

DATE: May 13, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-26
Update on the Portland Development Commission Business and Workforce Equity Programs

BOARD ACTION REQUESTED

No action is requested; information only.

SUMMARY

The purpose of this item is to provide the Portland Development Commission (PDC) Board of Commissioners (Board) with an update on the PDC Business and Workforce Equity Programs.

BACKGROUND AND CONTEXT

Policy Background

The PDC Board adopted the Business and Workforce Equity Policy (Policy) on February 27, 2008, through Resolution No. 6561, with the objective of ensuring fair and equitable opportunities to Portland's diverse populations participating in PDC-funded projects. The Policy was amended on January 29, 2009, through Resolution No. 6667; it incorporated sections from the Construction Wage Policy, and added workforce goals recommended by the Workforce Diversity Strategies Committee.

The PDC Board approved a second Policy amendment on February 24, 2010, through Resolution No. 6775, adding language to extend the Workforce Equity Program to Intergovernmental Agreements (IGAs) and requiring a "Prompt Payment" for contractors and developers. The adopted Policy amendments improved clarity and assisted with administration of the Policy.

More recently, on January 9, 2013, the PDC Board, through Resolution No. 6988, adopted a comprehensive PDC Equity Policy (Equity Policy) that replaced the Policy that went beyond construction and included financial and nonfinancial investments, community benefits, and internal equity. The construction-related elements of the Policy are now found in the PDC Equity Administrative Procedures (see Attachment A), which require an annual report on PDC's strategy to close disparities found in the 2011 disparity study.

PDC's Innovative Approaches to Closing Disparity Gaps and Achieving Equity Goals

PDC has pursued the following strategy to implement its equity goals and reduce disparity gaps in the 2013-14 fiscal year:

- PDC's contracting goals now include goals for professional services, with the same 20 percent goal and thresholds for construction contracting.

- On the Dawson Park project, the PDC Board, acting as the Local Contract Review Board, utilized a new, legislature-approved pilot opportunity to use an alternative to low bid, which led to the identification of a minority-owned general contractor and significant minority workforce participation.
- PDC's Equity Policy was expanded to apply to Enterprise Zone (E-Zone) projects that receive State of Oregon (State), but not PDC, benefits. The application of the Equity Policy depends on the nature and timing of an E-Zone application and can range from having the Equity Policy apply to the entire project, to the unbuilt amount at the time of the application, or in the case of projects that are already built prior to application, a payment of two percent of the State tax exemption to the E-Zone community contributions fund. Based on current E-Zone company activity and investment trends over the last few years, approximately five to seven projects per year may well trigger the Equity Policy in the future, accounting for approximately \$40,000,000 – \$60,000,000 in investment subject to the Equity Policy. In addition, PDC staff anticipates a large project every few years, which could intermittently add additional investment of more than \$100,000,000.
- PDC is intentionally moving to broader usage of the federal Disadvantaged Business Enterprise (DBE) certification instead of the State Minority, Women, and Emerging Small Business (MWESB). DBE certification is race- and gender-neutral and open to all business ownership, but women and minorities are presumed to be disadvantaged.
- PDC can now assign project-by-project goals based on the nature of the project and the availability of certified firms, which can result in higher target participation results in certain circumstances.
- PDC is now asking Community Livability Grant recipients whose award does not trigger the Equity Policy to provide a contracting plan that shows how they intend to use minority and women-owned contractors.
- PDC now restricts prime contractors on projects that are not low bid from self-performing more than 10 percent of hard construction costs and 10 percent of any division of construction without written permission from the PDC Communications and Social Equity Director. This requirement maximizes the dollar amount that will be put to bid and available for equity participation.
- Development Agreements and Disposition and Development Agreements need a contracting plan that shows how the prime contractor will meet PDC's goals, and loan disbursements now require proof that the prime contractor has successfully met all of PDC's specifications (procedures) for bid and award.

Ongoing Strategy Challenges

The main challenge with the ability of PDC partners to meet PDC's professional services goals is one of timing. Owners and developers of many projects often do not approach PDC until they have done their own planning and preparation, which also can include architecture and engineering (A&E) services. For projects in which PDC participates from the beginning, however, utilization is increasing. In the case of the proposed garage project adjacent to the Convention Center Hotel site, for example, developer and prime contractor Mortensen changed its design subcontracting participation at PDC's request to meet agency goals.

