

Franchise Review Equity and Diversity Measures

DISCUSSION DRAFT

May 22, 2018

Background

- City Council launched the mid-term franchise review on August 3, 2017 and adopted guiding principles for the review, including new principles to increase workforce diversity and reduce barriers to economic opportunity for Minority/Women Business Enterprises (M/WBEs)
- BPS held stakeholder interviews, conducted a workforce demographic survey, drafted an Equity Options Report, and convened two stakeholder group meetings in the fall of 2017.
- BPS reported back to City Council in late January 2018 with findings that the franchise system is serving Portland well on most counts, yet more research was needed to assess options for reducing barriers to new entrants in the franchise system and other economic opportunities.
- BPS posted a Request for Information (RFI) in March to assess interest and capabilities of potential new entrants to the franchise system.
- BPS received three RFI responses. Two were from certified MBEs and one was from a company too big to qualify for certification from Business Oregon's Certification Office for Business Inclusion and Diversity (COBID). The responses from the small, local companies lacked sufficient detail, both on the operations and financial sections. The results indicated a need to focus first on creating opportunities for prospective new entrants to build capacity.

Proposed Near Term Actions

For a more diverse workforce

1. Establish an agreed upon baseline and goals for women and minority participation in the workforce across all organizational levels. Set up regular data collection processes to evaluate progress towards goals.
2. Partner with workforce development organizations to implement best practices for increasing workforce diversity, including:
 - A. Conduct outreach to targeted populations through partnerships with workforce agencies that serve diverse populations. Connect employers to pools of qualified job candidates. Provide technical support and training to prospective job candidates.
 - B. Offer trainings to address internal culture issues that can make recruitment and retention of minorities and women more difficult and less effective.

To reduce barriers to economic opportunities

1. **Increase access to economic opportunity within existing residential franchise**
 - A. Ensure current and new franchisees can continually invest in their fleet and depreciate their vehicles by lengthening the term of the franchise agreement to 12 years. Continue to review the franchise agreement every five years.

- B. Allow division of franchise territories to create more opportunities for potential sales.
 - C. Create registry of entities interested in purchasing a residential franchise or expanding their customer base in the commercial sector. Require franchisees that wish to transfer assignment of franchise rights to:
 - Document outreach to at least three certified M/WBEs on the registry when they contact BPS with a franchise transfer request and
 - Submit their franchise transfer request to BPS at least one year before assignment of franchise rights takes effect.
 - D. Encourage utilization of COBID-certified contractors by requiring franchisees with more than 10 percent of the residential customer base to identify opportunities for contracting with COBID-certified companies and to document outreach to qualified COBID-certified companies that could provide business services.
- 2. Create economic opportunity outside of the residential franchise**
- A. Explore ways to provide more equitable service to multifamily customers, including additional regulatory controls. Convene stakeholders in FY 2018-19 to begin a discussion and evaluate options for meeting multifamily service goals.
 - B. Overhaul City facilities and public trash collection contracts and procurement processes. Pilot new approaches that reduce barriers to access for M/WBEs. BPS is hosting a listening session in June engaging people of color, who are interested in entering the waste collection industry, to hear their perspective on barriers and opportunities.

Proposed Future Action

Re-evaluate the creation of one or more new entrant zones in the residential franchise system. This would be considered during the next midterm franchise review in five years. Consider an option to:

1. Reduce the cap that limits the number of residential customers any one franchisee may service from 40 percent to 30 percent, and
2. Develop a mechanism for the City to provide an opportunity to one or more new entrants to provide service to the customer base affected by the reduced cap.

Next Steps

June and July — Meet with stakeholders to discuss and refine recommendations and new language for franchise agreement.

Early August — Publish proposed franchise agreement in DJC.

Late August — City Council hearing to adopt new franchise agreement (20 days after DJC posting).

Late September — Second City Council reading (30 days later).