



Anne Arundel County Public Schools
Minority and Small Business Enterprise Utilization
Report for Fiscal Year 2016

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ANNE ARUNDEL
COUNTY PUBLIC SCHOOLS

1. Mission & Purpose Statement

The mission and purpose of the Minority Small Business Enterprise (MSBE) Office is to administer and conduct a minority and small business enterprise program for the delivery of services and products. Anne Arundel County Public Schools (AACPS) is committed to increasing the participation of minority and small business enterprises in providing goods and services to the school district. The use of a minority and small business enterprise program has an indirect impact on the educational outcomes of our students through improved economic conditions within the county. The success of the MSBE program supports a stronger community and better schools.

2. Executive Summary

Anne Arundel County Public Schools is pleased to present the MSBE Annual Report for Fiscal Year 2016.

The MSBE program's main goals are to increase contract awards to minority and small businesses and to increase minority and small business participation in total expenditures.

- In Fiscal Year 2016, \$16.7 million or 28.6% of state-funded capital projects were awarded to Minority Business Enterprise (MBE) prime contractors and subcontractors.
 - The 10-year historical trend shows a 77% increase in all construction and maintenance projects from Fiscal Year 2006 to Fiscal Year 2016. In Fiscal Year 2016, 26.8% of contract awards in this category were made to MBEs compared to only 15.2% in Fiscal Year 2006.
 - The Compliance Monitoring Program continues to show a high degree of contract compliance on MBE participation in construction and maintenance projects of 102.5% MBE Achievement.
 - The Public School Construction Program Annual MBE Report Summary issued to the Governor's Office of Minority Affairs (GOMA) for Fiscal Year 2016 shows that while AACPS awarded only 9.3% of the Total Contracts Awarded state-wide, AACPS awarded 28.6% of the MBE Dollars Awarded state-wide.
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3. Accomplishments & Goals

Fiscal Year 2016 Accomplishments

- Expanded training for vendors on successful bidding with AACPS
- Continued developing relationships with the Asian and Hispanic communities
- Finalized the Compliance Monitoring Program (a technology solution to capture data and allow for enhanced analysis/reporting)

Fiscal Year 2017 Goals

- Continue marketing the MSBE Office through active counseling and training and attend state-wide events, trade shows and fairs
- Identify compliance risks and enforcement through the use of the Compliance Monitoring Program (MSBETS)
- Maintain or exceed the MBE goal of 29% required by the State in major construction projects

4. Updates to MBE Legislation/Requirements

Expanding Opportunities for Minority and Women-Owned Businesses

There were no new legislation approved in Fiscal Year 2016. This program continues to evolve by providing minority businesses maximum practicable opportunities to participate in AACPS prime contracts and subcontracts to ensure that it remains fair, flexible and constitutional. It is important that both the prime and sub-contractors are aware of their rights and responsibilities when performing on contracts.

5. Analysis of Data and Contract Activity for Capital Projects

MBE Goal-Setting Process for Capital and Maintenance Projects

State regulations require Local Education Agencies (LEA) to review and analyze the project or type of work and determine the potential for certified minority businesses to subcontract in the project. Based on historical participation and vendor availability factors, individual project goals are established on a case-by-case basis.

Goals for capital and maintenance projects are based on at least three types of analysis:

- (1) A weighted average analysis is performed on data derived from the Maryland Department of Transportation (MDOT) directory and the Department of Labor, Licensing and Regulations (DLLR) comparing the number of MBEs certified in a particular construction division with the number of total contractors by county.
- (2) Historical data of MBE achievement on similar projects.
- (3) Recommendations from the Director of Facilities, Supervisor of Maintenance, Supervisor of Planning, Design, and Construction, Supervisor of Purchasing, Construction Manager, and Purchasing Buyers taking into account the economic conditions and other factors that may impact each of the analyses conducted in (1) and (2).

The data from the MDOT directory and DLLR are important to monitor, since the information from many of these databases is fluid and can change on a daily basis. There are approximately 20 construction divisions used in these analyses.