Report on Utilization Goals – Contracting

In fiscal year (FY) 2013-14, the combined DMWESB utilization percentage was 24 percent, which exceeded the Equity Policy goals. Minority-owned firms were the largest category within that percentage, followed by women-owned firms and then emerging small businesses:

- nine percent Minority Business Enterprise (MBE)
- eight percent Women Business Enterprise
- five percent DBE

- two percent Emerging Small Business

Another challenge is that although PDC and its partners have always exceeded the Equity Policy goals in the aggregate, utilization varies widely by project. Dawson Park is at one end of the utilization scale, where R&R Contractors produced more than 70 percent minority workforce and more than 60 percent MBE contracting; the renovation of the U.S. Bank Building, by contrast, had 16 percent MWESB and zero minority contracting, although technically it met the aspirational goals of the Equity Policy.

Report on Utilization Goals – Workforce

PDC has two areas of workforce equity: (1) aspirational goals for the use of women and minority apprentices and journey workers, (2) hard contractual requirements for 20 percent of all workforce hours to be performed by apprentices by trade.

The aspirational goals were set in 2009 by a stakeholder committee chaired by PDC Commissioner John Mohlis and were based on the annual increasing goals used in the South Waterfront Workforce Training and Hiring Program.

In FY 2013-14, minority and female apprentice hours as a percentage of total apprentice hours nearly doubled from FY 2012-13 to 22 percent. Overall total minority hours worked (apprentice and journey) reached 26 percent out of an aspirational goal of 28 percent.

Within apprentices, minority males represented 22 percent of total apprentice hours, and combined minority and white females represented three percent of total hours against an aspirational goal of 11 percent.

Apprentice participation overall increased significantly in FY 2013-14, with 36,888 hours worked or 22 percent of total hours. Although the annual requirement was achieved, PDC assessed liquidated damages against prime contractors whose subcontractors failed to meet the apprenticeship requirement either by total hours or by trade.

Dawson Park – Lessons Learned

The Dawson Park project was a success from a contracting standpoint, and it paved the way for additional projects to be bid by processes other than low bid.

PDC took advantage of a recent change in State legislation that allowed “pilot programs” to be tried as alternatives to low bid. PDC utilized a process known as Best Value Contracting in which a Request for Proposal (RFP) is used that incorporates price as a significant factor but also includes understanding of the community, the ability to deliver on time and on budget, past outcomes for using certified firms and diverse workers, and other qualitative factors. The process also included the negotiation of a guaranteed maximum price to avoid budget-busting change orders.

PDC added an additional community member to the RFP panel along with a participant in the City of Portland’s (City) Minority Evaluator Program, in which PDC participates. Extensive outreach was conducted with Metropolitan Contractors Improvement Partnership (MCIP) and National Association of Minority Contractors of Oregon, including placing plans and specs in the MCIP office and site visits and walk-throughs for certified firms. Members of the review panel scored proposals, and every proposer was interviewed in person by the panel.

The result was the selection of R&R Contractors, a certified Latino minority prime contractor. PDC staff negotiated a guaranteed maximum price, and the contractor and PDC landed on a strategy to do part of the work in the winter of 2013-14 and the final part in the spring, which kept the park open during the peak usage summers of both years.

Another innovation was the decision to hire an outside construction project manager. The firm Inici was selected, and the project manager was architect Patti Miles, who grew up in the neighborhood and was intimately familiar with the park's history in the community. Ms. Miles designed a dashboard program that provided a detailed monthly report on all aspects of the project.

The results were impressive: the contractor produced more than 70 percent minority workforce hours and more than 60 percent in MBE contracting alone. The project came in on time and on budget. In addition, PDC staff worked closely with the Portland Bureau of Parks and Recreation, the design team, and the African American Alliance to ensure that the visual and narrative depictions of the project properly portrayed the vibrant African-American history of the neighborhood, and that none of the historic trees was damaged during construction.

