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March 1, 2012

David J. Collins  
Executive Secretary  
Maryland Public Service Commission  
6 St. Paul Street  
Baltimore, MD 21202

Re: PSC Administrative Docket, Public Conference 16, 2008 Utility  
Supplier Diversity Public Conference; 2011 Annual Report

Dear Mr. Collins:

Enclosed please find an original and seventeen (17) copies of the 2011 Annual Report filed on behalf of the Association of Maryland Pilots ("Pilots") in the above-captioned proceeding. Attachments B and D of the 2011 Annual Report are being submitted confidentially, under separate cover, and will not be filed electronically like the rest of the Report.

Please note that the Pilots have spent 28.01% of its total eligible spend with Diverse Suppliers in 2011, surpassing its goal of spending 25% with Diverse Suppliers. As a result, pursuant to Section 7.2 of the Memorandum of Understanding, are not required to submit an Annual Plan for 2012.

Please do not hesitate to contact me if you have any questions concerning this matter.

Very truly yours,



JAMES K. MCGEE

Enclosure as stated.  
cc: Obi Linton

## **Association of Maryland Pilots Annual Report for Diverse Supplier Program Calendar Year 2011**

The following is hereby submitted to constitute the 2011 Annual Report for the Diverse Supplier Program (“Annual Report”) of the Association of Maryland Pilots (“Pilots”) pursuant to Section 6 of the Memorandum of Understanding (“MOU”) between the Pilots and the Public Service Commission of Maryland (“PSC” or “Commission”) executed on February 6, 2009. This Annual Report is an overall summary of the total Diverse Supplier purchases compared with the total Pilot dollars spent on goods and services covered by this MOU, for the period from January 1, 2011 through December 31, 2011. In addition, this Annual Report includes a discussion of the Pilots’ progress in tracking its spending with Diverse Suppliers and the positive outcomes of this process.

### **1. Summary of Diverse Supplier Spend and Progress in Meeting Goals (MOU §6.2.2, §6.2.4, and §6.2.8)**

The Pilots understand the importance of providing opportunities to Diverse Suppliers and are pleased to report that it has met its Short-term Goal, Mid-term Goal and Long-term Goal, including the aspirational goal of the MOU itself, by achieving 28.01% of its total eligible spend with Diverse Suppliers during the 2011 calendar year. Please See Attachment A. From 2010 to 2011, Pilots’ total eligible spend increased slightly; the total dollar amount the Pilots spent with Diverse Suppliers increased over 12%, and the number of Diverse Suppliers used increased over 12%.

As the Commission is aware, the Pilots are still in the early stages of diverse supplier development. Prior to 2009, the Pilots did not specifically look at its expenses and actively attempt to achieve a certain amount of spend with any particular group(s), including those meeting the MOU definition of Diverse Suppliers. As a direct result of Commission activities, the Pilots have changed its procurement methods in order to achieve its diverse spending goals, and have continued its success from previous years. The Pilots continue to analyze its spend, looking for areas of improvement, and target those areas as ripe for Diverse Supplier opportunities.

In terms of trying to recruit Diverse Suppliers of products or services in areas that are traditionally underserved by Diverse Suppliers, for the past calendar year the Pilots have followed the programs as set forth in Section 2 of this Annual Report below. From a long-term prospective, the Pilots have engaged in a community outreach program with minority students in schools in inner-city Baltimore, introducing them to the maritime industry. Please see Section 3 of this Annual Report for more information about the community outreach program. There are several products and services that are unique to the needs of the Pilots where very few vendors can supply, none of them being Diverse Suppliers. Through the Pilots’ community outreach program, these young students may

take an interest in the maritime industry and may one day provide those products and services that are currently unavailable.

## **2. Description of Program Activities Engaged (MOU §6.2.1)**

For the calendar year 2011, the Pilots have engaged in the following activities in order to identify, create, and provide purchasing opportunities for Diverse Suppliers and strive towards the goals similar to those outlined in its 2009 Annual Plan<sup>1</sup>:

- a. Continued its Diverse Supplier program requirements;
- b. Reviewed reports and publications concerning the Minority Business Enterprise Program;
- c. Continued its outreach program to inform and recruit Diverse Suppliers to apply for procurement contracts;
- d. Identified and engaged in discussions with various organizations which represent and/or promote the interests of Diverse Suppliers;
- e. Identified events that attract and identify potential Diverse Suppliers;
- f. Continued analysis of how purchases were previously made in the light of maximizing contracting opportunities with Diverse Suppliers, including the possibility of unbundling products and/or services;
- g. Conducted procurements with the intent to select a Diverse Supplier;
- h. Analyzed the results of the purchase tracking system of spend with Diverse Suppliers in order to maximize contracting opportunities with Diverse Supplier and to comply with reporting requirements of Section 6 of the MOU; and
- i. Worked with current vendors who may be potential Diverse Suppliers on certification as outlined in Section 2 of the MOU;

## **3. Community Outreach**

As a result of the lack of minority involvement in the maritime industry, when Captain Eric A. Nielsen was elected President of the Pilots in 2000, one of his first priorities was to undertake an ambitious outreach program to introduce underprivileged minority youth in inner-city Baltimore to the opportunities available to the industry.

