

# Office of Supplier Diversity & Inclusion

## Programs Performance Report

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**FISCAL YEAR 2019**

**July 1, 2018 – June 30, 2019**



**FISCAL YEAR 2019  
OFFICE OF SUPPLIER  
DIVERSITY & INCLUSION  
PROGRAMS PERFORMANCE  
REPORT**



**July 1, 2018 – June 30, 2019**

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 30th; and
- appropriate recommendations concerning the programs

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## Message from WSSC Water's General Manager and CEO Carla A. Reid

WSSC Water is an innovative and mission-driven organization, focused 24/7/365 on delivering the essential: safe and reliable water to our 1.8 million customers in Prince George's and Montgomery counties. Our passion and dedication to safety is why I can proudly say that WSSC Water has never had a single drinking water quality violation in our 101 years of service to our customers.

And for the men and women of WSSC Water, it's all about improving service to our customers. This year, those improvements included implementing a modern and simplified rate structure that changed the way we charge for water and sewer. Additionally, we introduced a redesigned bill that is easier to read and enhanced our customer affordability program to help more customers.

As always, we are vigilant stewards of the public's money – saving tens of millions through strategic sourcing efforts, innovative solutions to improve operations, reduced overtime expenditures and other financially responsible measures. We also invest in innovative technology and approaches that streamline our efforts and result in cost savings to our customers.

We take great pride in delivering safe, seamless and satisfying water services to our customers in a financially responsible manner. But we cannot do it alone. We need help from a diverse network of private-sector partners. That's why we encourage small, local, minority and women business owners to "tap in" to all that WSSC Water has to offer! We look for highly-skilled, diverse suppliers whose fresh perspectives and innovation can help us solve complex challenges.

WSSC Water's Office of Supplier Diversity & Inclusion has received local and national attention for its successes in expanding opportunities to a growing number of diverse businesses in our community. The proof of the Office of Supplier Diversity & Inclusion's success lies in this Fiscal Year (FY) 2019 Programs Performance Report.

Some highlights in FY 2019 included:

- Spending more than \$152 million with Minority Business Enterprise (MBE) firms;
- Awarding more than \$133 million to MBE firms;
- Spending more than \$34 million with Small Local Business Enterprise (SLBE) firms; and
- Awarding more than \$29 million to SLBE firms.

While I'm ecstatic about the economic impact we had on our diverse business community last year, I'm even more excited about our future! Over the next six years (FY 2021 – FY 2027), we plan to invest \$3.7 billion in projects designed to enhance operations and customer service by replacing aging infrastructure. This investment will create and sustain thousands of local jobs and generate a significant economic impact for our local area.

Thank you for your ongoing support as we proudly embark on our second century of service delivering the one essential we cannot live without – safe, clean water.

Carla A. Reid



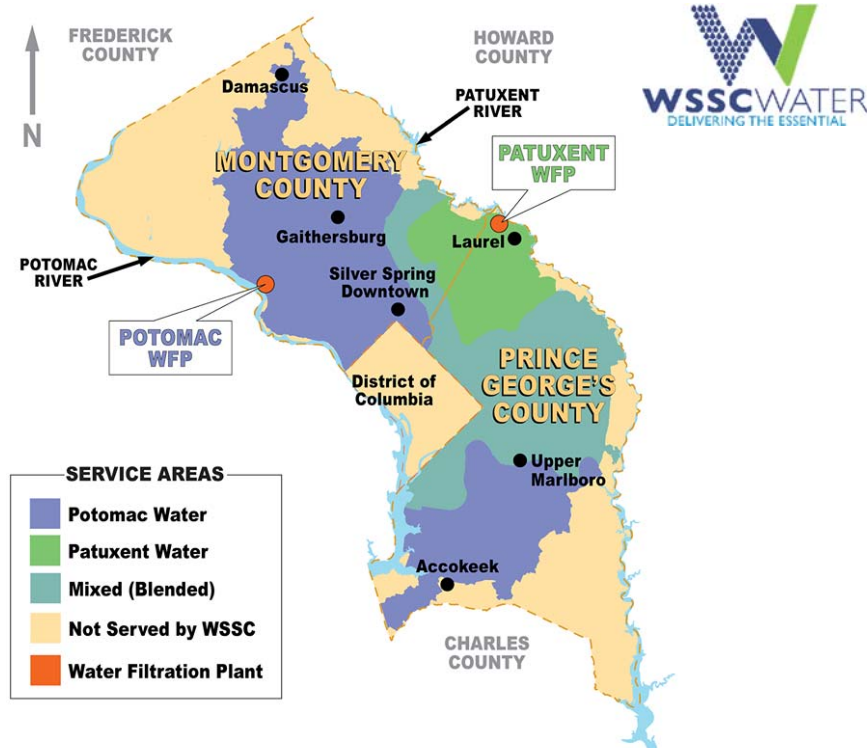
General Manager/CEO



## About WSSC Water

WSSC Water provides life-sustaining water and resource recovery services that are critical to public health. Our work makes it possible for individuals, families, and businesses to enjoy quality of life. For more than 100 years, 24 hours a day, seven days a week, we have served our neighbors in Prince George's and Montgomery counties. We balance the needs of the present, protect the environment for future generations and ensure access to life's essential -- clean water.

