L5 5lr0515

By: Montgomery County Delegation and Prince George's County Delegation

Section 3-102(d), (e), and (f), 3-109, and 3-110

Introduced and read first time: February 7, 2005 Assigned to: Health and Government Operations

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A BILL ENTITLED

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1	AN ACT concerning
2 3 4	Washington Suburban Sanitary Commission - Minority and Local Small Business Enterprise Programs MC/PG 119-05
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	contractor as to compliance with certified minority business enterprise subcontract participation goals; requiring a bid or proposal for certain WSSC procurement contracts to include the expected degree of minority business enterprise participation under certain circumstances; requiring certain WSSC rules and regulations to require a bid or proposal for certain WSSC procurement contracts to include proof of certified minority business enterprise commitment under certain circumstances; altering the scope of certain business eligibility criteria that the WSSC is required to adopt as to the local small business enterprise program; altering the termination date of certain minority business enterprise programs in the WSSC; defining certain terms; and generally relating to minority and local small business enterprise programs and the
23 24 25 26 27	Section 3-102(b) Annotated Code of Maryland
28 29	BY repealing and reenacting, with amendments, Article 29 - Washington Suburban Sanitary District

1	Annotated Code of Maryland (2003 Replacement Volume and 2004 Supplement)
3	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
5	Article 29 - Washington Suburban Sanitary District
6	3-102.
7 8	(b) This section only applies to design/build contracts and construction contracts.
9 10	(d) (1) (i) In this subsection the following words have the meanings indicated.
11 12	(ii) "Evaluated bid price" means the price of a bid after adjustment in accordance with objective measurable criteria.
13 14	(iii) "Objective measurable criteria" means standards that enable the WSSC to compare the economy, effectiveness, or value of the subject of the bids.
15 16	(2) If a contract is awarded based on competitive sealed bids, the WSSC shall seek bids by issuing an invitation to bid.
17 18	(3) Subject to paragraphs (4) through (6) of this subsection, an invitation to bid shall:
	(i) Include the specifications of the contract, INCLUDING THE EXPECTED DEGREE OF MINORITY BUSINESS ENTERPRISE PARTICIPATION, AS PROVIDED IN SUBSECTION (F)(3)(VI) OF THIS SECTION; and
22 23	(ii) State whether the contract will be awarded based on the lowest bid price or the lowest evaluated bid price.
	(4) If a contract will be awarded on an evaluated bid price, the invitation to bid shall include the objective measurable criteria by which the lowest evaluated bid price will be determined.
	(5) The WSSC shall award contracts based on competitive sealed bids to the responsible bidder who submits the lowest bid price or lowest evaluated bid price, as appropriate.
30 31	(6) If the WSSC determines that an initial preparation of specifications for price bids is impractical, the invitation for bids may:
32	(i) Include a request for unpriced technical offers or samples; and
33	(ii) Direct the hidder to submit a:

1 2	sample; or		1. S	Sealed price bid with the unpriced technical offer or
	sample and finds that the invitation to bid.	the offer		Price bid after the WSSC evaluates the technical offer or is acceptable under the criteria set forth in
6 7	(7) or samples, the WSSC		itation to b	oid includes a request for unpriced technical offers
8 9	sample is acceptable;	(i)	Consider	the price bid of a bidder whose technical offer or
10 11	or sample is unaccept	(ii) table; and		opened the price bid of a bidder whose technical offer
	offer or sample is acc as specified in the inv		nd who su	e contract to the responsible bidder whose technical bmits the lowest bid or lowest evaluated bid,
15 16	(e) (1) WSSC shall seek pro			rded based on competitive sealed proposals, the request for proposals.
17	(2)	A reques	st for propo	osals shall include:
			F MINOR	nt describing the scope of the contract, INCLUDING RITY BUSINESS ENTERPRISE PARTICIPATION, AS I) OF THIS SECTION;
21 22	proposals; and	(ii)	The factor	rs, including price, that will be used in evaluating
23		(iii)	The relativ	we importance of each factor.
24 25	(3) WSSC may conduct of			oposals, but before the contract is awarded, the offeror to:
26		(i)	Obtain the	e best price for the WSSC; and
27 28	set forth in the reques	(ii) st for prop		Il understanding of the requirements of the WSSC, as in the proposal.
29	(4)	The WS	SC:	
30		(i)	Shall treat	all responsible offerors fairly and equally; and
31 32	proposal and submit	(ii) a best and	-	v each responsible offeror to revise the offeror's initial r.
33 34	(5) proposals to the respo			ward a contract based on competitive sealed submits the proposal or best and final offer

