



Office of Supplier Diversity & Inclusion

Fiscal Year 2021 Performance Report

WSSC Water Commissioners



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Prince George's County



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The Commissioners submit the following report in accordance with §20-207 of the Public Utilities Article, Annotated Code of Maryland. By October 31st of each year, WSSC Water 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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A Message from General Manager and CEO Carla Reid

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COVID-19 has forced all of us to make difficult decisions to protect the health and wellbeing of our family, friends and colleagues. As we work together to put this global health and economic crisis behind us, the decisions we make now are equally as important. And one decision that strengthens our response to COVID-19 and protects us from potential future public health pandemics is the decision to invest in water.

Not only does strategic investments in water infrastructure play a huge role in protecting public health, projects supported by these investments create jobs and foster economic growth throughout Prince George's and Montgomery counties. Small and diverse businesses are a critical partner in our ability to deliver these projects and they are working on some of our most crucial infrastructure initiatives.

In fact, in Fiscal Year 2021, WSSC Water spent more than 33 percent of our payments with diverse businesses – our largest spend in recent history. Additional key accomplishments from our Minority Business Enterprise (MBE) and Small Local Business Enterprise (SLBE) Programs in Fiscal Year 2021 include:

- Awarding 29 percent of our contracts (\$136 million) to diverse businesses – **an 8 percent increase from Fiscal Year 2020;**
- **Exceeding** our Aspirational Goals for MBE Payments and Awards in Architecture & Engineering, Construction Services and Professional Services; and
- Spending \$45 million with WSSC Water-approved SLBE firms – **a 3 percent increase from Fiscal Year 2020.**

Please read more about our accomplishments in our Office of Supplier Diversity and Inclusion Performance Report. While we've made great progress increasing the use of diverse firms, there is more work to do... a lot more work! Over the next six years (Fiscal Years 2023 – 2028), we plan to spend \$4.25 billion to protect public health by upgrading aging pipes, plants and pumps across both counties to ensure safe, clean drinking water continues to flow to homes and businesses.

Thank you for your unwavering support of WSSC Water. I look forward to working with you as we continue to strengthen contracting opportunities for our diverse business communities while protecting public health by investing in water.

Sincerely,
Carla A. Reid General Manager/CEO

”



About WSSC Water

Who We Are

Established in 1918, WSSC Water is currently among the largest water and wastewater utilities in the nation, with a network of nearly 5,768 miles of freshwater pipeline and over 5,578 miles of sewer pipeline maintained by 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, 7 days a week, we have served nearly 1.8 million residents 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.



Mission

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.



Office of Supplier Diversity & Inclusion

The Office of Supplier Diversity & Inclusion (OSDI) is committed to supporting diverse businesses. Since 1978, the office has administered WSSC Water's Minority Business Enterprise (MBE) Program (race and gender conscious) with the addition of the Small Local Business Enterprise (SLBE) Program (race and gender neutral) in 2001. Both programs continue to respond to the urgent need to eliminate barriers to success in the public market place for Prime Contractors and Subcontractors. The MBE and SLBE Programs reflect the commitment of the Commissioners, General Manager and Senior Leadership Team. This commitment reflects an understanding of the economic impact and level of job creation generated by the diverse businesses in the communities we serve. WSSC Water understands that when our diverse businesses experience growth in a fair and inclusive environment, our entire community benefits.



Fiscal Year 2021 Programs Performance Results

Minority Business Enterprise (MBE) Program

The continuation of the MBE Program at WSSC Water remains a critical component to remedying the effects of discrimination and eliminating barriers to contracting opportunities for diverse businesses. For more than 40 years, the MBE Program has sought to promote fair and inclusive contract participation, provide greater access for diverse firms, and produce educational content to further develop diverse businesses.

The Office of Supplier Diversity & Inclusion works diligently to increase the use of MBE and SLBE firms throughout WSSC Water. This combined approach has yielded the following key results for Fiscal Year 2021.

MBE Payments

- WSSC Water spent \$154 million (33%) with diverse businesses
- WSSC Water met or exceeded its Aspirational Goals for payments to diverse firms in Architecture & Engineering, Construction Services and Professional Services
- WSSC Water spent 77% of its MBE payments with firms located in Maryland and Washington D.C.



