areas over the past five (5) fiscal years.

Small Local Business Enterprise (SLBE) Program: FY 2016 Performance Results

The SLBE Program was established in 2001 to ensure the small local business community are afforded opportunities to participate in WSSC contracts. The SLBE Program is a race- and gender-neutral program specifically designed by WSSC to encourage contracting with small local firms located in Prince George's and Montgomery counties. The SLBE Program furthers the Commission's objective of fostering broad-based competition within the small and local business community. It 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 requirements, bid preference, evaluation point preferences for request for proposal, and the Sheltered Market Program (SMP).

Total Contract Payments

In FY 2016, our total contract payments to SLBE firms (prime and validated subcontractor payments) totaled approximately \$31 million as depicted in Figure 17, with approximately \$27 million in total contract payments for Construction Services.

Figure 17: Total Contract Payments to SLBE Firms by WSSC Contracting Area

WSSC Contract Area	Totals
A&E Services	\$398,587
Construction Services	\$27,030,955
Goods & Services	\$1,792,918
Professional Services	\$1,788,908
Total	\$31,011,368

Figure 18: Total Contract Payments to SLBE Firms by Location

Location/County	Totals
Montgomery County	\$6,617,379
Prince George's County	\$15,072,997
Maryland, Other	\$8,146,062
Washington SMSA	\$424,658
Out of State	\$750,272
Total	\$31,011,368

Figure 18 provides a summary of the SLBE total contract payments by location with approximately \$15 million of the \$31 million to firms located in Prince George's county and another \$6.6 million in total contract payments to firms in Montgomery county.

Total Contract Awards

Figure 19: Total Contract Awards to SLBE Firms by Contracting Area

Contract Area	Prime Dollars	Sub Dollars	Total Dollars
A&E Services	\$0	\$7,558,401	\$7,558,401
Construction Services	\$28,350	\$30,463,520	\$30,491,870
Goods & Services	\$2,765,711	\$385,994	\$3,151,705
Professional Services	\$1,932,088	\$1,601,368	\$3,533,456
Total	\$4,726,149	\$40,009,283	\$44,735,432

Total contract awards of \$44.7 million were made to SLBE firms with the majority of total contract award dollars in the contracting area of Construction Services in the amount of \$30.5 million. (Figure 19)

WSSC's SLMBE Program and Strategic Sourcing

WSSC continues its strong commitment to the inclusion of the M/WBE and SLBE firms' participation in our procurement of goods and services and professional services. To this end, as part of WSSC's current Supply Chain Management Transformation Initiative, M/WBE and SLBE firms are given early consideration in WSSC's Strategic Sourcing efforts. Strategic Sourcing includes efforts such as: expanding the supplier pool, conducting negotiations, developing customer and supplier relationships, risk management and ensuring M/WBE and SLBE firms' inclusion in the solicitation process.

Cross-functional Strategic Sourcing Teams (SST) are formed to develop strategies for securing goods and services with the intention to drive the cost down in the supply chain. While looking to reduce WSSC's costs, the SLMBE Office safeguards WSSC's ongoing efforts to ensure Supplier Diversity in WSSC's procurement of goods and services by making certain that it is a member of every SST. Additionally, the SLMBE Office and WSSC's Strategic Sourcing effort focuses on developing a value-added, sustainable, diverse supplier base that is agile, cost effective, innovative and of the highest quality. Early SLMBE Office involvement ensures that M/WBE and SLBE firms are included in the Strategic Sourcing process with deliberate emphasis and attention provided to our diverse supplier base.

"Our goal is to provide excellent value and service to our customers using three principles—Simplify. Focus. Connect. Simplify our processes by keeping things easy to understand and improving communication. Focus on our small, local and minority businesses to help them grow and thrive as active partners with WSSC and the communities we serve. And connect with all of our customers, partners and stakeholders to make WSSC a world-class utility."

*Carla A. Reid
General Manager/CEO, WSSC*

Strategic Alliance Success: Certification Agencies

WSSC makes certification easier for M/WBE firms by strategically working with and recognizing five (5) certification agencies. M/WBE firms can use these agencies to gain the needed certification required to receive preferences when bidding on WSSC contracts as M/WBE firms. These agencies have formed lasting working relationships with WSSC that benefit the entire business community.² They include:

1. Maryland Department of Transportation (MDOT)
2. Prince George's County Supplier Development & Diversity Division (SDDD)
3. D.C. Department of Small and Local Business Development (DSLBD)
4. Capital Region Minority Supplier Development Council (CRMSDC)
5. Women Presidents' Educational Organization (WPEO)

WSSC's SLMBE Office approves small local businesses in its signature Small Local Business Enterprise (SLBE) Program.

"The Greater Washington Hispanic Chamber of Commerce has been a proud partner of the WSSC's Minority Business Enterprise Program for over 7 years. WSSC has been a leader in supporting Hispanic and minority businesses in the region. Promoting and embracing diversity requires clear goals, follow through with implementation and vocal champions. WSSC sets the example."

*Angela Franco
President & CEO
Greater Washington Hispanic
Chamber of Commerce*

² The Washington Suburban Sanitary Commission (WSSC), through the Small, Local and Minority Business Enterprise (SLMBE) Office is dedicated to creating an inclusive purchasing environment while building sustainable relationships; expanding opportunities; and cultivating growth of small, local and minority business enterprises, which adds value to the Commission and community we serve.

