



**DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY**

Board of Directors

Governance Committee

March 13, 2013

9:00 a.m.

1. Call to Order.....Alethia Nancoo, Chairperson
2. Government Affairs: Update.....William Pickering, Government Relations Manager
Federal Funding Issues
3. [Update on Strategic Plan Initiative](#),.....Katrina Wiggins, Chief of Staff
“Develop Local Hiring Initiative for Contractors”
4. [Update on the Compliance Monitoring Program](#)..... Loretta Caldwell, LS Caldwell & Associates
5. Emerging Issues Chairperson
[Board Approval Process – Original Contract Awards and Modifications](#).....George Hawkins
General Manager
6. Agenda for Upcoming Committee Meeting (TBD).....Chairperson
7. Executive Session – To discuss legal, confidential and privileged matters pursuant to Section
2-575 (b) (4) of the D.C. Official Code
8. Adjournment.....Chairperson



District of Columbia Water and Sewer Authority
George S. Hawkins, General Manager

Briefing on:

*Update on the Strategic Plan Initiative
Develop Local Hiring Program for Contractors*

Presented to:

*DC Water Governance Committee
Alethia Nancoo—Chairperson*

Presented by:

Katrina Wiggins – Chief of Staff / Office of the General Manager



Wednesday, March 13, 2013

DC Water Contractor Employment Plan

Three Part Development Program

PROGRAM ELEMENT	DEVELOPMENT	IMPLEMENTATION
A. Policy	2/13/2013 -3/15/2013	3/15/2013
B. Interim Program	3/15/2013 - 5/15/2013	5/16/2013
C. PERMANENT PROGRAM	5/16/2013 – 5/16/2014	5/17/2014



Employment Policy



Employment Policy

Policy Standards

March 1, 2013 – May 15, 2013

1. Existing contracts - Continue using DOES' existing FSEA/Apprenticeship (First Source Employment Agreement) for contract duration.
2. New Contracts - Awarded prior to May 15, 2013 use DOES' existing FSEA for contract duration.
3. New Contracts - Awarded after May 15, 2013 use New Interim Program until May 16, 2014; then begin implementation of the New DC Water Permanent Program
4. New contract language in all new contracts executed after May 15, 2013 stating that contractors agree to accept additional data collection employment requirements that may result from implementation of the Interim and Permanent Contractor Employment Programs.
5. Will use an online employment reporting system (consisting of data collection/analysis) to be used on all contracts until May 15, 2014. Final determination of Permanent Program data collection to be determined.

Creation of Employment Initiative Task Force



Creation of Employment Initiative Task Force

1. Champion will create and appoint members for a DC Water Employment Initiative Task Force (EITF).
2. EITF will be responsible for developing Interim Program parameters, procedures, processes and an Implementation Plan.
3. EITF will work on developing and implementing Interim (5/16/2013) and Permanent (5/17/2014) Contractor Employment Program.
4. EITF will report every other meeting.

Interim Contractor Employment Program

1. EITF will investigate and determine data required for DC Water's Interim Contractor Employment Program. Preparation tasks include:
 - a. Working with all User Jurisdictions to ensure employment concerns are represented in the Interim Contractor Employment Program.
 - b. Reviewing data collected from existing construction and goods and services contracts.
 - c. Determining the type of information DC Water desires to collect during the Interim Contractor Employment Program Period for reporting.
 - d. Modifying existing data collection methodologies for inclusion of other construction and goods /services employment data.
 - e. Confirming or create compliance instructional systems, processes and procedures for data collection.
 - f. Creating reports that reflect data collected resulting from the Interim Contractor Employment Program.
 - g. Providing an estimated cost of the interim contractor employment program.
 - h. Investigating existing local user jurisdictions' employment and hiring programs.
 - i. Plan to propose a bifurcated program.



Interim Contractor Employment Program (Continued)

2. The Employment Initiative Task Force (EITF) will modify and/or develop DC Water's Interim Contractor Employment Specifications and language to ensure that DC Water's employment requirements include mandated federal regulations and DC Water's procurement regulations in each contract. Tasks will include:
 - a. Developing language for collection of specific employment data to be used during the development of the Permanent Contractor Employment Program for DC Water.
 - b. Ensuring, along with representatives of DC Water, deletion of all mention of First Source Employment Agreement requirements in all contracts beginning May 15, 2013.
 - c. Collaborating with representatives of DC Water to ensure complete insertion of interim specifications and language in contracts regarding employment requirements and data collection for all applicable DC Water contracts.
 - d. Liaising with DOES to ensure continued relationship between Agencies for ongoing contracts.



