



pennsylvania
DEPARTMENT OF GENERAL SERVICES

Annual Report

Bureau of Minority & Women Business
Opportunities

2008

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Governor

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Secretary

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Deputy Secretary and Special Advisor to the Governor

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Director

2008 Bureau of Minority and Women Business Opportunities Report

Mission Statement

The Bureau of Minority and Women Owned Business Opportunities (BMWBO) for the Department of General Services is responsible for ensuring that small minority, women and disadvantaged businesses have every opportunity to fairly and successfully compete for state contracting opportunities. It is BMWBO's shared mission and vision to create a more level playing field for minority and women-owned businesses by providing the necessary information, education, and aggressive outreach to accomplish this goal.

At the heart of the bureau's mission is the certification of minority business enterprises (MBE) and women business enterprises (WBE) for the Commonwealth of Pennsylvania. Certification assists these businesses, which have historically been underutilized and underrepresented, in being more readily identified and utilized in state contracting. An additional responsibility of the bureau is to ensure nondiscrimination through full document reviews and onsite audits after state contracts are awarded.

Authority for Operation

The Department of General Services (DGS) has been granted authority through Executive Order 2004-6 to formulate specific policy initiatives to significantly increase Commonwealth contracts being awarded to MBEs and WBEs. In particular, Executive Order 2004-6 authorizes DGS to formulate and implement such policies since they are the agency responsible for the formulation of general procurement policy under Section 301 of the Procurement code, 62 Pa. C.S. § 301. In addition, section 2101 of the Procurement Code, 62 Pa. C.S. § 2101 provides for the policy of the Commonwealth to assist small and disadvantaged businesses in learning how to do business with Commonwealth agencies. The assignment in carrying out these initiatives has specifically been given to BMWBO to execute.

Historical Background

Prior to 2003, BMWBO was formerly known as the Bureau of Contract Administration and Business Development (BCABD). During this time, the level of participation of minority and women owned businesses in the Commonwealth's procurement of supplies, services and construction averaged



less than two percent (2%) of the total dollars spent by the Commonwealth. The level of participation for minority and women owned businesses increased to almost nine percent (9%) in 2008 and reached an all time high of twelve percent (12%) during the third quarter of 2006.

Functions of BMWBO

Certification

BMWBO is the certifying entity on behalf of the Commonwealth of Pennsylvania. Certification offers assistance to MBEs and WBEs in becoming more readily identified and utilized in state contracting opportunities. BMWBO has a Certification Division within the Bureau composed of three Business Enterprise Analysts (BEAs). The Certification Division receives and reviews approximately 100 applications a month for certification and re-certification, and currently maintains a 45-day average review time in determining whether to certify or re-certify a business.

Supplier Diversity

The Supplier Diversity Division of BMWBO determines the responsiveness of bidders on bids for Commonwealth contracts and scores the disadvantaged business submittals for Commonwealth bids. This division also ensures that bidders comply with the Commonwealth's anti-discrimination requirements as they relate to building construction and service purchase contracts. The division, which consists of two BEAs, responds to over 764 bids a year by evaluating and scoring DB submittals of Commonwealth contracts.

Contract Compliance

The Contract Compliance Division, which consists of two BEAs, is responsible for overseeing 42 agencies under the Governor's jurisdiction, as well as other agencies across the entire Commonwealth enterprise. This division is directly responsible for ensuring the monitoring and enforcement of work force diversity and hiring practices on Commonwealth contracts. Assurance of a formal sexual harassment policy is also evaluated. The division also provides full document reviews and onsite audits, reviews quarterly reports from Commonwealth agencies, and offers recommendations to agencies through the Contract Compliance Dispute Resolution Committee. In addition, over 312 investigations were conducted in 2008 on complaints received by MBEs and WBEs.

