

# ANNUAL REPORT

**FY 2009-10**

**Utilization of minority,  
women, emerging small  
businesses and the first  
opportunity target area at  
Metro**



**Metro**

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DATE: October 29, 2010

TO: Carlotta Collette, Acting Council President  
Rex Burkholder, Councilor  
Kathryn Harrington, Councilor  
Carl Hosticka, Councilor  
Robert Liberty, Councilor  
Rod Park, Councilor

**SUBJECT: MWESB AND FOTA REPORT FOR FY 2009-10**

In accordance with Metro Code 2.04, our office is providing this annual report to the Metro Council. It represents our agency's utilization of minority, women, and emerging small businesses (MWESB) in the contracting process. This report covers the period from July 1, 2009 through June 30, 2010. Additionally, the utilization of contractors in the first opportunity target area (FOTA) is contained in this report.

Fiscal year 2009-10 was a very strong year for Metro's MWESB program for two reasons. First, the dollar utilization for the agency increased from 6 percent to 18 percent, which is significant. But more importantly, unlike previous years where the higher utilization relied upon one or two larger construction contracts, this year we have seen a broader utilization over multiple types of contracts by an increasing number of programs and projects. This reporting period also precedes the increase Council recently authorized in the sheltered market program and the review of the MWESB program by the senior leadership. Council has reviewed the resulting recommendations and will be enacting them by resolution in November. Both these actions are intended to sustain the improved performance in the coming years.

This report includes an overview of Metro's MWESB program, as well as the utilization results by both number of contracts and dollar amount of contracts awarded. We also break down the amount of contracts awarded between minority business enterprises (MBE), women business enterprises (WBE), and emerging small businesses (ESB). MWESB utilization by operating unit is noted, as well as some program highlights from the past year.

The FOTA procurement activity includes both the dollar amount of purchases and the total dollars spent. In addition the report also includes information about the purchasing and hiring practices of the large contractors that are managed by the Metropolitan Exposition Recreation Commission (MERC).

Thank you for your ongoing support of our MWESB and FOTA programs. Please feel free to contact us if you require additional information.



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# Program overview

## HISTORY

Metro's minority, women, and emerging small business (MWESB) program was established following the Oregon Regional Consortium Disparity Study issued in 1996. Metro created contracting programs to provide opportunities to MWESB contractors. The intent of these programs was to level the playing field for small businesses and also to boost the local economy.

The Metro Council has determined that:

- Historical patterns of exclusion have resulted in inequities for MWESB's;
- Full participation in our free enterprise system by MWESB firms is essential;
- Greater economic opportunity for MWESB firms is essential;
- Promoting the use of MWESBs provides for a stronger local economy.

While Metro has not participated in a more recent disparity study, the results of recent public agency studies support the continued use of programs similar to Metro's. Studies and audits by the Port of Portland, Oregon Department of Transportation, and the City of Portland reveal a continued disparity in the amount of contracts awarded to MWESBs.

## METRO'S PROGRAM

Metro's MWESB program is administered by Procurement Services, a division within Finance and Regulatory Services, on behalf of the Chief Operating Officer.

Metro's policies are race and gender neutral. Contractors of all types are welcome to compete in our contracting processes, as long as they are certified by the State of Oregon as a minority business enterprise (MBE), women business enterprise (WBE) or emerging small business (ESB).

Metro's MWESB program is one of outreach, education and opportunity. The program activities that promote the use of MWESB firms include:

- Focusing on outreach and marketing to local MWESB firms to ensure their participation;
- Providing technical assistance on bidding, bonding, insurance and other business practices to assist MWESBs in the public bidding process;
- Structuring contract size appropriately to maximize the use of MWESB firms.
- Provide ongoing education to Metro staff on MWESB program rules and the importance of diversity in the contracting process.
- Ensuring MWESB plan centers receive Metro bids and requests for proposals, and advertising in minority business publications.

It is important to note that Metro strives to provide contracting opportunities to MWESB firms. However, contracts are not "given," but rather are earned through competitive processes by MWESBs that are experienced, licensed and certified.

## Procurement requirements

Metro policies also establish the following requirements in the purchasing and contracting process to ensure opportunities are provided to MWESB firms.

