



Take Part! Participation Progress Report

Updated Spring 2015

"Meaningful Economic Opportunities for All Philadelphians"



**PHILADELPHIA
WATER**

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A Message from Philadelphia Water's Director of Participation



I am pleased to report that Philadelphia Water (PWD) has made significant progress in growing disadvantaged business participation over the last two years since creating and implementing our first Participation Plan. In Fiscal Year 2014, PWD achieved 24% participation on overall PWD contracts and through the second quarter of FY15 the Department has achieved 30% participation. These numbers reflect the proactive changes set forth in our Participation Plan and the commitment of PWD's staff and leadership. Additionally, in the last year PWD awarded over \$128 million in contract opportunities to Philadelphia-based businesses, contributing significantly to the growth of the local economy.

As we enter the third year of implementation, PWD is furthering its efforts to help current and future business owners grow their skills and increase capacity to become prime contractors on public and private contracts. To meet our goal of engaging and assisting the local M/W/DSBE community, I am working with PWD managers to reinforce the message that participation is a priority for the Department. PWD has formed internal working groups to better analyze contract opportunities and to proactively inform and expand the bidding community—while encouraging market competition. This combination of actions benefits rate payers by helping keep prices in check while in turn creating and sustaining local jobs.

As Philadelphia Water continues to bring innovation and upgrades to aging water infrastructure, we educate the business community on these efforts through contractor seminars, webinars, on-line communications, and quarterly updates of the *Take Part!* participation newsletter. PWD has placed great emphasis on supporting programs that help minority, women, green and small businesses grow. To achieve this task, PWD partnered for the first time during the fall of 2014 with the Mid-Atlantic Small Business Transportation Resource Center to provide a six-week, hands-on, multi-component program designed to address what businesses need to become bond-ready. The curriculum includes topics around construction-related business planning and management, construction accounting and financial management, financing and credit, project management, workforce, field operations, claims and dispute resolution, estimating, bidding, joint venturing/teaming, and one on ones with bonding agents. Due to its success, PWD is working with the U.S. Department of Transportation on plans to host this program on an annual basis.

PWD continues to work closely with the Office of Economic Opportunity (OEO) to set contract goals and to confirm the availability of qualified M/W/DSBEs to effectively meet project completion demands. PWD and OEO also collaborated on outreach efforts to diverse business suppliers. These efforts have helped in the growth of skilled, qualified, and diverse contractors which is reflected in our six percent increase of contract commitments in FY15.

Inside this document you'll find a summary of key accomplishments in growing disadvantaged business participation in PWD contracts. An update to the Participation Plan is also included, and it identifies new creative ways through which PWD plans to continue increasing economic opportunities for all businesses.

I look forward to working with you. If there is any way PWD can help your business, or the businesses in your community, please don't hesitate to be in touch.

Sincerely,

A handwritten signature in blue ink, reading "Janira Barroso".

Janira Barroso, *Director of Participation*

P.S.

Stay up to date on the latest participation news by visiting our ***Do Business with Philadelphia Water*** webpage at <http://www.phila.gov/water/aboutus/Pages/DoBusiness.aspx>

Overview

Philadelphia Water is committed to meetand exceeding all regulatory requirements to creating meaningful economic opportunities for all Philadelphians.

This commitment is embedded in the Department’s Strategic Plan to support a strong and diverse business community to encourage growth, partnerships, and sustainability. Thus as we move forward in planning for the next fiscal year, PWD continues to be committed to making great strides in achieving and/or exceeding a 30% participation goal.

Figure 1:
Participation
Commitments,
FY2009–FY2015



In close partnership with the Office of Economic Opportunity (OEO), Philadelphia Water has made great strides towards increasing participation on contracts over the last few years. This progress report provides a broad assessment of the implementation to date of Philadelphia Water’s **Participation Plan**, which provides an action plan to drive economic participation on the Department’s contracts. This report includes recommendations for action and improvement to accelerate implementation and to ensure that strategies are comprehensive, coordinated, and integrated.

Accomplishments

Philadelphia Water takes this opportunity to celebrate the success that we've achieved and to recommit to making improvements by updating the Participation Plan to include a number of new initiatives to provide additional opportunities to the local disadvantaged business community.