Our SLMBE Programs – Strategic Sourcing & Supplier Diversity: Views from the C-Suite



Thomas Street, Deputy General Manager for Administration with a MGT Representative

Thomas Street is the new Deputy General Manager for Administration and has oversight for the Finance, General Services (formerly Logistics) IT, Procurement and SLMBE Offices of WSSC. Tom’s support of the SLMBE Programs and vendor community is evidenced in his desire to see a marked increase in the amount of WSSC contracts that are being awarded and paid to small, local and minority and women-owned businesses. “One of the primary goals of WSSC is to create value for its customers, and part of that is to make a concerted effort to use our SLMBE Programs to significantly increase opportunities for small, local and minority and women-owned businesses, which has the additional benefit of decreasing disparities in contracting in the Prince George’s and Montgomery counties’ business communities. That action alone will ensure that WSSC stays focused on helping to grow our local economy and connecting with our local stakeholders.”



Towanda R. Livingston, SLMBE Director with David Malone, Chief Procurement Officer

Towanda R. Livingston, Director, SLMBE Office is the administrator of both the Minority Business Enterprise (“MBE”) and Small Local Business Enterprise (“SLBE”) Programs. She knows it is imperative to ensure that both Programs are fully complementary and are operating in tandem to support the overall objective to facilitate and sustain a value-added, diverse supply chain. At WSSC, supplier diversity is a strategic priority, which is a different perspective than “just an obligation.” WSSC views its diverse suppliers and small businesses as assets, that are suitable for developing and growing into the strategic long-term partners needed to sustain WSSC’s level of customer service excellence and support our local economies. As an asset, Ms. Livingston knows that WSSC has invested in SLMBE Programs that have the capacity to provide opportunities as primes and/or subcontractors to diverse and small local firms. The SLMBE Office is charged with ensuring that diverse suppliers and local small businesses are positioned to deliver value at every level of WSSC’s supply chain. Livingston states, “The SLMBE Office is reengineering the public contracting ‘playing field’ by shifting the focus of our SLMBE Programs from meeting tactical goals such as spend targets/metrics to more strategic outcomes that focus on supporting our diverse supplier base in developing skills, scale and financial stability.” In order for WSSC’s SLMBE Programs to continue to build on its progress, it will take concerted efforts, building trusted relationships, and providing excellent service to all of WSSC’s internal and external stakeholders. Ms. Livingston adds, “The SLMBE Office’s extensive outreach and development is fixated on ensuring that our diverse suppliers and local small businesses understand our ‘customer value stream’ and are positioned as long-term value-driven partners. This shift in mindset elevates our diverse and local small businesses from being relegated to low value and peripheral work to a value-added strategic partner.”

Mujib Lodhi is WSSC’s **Chief Information Officer**. He was asked about Strategic Sourcing as it relates to increased minority spending for Professional Services at WSSC, which has had a significant increase due to IT contracts. “We have found the quality and level of



Omar Boulware, WSSC Commissioner; Mujib Lodhi, WSSC's Chief Information Officer; and the Honorable Rushern L. Baker, III, County Executive, Prince George's County

service is in no way compromised with this increased spending, and the value to the small business is not only beneficial to WSSC, but also to the growth and development of the business,” states Lodhi. “This creates local jobs, puts money back into the communities we serve and enables small businesses to develop their own internal portfolios, which ultimately benefits the community through improved delivery of better enterprise solutions elsewhere.”

Lodhi also believes that “small, diverse companies are willing to go above and beyond when it comes to customer satisfaction. Where large companies will provide a solid foundation of systems and services, it is

“The use of small, diverse firms has often proven to be critical to success in terms of their flexibility and adaptability. By unbundling the contracts and using BOA’s, I.T. has maximized SLMBE participation up to 70 percent on many projects, with 30 percent or more going to larger firms where they can best serve the Commission. We have also seen substantial discounts relative to GSA schedules or list prices of 50 percent to as much as 85 percent.”

*Mujib Lodhi
Chief Information Officer, WSSC*

often the small business operators that can significantly enhance the value of those tools in unique ways toward the creation of new business value.”

Lodhi states that the key to long-term success includes “a hunger for business, which shows in performance and delivery character.” He also believes that small businesses should have “a willingness to adapt, innovate and suggest methods or technologies beyond the current scope that might educate WSSC personnel on early stage opportunities to excel.” He recommends that “partnering with other firms where each of your weaknesses is complemented” is important. Lodhi shared, “by encouraging our contractors in this way, we are benefitting internally and helping to establish a model where small businesses can flourish in their communities and enhance their growth prospects with dramatic potential.”

WSSC’s Chief Procurement Officer, David Malone

shared his view that the key to long-term Strategic Sourcing success can be executed in four ways: “1) to provide competitive and reliable sources to acquire all goods and services; 2) to promote equity, fairness and economic inclusion in our supply base; 3) to positively impact the cost structure of the organization in support of our ratepayers and stakeholders; and finally 4) to promote continuous improvement as a way of doing business perpetually.”

Malone states that “smaller firms may be limited in the amount of working capital and bonding available, which could make them vulnerable to interruption of cash flow. These limitations affect their ability to respond to complex or large solicitations and to fund large contracts. Smaller firms have to be very selective as to which opportunities and customers they will pursue. On the other hand, small firms can be much more responsive, agile and customer focused because they do not have the layers of management, decision-making and bureaucracy that plague large organizations. Often, they are more attuned to local and regional needs, resources and solutions. Small firms can also be very innovative and efficient and provide products and services at a lower cost due to lower operating overhead.”