## Informal purchasing opportunities

Purchases less than \$50,000 are open to all bidders, but do require that at least one MBE, one WBE and one ESB are given the opportunity to bid. If MWESB firms are not available, then a waiver can be obtained from Procurement Services.

**Informal sheltered market**

Construction related services less than \$50,000 are bid only among qualified MWESB contractors. Competitive bidding requirements still apply, but it is within the sheltered market of MWESB firms. All firms are licensed and bonded by the Oregon Construction Contractors Board (CCB), and follow the same rules and regulations as other contractors. The Metro Council increased this threshold from \$25,000 to \$50,000, effective July 21, 2010. This will provide for additional contracting opportunities for MWESB companies.

**Good faith effort**

On construction projects more than \$100,000, prime bidders on Metro projects are required to demonstrate a good faith effort in inviting MWESB firms to bid on sub-contracts. The intent is to promote collaboration with local MWESB firms, so that they can compete for work within their area of expertise.

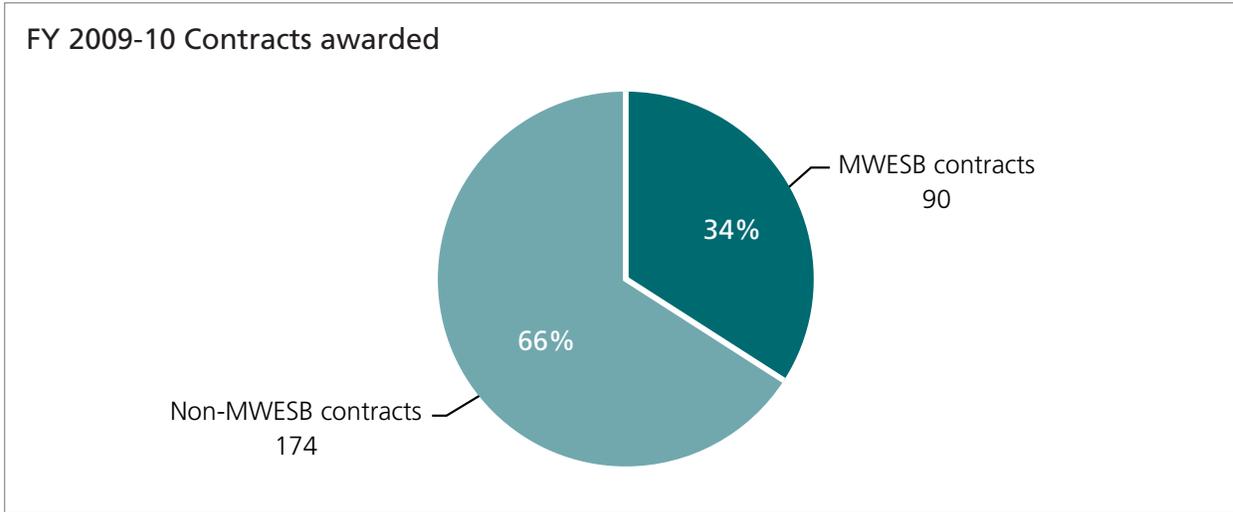
**Advertising**

On all formal procurements more than \$100,000, Metro advertises in at least one minority business publication. These include *The Observer*, *The Skanner*, *El Hispanic* and *The Asian Reporter*. In addition to getting the word out to the minority community on Metro's contract opportunities, the advertising revenues also support local, minority-based businesses.