1 that the WSSC determines is the most advantageous to the WSSC, considering the 2 evaluation factors set out in the request for proposals. 3 In this subsection "minority business enterprise" has the meaning 4 stated in § 14-301 of the State Finance and Procurement Article. By resolution and by implementing rules and regulations, the 6 WSSC shall establish a mandatory minority business utilization program to facilitate 7 the participation of responsible certified minority business enterprises in contracts 8 awarded by the WSSC in accordance with competitive bidding or proposal procedures. 9 THE OFFICE OF SMALL, LOCAL, AND MINORITY BUSINESS (II)10 ENTERPRISE, ESTABLISHED UNDER § 3-109 OF THIS SUBTITLE, SHALL ADMINISTER 11 THE MINORITY BUSINESS ENTERPRISE PROGRAM ESTABLISHED UNDER 12 SUBPARAGRAPH (I) OF THIS PARAGRAPH. 13 The rules and regulations that establish the program under 14 paragraph (2) of this subsection shall include, but not be limited to, provisions that: 15 Recognize the certification of minority business enterprises by 16 the State certification agency designated under § 14-303(b) of the State Finance and 17 Procurement Article: 18 (ii) Recognize any other certification program that in the judgment 19 of the WSSC substantially duplicates the requirements of the State certification 20 agency; 21 (iii) Provide for an increase in minority business participation as 22 prime contractors and subcontractors; 23 Permit the waiver of all or part of the provisions of the program (iv) 24 for a specific contract if the WSSC determines that the application of the program to 25 the contract conflicts with the WSSC's overall objectives and responsibilities; [and] 26 Provide for the graduation of a minority business enterprise 27 from the program if the WSSC determines that the minority business enterprise no longer requires the assistance or benefits offered by the program; AND 29 REQUIRE THAT A BID OR PROPOSAL BASED ON A SOLICITATION (VI) 30 WITH AN EXPECTED DEGREE OF MINORITY BUSINESS ENTERPRISE PARTICIPATION 31 INCLUDE PROOF OF A CERTIFIED MINORITY BUSINESS ENTERPRISE COMMITMENT 32 AT THE TIME OF SUBMISSION. 33 Before accepting a certification program under paragraph (3)(ii) of 34 this subsection, the WSSC shall examine the program to ensure that it adheres to the 35 following guidelines: 36 Bona fide minority group membership shall be established on (i) 37 the basis of the individual's claim that the individual is a member of a minority group

