

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** January 29, 2009  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 09-12  
2007/08 Annual Diversity in Contracting and Workforce Training Report

### **EXECUTIVE SUMMARY**

#### **BOARD ACTION REQUESTED**

None – information only.

#### **SUMMARY**

In order to keep the Board apprised of the results of PDC's Business and Workforce Equity Policy a report has been prepared providing information and analysis about results for Fiscal Year 2007 (Attachment A). Highlights of the report include:

- This year's M/W/ESB utilization total was \$41,991.881, equaling 36.8 percent of the \$114,030,006 in PDC funds expended for applicable projects, significantly above the 20 percent goal. These results include projects under the old Good Faith Effort program and the new Business and Workforce Equity Policy.
- The Workforce Training and Hiring Program (WTHP) goal of 20 percent apprentice hours participation on PDC funded projects was surpassed again this year as 255,676 hours were worked by state registered apprentices, equaling 23 percent of the total project hours of 1,109,077. Of the total apprentice hours, 71,464 (28 percent) were worked by minorities and females. These hours were made up of 50,609 worked by minority males, 5,110 by minority females and 15,745 by non-minority females.

The figures above do not include the South Waterfront Project. The M/W/ESB utilization on the South Waterfront project was \$40,403,570, equating to 13.2 percent of the project construction costs of \$305,338,062 and 168,886 apprentice hours equating to just over 25 percent of the total project hours of 665,598. Also, minorities and females worked 42 percent (168,886 hours) of the apprentice hours on the covered projects compared to 33 percent last year.

Staff anticipates expanded Business and Workforce Equity efforts during 2009 through full development and implementation of the new Policy.

### **BACKGROUND**

For Fiscal Year 2007-2008, PDC established the following goals:

- Minority, Women and Emerging Small Business 20%
- Workforce Training and Hiring Program – (apprentice hours) 20%

The overall Minority, women and emerging small business (M/W/ESB) utilization for Fiscal Year 2007/2008 exceeded the 20 percent goal. This year's M/W/ESB utilization total was \$42,018,571, equaling 36.9 percent.

The Workforce Training and Hiring Program (WTHP) goal of 20 percent apprentice hours on PDC funded projects was surpassed again this year. A total of 1,109,077 hours were worked on PDC supported projects by contractors subject to the Workforce Training and Hiring Program requirements this Fiscal Year with 255,676 of those hours worked by state registered apprentices, equaling 23 percent of the total project hours.

This Fiscal Years' report also covers the M/W/ESB, WTHP and Workforce Diversity efforts underway in the South Waterfront Central District within the North Macadam Urban Renewal Area. The M/W/ESB subcontractor utilization target of 20 percent of the construction costs were not reached. However there was an increase from last year's 12.21 percent to 13.23 percent totaling \$40,403,570 committed to M/W/ESB firms for South Waterfront projects.

A total of 665,598 hours were worked on South Waterfront projects, a vast increase from last year's 362,864. A total of 168,886 hours were worked by state registered apprentices, equaling more than 25 percent of the total project hours.

On October 26, 2005, PDC's Board of Commissioners adopted Resolution No. 6309 establishing a Workforce Diversity Initiative and outlining a strategy for increasing female and minority representation in the construction trades. This initiative establishes phased goals for increasing diversity on all South Waterfront Development Agreement contingent projects with a final diversity goal of 35 percent (20 percent minority participation and 15 percent female participation) by the year 2013. To implement the goals of the Workforce Diversity Initiative PDC worked with construction trade unions, North Macadam Investors, Inc. and Oregon Health Sciences University to draft the Project Apprenticeship Agreement for the South Waterfront Central District. This agreement was signed by all parties on December 14, 2005. All parties agreed to require the program on all contracts in effect as of the date of the agreement.

Total minority workforce participation on PDC construction projects for Fiscal Year 2007/08 equaled 163,101 hours equaling 24.5 percent of the project hours. The South Waterfront project workforce program goal was 16 percent of the project hours. The female participation program goal for Fiscal Year 2007/08 was 10 percent. A total of 35,000 hours were worked by female employees, equaling 5.3 percent of the project hours.

The Business and Workforce Equity Policy is being amended to clarify some outstanding issues and move workforce requirements from the Construction Wage Policy to the Business and Workforce Equity Policy. The policy supports Portland Development Commission's [PDC's] commitment to provide opportunities for State certified Minority, Women and Emerging Small Businesses [M/W/ESBs] to participate on both direct contracting and PDC sponsored projects; increases the capacity of these firms to perform; and reaffirms PDC's commitment to diversify the construction workforce with women and people of color as outlined in The PDC Construction Wage Policy. This policy works with and references the City of Portland's Workforce Training and Hiring Program, the City of Portland's EEO Certification Program, and PDC's Construction Wage Policy.

**ATTACHMENTS:**

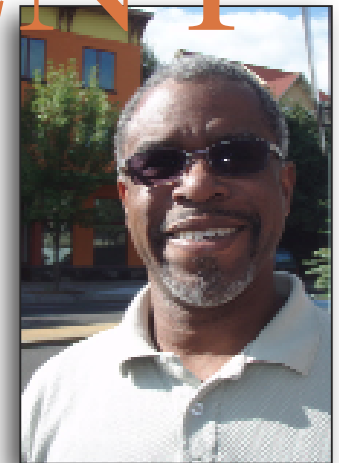
- A. 2007/08 Annual Diversity in Contracting and Workforce Training Report

MINORITY, WOMEN, AND EMERGING SMALL BUSINESSES 2007-2008 ANNUAL  
**DIVERSITY** IN CONTRACTING AND WORKFORCE TRAINING REPORT

AND SOUTH  
WATERFRONT CENTRAL  
DISTRICT DIVERSITY  
IN CONTRACTING AND  
WORKFORCE REPORT



DRAFT  
DOCUMENT



Cover: EP Construction, owned and operated by Efrain Palomares, is the General Contractor for the Luke-Dorf housing project at 11401 NE Sandy Blvd.

Luke Dorf Inc. is a non-profit Community Mental Health Agency that provides care to mentally ill adults. The project (shown right under construction) consists of the rehabilitation of the property, which will provide 14 Permanent Supportive Housing studio units for chronically mentally ill adults who are at risk of homelessness. There is also an agreement with Cascade AIDS project to reserve two units for residents who have HIV and mental illness. The program will include case management and some on-site clinical services for residents.

Inset Cover Photo: Tony Jones Executive Director of Metropolitan Contractor Improvement Partnership (MCIP)

MCIP is located on Northeast Martin Luther King Jr., Boulevard in Portland. Founded July 2008, the non-profit helps minority construction firms find work, training and resources to grow and contribute to the wealth of the minority community.



## LETTER FROM BRUCE WARNER

Dear Mayor Adams, City Council, PDC Board Members, and Citizens:

I am pleased to present you with our annual Diversity in Contracting Report for fiscal year 2007-08. PDC continues to pursue best practices in pursuing a more diverse workforce and equitable contracting environment in the City of Portland.

To highlight some of the findings, I am pleased to report that:

- Utilization of minority-owned, women-owned and emerging small business contractors in construction again exceeded our 20 percent goal by more than 17 percent resulting in the highest MWESB expenditure ever for a total of \$41 million.
- This is an increase of more than \$16 million spent with these firms in fiscal year 2007-08.
- The workforce hours on PDC-sponsored projects increased by almost 150,000 hours for this fiscal year which equates to more than seventy full-time jobs.
- Apprentices worked 255,676 of the total hours or 23 percent, surpassing the 20 percent goal.

The pages of this report tell many stories beyond the numbers. They describe partnerships between the public and private sectors, interviews with certified firms, and strategies for even more aggressive future improvements to remove barriers and embrace the spirit of diversity.

This fiscal year was one of change and transition in our efforts for workforce and business equity. To provide more focus on the MWESB contracting and workforce diversity areas, these programs now report to the Communications and Business Equity Department (C&BE). The Director of C&BE reports directly to me. This is an elevation of the importance of business equity issues and demonstrates how seriously I take this important work.