In summer 2015, the PDC Board will reconvene as the Local Contracting Review Board to hear the results of the Best Value alternative contracting process for the Dawson Park project as required under statute and to accept the PDC staff report on the outcomes and next steps.

Upcoming Changes

In addition to continuing to refine and modify these strategies, PDC will launch several new tools in FY 2015-16:

- Implementing an online platform called Talentwell that links prime professional services firms with qualified and available minority and women firms, principally A&E firms. This platform was designed and built in consultation with the Oregon Association of Minority Entrepreneurs and the woman-owned architectural firm of ecoREAL Solutions; the MBE design firm Twirl was engaged to finalize the design and marketing of the site. The City, Metro, and other public agencies have agreed to post their projects on the site, on which PDC intends to include private projects as well. When Talentwell is launched this summer, the PDC specifications will be changed to require developers and prime contractors to go through Talentwell to reach out to minority and women A&E firms.
- Consider purchasing contracting compliance software: PDC currently has an IGA with the City to perform and report on workforce and contracting utilization on PDC projects, but the reporting is monthly and project-specific only.

ATTACHMENTS

- A. PDC Equity Administrative Procedures

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

REPORT NO. 15-27

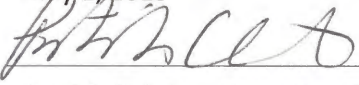
ATTACHMENT A

**UPDATE ON THE PORTLAND DEVELOPMENT COMMISSION BUSINESS
AND WORKFORCE EQUITY PROGRAMS**

Attachment A includes this cover page and contains 12 pages:

- PDC Equity Administrative Procedures

Administrative Procedures

Subject:	Equity	Page:	Page 1 of 11
Effective Date:	May 1, 2015		
Approved By:	 Patrick Quinton, Executive Director		
Sponsor:	Executive Director		
Owner:	Director, Communications and Social Equity		

PDC's administrative procedures on Equity (these "Procedures") impact all PDC projects, programs, and internal functions either directly or indirectly. All staff should become familiar with this document and what it seeks to accomplish. These Procedures should also be carefully reviewed when planning any new project or program, hiring or promoting PDC employees, contracting for goods and services, and engaging in other activities such as renting space or hiring a caterer to host a PDC-sponsored event.

These Procedures are organized as follows:

- **Part One:** Policy Objectives, Guiding Principles, and Authority
- **Part Two:** Managing Investments to Support Equitable Outcomes
- **Part Three:** Contracting-Based Equity Programs
- **Part Four:** Human Resources Equity Plan
- **Part Five:** Other Internal Equity Measures
- **Part Six:** Definitions

PART ONE – POLICY OBJECTIVES, GUIDING PRINCIPLES, AND AUTHORITY

- 1.1 **Definitions.** The capitalized terms found in these Procedures are defined in Part Six.
- 1.2 **Policy Objectives.** These Procedures guide the implementation of PDC Board Resolution #6988, "[Adopting the Equity Policy of the Portland Development Commission](#)" (the "Policy"). The Policy aims to ensure that PDC's strategic goals, outcomes, programs, and initiatives advance social and economic equity by:
- Increasing economic opportunity and income for all Portland residents and Historically Disadvantaged Portlanders;
 - Making use of all of PDC's revitalization and economic development activities to create equitable access to living wage jobs and wealth creation opportunities for Portlanders; and
 - Demonstrating PDC's commitment to and leadership in social equity through internal business practices, robust community partnerships, and accountability measures.

1.3 **Guiding Principles.** In order to fulfill the objectives of the Policy, PDC will:

- Manage all investments, projects and programs in a manner which considers beneficiaries, addresses disparities, and supports equitable outcomes as further described in Section 4.2 of the Policy and Part Two of these Procedures;
- Maximize community benefits from PDC programs and investments through living-wage construction jobs, career advancement, and business opportunities for Historically Disadvantaged Portlanders as further described in Section 4.3 of the Policy and Part Three of these Procedures; and
- Ensure that PDC’s internal business practices increase diversity and social equity within PDC and support partnership, transparency, and accountability as further described in Section 4.4 of the Policy and Parts Four and Five of these Procedures.