Success Story: Making the Leap from Subcontractor to Prime Contractor

WSSC's Small, Local and Minority Business Enterprise ("SLMBE") Office administers a two-tier MBE and SLBE Program that focuses on facilitating access to Prime and Subcontractor opportunities on WSSC-funded contracts. The MBE and SLBE Programs are fully complementary Programs that have narrowly-tailored preferences to support small local and minority businesses which include subcontracting opportunities, helping vendors and suppliers to make the leap from Subcontractor to Prime. The process of making the leap from Subcontractor to Prime comes with both risks and rewards that may lead to a firm developing its capabilities, capacity and access to higher limits of capital and/or credit to support the growth of its business. WSSC's MBE and SLBE Programs invest resources in its MBE and SLBE firms to help them make the leap to "Prime Time" and sustain their competitive positioning. Since the inception of the MBE and SLBE Programs, WSSC's SLMBE Office has assisted numerous small and diverse companies in obtaining prime and subcontracting opportunities in its four (4) broad contracting areas of Architecture and Engineering, Construction, Goods and General Services and Professional Services.

"[S]mall firms can be much more responsive, agile and customer focused because they do not have the layers of management, decision-making and bureaucracy that plague large organizations. Often, they are more attuned to local and regional needs, resources and solutions. Small firms can also be very innovative and efficient and provide products and services at a lower cost due to lower operating overhead."

*David Malone
Chief Procurement Officer, WSSC*

One such company is Rivers Construction Group, Ltd. In 2006, Luis Rivera started a construction company out of a basement office on Galt Avenue in Silver Spring, Maryland. Ten years later, Rivers Construction Group employs 110 people in our market area, handles multi-million dollar jobs, and operates out of a large office on aptly named Prosperity Drive in Montgomery County.

Rivera says he owes much of his success to WSSC's SLMBE Office, which first gave him the opportunity to bid on smaller jobs and prove his company's capability through the SLBE Program. Rivers Construction Group was approved with WSSC's SLBE Program in 2007 and has graduated from the SLBE Program. Rivers Construction Group is also a certified-MBE (Asian-American) firm with the Maryland Department of Transportation ("MDOT").

"There were opportunities for jobs ranging from \$0 to \$50,000 for small businesses and it didn't require us to have a bond," Rivera says. "That's when we decided to register and that's when we really became active."

"We were a Subcontractor for five or six years and had about five jobs per year when we started," says Rivera. "They were small jobs, but they were all we needed."

Currently, Rivers Construction Group is the Prime Contractor on several WSSC-funded contracts. Rivers demonstrates its commitment to the value and the spirit of the MBE and SLBE Programs by utilizing MBE and SLBE firms, as subcontractors, on their contracting opportunities with the Commission. Rivera says, "We're now doing for other subcontractors and MBEs what someone did for us [when we first started]."

"Everyone thinks you're not going to make it [as a small minority business]," says Rivera, "but if doors are opened at WSSC, that makes all the difference."

Extensive Outreach

WSSC's SLMBE Office continues to set the standard for Supplier Diversity by developing a world-class diverse supply chain that adds value. The SLMBE Office is critical to WSSC's strategy and is dedicated to creating an inclusive purchasing environment while building sustainable relationships, expanding opportunities, and cultivating growth of M/WBE and SLBE firms. The SLMBE Office has continued to strengthen its efforts to enhance and expand access to WSSC's contracting opportunities for M/WBE and SLBE firms. We strategically plan workshops and trainings to assist in the development of competency and capacity for our suppliers. Additionally, the SLMBE Office maintains a deliberate presence in the community through various outreach events.

Outreach Tools

The SLMBE Office uses various tools to enhance its outreach efforts and stakeholder engagement.

WSSC SLMBE Website –
www.wsscwater.com/slmbe

Weekly E-Alerts

Dedicated Mailboxes:

- SLMBE – SLMBE@wsscwater.com
- Web-Based Compliance –
wsscwebcompliance@wsscwater.com
- Disparity Study – wsscstudy@wsscwater.com

WSSC's YouTube Television Station

Media Outlets – Featured on
Pat Thornton Hour, WHUR

Periodicals – Featured in MEA Magazine

WSSC Supplier Portal System

(formerly Central Bidder Registration or CBR) –
www.wsscwater.com/supplier

WSSC's Web-Based Compliance System –
www.wsscwater.com/slmbe then Go to "Compliance"

On November 1, 2015, WSSC launched the new WSSC Supplier Portal System. It replaced the Centralized Bidder Registration (CBR) system, and

provides faster, more efficient service for doing business with WSSC. It reduces paper-based forms, streamlines the bidder registration process and offers a much more effective way to process invoices and payment to suppliers. The new portal offers an improved user experience, allowing suppliers to easily:

- Manage their profile and documents
- Receive and view solicitations based on products and services they provide
- Improve communication capabilities between suppliers and WSSC

Businesses registered in the CBR prior to October 29, 2015, received notifications and information about the new portal and were automatically transferred from the CBR to the WSSC Supplier Portal. Effective November 9, 2015 solicitations are distributed only via the new WSSC Supplier Portal. Businesses not yet registered with WSSC are encouraged to visit the WSSC Procurement page at wsscwater.com/contracts for registration information. A vendor must be registered in the WSSC Supplier Portal in order to do business with WSSC.



