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January 14, 2016

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 G Street, N.W.
Suite 800
Washington, DC 20005

Re: Report to DC Council on CBE and Workforce Engagement for DC PLUG
Formal Case Nos. 1116 & 1121

Dear Ms. Westbrook-Sedgwick:

The District Department of Transportation and Potomac Electric Power Company are providing a copy of the Report on the Efforts to Engage the District of Columbia Workforce in the District of Columbia Power Line Undergrounding Initiative. This document was filed with the D.C. Council on January 7, 2016 pursuant to D.C. Code § 34-1311.02(8).

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Andrea H. Harper".

Andrea H. Harper

AHH/mda

Enclosures

cc: All Parties of Record



2016 JAN -7 PM 2:32
OFFICE OF THE
MAYOR

MURIEL BOWSER
MAYOR

JAN -7 2016

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue N.W. Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

As required by Section 102 (8) of the ECIIFA of 2014, the Mayor and the electric company are pleased to file with the Council of the District of Columbia, our report on the compliance of the that describe and evaluate their respective efforts in meeting the stated goals of this act, where applicable, to identify, hire and train District residents, where qualified to perform such work, and award construction contract to District businesses. As always, I am available to discuss any questions you may have regarding this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser".

Muriel Bowser

**Report on the Efforts to Engage the District of Columbia Workforce in
the District of Columbia Power Line Undergrounding Initiative**

**By the District Department of Transportation
And Potomac Electric Power Company**

December 31, 2015

**Before the
Council of the District of Columbia**

**Report on the Efforts of the District Department of Transportation
And Potomac Electric Power Company to Engage the
District of Columbia Workforce in the District of Columbia
Power Line Undergrounding Initiative**

The Electric Company Infrastructure Improvement Financing Act of 2014 (“Act”), effective, May 3, 2014, states that “the Mayor and the electrical company should make every practical effort to ensure that District residents are hired for newly created jobs funded by any mechanism wherein the costs of such funding are recovered through the DDOT Underground Electric Company Infrastructure Improvement Charge or the Underground Project Charge, with a goal being that at least 100% of all related jobs are filled by District residents and 100% of the construction contracts are awarded to District businesses, where qualified to perform such work.”¹ The Act further requires that the Mayor and Potomac Electric Power Company (“Pepco”) “issue written reports to the Council that describe and evaluate their respective efforts in meeting the stated goals of this act, where applicable, to identify, hire, and train District residents, where qualified to perform such work, and award construction contract[s] to District businesses” by December 31, 2015 and by each December 31st and June 30th thereafter until December 31, 2027, or the sooner completion of the work contemplated by the Act.² In accordance with the Act, the District Department of Transportation (“DDOT”) and Pepco hereby submit this report on the efforts of DDOT and Pepco to engage the District of Columbia workforce within the context of the District of Columbia Power Line Undergrounding (“DC PLUG”) initiative (“Report”).

¹ D.C. Code § 34.1311.02 (7)

² D.C. Code § 34.1311.02 (8)

I. BACKGROUND AND PROJECT STATUS

In accordance with the Act, DDOT and Pepco filed the first triennial Underground Infrastructure Improvements Project Plan ("Triennial Plan") with the Public Service Commission of the District of Columbia ("Commission") on June 16, 2014. The Triennial Plan contained plans and preliminary designs for the placement of twenty-one overhead feeders underground. The Commission approved the Triennial Plan in Order No. 17697 on November 12, 2014.

As of this Report, activities on most of the DC PLUG initiative feeders have been delayed due to several factors, including the appeal before the DC Court of Appeals by the Apartment and Office Building Association of Metropolitan Washington and the General Services Administration's challenge of the surcharge recovering the cost of the District's bond issuance.³ Despite the impact of these challenges on the timing of DC PLUG activities, DDOT and Pepco continue to engage the District of Columbia workforce.