MBE Awards

- WSSC Water awarded \$471 million in contracts, which included \$136 million (29%) in contract awards to diverse businesses
- WSSC Water exceeded its Aspirational Goals for contract awards to diverse firms in Architecture & Engineering, Construction Services and Professional Services
- WSSC Water awarded 58% of its MBE contract awards at the Prime contracting level

For the purpose of the FY 2021 Office of Supplier Diversity & Inclusion Performance Report, WSSC Water’s contract payments and 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 out-of-state cities. Women Business Enterprise (WBE) firms are included in the MBE figures throughout this report, unless otherwise noted. The following pages provide an aggregate of the data for contract payments and contract awards for FY 2021.

FY 2021

WSSC Water spent more than **\$154 million (33%)** with MBE firms

MBE Contract Payments

Figure 1: FY 2021 MBE Contract Payments



MBE Contract Awards

Figure 2: FY 2021 MBE Contract Awards



MBE Contract Payments

The cornerstone of the MBE Program and a key performance measure is the dollar value of 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 contract payments. All MBE payments reported for FY 2021 have been validated by MBE firms.

In FY 2021, WSSC Water’s contract payments totaled \$474 million, while the MBE contract payments totaled \$154 million (33%), shown in Figure 3. WSSC Water’s total contract payments are categorized into four (4) broad contracting areas: Architecture & Engineering, Construction Services, Goods & Services, and Professional Services. WSSC Water established MBE Aspirational Goals based upon the results of the 2015 Disparity Study.

In FY 2021, WSSC Water met or exceeded the Aspirational Goals for three out of four contracting areas — Architecture & Engineering, Construction Services, and Professional Services. Throughout the lifecycle of a contract, several variables influence the utilization of contractors, including change orders, contract scope changes, and the availability of the proposed project team.

Figure 3: Summary of Contract Payments by Contracting Area

Contracting Area	Aspirational Goals	MBE Percent	Combined MBE/WBE Payments	MBE Payments	WBE Payments	Majority Payments	Total Contract Payments
A/E Services	24%	24%	\$9,833,350	\$7,648,076	\$2,185,274	\$31,404,093	\$41,237,443
Construction Services	13%	30%	\$69,192,010	\$64,410,985	\$4,781,025	\$163,274,713	\$232,466,723
Goods & Services	33%	32%	\$47,946,803	\$39,662,279	\$8,284,524	\$103,966,313	\$151,913,116
Professional Services	23%	56%	\$27,854,248	\$26,172,398	\$1,681,850	\$21,506,936	\$49,361,184
Total for all Contract Areas		33%	\$154,826,411	\$137,893,738	\$16,932,673	\$320,152,055	\$474,978,466