Participants at WSSC's 2016 Women Business Owners Expo

Strategic Partnerships

The SLMBE Office continues to actively participate on leadership boards and committees of Supplier Diversity organizations to remain connected to the best and current practices in supplier development and to provide expertise on administering a

successful MBE Program. The SLMBE Office also maintains memberships and support for local and national council chambers, associations, and other like-minded organizations. These organizations include: Women Presidents' Educational Organization (WPEO), and The Capital Region Minority Supplier Development Council (CRMSDC).

In FY 2016, WSSC's SLMBE office hosted and participated in ninety-seven (97) outreach events with the purpose of creating a lasting footprint on the local business community. The SLMBE Office continues to support numerous regional and diverse business development organizations and/or events based in WSSC's community. These events represent various ethnic population segments, as well as specific interests in the public and private sectors of the WSSC region. They include: attending, hosting and participating in local and regional supplier development workshops and expositions that target M/WBE and small, local businesses for contracting opportunities in the public and private sector.

Figure 20: FY 2016 SLMBE Office Outreach Efforts by Organization

Organization Type	Number of Events
Chamber of Commerce	11
Capitol Region Minority Supplier Development Council	6
WSSC Internal/Supplier Development/ Contract Specific Workshop	8
Non-Profit Organizations	23
Private Corporations	10
WSSC Special Event	9
State and Local Government	5
WSSC Vendor Workshop	20
Women Presidents' Educational Organization (WPEO) & Women's Business Enterprise National Council (WBENC)	5

In FY 2016, WSSC and its SLMBE Office received the following awards under the leadership of Carla A. Reid, GM/CEO and Towanda R. Livingston, Director, SLMBE Office. These awards include but are not limited to the following:

- Maryland Washington Minority Companies Association's (MWMCA) Minority Outreach Certificate
- Women's Business Steadfast Supporter Award from Women Business Owners of Prince George's County (WBO-PG)
- Black History Hero Award from Maryland Washington Minority Companies Association (MWMCA) and Maryland Live Casino
- Commitment to the Success of Women's Business Enterprises Award by the Women Presidents' Educational Organization (WPEO)
- Global Advocate Ambassador Certificate from We're Empowered to Achieve the Impossible (WETATI)
- Most Inclusive Corporation of the Year for Minority Business Award from Maryland Washington Minority Companies Association (MWMCA)
- Supplier Diversity Executive of the Year Award from Minority Enterprise Advocate (MEA) Magazine

We would like to sincerely thank the organizations that recognized and/or partnered with WSSC and the SLMBE Office during FY 2016 and look forward to continued strategic partnerships in the future. In addition to organizations previously mentioned, we would also like to thank:

- State of Maryland Governor's Office of Minority Affairs (GOMA)
- Prince George's County Chamber of Commerce
- Prince George's County Supplier Diversity & Development Division
- Montgomery County Office of Procurement
- Maryland Hispanic Business Conference
- Greater Washington Hispanic Chamber of Commerce (GWHCC)
- Women Business Owners of Montgomery County

WSSC's 6th Annual Women Business Owners Expo



The SLMBE Office hosted our signature event, the Women Business Owners Expo ("Expo"), on March 31, 2016.

After two years and

countless requests to revive our event, we brought it back and it was better than ever. The attendance and feedback was phenomenal. The theme for this year's Expo was "R U A Game Changer?" The event was held in March to celebrate Women's History Month and to highlight women business owners in Montgomery and Prince George's counties. The purpose of this event is to provide women business owners with the opportunity to learn more about local programs that are available to assist them with their businesses and aligns with SLMBE's tenet of Supplier Development. The Expo provided the women business owners exposure to WSSC's contracting opportunities by meeting representatives from WSSC's major contracting areas: Architecture and Engineering; Construction; Goods and Services; and Professional Services. The event featured six keynote speakers, thirty organizational partners (external exhibitors from the Supplier Diversity community) and ten enrichment workshops. Highlights of the event included the following: opening remarks from then-Commissioner Mary Hopkins-Navies; the presentation of two awards presented by the first woman General Manager and Chief Executive Officer (GM/CEO) in the Commission's history, Carla A. Reid



Mary Hopkins-Navies, (former WSSC Commissioner) and Carla A. Reid, GM/CEO with WSSC's Executive Women and the 2016 WBO Expo Speakers

to: awardee Sharon Moore-Jackson of Prince George's County Supplier Development & Diversity Division; and awardee Dawn Jackson of NuDawn Marketing. GM/CEO Reid announced five contracting opportunities exclusive to new suppliers. The event had a record-breaking attendance of over 450 participants and received phenomenal feedback.

"Montgomery County Government attended WSSC's 2016 Women Business Owners Expo. We were delighted to discuss our programs with the business owners attending the conference. As a result, we increased the number of vendors in our database and provided contracting opportunities."

