

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: February 27, 2008
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 08-27
Adoption of the PDC Business and Workforce Equity Policy

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6561

ACTION SUMMARY

This action will adopt the **Business and Workforce Equity Policy** (Policy), and establish two (2) programs to implement the Policy effective April 1, 2008.

- **Business Equity Program** – to ensure that the Portland Development Commission (PDC) provides professional, supplier and construction contracting opportunities to small businesses that have been historically under-utilized including minority and women owned businesses and emerging small businesses (collectively, “M/W/ESBs”); and encourage the utilization of businesses owned by veterans on PDC contracts and on work utilizing PDC resources and land transactions.
- **Workforce Equity Program** – to maximize apprentice participation, and to ensure employment participation of People of Color and women on PDC contracts and on work utilizing PDC resources and land transactions; and encourage the employment of people with disabilities and veterans on PDC contracts and on work utilizing PDC resources.

The Policy replaces the existing policy adopted by the Board on December 18, 1997 (Resolution No. 5066) that authorized implementation of the Disparity Study Implementation Plan and policies concerning fair contracting and workforce training, including the Good Faith Effort Program and Workforce Training and Hiring Program.

The Policy also supports other City of Portland and PDC policies with respect to workforce diversity and utilization of M/W/ESBs.

In addition, this action will incorporate the existing **PDC Workforce Training and Hiring Program** into the Workforce Equity Program, and will continue to require contractors and subcontractors subject to the Policy to be certified by the City of Portland as an **Equal Employment Opportunity** (EEO) employer.

The Executive Director is being delegated authority to establish policy guidelines and administer the Policy.

PUBLIC BENEFIT

The Policy affirms the value PDC places on diversity by increasing the opportunity for women, People of Color, and M/W/ESBs, to participate in PDC contracting and sponsored projects. Construction and construction-related work and apprenticeship opportunities provide the basis for quality careers and living wage jobs. The Policy also responds to concerns voiced by minority communities regarding equity in PDC's contracting procedures.

This action will support the following PDC goals:

- Develop healthy neighborhoods
- Provide access to quality housing
- Help businesses to create and sustain quality jobs
- Support a vibrant Central City (urban core)
- Contribute to a strong regional economy

PUBLIC PARTICIPATION AND FEEDBACK

Since January 2007, community outreach efforts included the following events:

- CH2A's (Harold Williams and Harold Williams II) interviews with nearly 1,000 small businesses in our Urban Renewal Areas (URAs).
- Eight community dialogues hosted by small business owners.
- Stakeholder interviews with PDC Commissioners and community leaders representing small businesses such as the National Association of Minority Contractors (NAMCO); African American Alliance; Oregon Tradeswomen, Inc.; and presentations/feedback sessions with the Oregon Association of Minority Entrepreneurs (OAME), Hispanic Chamber, African American Chamber, and David Evans and Associates Small Business Forum.
- Many stakeholders participated as members of the Contracting Advisory Committee (CAC) and subcommittees providing input to the development of the Policy. This Committee will continue to advise the Executive Director on both policy and program changes needed to accomplish PDC's goals. This Committee continues to work on recommendations for programs that will:
 - Expand PDC outreach efforts to Certified Firms;
 - Expand skills of certified general and specialty contractors.; and
 - Foster financial growth of M/W/ESBs in both cash flow and access to capital.
- The Policy has been presented and feedback solicited from developers and many general contractors at two sessions of a Developers Roundtable held on August 17, 2007 and November 5, 2007.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The Policy replaces the existing policy adopted by the Board on December 18, 1997 (Resolution No. 5066) that authorized implementation of the Disparity Study Implementation Plan and policies concerning fair contracting and workforce training, including the Good Faith Effort Program. This Policy also supports other City of Portland and PDC policies with respect to workforce diversity and utilization of Certified Firms.

FINANCIAL IMPACT

The FY 2007-08 Revised Budget includes funding for on-call consulting services to support developers and general contractors in meeting objectives of the Policy. Some of the developers and general contractors that perform services on PDC direct and sponsored projects have already developed internal competence in working with and supporting capacity-building of Certified Firms. Others will need to develop that capacity and capture the resources required in their project cost estimates, which could impact the level of financial assistance requested of PDC.