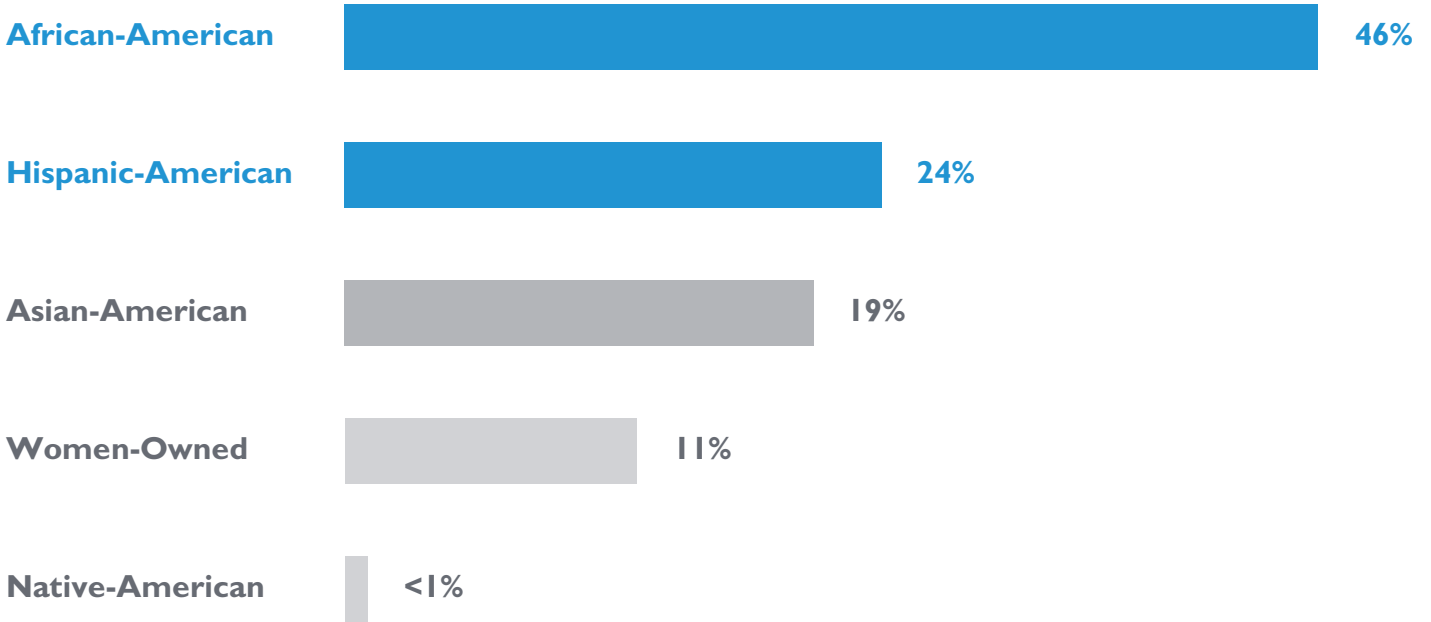
33% of payments

A major initiative contributing to minority- and women-owned business inclusion during FY 2021 is our Sewer Rehabilitation, Replacement and Relocation program. This \$90 million program to rehabilitate WSSC Water sewers in Prince George’s County and Montgomery County includes the lining and replacement of sewers and rehabilitation of sewer manholes. WSSC Water has more than 80 miles of sewer mains and more than 1,800 manholes in this program and work is expected to continue through March 2023.

Construction activity on a Sewer Repair and Rehabilitation project in Montgomery County

Figure 4: MBE Contract Payments by Classification

Figure 4 shows that African-American firms received the largest share of MBE contract payments at 46%, followed by Hispanic-American and Asian-American firms at 24% and 19% respectively.



“ I’ve learned a great deal working with WSSC Water, because each job seems to be a learning experience. No two jobs are the same and that has been great because it has expanded my skills. ”

- Lonnie Blue, Sr., L.E. Blue & Associates, Inc.



L.E. Blue & Associates, Inc. is an African-American owned firm and certified Minority Business Enterprise in Prince George’s County, specializing in general contracting services, specifically constructing water and sewer mains.

L.E. Blue & Associates is working with WSSC Water on a number of contracts, including our Emergency Water and Sewer Main Repairs contract. This \$42 million contract addresses emergency and urgent water main and sewer main repair/replacement as a result of aging infrastructure in Prince George’s and Montgomery County. Contractors are required to be available and provide services 24 hours, 7 days a week, including holidays.

Emergency repair of a 30-inch water main in Prince George’s County

Figure 5: MBE Contract Payments by Location

Figure 5 shows that Maryland and Washington D.C. firms received 77% of WSSC Water's MBE payments in FY 2021. WSSC Water spent 22% with MBE firms in Prince George's County and 15% with firms in Montgomery County.