1 and is so regarded by that particular minority community. However, the certifying 2 agency is not required to accept this claim if it determines that the claim is invalid. 3 (ii) An eligible minority business enterprise shall be an 4 independent business. The ownership and control by minorities shall be real, 5 substantial, and continuing and shall go beyond the pro forma ownership of the 6 business as reflected in its ownership documents. The minority owners shall enjoy the customary incidents of ownership and shall share in the risks and profits 8 commensurate with their ownership interests as demonstrated by an examination of 9 the substance rather than form of arrangements. Recognition of the business as a 10 separate entity for tax or corporate purposes is not necessarily sufficient for 11 recognition as a minority business enterprise. In determining whether a potential 12 minority business enterprise is an independent business, the certifying agency shall 13 consider all relevant factors, including the date the business was established, the 14 adequacy of its resources for the work of the contract, and the degree to which 15 financial, equipment leasing, and other relationships with nonminority businesses 16 vary from industry practice. 17 The minority owners shall also possess the power to direct or (iii) 18 cause the direction of the management and policies of the business and to make the 19 day-to-day as well as major decisions on matters of management, policy, and 20 operations. The business may not be subject to any formal or informal restrictions, 21 through bylaw provisions, partnership agreements, or charter requirements for 22 cumulative voting rights or otherwise that prevent the minority owners, without the 23 cooperation or vote of any owner who is not a minority, from making a business 24 decision of the business. 25 If the owners of the business who are not minorities are (iv) 26 disproportionately responsible for the operation of the firm, the firm is not controlled 27 by minorities and may not be considered a minority business enterprise within the 28 meaning of this section. Where the actual management of the business is contracted 29 out to individuals other than the owner, those persons who have the ultimate power to 30 hire and fire the managers may, for the purposes of this section, be considered as 31 controlling the business. 32 All securities which constitute ownership or control of a (v) 33 corporation for purposes of establishing it as a minority business enterprise under 34 this section shall be held directly by minorities. No securities held in trust, or by any 35 guardian for a minor, shall be considered as held by minorities in determining the 36 ownership or control of a corporation. 37 The contributions of capital or expertise by the minority owners (vi) 38 to acquire their interests in the business shall be real and substantial. Insufficient 39 contributions include a promise to contribute capital, a note payable to the business 40 or its owners who are not socially and economically disadvantaged, or the mere participation as an employee, rather than as a manager. 42 (vii) The certifying agency shall give special consideration to the 43 following additional circumstances in determining eligibility:

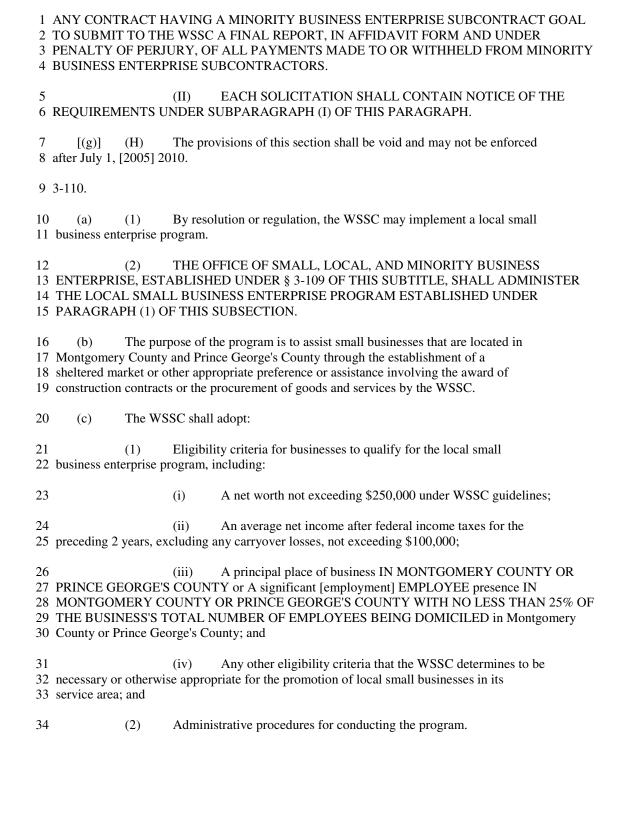
3	1. Newly formed businesses and businesses whose ownership or control has changed since the date of the advertisement of the contract are closely scrutinized to determine the reasons for the timing of the formation of or change in the businesses;						
7	2. A previous or continuing employer-employee relationship between or among present owners is carefully reviewed to ensure that the employee-owner has management responsibilities and capabilities discussed in this section; and						
11 12	3. Any relationship between a minority business enterprise and a business which is not a minority business enterprise which has an interest in the minority business enterprise is carefully reviewed to determine if the interest of the nonminority business conflicts with the ownership and control requirements of this section.						
	(5) (i) The WSSC may conduct any impartial fact-finding study in connection with a minority business enterprise program for consistency with applicable law.						
	(ii) The WSSC shall report the findings of any review completed under this paragraph to the Montgomery County and Prince George's County Delegations to the General Assembly.						
21 22 23 24	20 (6) By September 15 of each year, the WSSC shall issue a report 21 concerning the implementation and administration of the minority business 22 enterprise program for the fiscal year ending on the preceding June 30, and 23 appropriate recommendations concerning the program, to the Montgomery County 24 and Prince George's County Senate and House Delegations to the Maryland General 25 Assembly.						
26 27	(7) The provisions of this subsection shall be null and void and may not be enforced after July 1, [2005] 2010.						
28	3-109.						
29 30	(a) (1) In this [section,] SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.						
	(2) "DIRECTOR" MEANS THE DIRECTOR OF THE OFFICE OF SMALL, LOCAL, AND MINORITY BUSINESS ENTERPRISE ESTABLISHED UNDER SUBSECTION (B)(2) OF THIS SECTION.						
	(3) ["minority] "MINORITY business enterprise" means any legal entity that is organized to engage in commercial transactions and at least 51 percent owned and controlled by 1 or more individuals who are members of a group that is:						
37 38	[(1)] (I) Disadvantaged socially or economically by the effects of past discrimination, including discrimination as to certification; and						