Partnerships

Created and sustained relationships with resource partners, ethnic chambers of commerce, minority development agencies and technical assistance programs to promote economic opportunities and implement strategies for broadening participation. These organizations include:

- Cheyney University DBE & SBE Services Center
- Delaware Valley Green Building Council
- The Enterprise Center
- Greater Philadelphia Chamber of Commerce
- Greater Philadelphia Hispanic Chamber of Commerce
- Job Opportunity Investment Network
- Mid-Atlantic Small Business Transportation Resource Center
- Philadelphia Streets Department
- SEPTA
- Sustainable Business Network/GSI Partners
- Urban League of Philadelphia Entrepreneurship Center
- U.S. DOT Office of Small and Disadvantaged Business Utilization
- U.S. Small Business Administration

Workshops & Training

During the fall of 2014, PWD partnered with the Mid-Atlantic Small Business Transportation Resource Center to provide a six-week, hands-on multi-component **Bond Education Program** designed to address what businesses need to become bond ready. Businesses met with local surety bonding professionals to help in assembling the materials necessary for a complete bond application. Curriculum included construction related business planning and management, construction accounting and financial management, financing and credit, project management, workforce, field operations, claims and dispute resolution, estimating, bidding, joint venturing/teaming, and one-on-one meetings with bonding agents.

13 companies participated and as a result three became bonded and two have bonding pending. Other partners included U.S. DOT, SEPTA, Philadelphia Streets Department, and DBE & SBE Services Center at Cheyney University. Due to its success, PWD is working with U. S. DOT to provide this bonding program on an annual basis.



Above: Bond Education Graduates

Worked with the Small Business Administration to host a **Capital Assistance Workshop** during July 2014. The workshop covered fundamentals of creditworthiness, capacity, personal assets, industry conditions, purpose of loan, and program loan types. Guest representatives included Philadelphia Industrial Development Corporation, Finanta, East River Bank, Susquehanna Bank, United Bank, and Surety Bond Associates. This event provided technical information to **15 local businesses.**

Workshops & Training, continued



Served as an alliance partner on Philadelphia's **Minority Enterprise Development Week (MEDWeek)** Committee. The committee hosted a series of workshops and presentations during the week-long celebration with the African American Chamber of Commerce, the Hispanic Chamber of Commerce, the Asian Chamber of Commerce,

the Office of Economic Opportunity, the Office of Councilwoman Blondell Reynolds-Brown, the Minority Business Development Agency, the Black Professionals News, to name a few.

PWD started a series of quarterly **Contractor Seminars** in January 2014. The seminars have been designed to provide important information to contractors about PWD's green stormwater infrastructure (GSI) contracting opportunities as well as details on industry best practices, specifications and performance on projects, project completion requirements, and contract M/W/DSBE inclusion goals and requirements. The seminars are highly recommended to contractor forepersons, superintendents and/or owners that are interested in bidding on GSI projects. One goal of the seminars is to increase contractor compliance on policy and regulatory mandate, such as inclusion goals.

To date, there have been three contractor seminars with an average attendance of

35 companies (50-60 participants at each seminar) from the Philadelphia region.

Improved Practices & Procedures

Worked with Contractor Association of Eastern PA to **address barriers identified by prime contractors** with regards to contractor goals set on water and sewer projects, in addition to industry availability of M/W/DSBE business community.

Continued to host an annual training series on **Contract and Fiscal Management** for PWD project staff to increase understanding of PWD's in-house tracking and data management systems for internal monitoring of progress and contractor performance in meeting OEO goals. These workshops were designed with a strong emphasis on understanding the relationship of the OEO program to broader Department goals and the needs of the local business community.

Each training cycle has over

80 participants from various units of the Department.

Trained in construction industry best practices to **address utilization of minority and women business on construction projects** and identify contractor fraud through the American Contract Compliance Association.

Formed several **internal working groups** to better analyze contract opportunities on our contracts so we can be proactive in outreach to a broadening bidding community while encouraging market competition.

Worked closely with the City's Procurement Department to identify changes and improvements on bidding processes and improve outreach through **procurement forums**.