II. FEEDERS 308 AND 14261

Civil Engineering Design

Of the twenty-one feeders selected to be placed underground as part of the DC PLUG initiative, DDOT and Pepco chose Feeders 308 and 14261 as the inaugural feeders on which civil engineering design would begin in advance of the District's bond issuance. Feeders 308 and 14261 were chosen as inaugural feeders because their reliability performance ranked highly among all of Pepco's overhead feeders in the District of Columbia, according to the primary selection criteria outlined in the Act.⁴ Feeder 308 serves nearly 600 customers in the

³ *Apartment & Office Building Association of Metropolitan Washington v. D.C. Public Service Commission*, District of Columbia Court of Appeals Nos. 15-AA-0301 and 15-AA-0302.

⁴ D.C. Code § 34.1313.08 (a)(2)

neighborhoods of American University Park and Friendship Heights in Ward 3. Feeder 14261 serves approximately 1,200 customers in the neighborhoods of Garfield Heights, Good Hope, Hillcrest and Naylor Gardens in Ward 7.

On September 26, 2014, Pepco released two Requests for Proposals (“RFPs”) for professional civil engineering design services—one RFP for Feeder 308 and another for Feeder 14261.⁵ Civil engineering design services include the physical survey of the feeder and the design and creation of the schematics for the civil infrastructure required to place the feeder underground. Bids for both RFPs were due on October 20, 2014 and two contracts were awarded on November 3, 2014. Approximately 75% of the contract dollars were awarded to CBE firms, amounting to more than \$1.1M in contract value for CBE firms for the civil engineering work on Feeders 308 and 14261.

Civil Construction

On September 4, 2015, DDOT issued an invitation for bids (“IFB”) for the civil construction of Feeder 308 in Northwest Washington, D.C. DDOT designated the solicitation of civil construction for Feeder 308 as a set-aside for CBE bidders only, under the provisions of the Small and Certified Business Enterprise Development and Assistance Act of 2014.⁶ The IFB closed on November 10, 2015 and DDOT is currently reviewing the bids and considering procurement options based on prices provided. Civil construction of Feeder 308 is estimated to begin in mid-2016.

⁵ DDOT and Pepco are seeking to maximize CBE participation in the professional services contracts associated with DC PLUG work in addition to the goals set by § 34-1311.02 (7) of the D.C. Code.

⁶ D.C. Code § 2-218.01.

III. OTHER DISTRICT WORKFORCE ENGAGEMENT ACTIVITIES

Supplier Forums and Contractor Networking Events

In 2014, DDOT and Pepco jointly hosted two Supplier Forums (March 25 and September 18) attended by more than 90 firms to introduce interested businesses to the DC PLUG initiative, its potential future contracting opportunities and to explain how to register as a vendor with Pepco. On December 17, 2014, DDOT and Pepco jointly hosted a DC PLUG Networking Event intended to introduce CBEs to Pepco's existing vendors so that these companies could explore mutually beneficial partnerships to participate in DC PLUG projects. This event was attended by 26 Pepco contractors and 63 CBEs.

Contractor Webinar

DDOT and Pepco conducted a webinar for contractors interested in the DC PLUG initiative on December 8, 2015. Total attendance for the webinar was 157. During the event, representatives from DDOT and Pepco provided an overview of the DC PLUG initiative, discussed DC PLUG future contracting opportunities and the timing thereof, addressed the current status of the related appeal before the DC Court of Appeals and the GSA challenge and their impact on the DC PLUG initiative schedule, and answered questions from the contracting community. The webinar format provided a forum with unlimited capacity for all interested firms to attend.

One-On-One Meetings with CBE Contractors

To date, DDOT and Pepco have conducted more than 60 one-on-one meetings with CBE firms that perform professional engineering services, construction management, project

management, program management, communications and community outreach, among others, in an effort to understand these companies' existing capability and discuss their potential participation in the DC PLUG initiative. DDOT and Pepco will continue to engage CBE firms through one-on-one meetings.