This newly created C&BE Department is led by John Jackley and includes responsibility for contracting activities, public affairs, public participation, business and workforce equity, policy development, Board administration and urban renewal area plan amendments. John and his staff are dedicated to making a difference and will expand the increased community outreach and innovations that assisted greatly with the results contained in this report.

We have had great partnerships with our private partners, the City of Portland and the talented men and women who comprise our MWESB contractors and applaud their energy and determination in succeeding in diversity efforts. No accomplishment can be realized without the support of many passionate individuals. The accomplishments to date are notable, but we realize there is still a lot of work ahead and I look forward to bringing more opportunity to our MWESB firms.

In the face of today's global economic crisis and recession here at home, I expect our construction volume to decrease in the short term as our private sector partners find financing increasingly difficult to obtain. Nevertheless, we remain strongly committed to our participation goals and to ensuring that the opportunities remain and flourish. The Portland Development Commission will continue to play a leading and significant role to supporting the city's jobs and economic development strategy and to increasing inclusivity and diversity in all of our activities.



Charles A. Wilhoite  
*Commission Chair*

J. Scott Andrews  
*Commissioner*

Bertha Ferrán *Commissioner*

John C. Mohlis  
*Commissioner*

Position 5 (vacant)  
*Commissioner*

Sam Adams  
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*Bruce Warner, Executive Director*



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**DRAFT  
REPORT**

# Section One: Fiscal Year 2007/2008 in Review

## I. SUMMARY AND KEY FINDINGS

### OVERALL M/W/ESB CONTRACT UTILIZATION

This report details “utilization results” –



contracting statistics – for Minority, Women and Emerging Small Business (M/W/ESB) on PDC-owned and PDC-supported construction projects. Additionally, this report includes the M/W/ESB utilization results for PDC’s personal services expenditures and the results of PDC’s workforce diversity and apprenticeship training efforts. The South Waterfront contracting and workforce diversity/apprenticeship training results are discussed in Section Three of this report.

The combined construction and personal service M/W/ESB utilization results for FY 2007/08 totaled \$41,991,881, or 36.9 percent of contracting dollars far surpassing the 20 percent goal. This compares with FY 06/07 totals of \$25,622,669, an increase of \$16,369,212 spent with M/W/ESB firms. Utilization results included in this year’s annual report represent a combination of

	<b>FY 2006/2007</b>	<b>FY 2007/2008</b>
<b>Total PDC Contract Commitments</b>	<b>\$87,267,897</b>	<b>\$114,030,006</b>
% M/W/ESB Utilization	29.3%	36.8%
Dollars Committed to M/W/ESB	\$25,622,669	\$41,991,881
\$ Increase Year Over Year	\$11,543,418	\$16,369,212
% Increase Year Over Year	82.0%	61.0%

commitment amounts and actual expenditures. Utilization results are reported as a running total each fiscal year and statistics are included for ongoing projects as well as projects that were completed in the fiscal year. For construction only, this fiscal year’s utilization results are a combination of two Policies in effect for the year, the Good Faith Effort Program and the Business and Workforce Equity Program that became effective April 1, 2008. The project specific goals and results are included in Section IV of this report.

A total of 192 different M/W/ESB construction and personal service firms are included in this fiscal year report, with the exception of the South Waterfront M/W/ESB contract utilization. Fifty-one (51) of the 192 firms are Minority Business Enterprise (MBE) certified, 69 are Women Business Enterprise (WBE) certified, and the remaining 72 are Emerging Small Business (ESB) certified. Approximately 77 percent of the M/W/ESB firms in this fiscal year’s report are construction contractors.

	<b>FY 2006/2007</b>	<b>% of Total Utilization</b>	<b>FY 2007/2008</b>	<b>% of Total Utilization</b>	<b>\$ Increase</b>
<b>Total M/W/ESB Commitments</b>	<b>\$25,622,669</b>	<b>29.3%</b>	<b>\$42,018,571</b>	<b>36.8%</b>	<b>\$16,369,212</b>
MBE	\$10,222,445	39.8%	\$15,786,230	37.6%	\$5,563,785
WBE	\$8,131,087	31.8%	\$13,924,355	33.1%	\$5,708,398
ESB	\$7,269,137	28.4%	\$12,281,297	29.2%	\$4,644,719
		<b>100%</b>		<b>100%</b>	

Looking at total PDC contract expenditures for both construction and personal services, MBE utilization led the way for the fifth consecutive year. MBE utilization equaled \$15,786,230, followed by WBE firms at \$13,924,355 and ESB firms at \$12,281,297. The dollars committed to all groups increased for the second consecutive fiscal year.

### CONSTRUCTION UTILIZATION

A total of 39 construction projects with M/W/ESB utilization goals are included in this fiscal year’s report. The vast majority, twenty-five, of the projects in this year’s report are construction loan projects. The construction loan projects can generally fall into two categories: housing and commercial tenant improvements. Thirteen of the construction loan projects were for the creation or



## PROFILE: TONY JONES

### METROPOLITAN CONTRACTOR IMPROVEMENT PARTNERSHIP

*From a small office on Northeast Martin Luther King Jr., Boulevard in Portland, the Metropolitan Contractor Improvement Partnership (MCIP) started up in July 2008 with the mission of helping minority construction firms find work, training and resources to grow and contribute to the wealth of the minority community.*

*Other agencies also provide services to assist minority contractors. But Executive Director Tony Jones says MCIP fills an unoccupied niche: providing a meeting ground – both face-to-face and, eventually, on the Web – for employers and qualified minority contractors to connect, develop relationships and, most importantly, work together.*

*Supporters of the new nonprofit include PDC and other public agencies such as TriMet, nonprofit partners such as the National Association of Minority Contractors in Oregon, and some of the region's largest builders and owners, including Stacy and Witbeck, Hoffman Construction and Legacy Emanuel Hospital. Jones is also recruiting other public and private partners.*

*MCIP will forecast work available to minority firms over the next few years from a list of projects submitted by participating companies and agencies. The program will link qualified minority firms to the jobs. The group's training program then will partner with project owners and prime contractors to provide on-the-job mentoring.*

*The genesis of MCIP lies in both problem and opportunity, Jones says. "Our partners saw that, despite their efforts, there was still a disparity in participation of minority contractors. But with great opportunities for work coming up in the next two to five years, they also saw an opportunity to build a minority contractor stream that can help our public and private partners meet their diversity goals and build the capacity of these businesses so they're profitable and sustainable."*

*Not just any business can participate in the MCIP program, and that's by design. Minority business owners must have worked a minimum of five years in the industry, meet current licensing and insurance requirements, and maintain at least rudimentary business systems for such things as estimating and accounting.*

*Establishing threshold requirements like these ensures that participants have the fundamental strength to take on construction contracts, Jones says. Based on his own past experience – he ran the Contractor Support Program for the Housing Development for seven years until 2004 – he learned that the proven capability of the contractor is a key to program success. That, and the prime contractors' confidence in the quality and trustworthiness of the contractor's resume.*

*In fact, the partnership's board of directors will initially pick a short list of only 20 minority firms to participate in the program. "Prime contractors still feel there's a gap as far as where they can go to get information about qualified minority businesses," Jones says. The goal is to bridge that gap through a disciplined application and selection process.*

*Being accepted into the program is only the start. Once they join, minority contractors will be expected to follow-through with MCIP staff providing business support and training. The program will track and report their performance.*

*But there's a big payoff for this disciplined approach. Comprehensive online profiles of minority firms will help prime contractors meet their diversity hiring goals. And, while there's no guarantee of work, minority businesses participating in the MCIP program get to connect with employers eager and willing to bring them into some big projects and help them get their feet wet on new work.*

*That kind of hands-on mentoring sets MCIP apart. "We are going to directly use jobs as a training ground for contractors," Jones says. For example, if a minority firm has never worked on a hospital project, the prime contractor will show the firm the ropes, teaching business and technical skills related to the job. "The best way to get hospital construction experience is to work on a hospital project," Jones says.*

*Starting in July, MCIP spent its first quarter setting up its office and administrative systems, working on proposals and drafting its application form. Through the end of calendar 2008, the organization plans to finalize its participation criteria, do outreach to the minority business community, and begin to evaluate applications and select a group of contractors.*

*While Jones says it's premature to talk about successes until MCIP proves itself, he will allow himself to acknowledge progress. "Our greatest accomplishment so far is simply that a group of professionals across the spectrum has come together to share a vision and passion for building great construction businesses that can do significant volume and create wealth in the minority community."*



**...the proven capability  
of the contractor is a  
key to program success.**



rehabilitation of low-income, affordable and market-rate rental housing. A total of 794 individual housing units will be created or rehabilitated when these thirteen projects are completed, significantly contributing to the area's housing stock and helping to provide a range of housing options, particularly for low-income families and special-needs individuals.