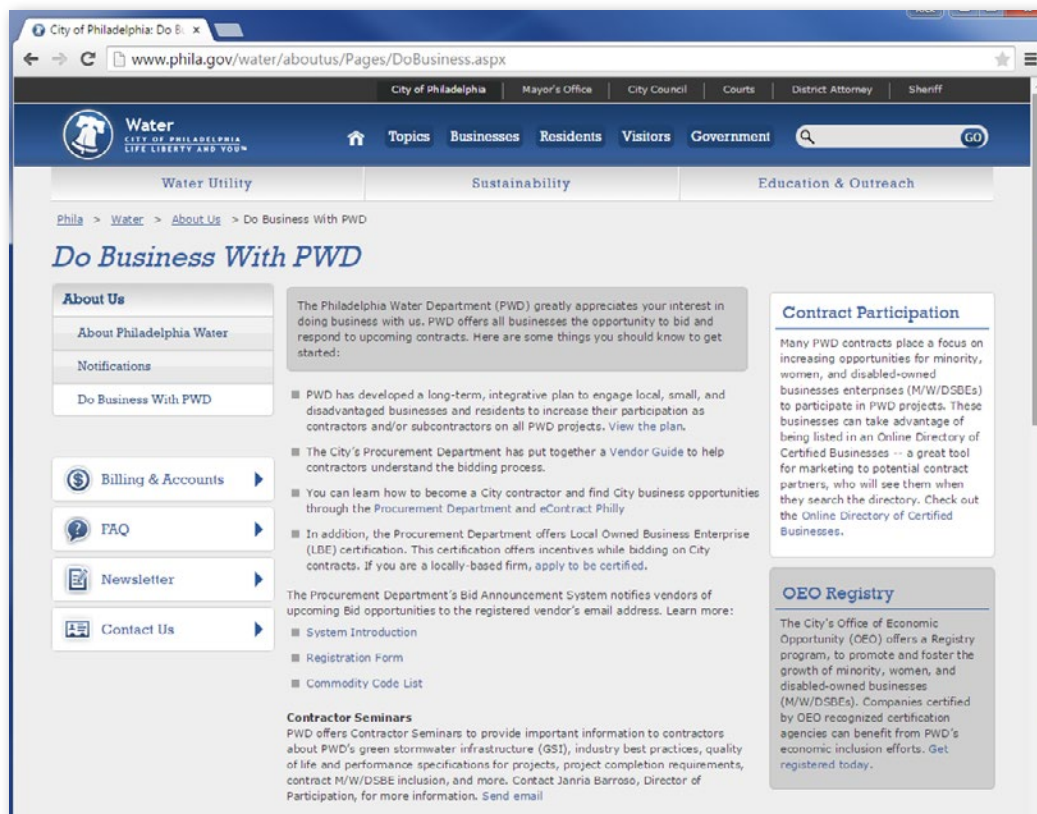
Implemented process for **collecting feedback** and suggestions from staff on ways to make complying with participation protocols easier.

Communications & Outreach



Seven issues of the **Take Part! newsletter** have been released since the Participation Plan's launch. The newsletter highlights current initiatives of our partners, showcases successful contracting examples, shares upcoming bidding opportunities and provides an events calendar to keep businesses aware of upcoming opportunities. This publication is emailed to over **2800 readers** with an averaged 35% open rate and 25% clicks read per issue.

Above: Sign up for the newsletter by visiting www.phila.gov/water, and click on "Newsletter"



PWD established a **"Do Business with PWD" webpage** (<http://www.phila.gov/water/aboutus/Pages/DoBusiness.aspx>), which provides businesses the resource to become a City contractor and allows them to search business opportunities through the City procurement systems. The continually updated site includes an events calendar and warehouses all **Take Part!** newsletters, contractor seminar content materials and video presentations.

Project Labor Agreements & Economic Opportunity Plans Update

Project Labor Agreements (PLAs): The Mayor's Executive Order for PLAs was instituted in FY2012. The City determined that certain projects, because of their size, complexity, labor needs and critical deadlines, required agreements to ensure contract success. PWD reviews all proposed projects with estimated construction costs of \$5 million or more to determine if a particular project would be appropriate for a PLA, although projects with lower estimated costs may also be included. Currently, PWD has 13 PLAs in place for seven projects estimated between \$4.5 million to \$45.8 million from FY14. PWD anticipates increasing its PLA portfolio with an additional 14 projects during the remaining part of FY15 into FY16; two projects of which will be a four-part bid.

The PLAs for these projects include requirements for diversity in the trades and the inclusion of minority and women hiring goals as follows:

Minority Apprentices – 50% of all hours worked by all apprentices

Minority Journeymen – 32% of all journey hours worked across all trades

Female Apprentices – 7% of all hours worked by all apprentices

Female Journeypersons - 7% of all hours worked across all trades

Economic Opportunity Plans (EOPs)¹ outline goals for the inclusion of M/ W/ DSBES on public, private, and nonprofit sector projects that meet the following criteria:

- The value of the project is in excess of \$250,000
- The project receives a grant of financial assistance from the City of Philadelphia, as defined in Section 17-1401;
- A non-competitively bid contract, as defined in Section 17-1401;
- A city-funded development project, as defined in Section 17-1101;
- A development project or contract that requires an ordinance of Council in order to proceed; or
- A development project or contract that requires an action of the Zoning Board of Adjustment.