Business Development

The Business Development Division of BMWBO provides educational and training information to promote and enhance MBE and WBE involvement in state contracting. Assistance is provided to certified and non-certified businesses or organizations interested in learning how to increase opportunities and successfully compete or navigate through the Commonwealth contracting system. This division, which consists of one BEA and a Supervisor/Equal Opportunity Manager, conducts and participates in over 90 workshops each year throughout the Commonwealth.

Liaisons, Regional Representatives and Support Staff

BMWBO has three liaisons responsible for assisting Commonwealth agencies, as well as majority firms, in connecting MBEs and WBEs with contracting opportunities in procurement, construction, real estate, and energy service contracts (ESCOs).

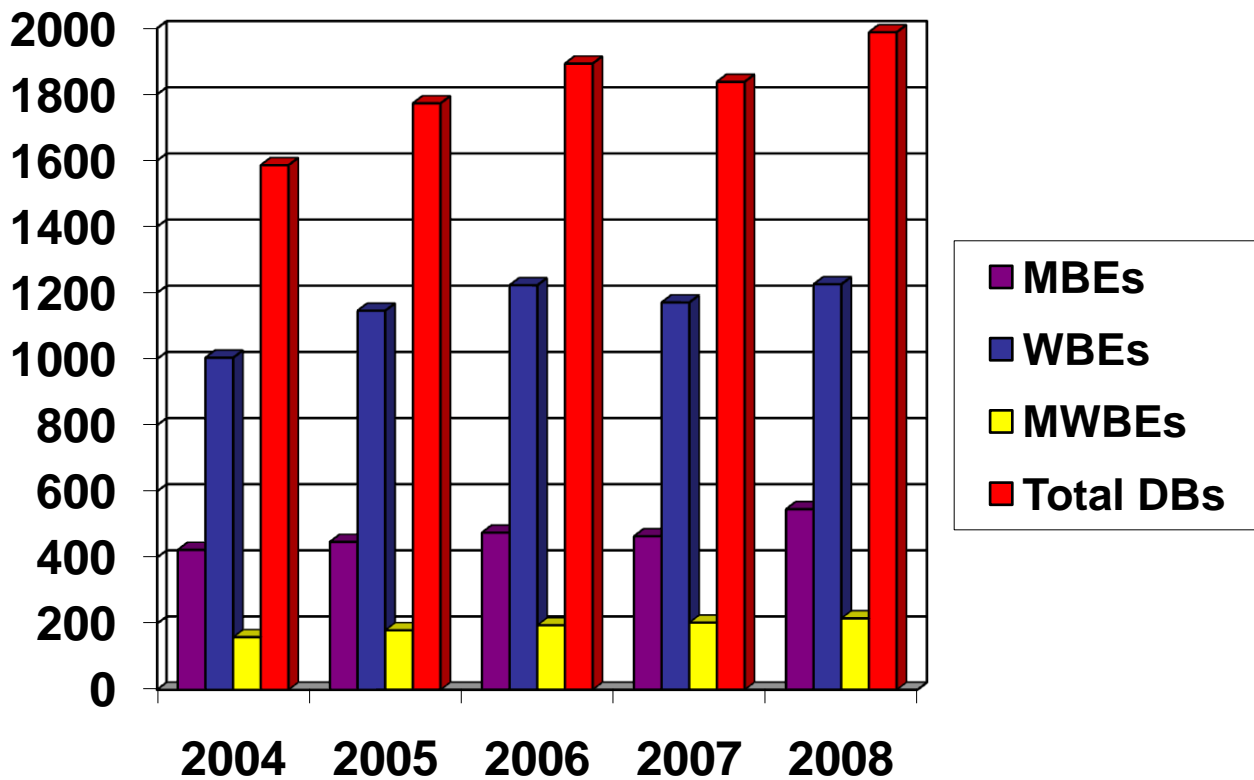
There are two regional representatives with one located in Pittsburgh and one in the Philadelphia/Lehigh Valley area. These two representatives are responsible for assisting customers and vendors with state contracting opportunities in their respective regions.