QUESTIONS AND DISCUSSION





District of Columbia Water and Sewer Authority
George S. Hawkins, General Manager

DC Water Major Projects
M/WBE Contracting and Local Employment Compliance
March 2013 Update

Presented to the:

Governance Committee
Alethia Nancoo—Chairperson

Presented by:

Loretta S. Caldwell— Major Projects Compliance Officer
L. S. Caldwell & Associates, Inc.
March 13, 2013



Wednesday, March 13, 2013

DC Water Major Projects

AGENDA

- **Compliance Program Overview**
- **DC Water Major Projects Subject to Fair Share Objectives**
- **M/WBE Contracting Summary**
- **Employment Summary**
- **Questions and Discussion**



CONTRACTING AND EMPLOYMENT COMPLIANCE OFFICER RESPONSIBILITIES

L. S. Caldwell & Associates, Inc./DP Consultants, Inc.

CONTRACTS

- Monitor and track planned and actual participation against Architectural/Engineering Fair Share Objective of 28% MBE and 4% WBE
- Monitor and track planned and actual participation against Fair Share Objective of 32% MBE and 6% WBE
- Ensure contractors meet and/or exceed their Fair Share Objectives



(For First and Second Tier Contractors)

CONTRACTING AND EMPLOYMENT COMPLIANCE OFFICER RESPONSIBILITIES

L. S. Caldwell & Associates, Inc./DP Consultants

EMPLOYMENT

- Review certified payroll in accordance with the Davis Bacon Wage Determinations; conduct onsite employee interviews **(ALL)**
- District of Columbia First Source Employment Agreements (FSEA) when applicable - 51% of new hires DC residents **(Contracts \$100K & Over)**
- DC FSEA registration of Apprenticeship Programs – 35% of total apprentice hours performed by DC residents **(Contracts \$500K & Over)**
- Collect resident hiring data for Major Project contracts **(ALL)**



DC Water Major Projects Included In Compliance Program

DC Clean Rivers

- Blue Plains Tunnel (BPT)
- CSO 019
- M Street Diversion Sewer
- Tingey Street Diversion Sewer
- Low Impact Development Retrofit at DC Water Facilities

Enhanced Nitrogen Removal
(ENR 1C)

Enhanced Nitrogen Removal
(ENR 2C)

Enhanced Nitrogen Removal- North

Biosolids Management

- Main Process Train (MPT)
- Final Dewatering Facility 1C (FDF1)
- Final Dewatering Facility 2C (FDF2)
- Combined Heat & Power (CHP)



DC Water Major Projects CONTRACT VALUES

DC Clean Rivers

Blue Plains Tunnel	\$ 330,561,000
CSO O19	\$ 27,882,822
M Street Diversion Sewer	\$ 29,750,000
Tingey St Diversion Sewer	\$ 16,056,573
Low Impact Dev. Retrofit	\$ 3,583,772

Bio Solids Management

Main Process Train	\$206,173,500
Final Dewatering Facility 1C	\$ 7,532,215
Final Dewatering Facility 2C	\$ 78,081,000
Combined Heat & Power	\$ 83,015,875

Enhanced Nitrogen Removal 1C	\$69,502,000
Enhanced Nitrogen Removal 2C	\$97,118,000
Enhanced Nitrogen Removal – North	\$57,960,000

TOTAL VALUE OF MAJOR PROJECTS = \$1,007,216,757

FAIR SHARE OBJECTIVES

Architectural/Engineering 28% MBE/4% WBE

Construction 32% MBE/6% WBE



DC Water Major Projects Subject to Fair Share Objectives

Total Value of Major Projects	\$1,007,216,757
<u>-DC Water Design-Build/GMP Exclusions</u>	<u>(\$140,434,106)</u>
Total Costs Subject to Fair Share Objectives	\$866,782,651*

DC Water determined the necessity to exclude some costs on Design Build/Guaranteed Maximum Price contracts

Examples of Exclusions from Fair Share Objectives:

Cambi System (MPT)	\$37,036,000
Tunnel Boring Machine (BPT)	\$30,000,000
Contingencies/Allowances	<u>\$73,398,106</u> (Approximate)
	\$140,434,106

*Computations of Fair Share Objectives on the following two slides do not include ENR North, which is in the mobilization stage; \$804,705,664 is used as Total Costs Subject to Fair Share Objectives



