



Administration Committee

Information Item III-A

October 12, 2017

**Disadvantaged Business Enterprise (DBE)
Program Update**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☐ Action ☒ Information

MEAD Number:
201914

Resolution:
☐ Yes ☒ No

TITLE:

DBE Program Update

PRESENTATION SUMMARY:

The Board will be briefed on the action plan put in place to ensure that Metro's Disadvantage Business Enterprises (DBE) Program meets requirements of the Federal Transit Administration (FTA).

PURPOSE:

- The Administrative Committee will be informed about the changes in WMATA's DBE program, including changes to process and procedures, record keeping, communication and the organization.
- The action plan was developed following a series of audits and to ensure compliance with FTA regulations to achieve WMATA's DBE goal: 22% (14% race-conscious and 8% race neutral) goal.

DESCRIPTION:

The DBE Program is designed to combat discrimination by creating a level playing field for small businesses owned and managed by historically disadvantaged groups such as minorities or women.

Key Highlights:

- A number of assessments and reviews have been conducted of the DBE program by organizations including: Management Audits, Risks and Compliance (MARC), FTA, WMATA's Office of the Inspector General, and Quality Assurance, Internal Compliance & Oversight (QICO), and the new Chief of Fair Practices.
- Based on the review results, and to meet FTA requirements, a plan has been put in place to improve process and procedures, communication, and to better align the organization to achieve objectives and goals.

Background and History:

The DOT DBE program is carried out by state and local transportation agencies under the rules and guidelines in the Code of Federal Regulations. (Title 49, Part 26). Among other things, DOT DBE regulations require recipients of DOT Federal financial

assistance, namely, state and local transportation agencies like WMATA to establish goals for the participation of disadvantaged entrepreneurs and certify the eligibility of DBE firms to participate in their DOT- assisted contracts. Each DOT- assisted State and local transportation agency is required to establish narrowly-tailored DBE goals. Then these DOT-assisted agencies evaluate their DOT-assisted contracts throughout the year and establish contract specific DBE subcontracting goals where these goals are needed to ensure nondiscrimination in federally-assisted procurements. The level of DBE subcontracting goals may vary from their approved DBE goal however, at the end of the year the amount of contract/subcontract awards to DBEs should be consistent with the overall goal.

As a recipient of federal financial assistance from the U.S. Department of Transportation through the FTA, WMATA must maintain a DBE Program. Also, as a condition of receiving FTA funding, WMATA has signed an assurance that it will comply with 49 CFR Part 26. Therefore, it is WMATA's policy that DBEs have an equal opportunity to receive and participate in federally-assisted contracts. WMATA committed to ensuring that no contractors or vendors are discriminated against on the basis of race, color, national origin, sex or any other unlawful basis in the award and performance of contracts and subcontracts.

Discussion:

To ensure compliance with FTA regulations and improve WMATA's ability to achieve our DBE goal, WMATA is in the process of reorganizing its DBE Program. The reorganization will be completed within the next 90 days. The Office of Disadvantaged Business Enterprises and Compliance, will be renamed the Small Business Programs. The Small Business Programs Office will provide leadership and management support for the Disadvantaged Business Program, Small Disadvantaged Business Program and the Small Business and Local Preference Program. As we complete our transition to the new organization, the DBE Program is being supported by staff from PRMT, MARC, OEEEO and contractors. We are confident that the actions taken and the actions in progress will result in full compliance with all applicable laws, regulations and policies within the next year.

Important to the improvement plan and reorganization is ensuring that WMATA attains its DBE goals, which it has fallen short of the last three years. The table below shows the DBE attainment for the last three years:

DBE Trend Line	FFY 2015	FFY 2016	FFY 2017
DBE Goal	25%	25%	22%
DBE Goal Achieved	19% (17.04%)	11%	8%

DBE process improvements include:

- Automating DBE application process
- Automating prompt payments
- Developing and implementing fraud prevention and mitigation measures
- Creating DBEhotline@wmata.com
- Created a DBE webpage
- Automating document management systems

- Developing and implementing a communications plan

The DBE Program Improvement Actions will take place over the next 10 months.

