



Social Equity in Contracting

City Council Work Session

February 25, 2021

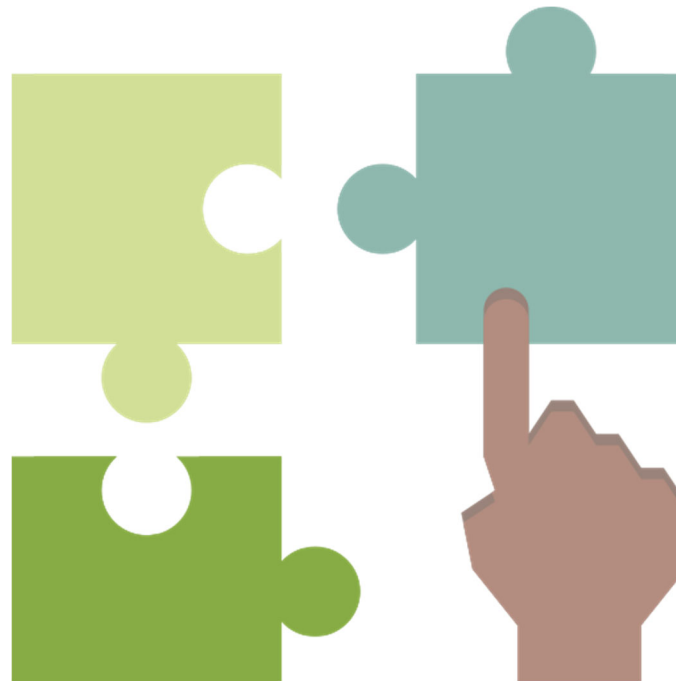


Photo by city employee Roman Johnston

The Big Picture



BRFS BUREAU OF REVENUE
AND FINANCIAL
SERVICES



Work Session Goals



BRFS BUREAU OF REVENUE
AND FINANCIAL
SERVICES



Work Session Agenda

1. Background & History

2. Programs & Performance Indicators

3. Legal Framework & Opportunities to Improve Programs

4. Workforce Development

5. Community Input

6. Moving Forward



1. | Background & History





Social Equity in Contracting

Policy and Strategy Framework

Council Resolution 36944 (2012) – Accepted recommendations for “a City Social Equity in Contracting strategy to increase minority-owned, women-owned and emerging small business utilization in City contracting”

Workforce Programs

Increase apprenticeship and journey-level opportunities in the construction trades for people of color and women.

Subcontractor Programs

Increase utilization of COBID-certified subcontractors, with separate aspirational goals for firms owned by people of color and women.

Prime Contracting Programs

Increase utilization of COBID-certified prime contractors by providing capacity-building, technical assistance and business development support, and by addressing other systemic barriers.





Procurement Services' Dual Mission



Support bureaus in their procurement needs for outsourced goods and services to ensure responsible, transparent and compliant stewardship of public resources



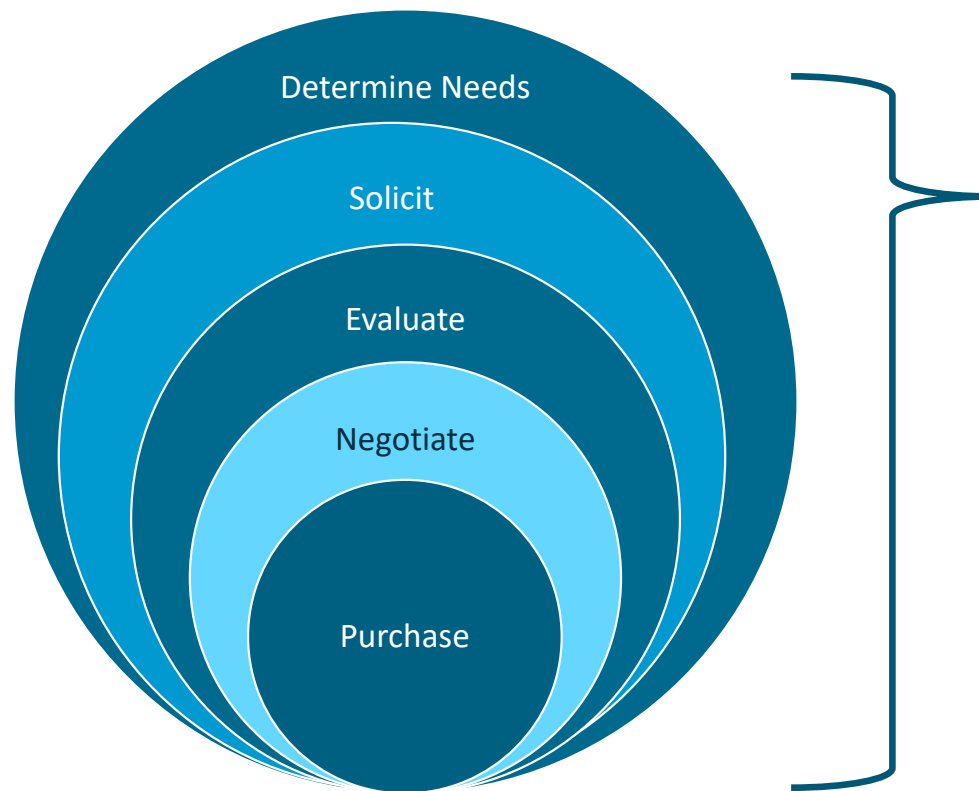
Lead the City in developing and administering programs to eliminate barriers and achieve equitable outcomes in the investment of the City's contracted resources