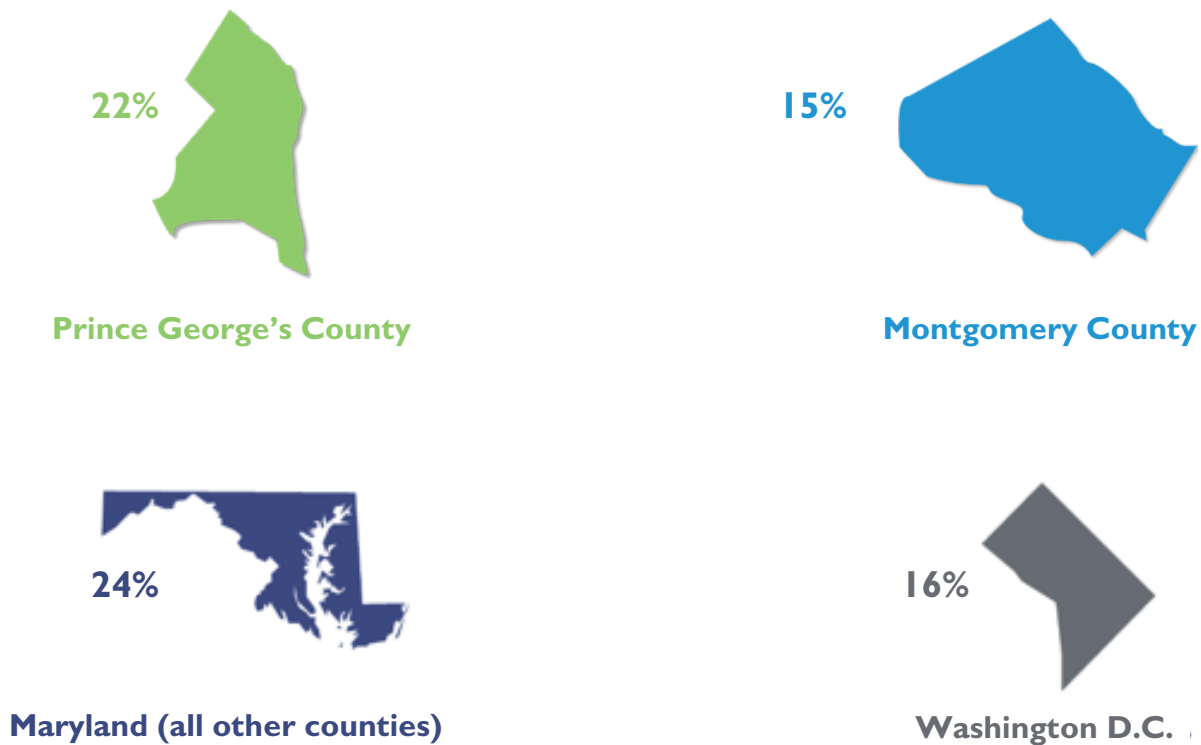


Figure 6: MBE Contract Payments, FY 2017 – FY 2021

Over the past five years, WSSC Water has spent an average of 29% of its total payments with MBE firms.

Fiscal Year	MBE Percent	MBE Payments	Majority Payments	Total Contract Payments
2017	27%	\$156,900,804	\$431,874,399	\$588,775,203
2018	28%	\$146,562,712	\$371,871,789	\$518,434,501
2019	29%	\$152,510,264	\$364,643,293	\$517,153,557
2020	28%	\$136,209,781	\$345,266,091	\$345,266,091
2021	33%	\$154,826,411	\$320,152,055	\$474,978,466
Total	29%	\$747,009,972	\$1,833,807,627	\$2,580,817,599

Four requests for a full or partial waiver of the MBE/SLBE subcontracting goals were received in FY 2021. Of the four requests, two were approved and two were denied.

MBE 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.

WSSC Water awarded \$136 million (29%) in contracts to MBE firms as depicted in Figure 7 below. In FY 2021, WSSC Water exceeded the Aspirational Goals in three out of four contracting areas – Architectural & Engineering, Construction Services and Professional Services.

Figure 7: MBE Contract Awards by Contracting Area

Contracting Area	Aspirational Goals	MBE Percent	Combined MBE/WBE Awards	MBE Awards	WBE Awards	Majority Awards	Total Contract Awards
A/E Services	24%	36%	\$31,513,000	\$27,802,000	\$3,711,000	\$56,387,000	\$87,900,000
Construction Services	13%	32%	\$40,902,962	\$32,601,931	\$8,301,031	\$88,228,395	\$129,131,357
Goods & Services	33%	15%	\$23,526,267	\$18,552,656	\$4,973,611	\$136,376,764	\$159,903,031
Professional Services	23%	43%	\$40,409,793	\$39,370,293	\$1,039,500	\$54,117,154	\$94,526,947
Total for all Contract Areas		29%	\$136,352,022	\$118,326,880	\$18,025,142	\$335,109,313	\$471,461,335

Of the \$136 million in MBE contract awards, nearly \$80 million (58%) was awarded to prime MBE firms and another \$56 million to MBE subcontractors.

Figure 8: MBE Prime and Subcontractor Contract Awards

Contracting Area	Prime Percent of MBE Awards	MBE Prime Awards	MBE Subcontractor Awards	Total MBE Contract Awards
A/E Services	49%	\$15,400,000	\$16,113,000	\$31,513,000
Construction Services	42%	\$17,149,939	\$23,753,023	\$40,902,962
Goods & Services	76%	\$17,958,036	\$5,568,231	\$23,526,267
Professional Services	72%	\$29,236,530	\$11,173,263	\$40,409,793
Total for all Contract Areas	58%	\$79,744,505	\$56,607,517	\$136,352,022

Over the past 5 years, WSSC Water has awarded more than \$800 million in contracts to MBE firms – an average of 28% of its contracts (see Figure 9).