*DeVance Walker, Jr., Sr. Manager
Business Procurement Development
Montgomery County*

WSSC'S "Leap to Fleet" Event

On February 29, 2016, the SLMBE Office, in conjunction with the Strategic Sourcing Fleet Team hosted the inaugural Fleet Event. The event provided suppliers and vendors with an opportunity to meet representatives from WSSC's Fleet and Logistics Operations and Fleet contracting personnel from other local organizations in the Greater Washington Metropolitan area, to discuss the procurement of fleet, fuel, tires, maintenance and equipment. The plenary event included representation from the Greater Washington Region Clean Cities Coalition, the Maryland State Highway Administration, the Montgomery County Division of Fleet Management Services, the City of Baltimore's Bureau of Purchases, the Prince George's County Office of Central Services and the University of Maryland's Motor Transportation Services. The event also featured demonstrations of some of WSSC's vehicles. There were approximately 40 attendees.



Jon Sims, Group Leader, WSSC Fleet Services

2015 Disparity Study

Background

The WSSC 2015 Disparity Study is a five-year retrospective evaluation of procurement procedures for the Fiscal Years 2010-2014. This Study assesses WSSC's procurement activity on women-owned and minority business enterprises. This study was conducted independently by MGT of America, Inc. (MGT) on behalf of WSSC.

MGT collected data and anecdotal testimony and public and private comments about WSSC's Minority Business Enterprise (MBE) Program for independent analysis and review as part of the 2015 Disparity Study. Participation by the WSSC vendor community was encouraged and privacy was ensured.

The 2015 Disparity Study was finalized and the results of the study were presented at Public Meetings held in June 2016. A Public Comment period commenced for thirty (30) days beginning June 16, 2016. The findings of the Study determined that "statistically significant" disparity still exists in the WSSC geographical market area, and establishes a "factual predicate" that supports continuation of the WSSC's MBE Program.

A disparity study quantifies the difference between the availability of M/WBE firms in a government agency's market and the utilization of those firms by the agency. This analysis is typically regarded as the key factual support for a M/WBE Program's race- and/or gender-conscious remedies or preferences. The WSSC

2015 Disparity Study closely examined WSSC-funded contracts from July 1, 2009 to June 30, 2014 (study period).

The current MBE Program, referred to as SP MBE 11-01, at the present time is up for reauthorization and will "sunset" on July 1, 2017. As WSSC moves forward to seek approval of the reauthorization of the MBE program in 2017, the 2015 Disparity Study serves as a legal basis for the continuation of WSSC's SLMBE Program.

Key Objectives

1. The primary objective is to assess, quantify, and evaluate the prevalence, magnitude, and extent of marketplace discrimination, if any, against minority and women business enterprises (M/WBEs).
2. Determine whether WSSC, either in the past or currently, engages in discriminatory practices in the solicitation and award of contracts in Architecture and Engineering, Construction, Goods and Services and Professional Services to minority and women owned business enterprises (M/WBEs).
3. Determine if a legally justified need exists for the establishment of an M/WBE program in accordance with the guidelines set forth by the Supreme Court and relevant subsequent cases.

Key Findings

In determining whether there was a disparity between M/WBE availability and utilization, MGT evaluated five distinct racial, ethnic and gender groups, which together constitute M/WBEs including: African-Americans, Asian-Americans, Hispanic-Americans, Native-Americans and non-minority WBE firms. MGT also analyzed the utilization and availability of contract awards to non-M/WBE firms.

The full 2015 Disparity Study can be found on the WSSC website at www.wsscwater.com/disparitystudy.

"MGT of America commends WSSC on their dedication to increasing the utilization of minority- and women-owned businesses in WSSC's contracting opportunities. Our findings identified in the 2016 Disparity Study recommend that WSSC continue its efforts by setting project specific goals and expanding the collection of subcontractor data to include non-MWBE firms."

*Reggie Smith
Vice President, Disparity Research
MGT of America*

WSSC's Current to Future State of MBE/SLBE Participation

Figure 21. Current/Present to Future State of MBE/SLBE Participation represents a snapshot of the impact of the 2015 Disparity Study on the narrowly-tailored SLMBE Programs' preferences that will be afforded to specific classifications of businesses. This figure delineates the present and future state of the SLMBE Programs' prime and subcontractor preferences for WSSC's four (4) broad contracting areas and identifies by "Yes" or "No" whether a specific classification of business will be afforded preferences.

Figure 21: Current/Present to Future State of MBE/SLBE Participation

PRIME PRESENT SLMBE PARTICIPATION					PRIME FUTURE SLMBE PARTICIPATION				
SLMBE Program Firm Type(s)	Construction Services	Architectural & Engineering	Professional Services	Goods & General Services	SLMBE Program Firm Type(s)	Construction Services	Architectural & Engineering	Professional Services	Goods & General Services
African American	YES	YES	YES	YES	African American	YES	YES	YES	YES
Asian American	YES	YES	YES	YES	Asian American	YES	YES	YES	NO
Hispanic American	NO	YES	YES	YES	Hispanic American	NO	YES	NO	YES
Native American	YES	NO	NO	NO	Native American	YES	NO	NO	NO
Women Business Enterprise (WBE)	YES	YES	YES	YES	Women Business Enterprise (WBE)	YES	YES	YES	NO
WSSC Approved SLBE	YES	YES	YES	YES	WSSC Approved SLBE	YES	YES	YES	YES