BMWBO's support staff consists of three administrative staff which assists the entire bureau and all of its divisions in carrying out the mission and goals of the bureau.

Finally, the Director of BMWBO oversees the daily operation of the bureau and assists the entire BMWBO team in simultaneously executing the myriad of tasks assigned to the bureau, in addition to the directives from the Deputy Secretary and Special Advisor to the Governor for Minority, Women and Disadvantaged Businesses.

The BMWBO team continues to enhance the functions, procedures, and strategic goals of the bureau in order to optimize opportunities for MBEs and WBEs. As a result, overall MBE/WBE utilization and commitments from construction contracts, professional selections, requests for proposals (RFPs) have risen significantly. In addition, strategically incorporating the MBE/WBE program into the IT/ITQ, Real Estate and ESCO arena, has resulted in additional opportunities for minority and women-owned businesses, and has helped to further increase overall MBE/WBE commitment percentages (see chart on page 5).

MBE/WBE Certifications on the Rise



By December 2008 a total of 1,988 minority and women business enterprises were certified by the Commonwealth of Pennsylvania through BMWBO. (546 MBEs, 1,226 WBEs and 216 MWBEs)

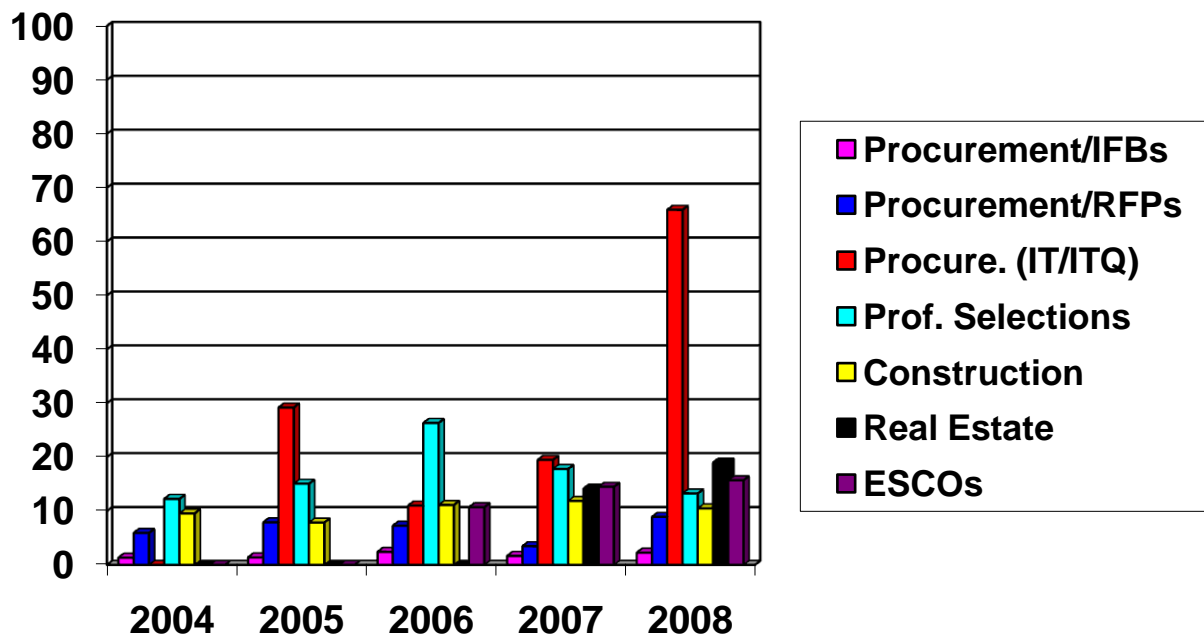
BMWBO Awarded Contracts Report for Calendar Year 2008