Walsh Construction led the way in M/W/ESB utilization, accounting for \$14,036,839 on eight projects. An additional \$244,236 went to second tier (subcontractor to another subcontractor) M/W/ESB subcontractors on two of Walsh's projects. When looking only at MBE and WBE combined utilization dollars, Walsh Construction ranked first as well, with \$11,596,225. The next highest utilization total among prime contractors was Hoffman Construction with \$4,624,694 worth of M/W/ESB utilization on two projects. Hoffman Construction was able to leverage an additional \$7,167,291 in second tier utilization on their two projects.

### CONSTRUCTION CONTRACTING BY ETHNICITY

Of this year's \$40,578,652 M/W/ESB construction expenditures, Minority firms were utilized for a total of \$15,209,298 or 14 percent. African American-owned construction firms accounted for 22.0 percent of total M/W/ESB utilization, and just over 52.5 percent of MBE utilization at \$8.9 million. The next highest utilization total went to Hispanic-owned businesses at \$3.6 million or 8.9 percent of the total M/W/ESB utilization. Asian-owned, Native American-owned and other minority-owned businesses accounted for \$4,452,842, approximately eleven percent of all M/W/ESB utilization. Forty three different MBE-certified firms worked on or have contracts to work on PDC-supported construction projects for this fiscal year. Of those 43, 20 are African American-owned, 16 are Hispanic American-owned, three are Asian American-

owned, two are Native American-owned and three businesses are certified in the 'Other Minority' category.

### CONSTRUCTION THROUGH INTERGOVERNMENTAL AGREEMENTS

PDC funds many construction projects through Intergovernmental Agreements (IGAs) with the City of Portland and other local government agencies. These IGAs include the M/W/ESB and Workforce requirements consistent with other PDC-supported projects. While not all of the IGA activity has been captured for this report, the data is available on two significant projects, the Civic Tower and PSU Academic and Student Recreation Center. Construction costs for these projects totaled \$108,055,752 and M/W/ESB utilization was \$11,245,292 or 29.97 percent. It is anticipated that more information in this area will be available for the 2008/2009 report.

TOTAL INTERGOVERNMENTAL AGREEMENT EXPENDITURES			
	FY 2005/2006	FY 2006/2007	FY 2007/2008
	<b>\$13,019,897</b>	<b>\$21,097,01</b>	<b>\$33,005,469</b>
City of Portland	\$10,006,200	\$16,845,740	\$8,977,936
OHSU	\$ 3,000,000	\$ 275,000	\$939,000
Clackamas County	\$13,697	\$3,519,779	None
ODOT	None	\$ 100,192	None
Port of Portland	None	\$ 352,500	\$94,000
Tri-Met		None	\$22,865,686
<b>Other IGAs</b>	<b>None</b>	<b>\$ 3,800</b>	<b>\$ 128,847</b>

### CONSTRUCTION CONTRACTING BY ETHNICITY

	FY 2006/2007		FY 2007/2008	
<b>Total M/W/ESB Commitments</b>	<b>\$24,475,869</b>	<b>(% of M/W/ESB)</b>	<b>\$40,605,342</b>	<b>(% of M/W/ESB)</b>
African American	\$ 4,574,225	(18.69%)	\$8,905,198	(21.93%)
Asian American	\$ 1,574,614	(6.44%)	\$2,132,699	(5.25%)
Hispanic American	\$ 3,054,231	(12.49%)	\$3,594,898	(8.85%)
Native American	\$ 60,609	(.25%)	\$1,260,483	(3.10%)
Other Minority	\$ 108,950	(.45%)	\$1,059,660	(2.61%)
<b>Total MBE Expenditures</b>	<b>\$ 9,372,629</b>	<b>(38.29%)</b>	<b>\$16,952,938</b>	<b>(41.75%)</b>

## PERSONAL SERVICES CONTRACTING



### PERSONAL SERVICES PRIME CONSULTANT UTILIZATION

A personal Services Contract is a contract for specialized skills, knowledge or unique resources in 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, the services of architects, engineers, surveyors, attorneys, auditors and other licensed professionals, artists, designers, computer programmers, performers, consultants and property managers. Personal Services contracting with M/W/ESB firms increased by

approximately \$300,000 over the previous year. The percentage utilization also increased from the previous year. Forty-five (45) different M/W/ESB personal service providers worked for PDC in fiscal year 2007/08 for a total of \$1,413,229.

### M/W/ESB UTILIZATION FOR PERSONAL SERVICES

Flexible Services Contracts are a subset of the Personal Services Contracts and are contracts that used for services that have a repetitive requirement and are usually for a three-year period. Flexible services contracts allow PDC to use the services of a provider on an as-needed basis. In FY 2007/08, PDC administered 148 flexible services contracts, of which 43 contracts were awarded to M/W/ESB firms – 29.06 percent M/W/ESB utilization for Flexible Services.

M/W/ESB UTILIZATION FOR PERSONAL SERVICES		
	FY 2006/2007	FY 2007/2008
<b>Total PDC Construction Expenditures</b>	\$82,601,589	\$108,859,581
Total M/W/ESB Construction Expenditures	\$24,475,869 (29.63%)	\$40,578,652 (27.30%)
MBE	\$9,372,629 (11.35%)	\$15,209,298 (11.20%)
WBE	\$7,921,879 (9.59%)	\$13,272,103 (12.60%)
ESB	\$7,181,361 (8.69%)	\$12,097,252 (3.60%)

M/W/ESB UTILIZATION FOR PERSONAL SERVICES		
Total Personal Services Expenditures	FY 2006/2007	FY 2007/2008
	\$24,475,869 (% of M/W/ESB)	\$5,170,425 (% of M/W/ESB)
M/W/ESB Expenditures	\$1,146,800 (24.58%)	\$1,413,229 (27.30%)
MBE	\$849,816 (18.21%)	\$576,932 (11.20%)
WBE	\$209,208 (4.48%)	\$652,252 (12.60%)
ESB	\$87,776 (1.88%)	\$184,045 (3.6%)



## PROFILE: LINDA BARNES MERRYMAN BARNES ARCHITECTS

*As ground broke on their first project, the principals of Merryman Barnes Architects (formerly Robertson Merryman Barnes) were breaking new ground of their own. In 1992, Nancy Merryman and Linda Barnes joined to become one of the first entirely woman-owned planning and design firms in the Northwest.*

**“We wanted to do projects we’d be proud of, projects that would continue to be valuable to the community.”**

*Nearly 17 years later, they are proud of having blazed a trail for other professional women. And they continue to maintain their certification as a Woman-owned Business Enterprise, grateful for any advantages that certification may provide.*

*But from the outset, the three professionals established an identity less about their shared gender*

*than about their shared vision. “We wanted to do projects we’d be proud of, projects that would continue to be valuable to the community,” says founding partner Linda Barnes, AIA. They exercised that vision on their first assignment, a design for the Nuevo Amanecer farm worker apartments in Woodburn.*

*Today, they say, they’re recognized less for who they are than for what they create: innovative and award-winning planning and design. Their work has won acclaim*

*from peers, government and industry on projects such as the Portland Classical Chinese Garden. Other signature projects include the Trenton South Mixed Use Building at New Columbia and the J. Frank Schmidt Pavilion at the Oregon Garden.*

*Their award-winning work for St. Anthony’s Village, Walnut Park Townhomes and Douglas Meadows Affordable Housing highlights three specialties they’ve developed over the years: religious centers, multi-family housing, and sustainable design (one-third of their professional staff has earned Leadership in Energy and Environmental Design (LEED) certification from the U.S. Green Building Council). They also have built expertise in civic/institutional projects (including for Portland State University and the Portland Development Commission), parks and pavilions, and even private homes.*