Major Phases in the Process

Public procurement entails more than simply buying or purchasing items



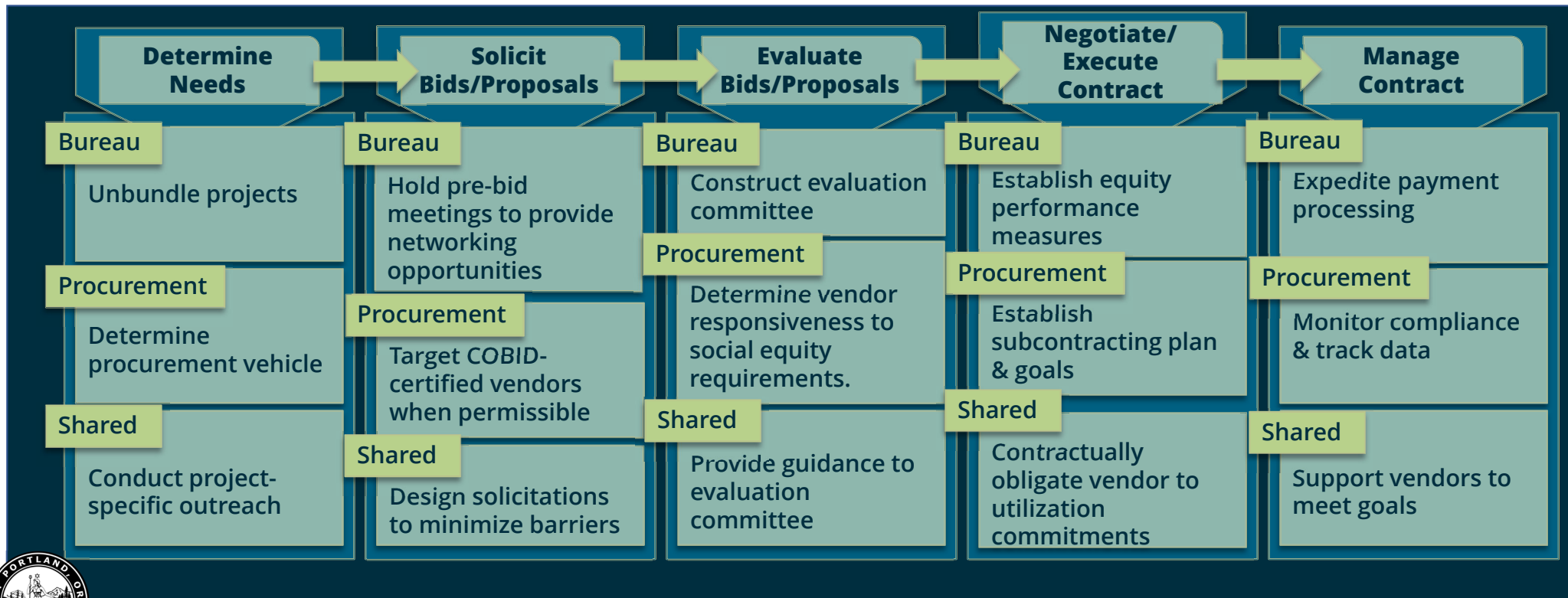
Procurement is the act of acquiring goods, services, or works from an external source in compliance with all relevant rules and regulations.