# Summary of results

## NUMBER OF CONTRACTS AWARDED DURING FY 2009-10

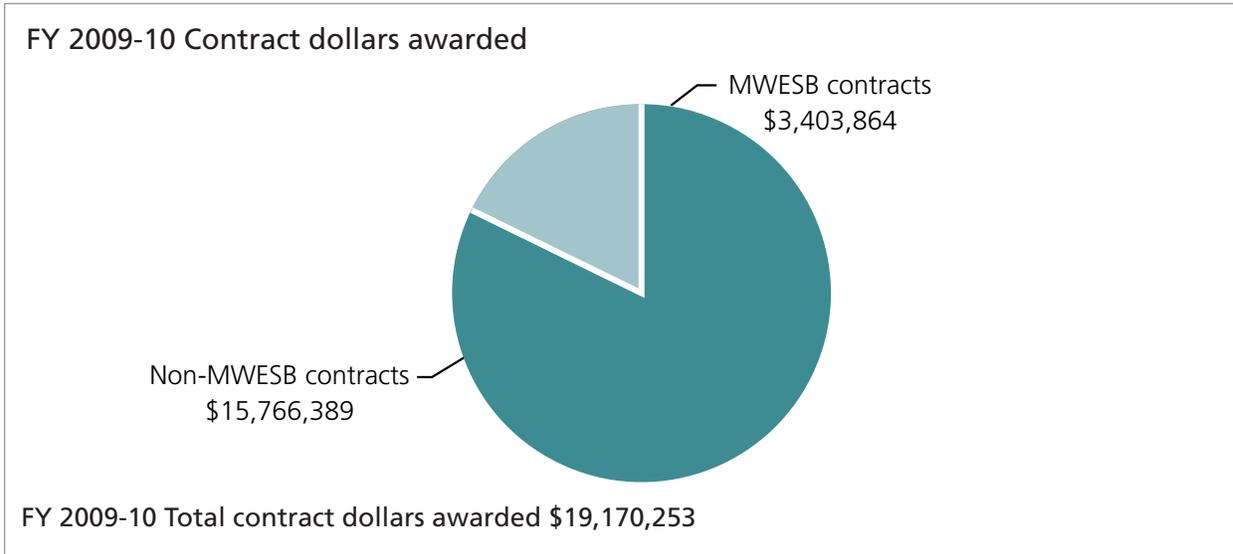
During FY 2009-10 a total of 264 eligible contracts were awarded through Metro’s competitive procurement process. This did not include contracts such as intergovernmental agreements and grants. Of the total contracts awarded, 90 went to MWESB firms. This represents 34 percent of the total contracts available. This is an increase from last fiscal year, which was 22 percent.



## CONTRACT DOLLARS AWARDED DURING FISCAL YEAR 2009-10

Metro awarded a total of \$19,170,253 in contracts during the past fiscal year. MWESB firms received contracts totaling \$3,403,864, which represents a utilization of 18 percent. This is a significant increase from Metro’s utilization for the last two fiscal years (6 percent).

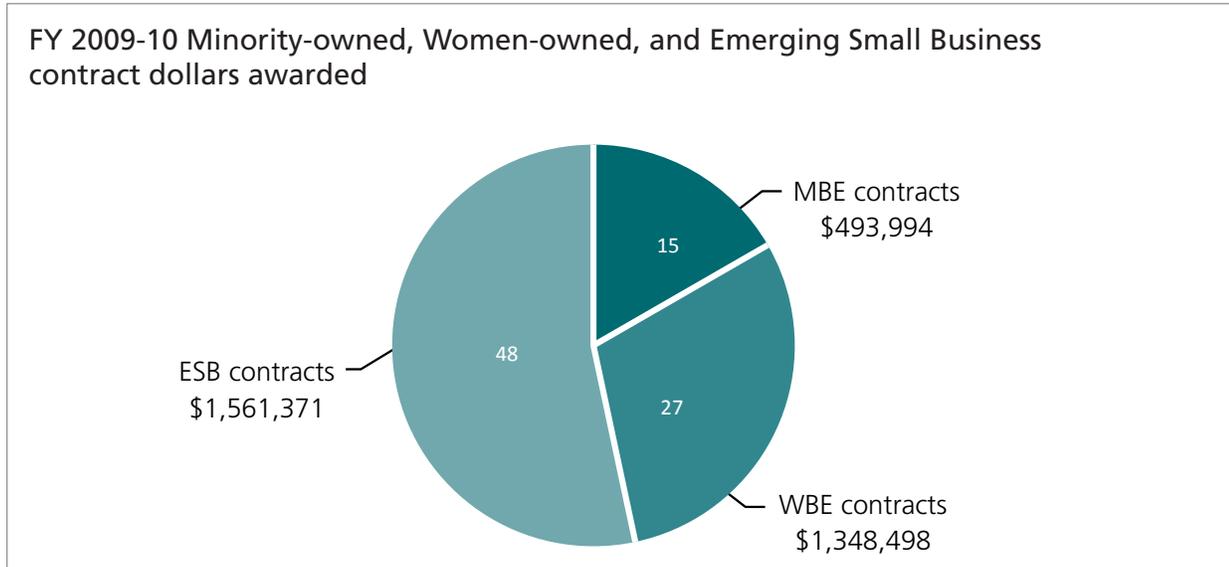
It should be noted that two large contracts are not included in this data. The operational agreements for Metro South and Metro Central transfer stations were awarded during 2010, and each was a multi-year contract in excess of \$30 million. These are noted later in the report under program achievements.