*Building their practice pitted them against many of the same obstacles other nascent professional firms encounter. “As a woman-owned enterprise, our challenges haven’t been a lot different,” Barnes says. “All firms have the same kind of problems – visibility, obtaining and maintaining quality clients, completing good projects.”*

*To overcome those hurdles, they use traditional marketing methods such as proposing on large projects, nurturing relationships with existing clients, networking and obtaining referrals. Another good source of work has been through flexible service contracts, which allow government agencies to contract for services on an as-needed basis using a Request for Qualifications process. The downturn in the economy will further challenge the firm and its clients in 2009, but Barnes remains optimistic. Still, whatever small advantage they may enjoy as a WBE, it’s not something they’ll take for granted.*

*“We just put out a proposal yesterday, one today and one in the next couple of weeks. We still have to go about our business just like anybody else.”*

## WORKFORCE TRAINING AND HIRING PROGRAM

The City of Portland, Bureau of Purchases, administers the Workforce Training and Hiring Program (WTHP) for the Portland Development Commission. The goal of the WTHP is to ensure that city agencies, including PDC, do business with contractors whose workforce reflects the diversity of the workforce found in the Portland metropolitan area. Through the WTHP, the prime contractor and qualifying subcontractors are required to provide 20 percent of total hours worked on a project, per trade, through apprenticeship hours.

### CONSTRUCTION ACTIVITY

During FY 2007/08, the Bureau of Purchases monitored workforce participation on 29 PDC projects, with more than 200 subcontractors subject to the WTHP requirements. More than 1,000,000 hours were worked which is the second highest number of hours worked over the last four years. The percent of Caucasian female participation increased for the third straight year and apprentice participation increased for the second straight year. Even though the percentage of workforce hours for Minority workers fell slightly, the overall hours increased. A total of 665,598 hours were worked on projects within the South Waterfront Central District, which will be discussed separately. A breakdown of hours worked is shown in the table, below.

### PARTICIPATION BY RACE AND GENDER

During fiscal year 2007/08, the percent of minority apprenticeship participation decreased slightly, though the number of minority hours increased. The percent of participation for Asian Americans and Native Americans increased when compared to last fiscal year, while African Americans and Hispanic Americans saw a decrease in their percent of participation. The number of hours and percent of participation by Caucasian females increased slightly this fiscal year, from two percent to three percent which is closer to the city's EEO availability of 3.13 percent.

During fiscal year 2007/08, apprentices worked more than 255,500 hours, or 23 percent of total hours. This is a slight increase in apprentice participation, when compared with last fiscal year and surpassed the 20 percent goal. Training opportunities continue in nearly every construction trade, with the largest apprentice utilization occurring in the following trades: roofers, ironworkers, electricians, and glaziers.

As one of the key elements of the WTHP, PDC staff continued to encourage the recruitment of women and minority apprentices. This fiscal year, women and minority apprentices worked more than 71,000 hours, or almost 28 percent of total apprentice hours. Above is a list of trades with the percent of minority and female apprentice participation.

The Laborers continue to have both the highest level of female and minority participation. A likely reason for the high utilization in this trade is that many individuals utilize the Laborers Apprenticeship program to springboard into other trades.

There are several large construction projects underway in the Portland area. We continue to see sporadic apprentice shortages in several trades, however, given the downturn in the economy, many contractors are limiting hiring of new employees, and instead are choosing to retain as much of their current workforce as possible. As a result, there haven't been as many new hiring opportunities for apprentices. Results for the last five years are shown in the shaded box on page nine.

HOURS WORKED - PARTICIPATION BY RACE AND GENDER				
Total PDC Workforce Hours	FY 2006/2007		FY 2007/2008	
	964,532	(% of Min. Hrs.)	1,109,077	(% of Min. Hrs.)
Minority Hours	222,448	23%	237,474	21%
Caucasian Female Hours	22,864	2%	29,509	3%
<b>Total Apprenticeship Hours (all apprentices)</b>	<b>212,385</b>	<b>22%*</b>	<b>255,676</b>	<b>23%*</b>
Minority and Female Apprentice Hours	67,360	32%**	71,464	28%**
Minority/Male Apprentice Hours	47,853	23%**	50,609	20%**
Minority Female Apprentice Hours	7,672	4%**	5,110	2%**
Caucasian Female Apprentice Hours	11,835	6%**	15,745	6%**
*as a percent of all hours worked    **as a percent of apprentice				

## PROFILE: CONNIE ASHBROOK OREGON TRADESWOMEN, INC.



*Connie Ashbrook knows a thing or two about opening doors for women in the trades. After working as an apprentice teamster and carpenter, she became an elevator constructor in 1982, graduating as Oregon's first female journey-level elevator mechanic in 1987.*

*Two years later, she and three other women founded Oregon Tradeswomen, an organization that provides education, leadership and mentorship to help women get skilled jobs.*

*Yet today, despite the efforts of organizations like Oregon Tradeswomen as well as government, unions and industry,*

**The Workforce Diversity Strategy Committee, composed of PDC, community representatives, contractors, unions and apprenticeship programs, set ambitious goals.**

*the share of women in the skilled labor workforce hovers around three percent. And women make up only 1 in 20 apprentices statewide, a number that has risen just one percent in 30 years.*

*Those numbers are about to change, if Ashbrook has anything to do with it.*

*And she does. In addition to her work as executive director of Oregon Tradeswomen, Ashbrook sits on the oversight committee of a PDC-sponsored group*

*that recently devised a new diversity strategy. The Workforce Diversity Strategy Committee, composed of PDC, representatives of the community, contractors, unions and apprenticeship programs, set ambitious goals. Under their plan, soon to be presented to the PDC Board, women will comprise 15 percent of the workforce on all PDC projects within 10 years. People of color will make up 30 percent.*

*While the bar has been set high, the goal is achievable if everyone commits to making it work, according to Ashbrook.*

*“Whether it’s the community-based organizations that educate women and minorities about apprenticeship, whether it’s the government agencies, the apprenticeship programs, both union and non-union, the contractors, both union and non-union, the building trades unions themselves – all of the stakeholders have to play a part in making it happen,” Ashbrook says.*

*Opening doors for women and minorities will be hard work, as Ashbrook knows personally. But if it were easy, it would have been done already, she says. Mindful of the work that remains, she’s also grateful for the foundation that has been laid.*

*“For PDC to be willing to take this on, to commit to make a difference here, to say that part of economic development is economic development for everybody, that’s leadership,” she says. “We see that PDC is really leading; they’re blazing a trail. What they’re doing now is going to build a legacy for the future.”*





**PERCENT OF MINORITY AND FEMALE APPRENTICE PARTICIPATION**

Trades	Minority	Women	Trades	Minority	Women
Brick Masons	7%	3%	Carpenters	28%	8%
Cement Masons	23%	4%	Drywall	34%	<1%
Electrician	12%	4%	Floor Coverers	37%	0%
Glaziers	21%	10%	Laborers	53%	19%
Ironworkers	10%	0%	Plasterers	22%	0%
Painters	14%	12%	Roofers	87%	<1%
Plumbers	56%	0%	Tile Setters	61%	3%
Sheet Metal	10%	10%			

**FIVE-YEAR RESULTS**

	FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08
Total Apprentices	21.76%	21.25%	23.43%	22.02%	23.05%
Minority and Female Apprentices	4.14%	5.51%	5.64%	6.98%	6.44%

## II. BACKGROUND AND HISTORY

### DISPARITY STUDY COMMISSIONED

In late 1995, a consortium of 10 Oregon local and regional governmental entities commissioned a study to investigate participation in public construction projects by minorities and women in the various construction trades. The study also researched the awarding of public contracts for architectural and engineering services associated with construction projects. The following Portland Development Commission programs were established using information from this study.