PART TWO – MANAGING INVESTMENT TO SUPPORT EQUITABLE OUTCOMES

Part Two of these Procedures concerns impacts of PDC financial and non-financial investments in the community. Questions about sections 2.1 and 2.4 should be directed to PDC’s Communications and Social Equity Director; questions about sections 2.2 and 2.3 should be directed to PDC’s Deputy Director.

2.1 **Community Engagement.** PDC shall engage the community in ways that allow for meaningful public involvement of people impacted by PDC Activities. Such involvement may include, but is not limited to, the following:

- Creation of project or program advisory groups whose membership reflects the communities affected by PDC activities;
- Assessment and accommodation of multicultural and multilingual needs; and
- Working closely with all communities, particularly Historically Disadvantaged Portlanders, to address structural disparities, create pathways to prosperity, and determine the process for community involvement and governance.

2.2 **Strategic Alignment and Equity Lens for Loans and Grants.** A “Strategic Alignment and Equity Lens,” (or “Equity Lens”), a sample of which is attached in Appendix A, shall be used to evaluate all PDC loans and grants to ensure financial resources address disparities, advance strategic equity objectives, and do not result in negative consequences for the community. The Equity Lens shall be reviewed prior to determining whether to move forward with a request for PDC financial assistance.

2.3 **Equity Plan for non-financial investments.** Staff for each new and existing program, major activity, and non-loan/grant investment shall identify and assess disparities in access or outcomes for Historically Disadvantaged Portlanders. Program staff shall then develop a plan to maximize inclusion and minimize or eliminate negative consequences (e.g., displacement) for Historically Disadvantaged Portlanders. An Equity Plan template for non-financial investments, which is attached as Appendix B of the Procedures, can be used to evaluate, plan, and address such disparities and opportunities.

2.4 **Community Benefits.** Projects receiving substantial investments through PDC shall define explicit community benefits. PDC should enter into a community benefits agreement (a “CBA”) to address issues of access for local residents to long-term employment opportunities and advancement, supply-chain opportunities for local businesses, and publicly-accessible amenities.

- 2.5 **Accountability.** The activities in sections 2.1, 2.2, 2.3, and 2.4 shall be reviewed and evaluated annually by the PDC Equity Council and PDC Executive Director to determine the effectiveness of PDC's equity approach and make recommendations for changes that more effectively foster effectiveness and public accountability.

PART THREE – CONTRACTING-BASED EQUITY PROGRAMS

Part Three of these Procedures describes the equity programs implemented through certain public and public-private contracting activities. Where applicable, the activities and programs described in this section must align with PDC's policy and guidelines on sustainable purchasing. Questions on this section should be directed to PDC's Communications and Social Equity Director.

- 3.1 **Business Equity Program.** The goal of the Business Equity Program ("BEP") is to ensure that PDC's projects and programs provides professional, supplier, and construction contracting opportunities to Certified Firms (i.e., certified minority-owned businesses, women-owned businesses, disadvantaged businesses, and emerging small businesses). The BEP also encourages the participation of businesses owned by veterans on Direct Contracting, PDC Sponsored Projects, and on projects utilizing PDC Resources, including Intergovernmental Agreements.

3.1.1 **Applicability.** The BEP applies in any of the following types of agreements:

- A PDC Personal Services Contract for any amount
- A PDC-Owned Construction Contract with Hard Construction Costs greater than \$200,000
- A PDC Sponsored Project receiving more than \$300,000 of PDC Resources to support a project with Hard Construction Costs greater than \$200,000
- A sale of PDC real property to a private party with a purchase price greater than \$300,000 that is expected to involve Hard Construction Costs greater than \$200,000
- An Intergovernmental Agreement with Hard Construction Costs greater than \$200,000 and more than \$100,000 in PDC Resources, whether project is contracted by PDC or another agency. The Executive Director or the Executive Director's designee may defer to another agency's program if its program is similar to PDC's program. If PDC defers to another agency's program, utilization reports shall be provided to PDC by the other agency on a monthly basis.