State-Funded Projects

During Fiscal Year 2016, the Capital Project budget had 21 major state-funded projects. The largest funded projects are listed in Table 1 below. The Procurement Review Committee established an MBE goal for this project using historical, accessible, and available data to arrive at a practical and achievable goal. Data was ascertained from MDOT, DLLR, and previous projects. The following data represents the result of the awarded bids:

Table 1: State-Funded Major Capital Projects

Name of Project	MBE Goal %	Sub Contractor's Award%	MBE Prime Contractor Award %	Total Awarded %	Total MBE Amount Awarded
Chesapeake High	29.0%	29.0%	0%	29.0%	\$6,268,800
Eastport Elementary	29.0%	29.0%	0%	29.0%	\$2,477,800
Glen Burnie High	29.0%	30.8%	0%	30.8%	\$2,050,488
MacArthur Middle	29.0%	29.7%	0%	29.7%	\$17,146,000
J. Albert Adams Academy	29.0%	29.0%	0%	29.0%	\$2,897,000
North Glen Elementary	29.0%	29.0%	0%	29.0%	\$2,305,200
Odenton Elementary	29.0%	29.3%	0%	29.3%	\$5,097,000
West Meade Early Education Center	29.0%	33.8%	0%	33.8%	\$7,264,000
Woodside Elementary	29.0%	29.0%	0%	29.0%	\$4,297,700

In Fiscal Year 2016, AACPS awarded state-funded projects totaling \$58,421,710.00. Of the awarded State eligible projects, 28.6% (\$16,716,069) was awarded to minority businesses in sub-contracting opportunities.

Capital Projects for Construction and Maintenance

Table 2 provides a breakdown of total dollars awarded in Fiscal Year 2015 and Fiscal Year 2016 and also provides a breakdown of awards to subcontractors for capital and maintenance projects by MBE classification. Even though the data shows an increase in total value of awards for construction and maintenance contracts in Fiscal Year 2016 compared with Fiscal Year 2015; MBE participation remained consistent.

Due to the process of awarding to the lowest responsible and responsive bidder, there is a tendency to see changes in the racial make-up of awardees from year to year. This can be attributed to the different variables present in the market for bidding capital and maintenance projects, such as the timing of the bids and the number of projects being offered. Projects that are bid in the summer do not usually receive as many bidders, since most construction companies have already secured projects.

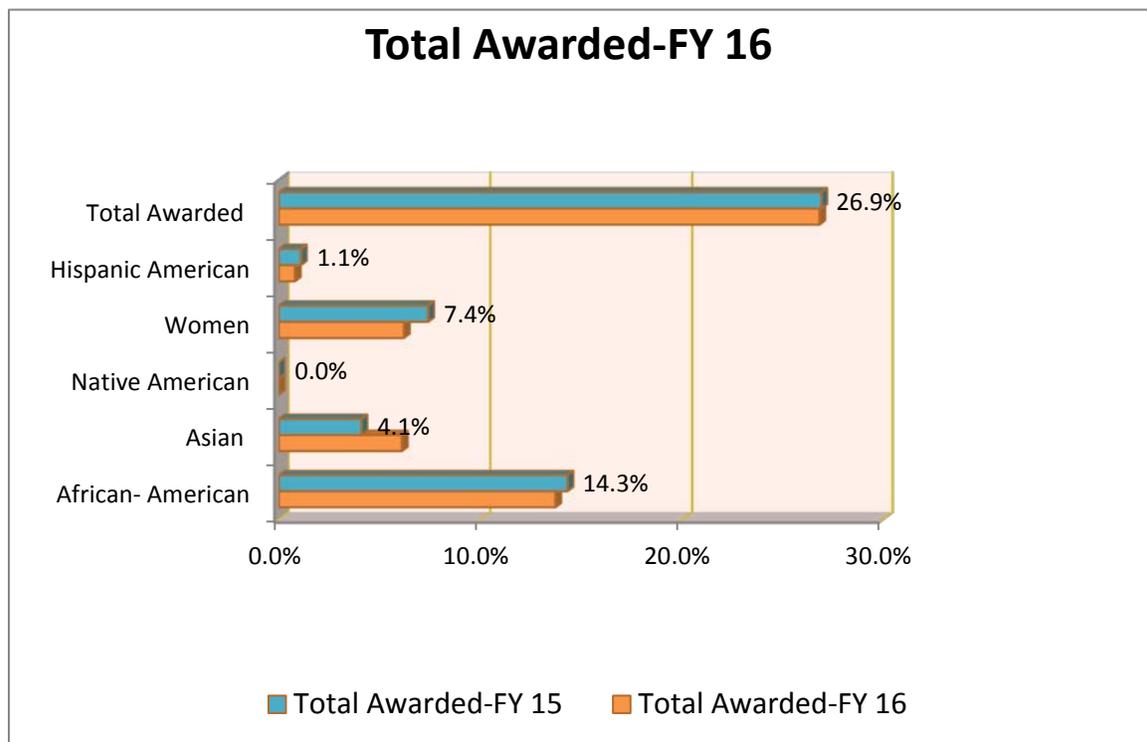
Table 2: Subcontractor Contract Awards by MSBE Classification for Construction and Maintenance Capital Projects