SUBCONTRACTING PRESENT SLMBE PARTICIPATION					SUBCONTRACTING FUTURE SLMBE PARTICIPATION				
SLMBE Program Firm Type(s)	Construction Services	Architectural & Engineering	Professional Services	Goods & General Services	SLMBE Program Firm Type(s)	Construction Services	Architectural & Engineering	Professional Services	Goods & General Services
African American	YES	NO	NO	YES	African American	YES	YES	YES	YES
Asian American	YES	NO	NO	YES	Asian American	YES	YES	YES	NO
Hispanic American	NO	YES	NO	NO	Hispanic American	NO	YES	NO	NO
Native American	YES	NO	NO	NO	Native American	YES	NO	YES	NO
Women Business Enterprise (WBE)	NO	NO	NO	NO	Women Business Enterprise (WBE)	YES	YES	YES	NO
WSSC Approved SLBE	YES	YES	YES	YES	WSSC Approved SLBE	YES	YES	YES	YES

The Road Ahead: Moving Forward

Since the inception of WSSC's Minority Business Enterprise (MBE) Program in 1978, WSSC has continued to find ways to expand access to minority and women-owned businesses. The Commission seeks highly skilled, diverse suppliers whose fresh perspectives and innovation meet the ongoing business challenges of delivering quality water and wastewater services. The SLMBE Office's affirmative procurement initiatives are an integral part of WSSC's mission to provide value-driven and world-class services to the community.

Looking at the road ahead for our SLMBE Programs today, tomorrow and the future in Fiscal Year 2017, WSSC's robust supplier diversity strategy is dedicated to bringing value through collaborative partnerships with our diverse and local small business community. We remain steadfast in our commitment to effectively implement and institutionalize enhancements in our supply chain by expanding access to the widest selection of qualified, diverse suppliers that bolsters competition in the supplier selection process and brings value to the customers and communities we serve.

It is our intent to develop solution-oriented, diverse and local business partners, that continue to bring value to WSSC and the wider community; therefore, the road ahead for our SLMBE Programs includes, in summary, the following:

- Securing reauthorization of our Minority Business Enterprise Program during Maryland's 2017 Legislative Session;
- Implementing the recommendations of our 2015 Disparity Study via our updated enabling Program policies;
- Improving access to capital for local diverse and small businesses via our Business Investment and Growth Program;
 - Provide access to capital via community banks;
- Improving our Supplier Development via progressive clinics and workshops that focus on developing the capacity, capabilities, capital, creditworthiness and research and development of our diverse and local small businesses;
 - Continue to host targeted outreach events that prepare diverse and local firms to engage in

contracting opportunities and develop the base of diverse suppliers that will be needed for future contracting opportunities;

- Improving our Small Local Business Enterprise Program application submittal and approval processes by leveraging technology;
 - Launching the online SLBE application and approval process to support the acceleration and proficiency of the SLBE firm approval and renewal processes.
- Introducing a Supplier Diversity Distributorship Program;
 - Enabling a value-added diverse distributorship/reseller/supplier base program that will support WSSC in achieving its short and long-term (fiscally-sound) operations and maintenance objectives.

In addition, we will continue our programmatic development activities to improve the preferences that may be leveraged to provide our valued, diverse local supplier base the access and means needed to successfully engage in contracting opportunities with WSSC, such as:

- Contract-Specific Subcontracting Requirements;
- Expanded Unbundling;
- Expedited Payments;
- Mentor-Protégé Program;
- Bid Price Preferences;
- Proposals Evaluation Point Preferences;
- Sheltered Market Program;
- Small Contracts Rotation Program; and
- Graduation.

In closing, developing adaptable MBE and SLBE Programs that are fully integrated in our contracting practices is vital to the longevity and future of our supplier diversity efforts and sustaining our local economy. Our objective remains to ensure inclusion that contributes to achieving and sustaining customer service excellence and supports our organizational objectives. This is accomplished through a diverse supply chain that timely provides goods and services in a timely fashion, with cost savings and mitigates risk.

WSSC Governance & Leadership

WSSC Board of Commissioners FY 2017



Fausto R. Bayonet
Chair (Montgomery County)



Chris Lawson
Vice-Chair (Prince George's County)



Omar M. Boulware
(Prince George's County)



Howard A. Denis
(Montgomery County)



T. Eloise Foster
(Montgomery County)



Thomasina V. Rogers
(Prince George's County)

Corporate Secretary



Sheila R. Finlayson, Esq.

General Manager/CEO



Carla A. Reid

Deputy General Manager for Administration



Thomas J. Street

Director, SLMBE Office



Towanda R. Livingston

SLMBE Office/Team



Towanda R. Livingston
Director, SLMBE Office



Beverly Perry
Administrative Assistant III



Linda Mann
SLMBE Project Manager



Courtney Edmonds
*Supplier Diversity Program
Manager (Advocacy &
Compliance)*



Tracey Edwards
*Supplier Diversity Program
Manager (Outreach &
Development)*



Brittany Gonzalez
*SLMBE Outreach
Coordinator*



Lisa Malone
*SLMBE Compliance
Specialist*



O. Dalila Perla
*SLMBE Compliance
Specialist*



LaCreshia Wood
SLMBE Program Specialist



Junther Montoya
SLMBE Intern

Glossary of Terms

Appendix A—Section in WSSC solicitations describing the SLMBE Program participation requirements, potential subcontracting opportunities, good faith efforts evaluation, test standards determining commercially useful function and applicable SLMBE Program forms.