	<u>Dollars Awarded</u>	<u>Percent of Dollars Awarded</u>
RFP Contract Award:	\$339,937,117.42	
RFP MBE/WBE Award:	\$30,274,831.41	8.91%
Construction Contract Award:	\$141,108,525.05	
Construction MBE/WBE Award:	\$14,783,319.61	10.48%
ITQ Services Contract Award:	\$1,183,711.00	
ITQ Services MBE/WBE Award: (Does not include hardware purchases)	\$779,738.00	65.87%
IFB Contract Award:	\$91,086,351.74	
IFB MBE/WBE Award:	\$2,068,378.71	2.27%
Real Estate Contract Award:	\$20,484,915.43	
Real MBE/WBE Award:	\$3,888,256.06	18.98%
ESCO Contract Award:	\$7,094,403.00	
ESCO MBE/WBE Award:	\$1,113,619.78	15.70%
Prof. Selections Award:	\$5,595,219.06	
Prof. Selections MBE/WBE Award:	\$742,200.59	13.26%
Total Contract Award:	\$606,490,242.70	
Total MBE/WBE Award:	\$53,650,344.16	8.85%
Total MBE Award:	\$31,701,914.63	5.23%
Total WBE Award:	\$21,948,429.53	3.62%

Note: The figures above are annualized and NOT based upon fiscal year but based upon calendar year as reported by prime contractors, subcontractors, and commonwealth agencies. In addition, the numerical information above represents awarded figures for contracts.

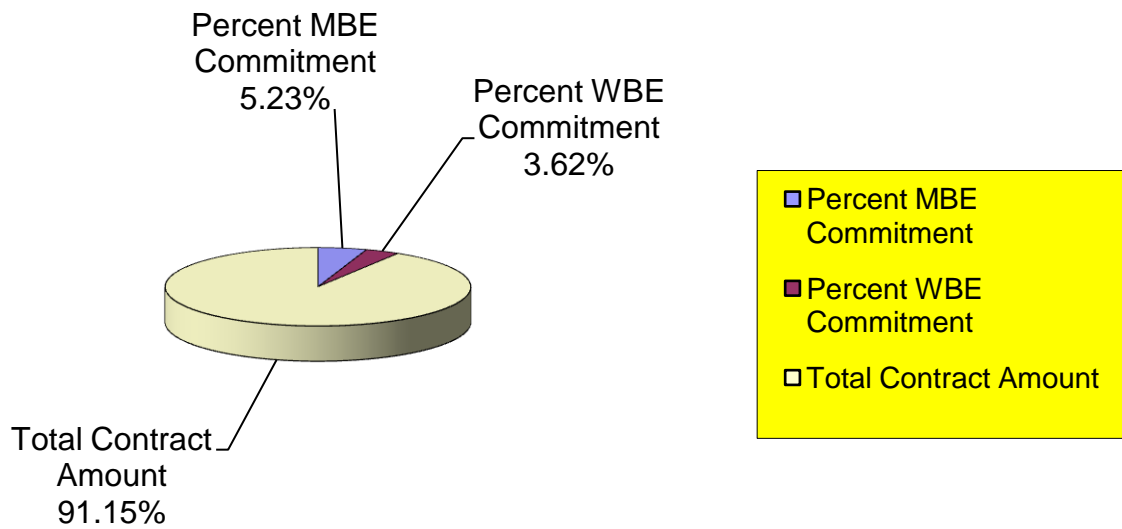
MBE/WBE Commitments 2004-2008

Contracting opportunities for MBE/WBEs have increased from less than two percent in 2003 to an annual average of roughly nine percent (9%) by 2008. A high of twelve percent (12%) was reached during the third quarter of 2006.