# Breakdown by MBE, WBE and ESB

## CONTRACT DOLLARS AWARDED BY MBE, WBE AND ESB

A total of \$3,403,864 in contracts was awarded to certified MWESB firms. The breakdown of contract dollars to MBE, WBE and ESB firms is identified below.



During this past fiscal year, ESBs received slightly more than half of the available contracts (48 out of 90) totaling \$1,561,371. WBE firms received 27 contracts for a total amount of \$1,348,498, while MBEs received 15 contracts for \$493,994.

## SUBCONTRACTOR UTILIZATION

In prior years, the Metro Council has identified the need for capturing subcontractor utilization along with the prime contractor that has been historically tracked. The following represents the MWESB subcontract opportunities provided during the past year through the good faith effort program (require outreach by prime bidders on construction contracts more than \$100,000).

Project: Graham Oaks Nature Park Improvements  
 Prime Contractor: JP Contractors, Inc.  
 Contract Amount: \$1,796,478

Subcontractor	Certification	Contract Amount
Kodiak Paving	MBE	\$83,750
Fitzpatrick Fence	ESB	53,944
<b>Total</b>		<b>\$137,694</b>

Project: Gleason Boat Ramp Improvements, Phase 2.  
 Prime Contractor: Brant Construction Company  
 Contract Amount: \$1,517,019

Subcontractor	Certification	Contract Amount
Salt & Pepper Construction.	MBE	\$38,000
Firwood Design Group	ESB	3,350
<b>Total</b>		<b>\$41,350</b>

**Total subcontracts awarded \$179,044**

The following data represents the amount of dollars and contracts awarded by each Metro department, as well as the MWESB utilization.

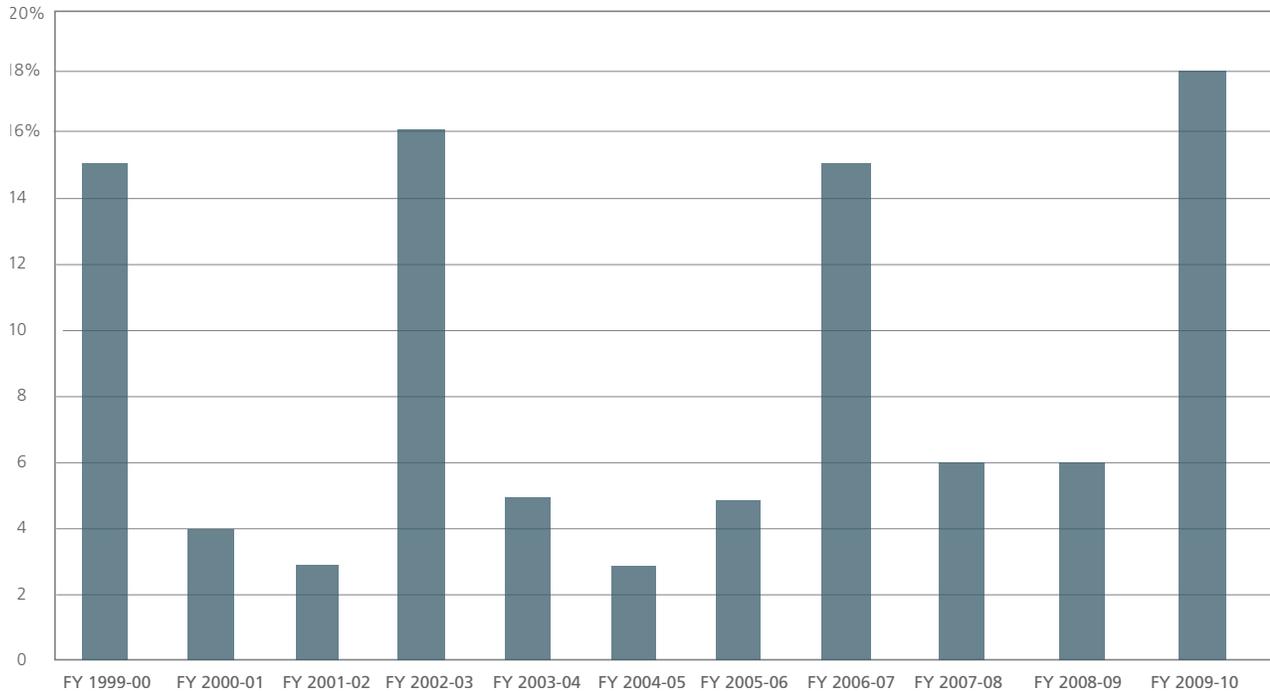
	Total number of contracts	Total number of MWESB contracts	Percentage of MWESB contracts	Total contract dollars	Non-MWESB	MWESB	MWESB percentage of contract dollars
Finance and Regulatory Services	4	1	25%	\$185,403	\$179,803	\$5,600	3%
Human Resources	2	1	50%	16,200	9,200	7,000	43%
Information Technology	6	0	0%	620,640	620,640	0	0%
Office of Metro Attorney	5	0	0%	348,998	348,998	0	0%
Auditor's Office	2	0	0%	588,441	588,441	0	0%
Communications	24	9	38%	1,210,000	745,000	465,000	38%
Oregon Zoo	57	23	40%	4,403,623	3,736,974	666,649	15%
Parks and Environmental Services	86	36	42%	6,663,974	5,509,230	1,154,745	17%
Planning	43	10	23%	2,261,177	1,402,444	858,733	38%
Sustainability Center	35	10	29%	2,871,796	2,625,659	246,137	9%
<b>TOTAL</b>	<b>264</b>	<b>90</b>	<b>34%</b>	<b>\$19,170,253</b>	<b>\$15,766,389</b>	<b>\$3,403,864</b>	<b>18%</b>