### Where Does My Water Come From?



WSSC Water is one of the largest and most advanced water and wastewater utilities in the United States, serving an area of some 1,000 square miles and nearly 1.8 million residents. WSSC Water operates three reservoirs, two water filtration plants, and six water resource recovery facilities. We maintain more than 5,700 miles of water main lines, more than 5,500 miles of sewer main lines, and perform 500,000 laboratory tests annually to ensure water safety and quality.

Our mission is to provide safe, reliable water and, return clean water to our environment, all in an ethical, sustainable and financially responsible manner.

WSSC Water 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 Water has never had a water quality violation.

### Supplier Diversity & Innovation at WSSC Water

WSSC Water is responsible for the procurement of services and commodities that are categorized in the contract areas of: Architecture and Engineering (A/E), Construction, Goods and Services, and Professional Services. WSSC Water engages our diverse supplier community through its MBE and SLBE Programs to purchase the services necessary to support the vision, mission, and values of WSSC Water.

In Fiscal Year 2019, WSSC Water broke ground on our largest and most technically advanced project in our 101-year history, the Piscataway Bioenergy Project. In addition to a highly innovative wastewater treatment process, this project includes a progressive design-build approach for engaging our diverse business community. The early engagement of diverse firms for the Design and Early Work Packages serves as a precursor to the unprecedented levels of participation we anticipate during the construction phase of this project. Estimated at a contract value of \$250 million, this project will have a significant economic impact throughout the region and generate hundreds of local jobs.

## About WSSC Water (cont.)

### *Office of Supplier Diversity & Inclusion*

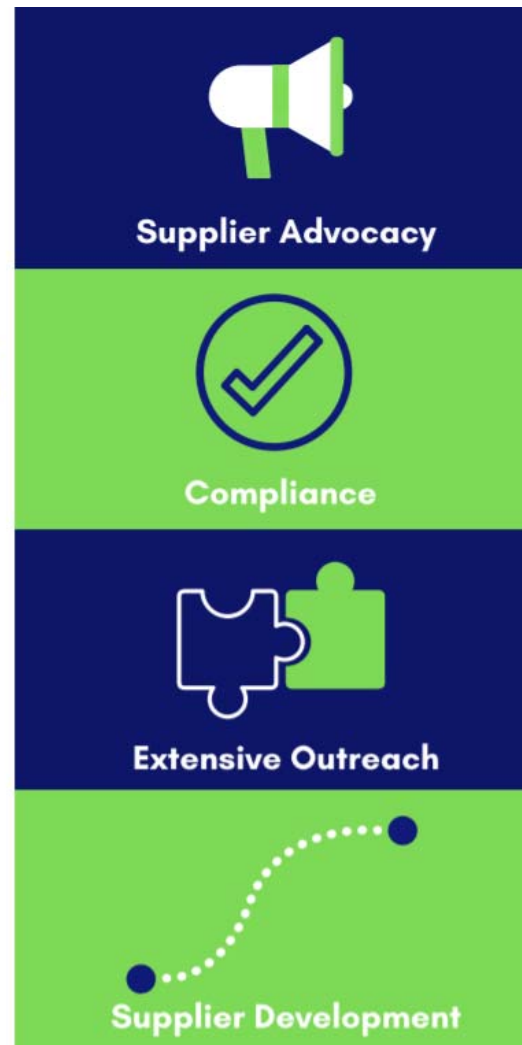
The Office of Supplier Diversity & Inclusion is committed to transforming and infusing innovation into WSSC Water's Supplier Diversity Program. Since 1978, the office has administered the Commission's MBE Program with the addition of the SLBE Program in 2001. Both programs continue to ensure that WSSC Water has a vendor base reflective of the community we serve. WSSC Water encourages strategic partnerships positioned to bring and sustain value-added goods and services.