3.1.2 **Utilization Goals for Certified Firms.** The following Utilization Goals are established for each fiscal year. The Executive Director is responsible for annually reviewing the Utilization Goals and is authorized to modify them, based on the results of such annual analysis:

- **Personal Services Contracts (PDC-Owned or Sponsored):** 20% of the total number of awarded Personal Services contracts and 20% of total value of Personal Services Contracts
- **Construction Contracts (PDC-Owned):** 20% of Hard Construction Costs on projects
- **Construction Contracts (PDC – IGA):** 20% of Hard Construction Costs on projects
- **Construction Projects (PDC-Sponsored):** 20% of Hard Construction Costs on projects that exceed \$200,000 as calculated by an analysis of availability and capacity of Certified Firms for the specific project

- **Flexible Service Contracts (PDC-Owned):** 25% of the total number of Flexible Services Contracts awarded and 25% of the total value of all Flexible Services Contracts
- 3.1.3 **Utilization Goals for Projects Already Underway.** In an instance where a party receives notification of PDC's approval of the availability of PDC Resources after it has expended funds on a project, started construction, or taken other action that would impair its ability to comply with the BEP, PDC (through the PDC project manager, with assistance from the Equity Coordinator) may negotiate a Certified Firm participation level that is reasonable and may provide technical assistance to achieve that negotiated Utilization Goal.
- 3.1.4 **Program Requirements.** The BEP is implemented in construction projects by applying Appendix C of these Procedures for PDC-Owned construction projects and Appendix D of these Procedures for applicable PDC-Sponsored Projects.
- 3.1.5 **Prompt Payment.** For construction projects subject to the BEP, the contracting entity which received funds from PDC shall, upon receipt and approval of a monthly pay application, promptly pay the general contractors who shall subsequently promptly pay all subcontractors and suppliers within ten (10) calendar days. This requirement shall be made a part of the relevant construction contract.
- 3.1.6 **Self-Performed Work.** For construction contracts not subject to ORS 279C.305 (e.g., Sponsored Projects and PDC-Owned alternative contracts), PDC encourages opportunities for smaller contractors and Certified Firms. Prime Contractors who intend to self-perform more than 10% of the trade work to complete a project or an entire Construction Specifications Institute (CSI) MasterFormat trade division (e.g., excluding superintendence, supervision, mobilization, etc.) will be required to have the written authorization of the Communications and Social Equity Director or their designee, who may approve a higher percentage based on the type, size, available subcontractors, and other relevant project criteria.
- 3.1.7 **Joint Ventures.** For large-scale and alternative contracting projects not subject to low bid requirements, PDC may provide incentives for joint ventures and mentor-protégé partnerships that enhance BEP goals (e.g., additional points in the RFP evaluation process).
- 3.1.8 **Coordinator.** At its discretion, PDC may require that PDC Sponsored Projects assign a Certified Firm coordinator to projects subject to the BEP.
- 3.1.9 **Alternatives to Low Bid.** Alternatives to low bid (e.g., Design/Build, Construction Manager/General Contractor) that may enhance BEP goals should be pursued when feasible on projects subject to the BEP.
- 3.1.10 **Disparity Study Findings.** Annually, PDC shall develop a strategy to close disparities identified in the 2011 disparity study. This report will be prepared by PDC's Communications and Social Equity Director (or his or her designee).
- 3.1.11 **Five-Year Requirement.** On all projects subject to the BEP, all subcontractors who perform more than \$100,000 of work shall be a signatory to a State of Oregon Bureau of Labor and Industries ("BOLI") approved apprenticeship training program that has (a) been in existence for five years or longer and (b) has produced graduates. The PDC

Communications and Social Equity Director (or his or her designee) will approve any exceptions to this requirement.