# Utilization trends

## UTILIZATION HISTORY AT METRO

The following data represents the agency's MWESB utilization during the past decade. In some years Metro has done extremely well, while other years have not produced the results that we had hoped for.

### Minority-owned, Women-owned, and Emerging Small Business program utilization FY 1999-2000 through FY 2009-10 percentage of dollars awarded



During FY 2009-10, the agency made tremendous progress in the area of MWESB utilization. After experiencing two straight years of single digit utilization (6 percent for both FY 2007-08 and FY 2008-09), Metro realized a utilization of 18 percent. This amount is more in line with the performance benchmarks established by Finance and Regulatory Services, and is also consistent with what other area agencies are achieving. Portland area agencies understand the value of diversifying their contract spending and actively promote and track the use of MWESB contractors.

## PROCUREMENT CARD UTILIZATION

Procurement Services also administers an agency-wide procurement card (p-card) program. Certain goods and services are charged to Metro cards as a convenient and efficient way of payment. In accordance with agency policy, a total of \$38,425 was spent with companies certified as MWESB. This represents 1 percent of the \$3.9 million dollars of p-card spend for the year.

# First Opportunity Target Area

## HISTORY

Prompted by legislation from 1987 during the construction of the Oregon Convention Center (OCC), the first opportunity target area (FOTA) was established. This established a policy of providing the first opportunity for available jobs to economically disadvantaged citizens residing in the immediate vicinity of OCC.

Under the direction of the MERC commission and the Metro Council, the FOTA program has been reviewed and improved over the years. The current focus is to provide employment and contracting opportunities to residents and businesses within the area. Additionally, for all contract opportunities greater than \$5,000 MERC is required to obtain at least one price quotation from an MWESB firm within the FOTA.