WSSC Water has demonstrated a strong commitment to the economic development and advancement of diverse businesses by focusing on our four key areas – Supplier Advocacy, Compliance, Extensive Outreach and Supplier Development. The MBE and SLBE Programs are a reflection of our Commissioners, General Manager and Senior Leadership Team's commitment to the highest standards of diversity and inclusion in our procurement practices.



## **OFFICE OF SUPPLIER DIVERSITY & INCLUSION**

The Office is strategically focused on advocating for diverse, small and local businesses; expanding access to contracting opportunities; developing a sustainable supply base and monitoring compliance and performance on Commission contracts.



# Fiscal Year 2019 Performance Results: MBE Program

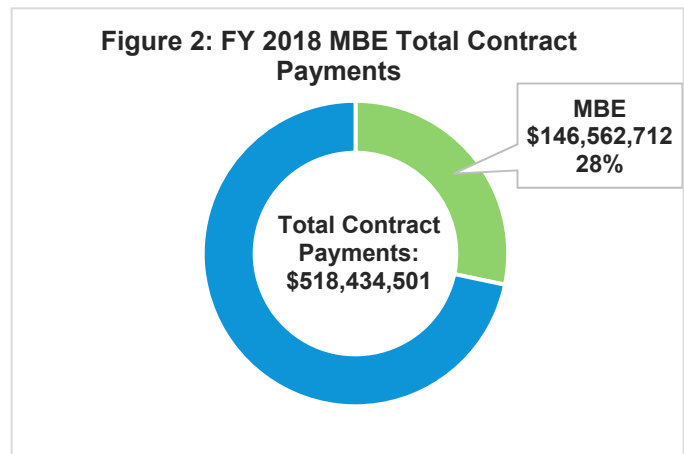
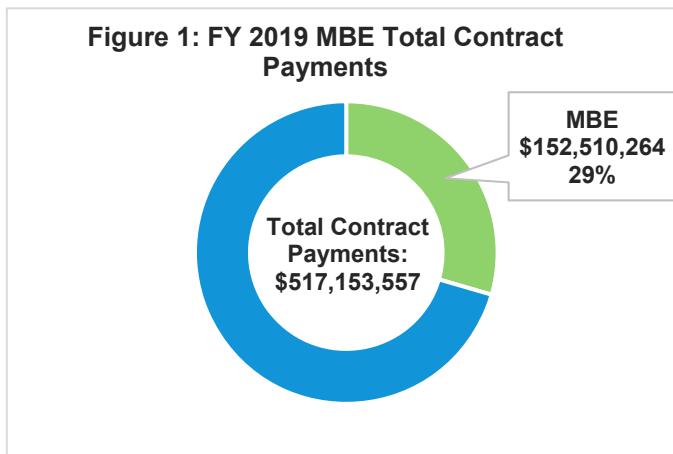
## Minority Business Enterprise (MBE) Program

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 MBE firms and Women Business Enterprise (WBE) firms in WSSC Water's contracts. WBE firms are included in the MBE figures throughout this report.

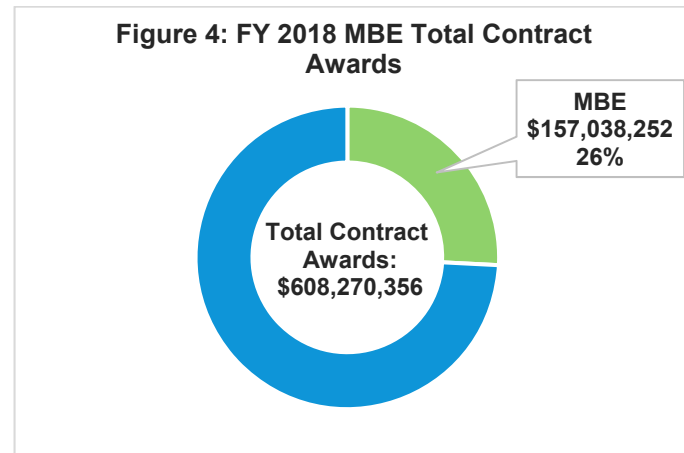
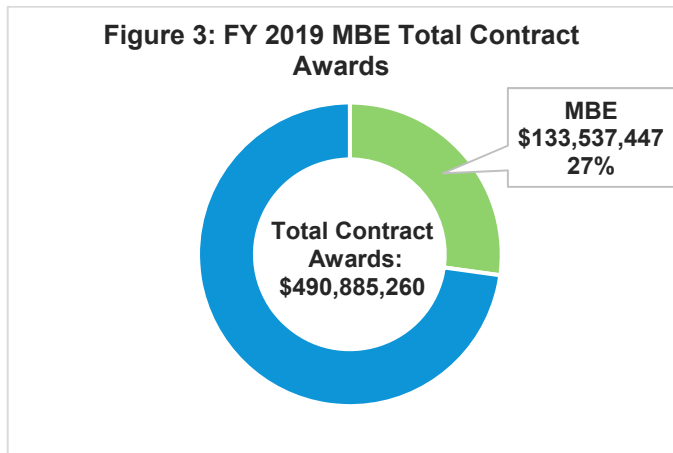
### Key Findings:

