

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: November 10, 2009
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 09-129
South Waterfront Workforce Diversity Successes

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

None – information only.

SUMMARY

Prior to 2002, the South Waterfront area was largely vacant land located in an under-performing industrial part of town that was hindered by lack of infrastructure and a need for environmental clean-up. The South Waterfront Plan, adopted by City Council in 2002, established a vision for the area to emerge as a 21st century, sustainable, vibrant development that balances commercial and institutional projects, affordable and market-rate housing and public amenities, including an exemplary riverfront and high quality open spaces.

The effort to fulfill the vision of The South Waterfront Plan led to a more collaborative approach between public/private partnerships that resulted in workforce diversity successes to be celebrated and used as best practices, including the five-year training requirement, a workforce diversity oversight committee, strong participation of pre-apprenticeship programs, and an overall community-based approach to diversity outcomes.

BACKGROUND

PDC executed the South Waterfront Central District Project Development Agreement in August 2003 as Board Resolution 6041 with Oregon Health and Science University (OHSU) and private development partners: North Macadam Investors, LLC, River Campus Investors, LLC, and Block 39, LLC. The development agreement specified the responsibilities of all parties to redevelop a 31-acre “Central District” within the City of Portland’s South Waterfront Plan area and North Macadam Urban Renewal Area.

In an unprecedented development agreement provision for PDC, all parties agreed to a collaborative effort to reach a 20 percent aspirational contracting goal for Minority-owned, Women-owned and Emerging Small Business (M/W/ESB) participation on all development agreement projects – both public and private – and to follow the City of Portland’s Workforce Training & Hiring Program. In June of 2004, the parties amended the agreement with another

innovative provision establishing a new South Waterfront Workforce Diversity Strategy. The strategy was designed to increase employment of minorities and women workers in the construction trades, with a goal of 20 percent for minorities and 15 percent women.

In 2005, these partners came together again with local trade union leaders to sign the groundbreaking Project Apprenticeship Agreement, designed to achieve the objectives of the Workforce Diversity Strategy by outlining a model to permanently increase the participation of minorities and women in the construction trades. The partnership between PDC, developers, OHSU, and unions was designed to ensure that graduates have marketable skills that will benefit their families and the community. The agreement has worked; On the South Waterfront, over 20 percent of the apprentices that graduated to the journey level were minorities.

The Oregon Employment Department predicts an increase of approximately 15% in the number of construction jobs in Oregon between now and 2016, with over half of those coming in the form of replacement workers for those retiring. The South Waterfront policies implemented by PDC have actively and successfully encouraged workforce diversity, producing unprecedented numbers for large-scale construction projects in Portland. Furthermore, the successes on the South Waterfront have served as model for all PDC projects.

Six years have passed since the signing of the South Waterfront Central District Project Development Agreement, and it is important to note that many projects in the district were built or are being built entirely with private funds. Developers and contractors have produced the following results:

- Since fiscal year 2005, when PDC started tracking apprenticeship training programs, 534,588 apprentice hours have gone into South Waterfront projects that have been subject to the Workforce Training and Hiring Program or the Project Apprenticeship Agreement, which equals millions of dollars in family-wages;
- As of October of 2009, there were 127 apprentices working on the South Waterfront;
- Of the 164 apprentices who have graduated with their journey card after having worked on a South Waterfront project, 51 (31.10%) were minorities or women;
- For the 2008-2009 fiscal year, 165,837 of the hours worked on the South Waterfront were worked by apprentices, which equates to 24.02% of the total workforce hours. Of those, 26.96% of the hours were minority apprentice hours, while 17.55% were female apprentice hours;
- Minority participation has grown from 13.83% of the South Waterfront construction workforce hours in fiscal year 2005-2006 to 23.20% this past fiscal year; and
- Together, apprentice hours for minorities and women on the South Waterfront in fiscal year 2008-2009 totaled 67,286 hours, or 40.57% of the total apprentice hours for the fiscal year.

PDC's community-based model to increase diversity in contracting and workforce was a true partnership on a number of levels, and there are many people who have helped with this

process over the past six years. The following is just a short list of the many individuals and organizations PDC has to thank:

- The original signatories of the South Waterfront Central District Project Development Agreement: OHSU, North Macadam Investors, LLC, River Campus Investors, LLC, and Block 39, LLC;
- The general contractors on the South Waterfront projects: Hoffman Construction, Walsh Construction, and R&H Construction;
- Local pre-apprenticeship programs, including Oregon Tradeswomen, Inc., the Evening Trades Apprenticeship Preparation Program, WorkSystems, Inc., Irvington Covenant, Portland Youthbuilders, and CAWS (Construction Apprenticeship and Workforce Solutions);
- Local organized labor involved with the Project Apprenticeship Agreement, including International Union of Operating Engineers Local 701, Pacific Northwest Regional Council of Carpenters (RNCC), Ironworkers Local 29, Electricians Local 48, International Brotherhood of Electrical Workers, Laborers' International Union of North America, Sheet Metal Workers' International Association Local #16, Plasterers Local #82, Bricklayers & Allied Craftworkers Local #1;
- The National Association of Minority Contractors-Oregon, the Minority Chambers of Commerce and the Metropolitan Contracting Improvement Partnership, which focuses on building contractor capacity;
- The South Waterfront Workforce Diversity Committee; and
- City of Portland and Portland Development Commission staff, past and present.

PDC anticipates total construction spending in the South Waterfront and in the city as a whole to decrease due to the economic climate for the current and coming fiscal years. However, PDC policies and partnering will ensure that there is diverse and inclusive participation on all South Waterfront Central District Project Development Agreement Contingent projects.

The key to changing the face of the workforce is through apprenticeship training. A diverse pool of apprentices will lead to a diverse workforce for many years to come. This strategy is an approach that has worked on the South Waterfront, is being emulated on all PDC sponsored projects that receive at least \$300,000 in PDC resources and have hard construction costs of at least \$1,000,000, and has contributed to building a legacy for the future.