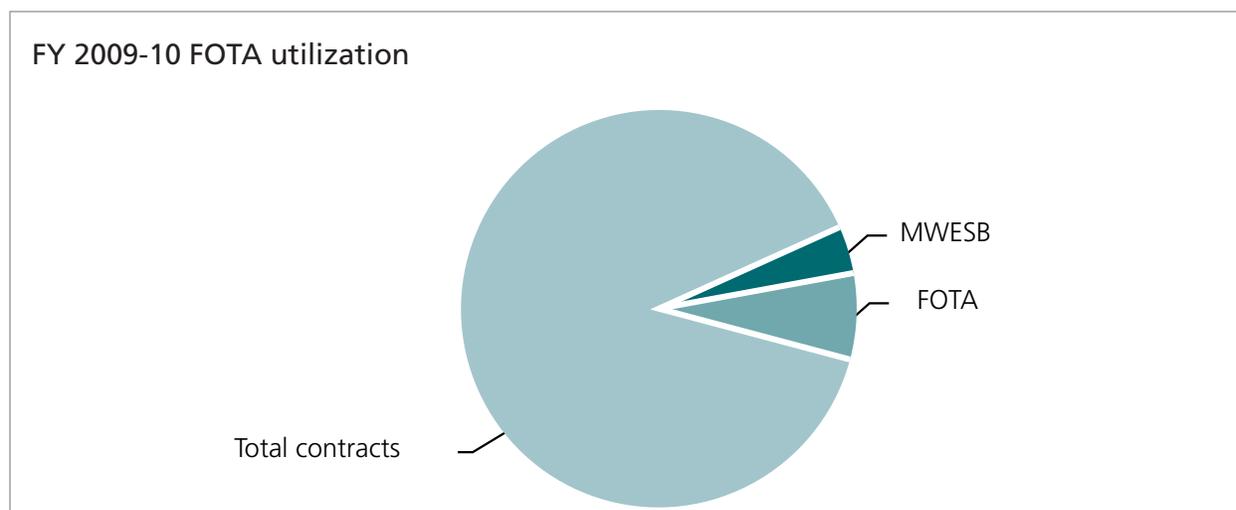
## PROGRAM RESULTS

During the past fiscal year all MERC venues adhered to the FOTA contracting rules. These include the Expo Center, Portland Center for the Performing Arts, and the Oregon Convention Center. The following represents the total contracting activity for each venue, as well as the contracts awarded to FOTA businesses.

A total of \$4,408,221 in contracts was awarded during FY 2009-10. Of that amount, \$255,192 were awarded to businesses within FOTA. An additional \$135,795 in contracts was awarded to MWESB firms within FOTA. Total dollar utilization for FOTA and MWESB businesses was 9 percent.

Venue	No. of Contracts	Total Dollars	MWESB Contracts	MWESB Dollars	FOTA Contracts	FOTA Dollars
Expo	10	\$212,036	1	\$50,000	1	\$42,780
PCPA	61	940,573	7	55,365	3	8,941
OCC	155	3,018,016	3	30,430	13	152,606
MERC	28	237,597	0	0	3	50,865
<b>TOTALS</b>	<b>254</b>	<b>\$4,408,221</b>	<b>11</b>	<b>\$135,795</b>	<b>20</b>	<b>\$255,192</b>

Out of the 254 contracts awarded by MERC during the past fiscal year, a total of 31 went to MWESB and FOTA firms (11 and 20, respectively). This represents a utilization of 12 percent.



MERC utilizes several large contractors during any given year. These include key partnerships with Aramark, Travel Portland, and City Center Parking. Specific requirements are included in each of these agreements that provide employment and contracting opportunities for local residents.

Although recent data was not available at the time of this report, prior years have seen positive results from these contracts. The following represents the average annual impact to the FOTA community in terms of contract purchases and employment opportunities.

<b>Contractor</b>	<b>Average Annual FOTA Purchases</b>
Aramark/Giacometti	\$469,040
Travel Portland (POVA)	\$94,924

<b>Contractor</b>	<b>Average Annual FOTA Hires</b>
City Center Parking	164

## Program accomplishments

Metro has continued to administer an effective MWESB program, consistent with state and local procurement regulations. During the past fiscal year the Office of Metro Attorney has been fully engaged in developing and improving the program. The goal is to stay within the bounds of Oregon law while promoting diversity in the contracting process. The following represents some noteworthy achievements by the agency.

### **LEGAL SUMMIT PARTICIPATION**

During 2010 local public agencies were brought together in a legal summit sponsored by Multnomah County. Leaders from the procurement and legal offices were invited to participate in this effort. Review of agency best practices, discussion of lessons learned, review of recent disparity studies and input from local small businesses are included in the quarterly summits. The Office of Metro Attorney and Procurement Services have attended each event and participated in improving contracting practices across the region. This collaboration will undoubtedly benefit Metro and other agencies involved, but the focus remains an ongoing commitment to the MWESB business community and providing opportunities to public contracts.