1 2	[(2)] or a similar study p			a study conducted in accordance with this section				
3	(4) BUSINESS ENTE			THE OFFICE OF SMALL, LOCAL, AND MINORITY UNDER SUBSECTION (B)(2) OF THIS SECTION.				
7	of responsible certi	(b) (1) By resolution and implementing rules and regulations, the WSSC all establish a minority business utilization program to facilitate the participation responsible certified minority business enterprises in contracts awarded by the SSC for goods and services not covered by § 3-102 of this article if:						
	[(1)] underrepresented i discrimination; and			letermines that minority business enterprises are racts due to the effects of past				
	[(2)] remedy the effects contracting with the			determines that such a program is necessary to gainst minority business enterprises in				
15 16	(2) BUSINESS ENTE	(I) ERPRISE IN		AN OFFICE OF SMALL, LOCAL, AND MINORITY				
	REQUIRED TO E 3-102(F) AND 3-1		UNDER PA	E SHALL ADMINISTER THE PROGRAMS THE WSSC IS RAGRAPH (1) OF THIS SUBSECTION AND §§				
20 21	OFFICE.	(III)	THERE IS A	A DIRECTOR WHO SHALL BE IN CHARGE OF THE				
22		(IV)	THE DIREC	TOR SHALL:				
23			1. BE	A MERIT PERSONNEL EMPLOYEE; AND				
24 25	OF THE DEPART	MENT HE		CEIVE A SALARY COMMENSURATE WITH THE SALARY WSSC.				
26 27	(c) The rules and regulations that establish the program under subsection (b) of this section shall include provisions that:							
	(1) Recognize the certification of minority business enterprises by the State certification agency designated under § 14-303(b) of the State Finance and Procurement Article;							
31 32	(2) WSSC substantial			certification program that in the judgment of the nents of the State certification agency;				
33	(3)	Provide	for minority	pusiness participation through subcontracting;				
	(4) Except as provided in paragraph (5) of this subsection, provide for a system of granting a preference of up to the lesser of 5% or \$50,000 to minority business enterprises in evaluating bids and proposals;							

