



OFFICE OF THE SUPERINTENDENT

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17 September 2024

MEMORANDUM

TO: The Board of Visitors

THROUGH: The Audit, Finance and Planning Committee

SUBJECT: Approval of SWaM Plan

Each year in September, the Institute is required to submit a plan to the Secretary of Administration detailing efforts to increase and/or maintain spending with small, woman-owned, and minority-owned (SWaM) businesses for the current fiscal year. The plan also includes spending goals for three categories of disadvantaged businesses. The SWaM Plan that will be submitted to the State later this month sets spending goals for fiscal year 2025 as follows:

32.5%	Small Businesses
4.5%	Woman-Owned Businesses
3.0%	Minority Owned Businesses
<u>2.0%</u>	Other Spend (Micro, ESO, SDV)
42.0%	Total SWaM Spending Goal

In order for VMI to maintain compliance with its Memorandum of Understanding for Level 2 Procurement authority under the 2005 *Restructured Higher Education Financial and Administrative Operations Act*, Board approval is required for the SWaM Plan annually.

I recommend that you approve the SWaM Plan as submitted.

Recommended Motion

It is moved that the Board of Visitors approve the 2024-2025 SWaM Plan as outlined in Attachment A.

Cedric T. Wins '85
Major General, U.S. Army (Retired)
Superintendent



ANNUAL SWaM PROCUREMENT PLAN FY 2025

Presented to the Board of Visitors

Virginia Military Institute is committed to increasing participation of Small, Woman- and/or Minority- (SWaM) owned businesses in procurement opportunities and ensuring barriers are removed that might adversely affect their ability to participate.

AGENCY: 211 - Virginia Military Institute
SUPERINTENDENT: MG Cedric T. Wins
CHIEF FINANCIAL OFFICER: BG Dallas B. Clark
PRESIDENT, Board of Visitors: Mr. John Adams
SECRETARIAT: EDUCATION
The Honorable Aimee Rogstad Guidera, Secretary

PREPARED BY: COL Kathleen H. Tomlin, Director
Procurement Services / Accounts Payable

DATE: 17 September 2024

Procurement Services is responsible for the entire procurement process for academic and administrative departments from requisition and contract negotiation through ordering, invoicing and payment as well as the disposal of goods no longer needed by departments.

It is the mission of Procurement Services to obtain quality goods and services at reasonable costs in a professional, efficient, and responsive manner while adhering to the applicable governing laws of the Commonwealth of Virginia and the policies of the Institute.

In compliance with the Memorandum of Understanding authorized through the *Restructured Higher Education Financial and Administrative Operations Act of 2005* and Chapter 829 of the *2008 Acts of Assembly*, the Institute requires that "all procurement procedures be conducted in a fair and impartial manner with avoidance of any impropriety or appearance of impropriety, that all qualified vendors have access to public business and that no offeror be arbitrarily or capriciously excluded."

DEPARTMENTAL OVERSIGHT

COL Kathleen H. Tomlin,
VCO, VCCO, CUPO

Director, Procurement Services

LTC Lynn W. Carmack
CUPO, CPSM, CPPO

Assistant Director, Procurement Services

Ms. Shana Pooley O'Quinn
CUPO

Procurement Officer, VASCUPP SWaM Committee Representative

Ms. Gina Parker
CUPO

Procurement Officer

EXECUTIVE OVERSIGHT

MG Cedric T. Wins

Superintendent

BG Dallas B. Clark

Deputy Superintendent for Finance and Support

Mr. Jeffrey L. Lawhorne

Director of Finance and Budget

HISTORICAL FISCAL SPENDING

Percentages of Discretionary Expenditures for Small, Woman-Owned, and Minority-Owned Businesses

FISCAL YEAR	SMALL		WOMAN-OWNED		MINORITY-OWNED		OTHER*		TOTAL SWaM	
	GOAL	32%	GOAL	3.5%	GOAL	2.5%	GOAL	4.0%	GOAL	42%
2024	ACTUAL	28.54%	ACTUAL	6.89%	ACTUAL	3.07%	ACTUAL	2.43%	ACTUAL	40.93%

2021	35.90%	2.93%	3.24%	2.12%	44.19%
2022	32.99%	3.63%	2.61%	2.85%	42.08%
2023	27.46%	4.31%	2.89%	3.47%	38.13%

VMI's faces many challenges in doing business with SWaM vendors directly related to several factors:

- **Geographic location** – There is a relatively small number of local minority-owned and woman-owned vendors in our area - the current Department of Small Business and Supplier Diversity (DSBSD) database lists a very limited number of certified vendors in our immediate area. VMI, JMU, Radford and Virginia Tech, all with strong capital construction programs, compete for the small number of available vendors in the Shenandoah and New River Valley regions.
- **Limited number of established cooperative (State, VASCUPP) contracts** - In the past only a limited number of these contracts were awarded to SWaM firms; however, the Virginia Association of Schools, Colleges and University Procurement Professionals (VASCUPP) and the Virginia Higher Education Procurement Cooperative (VHEPC) are awarding more contracts to SWaM vendors.