### SUMMARY OF PDC PROGRAMS:

#### Newly Adopted Business and Workforce Equity Policy and Programs

On February 27, 2008, Resolution 651 was adopted by the PDC Board creating the Business and Workforce Equity Policy. The Resolution rescinded Resolution 5066 which was adopted by the Board on December 18, 1997 implementing the Good Faith Effort and Workforce Training and Hiring Programs outlined above. The newly established Business and Workforce Equity Policy incorporated some of the basic structure of the prior programs while incorporating changes based on in-depth interaction with stakeholders regarding more aggressive requirements.

The Business and Workforce Equity Policy changes the basis for utilization goals for M/W/ESB from PDC's investment in the project to the hard construction costs of the entire project basis on M/W/ESB availability in the particular subcontracted trades. In addition the new Policy expands the procedural

steps for outreach, capacity-building and small-business friendly practices and encourages the employment of veterans and people with disabilities on PDC sponsored projects.

#### Business Equity/Good Faith Effort Program

This program requires all prime contractors to make good-faith efforts (GFE) to reach the 20 percent M/W/ESB subcontractor utilization goal. The 20 percent subcontracting goal is tied to PDC's contribution to the project (i.e., each project goal is 20 percent of PDC's contribution.) The contractor is required to provide PDC with GFE supporting documentation if the 20 percent M/W/ESB utilization goal is not met. Supporting documen-

tation includes outreach efforts to M/W/ESB firms for all subcontracted areas of work, follow-up contact logs and submission of the M/W/ESB bids received and rejected log for review by PDC staff. PDC also requires a formal application of the M/W/ESB GFE program on all Request for Proposals (RFP) with anticipated personal service contracts of \$100,000 or greater. Respondents to RFP'S with the formal M/W/ESB GFE program requirements must include in their proposal any commitments to hire M/W/ESB subconsultants, as well as documentation of their efforts to partner with M/W/ESB personal service firms for the project. Efforts to involve M/W/ESB firms are included as part of the RFP evaluation criteria.

#### Workforce Equity/Workforce Training and Hiring Program

The Workforce Training and Hiring Program (WTHP) is administered by the City of Portland's Purchasing Bureau through an interagency agreement with PDC. The purpose of this program is to maximize apprenticeship and employment opportunities for minorities and women in the construction trades on PDC-supported projects. This program applies to direct-bid construction (PDC-owned construction) of \$200,000 or greater, on PDC construction-related projects other than direct-bid construction of \$1 million or more and subcontracts of \$100,000 or more. Through the WTHP, the prime contractor and qualifying subcontractors are required to provide 20 percent of total hours worked on a project, per trade, through apprenticeship hours.

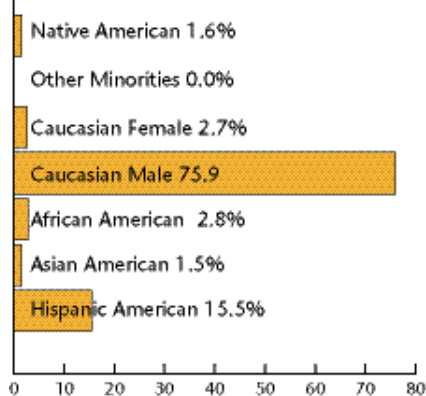
#### Equal Employment Opportunity Compliance

Every firm completing more than \$2,500 of business with PDC annually must have Equal Employment Opportunity (EEO) certification. The EEO program is designed to assure that women and minorities have equal employment opportunities. An EEO certification program is a requirement for receiving federal funding. PDC participates in the regional EEO certification program managed by the City of Portland's Purchasing Bureau. If workforce composition does not reflect race and gender census data, a contractor may be required to take affirmative action to increase workforce diversity as a condition of re-certification.

#### Technical Assistance Program

PDC participates in the city's Technical Assistance Program. Technical assistance is available to all M/W/ESB firms bidding on or receiving PDC construction contracts. The program assists firms by providing free access to technical assistance relating to bid preparation, estimating, prevailing wage requirements and other public contracting requirements. Additional computer courses in basic accounting, word processing and spreadsheet applications are also available to M/W/ESBs.

TOTAL HOURS WORKED ON PDC PROJECTS FISCAL YEAR 2007/08





## Section Two:

# Portland Development Commission's Diversity in Contracting and Workforce Training

### I. PDC OUTREACH EFFORTS

PDC has worked hard to meet its goals for community outreach and promotion of diversity in the construction workforce. However, management and staff realize more is needed. A broader, agency-wide effort was initiated this past year through two PDC-sponsored committees, the Contracting Advisory Committee and the Workforce Diversity Strategy Committee, made up of a cross-section of community stakeholders. These committees will be discussed in more detail in the Future Strategies Section of this report. Organizational changes, some already implemented and some yet to come, aim to address areas of improvement. Other efforts included:

#### **PDC actively supports the following organizations:**

- African American Chamber of Commerce of Oregon
- Construction Apprenticeship and Workforce Solutions, Inc.
- Evening Trades Apprenticeship Program
- Hispanic Metropolitan Chamber of Commerce of Oregon
- Metropolitan Contractor Improvement Partnership
- Minority Business Opportunity Committee
- National Association of Minority Contractors
- Oregon Association of Minority Entrepreneurs
- Oregon Native American Chamber of Commerce
- Oregon Tradeswomen, Inc.
- Partners in Diversity
- PDC's Contracting Advisory Committee
- Philippine American Chamber of Commerce of Oregon

- Portland Business Alliance
- Portland YouthBuilders
- South Waterfront Project Apprenticeship Agreement Oversight Committee
- Turner School of Construction Management

#### **PDC participated in and/or sponsored the following trade shows and cultural events:**

- Eighth Annual African American Alliance for Home-ownership Home Buying Fair
- American Institute of Graphic Arts
- Asian American Business Alliance
- Asian Reporter Foundation Scholarship and Awards Banquet
- Black United Fund Dinner and Auction
- Chinese New Year Cultural Fair
- How to Do Business with Local Government Agencies
- Good in the Neighborhood
- Hispanic Metropolitan Chamber of Commerce Employment and Contracting Tradeshow
- Latino Home Buyers Fair
- Lents Neighborhood Fair
- National Association of Minority Contractors Dinner
- Native American Chamber of Commerce Annual Gathering
- Oregon Association of Minority Entrepreneurs Trade Show and Conference
- Oregon Tradeswomen, Inc., Career Fair



*PDC co-sponsored the 2008 Oregon Association of Minority Entrepreneurs (OAME) tradeshow and luncheon.*

#### **PDC advertises contracting opportunities through a variety of media outlets, websites and public venues:**

##### **Local Newspapers**

- |                     |                             |                    |
|---------------------|-----------------------------|--------------------|
| • Asian Reporter    | • Daily Journal of Commerce | • El Latino de Hoy |
| • El Hispanic News  | • NAMCO Newsletter          | • OAME Newsletter  |
| • Portland Observer | • The Oregonian             | • The Skanner      |

## Internet Access

- PDC M/W/ESB Assistance: [www.pdc.us/mwesb/mwesb.asp](http://www.pdc.us/mwesb/mwesb.asp)
- Construction Trades Information for Minorities and Women: [www.pdc.us/mwesb/mwesb\\_construction.asp](http://www.pdc.us/mwesb/mwesb_construction.asp)

## Internet posting of all contracting opportunities over \$25,000:

- PDC Contracting Page: [www.pdc.us/login/welcome.asp](http://www.pdc.us/login/welcome.asp)
- The Skanner: [www.theskanner.com](http://www.theskanner.com)
- State of Oregon ORPIN System: [www.oregon.gov/DAS/SSD/SPO/ORPIN-Contact-info.shtml](http://www.oregon.gov/DAS/SSD/SPO/ORPIN-Contact-info.shtml)

Advertising contracting opportunities in local minority newspapers and periodicals not only fulfills the goal of minority contractor solicitation, but also supports minority media publications. Work with

organizations such as the Oregon Association of Minority Entrepreneurs (OAME) provides a networking forum for M/W/ESB input that often also serves as a progress report for outreach activities. PDC's Internet website has increased visibility in the M/W/ESB community. The website has enabled PDC to better circulate information to the community as well as provide public access to State of Oregon certification and availability information from the State of Oregon for targeted outreach efforts. All of these tools further PDC's M/W/ESB program goals.