- 1 (5) Subject to the provisions of subparagraphs (ii), (iii), and (iv) of (i) 2 this paragraph, establish a sheltered market program in which bidding on 3 procurement contracts designated by the WSSC as appropriate is restricted to 4 certified minority business enterprises; 5 The sheltered market program under this paragraph may not (ii) 6 be utilized until all less restrictive remedies under this subsection and race-neutral 7 remedies such as assistance with bonding requirements, financing, or bidding 8 procedures for small firms have been used and found to be ineffective; Upon the bid of at least 3 certified minority business (iii) 10 contractors, a contract shall be awarded under this paragraph to the lowest of those 11 bidders: and 12 (iv) If fewer than 3 certified minority business enterprises bid on a 13 contract under this paragraph, the contract shall be awarded under the general 14 provisions of paragraph (4) of this subsection; 15 Provide for the graduation of a minority business enterprise from the (6)16 program if the WSSC determines that the minority business enterprise no longer 17 requires the assistance or benefits offered by the program; 18 Require the solicitation document accompanying each solicitation to 19 set forth the rules and regulations of the minority business utilization program; 20 (8)Require the geographic location and the principal place of business of 21 the minority business enterprise to be a consideration for participation in this 22 program. Montgomery County businesses and Prince George's County businesses 23 shall each have a targeted percentage of at least 40% of any contracts; 24 Provide for the WSSC to refuse to recognize the certification of any 25 business found to be in violation of the purposes of the program and to permanently 26 bar any active principals of a violating business from future participation in the 27 program; [and] 28 Permit the waiver of all or part of the provisions of the program for a (10)29 specific contract if the WSSC determines that the application of the program to the 30 contract conflicts with the WSSC's overall objectives and responsibilities, and provide 31 for the WSSC to report annually to the Montgomery County and Prince George's 32 County House and Senate Delegations on those waivers; AND REQUIRE EACH BID OR PROPOSAL THAT IS BASED ON A 33 (11)34 SOLICITATION WITH AN EXPECTED DEGREE OF MINORITY BUSINESS ENTERPRISE 35 PARTICIPATION TO INCLUDE PROOF OF A CERTIFIED MINORITY BUSINESS 36 ENTERPRISE COMMITMENT AT THE TIME OF SUBMISSION. 37 Before accepting a certification program under subsection (c)(2) of this
- 38 section, the WSSC shall examine the program to ensure that:

(1) It adheres to the guidelines set forth in § 3-102(f)(4) of this article; 1 2 and 3 (2) The principal owner of an eligible minority business enterprise is in 4 not more than 1 certified business that is participating in the WSSC minority 5 business enterprise program under this section. The WSSC may conduct any fact-finding study in connection with a 6 (e) (1) 7 minority business enterprise program for consistency with applicable law. The WSSC shall report the findings of any review completed under 9 this paragraph to the Montgomery County and Prince George's County Delegations to 10 the General Assembly. 11 (f) By September 15 of each year, the WSSC shall issue a report concerning 12 the implementation and administration of the minority business enterprise program 13 for the fiscal year ending on the preceding June 30, and appropriate 14 recommendations concerning the program, to the Montgomery County and Prince 15 George's County Senate and House Delegations to the Maryland General Assembly. 16 (G) THE OFFICE SHALL: (1)17 CARRY OUT EACH WSSC PROGRAM THAT IS CREATED TO (I) 18 PROMOTE THE GROWTH OF OR PARTICIPATION BY MINORITY BUSINESS 19 ENTERPRISES: 20 (II) PROMOTE AND COORDINATE THE PLANS, PROGRAMS, AND 21 OPERATIONS OF THE WSSC THAT PROMOTE OR OTHERWISE AFFECT THE 22 ESTABLISHMENT, PRESERVATION, AND STRENGTHENING OF MINORITY BUSINESS 23 ENTERPRISES; 24 PROMOTE ACTIVITIES AND THE USE OF THE RESOURCES OF (III) 25 THE WSSC, LOCAL GOVERNMENTS, AND PRIVATE ENTITIES FOR THE GROWTH OF 26 MINORITY BUSINESS ENTERPRISES; 27 PROVIDE TECHNICAL AND MANAGERIAL ASSISTANCE TO (IV) 28 MINORITY BUSINESS ENTERPRISES; AND 29 (V) SCHEDULE SEMINARS AND WORKSHOPS TO EDUCATE 30 MINORITY BUSINESSES ON THE WAY THE WSSC CONDUCTS BUSINESS. TO ENSURE COMPLIANCE WITH CERTIFIED MINORITY BUSINESS 31 (2) 32 ENTERPRISE SUBCONTRACT PARTICIPATION GOALS. THE OFFICE SHALL VERIFY 33 THAT THE CERTIFIED MINORITY BUSINESS ENTERPRISES LISTED IN THE SCHEDULE 34 OF PARTICIPATION ARE ACTUALLY PERFORMING WORK AND RECEIVING 35 COMPENSATION AS SET FORTH IN THE SCHEDULE. (3) TO FACILITATE THE OFFICE COMPLETING ITS DUTIES UNDER 36 37 PARAGRAPH (2) OF THIS SUBSECTION, A CONTRACTOR SHALL:

