

Community Benefits Agreement Pilot Evaluation

Presentation to
Portland City Council
September 22, 2016

Evaluation Approach

Four Components

1. Financial Analysis of the 1% set-aside

- Where and how were funds authorized? Disbursed?
- Who received them? What were they used for?

2. Program/Process Analysis

- Program outcomes, objectives identified? Well-understood?
- Contractual relationships between entities
- Award process
- Monitoring activities

3. Performance Analysis

- Achievement of goals, objectives
- Comparison of pilot projects
- Effectiveness of strategies

4. Comparative Analysis

- Comparison of pilot projects to similar City projects
- Comparison of award process with other City programs

What We Did

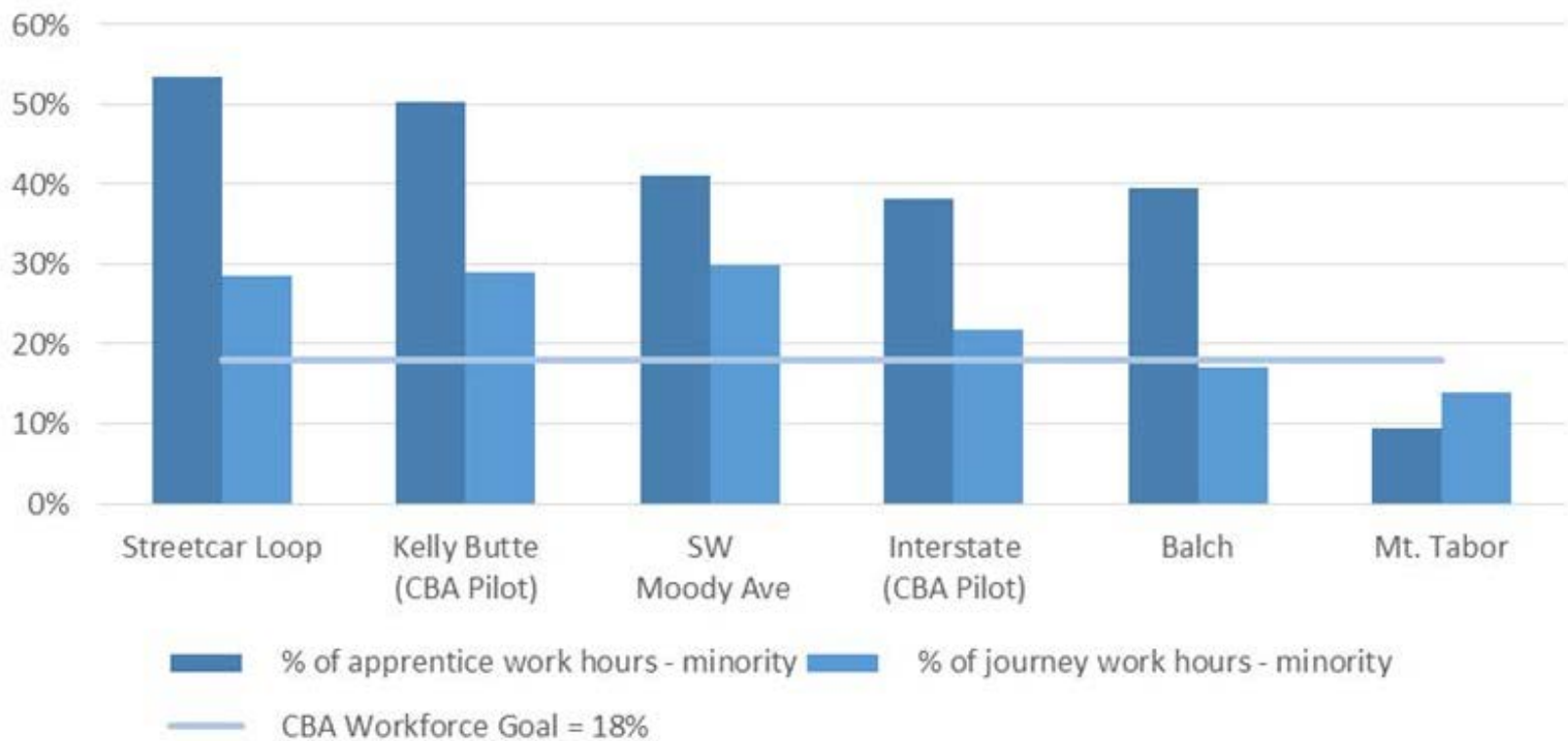
- Interviewed 17 representatives from:
 - Portland Water Bureau
 - Hoffman Construction
 - LMCOC and subcommittee members
 - Other City construction contractors
 - City Procurement Services, Equity and Human Rights
 - CAWS/WSI
- Reviewed documents, data
- Conducted on-site review (not an audit) of WSI/CAWS records

Findings

Performance Against Goals

- Pilot projects were successful in meeting most CBA goals
- Comparable projects also achieved good results against goals
- All projects struggled to meet goals for journey level hours worked by women

Performance of Comparable Projects Against CBA Workforce Goals Apprenticeship and Journey Utilization - Minorities



Performance of Comparable Projects Against CBA Workforce Goals Apprenticeship and Journey Utilization - Women



Performance of Comparable Projects Against CBA Contracting Diversity Goals



Likely Reasons for Success

- Well-understood **goals** for workforce and contracting diversity, including both apprentice and journey-level goals
- **Accountability**, including active compliance monitoring
- **Participation of key stakeholders**, including labor organizations, in real-time project workforce support and program design
- **Contractor commitment** to the City's diversity goals, capabilities to support them, and willingness to participate
- **Investments** in outreach, training, and technical assistance to M/W/DBE/ESB firms (both CBA and non-CBA)