FY2016 MSBE Classification	Construction	% of Dollars Awarded	Maintenance	% of Dollars Awarded	Total	% of Total Dollars Awarded
African- American	\$ 9,796,900	15.4%	\$ 341,244	3.2%	\$10,138,144	13.7%
Alaskan Native	\$ 0.0	0.0%	\$ 0.0	0.0%	\$ 0.0	0.0%
Asian	\$ 4,196,695	6.6%	\$ 335,829	3.2%	\$ 4,532,524	6.1%
Native American	\$ 0.0	0.0%	\$ 0.0	0.0%	\$ 0.0	0.0%
Women	\$ 3,715,771	5.8%	\$ 850,150	8.1%	\$ 4,565,921	6.2%
Hispanic American	\$ 485,577	0.8%	\$ 120,770	1.1%	\$ 606,347	0.8%
Disabled	\$ 0.0	0.0%	\$ 0.0	0.0%	\$ 0.0	0.0%
Total MSBE Awarded	\$ 18,194,943	28.6%	\$ 1,647,994	15.6%	\$ 19,842,937	26.8%
Total Awarded	\$ 63,527,703		\$10,543,512		\$ 74,071,215	

FY2015 MSBE Classification	Construction	% of Dollars Awarded	Maintenance	% of Dollars Awarded	Total	% of Total Dollars Awarded
African-American	\$ 7,139,271	14.9%	\$ 1,054,960	11.5%	\$ 8,194,231	14.3%
Alaskan Native	\$ 0.0	0.0%	\$ 0.0	0.0%	\$ 0.0	0.0%
Asian	\$ 2,179,531	4.5%	\$ 178,179	1.9%	\$ 2,357,710	4.1%
Native American	\$ 0.0	0.0%	\$ 0.0	0.0%	\$ 0.0	0.0%
Women	\$ 3,893,800	8.1%	\$ 350,023	3.8%	\$ 4,243,823	7.4%
Hispanic American	\$ 544,244	1.1%	\$ 87,479	1.0%	\$ 631,723	1.1%
Disabled	\$ 0.0	0.0%	\$ 0.0	0.0%	\$ 0.0	0.0%
Total MSBE Awarded	\$ 13,756,846	28.6%	\$ 1,670,641	18.1%	\$ 15,427,487	26.9%
Total Awarded	\$ 48,006,548		\$ 9,207,561		\$ 57,214,109	

Graph 1 below shows the percentage of total dollars in Table 2 awarded by classifications. It should be noted that the largest percentage increase occurred for women. All other minority classifications in general remained the same.

Graph 1: Percentage of Total Dollars Awarded by Classification



6. 10-Historical Year Trend

10-Year Historical Trend

Trend data on the statistical changes that occurred over the past ten (10) years with regard to minority participation was reviewed. Table 3 represents data comparing Fiscal Year 2006 with Fiscal Year 2016. This data reflects significant progress toward achieving the MBE goals. The *Percentage of Total Construction and Maintenance Dollars Awarded* to MBE primes and subcontractors has increased over the past ten (10) years by 77%. This can be attributed to many variables, including changes in the state MBE regulations, as well as, communications and partnerships between the school district, prime contractors, and subcontractors. Enhanced accountability provisions and outreach efforts have also contributed to the increase.