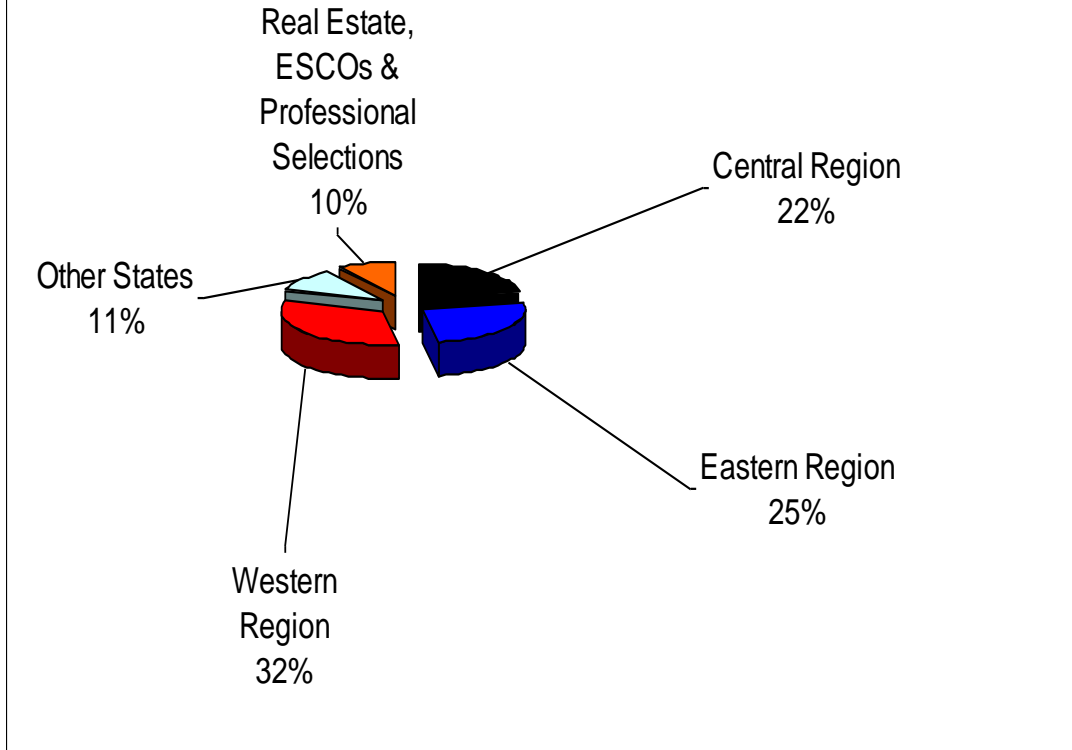
- The MBE/WBE program in the area of real estate did not begin until 2006
- The MBE/WBE program in the area of ESCOs did not begin until 2007

2008 MBE/WBE Commitments



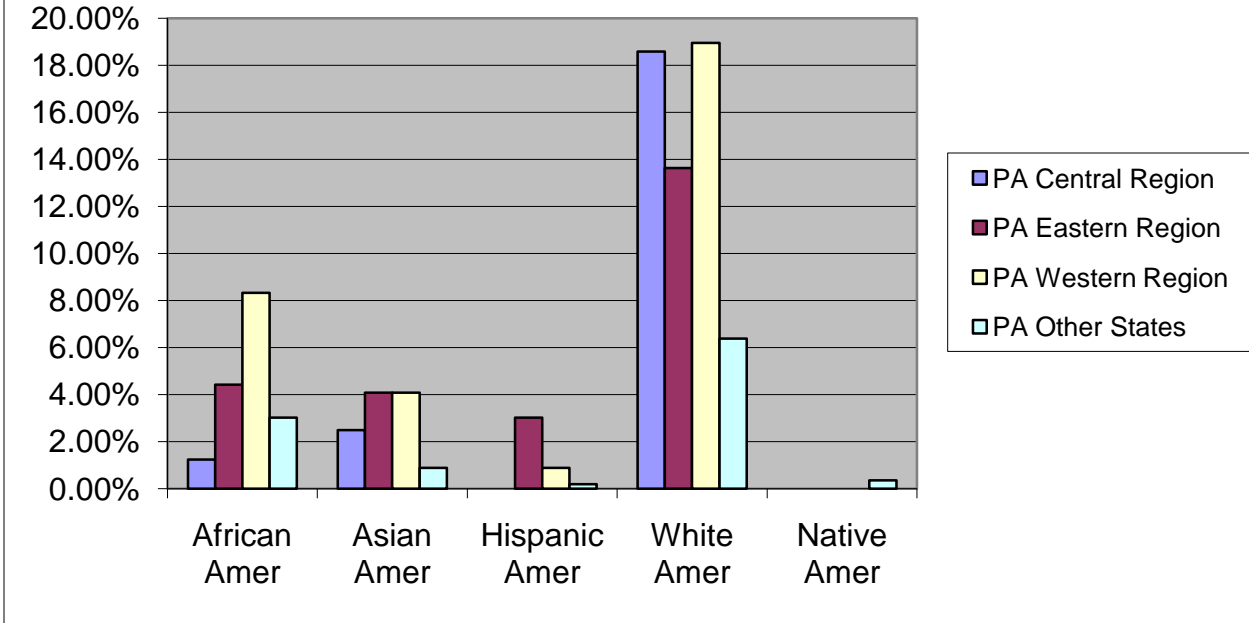
Total MBE Commitment	\$ 31,701,914.63
Total WBE Commitment	\$ 21,948,429.53
Total Contract Amount	\$606,490,242.70