The Procurement Process

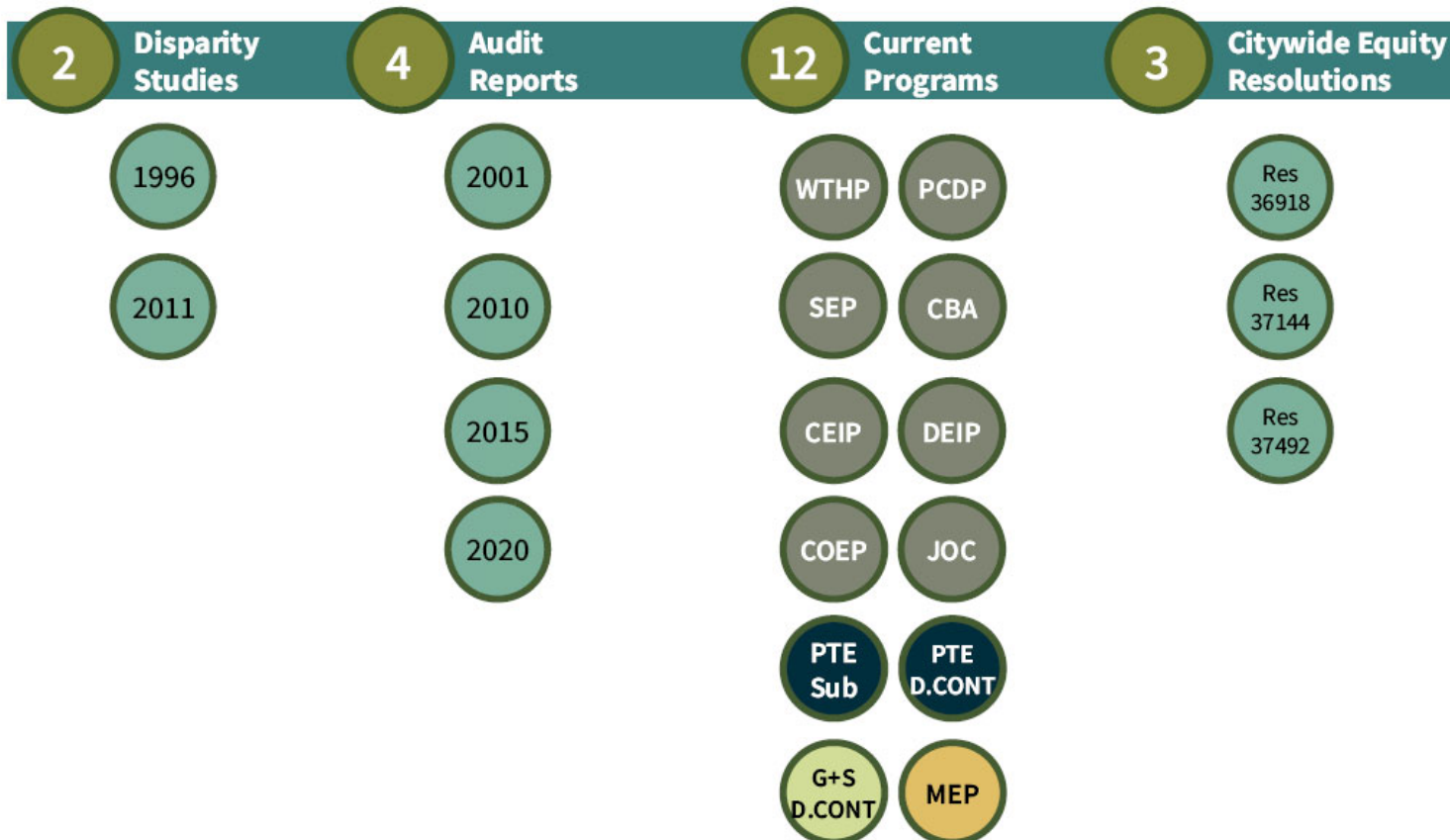
Examples of Opportunities to Promote Equitable Outcomes




COBID stands for "Certification Office for Business Inclusion and Diversity" and is a State of Oregon office.



Social Equity in Contracting 1990-2020





2. Programs & Performance Indicators





Programs & Indicators

What is the City's contract spend? Where are our equity programs focused?

Procurement Type	Average Annual Volume	Social Equity in Contracting Programs	Centralized Equity & Compliance Staff
Construction	\$168M awarded 82 contracts	<ul style="list-style-type: none"> • Subcontractor Equity Program • Workforce Training & Hiring • Prime Contractor Development • Community Benefits Agreement • Community Equity & Inclusion Plan • Diversity Equity & Inclusion Plan • Comm. Opportunities/Enhancement • Job Order Contracting • Minority Evaluator Program 	5.0 FTE
Professional Services	\$104M awarded 294 contracts	<ul style="list-style-type: none"> • Subcontracting Requirements • Direct Contracting • Minority Evaluator Program 	1.0 FTE
Goods & Services	\$295M awarded 769 contracts	<ul style="list-style-type: none"> • Direct Contracting • Minority Evaluator Program 	0.0 FTE

Data for firms owned by people of color and women includes only COBID-certified DMWBE's. Volume and equity outcome indicators based on FY19 and FY20 data.