- Total contract payments to MBE firms increased compared to FY 2018
- WSSC Water met or exceeded Aspirational Goals by Contracting Area for MBE Payments
- More than half of all MBE contract payments went to firms located in Maryland
- Total contract payments to MBE firms have increased steadily over the past three years
- Total contract awards to MBE firms increased compared to FY 2018
- Nearly 60% of all MBE contract awards were at the Prime level, as opposed to Subcontractor level
- SLBE firms received \$20 million of the \$34 million in contract payments from the Construction Services area

In FY 2019, WSSC Water paid more than \$152 million (29%) in total contract dollars to MBE firms (see Figure 1) as compared to \$146 million (28%) in FY 2018 (see Figure 2).



In FY 2019, WSSC Water awarded \$133 million (27%) in total contracts to MBE firms (see Figure 3) as compared to \$157 million (26%) in FY 2018 (see Figure 4).



## Fiscal Year 2019 Performance Results: MBE Program (cont.)

### **Total MBE Contract Payments and Total MBE Contract Awards**

For the purpose of the FY 2019 Office of Supplier Diversity & Inclusion Programs Performance Report, WSSC Water's total contract payments and total contract awards are based on the service areas of Prince George's and Montgomery counties, other surrounding communities/counties in Maryland, Washington D.C. and some out-of-state cities. The following pages provide data on the total contract payments and total contract awards for FY 2019.

### **Total Contract Payments**

The cornerstone of the MBE Program and a key performance measure is the dollar value of total contract payments made to MBE firms. Actual contract payments to MBE firms measure the meaningful success of the MBE Program. The charts and graphs in the figures below provide a breakdown of MBE total contract payments. All MBE payments reported for Fiscal Year 2019 have been validated by MBE firms.

In FY 2019, WSSC Water's contract payments totaled \$517 million, while the MBE contract payments totaled more than \$152 million (29%), shown in Figure 5. WSSC Water's total contract payments are delineated by four (4) broad contracting areas: Architecture and Engineering; Construction; Goods and Services; and Professional Services. WSSC Water established MBE Aspirational Goals as a result of our 2015 Disparity Study for the four (4) broad contracting areas.

In FY 2019, WSSC Water met or exceeded the Aspirational Goals for each contracting area. Throughout the lifecycle of a contract, several 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 Contracting Area**

Contracting Area	Combined MBE & WBE Payments	MBE Percent	Aspirational Goals	MBE Prime Payments	WBE Prime Payments	MBE Sub Payments*	Majority Payments	Total Contract Payments
A/E Services	\$14,478,521	35%	24%	\$3,747,017	\$0	\$10,731,504	\$26,426,592	\$40,905,113
Construction Services	\$65,194,623	27%	13%	\$44,335,854	\$408,249	\$20,450,520	\$174,017,470	\$239,212,093
Goods & Services	\$53,979,201	33%	33%	\$35,944,484	\$10,857,598	\$7,177,119	\$109,024,173	\$163,003,374
Professional Services	\$18,857,919	25%	23%	\$11,259,713	\$4,188,794	\$3,409,412	\$55,175,058	\$74,032,977
<b>Total for all Contract Areas</b>	<b>\$152,510,264</b>	<b>29%</b>		<b>\$95,287,068</b>	<b>\$15,454,641</b>	<b>\$41,768,555</b>	<b>\$364,643,293</b>	<b>\$517,153,557</b>

\* Subcontractor Payments are included in the Combined MBE & WBE Payments



## Fiscal Year 2019 Performance Results: MBE Program (cont.)

Figure 6 shows MBE contract payments by classification. Hispanic-American firms received the largest share of MBE contract payments — 37%. Asian-American firms received 26% in payments and African-American firms received 25% of the MBE contract payments.