STATE AVERAGES FY 2024

Statewide and Secretariat Percentages of Discretionary Expenditures for Small, Woman-Owned and Minority-Owned businesses:

FISCAL YTD FY 2024	SMALL	WOMAN-OWNED	MINORITY-OWNED	OTHER*	TOTAL SWaM
Education	24.20%	4.47%	7.99%	3.30%	39.97%
Statewide	16.85%	5.50%	6.95%	2.79%	32.09%

VASCUPP, made up of Higher Education State Supported Institutions, was responsible for \$1,097,276,599.04 in SWaM Spend which equates to 36% of the state's \$3,114,534,977,43 SWaM spend.

Information source: www.sbsd.virginia.gov *Micro, SDV, ESO

GOVERNOR'S EXECUTIVE ORDER 35

On 3 July 2019, former Governor Northam signed Executive Order 35: Advancing Equity for Small, Woman and Minority Owned Business. To date, current Governor Youngkin has not issued a new EO for SWaM spending requirement.

As written, EO35:

- requires a SWaM goal from 42% of discretionary spend for goods and services; and 50% for new capital outlay construction;
- creates a micro-business designation for businesses with fewer than 25 employees and revenues of no more than \$3 million annually;
- requires set-aside solicitations for procurements less than \$100,000;
- requires all procurements under \$10,000 be set-aside for micro-businesses only;
- requires a uniform method of evaluating SWaM procurement plans submitted by prime contractors;
 - certifying that the contractor is in compliance with the submitted plan;
 - requiring a written explanation when goals are not met;
 - including a provision in contracts and renewals to withhold final payments from contractors until they are compliant with their proposed SWaM plan; and
- requires agency heads, presidents of institutions of higher education, and senior managers with procurement oversight to complete annual Equity in Procurement training. To date, that training has not yet been developed or delivered out to state agencies and higher education institutions.

The Institute currently engages in the activities mandated by EO35 in the following ways:

- Staff actively recruit and assist vendors with eVA registration and SWaM certification;
- SWaM champions have been designated to ensure equity in all solicitations;
- prime contractors are encouraged (and often required) to remove any actual or perceived barriers from sub-contracting opportunities;
- mandating SWaM goals for both prime contractors *and* professional service providers.

SWaM GOALS FOR FY 2025

Anticipated Percentages of Discretionary Expenditures for Small, Woman-Owned, and Minority-Owned businesses:

FISCAL YEAR	SMALL	WOMAN-OWNED	MINORITY-OWNED	OTHER*	TOTAL SWaM
2025	32.50%	4.50%	3.00%	2.0%	42.00%

VMI has analyzed all possibilities to provide realistic goals. These aspirational goals include Architect/Engineer and/or Construction Manager at Risk services for the start of capital projects during FY 2025: the renovation/addition to Nichols Engineering Laboratories; Barracks Safety and Security; Barracks Window replacement; Turman House renovations; Moody Hall demolition/renovation; and the Center for Leadership and Ethics, (Phase II) construction. The following projects are currently being solicited for A/E Design Services: 307-309 Letcher Avenue Financial Aid and Admissions renovation; Hinty Hall expansion; and New Market Site Improvements.

Small non-capital projects considered in the development of these goals include the following projects: Memorial Hall Water Infiltration; Cocke Hall Building Envelope; New Barracks Courtyard Replacement; as well as smaller building maintenance and repair projects.

Non-capital On-Demand Construction (up to \$500k) and Trades Pool (up to \$50k) contracts are administered by Facilities Management for mandatory use across Post. All vendors awarded a contract through these two programs are DSBSD-certified SWaM vendors.

In 2015, Joint Legislative Audit and Review Commission (JLARC) presented their study on the benefits of cooperative procurement and found that it streamlined the procurement process saving time and valuable resources. The study also revealed several problems among institutions when employees with purchasing responsibilities are given too much freedom to choose their own vendors and are not required to utilize existing contracts, which often leads to choices driven by preference rather than cost or efficiency. JLARC recommended that policies that standardized procurement sources be instituted and adherence enforced. To that end, VMI works closely with VASCUPP and VHEPC to ensure that there is collaboration, buying power is aggregated, and duplicative contracts are reduced or eliminated among higher ed institutions. VMI has many mandatory contracts across Post, including an office supply contract with The Supply Room Company (TSRC), a certified small business located in the Commonwealth.