Architectural and Engineering Services—

Professional or engineering nature; or required to be performed or approved by a person licensed, registered, or certified to provide such services; or related to research, planning, development, design, construction, alteration, or repair of real property; or incidental services, which such individuals perform, including studies, investigations, surveying, mapping, tests, evaluations, consultations, comprehensive planning, program management, conceptual designs, plans and specifications, value operating and maintenance manuals, and other related services.

Award—The final selection of a bidder or offer for a specified prime contract or subcontract dollar amount. Contract awards are made by the Commission to prime contractors or suppliers and by prime contractors or suppliers to subcontractors or sub-suppliers, usually pursuant to an open Invitation for Bid (IFB), a Request for Proposal (RFP) or an Architecture & Engineering Qualification process. Contract awards reflect anticipated dollar amounts, which may be different from eventual payments.

Bidder—A firm submitting a price or proposal in response to an Invitation for Bid.

Bidders List—The list of sources of supply for each category of goods and supplies, services, or construction purchased by WSSC.

Business—Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.

Change Order—A unilateral written order signed by the Chief Procurement Officer or designee, directing the contractor to make changes without the consent of the contractor.

Chief Procurement Officer—The head of the central procurement and supply chain management function of WSSC.

Commission (or WSSC)—The Washington Suburban Sanitary Commission.

Compliance—Conformance between our contracting vehicle and our enabling policy. This includes: educational awareness, enforcement, and prevention. Assuring that what is promised is what is paid. Also, for the SLMBE Office, reviewing and reporting data to provide an accurate picture of how the SLMBE Program is performing.

Construction—The process of building, altering, repairing, improving or demolishing any public facility, including structures, buildings, pipelines, plants, infrastructure or other public improvements to real property. It does not include the routine operation, routine repair or routine maintenance of these facilities. Construction materials and supplies may be part of a construction purchase if procured by the contractor. If construction materials and supplies are purchased directly by WSSC, they are classified as goods purchases.

Contract—All types of WSSC agreements for the procurement or disposal of goods and supplies, services, professional services, architectural and engineering services, or construction, regardless of what they may be called.

Contract Type—WSSC's four broad contracting areas: Architectural and Engineering, Construction, Goods and Services, and Professional Services.

Contractor—Any person having a contract with WSSC.

Data—Recorded qualitative or quantitative information, regardless of form, that can be read, retrieved, and reproduced, including information that is electronically transmitted and stored.

Disparity Study—A statistical analysis of WSSC prime contractors and subcontractors. The most recent disparity study covered the period July 1, 2009, to June 30, 2014, and considered purchase orders and direct payments from several WSSC data sources.

Glossary of Terms (cont.)

Dollars—Dollars paid and awarded to primes, subcontractors and suppliers for WSSC contracted goods and services.

Fiscal Year (FY)—WSSC's Fiscal Year is July 1 through June 30.

General Manager/Chief Executive Officer (GM/CEO)—The most senior manager in the WSSC organization chart, who is referred to as "General Manager" in Title 18 of the Public Utilities Article and in certain WSSC Standard Procedures and other official WSSC documents, and any successor position thereto irrespective of name.

Goal—Either a desired annual target or a contract-specific subcontracting requirement. Annual targets are aspirational; they are not applicable to individual contracts, but are intended to serve as benchmarks against which to measure the effectiveness of the SLMBE Program in increasing participation of ready, willing and able SLMBEs in WSSC contracting opportunities.

Good Faith Efforts—Actions taken by a bidder, respondent or prime contractor as established by reliable documentation of the bidder's intent to comply with the SLMBE Program goals and procedures. Good faith efforts go beyond due diligence and include, but are not limited to, all specified requirements.

Goods—Supplies, equipment, materials, and all tangible personal property, excluding real property.

Graduation—An M/WBE or SLBE firm permanently graduates from WSSC's SLMBE Program when it meets the criteria stated in SP MBE 11-01 (effective May 1, 2011) and SP SLBE 12-01 (effective August 26, 2011), respectively.

MBE—MBE is used in two ways in this report:

(1) When used to describe an official WSSC program or policy, MBE refers to any legal entity, except a joint venture, that is organized to engage in commercial transactions; is certified as being at least fifty-one percent (51%) owned, managed, and controlled by one or more socially and economically

disadvantaged minority or woman individuals as defined in Article §14-301 of the State Finance & Procurement Article of the Maryland Annotated Code; and is ready, willing, and able to sell goods or services that are purchased by the WSSC. In this use, MBE includes women-owned business enterprises and is limited to firms that have obtained MBE certification in accordance with the provisions of Section VII.A.

(2) When used in conjunction with graphs and tables in this report, it includes only minority-owned businesses, and does not include women-owned businesses.

M/WBE Percentage—The total contract awards and/or total contract payments made to certified minority and women business enterprises divided by the total awards/payments (majority plus M/WBE.) Note that it is possible to have a lower M/WBE payment percentage in a given year, even if the total amount paid is higher, depending on the total dollar amount of all contract payments.

Payments—Dollars actually paid to prime contractors, subcontractors, or suppliers for WSSC-contracted goods and services.

Procurement—Buying, purchasing, renting, leasing, or otherwise acquiring any goods and supply services related to those goods and services, and any kind of professional services, including consultants, architectural and engineering services, or construction. It also includes all functions under the Chief Procurement Officer, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

Procurement Card (P-Card)—A credit card used by Commission employees to purchase items under \$5,000. These expenditures are not currently included in the M/WBE payment data.