2008 Commitment By Region



* Data was unavailable for a regional breakdown for Real Estate, ESCOs and Professional Selections. The above chart contains information by regions for RFPs, Construction, IFBs and ITQs.

2008 Percentage Commitments by Race and Region



* Data was unavailable for a regional breakdown for Real Estate, ESCOs and Professional Selections. The above chart contains information by regions for RFPs, Construction, IFBs and ITQs.

2008 BMWBO INITIATIVES

BMWBO collaborated with other DGS program offices to institute several important initiatives in 2008 to assist the Governor in reaching the goals set forth in Executive Order 2004-6. These initiatives included the establishment of a Small Business Reserve (SBR); an increase in the scoring weight in certain procurements; establishing minimum participation target levels on procurement and construction contracts; and the launching of SESCOs, a small energy savings program.

Small Business Reserves

DGS has instituted a Small Business Reserve Pilot Program developed by BMWBO and the Bureau of Procurement to assist small businesses in competing only with other small businesses for certain Commonwealth contracts. These set aside contracts will be awarded to small businesses defined as a business in the United States which is independently owned; is not dominant in its field of operation; employs no more than 100 persons; and has less than \$20,000,000 in gross annual revenues. The pilot program does not permit businesses to submit a bid if they do not meet the definition of a small business. Similar programs exist in 14 other states and are designed to create sustainable economic growth opportunities for small businesses, including minority and women-owned businesses.

Increased DB Weight for Scoring Proposals

BMWBO worked with the Bureau of Procurement to increase the weight of Disadvantaged Business (DB) proposals from ten percent (10%) to twenty percent (20%). Procurements that require a scoring mechanism to be broken down into three parts (technical, cost and DB) previously required the DB portion of the submittals by vendors to be given a weight of ten percent (10%). DGS instituted a requirement that the DB portion of submittals by vendors be given 20 percent weight for scoring purposes. The increased weight for DBs [MBEs and WBEs] has helped to make the difference in close and competitive submittals by vendors bidding on Commonwealth contracts.

Minimum Participation Target Levels

DGS has adopted minimum participation target levels of 20% for procurement and construction contracts to further assist MBEs and WBEs in accessing state contracting opportunities and to create a more level playing field.



Small Energy Savings Companies (SESCOs)

DGS has implemented a program for small energy savings companies to only compete with other small businesses on guaranteed energy savings agreements (GESAs) projects concerning cost savings resulting from energy conservation improvements.