DESIGNATION OF SWaM CHAMPIONS

Purchases and Supply Division

Name: COL Kathleen H. Tomlin,
VCO, VCCO, CUPO
Title: Director, Procurement Services
& Accounts Payable
Address: Office of Budget and Finance
314 Smith Hall, Lexington, VA 24450
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Building Maintenance and Construction Division

Name: Mr. T. Keith Jarvis
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SWaM PROCUREMENT PROCESSES

CURRENT PROCUREMENT PRACTICES:

VMI's procurement process is primarily centralized. Most individual departments have delegated purchasing authority up to \$2,000 using the Small Purchases Charge Card (SPCC) and the Electronic Virginia (eVA) procurement system. Some departments whose P-Card holders have received Virginia Contracting Associate (VCA) certification have delegated authority up to \$10,000.

The following policies are currently in effect for purchases:

- \$0-\$9,999.99 – Staff with delegated procurement duties are **required** to use small, woman-owned, and/or minority-owned businesses for all purchases when such businesses are available. Procurement Services staff assist in locating DSBSD-certified SWaM suppliers and solicit through eVA Quick Quote when deemed advantageous.
- \$10,000 - \$100,000 - Procure through eVA Quick Quote with potential to reach multiple SWaM firms with preference given to SWaM vendors when advantageous to the Institute. These solicitations are regularly "set aside" for SBSB-certified vendors.
- Over \$100,000 - Procure through sealed Invitations for Bid (IFB) or Request for Proposals (RFP), require direct solicitation and posting on eVA. Construction IFB's and RFPs are advertised in at least one statewide newspaper.

SWaM Procurement Strategies:

- A. Responsibilities, duties, and scope of authority of the SWaM Procurement Champions in implementing and monitoring the SWaM Plan:

The Director of Procurement Services:

- is the designated VMI SWaM Procurement Champion who is responsible for all procurement at VMI, including capital and non-capital construction-related procurement;

- is in charge of and supervises all procurement staff as well as personally leading all construction-related procurements in cooperation with VMI Facilities Management;
- enters subcontracting data in the state's SBSBD dashboard for accountability;
- reviews the monthly SWaM report and evaluates procurement staff on their efforts to increase SWaM spending; and
- directs activities of all Procurement staff members in an effort to meet SWaM spend goals.

The Director of Facilities Management:

- is the designated VMI SWaM Procurement Champion for Capital Projects who is responsible for construction-related procurement with the assistance of the Director of Procurement Services;
- is in charge of and supervises staff in leading all construction-related and maintenance procurement; and
- meets with Architects, Engineers, Contractors and Vendors to ensure that SWaM participation in subcontracting is achieved in accordance with policy and as stated in submitted plans.

Designating the Procurement and Construction directors as SWaM Co-Champions indicates that VMI recognizes the importance of this initiative and places a high emphasis on SWaM spending in all areas. Because of the small size of the office of Procurement Services, each staff member serves as a SWaM procurement champion on a day-to-day basis so that SWaM development activities are not limited to the formally designated procurement champions.

B. SWaM procurement strategies and training programs designed to increase the procurement opportunities with certified SWaM vendors:

1. Set-aside solicitations

All Small Purchase Credit Cardholders (SPCC) and staff with delegated procurement duties are to use small, woman-owned and/or minority-owned businesses for all purchases when such businesses are available. Procurement staff will assist in locating DSBSD certified SWaM suppliers or granting permission to purchase from majority (large) businesses after due diligence has been performed.

Additional set-aside programs include the On-Demand Construction Contract (ODCC) for projects ranging from \$50,000 up to \$500,000 and the Single Trades Contracts for renovation and repair projects with values up to \$50,000.

2. Construction

VMI currently requires prime contractors to submit a SWaM subcontracting plan with goals of no less than 50% in accordance with EO35 and to provide evidence of payments to subcontractors. VMI also uses SWaM business participation plan(s) as weighted criteria when evaluating proposals. A minimum of 20 points is assigned to this criterion.

RFPs, including those for Construction Manager at Risk, include a requirement that the prime contractor submit a detailed schedule of past use of SWaM vendors on similar projects, and a schedule of projected future use of SWaM vendors on the specific VMI project. This requirement is included in the evaluation criteria and is reviewed and scored by a member of

the Procurement Services staff. The terms of the RFP require the prime contractor to provide subcontracting data to VMI on a quarterly basis.

3. Identifying and removing barriers

VMI strives to ensure that all vendors, regardless of size, have fair opportunities to compete for VMI business. Whenever possible and reasonable, procurements are structured to ensure that SWaM vendors are not limited in competing. VMI actively assists businesses in receiving their SWaM certification and believes this will increase the number of historically disadvantaged businesses available to meet the procurement needs of the Institute as well as other state agencies and institutes of higher education.