RISK ASSESSMENT

Continued commitment to the Policy and the resources necessary to sustain it are required if M/W/ESB utilization and capacity-building are to be accomplished.

WORK LOAD IMPACT

Currently, there are two M/W/ESB coordinators at PDC, one working with projects east of the Willamette River, and the other working on projects west of the river. The Interagency Agreement with the City of Portland has been expanded to include the reporting of Certified Firm compliance, in addition to apprentice and journey reporting for the PDC Workforce Training and Hiring Program. Due to projects already underway, reporting transitions are mandatory.

The responsibilities of the M/W/ESB coordinators have been expanded in the areas of outreach, and real-time technical and compliance assistance to Developers and their General Contractors. While the reporting has been delegated to the City, the level of support and real-time technical and compliance assistance required by developers and their general contractors is as yet unknown.

Resources for the Policy, including public participation, development of the Guidelines and procedures, support to the Contracting Advisory Committee, and all implementation actions including internal and external education, updating the PDC website and all other printed materials are being absorbed by the Community Relations and Business Equity Director, the Purchasing Manager and the M/W/ESB Coordinators. All departments are lending their support with departmental liaisons assigned to the Internal Project Team.

ALTERNATIVE ACTIONS

Should the Policy not be implemented, utilization of M/W/ESBs will remain at the current levels and community concerns will continue, especially among organizations and individuals representing the interests of minority communities.

CONCURRENCE

In addition to the outreach discussed above, the Policy was reviewed by the PDC Executive Team, the Internal Project Team, the external Contracting Advisory Committee, the external Developers Roundtable, and City Council members. The City of Portland's Purchasing Bureau also provided comments and will continue to assist PDC with development of program guidelines and procedures.

BACKGROUND

The Policy provides support to developers and general contractors to ensure success, and includes sanctions for failure to follow the procedural requirements set forth in the Guidelines. The Guidelines will be included in all subsequent contractual documents with PDC. The Business Equity Program expands the current "good faith" outreach efforts and includes additional procedural requirements for outreach, capacity-building of M/W/ESBs and small-business friendly practices.

PDC is committed to partnering with others on actions that augment the effectiveness of the Policy by building the capacity of M/W/ESBs to perform on PDC's projects.

Previous Actions

An informational briefing took place on October 10, 2007. The briefing was the result of work that began in December 2006. At that Board meeting, staff was directed to provide a status on the minority contracting initiative and to provide an update on strategies currently underway and under consideration.

Subsequent Board Actions

The proposed resolution delegates authority to the Executive Director to develop the Guidelines and procedures, as necessary; to implement the Policy and to periodically update the utilization goals based on availability of Certified Firms. The Board retains the authority to grant exemptions or waivers of the Policy.

As a result of this action and implementation of this new Policy, staff may be developing programs and initiatives to grow the capacity of M/W/ESBs to perform on PDC projects.

Major Policy highlights include:

- Retaining the current definition of M/W/ESBs as state certified firms;
- Determination of applicable projects is based on total hard constructions costs, rather than the former basis of PDC investment only;
- Utilization goals are based in part on availability of M/W/ESBs, and will be annually monitored and adjusted by the Executive Director if warranted;

- Encouraging the participation of businesses owned by veterans on PDC contracts and on work utilizing PDC resources and land transactions;
- Maximizing apprenticeship opportunities in the construction trades; and
- Encouraging the employment of people with disabilities and veterans on PDC contracts and on work utilizing PDC resources and land transactions.

Beginning April 1, 2008, the Business Equity Program goals for utilization of M/W/ESBs will be:

1. **Personal Services Contracts:** 25 percent of the contract value;
2. **PDC-Owned Construction Contracts:** 20 percent of Hard Construction Costs;
3. **PDC Sponsored Projects:** 20 percent of Hard Construction Costs;
4. **Interagency and intergovernmental agreements:** the greater of the appropriate Utilization Goal for PDC or the other agency's goal; and
5. **Flexible Service Contracts and Personal Service Contracts:**
 - a) 30 percent of the total number of contracts in any fiscal year; AND
 - b) 25 percent of contract dollars.

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