Nondiscrimination Contract Compliance Achievements 2008

- Training sessions significantly increased for 25 state agencies under the Governor's jurisdiction and 20 affiliated or independent state agencies.
- Program oversight improved and reduced burdens on contractors/grantees and state agency Contract Compliance staff through the following:
 - Additional resources made available to contractors (instructions, brochure, posters)
 - A new quarterly report was established to monitor contract compliance issues
 - A Contract Compliance Advisory Committee was established to assist agencies with contract compliance issues
 - A new contract compliance computer application was implemented to provide more detailed analysis of underutilization of minorities and women in contractor and grantee workforces
- There continues to be an improvement in the monitoring of contractors and grantees by the following:
 - Electronic requests for awarded data increased in 2008 by 8%
 - Number of grants monitored and grant percentage of awarded dollars increased
 - Agency follow-up on nonresponsive contractors/grantees resulted in more awardees supplying required data.
 - Onsite and full document contract compliance audits of contractor/grantee employment practices continued to increase in the following areas:
 - Onsite and full document reviews were conducted by more agencies. This resulted in a 35% increase over previous years and a 50% increase in the number of agencies conducting onsite visits and full document reviews.
 - In 2008, more contract compliance audits were conducted during the quarter April through June 2008 compared to the same quarter in 2007.
 - Screenings were conducted of 274 eligible contracts by initiating and evaluating compliance with DGS contract compliance.
 - These screenings resulted in closer review of 20 contractors/vendors through either a formal desk audit or by an onsite visit to ensure contract compliance under Management Directive 215.16 and/or Executive Order 2006-02.

Commonwealth Star Projects Leading the Way for Diversity



Judicial Center

The Judicial Center Project, which was completed under budget and on time, involved the construction of a new facility for Commonwealth court proceedings and judicial staff. A total of eighteen percent (18%) of the contract value was committed to MBEs/WBEs. The contract amount paid for the project was \$116,781,953.21. Of that amount, 15.83% of the total dollar commitment went to MBEs and 3% of the total dollar commitment went to WBEs.

Job Order Contracting (JOC)

In 2008, the Commonwealth implemented a new method of securing construction services referred to as Job Order Contracting (JOC). JOC allows the Commonwealth to complete a large number of small maintenance straight forward construction services through one single competitively bid process. There are a total of 24 JOC contracts which are utilized to secure General, HVAC, Plumbing and Electrical construction within six different identified geographic regions throughout the Commonwealth. Each contract represents a 3-year term.

The JOC projects financial portfolio is equivalent to approximately \$17 million dollars of work annually based on estimated contract values, which when applied to the Commonwealth's minimum participation levels for MBE/WBEs, equates to an estimated \$2.6 million annually in JOC MBE/WBE spend.

Philadelphia State Office Building (PSOB)

The Philadelphia State Office Building Project involved the comprehensive renovation of a major downtown Philadelphia structure. A part of the newly renovated facility will serve as the Commonwealth's Philadelphia Headquarters. Significant minority and women business participation was achieved in the lease and the construction component of the project. The construction contract amounted to \$15,703,900.00 with an MBE/WBE commitment of over 21.5%.

Guaranteed Energy Savings Act (GESA)

The Commonwealth's Guaranteed Energy Savings Act (GESA) has offered a budget neutral approach to construction projects centered on energy upgrades, renewable energy opportunities and the greening of Commonwealth, K-12 and municipal facilities. Twenty energy service companies (ESCOs) have been qualified to participate within the programs servicing all governmental entities within the Commonwealth. Many of the qualified ESCOs have been proactive in the cultivation of minority and women owned business relationships. This ESCO activity has produced an MBE/WBE participation rate of over 25% for many of the Commonwealth agency GESA projects.

*For copies of this annual report, please contact BMWBO at 717-783-3119 or e-mail the Director, Kathryn Waters-Perez, at kwaters-pe@state.pa.us. Copies may also be obtained on the department's website at www.dgs.state.pa.us.