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<sup>1</sup> A Plan for 2010 or 2011 was not required as the Pilots achieved and surpassed the goal of 25% of its eligible spend with Diverse Suppliers.

Over the years, the Pilots have found that it was critical that students be introduced to the maritime industry as young as middle school so that students have the opportunity to study the appropriate subjects that will direct them towards a maritime career.

The following are some of the community programs that the Pilots have undertaken in the past and continued to carry out throughout 2011:

- a. Stimulated and promoted the introduction and exposure of inner-city disadvantaged youth to the dynamics and economics of the maritime industry through public awareness and mentoring via the Captain Avis T. Bailey Mariners' Foundation. The Foundation was established to celebrate and preserve the historical achievement and contributions of Captain Bailey being the first state licensed African-American Pilot in the United States and, until his retirement in 2008, a 30 year member of the Association of Maryland Pilots. Through the Captain Avis T. Bailey Mariners' Foundation, the Pilots have created mentoring programs for students at St. Ignatius Loyola Academy and Big Brothers/Big Sisters.
- b. Provided lectures to public elementary, middle, and high schools to explain to students the economic importance of the Port of Baltimore, the environmental value of the Chesapeake Bay, and the role of the Pilots in serving and protecting both of them;
- c. Provided an annual excursion to the Baltimore Harbor for inner-city students from the Southeast Youth Academy and the Baltimore Independent School Learning Camp aboard one of our harbor pilot launches.
- d. Established a maritime mentoring program with the Baltimore City Public School System for disadvantage students;
- e. Participated in the Living Classrooms Foundation where the Pilots would provide hands-on education and job skill training in the form of an internship on our harbor pilot launches for students from diverse backgrounds, with a special emphasis on serving minority at-risk youth;
- f. Continued an internship program it established for students at the Baltimore City Public High School, and the Maritime Industries Academy; and
- g. Continued a program it established with the National Academy Foundation High School to provide a maritime program of intense college preparatory academic training and unique school-to-career experience for minority students.

**4. Diverse Supplier Program Expenses (MOU §6.2.3)**

The Pilots have conducted many of the Diverse Supplier activities referenced in Section 2 and the Community Outreach referenced in Section 3 internally and without extra expense. However, they have incurred expenses related to this MOU and Diverse Supplier Program in 2011 and have attached those confidentially hereto as Attachment B.

**5. Diverse Supplier Procurement-related Complaints (MOU §6.2.5 and §6.2.6)**

The Pilots have not received any Complaints regarding its Diverse Supplier program.

**6. Diverse Supplier Vendor List (MOU §6.2.7)**

Please see Attachment D, submitted confidentially, which is a list of the Diverse Suppliers used, including the type of products/services provided, the amount paid, and the type of certification.

Public Service Commission of Maryland  
 Supplier Diversity Annual Report of  
 Socially Disadvantaged Groups  
 (MOU Sec. 6.2.2)

ATTACHMENT A		UTILITY NAME: Association of Maryland Pilots		FOR THE REPORTING YEAR: 2011					
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
LINE #	DESCRIPTION	DIRECT (\$)	SUB CONTRACT (\$)	DIVERSE SUPPLIER PROCUREMENT (\$)	PERCENTAGE (%) OF DIVERSE SUPPLIER PROCUREMENT	TOTAL UTILITY PROCUREMENT (\$)	PERCENTAGE (%) OF DIVERSE SUPPLIER (\$ TO TOTAL UTILITY PROCUREMENT		
				COLS. (C) + (D)	\$/ TOTAL COL. (E)		Col. (E) / Col. G		
	MINORITY BUSINESS ENTERPRISE								
1	AFRICAN-AMERICAN	\$0	\$0	\$0	0.00%		0.00%		
2	AMERICAN INDIAN/NATIVE AMERICAN	\$0	\$0	\$0	0.00%		0.00%		
3	ASIAN	\$0	\$0	\$0	0.00%		0.00%		
4	HISPANIC	\$0	\$0	\$0	0.00%		0.00%		
5	TOTAL MINORITY BUSINESS ENTERPRISE	\$0	\$0	\$0	0.00%		0.00%		
6									
7									
8	WOMEN BUSINESS ENTERPRISE	\$0	\$0	\$0	0.00%		0.00%		
9									
10	SERVICE DISABLED VETERAN BE	\$0	\$0	\$0	0.00%		0.00%		
11									
12	NOT FOR PROFIT WORKSHOPS	\$0	\$0	\$0	0.00%		0.00%		
13									
14	GRAND TOTAL	\$0	\$0	\$225,932	0.00%	\$806,755	28.01%		