### **TRANSFER STATION OPERATIONS RFP**

During the selection of contract operators for Metro's transfer stations (Metro South and Metro Central) diversity was included in the evaluation criteria. The RFP for these contracts included cost, sustainable business practices and experience, along with each proposer's commitment to diversity in their employment and contracting practices. In addition to providing job opportunities to minorities and women, the prime contractors reached out to the MWESB community for their subcontracting opportunities. Leaders within the African American community were engaged in the promotion of the employment and contracting opportunities.

### **STRENGTHENING OF MWESB PURCHASING PROGRAM**

In April 2010 the Metro Council approved certain changes to the Metro Code governing the agency's MWESB program (Chapter 2.04). The sheltered market program, which bids construction projects among MWESB firms, was expanded from \$25,000 to \$50,000. Additionally, the requirement to contact one MBE, one WBE, and one ESB on all Metro purchases was increased from \$25,000 to \$50,000. This was a significant step, as Metro had been at the lower threshold for many years, while other area agencies had increased their program limits. This change, effective in FY 2010-11, will provide increased contracting opportunities for MWESB firms in all areas of agency spending.

### **SENIOR LEADERSHIP TEAM COMMITTEE**

At the direction of the Chief Operating Officer, a committee was assembled from Metro's Senior Leadership Team. Directors from throughout the agency worked with the Metro Procurement Officer to develop specific recommendations that would improve the contracting process and promote diversity beginning in FY 2010-11. Best practices by other area agencies were reviewed and 11 recommendations were brought forth to "jump start" Metro's MWESB program. These actions were consistent with the Council's earlier Code changes expanding the MWESB program.

## Program recommendations

Finance and Regulatory Services has recently presented a set of program recommendations for the MWESB program to the Metro Council. After unanimous support by the Council members at a September work session, a resolution will be forthcoming that formally adopts the following actions in order to further strengthen the agency's contracting program. These recommendations are part of a report submitted by a committee created by the Senior Leadership Team.

### **INCLUDE AN MWESB GOAL IN ALL FORMAL AGENCY BIDS**

Metro will follow the practice employed by other area agencies (Portland Development Commission, City of Portland, TriMet, etc.) and include a 15 percent goal for MWESB subcontractor participation in all formal bids. Currently the agency requires a documented "good faith effort" of all prime bidders, but does not establish a specific target.

### **INCREASE REPORTING REQUIREMENTS FOR PRIME CONTRACTORS**

Currently Metro rules require prime contractors to identify which subcontractors (including MWESBs) they intend to use. Metro will require additional reporting during contract performance to assure that the MWESB subcontractors actually receive the amount of work proposed.

### **PACKAGE CONSTRUCTION PROJECTS TO FIT WITHIN OUR SHELTERED MARKET PROGRAM**

Small construction projects can be better planned so that they fall within the sheltered market program (up to \$50,000). Operating units should include this in their annual contracts planning, and consider pulling out pieces of larger contracts to make them more attractive for small business.

### **INCLUDE DIVERSITY AS AN EVALUATION CRITERIA IN ALL AGENCY RFPs**

Metro has used the criteria of Diversity in Employment and Contracting in its selection of major RFPs for services. Recent examples include the transfer station operation, zoo master planning and food distribution. However, this should become standard criteria for all agency RFPs.

