

# Proposed Procurement Policy Update

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## *Business Inclusion & Diversity (BID) Program*

Audit Committee Presentation

November 20, 2020



# Background



# Business Inclusion & Diversity (BID) Program Objectives

- ✓ Key: Board Level Support
- ✓ Requested by Board through recently approved CEO contract amendment
- ✓ Excerpt (emphasis added):  
GLWA has an opportunity and a responsibility to provide opportunities to businesses located within its service area. Historically many of those businesses have faced obstacles to participation in procurements on a competitive basis. The Board will consider revisions to the Procurement Policy, however, under the existing Policy or an amended Policy, the CEO should strive to **present opportunities for small and disadvantaged business within its service area to effectively compete and do business with GLWA. Over the long-term, this allows GLWA to expand its pool of skilled resources, support economic development throughout the region, and provide competitive pricing in its procurements.**

# Proposed Procurement Policy Revisions



# Definitions Added

**u) Socially and Economically Disadvantaged Business Enterprise (DBE) –**

A business owned, operated, and controlled by African Americans, Hispanics, Native Americans, Asian-Pacific and Asian Subcontinent Asian Americans, women, or disabled individuals. Proof of DBE certification will be accepted from a federal agency, the state of Michigan, or a Michigan local unit of government.

**v) Economically Disadvantaged Territory Area Business Enterprise (EDTAFE) – A business which is:**

- i. Located in the GLWA Territory Area; and
- ii. Located in a municipality designated as having one of the five lowest median household incomes in that respective county as defined by the ~~decennial census~~ **U.S. Census Bureau every five years.**

## Definitions Added *(continued)*

**TBD #) Minority Business Enterprise (MBE)** – A business that is at least 51% minority-owned operated and controlled. Proof of MBE certification will be accepted from a federal agency, the state of Michigan, or a Michigan local unit of government.

**TBD #) Small Business Enterprise (SBE)**- A business that meets the size standards as defined by the U.S. Small Business Administration. Proof of SBE certification will be accepted from a federal agency, the state of Michigan, or a Michigan local unit of government.

**TBD #) Woman-owned Business Enterprise (WBE)**- A business that is at least 51% woman-owned operated and controlled. Proof of WBE certification will be accepted from a federal agency, the state of Michigan, or a Michigan local unit of government.

# Section Added – Business Inclusion & Diversity Plan

## 4.5 Business Inclusion & Diversity Plan

GLWA is committed to providing business opportunities to vendors who honor the values of inclusion and diversity in selecting their business partners. To foster these values, the solicitation selection will require vendors to submit, for all solicitations budgeted at \$1 million or more, a Business Inclusion & Diversity Plan that addresses their efforts to include Minority-owned Business Enterprise (MBE), Woman-owned Business Enterprise (WBE), Small Business Enterprise (SBE), and Socially and Economically Disadvantaged Business Enterprise (DBE) subcontractors.

- In support of this commitment, the vendor agrees to ensure that, with regard to any contract entered into pursuant to this procurement policy, inclusion and diversity business enterprises will be afforded full opportunity and will not be discriminated against on the basis of race, color, gender, age, disability, religion, ancestry, marital status, sexual orientation, national origin or place of birth. In recognition of this, the vendor will take steps to ensure maximum participation by qualified diversity businesses in a manner and to the degree that it equals or exceeds standards for its other customers and/or clients.
- The vendor shall provide methods to maximize opportunity for diversity participation and reporting methods that indicate firms invited, firms recommended for award and other pertinent information.

# Section Added – Economic Equity and Development

## 4.6 Economic Equity and Development

As a regional water authority, GLWA is committed to providing economic development opportunities to the state of Michigan and Territory Area and in both services provided and as a partner to the business community.

- a. To foster economic development, for all solicitations:, solicitation scoring scales will include the following for a business presence:
  - i. State of Michigan 1%
  - ii. Territory Area 1%, with a cumulative total of 2% for Territory Area and state business presence
  - iii. Economically Disadvantaged Territory Area Business Enterprise 1%, with a cumulative total of 3% for Territory Area, state, and disadvantaged business presence within the GLWA Territory area.
- b. State business presence is defined as those businesses that ~~pay Michigan Single Business Tax~~ **would be eligible as a Certified Michigan Based Business as defined by the state of Michigan law as administered Department of Technology, Management, & Budget (MCL 18.1268).**

*Note: Presently Michigan's criteria is: a) files a Michigan single business tax return, b) Michigan income tax return showing income generated in or attributed to the State of Michigan; or c) withheld Michigan income tax from compensation paid to the vendors owners and remitted the tax to the Michigan Department of Treasury.*

# Language Removed

- **SECTION 5 – SOLICITATION DEVELOPMENT**

- **Solicitation Development and Advertisement**

Solicitations shall be developed in a manner that allows and promotes open competition. ~~To the extent allowable by law, GLWA will use its best efforts within the competitive solicitation requirements to achieve fairness in the number and value of contracts for Goods and Services with (1) with Potential Vendors from the Territory Area; and (2) try to meet the needs of the small business community by providing opportunities, when economically feasible, that may include, but are not limited to, unbundling large contracts, pre-qualification of vendors, and cooperative procurement.~~

# Next Steps



# Next Steps - Calendar

October 2020 Board and Audit Committee Review

November 2020 Proposed Board and Audit Committee Approval

Pending Board Approval in November 2020:

December, 2020 Audit Committee: Provide progress update

January, 2021 Audit Committee: Present Phase I (communication plan and quick start process improvements for certifications and solicitation scoring)

February, 2021 Board of Directors Meeting: Provide progress update

February, 2021 Launch Phase I (Communication and Quick Start)

July, 2021 Launch Phase II (Comprehensive Program addressing people, process, and technology)

# Tasks - Present thru 60 Days - Internal

- Start-up BID Program
  - Communication Plan
  - Technical Aspects of Bonfire
  - Technical Details of BS&A
  - Develop Procedures
  - Develop Forms
- Education/Training of Operating Areas
- Drafting BID Manager Job Description
- Secure additional capacity focusing on benchmarking and defining our objectives/goals, what success looks like, and how we measure that

# Tasks - Present thru 60 Days - External

- Confer with U.S. Small Business Administration, Procurement Technical Assistance Centers (PTACs), and other small business initiative colleagues
- Evaluate best practices from other national water utilities, universities, and other public sector entities
- Focus Groups
  - Vendors
  - Professional and other associations representing MBE, WBE, SBE business communities
- Research other resources to achieve success