



DISTRICT OF COLUMBIA
WATER AND SEWER AUTHORITY

Board of Directors

Governance Committee

September 12, 2012

,

9:00 a.m.

- 1. Call to Order.....Alethia Nancoo, Chairperson
- 2. [Major Projects M/WBE Contracting and Local Employee Compliance](#).....Gus Bass,
Manager, Program Services, Department of Engineering and Technical Services
Loretta Caldwell, DC Water Consultant, Third-Party Compliance Oversight
- 3. Government Affairs: Update.....William Pickering, Government Relations Manager
 - Federal
 - Federal Issues and Legislation

 - District of Columbia
 - District Issues and Legislation
- 4. Emerging Issues Chairperson
- 5. Agenda for Upcoming Committee Meeting (TBD)..... Chairperson
- 6. Adjournment.....Chairperson



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

Briefing on:

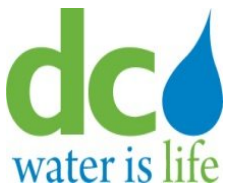
*DC Water Major Projects
M/WBE Contracting and Local Employment Compliance
September Update*

Presented to:

*Governance Committee
Alethia Nancoo—Chairperson*

Presented by:

*Gus Bass—Manager, Engineering Management Services Branch
DC Water Department of Engineering and Technical Services
Loretta S. Caldwell—Major Projects Compliance Officer
L. S. Caldwell & Associates, Inc.*



September 12, 2012

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

Enhanced Nitrogen Removal (ENR 1C)

Enhanced Nitrogen Removal (ENR 2C)

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 | \$ 27,890,000 |
| M Street Diversion Sewer | \$ 29,750,000 |

Bio Solids Management

| | |
|------------------------------|---------------|
| Main Process Train | \$206,173,500 |
| Final Dewatering Facility 1C | \$ 6,999,000 |
| 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

TOTAL VALUE OF MAJOR PROJECTS = \$929,090,375

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 | \$929,090,375 |
| <u>-DC Water Design-Build Exclusions</u> | <u>(\$136,582,780)</u> |
| Total Costs Subject to Fair Share Objectives | \$792,507,594 |

DC Water determined the necessity to exclude some costs on Design Build contracts

Examples of Exclusions from Fair Share Objectives:

| | |
|-----------------------------|-----------------------------------|
| Cambi System (MPT) | \$37,036,000 |
| Tunnel Boring Machine (BPT) | \$30,000,000 |
| Contingencies/Allowances | <u>\$69,546,780</u> (Approximate) |
| | \$136,582,780 |



DC Water Major Projects Subject to Fair Share Objectives

Total Costs Subject to Fair Share Objectives **\$792,507,595**

Design Costs Subject to Fair Share Objectives **\$26,715,538**

28% MBE Design Costs Planned **\$7,480,351**

29% MBE Design Awarded to Date **\$7,646,602**

4% WBE Design Costs Planned **\$1,068,621**

6% WBE Design Awarded to Date **\$1,651,530**

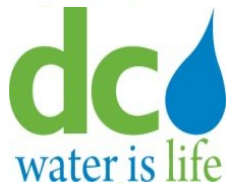
Construction Costs Subject to Fair Share Objectives **\$765,792,056**

32% MBE Construction Costs Planned **\$245,053,458**

24% MBE Construction Awarded to Date **\$184,474,134**

6% WBE Construction Costs Planned **\$45,947,523**

3% WBE Construction Awarded to Date **\$24,217,367**



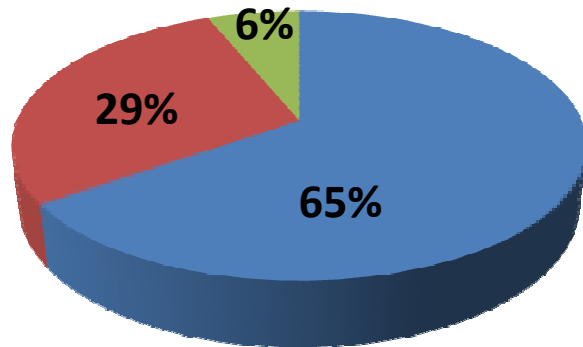
DC Water Major Projects M/WBE Contracting Summary