### **INCREASE THE MWESB TRAINING PROGRAM THROUGHOUT THE AGENCY**

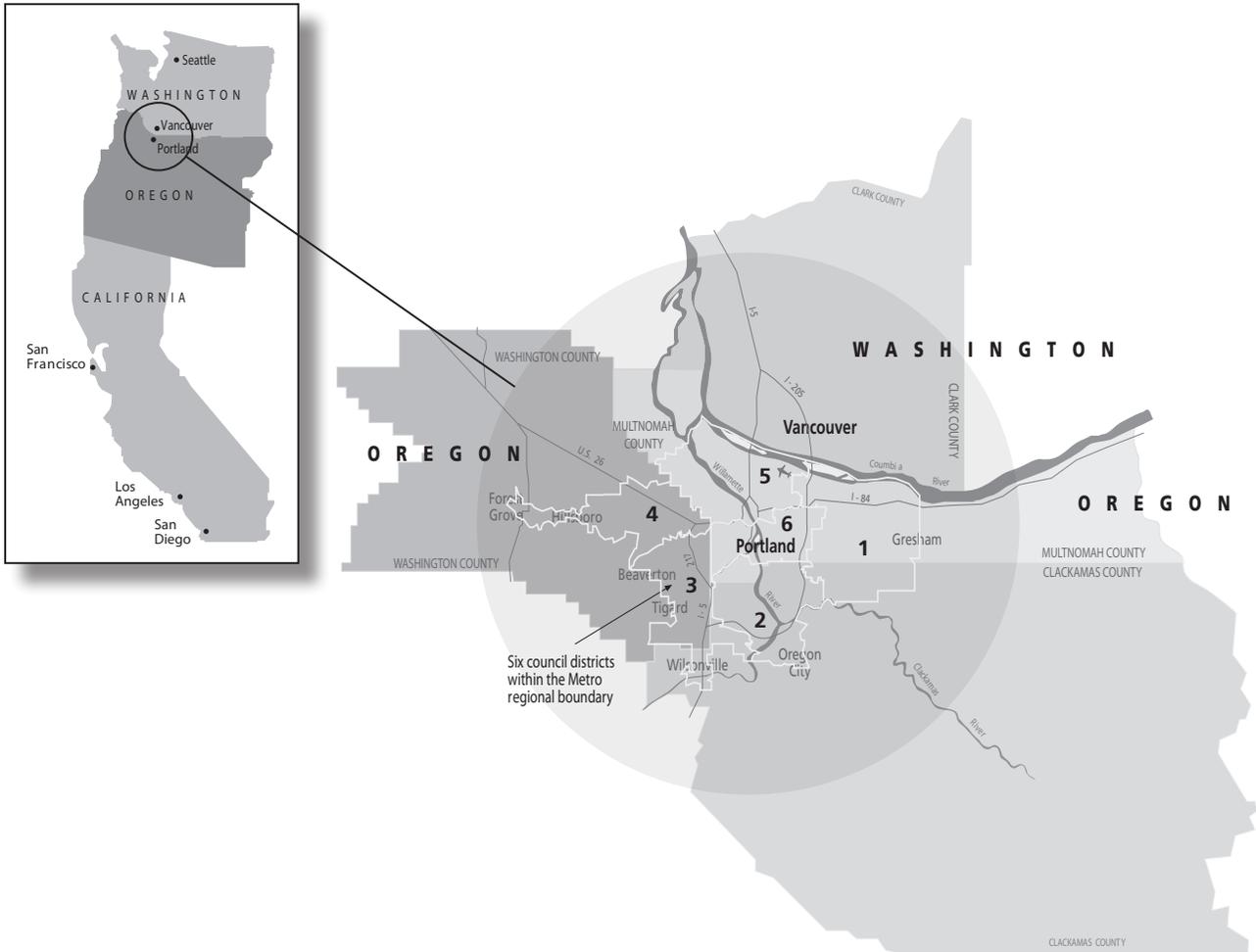
Training on the MWESB program is currently provided once a year. The goal is that MWESB program training be offered at least twice a year and that all program, project and procurement staff throughout the agency be required to attend.

### **EXPAND AGENCY OUTREACH TO MINORITY BUSINESS COMMUNITY**

Metro is highly involved with minority business associations such as the Oregon Association of Minority Entrepreneurs (OAME) and the National Association of Minority Contractors of Oregon (NAMCO). The agency should increase its outreach to other organizations, including those that support the Asian, Native American and Hispanic business communities. Such outreach could increase the number of MBE contracting opportunities.

### **PROVIDE A FORUM TO NETWORK WITH MWESB'S**

In order to do a better job of reaching out to local MWESBs, Metro will host a minimum of two "meet and greet" events each year. This will provide certified firms the opportunity to network with agency project and program managers, learn more about how Metro does business and become more aware of future contracting opportunities.



**Metro**  
**People places • Open spaces**

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region’s economy.

**Your Metro representatives**

- Acting Council President Carlotta Collette
- District 1– Rod Park
- District 3– Carl Hosticka
- District 4– Kathryn Harrington
- District 5– Rex Burkholder
- District 6– Robert Liberty
- Auditor– Suzanne Flynn

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