District of Columbia Resident Hiring

The work required to complete the DC PLUG initiative involves a large amount of civil and electrical engineering design, civil and electrical construction and other professional services. Because of the nature of this work, DDOT and Pepco will rely heavily on contractors to place the selected feeders underground. However, there will be opportunities throughout the DC PLUG initiative for DDOT and/or Pepco to hire District of Columbia residents for positions that are funded through the same mechanism as the DC PLUG initiative. For instance, Pepco is committed to hiring a District of Columbia resident for its Community Relations Coordinator position. Pepco expects to advertise this position in early 2016. Additionally, as DC PLUG initiative contracting opportunities increase, DDOT and Pepco intend to hire a compliance contractor to monitor and document compliance with the Act, especially as it pertains to District of Columbia workforce engagement.

To further meet the goals of the Act in regard to District of Columbia resident hiring, Pepco gave preference to bidders who demonstrated a District of Columbia workforce engagement plan during Pepco's procurement process for civil engineering design services for Feeder 308. Pepco will continue this practice throughout the DC PLUG initiative by requiring that each contractor that bids on its DC PLUG initiative construction RFPs provide to Pepco a plan for awarding subcontracting opportunities to District of Columbia businesses as well as a

plan for hiring District of Columbia residents for newly created jobs resulting from a successful bid for DC PLUG initiative work. Pepco will give preference to those DC PLUG initiative construction RFP bidders whose bids demonstrate a District of Columbia workforce engagement plan.

IV. CAPABILITY & CAPACITY BUILDING PROGRAM

Although not specified in the Act, Pepco has created a Capability & Capacity Building ("C&C") Program to expand and develop the pool of qualified CBE construction contractors. Pepco's C&C Program creates opportunities for CBE firms to become qualified by setting up and awarding discrete work packages for existing feeders that are similar to the type of work that contractors will perform on DC PLUG initiative projects. Through this innovative program, CBE construction contractors have the opportunity to demonstrate their capability and capacity to perform work in accordance with Pepco standards on existing Pepco projects and become qualified to bid on and perform DC PLUG initiative construction projects as well as normal Pepco projects.

Pepco exclusively invited CBE firms to respond to its RFPs for C&C Program work. Pepco then evaluated the bids based on contractor safety, demonstrated ability to perform the work and pricing. The work packages offered through the C&C Program are funded in the same manner as Pepco's normal capital projects, are outside of the DC PLUG initiative, and are not funded through the DC PLUG initiative's funding mechanism. Therefore, the C&C Program represents additional contracting opportunities for CBE firms beyond those specifically related to the DC PLUG initiative. DDOT and Pepco believe that the C&C Program will increase the number of CBE construction contractors qualified to bid on and perform DC PLUG initiative

construction work as well as increase the number of qualified contractors for Pepco's existing feeder work.

There are currently five CBE firms that have participated in Pepco's C&C Program. At the time of this Report, one firm recently became fully qualified to work on Pepco's distribution system, and Pepco expects the remaining four firms to become qualified to work on Pepco's distribution system in early 2016. To date, the total value of the C&C Program contracts is approaching \$2.5M.

In December 2015, Pepco expanded the C&C program by releasing three additional RFPs for civil and electrical construction work. The RFPs involve the installation of conduit and manholes, installation of electrical cable, and civil construction quality assurance and quality control. Through the latest round of RFPs, Pepco expects to contract with at least three firms to perform this work with the goal of becoming qualified to work on Pepco's system.

V. CONCLUSION

DDOT and Pepco appreciate the importance of engaging CBE firms to perform DC PLUG initiative work, where qualified, and are committed to the goals described by the Act. Although many DC PLUG activities are delayed due to several factors, DDOT and Pepco continue to identify ways to engage the CBE contracting community and ensure the success of the DC PLUG initiative in advance of its full implementation.

CERTIFICATE OF SERVICE

I hereby certify that a Courtesy Copy of the Report on the Efforts to Engage the District of Columbia Workforce was served this 14th day of January 2016 on all parties in Formal Case Nos. 1116 and 1121 by electronic mail.

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