Figure 9: MBE Contract Awards, FY 2017 – FY 2021

Fiscal Year	MBE Percent	MBE Awards	Majority Awards	Total Contract Awards
2017	37%	\$236,136,069	\$406,535,728	\$642,671,797
2018	26%	\$157,038,252	\$451,232,104	\$608,270,356
2019	27%	\$133,537,447	\$357,347,813	\$490,885,260
2020	21%	\$145,442,589	\$541,126,525	\$686,569,114
2021	29%	\$136,352,022	\$335,109,313	\$471,461,335
Total	28%	\$808,506,379	\$2,091,351,483	\$2,899,857,862

Small Local Business Enterprise (SLBE) Program

WSSC Water’s SLBE Program was created to provide race- and gender-neutral contracting opportunities for small businesses principally located in Prince George’s and Montgomery Counties. The SLBE Program furthers WSSC Water’s objective of fostering broad-based competition within the vendor community.

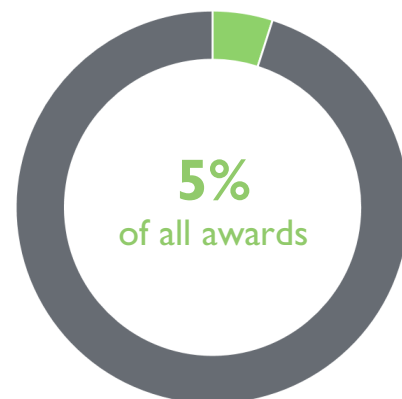
The programmatic benefits for participants include: contract-specific subcontracting goals and prime preferences. These benefits translate into economic growth for small businesses through increased payments and award of WSSC Water contracts.

Figure 10: FY 2021 SLBE Contract Payments

Figure 11: FY 2021 SLBE Contract Awards

Over \$45 million
was spent with SLBE firms in FY 2021

Over \$24 million
was awarded to SLBE firms in FY 2021



SLBE Contract Payments

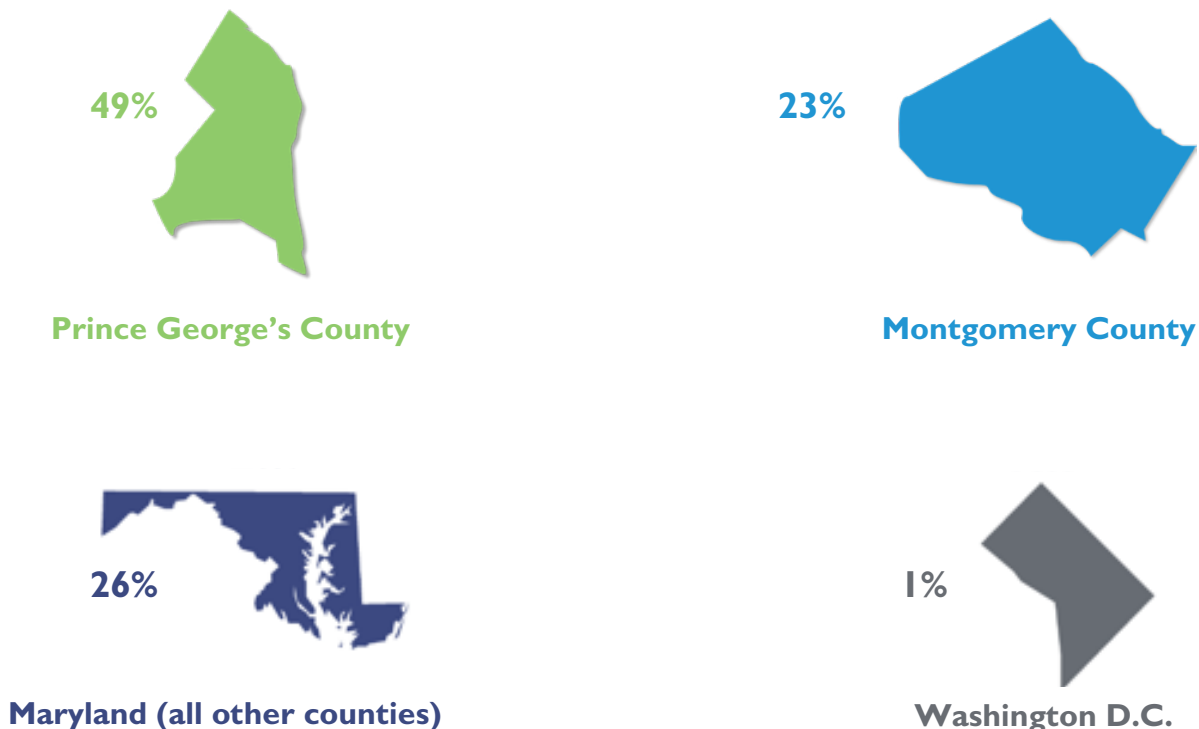
WSSC Water spent \$45 million with WSSC Water-Approved SLBE firms, as depicted in Figure 12, with more than \$28 million in the Construction Services contracting area.