To date PWD has 261 EOPs in various stages of the project timeline. 14 EOPs were closed in FY13 and 46 EOPS in FY14 were closed. PWD achieved 18.9% of actual participation, paying minority and women businesses \$10.7 million on construction projects closed in FY13 and FY14. Currently, there are 65 active projects underway. On average, PWD is exceeding goals on active construction projects by achieving 25.1% of all dollars paid to date totaling \$45.6 million. For a summary report on EOPs, please visit the Office of Economic Opportunity webpage at www.phila.gov/oeo.

1. Sourced from *A Summary of Economic Opportunity Plans, Assessing Goal Achievement and Compliance 2009-2014*, published by City of Philadelphia, Office of Economic Opportunity, 2015

PWD has also required contractors to implement a local goal for hiring on their projects. PWD provides project oversight by way of a monthly committee meeting with union representation, contractors, community members, and city officials to assure that these goals are met.

PLA/EOP PROJECT EXAMPLE:

Venice Island Underground Storage Tank and Recreation Center

This is an excellent example of a PLA working well. This project is located in the Philadelphia neighborhood of Manayunk. This project work included: constructing an underground storage tank and PWD head house facilities to protect and improve the health of the Schuylkill River; the construction of a new performing arts center to replace recreation facilities demolished to accommodate the project; and the development of a new parking lot that includes green stormwater management practices. The underground storage tank will hold nearly four million gallons of stormwater, thus avoiding overflows directly into the Schuylkill River. The complementary canal improvements will also greatly benefit the area by creating more flow through the canal, improving water quality.

The Prime Contractors on the Project were: Daniel J. Keating (General Contractor), Riggs Distler & Co. (Electrical), and Five Star (Plumbing and HVAC).

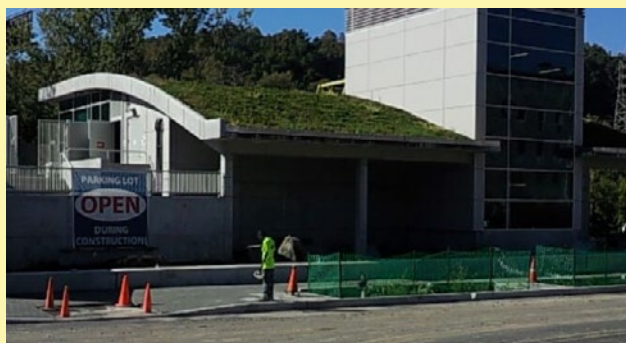
The M/W/DSBE contractors that participated on this project include:

- Decision Distribution, LLC (MBE)
- Trijay Systems, Inc (MBE)
- Labe Sales, Inc (WBE)
- Manna Supply, Inc (MWBE)
- MJK Electrical Corp (MBE)
- Thomas Building Group, Inc (WBE)
- CNS Construction Corp (MBE)
- Disposal Corporation of America (MWBE)
- Lake Glenn Enterprises, Inc (MBE)
- Minority Contractors, Inc (MBE)
- The Labov Plumbing & Heating Supply, Inc (WBE)
- Tierra Construction Services, LLC (MBE)



This project achieved 31% in contract participation on \$44.6 million, which is above the goal. The workforce diversity of this project shows that goals are being met and/or exceeding minority and local workforce participation:

| | |
|----------------------------------|-------|
| Minority Journeyperson | 30% |
| Female Journeyperson | 5.43% |
| Local Journeyperson | 3% |
| Minority Apprentice | 28% |
| Female Apprentice | 9% |
| Local Apprentice | 44% |



PLA/EOP PROJECT EXAMPLE:

Belmont Raw Water Basin

Contract Participation

Total Project Cost: \$ 18,548,250*

Total Subcontract Opportunity: \$8,736,500

Subcontractor Commitments: \$2,782,245
(31.8%*)

Workforce Participation

Minority Journeyman . . . 30%

Female Journeyman . . . 3.28%

Local Journeyman 48%

Minority Apprentice 6%

Female Apprentice 2%

Local Apprentice 30%

* Non-Opportunity Deductions: (\$9,811,750)
(15% without deductions)

PLA/EOP PROJECT EXAMPLE:

NEWPCP

Wet Weather Expansion

Contract Participation

Total Project Cost: \$ 15,137,000*

Subcontractor Commitments: Current commitment
is at \$1,675,407 (11%)

Workforce Participation

Minority Journeyman . . . 33%

Female Journeyman . . . 0%

Local Journeyman 57%

Minority Apprentice 0%

Female Apprentice 0%

Local Apprentice 0%

* Original commitment \$2,341,222- 15%;
reduced per solicited subcontractor unable to deliver
on the project.