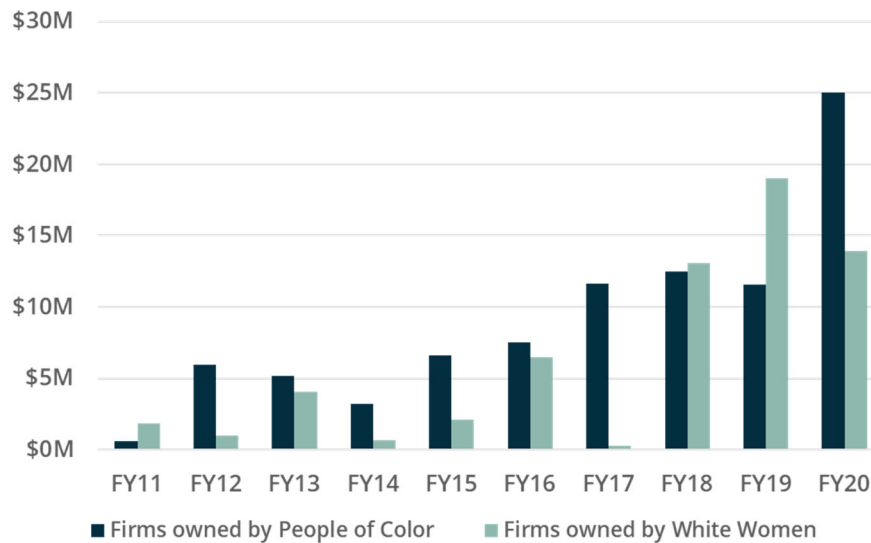




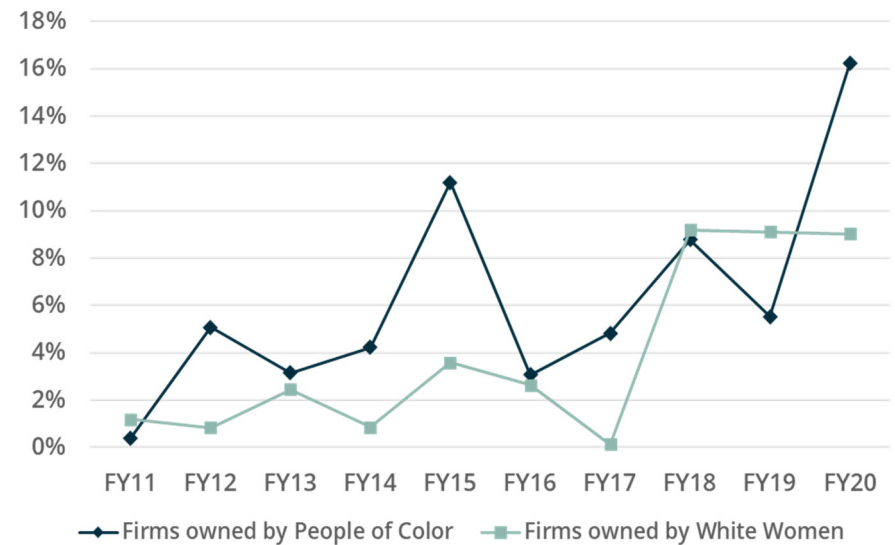
Construction Prime Contracts

What are the trends in this area of significant contracting equity focus and programming?

Contract Dollars Awarded



Percentage of Contract Dollars Awarded



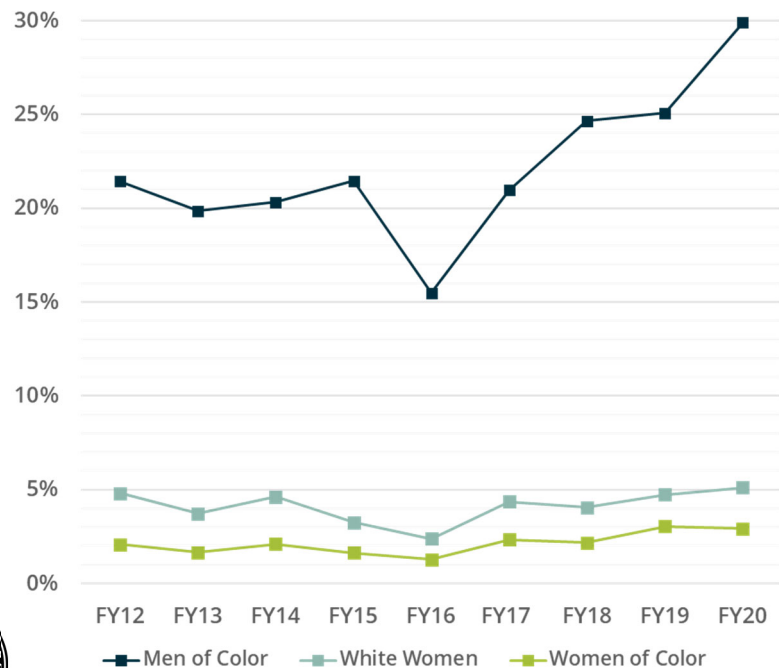
Data for firms owned by people of color and women includes only COBID-certified DMWBE's.



