



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

7-4

September 1, 1992

To: Board of Directors (Executive Committee--Action)
(Engineering & Operations Committee--Action)
(Organization & Personnel Committee--Action)

From: General Manager

Subject: Establishment of Minority, Women-Owned Business Enterprise
(M/WBE) Policy and Program

Report

In March 1990, the General Manager created the Contracts Review Committee (CRC) composed of representatives of all affected divisions for the purpose of reviewing Metropolitan's contractor and vendor selection procedures and guidelines. The goal of the CRC has been to ensure that all potential contractors and vendors are treated in a fair and equitable manner by gaining an understanding of Metropolitan's procedures for selecting potential contractors and vendors, by reviewing the legal basis for these procedures, and by ascertaining whether or not these procedures are uniformly implemented throughout all divisions.

The CRC reviewed Metropolitan's internal purchasing and contract award practices and interviewed key division personnel. The CRC found that insufficient information regarding the potential business opportunities with Metropolitan and unfamiliarity with Metropolitan's contracting procedures may inhibit minority and women-owned business enterprises from fully participating in contracting, procurement and consulting opportunities.

In response to these findings, Metropolitan hosted an information symposium for business entrepreneurs on January 22, 1992, to educate prospective contractors and vendors on Metropolitan's contract procedures, and product and service needs. The symposium was viewed as a significant first step in Metropolitan's outreach effort.

As an adjunct to the symposium, heightened awareness has developed among affected staff members to encourage M/WBE, participation in Metropolitan contracts. Results have been particularly visible in small business enterprises and women-owned business enterprises.

Metropolitan has developed a Centralized Procurement System (CPS) and created internal tracking mechanisms to document its outreach efforts. The CRC also conducted an independent survey of the contracting practices of various public and private utilities. The survey findings are attached as Attachment B.

The CRC's independent research, as well as comments received as a result of the symposium, have confirmed the need to establish an M/WBE policy and to implement a voluntary program enabling Metropolitan to further improve its contracting procedures in this area. The M/WBE program would have a total contracting target of 15 percent for M/WBE business enterprises (12 percent for minority owned businesses and 3 percent for women-owned businesses). This figure is consistent with targets established by other public agencies and utilities. Such a target should not be confused with the creation of a set-aside program or the establishment of a definitive goal. The target would serve as a guide in the establishment of policies and practices designed to encourage voluntary cooperation of vendors, contractors and others.

It is intended that a program be developed and a report be provided to your board on the specifics of the M/WBE program. A significant component of the program would be the creation of a new staff position -- an M/WBE administrator. The administrator would be responsible for the development and implementation of the program and would respond to inquiries from vendors, consultants and contractors to ensure they are brought together with appropriate district staff. The creation of this position would address the repeated concerns of prospective contractors and vendors regarding the process involved in obtaining specific information about their respective interests.

The encouragement of prime contractors to use M/WBE subcontractors would be another important aspect of the program. As part of this effort a subcontractor outreach program will be developed.

Under the program, the CRC would act as an advisory committee to the program administrator to assist in the development of objectives and program goals.

Through the adoption of the proposed policy and ultimately the creation of a voluntary program, Metropolitan will further improve its contracting practices and address significant political concerns which have recently been raised.

Attachment A reflects proposed additions to the Metropolitan Water District Administrative Code, states the Minority and Women-Owned Business Enterprise Policy and authorizes the General Manager to establish a program to implement and monitor the policy.

The recommendation in this letter is exempt from the provisions of the California Environmental Quality Act (CEQA) because the authorization will have no effect on the physical environment.

Board Committee Assignments

This letter is referred for action to:

The Executive Committee pursuant to Section 2417 (e) of Metropolitan's Administrative Code to study, advise and make recommendations with regard to policies and procedures to be considered by the Board.

The Engineering and Operations Committee pursuant to Section 2431 (a) of Metropolitan's Administrative Code to study, advise and make recommendations with regard to plans, specifications and bids.

The Organization and Personnel Committee pursuant to Section 2471 (f) of Metropolitan's Administrative Code to study, advise and make recommendations with regard to the selection of management and personnel consultants.

Recommendation

EXECUTIVE, ENGINEERING AND OPERATIONS, AND THE ORGANIZATION AND PERSONNEL COMMITTEES FOR ACTION.

It is recommended that the Board of Directors adopt the following policy:

It is the declared policy of the Metropolitan Water District of Southern California to implement a program that will aid, counsel and assist, insofar as is legally permissible, the participation of minority and women-owned business enterprises in contracts for Metropolitan properties, facilities and services.

Consistent with this policy the General Manager will establish, direct and monitor a detailed program implementing the Minority and Women-Owned Business Enterprise policy and take appropriate steps to cause all personnel within the organization to abide by and affirmatively support said policy.

Sections 8300 and 8301 shall be added to the Metropolitan Water District Administrative Code to read as set forth in Attachment A.



Carl Boronkay

CB/jc

Attachments

ATTACHMENT A--ADMINISTRATIVE CODE ADDITIONS

Article 5

MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES

§ 8300. Statement of Policy.