*Fred Atiemo, PDC Senior Economic Development Manager at the March 2008 "How to Do Business with Your Public Agencies" workshop.*

## II. 2007/2008 PROGRAM RESULTS

This year's M/W/ESB utilization reached a record high, once again with the vast majority of utilization achieved on construction projects. Historically, M/W/ESB utilization has varied from year to year in proportion to the size and number of projects begun or completed in a particular year. Two factors contributed significantly to the significant increase in utilization

dollars seen in this year's report.

The first factor was the completion of three large construction projects (Civic Tower, Starwood Luxury Hotel and The Strand) in the past fiscal year. These three projects broke ground over two years ago and they account for \$220,172,324 worth of the \$471,544,793 included in this report. A total of \$6,557,850 of first tier M/W/ESB utilization was achieved on these three projects with an ad-

ditional \$7,167,291 achieved through second tier M/W/ESB utilization.

The second factor contributing to this year's record high M/W/ESB utilization was the adoption of more aggressive utilization goals through the Business and Workforce Equity Policy. While the majority of projects were initiated prior to the adoption of the new Policy, the voluntary and negotiated efforts on three projects have significantly increased the utilization results in this year's report. Those three projects, the Patton Park apartments, Shaver Green apartments and the Mercy Corps project, accounted for \$9,513,464 of first tier utilization with an additional \$60,236 being awarded to second tier firms on the Patton Park apartments project.

PDC awarded 229 Professional Service and Flexible Services contracts during fiscal year 2007/09. Of the 229 contracts, 45 (27.33 percent) were awarded to Certified M/W/ESB firms totaling \$1,413,229. This is an increase from last year in both dollars and percentage and surpassed the 20 percent utilization goal.

A total of 375 firms are M/W/ESB certified with the State of Oregon in architecture, engineering, legal, professional and management development training, temporary staffing, remediation services and all other professional services categories. Of these 375 firms, 80 (21.3 percent) are MBE certified. Another 149 are WBE certified (39.7 percent), and an additional 29 (7.7 percent) hold MBE and WBE certifications.

## III. ACCOMPLISHMENTS

- The Contracting Advisory Committee was formed in to "Serve as an advisory group to the PDC Executive Director by providing feedback on proposed changes to PDC contracting and development processes to maximize access and utilization of minority and women-owned businesses. The Committee members included stakeholders from banking, Minority-owned businesses, Women-owned businesses, business organizations supporting contracting, general contractors and developers. The Committee completed the assigned task and forwarded recommendations in three areas; General Contractor Development Program, Target Industry Project Approach and Relationship Building.
- A "Workforce Diversity Strategy Agreement" was signed on June 16, 2008. This agreement represented many hours of work by a very diverse committee. Commissioner Mohlis and John Jackley represented PDC on the Committee with Linda Andrews serving as the committee facilitator with representation from the Evening Training Apprenticeship Preparation (ETAP) Program, Irvington Covenant Community Development Corpora-

tion, Oregon State Apprenticeship and Training Division, Hispanic Metropolitan Chamber, Portland State University, Oregon Tradeswomen, Portland Youth Builders, Construction Apprenticeship Workforce Solutions, Inc. (CAWS), Associated General Contractors, Portland Community College, Operating Engineers, LIUNA Laborers, NECA-IBEW Electrical Training Center and Sheet Metal Workers Local 16 Apprenticeship Training. The document includes recommended workforce goals for PDC funded construction projects similar to the goals established for the South Waterfront Project and strategies to assist in meeting these goals. These recommendations were accepted by Executive Director Warner and will be included in the amendment to the Business and Workforce Equity Policy.

- A major small business outreach event was held in March 2008 in coordination with the City of Portland, the Oregon Department of Transportation, the Small Business Administration, Portland Community College, Minority Business Opportunity Committee, Tri-Met, Metro, the Housing Authority of Portland, Port of Portland and Multnomah County. The event drew over 130 attendees, many of which were exposed to public agency programs and procurement opportunities for the first time.
- The 20 percent utilization goal for M/W/ESB firms was surpassed, with 37.3 percent utilization in construction and 27.33 percent utilization in personal services contracting.
- Apprentice hours equaled 23 percent of the total hours worked on PDC projects and exceeded the goal of 20 percent.
- During 2007/08, the Community Relations and Business Equity department was incorporated into the Communications and Business Equity Department led by John Jackley to facilitate of the Business and Workforce Equity, Public Contracting, Public Affairs and Policy Coordination teams.

#### IV. UTILIZATION REPORTS

- Construction Projects list
- Overall M/W/ESB Utilization
- Total Construction-Contracting Dollars
  - Development Agreement
  - Contracting Dollars
  - Direct Bid Contracting
  - Enterprise Zone-Contracting Dollars
  - Loan Construction-Contracting Dollars
  - Intergovernmental Agreements

- Construction Contracting by Ethnicity
  - Development Agreement Contracting by Ethnicity
  - Direct Bid Projects Contracting by Ethnicity
  - Enterprise Zone Contracting by Ethnicity
  - Loan Contracting by Ethnicity
  - Intergovernmental Agreements
- Personal Services Contracting Report

NEED NEW GROUP PHOTO



*From Left to Right: John Jackley, Clarence Larkins, Nelda Wilson, James Bowles, Lolita Burnette, John Mohlis, Ken Fry, Ric Olander, Linda Andrews, Bill Kowalczyk, Guest, Dennis Payne. Committee Members not shown: Jessica Adamson, Connie Ashbrook, Michael Burch, Debra Lindsey, Jodi Parker, Gale Castillo, DeBorah Williams, Lisa Gramp, Steve Simms.*



PROJECT	PRIME CONTRACTOR
82nd Place Housing	Walsh Construction
711 SE Grand Avenue.	Arsinoe Speliotopoulos
AIA Center (pictured above)	Howard S. Wright Construction
Ararat Bakery	Cardinal Investment
Caplan Building	R&H Construction
DP Partners - Riverside	McCormack Pacific Company
Esperanza Court	Seabold Construction
Esquire Calumet Building	Norway Development
Estate Hotel Redevelopment	Walsh Construction
Fremont Residential Project	Granite Construction
Headwaters Triangle	Kodiak Pacific Construction
Howard House	Seabold Construction
Jeffrey	Howard S Wright Construction
Leander Court	Walsh Construction
Lee Land Company LLC	JHC Commercial LLC
Max Retail Improvements	Cedar Mill Construction
Meier and Frank Building	Hoffman Construction
Mercantile	Western Construction
Mercy Corps	Walsh Construction
Miraflores Apartments	KeyWest Corporation
Musolf Manor Renovation	Walsh Construction

PROJECT	PRIME CONTRACTOR
Patton Park Apartments	Walsh Construction
PSU Academic and Student Bldg.	Skanska
Queen of Sheba	Of the Eagle Construction
Raymond Park Place	Colas Construction Inc.
Relish Design	R&H Constructuion
Shaver Green	RJC Inc.
Smith Block	Bremick Construction
Solaicx at Bybee Lake	Evergreen Engineering
Strand at River Place	Walsh Construction
The Civic	Hoffman Construction
Tryon Mews	LMC Inc.
Vanport Square	R&H Construction
Waterfront Park	Brown Contracting Inc
Waterleaf TI	Bremik Construction
Watershed at Hillsdale	Walsh Construction
White Stag	Bremik Construction
Widmer Brewing	LCG Pence Construction
Ziba World HQ	R&H Constructuion

# R E P O R T S



The Strand at River Place

# REPORTS

## Section Three: South Waterfront Central District

### Diversity in Contracting and Workforce Training Report

#### I. INTRODUCTION

Five years have passed since the signing of the South Waterfront Central District Project Development. For each of the past five years PDC has included a section in our annual Diversity in Contracting and Workforce Training report dedicated to efforts made towards the business and workforce diversity goals of the multi year agreement. Over the past fiscal year one additional high-rise condominium tower was completed, as well as, a small infrastructure project on SW Moody Street. One new project broke ground this year, the Mirabella, a 31 story continuing care retirement community owned by Pacific Retirement Center, with Hoffman Construction as the general contractor. In addition, construction on the 3720 Condominiums continues to progress.