- 3.1.12 **Effective Date of Applying the BEP on Sponsored Projects.** The effective date for applying the BEP to current projects is the signing of the transactional documents between PDC and the developer. At the signing of a memorandum of understanding (MOU) between PDC and the developer, a preliminary determination shall be made by PDC of the applicability of the Policy. A final determination shall be made by PDC of the applicability of the Policy prior to the signing of the transactional documents between PDC and the developer.
- 3.1.13 **Ineligibility.** Contractors or subcontractors that are on the [BOLI list of ineligible contractors](#) cannot participate in PDC Owned or PDC – IGA construction projects.
- 3.1.14 **Insurance and Bonding.** For PDC Sponsored Projects subject to BEP, PDC may provide incentives for the owner/developer/prime contractor to reduce insurance and bonding barriers for Certified Firms.
- 3.2 **Workforce Equity Program.** The Workforce Equity Program (“WEP,” formerly the “Workforce Hiring and Training Program”) aims to maximize apprenticeship opportunities in the construction trades and ensure employment opportunities for People of Color and Women. The WEP also encourages the employment of veterans and people with disabilities on Direct Contracting, Land Transactions, and on work utilizing PDC Resources.
- 3.2.1 **Applicability.** PDC-Owned Construction Contracts, PDC-Sponsored Projects, and PDC-Intergovernmental Agreements related to construction must comply with the WEP upon meeting any one of the following criteria:
- On a PDC-Owned Construction Contract consisting of construction work greater than \$200,000, the WEP shall apply to the prime contractor and any subcontract(s) greater than \$100,000.
 - On a PDC-Sponsored Project consisting of construction, the WEP shall apply if the project receives \$300,000 or more of PDC Resources to support a project with a Hard Construction Cost greater than \$1,000,000 and shall apply to the prime contractor and any subcontract(s) greater than \$100,000.
 - A sale of PDC real property to a private party with a purchase price greater than \$300,000 that is expected to involve Hard Construction Costs greater than \$200,000
 - On a PDC-Intergovernmental Agreement consisting of construction work greater than \$200,000, the WEP shall apply to the prime contractor and any subcontract(s) greater than \$100,000. The PDC Executive Director (or designee) may defer to another agency’s workforce program if its program is similar to PDC’s program. If PDC defers to another agency’s program, utilization reports shall be provided to PDC by the other agency on a monthly basis.
 - The WEP does not apply to Personal Services, Flexible Services, and other services contracts or agreements not involving construction work.

3.2.2 General Program Requirements. Projects subject to the WEP shall:

- Ensure that a minimum of 20% of labor hours in each apprenticeable trade performed by the contractor and subcontractors are worked by state-registered apprentices. **(Mandatory)**
- Work toward achieving the following Workforce Diversity Goals as outlined in the table below. The percentage of hours set forth below includes both apprenticeship hours and journey level hours. **(Aspirational)**

Workforce Goals by Fiscal Year	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Female	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
People of Color	25.5%	26%	26.5%	27%	27.5%	28%	28.5%	29%	29.5%	30%

- Encourage the employment of veterans and people with disabilities. **(Aspirational)**
- Seek to employ a workforce that reflects the diversity of the City of Portland, including recruitment of a diverse workforce through the unions, the apprenticeship programs, and other community resources. **(Aspirational)**

3.2.3 Applying Requirements for Projects Already Underway. In an instance where a party receives notification of PDC's approval of the availability of PDC Resources after it has bid a project, expended funds on a project, started construction, or taken other action that would impair its ability to comply with the WEP, the PDC Project Manager, with assistance from the PDC Equity Coordinator, may negotiate a level of compliance that is reasonable and may provide technical assistance to achieve that negotiated Workforce Goal.

3.2.4 Program Requirements. The WEP is implemented in applicable construction projects by applying the Appendix E of these Procedures for both PDC-Owned and PDC-Sponsored Projects.

3.2.5 Equal Employment Opportunity Certification. Contractors and subcontractors subject to the WEP must be certified by the City of Portland as an Equal Employment Opportunity employer.

3.2.6 Damages. The requirements outlined in Section 3.2.2 are to be stipulated in PDC's agreements with a developer (for Sponsored Projects), another public agency (if the project is delivered through an Intergovernmental Agreement), or general contractor (if the project is owned by PDC). In the event that PDC determines, in its sole discretion, that the mandatory WEP requirements have not been substantially satisfied, subject to the terms of the applicable agreement, PDC's finding may result in one or more of the following actions:

- A finding of breach of the agreement with entity receiving funds with a notice to cure deficient performance;

