



**Advisory Council on  
Utility Supplier and Workforce Diversity**  
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

# Suggested Best Practices

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December 1, 2020



# Leadership



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# Methodology

The Advisory Council on Utility Supplier and Workforce Diversity (Advisory Council) was established by the District of Columbia Public Services Commission to identify best practices for diversity, equity and inclusion in contracting and employment related to the public utility sector.

To achieve its goals, the Advisory Council organized into three workgroups:

1. Business Development and Outreach
2. Job Training and Retention
3. Supplier Diversity

The best practices contained in this presentation were developed in workgroup meetings, presentations from external experts, survey responses from the Advisory Council, and a review of online resources including:

1. The District of Columbia Department of Employment Services
2. This District of Columbia Department of Small and Local Business Development
3. The District of Columbia Workforce Investment Council
4. The United States Department of Transportation Office of Civil Rights

# Memorandum of Understanding

## Process for editing MOU

- Several meetings held with representatives from the utilities with revision of edits periodically reviewed
- Incorporated input from the three working groups (Business Development, Supplier Diversity and Job Training and Retention)
- Submitted to Public Service Commission and their staff for their review

## Changes to the 2012 MOU on Supplier Diversity

- Expands definitions of Diverse Suppliers to include LGBT owned business and veteran owned business to the service-disabled owned business
- Commits to an annual legislative style hearing by utilities at the Commission's designation
- Designates an aspirational goal of 25% diverse spend for all utilities
- Incorporates best practices related to identifying and recruiting diverse suppliers
- Includes a dedication to workforce diversity and development from utilities

# Business Development and Outreach Workgroup



**Working Group Lead:**  
Monte Monash, Monash Advisory Group

**Coordinator:**  
Linda Fennell, DC Water

## Education and Training

Education and training are effective tools for increasing the pool of potential diverse suppliers and Certified Business Enterprises (CBE's) to perform on utility contracts.

1. Utilities should create additional engagement opportunities between current and potential certified firms and decision makers, buyers, etc.
2. Utilities should take proactive steps to ensure their procurement processes are fully understood by the certified business community. Actions in support of this step could include:
  - FAQ's
  - "How to" Guides
  - "How To Do Business" Events
  - Training workshops

# Business Development and Outreach Workgroup

## Education and Training (cont.)

3. Utilities should consistently offer the following:
  - Vendor Days - one on one or small group meeting sessions to discuss opportunities, answer questions, etc.
  - Pre-Bid Meetings – pre-bid/pre-proposal meetings and create additional networking opportunities for firms
  - Prompt notification to firms who are unsuccessful in bidding on opportunities
  - Debriefing sessions
4. Provide individualized training and assistance
5. Emphasize training for industry specific opportunities
6. Celebrate graduations and track postgraduates as a metric of program success



# Business Development and Outreach Workgroup



## Capacity Building

Utilities should create events for current and potential certified firms for additional capacity building opportunities.

1. Create programming (with organizational partners or city agencies) to build more capacity with current and potential diverse suppliers and CBE vendors
2. Address access to capital and bonding (going beyond classes)
3. Partner with credible agencies/organizations that can support diverse suppliers and certified firms with training and capacity building needs
4. Identify talented diverse suppliers and certified firms that are performing at a high level and groom them for larger opportunities (mentorship, business development, capacity building support)
5. Encourage successful diverse suppliers and certified firms to assist emerging diverse and certified firms
6. Implement Mentor Protégé Programs/ Contractor Colleges
7. Track successful diverse suppliers and certified firms; share success stories across the utilities

# Business Development and Outreach Workgroup



## Targeted Outreach

Pro-active outreach by utilities to certified firms is essential. This includes attending trade fairs, maintaining up to date websites, as well as effective advertising. Best practices for targeted outreach include:

1. Pre-Sourcing is part of effective supply chain management and ensures certified firms get a fair opportunity to compete
  - Forecasting purchasing requirements builds efficiency, reduces risks, and helps ensure a diverse pool of suppliers
2. To ensure success, pre-sourced lists must be included in the buying teams' sourcing plans. This helps avoid the "We can't find anybody" syndrome. Introducing certified firms to the buyer's internal customers is also part of this process
3. Host "one-on-one" matchmaking sessions with certified firms to ensure they have the information needed and the ability to have their questions answered – within reason to ensure they do not become disqualified from participation
4. Annual Procurement Fair - Utilities to host at least one joint outreach event annually
5. Survey certified firms to determine where they go to find opportunities (meet them where they are)

# Business Development and Outreach Workgroup

## Targeted Outreach (cont.)

5. Conduct targeted outreach to ensure utilities are reaching out to certified firms with the greatest potential for success – not merely pro forma outreach
6. Utilities should work with organizational partners (including District agencies) to share procurement opportunities with the certified business community
7. An internal supplier diversity intranet is also a best practice