Each of these projects is subject to contracting diversity goals, as well as, workforce training and workforce diversity goals. These goals are one part of the social equity goals of the development agreement which directs contractors and developers to make efforts to employ a diverse contracting community and a diverse workforce. The specific goals for each of these projects are 20 percent of the hard costs going to M/W/ESB firms and 20 percent of the workforce being worked by State registered apprentices. Contractors are also directed to make efforts to employ a workforce comprised of 16 percent minority workers and 10 percent female workers during the fiscal year. The following pages will highlight progress towards those goals and will spotlight several firms and individuals who have played or continue to play a roll in the construction of these projects.

#### II. SUMMARY OF M/W/ESB CONTRACTING UTILIZATION

Each of the five projects included in this section was built or is being built entirely out of private funds. A combined total of \$40,403,570 has been committed or spent with M/W/ESB first and second tier subcontractors and suppliers on these projects. This report includes reported contract amounts through the end of June, 2008.

It is important to note that while the Mirabella project is included in this report and was under construction prior to the end of the fiscal year, the vast majority of work is yet to be subcontracted out. What is included in this years report accounts for less than 6 percent of the total project.

The M/W/ESB utilization dollars reported above equate to 13.23 percent of the \$305,338,062 in construction costs for the five represented projects. While the results continue to lag behind the 20 percent participation goal for the district, the large dollar volume represents 84 separate M/W/ESB contracts, 31 or which went to MBE certified firms, and the percentage total is an increase from last year's level of 12.21 percent.

The majority of M/W/ESB utilization (6.99 percent) is contracted with ESB firms on South Waterfront projects in this years report. This represents a change from the first three years of reporting where WBE firms accounted for the largest portion of M/W/ESB contracted dollars.

#### Reporting Approach

The large scale of most construction projects outlined in the South Waterfront Development Agreement (DA) created a number of challenges to meeting the M/W/ESB utilization goals of the agreement. M/W/ESB firms are typically small-to-medium-sized companies with relatively few employees. Many of these small firms did not have the capacity to take on first-tier subcontracts (contracts directly with the prime contractor for the project). Smaller M/W/ESB firms also were hard-pressed to meet bonding and insurance requirements. In recognition of these challenges, PDC, along with its South Waterfront DA partners, decided to expand m/W/ESB reporting to include tracking of M/W/ESB certified prime contractors and second-tier contractors.

As mentioned above, none of the projects covered in this year's report received any PDC financing. Nevertheless, the South Waterfront DA created a new standard for M/w/ESB utilization. Rather than set utilization goals based on PDC's financial contributions, the agreement the agreement partners expanded the goals and measured M/W/ESB utilization efforts against overall

## PROFILE: AL SHOUGH

### AL SHOUGH TRUCKING

*T*rying to make a living as an independent truck owner-operator, Al Shough is a bear of a man whose booming voice can cut through the rumble of his Peterbuilt three-axle dump truck and the whack of a steam-driven pile driver.

Al runs a certified Minority Business Enterprise (MBE) Native American firm, Al Shough Trucking. These days, you'll find him hauling dirt with his blue '91 "Pete" out of the pit being excavated for the foundation of the Mirabella Tower in the South Waterfront. He's working as a subcontractor to John L. Jersey & Son Excavation.



Eventually started working as a cross-country trucker. But at a pay rate of four cents per mile, which he could only get when the truck was actually moving, he

Al was born in Southern Oregon, not far from where his great-great grandmother grew up in Northern California as a full-blooded member of the Pit River tribe. The Pit River Tribe comprises 11 autonomous bands that come from parts of what are now Shasta, Siskiyou, Modoc, and Lassen counties in California. He grew up in the blue-sky, rolling wheat hills east of Mount Hood around Tygh Valley and Maupin.

After a four-year hitch in the Marines, Al

found himself on the short end of bills. So he moved back to Portland and hired on with his brother, who had a trucking company, and with John L. Jersey. He bought his truck in 2000 and has been an independent owner-operator ever since.

"When I first started, you could make a living. A decent living, about \$30,000 a year after expenses. Now, you're scratching just to get by."

The steady work at the Mirabella project has been helpful, but Al says he'd like more hours to put him over the top. Money for fuel, parts, insurance, taxes and loans (he had to borrow to rebuild his truck engine) eats up cash fast.

He may be helping to build a retirement community, but at 61 years of age, Al is not even thinking of retiring anytime soon. He might slow down some, he says. But living on Social Security payments won't cut it for him. As it is, he can't afford health insurance.

He stopped for a moment after dumping a load of fill, climbing down from behind the cab to pose for a picture in the bright September sunlight. Across the street, a pile driver hissed and hammered at the Mirabella job site. Soon enough, it was time to get back in his rig and roll down into the pit for another load.

"Gotta get going," Al said.



**He may be helping to build a retirement community, but at 61 years of age, Al is not even thinking of retiring anytime soon.**

construction costs for each project. One hundred percent (\$40,403,570) of the South Waterfront M/W/ESB utilization included in this report is privately funded with no PDC financial assistance.

Yet another change in goals and measurement resulted from the unique challenges to achieving M/W/ESB utilization on large projects. In recognition of these challenges and through discussions with the South Waterfront DA partners, an agreement was reached to measure utilization results for the large vertical construction projects against each project's direct cost of work rather than each project's construction contract value. Using this method, the percentages reported for each high rise construction project reflect a percentage of the total work subcontracted out, including material purchase contracts.

This method excludes from the equation those costs within each project's construction contract that offer little or no M/W/ESB utilization potential such as the following: builders risk insurance, permits and fees, contractor-provided worker's compensation, and general liability insurance for subcontractors, general contractor and subcontractor bonds, supervision, project administration, and a few others areas.

### Challenges

The same challenges previously reported on, relating to small business participation on large vertical construction projects common in the South Waterfront area, persist today. Certain trades and continue to have very little to no representation of M/W/ESB certified firms (e.g. elevator installation, curtain wall, cast-in-place concrete, brick and concrete block masonry, traffic coating, waterproofing and fire protection). By in large, the lack of availability of M/W/ESB certified firms in these trades has to do with the scale of the projects, the large size of the individual subcontracts and the requisite workforce demands necessary to perform the work.

Looking at the 3720 Condominiums project as an example, the cast-in-place concrete and the curtain wall subcontracts were for over 10 million and eight

and a half million dollars each respectively. Contractors have reported the ability to subcontract portions of the large first tier scopes of work to smaller second tier M/W/ESB contractors varies significantly depending on the particular trade. In some instances there are warranty and liability constraints that limit the ability of larger majority-owned subcontractors from subcontracting portions of their contract to smaller M/W/ESB contractors. The electrical and mechanical/plumbing subcontracts are two examples.

On the 3720 Condominiums project these two subcontracts account for six and a half million and nearly 14 million dollars each, respectively. While in each case the majority-owned subcontractor was able to subcontract part of their work to M/W/ESB firms, their ability to do so was limited due to the liability and warranty issues identified above, as well as the large scale of the project.

One trade with the same size related constrains previously identified that does not have the same liability concerns as the electrical and mechanical/plumbing trades is the drywall trade. On the 3720 Condominiums this subcontract equaled a little more than 11 million dollars worth of work. While the majority of this work was performed by the large first tier subcontractor, Performance Contracting, Inc. (PCI), they were able to partner with five separate M/W/ESB subcontractors and suppliers to provide opportunities at the second tier level.

Professional Lath and Plaster is one of the five M/W/ESB subcontractors that has performed work for or provided materials to PCI. As first reported in last year, the subcontract between PCI and Professional Lath and Plaster involved a significant amount of work for PCI, Professional Lath and Plaster and Hoffman Construction to come to an arrangement that worked well for all parties and allowed the work to progress. What was first a subcontract between PCI and Professional Lath and Plaster to perform work on the first three floors of the 3720 Condominium project was amended as each three floor section was successfully completed. Professional Lath and Plaster is now wrapping up work on this successfully completed project.