- Excluding the entity, developer, contractor, or subcontractor from receiving future PDC Resources or bidding on future PDC solicitations subject to any other legal or procedural requirements;
 - A claim for liquidated damages with an assessment on the stipulated amount, to be reimbursed to PDC as the funding agency;
 - Withholding all or part of progress payments;
 - Any additional remedies included within the agreement.
- 3.3 **Enterprise Zone.** Effective on May 1, 2015, the BEP and WEP described above apply to PDC Enterprise Zone (“E-Zone”) projects that involve new buildings and structures to be constructed or new additions to or modifications of an existing building or structure. If construction has commenced on an E-Zone project but is not yet completed, then see Sections 3.1.3 and 3.2.3 above to determine the effective date in applying the BEP and WEP. If construction was initiated and completed on an E-Zone project after May 1, 2015 and before an E-Zone Authorization Application is submitted, then the E-Zone company will pay an additional two percent (2%) of its actual tax savings to PDC’s Workforce Training Business Development Fund.
- 3.4 **Exemptions.** The programs described in Part Three do not apply to the following: (a) projects as described in Section 3.3 that have submitted an E-Zone Authorization Application by April 31, 2015; (b) projects receiving PDC Resources derived from a financial assistance program that are intended to be used for working capital; (c) projects receiving federal funds when federal equity policies apply; (d) property acquisitions; or (e) other projects as deemed exempt by the PDC Executive Director after consultation with members of the Board.

PART FOUR – HUMAN RESOURCES EQUITY PLAN

Part Four of these Procedures describes the development, adoption, and implementation of a Human Resources Equity Plan (the “HR Equity Plan”). Questions on this section should be directed to PDC’s Human Resources Director.

PDC will research and document benchmarks and best practices of similar organizations with successful internal and staff-focused diversity and equity programs. The Human Resources division will subsequently develop, adopt, and implement an annual work plan to address education, training, and strategies to retain, promote, and recruit diverse staff reflective of the local community.

Goals of the HR Equity Plan will include:

- 4.1 **Retention.** To accomplish retention goals of the HR Equity Plan:
- PDC managers will be trained in cultural competency and awareness of institutional and unintentional bias that impacts organizational effectiveness;
 - Employee performance evaluations will include accountabilities for cultural competency;
 - Policies, practices, and procedures will be screened for institutional racism; and
 - PDC will sponsor internal and external programs and educational opportunities to promote equity and inclusivity for all employees.

- 4.2 **Recruitment.** To accomplish the recruitment goals of the HR Equity Plan, PDC will:
- Collaborate with community equity partners to leverage diverse opportunities for recruitments and job postings;
 - Report statistics and adhere to an Affirmative Action Plan (“AAP”) that benchmarks local market diversity;
 - Aspire to exceed the goals outlined in the AAP to be an employer of choice (i.e., an employment environment where employees choose to work due to the employer’s superior practices, policies, benefits, and overall work conditions) in inclusiveness and equity within the broad population; and
 - Consider all candidates who meet the minimum qualifications for all open positions, while encouraging candidates of color to apply and seek growth opportunities.
- 4.3 **Career Development.** To accomplish the career development goals of the HR Equity Plan, PDC will:
- Collaborate with individual employees to create development plans for all interested employees, including employees of color, in order to grow their careers within PDC;
 - Develop opportunities and support for all employees, including employees of color, that will meet their particular career goals; and
 - Promote mentorship opportunities for all interested employees, including employees of color, within PDC as part of individual development plans.
- 4.4 **Hiring Panel Diversity.** PDC will endeavor to create hiring and interview panels that are diverse in representation. To accomplish this, PDC may utilize the City of Portland’s Minority Evaluator Program (“MEP”) to identify and screen potential panel members.

PART FIVE – OTHER INTERNAL EQUITY MEASURES

Part Five of these Procedures describes other internal equity actions taken by PDC. Questions on this section should be directed to PDC’s Communications and Social Equity Director.

- 5.1 **Equity Council.** The PDC Equity Council (or other body as designated by the Executive Director) will oversee internal equity practices, monitor organizational progress, increase cultural competency training, and make recommendations for performance improvement. The scope and purpose of the Equity Council will be define in a separate
- 5.2 **Flexible Service Contractor Work Order Selection.** PDC project managers should take steps to fairly distribute work to all qualified service providers within a flexible service contract category. A general preference will be given to Certified Firms.