Table 3: 10-Historical Year Trend

Description	FY2006	FY2016
Total Dollars Awarded	\$ 113,710,994	\$ 74,071,215
Total MBE Prime Awarded	\$ 5,578,789	0
Total Dollars Awarded to MBE Subcontracts	\$ 11,149,132	\$ 19,842,937
MBE Prime and Subcontractor as a % of Total Dollars Awarded	\$ 17,265,384	\$ 19,842,937
Total Awarded	15.2%	26.8%

7. Architectural and Engineering Services

The MBE goal for architectural and engineering projects has historically been set at 15%. Even though these areas require specific specialties, there are sub-consulting opportunities in many of these projects. We will continue to encourage minority consultants to submit proposals and also develop relationships with veteran architects and engineers who have experience in school projects. These relationships can produce opportunities for minority consultants.

Table 4 represents MBE achievements in Architectural and Engineering projects comparing Fiscal Year 2015 to Fiscal Year 2016.

Table 4: MBE Architects and Engineers Achievement

Description	FY2015 Dollars Awarded	FY2015 Percentage of Total	FY2016 Dollars Awarded	FY2016 Percentage of Total
MBE Architecture	\$ 76,030	3.0%	\$2,158,540	19%
MBE Engineers	\$ 269,741	10.7%	\$ 281,571	11%
Total MBE Architects and Engineers	\$ 345,771	13.7%	\$ 2,440,111	17%
Total Dollars Awarded to Architect and Engineer Consultants	\$2,525,955		\$14,153,666	

8. Summary of MSBE Operating Dollars Expended

The MSBE program seeks to provide opportunities for minority and small business enterprises to maximize participation fully and fairly in contracting within all sources of funding. The Board of Education sets an MSBE goal of 15% for all for materials, supplies, equipment, and services.

It should be recognized that there is significant spending in areas where MSBE competition is not readily available, including, but not limited to: textbooks, library books, utilities, water, sewage, landfill costs, proprietary software maintenance, and copiers. There are also other areas with large numbers of MSBE firms, but due to our volume requirements and open competition, there is no guarantee of a contract award and volume requirements often render a small business not competitive.

Table 5 represents Fiscal Years 2016, 2015, 2014, and 2013 expenditures with MSBE vendors. Operating dollar expenditures include, but are not limited to: technology hardware, furniture, office supplies, training, and service contracts. The data analysis performed below shows a decrease in MSBE participation in Fiscal Year 2016 compared with Fiscal Years 2015, 2014 and 2013. This can mainly be attributed to a large decrease in Prime Contract Services in construction. We have seen a decline in MBE Prime Contractor awards over the past several years. We are attributing this to the recovering economy resulting in an increase in private sector construction. The MSBE Office will continue to work with the Purchasing Office and other departments within AACPS regarding MSBE initiatives and ways to maximize areas where there may be potential opportunities for MBEs.

Table 5: Operating MSBE Expenditures

Year	Total Expenditures	Operating MSBE Expenditures	MSBE Operating Expenditures as a Percentage of Total Operating Expenditures
FY 2016	\$253,114,385	\$12,606,491	5.0%
FY2015	\$252,362,458	\$16,801,942	6.7%
FY2014	\$225,465,027	\$23,101,107	10.3%
FY 2013	\$204,071,019	\$19,319,991	9.5%

9. Small Business Program

The Small Business Reserve Program, as defined by the Department of General Services, is a component of MSBE. For Fiscal Years 2015 and 2016, there were nineteen (19) small business owners who registered with AACPS that provided goods and/or services, of which eleven (11) conducted business in Fiscal Year 2015 and ten (10) in Fiscal Year 2016 with the school system. As Table 6 shows, there was an increase in total expenditures in Fiscal Year 2016 as compared with Fiscal Year 2015 even though the number of participating businesses decreased by one. The increase is mainly due to one of our engineers, James Posey Associates, whose services almost doubled from 2015 to 2016.