DC Water Major Projects Subject to Fair Share Objectives

Total Costs Subject to Fair Share Objectives as of Nov 2012 **\$804,705,664**

Total Costs Subject to Fair Share Objectives as of Mar 2013 **\$804,705,664***

As of November 14 As of March 13

Design Costs Subject to Fair Share Objectives	\$27,845,785	\$27,845,785
28% MBE Design Costs Planned	\$7,796,820	\$7,796,820
29% MBE Design Awarded – 11/12	\$7,745,398*	
29% MBE Design Awarded to Date		\$7,960,345
4% WBE Design Costs Planned	\$1,113,831	\$1,113,831
5% WBE Design Awarded – 11/12	\$1,366,707*	
5% WBE Design Awarded to Date		\$1,366,707

* Computations of Fair Share Objectives do not include ENR North, which is in the mobilization stage; \$804,705,664 is used as Total Costs Subject to Fair Share Objectives

**MPT MBE/WBE design awards were corrected in Dec 2012



DC Water Major Projects Subject to Fair Share Objectives

Total Costs Subject to Fair Share Objectives as of Nov 2012 **\$804,705,664**

Total Costs Subject to Fair Share Objectives as of Mar 2013 **\$ 804,705,664 ***

As of November 14 As of March 13

Construction Costs Subject to Fair Share Objectives	\$776,734,878	\$780,785,065
32% MBE Construction Costs Planned	\$248,555,161	\$249,851,221
24% MBE Construction Awarded—11/12	\$214,831,076	
28% MBE Construction Awarded to Date		\$219,083,285
6% WBE Construction Costs Planned	\$46,604,093	\$46,847,104
3% WBE Construction Awarded—11/12	\$32,289,873	
4% WBE Construction Awarded to Date		\$37,111,272

* Computations of Fair Share Objectives do not include ENR North, which is in the mobilization stage; \$804,705,664 is used as Total Costs Subject to Fair Share Objectives



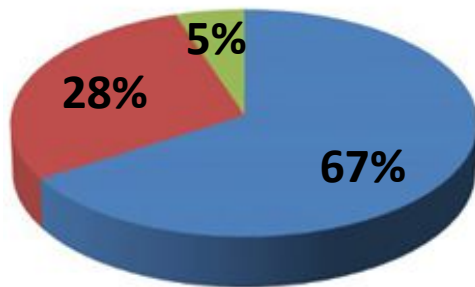
DC Water Major Projects M/WBE Contracting Summary



TOTAL Design M/WBE Subcontracts Awarded to Date

TOTAL DESIGN CONTRACTING NOVEMBER 2012

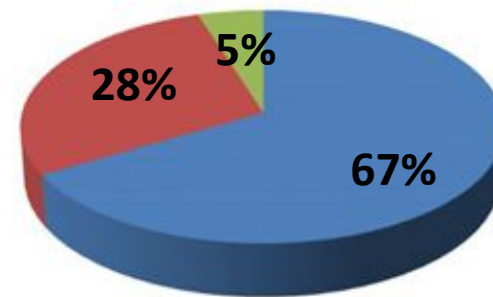
- Total Non-M/WBE:
\$17,603,433
- Total MBE \$ Awarded:
\$7,745,398
- Total WBE \$ Awarded:
\$1,366,707



TOTAL: \$27,845,785

TOTAL DESIGN CONTRACTING FEBRUARY 2013

- Total Non-M/WBE:
\$18,518,733
- Total MBE \$ Awarded:
\$7,960,345
- Total WBE \$ Awarded:
\$1,366,707



TOTAL: \$27,845,785



TOTAL Design M/WBE Subcontracts Payments to Date

Design goals are 28% MBE and 4 % WBE and only apply to Professional Services on the four (4) Major Projects that are design-build/guaranteed maximum price contracts (Blue Plains Tunnel, Tingey Street Diversion Sewer, Main Process Train, Combined Heat and Power)

Fair Share Objective achievement is measured by M/WBE confirmation of payment

TOTAL PAYMENTS

	As of Nov 2012	As of Feb 2013
MBE Payments	\$3,994,472	\$6,081,880
WBE Payments	\$ 676,628	\$ 731,449