TOTAL Design M/WBE Subcontracts Awarded to Date

TOTAL DESIGN CONTRACTING

- Total Non-M/WBE: \$17,417,406
- Total MBE \$ Awarded: \$7,646,602
- Total WBE \$ Awarded: \$1,651,530



TOTAL: \$26,715,538

★ GOALS EXCEEDED

Design goals are 28% MBE and 4 % WBE and only apply to Professional Services on the three (3) Major Projects that are design-build contracts (Blue Plains Tunnel, Main Process Train, Combined Heat and Power)

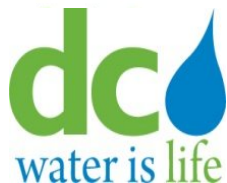
Fair Share Objective achievement is measured by M/WBE confirmation of payment

TOTAL PAYMENTS TO DATE

MBE Payments \$3,877,997

WBE Payments \$ 840,115

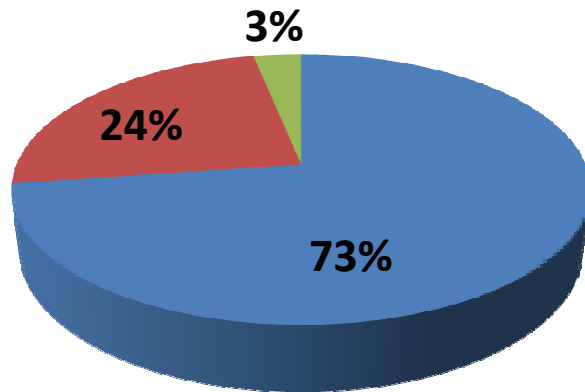
PROJECTS STARTED MAY 2011
DATA COLLECTION BEGAN FEBRUARY 2012



TOTAL Construction M/WBE Subcontracts Awarded to Date

TOTAL CONSTRUCTION CONTRACTING

- Total Non-M/WBE: \$557,100,555
- Total MBE \$ Awarded: \$184,474,134
- Total WBE \$ Awarded: \$24,217,367



Construction goals are 32% MBE and 6 % WBE

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

TOTAL PAYMENTS TO DATE

| | |
|--------------|--------------|
| MBE Payments | \$37,714,347 |
| WBE Payments | \$ 5,952,615 |

TOTAL: \$765,792,056



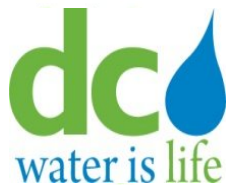
Challenges to M/WBE Goal Achievement

1. It is now an option to use M/WBEs on second tier contracting to achieve goals. It was not a requirement for current contract awards and Prime Contractors are reluctant to push subcontracting goals down to larger non-M/WBE first tier subcontractors with subcontracting/supply opportunities even though it would greatly assist contractors in achieving M/WBE contractual commitments.
 - **Proposed Solution: Compliance officers must investigate subcontracting opportunities at the point when a Subcontract Approval Request is initiated for the non-M/WBE subcontractor, requesting second tier M/WBE contracting when opportunities are available.**

Challenges to M/WBE Goal Achievement

3. Complete reporting by all contractors. The Third Party Contract Compliance Program has initiated new systems; on-line reporting, payment verifications and 2nd party reporting that were new requirements not included in prior contracts. Contractors with prior contracts have been slow to respond.
 - **Proposed Solution:** We continue working with prior Contractors via Contractor Training and Online Training programs, individual Compliance support and additional contracting resources. For new contractors, DC Water has now included solicitation language that specifies the base reporting requirements of the Compliance Program and mandates contractor responsibilities.

