



DATE: November 13, 2019
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 19-53

Authorizing an Intergovernmental Agreement Among Prosper Portland, the City of Portland Office of Management and Finance, and the City of Portland Office of Equity and Human Rights, and Other Actions to Implement the Community Opportunities and Enhancement Program

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7348

At the November 13, 2019 Prosper Portland Board of Commissioners (Board) meeting, staff will seek Prosper Portland Board authorization for the Executive Director to execute an intergovernmental agreement (IGA) with the City of Portland (City) Office of Management and Finance (OMF), Office of Equity and Human Rights (OEHR) for the purpose of implementing the Community Opportunities and Enhancements Program (COEP). Staff will also seek Prosper Portland Board authorization for the Executive Director to take actions to accept approximately \$300,000 from the Portland Housing Bureau (PHB) to support the business assistance and/or workforce assistance goals of COEP, which may come in the form of an amendment to an existing IGA with PHB.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Implementation of COEP supports Prosper Portland's goals of widely-shared prosperity and collaboration with our partners to build an equitable economy. Specifically, COEP supports access to career-path employment for underrepresented job seekers and wealth creation opportunities for entrepreneurs of color.

Overall, the goals of the COEP are to increase the number of people of color and women in the construction trades and to remove barriers for construction firms owned by people of color and women so that they can successfully participate in public contracting.

BACKGROUND AND CONTEXT

The COEP is one of the City's strategies to increase diversity and equity in construction contracting and is funded by a one percent set-aside of hard construction costs on all City-owned public improvement construction contracts. Through a series of grants, COEP will fund workforce development and business technical assistance to accomplish its goals.

City Council authorized the creation of COEP in 2017 through Resolution 37331, along with several other efforts to support social equity in contracting. However, efforts to move toward a funding set-aside for construction workforce and business equity have been ongoing for nearly a decade. The following timeline outlines various related efforts that have contributed or led to COEP's creation.

2009: The City performed a Disparity Study which showed statistically significant underutilization of prime contractors owned by people of color and women on City construction projects.

2011: The Metropolitan Alliance for Workforce Equity (MAWE), a coalition of community, labor, business and equity partners, formed. MAWE developed the Model Community Benefits Agreement (Model CBA) template to create a framework to increase contracting and workforce opportunities for historically underserved community members.

2012: City Council approved the draft Model CBA for consideration on construction projects over \$15,000,000 and piloted the Model CBA on two Portland Water Bureau projects: the Kelly Butte Reservoir and Interstate Maintenance Facility.

2015: City Council directed the allocation of one percent of the hard construction costs from the Portland Building Reconstruction Project for workforce assistance for underserved communities and business technical assistance for D/M/W/ESB construction firms.

2016: The City allocated funds for community opportunities and enhancements on the Washington Park Reservoir and the Yamhill Garage projects as part of their Community Benefit Plans. The City has since completed and assessed the two pilot projects and the Model CBA. While the Model CBAs were generally successful, City and industry stakeholders agreed that making funding available to support equity efforts on a project-by-project basis was inefficient for both City bureaus distributing funds and community organizations applying for multiple grants and reporting outcomes to multiple bureaus.

2017: City Council approved resolutions requiring the use of a Community Equity and Inclusion Plan for projects \$10,000,000 to \$25,000,000 and required CBAs for projects over \$25,000,000. To address the inefficiencies of project-by-project construction equity efforts, City Council directed staff to create COEP and fund it by collecting one percent from all City-owned construction projects.

2018: The City released a Request for Applications (RFA) to utilize funds collected from the Portland Building Reconstruction, Yamhill Garage, and Washington Park Reservoir projects. During the RFA review process, the City received community feedback that additional programmatic planning was necessary, which encouraged the City to put a hold on the grant award process.

Metro and the City of Portland released the [Portland Metro Region Construction Workforce Market Study](#), which described the major barriers to achieving equity and increasing diversity in the construction workforce for the Portland metropolitan region. The study identified a set of recommendations for success which included regional cooperation, stable funding for pre-apprenticeship programs, job site culture training, investment in ongoing supportive services, and the development of more robust regional equity policies and practices.

Metro convened stakeholders from public agencies, private industry and community-based organizations through the [Construction Careers Pathway Project](#) (C2P2) to identify strategies for providing reliable career pathways for people of color and women in the construction trades.

2019: OMF, OEHR, and Prosper Portland entered a Memorandum of Understanding (see Attachment A) to serve as a basis for negotiations towards an IGA for development and implementation of COEP. OMF has indicated that it anticipates that the IGA will go before City Council for authorization in December 2019.

EQUITY IMPACT

The COEP will provide much-needed resources to communities of color and women who are interested in pursuing a career in the trades and construction business ownership. The grant process that Prosper Portland will manage will prioritize funding to organizations from and serving communities of color.

COMMUNITY PARTICIPATION AND FEEDBACK

As outlined above, numerous efforts related to the development of COEP have occurred over the last decade. Prosper Portland staff will rely heavily on feedback received through those efforts and supplement where necessary through stakeholder engagement. Staff intend to host a community event in early 2020 to share ideas about how the COEP grant program might work and to collect feedback.

BUDGET AND FINANCIAL INFORMATION

Through the IGA, Prosper Portland is requesting a lump sum of up to \$50,000 to cover staff time to date on this effort, based on actual expenses. Prosper Portland also anticipates receiving \$200,000 annually for the term of this IGA (FY 2019/20 and FY 2020/21); these funds are necessary for personnel, materials and services, and indirect costs to develop the program, manage the Request for Proposals process, monitor grant recipients, track program outcomes, market the program, and support COEP through a community of practice. In a separate item on the November 13, 2019 agenda, staff will seek Prosper Portland Board approval of FY 2019/20 Budget Revision 2, including changes to acknowledge these incoming resources.

As the COEP fund grows and more resources are available to allocate to service providers, it is likely that Prosper Portland's administrative fee will increase to manage additional contracts and a large network of service providers. At the same time, however, the percent of the fund that is reserved for administration will go down.

RISK ASSESSMENT

Prosper Portland would agree in the IGA to administer the COEP for a fixed annual payment; therefore, it is possible that actual administrative costs may exceed the reimbursement received out of COEP funds.

In addition, it is anticipated that certain COEP funds (such as ratepayer funds) may be restricted in use, and thus it is important for Prosper Portland to work closely with City staff and legal counsel to adhere to City guidance on eligible uses of funds. This risk is somewhat mitigated in that the IGA will provide that the City, not Prosper Portland, will be responsible for determining eligible uses of funds.

ATTACHMENTS

- A. COEP Memorandum of Understanding