PERMIT THE OFFICE TO INSPECT ANY RELEVANT MATTER, 1 (I) 2 INCLUDING RECORDS AND THE JOB SITE: (II)PERMIT THE OFFICE TO INTERVIEW THE CONTRACTOR'S 4 SUBCONTRACTORS AND EMPLOYEES; IF PERFORMING A CONSTRUCTION CONTRACT, ENSURE THAT 6 ALL SUBCONTRACTORS ARE PAID ANY UNDISPUTED AMOUNT TO WHICH THAT 7 SUBCONTRACTOR IS ENTITLED WITHIN 10 CALENDAR DAYS OF RECEIVING 8 PROGRESS OR FINAL PAYMENT FROM THE WSSC AND OTHERWISE COMPLY WITH 9 WSSC REGULATIONS; SUBMIT MONTHLY TO THE WSSC A REPORT LISTING UNPAID 11 INVOICES OVER 30 DAYS OLD RECEIVED FROM A CERTIFIED MINORITY BUSINESS 12 ENTERPRISE SUBCONTRACTOR AND THE REASON PAYMENT HAS NOT BEEN MADE; 13 AND INCLUDE IN ITS AGREEMENTS WITH ITS CERTIFIED MINORITY 14 15 BUSINESS ENTERPRISE SUBCONTRACTORS A REQUIREMENT THAT THE 16 SUBCONTRACTORS SUBMIT MONTHLY TO THE WSSC A REPORT THAT: 17 IDENTIFIES THE PRIME CONTRACT: AND 1. LISTS PAYMENT RECEIVED FROM THE CONTRACTOR IN 19 THE PRECEDING 30 DAYS AND INVOICES FOR WHICH THE SUBCONTRACTOR HAS NOT 20 BEEN PAID. ON DETERMINING A CONTRACTOR'S NONCOMPLIANCE, THE 21 (I) 22 WSSC SHALL NOTIFY THE CONTRACTOR IN WRITING OF THE FINDINGS AND SPECIFY 23 WHAT CORRECTIVE ACTIONS ARE REQUIRED. 24 A NONCOMPLIANT CONTRACTOR SHALL INITIATE THE 25 CORRECTIVE ACTIONS WITHIN 10 DAYS OF RECEIVING THE WRITTEN NOTICE AND 26 COMPLETE THE CORRECTIVE ACTION WITHIN THE TIME SPECIFIED BY THE WSSC. 27 IF THE WSSC DETERMINES THAT A MATERIAL NONCOMPLIANCE (5) 28 WITH MINORITY BUSINESS ENTERPRISE CONTRACT PROVISIONS EXISTS AND THE 29 PRIME CONTRACTOR REFUSES OR FAILS TO TAKE THE CORRECTIVE ACTIONS 30 REQUIRED BY THE WSSC, THE WSSC MAY IMPOSE THE FOLLOWING SANCTIONS: TERMINATION OF THE CONTRACT; 31 (I) 32 (II)REFERRAL TO THE GENERAL MANAGER OR COMMISSIONERS 33 OF THE WSSC FOR APPROPRIATE ACTION; OR (III) INITIATION OF ANY OTHER SPECIFIC REMEDY IDENTIFIED BY 34 35 CONTRACT. (I) ON COMPLETION OF A CONTRACT OR BEFORE FINAL PAYMENT 37 OR RELEASE OF RETAINAGE, THE WSSC MAY REQUIRE A PRIME CONTRACTOR ON



- 1 (d) A business enterprise may qualify as a local small business for purposes of
- 2 the program without regard to the race, ethnicity, or gender of the participants in the
- 3 business enterprise.
- 4 (e) The WSSC shall establish graduation criteria from the program for local
- 5 small businesses that the WSSC determines no longer require the assistance or
- 6 benefits offered by the program.
- 7 (f) The WSSC shall review the eligibility criteria and administrative
- 8 procedures of the program each year to assess their effectiveness in furthering the
- 9 purposes of the program.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 11 July 1, 2005.