Figure 6: MBE Total Contract Payments by Classification

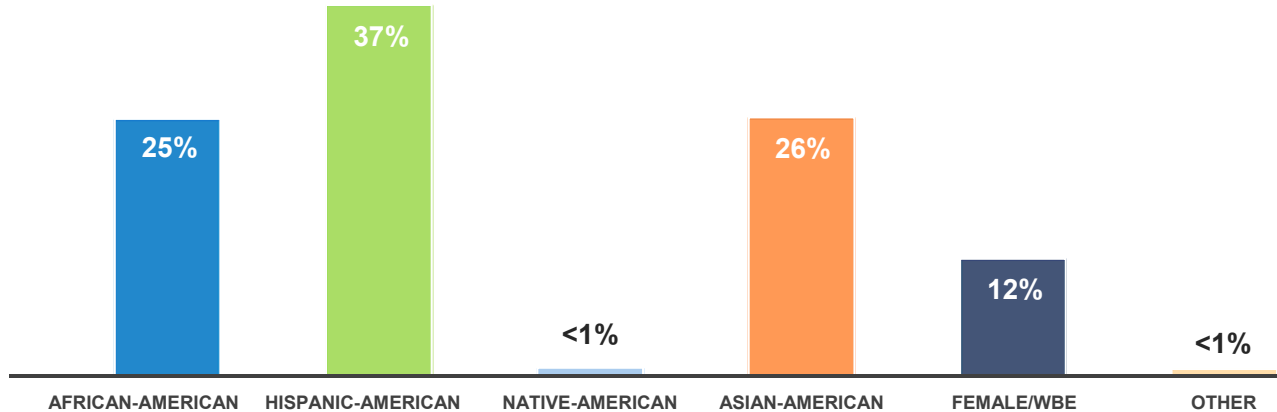
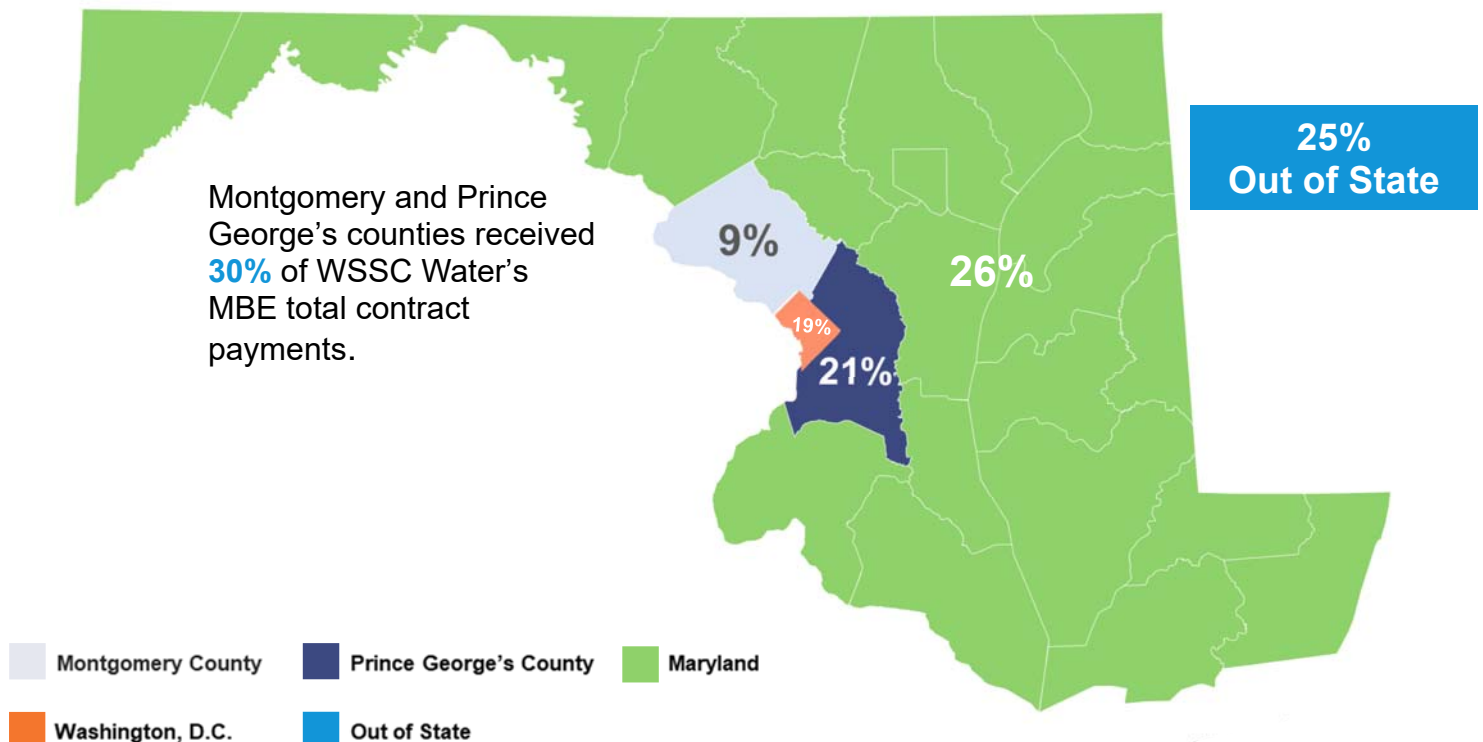


Figure 7 shows that Maryland firms received more than half of WSSC Water’s MBE contract payments in FY 2019. Of that amount, WSSC Water spent 21% with firms in Prince George’s County and 9% with firms in Montgomery County.