PLA/EOP PROJECT EXAMPLE:

Northern Liberties

Flood Relief

Contract Participation

Total Project Cost: \$ 19,371,128

Subcontractor Commitments: \$5,647,629 (29%)

Workforce Participation

Minority Journeyman . . . 35%

Female Journeyman . . . 3%

Local Journeyman 45%

Minority Apprentice N/A

(No apprentice hours worked)

Female Apprentice N/A

Local Apprentice N/A

PLA/EOP PROJECT EXAMPLE:

Baxter Raw Water Basin

Contract Participation

Total Project Cost: \$ 4,320,692

Subcontractor Commitments: \$613,172 – 14%

Workforce Participation

Minority Journeyman . . . 8.17%

Female Journeyman 2%

Local Journeyman 2%

Minority Apprentice 0%

Female Apprentice 0%

Local Apprentice 0%

The above projects are currently active and being monitored by an Economic Opportunity Oversight Committee that include representatives from PWD, the Office of Economic Opportunity, Office of the Managing Director, Office of the City Controller, Office of Labor Standards, Office of Councilman W. Wilson Goode, Jr. and prime contractors managing the projects.

Community Benefits Program

As part of Philadelphia Water's broader mission of being a model 21st Century utility, the Department is seeking to develop a community benefits program that creates a positive impact for the Philadelphia business community and all residents. The goal of such a program is to foster partnerships that can create economic opportunities, facilitate workforce training programs, and promote community engagement.

A Community Benefits Agreement (CBA)² is a project-specific agreement and/or program between private partners, such as a developer, project owner, contractor or grantee, and a broad community coalition. The agreement details the project's contributions to the community and ensures the community support for the project. It also allows taxpayers to have a voice in determining the community needs or issues that should be addressed through the project.

Community benefit agreements³ ensure that projects with public dollars have local economic inclusion. CBAs set the framework to enable the City to track economic impact among its businesses and residents. Benefits of CBAs include

- *Maximizing returns on local taxpayer investments, such as tax incentives, abatements or subsidies*
- *Transforming the region through stronger, more equitable economies*
- *Helping generate public support for economic development projects*
- *Holding project owners accountable for their commitments to the City and its residents*
- *Completing projects more smoothly, on time and within budget*

PWD has demonstrated that CBAs can work with projects like the Biosolids Recycling Center (BRC) Class A facility. Philadelphia Water, through its contractor, Philadelphia Biosolids Services, LLC (PBS) - Synagro on BRC, currently has an agreement with a local civic organization to hire local residents. This agreement is embedded in the Economic Opportunity Plan which specifies that PBS will make "best and good faith efforts" to require its contractors to utilize Philadelphia-based subcontractors that employ local residents in its long term operations workforce consistent with a workforce utilization goal of 50%.

For any jobs created in connection with the operation of the new facility, the minimum goals for employment are 30% for minority persons, 15% for women, and encouraged participation for disabled workers. PBS has demonstrated best and good faith efforts by reaching out to Philadelphia Works, the Urban League of Philadelphia, and the Jewish Employment and Vocational Services for referrals for minority, female and disabled workers. PBS is also in partnership with local organizations to develop appropriate workforce development programs to provide training to employees.

PWD would like to use CBAs to forge relationships between developers, contractors, and local community groups to hire job seekers within the immediate area of the project location and/or the city at large. PWD can include CBA requirements in Economic Opportunity Plans and/or Project Labor Agreements to set local hiring goals and require inclusion of minority and female workers.

KEY FEATURES OF A CBA

1. Create meaningful engagement with the community
2. Support and mentor small disadvantaged minority, woman, and local business
3. Support workforce development through training
4. Improve educational outcome for youth
5. Support physical neighborhood improvements where appropriate
6. Commit to local purchasing
7. Appoint a community liaison

2. Sourced from *Partnership for Working Families, Policy & Tools: Community Benefits Agreements and Policies in Effect*.

3. Sourced from *Community Benefits Agreements, Making Development Projects Accountable* by Julian Gross