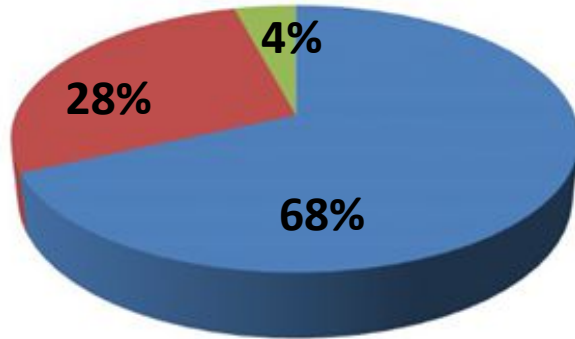


PROJECTS STARTED MAY 2011
DATA COLLECTION BEGAN FEBRUARY 2012

TOTAL Construction M/WBE Subcontracts Awarded to Date

TOTAL CONSTRUCTION CONTRACTING—NOV 2012

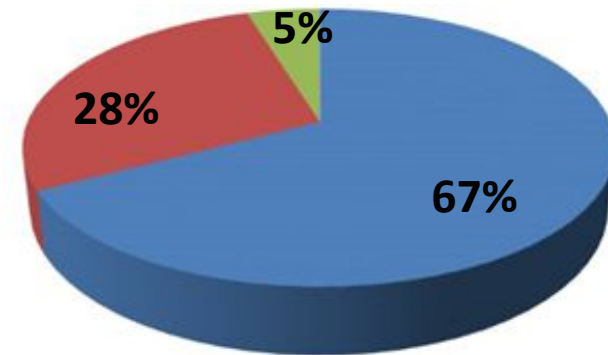
- Total Non-M/WBE: \$529,613,929
- Total MBE \$ Awarded: \$214,831,076
- Total WBE \$ Awarded: \$32,289,873



TOTAL: \$776,734,878

TOTAL CONSTRUCTION CONTRACTING—MAR 2013

- Total Non-M/WBE: \$524,590,508
- Total MBE \$ Awarded: \$219,083,285
- Total WBE \$ Awarded: \$37,111,272



TOTAL: \$780,785,065



TOTAL Construction M/WBE Subcontracts Payments to Date

Construction goals are 32% MBE and 6 % WBE

Fair Share Objective achievement is measured by M/WBE confirmation of payment

TOTAL PAYMENTS TO DATE

	As of Nov 2012	As of Feb 2013
MBE Payments	\$ 48,464,717	\$ 66,285,498
WBE Payments	\$ 7,632,408	\$ 13,415,939



DC Water Major Projects Employment Summary



Employment Statistics

Total Contractor Employees on Major Projects: 1155

Employee Residence As of November 2012					
District of Columbia	Prince George's County	Montgomery County	Fairfax County	Loudoun County	Outside of User Jurisdictions
138	191	98	116	26	637

Employee Residence As of February 2013					
District of Columbia	Prince George's County	Montgomery County	Fairfax County	Loudoun County	Outside of User Jurisdictions
130	192	102	115	24	592

*Information obtained from project inception to date; ongoing updates



PROJECTS STARTED MAY 2011;
DATA COLLECTION BEGAN FEBRUARY 2012

Employment of DC Residents

Total DC Residents on Major Projects: 138*

DC Employee Residents by Ward As of November 2012

One	Two	Three	Four	Five	Six	Seven	Eight
14	10	2	10	23	7	30	42

DC Employee Residents by Ward As of February 2013

One	Two	Three	Four	Five	Six	Seven	Eight
15	8	2	12	24	7	25	38



* Information obtained from project inception to date; ongoing updates

Employment of DC Residents

Total DC Residents on Major Projects:

	As of November 2012	As of February 2013
➤ New DC Resident Hires through Department of Employment Services:	79	79
➤ Transfer of Existing DC Resident Employees to Major Projects:	59	52

*Information obtained from project inception to date; ongoing updates



DC Apprenticeship Statistics

(DC Requirement – 35% DC Resident Hours)

As of November 2012

No. of Apprentices	Total Apprentice Hours	No. of DC Resident Hours	% DC Resident Hours
47	8283	6397	77%

As of February 2013

No. of Apprentices	Total Apprentice Hours	No. of DC Resident Hours	% DC Resident Hours
63	19,520	10,460	53.6%



*Information obtained to date; ongoing updates

Select Overview of Employment Data By Other Jurisdiction*

State	Employees	State	Employees	State	Employees
AUS	1	KS	25	OH	5
CA	1	KY	2	PA	10
CT	1	MD	161	TN	2
FL	6	MI	3	TX	5
GA	20	MO	49	UT	1
IA	1	NC	85	VA	159
IL	16	NJ	8	WA	1
IN	1	NY	16	WVA	10

*DATA SHOWN ON THIS PAGE WAS COLLECTED IN JANUARY AND FEBRUARY 2013 AND REFLECTS INFORMATION FROM COMPANIES ONSITE THAT RESPONDED TO REQUESTS FOR INFORMATION. THE FULL OVERVIEW OF EMPLOYEES FROM OTHER JURSDICTIONS HAS BEEN ADDED IN AN ATTACHMENT.