Figure 12: SLBE Contract Payments by Contracting Area

Contracting Area	SLBE Contract Payments
A/E Services	\$2,876,610
Construction Services	\$28,305,030
Goods & Services	\$13,236,594
Professional Services	\$1,469,852
Total for all Contract Areas	\$45,888,086

Figure 13 shows that 49% of SLBE payments went to firms located in Prince George’s County and another 23% to firms in Montgomery County. Firms are eligible for consideration in WSSC Water’s SLBE Program if the firm’s principal location is in Prince George’s or Montgomery County, or if at least 25% of the firm’s workforce resides in either county.

Figure 13: SLBE Contract Payments by Location



SLBE Contract Awards

WSSC Water awarded \$24 million in contracts to WSSC Water-Approved SLBE firms in FY 2021, as depicted in Figure 14, with more than \$19 million in the Construction Services contracting area.

Figure 14: SLBE Contract Awards by Contracting Area

Contracting Area	SLBE Prime Awards	SLBE Subcontractor Awards	Total SLBE Contract Awards
A/E Services	\$0	\$990,000	\$990,000
Construction Services	\$4,391,056	\$15,105,264	\$19,496,320
Goods & Services	\$3,842,049	\$240,000	\$4,082,049
Professional Services	\$0	\$89,350	\$89,350
Total for all Contract Areas	\$8,233,105	\$16,424,614	\$24,657,719

“ Becoming a SLBE firm has opened up a lot of opportunities and has given us a chance to grow over the years. It’s helped us grow from a three-man operation to a company with multiple crews all over the DMV. We can contribute our expansion and growth to WSSC Water. ”

- Victor Fernandes, V. Fernandes Construction Co., Inc.

V. Fernandes Construction Co., Inc. is a WSSC Water-Approved SLBE firm located in Montgomery County, Maryland. V. Fernandes Construction Co. has been an integral partner on our Large Meter and Large Meter Vault Replacement program. This program includes replacement of aging large meters and brick vaults with new meters and precast concrete meter vaults, and the installation of water mains.

These large meters serve school sites, apartment complexes and commercial/industrial sites located throughout Prince George’s and Montgomery County. Approximately 30-55 large meters are replaced through this program annually.

In Fiscal Year 2021, WSSC Water awarded our \$3.4 million Edgewood Water Main Replacement project to V. Fernandes Construction Co., Inc. This project includes replacement of approximately 3,097 feet of 10-inch water main, installation of 55 fire hydrants and 248 water house connections to serve the Gaithersburg area of Montgomery County, Maryland.



Image from one of our Large Meter and Large Meter Vault Replacement project sites in Prince George’s County.

An aerial photograph of two kayakers on a river, overlaid with a semi-transparent blue filter. The kayaker in the foreground is in a blue kayak, and the one in the background is in a red kayak. The river flows through a wooded area with trees and a building visible in the distance.

Our Commitment

Our Commitment



Advancing and increasing opportunities for diverse firms in our contracting process remains our key focus and mission. While we've seen substantial gains in our payments and awards to minority- and women-owned businesses this past year, we know there's more work to do.

We look forward to receiving the findings from our independent Disparity Study, which will determine if disparities exist, and to what extent, and provide the legal basis for the continuation of our Minority Business Enterprise (MBE) Program.

Since 2012, our MBE Program has resulted in more than \$1.6 billion in payments to diverse businesses. Our MBE and SLBE Programs result in increased economic activity in diverse communities, particularly those throughout the Maryland, Washington D.C. and Virginia area.

Our Commissioners, General Manager/CEO, Senior Leadership Team and Office of Supplier Diversity & Inclusion remain committed to advancing and increasing opportunities for our diverse supplier community. For more information about WSSC Water's Office of Supplier Diversity & Inclusion and our MBE and SLBE Programs, visit www.wsscwater.com/SupplierDiversity.