*Nathaniel Hartley - Masterfinish*



### III. WORKFORCE ACTIVITY

The table below outlines the fiscal year workforce diversity for projects in the South Waterfront Central District that are subject to the Project Apprenticeship Agreement. The workforce diversity goals for fiscal year 07/08 were 10 percent for Women and 16 percent for People of Color participation by the combined journey and apprentice level workforce. All workforce reports are included in the following pages of this report.

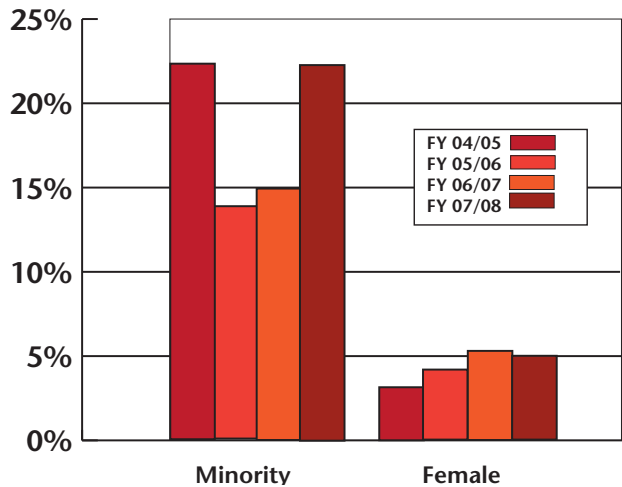
The following projects in the South Waterfront Central District were monitored by the Bureau of Purchases for compliance with the Project Apprenticeship Agreement (PAA). There were no projects in the South Waterfront that required compliance with the Workforce Training and Hiring Program (WTHP).

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Women	4%	5%	6%	8%	10%	11%	12%	13%	14%	15%
Minority	12%	13%	14%	15%	16%	17%	18%	19%	20%	20%
Total	16%	18%	20%	23%	26%	28%	30%	32%	34%	35%

#### PDC-Owned and Privately Owned Projects

- The Mirabella
- Block 38
- SW Moody Reconstruction
- The Alexan

Four projects were subject to the PAA this fiscal year. Workers logged 665,598 hours on these projects during FY 2007/08, which is a significant increase in



hours when compared to last fiscal year. This increase in hours is likely due to an increase in construction in both Block 38 and the Alexan.

Overall, minority participation on the South Waterfront projects was 24.5 percent for FY 07/08, which represents an in-

crease in participation when compared to last fiscal year's 16 percent. Female participation decreased slightly from 5.7 percent last year to 5 percent for fiscal year 2007/08.

This fiscal year, apprentices worked 168,886 hours on South Waterfront projects, or just over 25 percent of total hours. This is an increase in apprentice participation, when compared to last fiscal year's 21 percent. Minority and female apprentices worked approximately 42 percent of the total apprentice hours, which is an increase when compared to last fiscal year's 33 percent. This increase may indicate that the PAA goals are having some effect on the number of women and minorities entering the trades.

According to our records, 158 minority and female apprentices worked on projects subject to the PAA in FY 2007/08. Of those 158:

- 11 percent graduated during FY 2007/08
- 82 percent continue to be active in apprenticeship programs
- 6 percent were terminated or suspended from their apprenticeship program
- 57, or 36 percent, were indentured into the apprenticeship program from July 1, 2007 to June 30, 2008
- Of the 57 that were indentured, 52, or 91 percent, remain active in the apprenticeship program

### IV. OUTREACH ACTIVITIES

Diversifying the workforce on South Waterfront Central District projects was established as a priority through the project's development agreement. Progress toward the workforce diversity goals of the Project Apprenticeship Agreement (PAA) has been monitored at monthly oversight committee meetings. Here, project owners, PDC, trade unions and general contractors discuss compliance issues and strategies for increasing diversity on the job and in the apprenticeship programs. While all parties to the PAA are working toward the same objectives, the general contractors and their subcontractors ultimately bear responsibility for realizing the goals. Expectations are outlined in the PAA; however, implementing those expectations has required considerable effort by the contractors working on the PAA projects. Some of the activities that have been undertaken include job site tours and job fairs, with an emphasis on matching individual contractor needs to pre-apprentice programs. Pre-apprentice programs maintain a diverse, entry-level workforce. These pre-apprentice workers are just getting started in the construction industry and are typically interested in a broad range of employment and apprenticeship training opportunities.

# Section Four: Next Steps and Future Strategies

## I. BUSINESS AND WORKFORCE EQUITY POLICY

- β Amendment of the Business and Workforce Equity Policy to add workforce diversity elements from the PDC Construction Wage Policy and fold in recommendations from the Workforce Diversity Committee.
- β Development of Business and Workforce Equity Policy procedures and specification documents.
- β Completion of training on the Business and Workforce Equity Policy for PD staff, developers, contractors and M/W/ESB firms.
- β Coordination of quarterly meetings of the Workforce Diversity Oversight Committee to assist in implementation of elements of the Workforce Diversity Strategy Agreement.

## II. DISPARITY STUDY

- β Completion of a City of Portland/PDC Disparity Study to determine areas of past discrimination.
- β Develop programs and processes to address Disparity Study recommendations.

## III. ACKNOWLEDGEMENTS

We would like to offer a special thanks to the individuals who put forth an extra effort this year in assisting in making PDC a success in creating diversity in the contracting and workforce arena.

Contracting Advisory Committee  
 City of Portland Bureau of Purchases  
 Hispanic Metropolitan Chamber

National Association of Black Contractors  
 Native American Chamber  
 Oregon Association of Minority  
 Philippine American Chamber  
 Walsh Construction  
 Workforce Diversity Strategy Committee

MINORITY		FEMALE	
Highest	Lowest	Highest	Lowest
Trade	%	Trade	%
Plasterers	79%	Brickmasons	6%
Glaziers	55%	Sheet Metal	9%
Drywall	50%	Electricians	10%
		Cement Masons	39%
		Operators	35%
		Laborers & Painters	31%
		Plasterers & Brickmasons	0%
		Ironworkers	5%
		Drywall	7%



## PROFILE: CORY NARANJO

### JOURNEYMAN CARPENTER

*Cory Naranjo stands at the corner of Southwest 13th Avenue and Washington Street in downtown Portland and points out the buildings he has worked on. A mere 27 years old, he can look in any direction and claim pieces of Portland's changing cityscape as part of his own: the Park Place condominiums in the Pearl district, the Waterfront Pearl in the River district, The Civic on West Burnside, projects up at Portland State University. And more.*

*Cory has worked as a union carpenter for six years, all that time with the structural division of Hoffman Construction. He "journeyed out" in 2005 after serving a four-year apprenticeship through Local 1715 of the Carpenter's Union. He earns a living wage that allows his wife to devote herself full-time to raising their 6-year-old son, two-year-old daughter and five-month-old baby girl (as of October 2008) in a home they own.*

*After graduating from high school in Woodland, Wash., in 2000, Cory took a job in a steel mill working swing and graveyard shifts. He'd never thought of entering the trades until his father-in-law told him about union apprenticeship programs. He signed up at the union hall in 2001 and hasn't looked back.*

*"It was an opportunity to do something new, make more money, better my self and better my family," Cory says.*

*On this day, Cory is overseeing work on the 16th floor of a mixed-use office and condo tower going up on the block between Southwest 12th and 13th avenues on Southwest Washington Street. Developer Gerding Edlen sees the 22-story building as an opportunity to extend the Brewery Blocks across Burnside to connect the Pearl District and the West End.*

*"I love the work," he says. "It's a like a big puzzle that we put together."*

*He's even gotten a few buddies to join him, one of whom has already finished his carpentry apprenticeship.*

*"You work your butt off for the first four years in apprenticeship, and still after that, but to make the money we do, it's worth it. If you're not wanting to go to college, and you're wanting a good job, this is definitely it. You can definitely make a living," Cory says.*

*And not all the rewards are monetary, he says, as he scans the skyline.*

*"It's a great feeling to be able to look at a building and say, 'I helped build that.'"*

**A mere 27 years old, he can look in any direction and claim pieces of Portland's changing cityscape as part of his own**