Construction Workforce

To what extent are target demographics benefitting from City programs?

Construction Workforce Hours

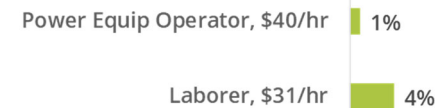


Utilization In Top Two Trades, FY18 to FY20

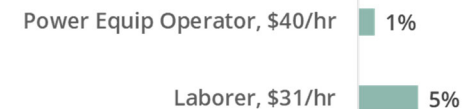
Men of Color



Women of Color



White Women



Average hourly wage based on average of all journey- & apprentice-level wages reported. 14

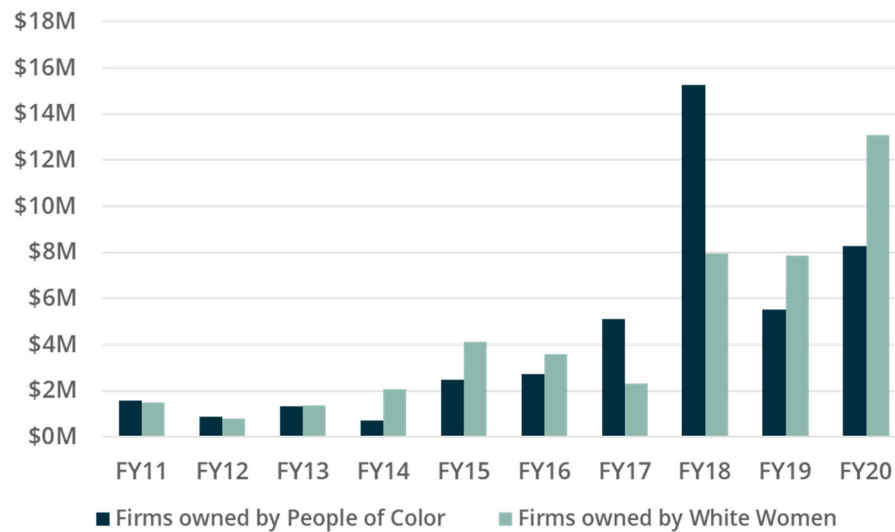




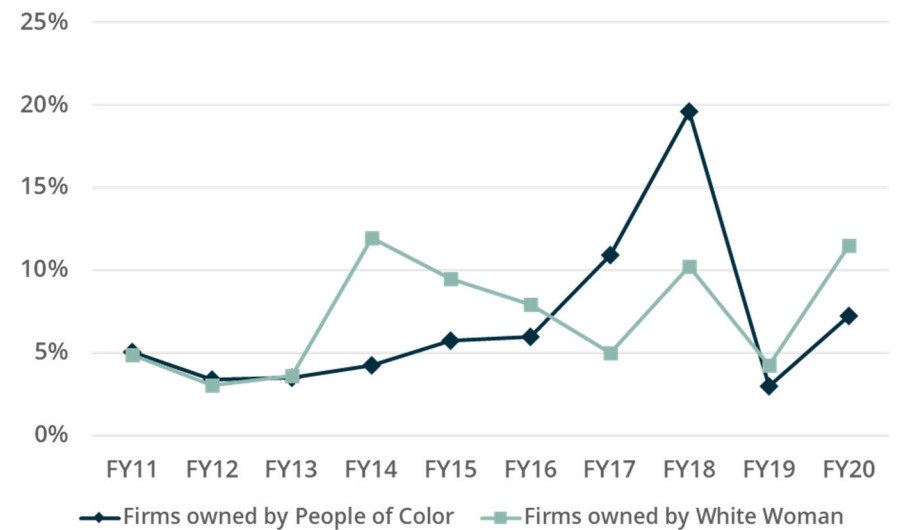
Professional Services Prime Contracts

What are the trends in this area with fewer contracting equity programs?