PART SIX – DEFINITIONS

Capitalized terms in these Procedures have the following meanings:

“**Board**” means the PDC Board of Commissioners.

“**Business Equity Program**” means the program described in Section 3.1 of these Procedures.

“Financial Assistance Programs” means certain PDC business financial assistance programs, including, but not limited to, the Direct Tax Increment Loan, the Economic Development Administration (EDA) Revolving Loan and Real Estate Fund, and other programs the Executive Director may designate.

“Certified Firms” include Minority/Women/Emerging Small Business (M/W/ESB) firms as certified by the State of Oregon; or a Disadvantaged Business Enterprise (DBE) as certified by the U.S. Department of Transportation.

“Communities of Color” See People of Color.

“Direct Contracting” includes all professional, supplier, and construction services purchased directly by PDC (i.e., not through a developer, Intergovernmental Agreement, or any other third party).

“Enterprise Zone” is a five-year, 100% tax abatement program designed to encourage existing and new industrial firms to make new capital investments in certain designated areas. Participating firms are required to create or retain quality jobs while maximizing the economic benefits for residents of Portland who are currently earning at or below 80% Median Family Income.

“Equity” means everyone has access to opportunities necessary to satisfy their essential needs, advance their well-being, and achieve their full potential (see the [Portland Plan](#)).

“Flexible Service Contract” is a contract for services that has repetitive requirements on an as-needed basis and may include Personal Services Contracts.

“Hard Construction Cost(s)” are the costs to build improvements on a property, including all related construction labor and materials and fixed and built-in equipment costs. Costs not directly related to the construction of an improvement, such as overhead, administration, taxes, or other professional services such as architectural or engineering, are not considered Hard Construction Costs.

“Historically Disadvantaged Portlanders” are Persons of Color and people in Priority Neighborhoods.

“Intergovernmental Agreement” or “IGA” is an agreement between PDC and another government entity, including the City of Portland.

“Land Transaction” is the sale of real property by PDC at any price for the purpose of a private or public project.

“PDC Activities” refers broadly to PDC projects, programs, initiatives, and other actions that impact the local community.

“PDC-Owned Construction Contract(s)” include those in which PDC has a direct contractual relationship with the prime contractor and where PDC is the owner of the project.

“PDC Resource(s)” include: (i) PDC funds in the form of grants, loans, or payments (for purposes of calculating PDC Resources, any PDC funds used by a single entity for a single project in the form of grants, loans, or payments shall be combined to determine the total amount of PDC Resources); and (ii) the value of a Land Transaction (for purposes of calculating the value of a Land Transaction, the value shall be the difference between the appraised value of the property and its sale price).

“PDC-Sponsored Project(s)” include all projects that are privately owned and constructed involving PDC Resources, or a property conveyance that includes PDC Resources.

“People of Color” are people who self-identify as Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian-Pacific Americans, and/or first generation immigrant populations for the purpose of minority business ownership. *(Singular: “Person of Color”)*

“Personal Services Contract” is a contract for specialized skills, knowledge or unique resources that involve the application of highly technical or scientific expertise or the exercise of professional, artistic, or management discretion or judgment. Such services include, but are not limited to, those performed by architects, engineers, surveyors, attorneys, auditors, other licensed professionals, artists, designers, computer programmers, consultants, and property managers.

“Priority Neighborhoods” are geographic areas in Portland that either (1) experience lagging commercial investment and increased or persistent poverty; or (2) experience gentrification pressures.

“Utilization Goal(s)” are percentage goals set for Certified Firms and workforce utilization on contracts and projects subject to the Policy.

“Workforce Equity Program” means the program described in Section 3.2 of these Procedures.

“Workforce Goal(s)” means the goals related to construction trades that utilize People of Color and Women as a percentage of total construction hours worked on a PDC-Sponsored Project.

APPENDICES

- A. Strategic Alignment and Equity Lens**
- B. Equity Plan for Non-Financial Investments**
- C. Business Equity Program Specifications – Direct Bid Process Requirements**
- D. Business Equity Program Specifications – Loan Agreement / Development Agreement Process Requirements**
- E. Workforce Equity Program Specifications**