Recommended Corrective Action	Assessor	Corrective Actions
Direct the DBE Manager to put in place a formal process that (1) collects sufficient documentation and (2) validates the accuracy of the information presented in the FTA Report.	OIG	WMATA has developed an Excel spread sheet to track all goals established and prompt payment made to vendors during FFY 2017. WMATA is to develop and automated module within CLM to track goal setting and prompt payments. CLM will provide to ability to generate up-to-date reports regarding goal setting and goal attainment based on payments to prime contractors and subcontractors.
Direct the DBE Manager to develop performance indicators and measures that will (1) monitor the new DBE contract awards/commitment percentage; (2) monitor the active/ongoing DBE contract payments; (3) track actual DBE performance attainment through closed contracts; and (4) measure program effectiveness through a DBE utilization percentage rate.	OIG	
Provide a detailed overview of the race neutral measures that your agency implemented over FY 2015. The status report must include a detailed description of the methods utilized, an analysis of their effectiveness, and a timeline for past implementation.	FTA	The measures have been identified. WMATA must fully implement to comply with FTA's required action.
Based on your agency's Uniform Report submissions, FTA's records indicate you have a DBE attainment of 18.60%. Your shortfall analysis indicates an attainment of 17.00%. Please provide a detailed description of this discrepancy. This description must include a thorough analysis of your process for calculating your attainment as well as a detailed account of your process used for the collection of the information required by the Uniform Report.	FTA	WMATA has developed a spread sheet to track all goals established and prompt payment made to vendors during FFY 2017. WMATA is develop and automated module within CLM to track goal setting and prompt payments. CLM will provide to ability to generate up-to-
Provide a detailed description of how each corrective action you plan to implement in FY 2016 will meet your goal and are different from	FTA	Completed

those implemented in FY 2015. The description should include a breakdown of the race neutral and race conscious portions of your overall goal. Provide a timeline for implementing each corrective action in FY 2016. The status report must include a detailed analysis of the progress made on each individual action, including all relevant dates.		
WMATA failed to timely update its DBE Plan based on organizational changes since September 2016. The grantee must upload the updated DBE program in TrAMS for approval and notify the FTA RCRO once completed, within thirty (30) days from the date of the final report.	FTA	Completed
The unified certification program is not following the required standards and procedures in accordance with the requirements of 49 CFR 26.61-26.91 and the required DBE directory of certified DBEs has not been published as required in 49 CFR 26.31. The grantee must submit to the FTA RCRO an updated DBE program to reflect the new procedures, within thirty (30) days from the date of the final report (Agreement with DDOT to develop SOPs).	FTA	DDOT has agreement to work with WMATA to establish SOP to ensure full compliance with FTA's vendor certification regulations. WMATA has hired a contractor to draft SOPs and began work with DDOT on Tuesday, September 19, 2017 at a meeting to discuss the workflow process necessary to prepare SOPs.
Standard Operating Procedures should be documented for key DBE activities in order to provide guidance and promote operational efficiency and consistency.	MARC	WMATA has hired a contractor to develop SOPs to implement all DBE regulatory and policy requirements. The entire project will be completed within the year.
Detailed training for staff around key processes to establish clear expectations and standards should be conducted.	MARC	As SOPs are developed staff will be trained. The SOPs will be included in a staff handbook. In addition, all staff will receive training through the National Transit Institute.
Clear and measurable performance plans and adequate supervision and monitoring of DBE operations should be in place to ensure consistency, thoroughness and completeness.	MARC	As staff is hired, the DBE manager will work to develop individual performance plans for all staff assigned to support the DBE program.