Contract Dollars Awarded



Percentage of Contract Dollars Awarded



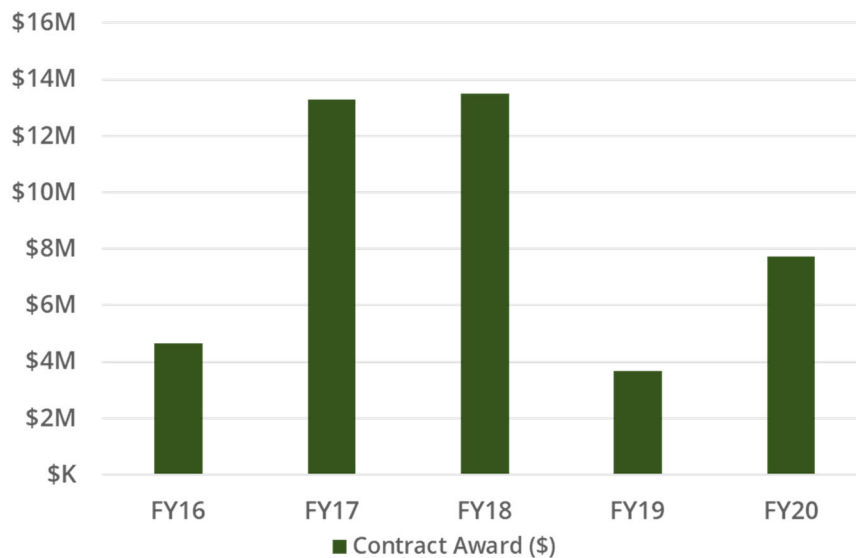
Professional services data excludes some smaller contracts for non-infrastructure bureaus. Also, data for firms owned by people of color and women includes only COBID-certified DMWBE's.



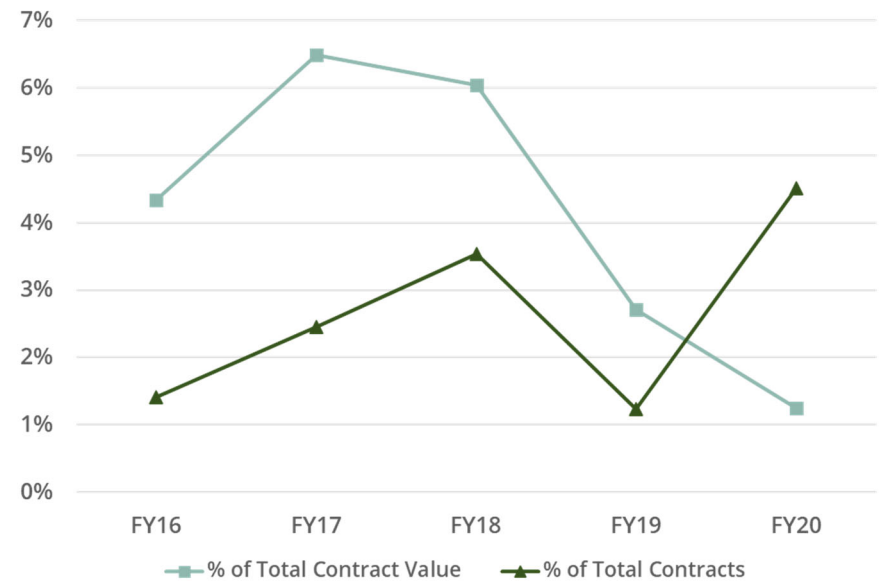
Goods & Services Prime Contracts

Combined Utilization of Firms Owned by People of Color and White Women

Contract Dollars Awarded



Percentage of Total Award (\$ and #)





Goals & Performance

Subcontracting Programs

	Subcontracting Goals <i>% of hard construction costs</i>	Actual Utilization FY19 & FY20 <i>% of project total</i>
Subcontractor Equity Program <i>applies to contracts > \$150k</i>	14% to all D/M/WBE firms 20% to D/M/W/SDV/ESB firms overall	15% to all D/M/WBE firms 6% to D/M/WBE firms owned by men of color
Diversity, Equity & Inclusion Plan (up to \$10M) Community Equity & Inclusion Plan (\$10M-\$25M) Community Benefits Agreement (\$25M+) <i>applies to alternative (not low-bid) construction contracts</i>	12% to D/MBE firms 5% to WBE firms 22% to D/M/W/SDV/ESB firms overall	2% to D/M/WBE firms owned by women of color 7% to D/M/WBE firms owned by white women

Workforce Programs

	Utilization Goals <i>as % of project hours</i>	Actual Utilization FY19 & FY20 <i>as % of project hours</i>
Workforce Training & Hiring Program <i>applies to contracts > \$200k</i>	20% apprentice 18% people of color 9% women	21% apprentice 29% people of color (all levels) 28% people of color (journey)
Diversity, Equity & Inclusion Plan (up to \$15M) Community Equity & Inclusion Plan (\$15M-\$25M) Community Benefits Agreement (\$25M+) <i>applies to alternative (not low-bid) construction contracts</i>	20% apprentice 22% people of color (journey & apprentice) 6% women (journey) 9% women (apprentice)	35% people of color (apprentice) 8% women (all levels) 6% women (journey) 14% women (apprentice)

Data for firms owned by people of color and women includes only COBID-certified DMWBE's.