4. Modification of Evaluation Criteria

Procurement Services reviews all evaluation criteria, related specifications, and scopes of work prior to issuance to ensure that they are reasonable, fair, and in no way prevents qualified firms from competing for VMI business. All requirements based on past experience, years in business, etc., are closely reviewed to confirm that they are in fact absolutely necessary to ensure only qualified contractors are eligible to submit bids or proposals and do not arbitrarily prevent vendors from participating.

5. Electronic Virginia (eVA) website

Every procurement is posted on the eVA procurement website to allow for sufficient notice to businesses to participate in the projects of the Institute. Notification occurs in two ways: Quick Quote (QQ) is used for current solicitations less than \$100,000; and the Virginia Business Opportunities (VBO) is used for posting current RFPs and IFBs.

6. Internal SWaM training program

The Director of Procurement Services has worked to implement SWaM training for staff with purchasing responsibilities that includes those employees who are responsible for initiating procurements as well as Small Purchase Charge Cardholders (SPCC). In addition, departmental SPCC holders attend a virtual educational program provided by the Virginia Department of Accounts (DOA) delivered to their computers to ensure adherence to the Institute's procurement policies. This training is mandatory during each academic year.

7. SWaM outreach events or activities

As a member of the Virginia Association of State Colleges and University Purchasing Professionals (VASCUPP), VMI has supported, both financially and by attendance, the highly successful SWaMfest events hosted by VASCUPP over the past seventeen years. This event allows VMI personnel to connect with many SWaM vendors from across the state and beyond and network with their peers from sister institutions.

8. Implementing unbundling of selected contracts

Because of its size and the fact that VMI is a frequent user of state and VASCUPP contracts, the Institute typically does not have contracts that lend themselves to unbundling. VMI works with prime contractors to reduce scopes of work when appropriate to allow for inclusion of

historically disadvantaged businesses. The Procurement Staff has made concerted efforts to link these prime contractors with SWaM businesses.

To reach more DSBSD certified vendors, VMI will issue solicitations that specifically target these vendors by writing annual service contracts to encourage their participation. The focus of this initiative is in, but not limited to, the areas of maintenance reserve and Facilities Management operations.

C. SWaM certification:

Procurement Services staff routinely approach potential SWaM-eligible firms and explain the SWaM certification requirements. If a vendor is not certified by DSBSD, they cannot be counted as such in VMI statistics and that may negatively affect their consideration for some procurements. Potential vendors are informed how certification may help them obtain business from other state agencies and institutions across the Commonwealth.

D. SWaM subcontracting data:

Standard Department of Engineering and Buildings (DEB) forms are used to obtain construction-related subcontracting data. Internal procedures require that the prime contractor certify the accuracy of information provided to VMI. By certifying this data, the prime contractor takes responsibility for this submission. Any fraudulent reporting could be grounds for contract termination. In addition, VMI Procurement Services staff actively work with prime contractors to help identify SWaM subcontracting opportunities and to assist subcontractors with DSBSD registration. VMI now requires third tier reporting from Prime Contractors including the Institute's food service vendor who must report sub-contracting data quarterly.

E. Barriers or Limitations and Solutions:

As noted earlier, VMI utilizes both state and VASCUPP contracts, thus many of our procurements are small dollar that do not have inherent barriers to SWaM participation. It should be noted, however, that the number of state contracts awarded to SWaM businesses is low compared to the total number of state contracts available for use.

On larger procurements, Requests for Proposal (RFP) in particular, evaluation criteria is closely reviewed to ensure it does not limit, but rather, encourages SWaM participation.

The Department of Small Business and Supplier Diversity (DSBSD), reports that certification for new SWaM businesses or recertification for currently registered SWaM business, takes approximately 60 days and in some cases, procurements are often completed before certification is approved. When this occurs the spend is not calculated towards the goal.

F. Evaluation of SWaM procurement progress and achievement:

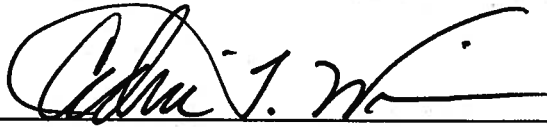
The Deputy Superintendent for Finance and Support receives a copy of the SWaM report regularly to monitor past, current and future SWaM activity and for awareness of SWaM-related activities. The Director of Procurement Services is responsible for submitting VMI's SWaM Plan to the Institute's Board of Visitors annually for approval.

IV. Signatures

Completed by:

Signature:  Date: 3 Sept 2024
COL Kathleen H. Tomlin, Director, Procurement Services & Accounts Payable

Approved by:

Signature:  Date: 3 Sept 24
MG Cedric T. Wins, Superintendent