Figure 7: MBE Total Contract Payments by Location



## Fiscal Year 2019 Performance Results: MBE Program (cont.)

Contract payments to MBE firms have seen a steady increase over the past three years, as depicted in Figure 8 below. Over the past five years, an average of 26% of WSSC Water's total contract payments went to MBE firms. In FY 2019, 29% of WSSC's total contract payments went to MBE firms.

**Figure 8: MBE Total Contract Payments, FY 2015 – FY 2019**

Fiscal Year	MBE Payments	MBE Percent	Majority Payments	Total Contract Payments
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
2019	\$152,510,264	29%	\$364,643,293	\$517,153,557
<b>Total</b>	<b>\$705,214,952</b>	<b>26%</b>	<b>\$2,049,387,113</b>	<b>\$2,754,602,066</b>

### **Total Contract Awards**

Contract awards serve as a leading indicator of future contract payments. Since contracts may have multi-year terms, the impact of contract award dollars on contract expenditures may extend beyond a single fiscal year. Figure 9 summarizes total contract awards in FY 2019. Total contract awards to MBE firms totaled \$133 million, or 27% of total contract awards.

**Figure 9: MBE Total Contract Awards by Contracting Area**

Contracting Area	Combined MBE & WBE Awards	MBE Percent	Aspirational Goals	MBE Awards	WBE Awards	Majority Awards	Total Contract Awards
A/E Services	\$8,281,100	20%	24%	\$8,281,100	\$0	\$32,934,267	\$41,215,367
Construction Services	\$60,504,430	26%	13%	\$60,504,430	\$0	\$176,472,245	\$236,976,675
Goods & Services	\$42,209,179	26%	33%	\$23,584,327	\$18,624,852	\$123,080,140	\$165,289,319
Professional Services	\$22,542,738	48%	23%	\$20,910,628	\$1,632,110	\$24,861,161	\$47,403,899
<b>Total for all Contract Areas</b>	<b>\$133,537,447</b>	<b>27%</b>		<b>\$113,280,485</b>	<b>\$20,256,962</b>	<b>\$357,347,813</b>	<b>\$490,885,260</b>

## Fiscal Year 2019 Performance Results: MBE Program (cont.)

Of the \$133 million in MBE total contract awards, \$79 million (59%) were made to prime MBE firms and \$54 million (41%) were made to MBE subcontractors (see Figure 10).

**Figure 10: MBE Prime and Subcontractor Total Contract Awards**

Contracting Area	Prime Percent of MBE Awards	MBE Prime Awards	MBE Sub Awards	Total MBE Contract Awards
A/E Services	0%	\$0	\$8,281,100	\$8,281,100
Construction Services	29%	\$17,577,004	\$42,927,426	\$60,504,430
Goods & Services	96%	\$40,384,348	\$1,824,831	\$42,209,179
Professional Services	94%	\$21,181,558	\$1,361,180	\$22,542,738
<b>Total for all Contract Areas</b>		<b>\$79,142,910</b>	<b>\$54,394,537</b>	<b>\$133,537,447</b>

Over the past five years, on average WSSC Water awarded 29% of its total contract awards to MBE firms. In FY 2019, WSSC Water awarded 27% of its total contracts to MBE firms (see Figure 11).