Looking Beyond Portland

How do our program outcomes compare with other cities'?

Combined Prime & Subcontractor Payments

		City of Austin	City of Seattle	City of Portland
Construction	Firms Owned by People of Color	10% of all payments	9% of all payments	11% of all payments
	Firms Owned by White Women	1% of all payments	7% of all payments	20% of all payments
Professional Svcs	Firms Owned by People of Color	4% of all payments	10% of all payments	14% of all payments
	Firms Owned by White Women	9% of all payments	18% of all payments	17% of all payments

Workforce Program Hours

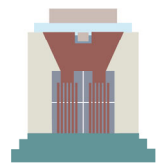
Seattle Priority Hire Program <i>projects > \$5M</i>		PDX Workforce Programs <i>projects > \$200k</i>
8%	African American	4%
3%	Asian	1%
17%	Latinx	19%
2%	Native American	2%
67%	White	73%
33%	All People of Color	27%
11%	All Women	8%

Data compares 2019 published reports for Austin and Seattle against (A) City of Portland payments data as of 6/30/2020 for projects started in FY19 or FY20 and (B) workforce hours reported. Portland does not collect professional services data for some smaller contracts for non-infrastructure bureaus; so that contract data is not captured above.



Portland Building & County Courthouse

How do these two high-priority, high-profile projects compare?



Portland Building Renovation

\$171M
total project cost

597k
workforce hours

Person of
Color-Owned
Firms

10%
of project
spend

White
Woman-
Owned Firms

12%
of project
spend

Men of
Color

25%
of workforce
hours

Women of
Color

5%
of workforce
hours

White
Women

8%
of workforce
hours

Apprentice
Hours

27%
of workforce
hours



Multnomah County Central Courthouse

\$209M
total project cost

1.9M
workforce hours

11%
of project
spend

20%
of project
spend

24%
of workforce
hours

3%
of workforce
hours

6%
of workforce
hours

30%
of workforce
hours



Statistics as per reports published publicly in August 2020. Data for firms owned by people of color and women includes only COBID-certified DMWBE's

3. Legal Framework & Opportunities to Improve Programs





Key Definitions

A **DISPARITY STUDY** examines quantitative and qualitative evidence relevant to whether a government entity is either an active or passive participant in marketplace exclusionary practices in the solicitation and award of contracts and subcontracts to firms owned by racial minorities or women.

RACE-CONSCIOUS POLICIES are those that explicitly and directly take race into account in agency procurement and contracting decisions. Race-conscious includes gender-based decisions.

RACE-NEUTRAL POLICIES are those that do not consider race or gender in agency procurement and contracting decisions, and that apply to all firms.





M/WBE Program Legal Standards



“Strong basis in evidence” is needed to use race-conscious behavior, per US Supreme Court



Programs must be narrowly tailored to the evidence in disparity study



Without a disparity study, only “aspirational” goals are permitted



Race- and gender-neutral measures are essential





Best Practice Landscape

What options exist in Race/Gender-Neutral vs. Race/Gender-Conscious programs?

	PRE-BID PROCESS	CONTRACT PROCUREMENT	CONTRACT MANAGEMENT	VENDOR ASSISTANCE & OUTREACH
RACE & GENDER NEUTRAL	Contract & Project Forecasting	Non-Discrimination Reviews	Goals Monitoring	Assessing Needs of Diverse Businesses
	Project-Specific Outreach & Marketing	Streamlining Bidding Process (e.g., prequalification)	Prompt Payment Programs	Technical Assistance Programs
	Teaming & Mentor-Protégé Programs	Breaking Up Large Contracts (aka, Unbundling)		Financial Support (e.g., bonding, financing)
	Prime - Subcontractor Matchmaking Support	Sheltered Markets & Other Small/Micro/Local Bus. Programs		
		Alternatives to Low-Bid Procurement		
		Aspirational Goals		
		Good Faith Efforts		
RACE & GENDER CONSCIOUS		Hard Goals	Goals Enforcement	
		Evaluation Preferences		
		Minority Business Distributorship		

● Exists and applies broadly across organization

● Exists, but with opportunity for expansion and/or improvement





Opportunities for Improvement

Establish dedicated division to oversee all Social Equity in Contracting programs.