Select Overview of Employment Data By Job Category

Definitions

Professional: Architects, professional engineers (PEs)

Management: Technical and administrative staff

Labor: Tradesmen/tradeswomen

Overview of Employees by Job Category* As of November 14	
Professional	206
Management	198
Labor	542

***DATA SHOWN ON THIS PAGE WAS COLLECTED IN JANUARY AND FEBRUARY 2013 AND REFLECTS INFORMATION FROM COMPANIES ONSITE THAT RESPONDED TO REQUESTS FOR INFORMATION**



Major Projects Employment Initiative

➤ **Second DC Water Employment Forum, “Identification of a Trained Workforce”** is being held Friday, March 15, 2013 to:

- Introduce major project contractors to Training Resource Providers, identified in the earlier Employment Initiative, that provide unskilled and skilled trade labor

Training Resources Attendees include: North American Trade Schools, Liuna, and Prince George’s County Community College – Westphalia Training Center

Contractor Attendees include: PC Construction Company, CDM Smith, Hi-mark Construction Group, Ideal Electric, and Welch and Rush, Inc.

➤ **DC Water Opportunity Center Snapshot:**

Total Applications Received To Date: 58

Number of Interviews: 10

Interviewee Statistics : 7 D.C., 2 Fairfax County, 1 Prince George’s County



DC Water Major Projects Summary

- **A formal Contracting and Employment Compliance Program has resulted in: standards, uniformity of contracting and employment reporting and the initiation of an on-line reporting system for Major Projects.**
- **Utilization of second tier contractors has increased the number of subcontracting/supplier opportunities for M/WBEs.**
- **Allowing second tier subcontractors/suppliers to count towards the goals, have opened new avenues for prime contractor compliance.**
- **The collection of employment statistics now allows DC Water to use empirical data to judge effectiveness of employment outreach/programs.**

DC Water Major Projects

QUESTIONS AND DISCUSSION



Board Approval Process
**Original Contract Awards
and Modifications**

Presented to:
Governance Committee
Chairperson, Alethia Nancoo

March 13, 2013

George S. Hawkins, General Manager



Contract and Modification Board Approval Thresholds: Current Policy and Practice

- The Board has established a \$1,000,000 approval threshold for new awards.
- Board Resolution # 97-89: Policy states that any contract modification (change order) of \$500,000 or more requires Board approval.
- It has been a practice to present for Board approval any contract change that increases the cumulative change amount above \$500,000 (incremental, since last Board approval) regardless of the value of the change.
- As a result, Board approval is often requested for relatively small modifications.



Recommended Actions

- Continue the current policy of \$1,000,000 Board approval threshold for new awards.
- Continue the current policy of \$500,000 Board approval threshold for contract modifications.
- Discontinue the practice of seeking Board approval for contract modifications under \$500,000.
- Seek approval for modifications under \$500,000 at Contracting Officer's discretion.



Recommended Actions

- Propose updates by applying industry best practices, as well as researching local jurisdictions' policies, and consider impacts such as inflation and the evolving needs of DC Water. Updates may include:
 - Increase the delegation of procurement authority within DC Water; and
 - Increase efficiency and effectiveness by minimizing Board approval for previously approved contracts.