DC Water Major Projects Employment Summary



Employment Statistics

Total Contractor Employees on Major Projects: 518

| Employee Residence* | | | | | | |
|----------------------|------------------------|-------------------|------------------|----------------|----------------|-------------------------------|
| District of Columbia | Prince George's County | Montgomery County | Arlington County | Fairfax County | Loudoun County | Outside of User Jurisdictions |
| 58 | 83 | 41 | 14 | 50 | 7 | 265 |

*Information obtained to date; ongoing updates



PROJECTS STARTED MAY 2011;
DATA COLLECTION BEGAN FEBRUARY 2012

Employment of DC Residents

Total DC Residents on Major Projects: 58*

| DC Employee Residents by Ward | | | | | | | |
|-------------------------------|-----|-------|------|------|-----|-------|-------|
| One | Two | Three | Four | Five | Six | Seven | Eight |
| 5 | 6 | 1 | 5 | 6 | 3 | 16 | 16 |

* Information obtained to date; ongoing updates



Employment of DC Residents

| | |
|---|------------|
| Total DC Residents on Major Projects: | 58* |
| ➤ New DC Resident Hires through Department of Employment Services: | 40 |
| ➤ Transfer of Existing DC Resident Employees to Major Projects: | 18 |

*Information obtained to date; ongoing updates



DC Apprenticeship Statistics

(DC Requirement – 35% DC Resident Hours)

| No. of Apprentices | Total Apprentice Hours | No. of DC Resident Hours | % DC Resident Hours |
|--------------------|------------------------|--------------------------|---------------------|
| 22 | 6,343 | 5,124 | 81% |

*Information obtained to date; ongoing updates

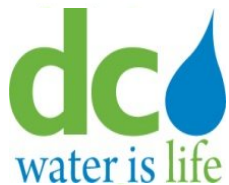


Select Overview of Employment Data By Jurisdiction

Sample From 3 major contractors
Total Number of Employees: 105*

Total Number of New Hires: 65
Total Number of Transfers: 40

| Overview of ENR1C and FDF 2C | |
|------------------------------|-----------|
| DC | 8 |
| Maryland | 42 |
| Virginia | 29 |
| North Carolina | 14 |
| South Carolina | 1 |
| Texas | 1 |
| Georgia | 8 |



Major Projects Employment Initiative

- A program is being developed for October 2012 to:
 - Introduce major project contractors to Training Resource Providers, identified in the earlier Employment Initiative, that provide unskilled and skilled trade labor and
 - Introduce “Speed Interview/Hiring”; matching contractor labor needs to providers/laborers to assist in fulfilling the labor need.

- An onsite Employment Trailer will be opened October 2012, to encourage contractor employment by providing a space for scheduled interviews.

Challenges to Employment on Major Projects

- DC Water is continuing work with DOES to ensure appropriate support for contractor participation in the FSEA program .
 - **Proposed Solution: DC Water and DOES are working towards the development of a stronger relationship and to identify alternate employment solutions.**

- To date, discussions related to adoption of a DC Water employment program are preliminary.
 - **Proposed Solution: DC Water is continues to review alternative in-house employment programs.**

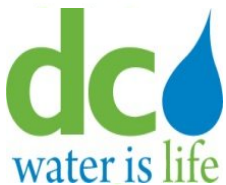
Challenges to Employment on Major Projects

- Complete employment reporting by Prime, First Tier and Second Tier Contractors is very slow. Since the requirements for DC Water employment reporting were not included in most of the contracts, i.e., Third Party Compliance, on line reporting, District of Columbia/by Ward and User Jurisdiction hiring, etc. Contractors have been slow to respond to reporting requirements.
 - **Proposed Solution: We continue working with prior Contractors via Contractor Training and Online Training programs, individual Compliance support and additional contracting resources. This has improved since our last report.**
 - **For new contractors, DC Water has now included solicitation language that alerts the contractors to the base requirements of the Compliance Program with associated responsibilities.**



DC Water Major Projects Summary

- **DC Water's decision to hire a third party compliance firm has resulted in independent contracting and employment compliance monitoring and documentation on Major Projects.**
- **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.**



DC Water Major Projects Summary

- On Design/Build projects, the design goals of 28% MBE and 4% WBE, have been exceeded.
- The collection of employment statistics now allows DC Water to use empirical data to judge effectiveness of employment outreach/programs.
- DC Water now has a Compliance Enforcement Program and process that allows for the “almost real time” collection of “actual” vs. “booked” employment data at the contract and sub-contract level.
- Date confirmed for October 2012, DC Water will open an on-site Employment Trailer for contractors to interview skilled and unskilled labor.



DC Water Major Projects

QUESTIONS AND DISCUSSION