# Business Development and Outreach Workgroup



## Industry Partnerships

1. The utility industry often pulls from the same technical field of consultants and suppliers. At a minimum, the utilities should work collectively with local and national organizations to expand their reach and bring in new firms. A few suggested organizations discussed include:
  - American Council of Engineering Companies (ACEC) - vendor outreach / programming
  - Edison Electric Institute (EEI)
  - National Utilities Diversity Council (NUDC) - vendor outreach / programming
  - National Utility Contractors Association (NUCA) - vendor outreach / programming
  - The National Minority Supplier Development Council (NMSDC)
  - The Maryland Washington Minority Companies Association
  - The Women's Business Enterprise National Council (WBENC)

# Business Development and Outreach



## Industry Partnerships (cont.)

2. Establish a cross-functional advisory group to provide valuable feedback on how utilities can improve their programs, obtain resources as well as “buy in.” Advisory Groups are an essential part of building a coalition for change that opens doors to new opportunities for certified firms
3. Work with industry partners to establish a list of (qualified) certified firms to be shared among the utilities

# Business Development and Outreach Workgroup

## Metrics

Outreach and education are excellent tools for increasing the quantity and quality of certified firms on utility projects. However, no outreach is effective unless it results in participation.

Accordingly, the utilities should create a baseline reporting template to document the performance metrics of the outreach efforts, as well as the utilization of diverse suppliers and certified firms.

Additionally, the utilities should share further information unique to their individual outreach programs.



# Supplier Diversity Workgroup

Working Group Lead:  
Lori Murphy Lee, PJM Interconnection

Coordinator:  
Jamal Jones, DC Water

## Advocacy

1. Utilities should advocate for the certified firm community and must be willing to kindly investigate complaints, as well as develop and implement remedies that ensure effective program performance
2. Early, continued, aggressive, and targeted promotion of projects increases the likelihood that local businesses will participate and benefit from the project
3. Partner with 3rd party advocacy organizations to help primes increase diverse supplier subcontracting

## Early Involvement

1. DBE and other civil rights issues can be overlooked or marginalized when the utilities' Diversity and Inclusion practitioners are not involved from project inception. Reviewing RFP, PMP, DBE Plans, and contract language is an important first step in establishing compliance
2. Communicate certified firm expectations and processes from the beginning and throughout (On going Good Faith Efforts)

# Supplier Diversity Workgroup

## Executive Leadership

1. Project benefits when support from executive leadership is visible
2. Promote the concept that certified firm utilization is a mutually beneficial opportunity
3. The supplier diversity program must be integrated into the main mission of the utility



# Supplier Diversity Workgroup

## E-Commerce

1. Electronic commerce is fundamentally changing the way procurement occurs. Supply chains are being reorganized into “vertical” markets. These changes provide certified firms an opportunity to move to the next level in the supply chain. To support this, utilities should promote:
  - E-business education
  - Mentoring
  - Identification of high-potential suppliers for participation in online business-to-business markets
  - Setting certified firm e-commerce participation goals



# Supplier Diversity Workgroup

## Internal Processes

1. The utilities should examine internal processes to address inherent barriers to participation (Are the same firms always winning?)
2. Divide smaller contract opportunities to encourage diverse suppliers to prime contracts
3. Reduce the length of contracts to ensure firms are receiving opportunities
4. Conduct targeted bid opportunities for diverse firms
5. Utilities should incorporate certified firm utilization into their strategic and performance plans



# Supplier Diversity Workgroup



## Goal Setting

1. Setting quantifiable goals for certified firm participation is critical to the success of any supplier diversity program. Goals set the necessary performance standards and can be established by customer requirements, benchmarking or using historical best performance. Utilization goals need to be tailored by commodity area and then rolled up into an overall company goal. Goals should be included in the supplier diversity policy statement
2. Narrow Tailoring: The utilities must be vigilant about any process that sets contract goals without considering factors such as project size, time, location, type of work, available certified firms and capacity. Be wary of tables that automatically set goals based on standalone criteria. Other factors to consider when reviewing or helping to set contract goals are:
  - Whether the project could benefit from separate, distinct contract goals for design and construction
  - Whether all relevant parties have an opportunity to provide input into goal setting, particularly on high visibility or major projects
  - Ensuring that there is documentation that reflects a sound goal setting process for the project

# Supplier Diversity Workgroup



## Goal Setting (cont.)

3. Inclusion of Professional Services in Diversity Goals:
  - Consider adding categories for the tracking of legal, financial, marketing/advertising/PR, consulting and lobbying, IT and travel to MOU
  - Be flexible, e.g. consider how minority partners at majority firms can be accounted for, if minority partner initiates the business, should be tracked by utility. This should not be to the detriment of minority owned law firms. Utility should also ask if any minority associates are working on a percentage of the billable hours
  - Among others, Maryland, California and Missouri include financial and legal services within their supplier diversity goals, specifically, as it pertains to mergers/financial backers. These services were not calculated in DC PSC's 2012 revised MOU. This may be an opportunity for additional categories of firms to participate in DC's utility supplier diversity space and allow the utility to further demonstrate its achievements
4. Excludable. The list of items excluded from certified firms' goals should be kept to minimum. Examples of items typically excluded from the base are payroll, taxes, and intracompany transfers. It helps if there is a set of industry standards in this area.