Governance Committee - 5. Emerging Issues - Chairperson

Comparison of Procurement Approval Thresholds

Jurisdiction/Body	Approval Threshold Limit / Award Authority	Annual Budget (Est)	Board/Council Approval	Written RFQ	Formal IFB	Formal RFP	Sources	Other Notes
Fairfax Water	a. Buyer: \$30,000 b. Director: \$75,000 c. Board: \$75,000+ (.05% of annual budget)	\$143,383,000	\$75,000 new award/ \$100,000 cumulative	\$5,000-30,000	\$50,000	\$50,000	Virginia Public Procurement Act and Fairfax Water Procurement Manager; Fairfax Water Advertised 2012 Annual Budget; January 31, 2013 conversation with Michelle Moore, Director of Finance	Renewal options are approved by the Board at the time of new award, so they do not require additional option approvals.
Loudoun Water	a. Division: \$100,000 b. General Manager or Procurement Director: \$100,000 c. Sole source or emergency Proc Dir: \$50,000 d. Sole source or emergency GM: \$100,000 e. Board: \$100,000+ (.15% of annual budget)	\$66,506,162	\$100,000	\$5,000	\$100,000	\$50,000	Virginia Association of Governmental Purchasing Survey 2012; Loudoun Water Procurement Policy; Loudoun Water 2011 Comprehensive Annual Financial Report	
Richmond Sewer	a. Department: \$30,000 b. Procurement Director: \$100,000 c. Mayor: \$100,000+	N/A - part of Richmond Public Utilities	N/A if budgeted	\$5,000-30,000	\$50,000	\$50,000	Virginia Public Procurement Act, City of Richmond Department of Procurement Services Policies and Procedures Agency Manual, and City of Richmond Intracity Correspondence, Revision to Contract Signature Authority, 2007	
WMATA	a. Designee: new awards \$250,000 or less; modifications \$50,000-200,000 depending on delegation. b. DGM, AGM, CoS: new awards \$10M; modifications \$1M or 5% of contract value, whichever is higher, not to exceed \$10 million. c. GM: new awards \$10M+ (0.4% of annual budget); modification \$1M+ or 5% of contract, whichever is higher AND all cumulative mods \$10M+.	\$2,480,000,000	N/A if budgeted unless non-procurement agreements (e.g., financial services, real estate etc.)	\$3,000-100,000/150,000	\$100,000 - Federal \$150,000 - Operating	\$100,000 - Federal \$150,000 - Operating	WMATA Procurement and Reprogramming Quick Reference; WMATA Workflow Initiate Procurements; WMATA Procurement Reprogram Process 2011; WMATA 2012 Budget; WMATA Procurement Procedures Manual	
WSSC	a. Procurement Assistant: \$5,000 b. Procurement Consultant I: \$25,000 c. Procurement Consultant II: \$50,000 d. Procurement Sr. Consultant: \$100,000 e. Procurement Unit Coordinator: \$150,000 f. Procurement Group Leader: \$200,000 g. Chief Procurement Officer: \$400,000 h. General Manager: \$1.2 million i. Commissioner: \$1.2 million+ (.08% of annual budget)	\$1,449,738,000	\$1,200,000	\$5,000-25,000	\$25,000	\$25,000	WSSC Procurement Regulations; WSSC Acquisition Consultant; WSSC Approved Budget FY2013	Per Section 4-204.01 Policy of the WSSC Procurement Regulations: "The Chief Procurement Officer shall set the Small Purchases threshold limits for (1) goods and supplies and/or services; (2) professional services; and (3) architectural and engineering services."; WSSC Approved Budget 2013
DC Water	a. Procurement Director: \$100,000 b. Chief of Staff: \$500,000 c. General Manager: \$1 million d. Board: \$1 million+ (0.1% of annual budget)	\$579,900,000	\$1,000,000	\$5,000-10,000	\$100,000	\$100,000	DC Water Regulations, DC Water Procurement Manual, DC Water FY 2013 Revised Operating Budget	
Hill-Christian Consulting Group for DC Water	a. Customer: \$10,000 / \$25,000 after Lawson b. Contract Specialist: \$50,000 c. Contract Administrator: \$100,000 d. Procurement Manager: \$250,000 e. Procurement Director: \$500,000 f. Chief of Staff: \$1 million g. General Manager: \$5 million i. Board: \$5 million+ (0.8% of annual budget)	\$579,900,000	\$5,000,000	N/A	N/A	N/A	best practice recommendation from government cross-sector analysis	
Infor (Lawson) for DC Water	a. Procurement Director: \$1 million b. General Manager: \$10 million c. Board: \$10 million+ (1.7% of annual budget)	\$579,900,000	\$10,000,000	N/A	\$250,000	\$250,000	best practice recommendation from government cross-sector analysis	
National Institute of Governmental Purchasing (NIGP)	a. Departments: \$57,000 b. Procurement Director/Manager/Chief Procurement Officer: \$360,000 c. Chief Executive Officer (City Manager, County Administrator, etc.): \$8.9 million	N/A	N/A	\$25,023	\$55,009	\$55,009	NIGP Public Procurement Benchmark 2012 Survey Report (avg for all respondents)	