Dedicate staff in every major bureau.

Expand programs to Professional Services and Goods & Services.

Calibrate and enhance goal-setting.

Develop a robust supportive services program.

Focus on prime contracting awards.

Revisit prime contractor development program.

Improve bid forecasting efforts & outreach to M/WBE firms.

Explore additional contract/vendor data-gathering. Consider performing disparity study.



An aerial photograph of a bustling street market. Numerous food stalls and vendors are lined up along the street, with people walking and cars parked or moving. The scene is vibrant and captures the essence of a community market.

4. Workforce Development





C2P2 Regional Framework Strategies

How is the Construction Career Pathways Project (C2P2) progressing?

C2P2 Regional Workforce Strategy Recommendations	City policies in place?	Efforts In Process?
1. Set Clear Workforce Diversity Goals	✓	
2. Set Project Thresholds and Establish a Tiered System for Requirements	✓	
3. Track and Review Progress on Goals	✓	
4. Develop a Workforce Agreement	✓	✓
5. Implement Worksite Anti-Harassment and Culture Strategies	✓	✓
6. Collectively Invest in Workforce Supply	✓	
7. Establish Regional Coordination	N/A	✓



5. | Community Input



Photo by city employee Roman Johnston 27

Background & History

Programs &
Performance
Indicators

Legal Framework &
Opportunities to
Improve Programs

Workforce
Development

Community Input

Moving Forward



BRFS BUREAU OF REVENUE
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Community Adviser Perspective

Remarks from a members of the Community Equity & Inclusion Committee and the Fair Contracting Forum

Connie Ashbrook

*Principal Consultant
Ashbrook Consulting, LLC*

Art Cortez

*Contractor
Latino Built
Art Cortez Construction, Inc*

Nate McCoy

*Executive Director
National Association of
Minority Contractors - OR*



6. Moving Forward





Improvements Currently Underway

Pilot targeted project-specific outreach to subcontractors

Revise proposal evaluation processes to promote more equitable outcomes

Continue updating publicly-facing dashboards & pilot bureau-level views

Strengthen engagement & collaboration with community advisors and bureau partners





Recap & The Road Ahead



OBSERVATIONS

- Progress, but inequity persists
- Options for improvement



CHALLENGES

- "Responsibility without authority"
- Resources
- Legal restrictions



PROPOSAL

*Develop and implement a holistic approach to our **Social Equity in Contracting** policies and programs*

- Refine and expand programs
- Define roles, expectations & accountability
- Dedicate resources to achieve goals



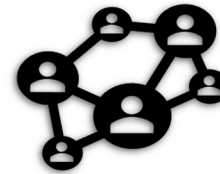


Moving Forward



Proposed Next Steps

- Reach agreement on actions that can be deployed in short-term.
- Evaluate Programs and Explore Options for Improvement, Expansion and/or Consolidation
- Publish periodic status updates.



With whom?

- Elected officials & their staff
- Bureau Directors, Project Managers, Contracting Liaisons, and Subject Matter Experts
- City Offices – Attorney, OEHR
- Prosper Portland
- Fair Contracting Forum
- Community Equity & Inclusion Committee
- Contractor Prequalification Board
- Construction Careers Pathways Project





Acknowledgments

We would like to thank the following parties for their contributions to this work session:

- **City Council Members and Chiefs of Staff**
- **Colette Holt, J.D.** – *Principal Consultant, Colette Holt & Associates*
- **Connie Ashbrook** – *Principal Consultant, Ashbrook Consulting, LLC*
- **Art Cortez** – *Contractor, Latino Built and Art Cortez Construction, Inc*
- **Nate McCoy** – *Executive Director, National Association of Minority Contractors – Oregon*
- **Members of the Community Equity & Inclusion Committee**
- **Members of the Fair Contracting Forum**
- **Tom Rinehart** - *City of Portland, Chief Administrative Officer*
- **Michelle Kirby** - *City of Portland, BRFS Director & Chief Financial Officer*
- **Kathleen Brenes-Morua** - *City of Portland, BRFS Procurement Division, Interim Chief Procurement Officer*
- **Amanda Watson** - *Office of the Mayor, Policy Adviser*
- **Judith Mowry** - *City of Portland, OEHR Senior Policy Analyst*
- **Macean Mahoney** - *Office of the City Attorney, Deputy City Attorney*
- **Cathleen Massier** - *City of Portland, BRFS Procurement Division, Compliance Manager*
- **Gennie Nguyen** - *City of Portland, BRFS Procurement Division, Analyst*
- **Paul Stewart** - *City of Portland, BRFS Procurement Division, Analyst*