The key system used by the DBE Program should be modified, as deemed necessary, to sufficiently support program processes, including data and records management, and the ability to generate meaningful, complete and accurate reports.	MARC	WMATA is in the process of programming CLM to support paperless DBE application, certification and compliance. The system will be complete within the next year. As modules are completed the staff will be fully trained to use the system. We will develop internal controls to ensure the system is effective.
Effective communication to engage all stakeholders should be developed and implemented to increase awareness of DBE goals and objectives.	MARC	WMATA is in the process of developing a communication plan. The plan will be completed within the next 90 days. In the interim, we are redesigning the DBE webpage and we will provide vendors information through targeted emails.
Adequate records management policies and procedures should be developed to ensure data is appropriately maintained and protected.	MARC	WMATA is in the process of programming CLM to support paperless DBE application, certification and compliance. The system will be complete within the next year. As modules are completed the staff will be fully trained to use the system. We will develop internal controls to ensure the system is effective.
Effective communication and guidance for the vendor community should be developed and implemented	MARC	WMATA is in the process of developing a communication plan. The plan will be completed within the next 90 days. In the interim, we are redesigning the DBE webpage and we will provide vendors information through targeted emails.
There was no management oversight of the program or staff performance.	Chief Fair	A new manager of DBE will be onboard October 16, 2017. The program will benefit from the candidate's vast experience with procurement, contract and program management. Additionally, expertise in labor relations and training will benefit staff performance.
The staff was not utilizing the Contracts Lifecycle Management (CLM) tool developed by the PRMT.	Chief Fair	All staff members assigned to support the DBE program will be trained on the full scope of

		the PeopleSoft System and how to use the CLM modules.
The DBE database was not being managed as evidenced by the fact that over 50% of the firms appear to be out of certification.	Chief Fair	Within the next 60 days all firms in the vendor databased will be updated and the UCP consolidated vendor database will be made available to all sources.
The job description for the DBE position was written to focus on managing in a paper based system, with insufficient focus on business analysis and fraud prevention, identification or mitigation measures.	Chief Fair	Completed. WMATA created a new position entitle Small Business Analyst. Staff will be hired to fill the new position within the next 90 days.
The DBE records were all paper and poorly maintained and managed.	Chief Fair	WMATA is in the process of programing CLM to support paperless DBE application, certification and compliance. The system will be complete within the next year. As modules are completed the staff will be fully trained to use the system. We will develop internal controls to ensure the system is effective.
The staff did not create the documentation required to evaluate their certification and compliance efforts.	Chief Fair	WMATA has hired a contractor to develop SOPs to implement all DBE regulatory and policy requirements. The entire project will be completed within the year.
Poor communications between the DBE staff and the procurement staff resulted in inconsistent DBE goal setting.	Chief Fair	The DBE staff has been reassigned to the HQ offices for better access to the procurement staff.

FUNDING IMPACT:

FAIR REQUESTS OMBS INPUT RE: FUNDING IMPACT	
Project Manager:	Franklin C. Jones
Project Department/Office:	GMGR/FAIR

TIMELINE:

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<p>Previous Actions</p>	<p>Within recent years, WMATA's DBE Program has experienced significant organizational changes, moving from the Office of Procurement and Materials (PRMT) to the Department of Fair Practices.</p> <p>Additionally, DBE Program management changed, and a new Chief of Fair Practices was hired in January 2017.</p> <p>Presently, the Chief of Fair Practices has been identified as the DBE Liaison Officer responsible for communicating and reporting to external agencies such as FTA and the Department of Transportation.</p>
<p>Anticipated actions after presentation</p>	<p>The corrective action plan will be complete within the timeframes specified. Ultimately, WMATA will be able to improve DBE goal attainment and full compliance with all applicable regulations and policies.</p>



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Administration Committee

October 12, 2017



Purpose

- Achieve WMATA's DBE goal: 22% (14% race-conscious and 8% race-neutral) goal
- Fulfill implementation of WMATA's DBE Program Plan



FTA DBE Requirements

- Nondiscrimination in contract awards
- Create a level playing field for DBEs
- Narrowly tailored DBE program
- Ensure eligibility standards
- Remove barriers to DBE Participation
- Promote use of DBEs
- Assist in the development of firms/financial guidance