# Supplier Diversity Workgroup

## Good Faith Efforts

1. Encourage contractors to submit a Diversity plan at time of proposal rather than specific commitments. This would include on going Good Faith Efforts (GFE's)
2. Discourage the notion that Goal Attainment is a substitute for Good Faith Efforts. The utilities and prime contractors should be mindful that GFE's and goal attainment are not the same. Contractors must use those efforts one could reasonably expect a bidder or contractor to take if they were actively and aggressively trying to meet the utilization goals. GFE's documentation is considered regardless of the goal achievement, or in the case of a certified firms' plan, if the contractor is not on-track with its committed schedule to meet the goal
3. Educate primes that it is never appropriate to begin the project with the notion that it will meet its contract obligation through documented GFE's only, rather than through actively trying to meet the certified firms' goal
4. Actively review contractor activity to prevent "window-dressing outreach" as evidence of GFE's. Engaging in voluntary or contract required outreach solely as a method establishing or documenting good faith is considered "pro-forma", and should not be accepted by the utilities or contractors
5. Avoid certified or sworn statements of compliance with no underlying support or validation
6. Satisfaction of goals should be counted with those that perform a "Commercially Useful Function" (Presumption is the certified firm will perform at least 50% of the cost of its own contract)
7. Encourage Prime Contractors to establish mentor protégé programs with certified firms

# Supplier Diversity Workgroup

## Procurement Processes

### Pre- Award

1. When applicable, reduce the length of contracts to ensure firms are receiving opportunities
2. Ensure that virtual meetings are interactive and explaining the materials needed for the participants, when possible
  - Allows more participants to attend the meetings
  - Have the contractors provide the utility with a survey on how the presentation went
3. Improve transparency with the utility to the bidding firms



# Supplier Diversity Workgroup

## Procurement Processes (cont.)

### Post Award:

1. Provide notification to firms who are unsuccessful in bidding on opportunities and an explanation why
2. Encourage firms to have debriefing sessions
3. Beyond debriefs, utilities should direct unsuccessful firms to resources and/or capacity programs as necessary to better equip them for future opportunities
4. Implement Prompt Invoice and Prompt Payment clauses for primes
5. Develop processes whereby retainage can be invoiced and paid within 30 days of the subcontractor's completion
6. Develop a process for subcontractors to obtain release of bond



# Supplier Diversity Workgroup

## Monitoring and Reporting

In order to meet (and even) exceed agreed expectations, each utility should be transparent with monitoring and reporting the spend with diverse suppliers and Certified vendors. Although annual reports are currently required with the MOU, the utilities could benefit from the following suggestions:

1. Accountability - Managers as well as individual buyers need to be held accountable for reaching certified firms' goals. The best companies include this in buyer performance appraisals along with cost savings, product/service quality, and reduced procurement cycle times. What gets measured, gets done
2. Benchmarking - Benchmark the utility's supplier diversity process, both internally and externally. Utilities should consider best practices from other utilities (e.g. DC Water's annual Board Report which now includes an analysis of outreach efforts, and their connection to utilization). Another example is to place an emphasis on bringing in new diverse businesses by having companies track and report where they are finding subcontractors.
3. Pro-active Monitoring – Ongoing monitoring of goal attainments and GFE's documentation is necessary to determine if enforcement mechanisms are appropriate. Utilities should implement effective enforcement mechanisms, to include frequent monitoring, and documentation of certified firm utilization.
  - Prompt payment
  - Ongoing Good Faith Efforts
  - Termination and replacement of firms as necessary
  - Monitor prime/subcontractor relationships to ensure that:
    - Certified firms are performing as agreed
    - Certified firms are invoicing and being paid as agreed

# Supplier Diversity Workgroup

## Monitoring and Reporting (cont.)

4. Monitoring must focus on whether certified business utilization plans are implemented, not just goal achievement
5. A reliable method for comparing payments to certified business commitments: whether a spreadsheet, computer program, or compliance review, recipients must have a demonstrated method of ensuring a running tally toward goal achievement. Despite regulatory flexibility, the ongoing nature of running tally suggests that a single evaluation may be insufficient to document compliance on a utility project
6. Report on how goals are achieved / plan to be achieved
7. Uniform / standardized reporting for supplier diversity and certified firm goals
8. An interim report / mid year check in to ensure annual goals are achieved
9. Effective and consistent monitoring – Project responsibility not just the purview of the utilities’ “Business Diversity and Inclusion” offices – Be proactive NOT reactive
10. Awards Program. Utilities should recognize the achievements of certified firms, and primes that demonstrate genuine good faith efforts in working with the certified business community