It is the declared policy of the Metropolitan Water District of Southern California to implement a program that will aid, counsel and assist, insofar as is legally permissible, the participation of minority and women-owned business enterprises in contracts for Metropolitan properties, facilities and services.

§ 8301. General Manager's Responsibility to Implement Minority and Women-Owned Business Enterprise Policy.

The General Manager shall establish, direct and monitor a detailed program implementing the Minority and Women-Owned Business Enterprise Policy herein expressed and shall take appropriate steps to cause all personnel within the organization to abide by and affirmatively support said policy.

ATTACHMENT B

CONTRACTS REVIEW COMMITTEE SURVEY FINDINGS

Purpose of Survey

The District's Contracts Review Committee (CRC) conducted an informal survey to identify other public agencies and utilities which have a Minority and Women-Owned Business Enterprise (M/WBE) program. Of those organizations with an established program, the CRC reviewed the criteria used in development of those programs.

The following organizations have established an M/WBE Program:

San Diego County Water Authority (SDCWA)
Los Angeles Department of Water & Power (LADWP)
City of Pasadena
East Bay Municipal Utilities District (EBMUD)
Long Beach Water Department
Southern California Edison (SCE)
Department of Water Resources (DWR)

Percentages

The programs classified the contractors, vendors and consultants into the categories of Minority and Women-Owned businesses. The categories were given the applicable percentages to allow more flexibility to direct efforts to the proper groups and enhance the chances of reaching the objectives of the programs.

M/WBE Percentage Targets

	Minority Business (Percentage)	Women Business (Percentage)
Department of Water & Power	15	7
City of Pasadena	15	15
East Bay Municipal Utilities District	18	7
Long Beach Water Department	10	3
Southern California Edison	30	30
Department of Water Resources	15	5
San Diego County Water District*	N/A	N/A

* Percentages are in the process of being developed

Use of Minority Subcontractors

Of the programs the CRC surveyed, most of them strongly encourage the use of M/WBE subcontractors. However, other programs require stronger actions. For example:

- DWP requires contractors to submit with their bids and proposals proof of the effort taken to ensure M/WBE participation.

- SCE's program, which was mandated by the Public Utility Commission (PUC), was the only program that requires language regarding minority subcontractors to be included in its contracts.

- The City of Pasadena allows special points to be given to contractors using minority subcontractors.

Certification Process

The survey indicated that agencies developed internal certification processing or used the certification techniques of other lead agencies. Since certification is a labor-intensive task, many of the agencies found it advantageous to adopt the certification procedures of other agencies. The majority of the surveyed agencies use lead agencies like Caltrans, Rapid Transit District, or independent corporations that provide a clearing house service for M/WBE certification. However, the City of Pasadena, DWP, and EBMUD have developed internal certification programs.

Technical and Financial Assistance

The City of Pasadena and SCE programs require that financial assistance be provided to M/WBE's. The City of Pasadena ordinance allows reduction in bonding to insure no artificial barriers exist. SCE provides financial assistance on a case by case basis. The other agencies provide special forums, educational assistance and information workshops.

February 10, 1993

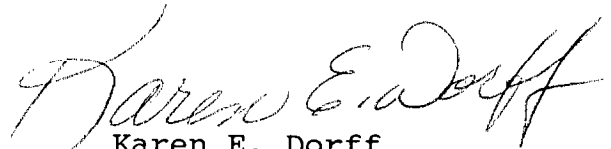
To: SPECIAL COMMITTEE ON WATER QUALITY
AND ENVIRONMENTAL COMPLIANCE

Timothy F. Brick, Chair
Alf W. Brandt
John T. Morris
Bruce R.J. Milne
Regina Murph
Christine E. Reed

From: Executive Secretary

Subject: Meeting of February 23, 1993 at 8:00 a.m.

Special Committee Chairman Brick requests you be present at a meeting of the Special Committee on Water Quality and Environmental Compliance on Tuesday, February 23, 1993, at 8:00 a.m. in Committee Room 105-6S of the District's Headquarters Building.


Karen E. Dorff

cc: All Directors
General Manager
General Counsel
Auditor
Asst. General Managers
Asst. General Counsel
Asst. Auditor
Exec. Asst. to General
Manager
Exec. Asst. for Strategic
Policy Development
Division Heads

February 10, 1993

To: AD HOC COMMITTEE ON WATER STANDBY CHARGE
EXEMPTION APPEALS

Douglas W. Ferguson, Chair
Bill M. Hill
Wayne T. McMurray
John T. Morris
Regina Murph

From: Executive Secretary

Subject: Meeting of February 23, 1993 at 10:00 a.m.

Committee Chairman Ferguson requests you be present at a meeting of the Ad Hoc Committee on Water Standby Charge Exemption Appeals on Tuesday, February 23, 1993, at 10:00 a.m. in Committee Room 103S of the District's Headquarters Building.



Karen E. Dorff

Attachment

cc: All Directors
General Manager
General Counsel
Auditor
Asst. General Managers
Asst. General Counsel
Asst. Auditor
Exec. Asst. to General
Manager
Exec. Asst. for Strategic
Policy Development
Division Heads