Table 6: Small Business Program Summary

Year	# of Registered Small Business Receiving Awards	Small Businesses Total Expenditures
FY 2016	10	\$1,336,395
FY 2015	11	\$ 835,255

10. Compliance Monitoring Program

The Compliance Monitoring Program ensures that prime contractors and subcontractors are adhering to the State of Maryland's MBE program requirements. The program includes reviewing financial transactions, conducting job site visits, document reviews, and interviewing primes and subcontractors to verify compliance with the MBE regulations. As a part of this review, any deviation from compliance standards is documented. If such deviations are not corrected, AACPS may sanction these contractors. MSBE Administrative Procedures identify the sanctions that may be instituted in accordance with established Purchasing Policies and Regulations. Significant irregularities require further investigation and any suspected fraud will be forwarded to GOMA and MDOT for review.

State-funded projects valued at \$1,000,000 and above were randomly selected for compliance monitoring. Table 7 represents a summary of five (5) monitored projects:

Table 7: Compliance Monitoring

Description	Project Costs	Project Completion Date	MBE Goal	MBE Achieved in Contract
Annapolis Elementary School-Revitalization	\$ 20,284,355	06/30/2016	24.0%	24.0%
Magothy River Middle School-Open Space Enclosure	\$ 3,376,196	02/08/2016	29.0%	29.6%
Severn River Middle School-Open Space Enclosure	\$ 2,834,745	11/19/2015	25.0%	25.8%
Marley Elementary School-Kindergarten Addition	\$ 1,804,669	05/01/2015	25.0%	26.0%
Jones Elementary School-Kindergarten Addition	\$ 1,093,208	05/24/2016	25.0%	36.0%

Due to continuous monitoring, AACPS has seen more cooperation from the prime and subcontractors in meeting the established goals. In addition, monitoring directly assists in capturing a true picture of MBE contract compliance including, but not limited to, timely payment to MBE subcontractors, contract amounts are fully realized, and open and continual communication between contractors, MSBE Office, and project managers.

It should be noted, the MSBE Office continues to require Release of Liens (Partial Release of Lien & Final Release of Lien) forms requiring MBE subcontractors to confirm payments received.

Table 8: Payment Report

Year	Total \$ Paid - All Prime Contracts	Total \$ Paid - MBE Prime & MBE Subcontracts	% MBE Payments	MBE Prime Contracts \$ Paid	MBE Subcontracts \$ Paid
FY2016	\$108,867,006	\$36,559,763	33.6%	\$ 4,823,415	\$31,736,348
FY2015	\$106,489,789	\$40,839,536	38.4%	\$11,734,162	\$29,105,374

The decrease in the MBE Prime Contractors Paid is due to the completion of projects where this category of contractors were awarded. We hope that we can continue to attract MBE primes to upcoming projects. This may present a challenge based on the process of our

awards and the economy providing more opportunities in the construction area. We continue to work with prime contractors in the area of timely payments to MBE subcontractors. Many of the slow payments to MBE subcontractors are due to incomplete and inaccurate paperwork submitted by prime contractors and MBE subcontractors. Project managers and construction managers continue to work with both in order to address this issue. Timely payments are vital to the life of MBE contractors, since most operate on very limited capital.

11. Outreach Activities

The MSBE Office staff attended several events during the year in an effort to reach out to minority and small businesses, encouraging their participation in the bidding process, and working collaboratively with AACPS. The Office also encourages MBEs to attend pre-bids where we promote the MBEs who participate. We also encourage MBEs to meet with us to review our program and how they can participate in the bidding process.

MSBE Office staff participated in the following outreach events in Fiscal Year 2016:

- Baltimore County Public Schools *Meet the Primes*
- Maryland Live! Minority Outreach Fair

12. Conclusion

The MSBE Office is committed to improving the AACPS environment by increasing opportunities for minority businesses. The MSBE Office continues to collaborate with the Purchasing Office to implement several strategies over the next Fiscal Year in an effort to encourage minority business to not only work with AACPS project, but to also ensure that they are successful in winning and completing projects.

In conclusion, the strategies and goals established last Fiscal Year allowed AACPS to provide more opportunities to the MSBE community as exhibited through the award of 26.8% contracts to minority businesses. The MSBE Office will continue to work with minority and small businesses in an effort to encourage them to build partnerships and relationships with businesses their size or larger, which we believe is key to securing project awards. It will further our intent to increase the ability of MSBEs to participate in the bidding process, resulting in widened opportunities, increased competition, and the proper, diligent use of public funds. If you should have questions concerning this report, please contact the MSBE Office at 410-222-5130.