Procurement Office—The office that obtains goods and professional services Commission-wide.

Glossary of Terms *(cont.)*

Procurement Officer—Any WSSC employee duly authorized to enter into and administer contracts and make written determinations with respect thereto.

Proffer—To include in an offer. When a bidder or proposer's offer is accepted with subcontracting participation, WSSC states that the bidder or proposer has proffered subcontracting on the contract.

Public Notice—The distribution or dissemination of information to interested parties using methods that are reasonably available, including newspapers, electronic or paper mailing, and web sites.

Services—Labor, time or effort not involving the delivery of a tangible material product other than reports incidental to the required performance. The term includes consulting, personal, professional, technical and advisory services. It does not include employment agreements and collective bargaining agreements.

Sheltered Market Program—A program that gives M/WBE and SLBE firms the opportunity to compete in smaller vendor pools.

Small Local Business Enterprise (SLBE)—An independently owned and operated business—regardless of race, ethnicity or gender—that is located in Prince George's County or Montgomery County or 25 percent of whose employees live in one or both counties.

Small, Local and Minority Business Enterprise Office—The office responsible for planning, managing, coordinating, and monitoring the Commission's Minority Business Enterprise Program, in accordance with State Law.

Solicitation—An invitation for Bids, a Request for Proposals, a request for quotations, an invitation for qualification, or any other document issued by WSSC for the purpose of soliciting bids or proposals to perform a WSSC contract.

Standard Metropolitan Statistical Area (SMSA)—A geographical region with a relatively high population density at its core and close economic ties throughout the area.

Strategic Partners—A business partner who understands and shows support of our core strategies; lives up to our core values; is agile and innovative, can grow with us; anticipates our needs; and is able to deliver cost-effective solutions with our customers in mind.

Subcontractor—A person or business that is providing or performing an essential aspect of the contract under the direction of the contractor.

Unbundling—Dividing an aspect of a contract, such as a service, into smaller parts, usually in order to encourage competition by smaller bidders.

Waiver—Approval from the Procurement Office to put aside a requirement in a specific contract. Requests for waivers must be submitted in writing and supported by documentation that demonstrates a good faith effort to meet the requirement either pre- or post-award of a WSSC contract. Waivers are subject to approval by the SLMBE Director.

Women-Owned Business Enterprise (WBE)—Any legal entity, except a joint venture, that is organized to engage in commercial transactions and that is certified as being at least 51 percent owned, managed and controlled by non-minority females.

WSSC's Supplier Portal—Serves as the central (and only) site for suppliers to register to do business with WSSC. (formerly "CBR")

Production Credits

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Contributors/Editors, SLMBE Office

Towanda R. Livingston, Director
Beverly Perry, Administrative Assistant III
Linda Mann, SLMBE Project Manager
Courtney Edmonds, Supplier Diversity Program Manager
Tracey Edwards, Supplier Diversity Program Manager
Brittany Gonzalez, SLMBE Outreach Coordinator
Lisa Malone, SLMBE Compliance Specialist
O. Dalila Perla, SLMBE Compliance Specialist
LaCreshia Wood, SLMBE Program Specialist
Dosh Jackson, SLMBE Intern
Junther Montoya, SLMBE Intern
Anu Akinbosotu, Program Support Analyst
Fatima Key, Program Support Analyst
Crystal Miller, Program Support Analyst
Dexter Powell, Program Support Analyst
Lynda Dorman, Consultant

Contributors/Writers, WSSC

Carla A. Reid, GM/CEO
Thomas Street, Deputy General Manager for Administration
Mujib Lodhi, Chief Information Officer
David Malone, Chief Procurement Officer
Jim Neustadt, Director, Communications
Jerry Irvine, Public Affairs Manager
Jenn Hawes, Communications Specialist
Angelique P. Dorsey, Ethics Officer

Production Support, Communications Office

Ayoka Blandford, Public Affairs Unit Coordinator
Debbie Donnelly, Graphics Design Specialist
Amy Wilson, Graphics Design Specialist
Jason Albert, Murray & Heister, Inc.

General Support Services

Robert Young, Manager
William Rowe, Reprographics Specialist
Brenda Hammond, Reprographics Aide

General Counsel's Office

Russel Beers, Acting General Counsel

Intergovernmental Relations Office (IRO)

Karyn Riley, Director
Eugene Williams, Government Affairs Manager
Guy Andes, Government Affairs Specialist

Corporate Secretary

Sheila R. Finlayson, Esq.

Photography by:

Ronald Williams, WSSC Photographer

WSSC plays a vital role as environmental stewards of the region's watersheds and waterways. Moving to electronic delivery of this report has reduced the number of printed copies — saving trees and money. Please consider the environment. Think before you print. The FY 2016 SLMBE Program Performance Results Report can be viewed on our website at www.wsscwater.com/legreport



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**Small, Local and Minority Business
Enterprise (Supplier Diversity) Office**

"Diversity...just the way we do Business!"



WSSC provides life-sustaining water and wastewater services that are critical to public health. Our work makes it possible for individuals, families, and businesses to enjoy quality of life. For nearly 100 years, 24 hours a day, and seven days a week, we have served the people of Prince George's and Montgomery counties. WSSC drinking water has always met or surpassed federal standards. We are WSSC, Where Water Matters.