# Supplier Diversity Workgroup



## Commission Annual Legislative Style Hearing

1. Utilities presentation should be designed for the layperson:
  - Companies present on methods of outreach, overall accomplishments, but include a breakdown by category of spend (perhaps a 1 page leave behind). Include description of programmatic activities for accountability and how recruitment is tracked (internal diversity)
2. Consider expanding the hearing with additional programming by inviting some of the following:
  - Diverse businesses attend and have a few share their stories
  - Speakers to discuss/share advancements or opportunities in underrepresented sectors such as financial (banking)/ and CBE access to lines of credit
  - Certifying institutions
  - Other State Utility Commissioners to share their supplier and workforce diversity best practices
3. Commission must measure trends over time and hold utilities accountable every year by examining companies' increase/decrease year over year from baseline and companies' plan for addressing any areas that may be lacking

# Supplier Diversity Workgroup

## Communications

1. Buyers and Tier 1 (prime) suppliers need to be educated on how to develop and manage supplier diversity programs
2. Communicate and coordinate with Primes: Utilities and Primes should be advocates, not adversaries in achieving certified firm participation



# Job Training and Retention Workgroup

## Working Group Lead:

Nikki Hall, Pepco

## Coordinator:

Sharon Talley, DC Water



## Specify an Explicit Target Population and Program Goals

1. Effective programs will have a clearly defined mission that specifies the target community(ies), the outcomes the program aspires to achieve, and the specific strategies that the program will implement to attain these outcomes
2. Encourage project labor, or community workforce agreements with targeted local hire specifications that directly apply to a given project
3. Set aspirational goals for local hires on construction and service projects

## Focus on Employability Skills

1. Review employment requirements (education, experience) to minimize unnecessary barriers
2. Set achievable standards; relax standards that won't impact the business
3. Peer advocates/engagement before being hired

# Job Training and Retention Workgroup



## Establish Disability Inclusion Programs

1. Disability inclusion programs help establish a pipeline of skilled applicants with disabilities for companies. They also ensure that employees with disabilities are fully included in all aspects of employment, and let employees and potential employees know that the contractor is a welcoming place for individuals with disabilities

## Promote Positive Youth Development

1. Provide youth/work ready adults with financial incentives and focus on increasing financial capability
2. Provide follow-up services/wrap around services
3. Provide mentorship
4. Provide strategies for success

## Support Local Business Utilization

1. Local business growth is a key ingredient to local job creation

# Job Training and Retention Workgroup

## Establish Comprehensive Training Programs

1. More training for District residents to become employed with partnering with community partners
2. Soft Skills (Job Readiness) Training
3. Job Skills Training
4. Structure the programs to allow sufficient time for participants to obtain the necessary skills and on the job experience
5. Trainings should lead to a nationally recognized certification/license, not simply a certificate of completion
6. Partner with businesses to support the training programs. Trainings should also be tailored to the actual job requirements of the employers.



# Job Training and Retention Workgroup



## Provide Comprehensive/Follow Up Services

1. Effective programs take a holistic approach to preparing individuals for the workplace. Programs focus on a multitude of competencies and offer a variety of services. In addition to employability training, initiatives should also offer mental health and substance abuse services, educational training, healthcare, and logistical services such as help with transportation or childcare. A few suggested mental health support providers include:
  - DC Department of Behavioral Health
  - Washington DC Mental Health

## Partnerships

1. Vocational Rehabilitation agencies and organizations are available to help individuals retain jobs. These organizations have relationships with individuals and their qualifications and are invaluable resource for matching an individual's skills with jobs
2. Utilize Strategic Partners such as DOES to provide additional wrap around services such as transportation subsidies, childcare and other services to support job retention activities

# Job Training and Retention Workgroup



## Partnerships

- Partnerships with pre-apprenticeship programs, state certified community conservation corps program, “earn-while-you-learn” programs, Youth Build programs, and/or registered apprenticeship programs that lead to industry recognized credentials, certifications, and/or references to long term employment. A few suggested workforce development agencies discussed include:
  - Catholic Charities
  - DC Infrastructure Academy (DCIA)
  - Federal City Council
  - United Planning Organization (UPO)
  - Workforce Investment Council (WIC)

## Document Evidence of Success

- Establish job training and retention performance metrics
- Create an annual report that documents efforts and results

## Embrace Continuous Improvement

- Share best practices and advance reimagined job training and retention success
- Encourage award and recognition of ongoing progress

# Contact

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# The Advisory Council on Utility Supplier & Workforce Diversity

THANK YOU