**Figure 11: MBE Total Contract Awards, FY 2015 – FY 2019**

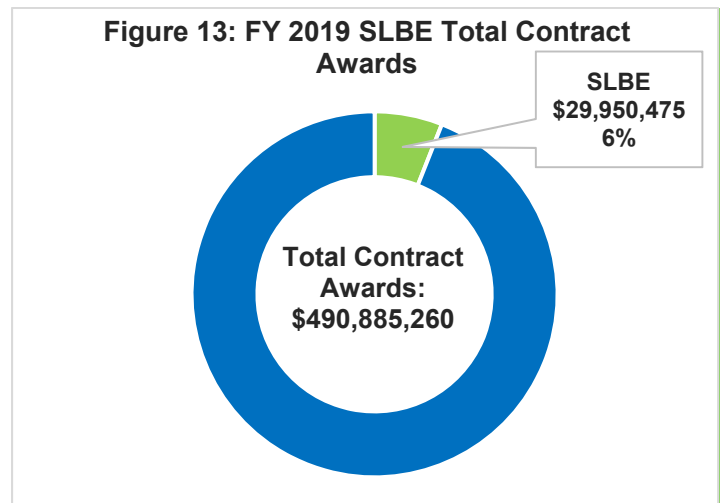
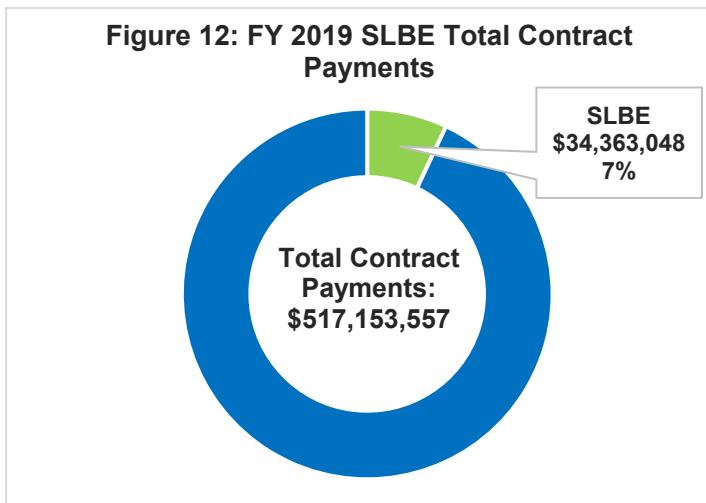
Fiscal Year	MBE Awards	MBE Percent	Majority Awards	Total Contract Awards
2015	\$187,869,377	28%	\$486,419,520	\$674,288,897
2016	\$150,968,610	27%	\$414,737,966	\$565,706,576
2017	\$236,136,069	37%	\$406,535,728	\$642,671,797
2018	\$157,038,252	26%	\$451,232,104	\$608,270,356
2019	\$133,537,447	27%	\$357,347,813	\$490,885,260
<b>Total</b>	<b>\$865,549,755</b>	<b>29%</b>	<b>\$2,116,273,131</b>	<b>\$2,981,822,886</b>

# Fiscal Year 2019 Performance Results: SLBE Program

## Small Local Business Enterprise (SLBE) Program

WSSC Water’s SLBE Program is intended to provide additional race- and gender-neutral contracting tools. The SLBE Program is used to ensure that all segments of WSSC Water’s local business community have reasonable and significant contracting and participation opportunities. The SLBE Program furthers WSSC Water’s objective of fostering broad-based competition within the vendor community. The Program also 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, prime preferences and the Optimization of Diverse Business Development Program (formerly Sheltered Market).

Total contract payments made to WSSC-Approved SLBE firms in FY 2019, equaled \$34 million. In FY 2019, WSSC Water awarded more than \$29 million in total contracts to WSSC-Approved SLBE firms.



### SLBE Total Contract Payments

Payments to WSSC-Approved SLBE firms totaled \$34 million as depicted in Figure 14, with more than \$20 million in contract payments in the Construction Services contracting area.