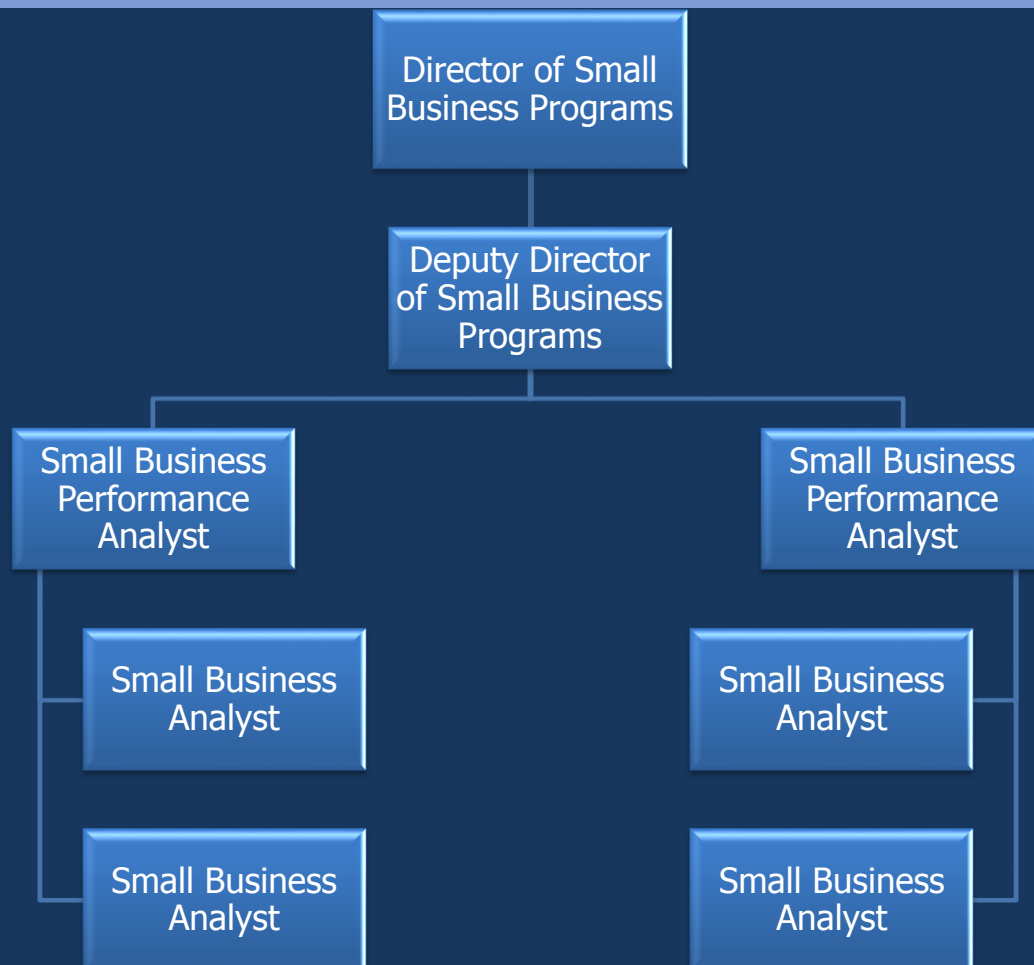


DBE Program Audits and Assessments

- Office of Inspector General (OIG) FY 2014 Audit Report
- FTA's FFY 2017 Triennial Audit Report
- FY 2017 Management Audits, Risks and Compliance Office (MARC) internal program self-assessment
- Initial observations by Chief of Fair Practice (FAIR)



Reorganization Highlights





Process Improvements

- Automating DBE application process Contract Lifecycle Management System (CLM)
- Automating prompt payments (CLM)
- ✓ Established a Procurement Review Group
- ✓ Created DBEHotline@wmata.com
- Creating a new DBE webpage



Systems Improvements

- Modifying document management systems
- Improving records management
- Improving guidance and support to vendors





Improvement Schedule

120 days

New staff onboard

60 days

SOP certification with Unified Certification Program

90 days

Staff training

120 days

Prompt payment automation (staff trained)

60 days

Communications plan

July 31, 2018

Handbook/User manual (staff fully trained)



Interim Actions

- Support for Certification
- Support for DBE Goal Setting
- SOP Development – Contractor
- Prompt Payment
- Communications
- Compliance

Questions?