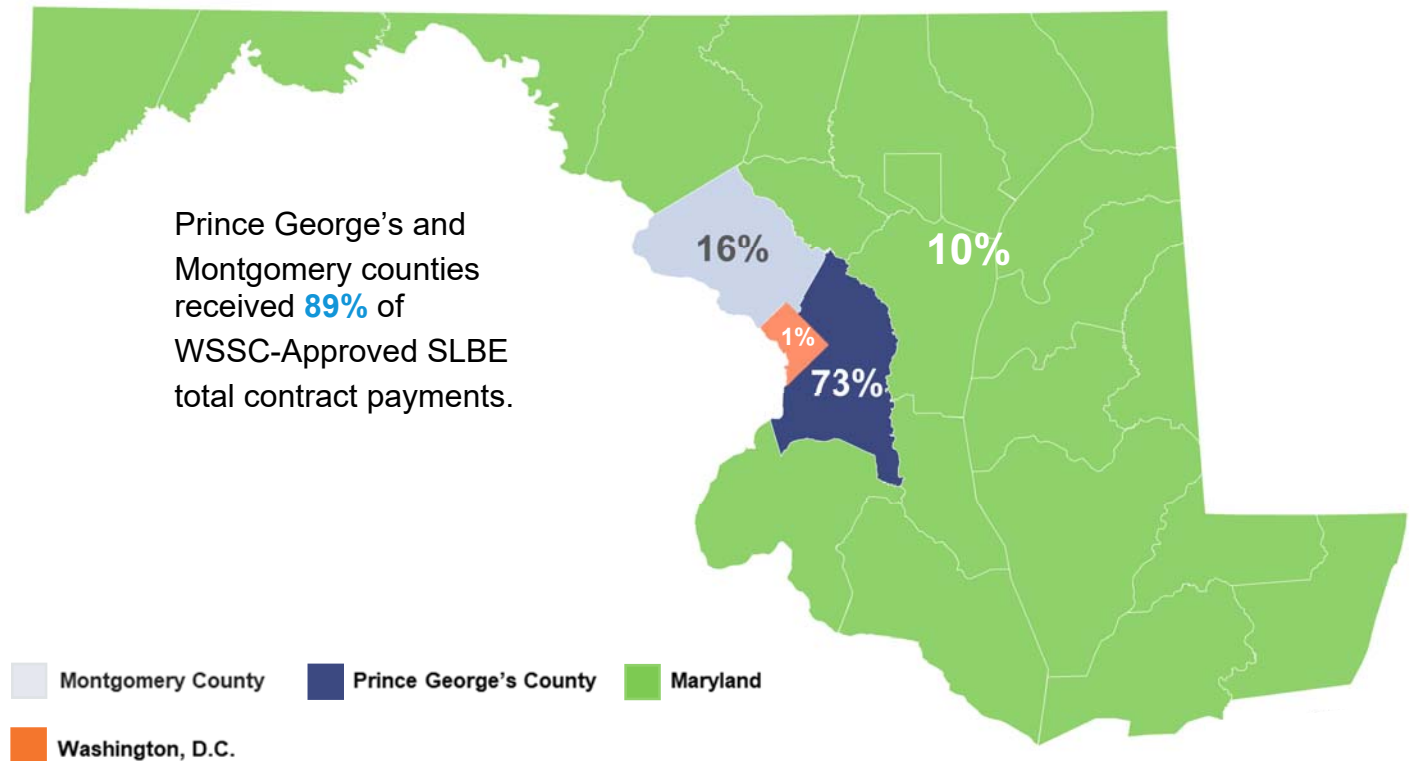
**Figure 14: Total Contract Payments to SLBE Firms by Contracting Area**

Contracting Area	SLBE Contract Payments
A/E Services	\$355,846
Construction Services	\$20,128,130
Goods & Services	\$13,188,958
Professional Services	\$690,114
<b>Total for all Contract Areas</b>	<b>\$34,363,048</b>

## Fiscal Year 2019 Performance Results: SLBE Program (cont.)

Figure 15 shows that 73% of SLBE payments went to firms located in Prince George's County and another 16% to firms located in Montgomery County. An additional 11% was spent with SLBE firms located in other parts of Maryland and Washington, D.C. Firms are eligible for consideration in WSSC Water's SLBE Program if at least 25% of their workforce resides in Prince George's or Montgomery counties.

Figure 15: Total Contract Payments to SLBE Firms by Location



## Fiscal Year 2019 Performance Results: SLBE Program (cont.)

### *SLBE Total Contract Awards*

WSSC Water awarded more than \$29 million to WSSC-Approved SLBE firms in FY 2019, as depicted in Figure 16.

Figure 16: Total Contract Awards to SLBE Firms by Contracting Area

Contracting Area	SLBE Prime Awards	SLBE Sub Awards	Total SLBE Contract Awards
A/E Services	\$0	\$3,010,000	\$3,010,000
Construction Services	\$4,499,000	\$18,805,324	\$23,304,324
Goods & Services	\$1,130,211	\$1,235,940	\$2,366,151
Professional Services	\$479,055	\$790,945	\$1,270,000
<b>Total for all Contract Areas</b>	<b>\$6,108,266</b>	<b>\$23,842,209</b>	<b>\$29,950,475</b>

## Fiscal Year 2020: Supplier Diversity

WSSC Water is committed to finding innovative ways to expand contracting opportunities, develop a sustainable diverse supply chain, and contribute to the economic growth of businesses owned by people of color, women and small and local firms. While we appreciate the growth that we've seen in our MBE and SLBE Programs over the years, we're eager to begin our 2020 Disparity Study to examine additional opportunities to eliminate barriers for diverse businesses in our contracting process.

Our journey to become world-class would be a futile exercise without a strong network of diverse suppliers to take us there. With your continued support, WSSC Water will become THE world-class water utility and set a standard for diversity and inclusion that has a lasting impact on the success and wealth attainment of our diverse business community.

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