1% Program Performance

- 1% programs achieved positive results, but not for the pilot projects
 - Few participants were employed on a pilot project
 - Pre-Apprenticeship Training Programs were funded after construction contracts were set, and had limited ability to plan for project needs
 - Technical Assistance Program design, development, and procurement took time and resources
- 1% programs are more likely to provide longer-term community benefits

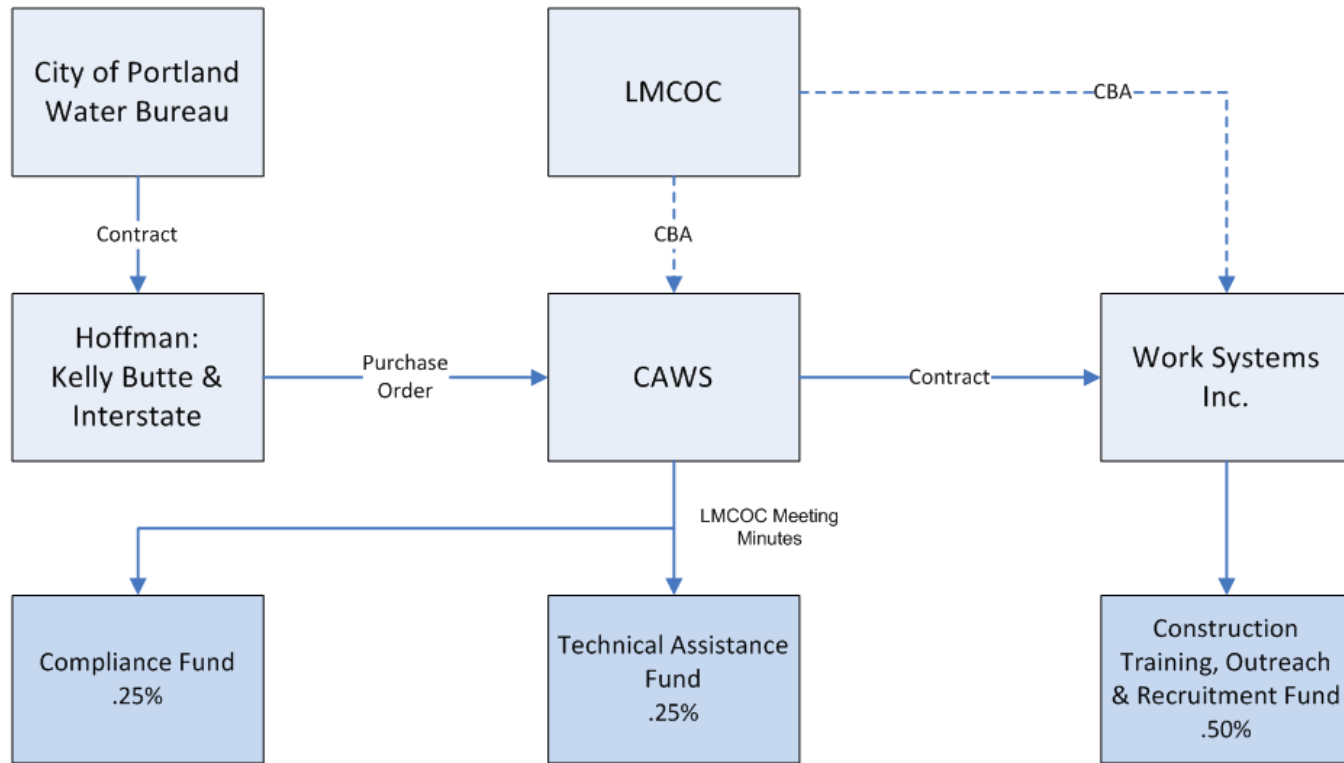
CBA Structure/Governance

- The LMCOC had too many responsibilities for a volunteer organization with no legal identity and no formal staff
- CBA-prescribed governance created potential for conflicts of interest:
 - A small number of individuals designed programs, awarded contracts, and were fund recipients
 - The CBA limited grants from some funds to a few eligible recipients
 - Members were sensitive to conflicts, but we did not find signed Conflict of Interest Statements

CBA Fund Administration

- Contractual relationships complicated fund administration
 - The CBA gave the LMCOC authority for fund oversight and management, but the LMCOC had no legal ability to receive or spend funds
 - The CBA identified CAWS/WSI as “fund recipients”, but there was no contract or agreement with the LMCOC to perform this role
 - 1% funds passed from the City to Hoffman through a contract, and to CAWS using a Purchase Order

CBA Contractual Relationships



- Fund/Program Administration
- Program Design
- Engagement Strategies
- CBA Report
- LMCOC Meetings

- Program Design/Management
- Business Advising
- A La Carte Services

- Community Construction Training
- Outreach, Recruitment & Referral

CBA Fund Administration

- WSI used good practices for procurement, invoice review and payment authorization
- Provider contracts were not performance-based (but were not required to be)
- Administrative costs were high relative to some City programs (17% of total program expenditures) but included start-up costs

Moving Forward: Opportunities to Improve the City's Approach

Opportunities

Governance

- Organizationally separate project-related activities (utilization, placement, technical assistance) from fund administration (accounting, procurement, contracting)
- Define manageable committee roles and responsibilities, and provide adequate staff support

Fund Administration

- Ensure all necessary contracts are in place before work begins
- Require signed Conflict of Interest Statements
- Include project close-out procedures
- Consider performance-based contracting

Opportunities

Oversight

- Include program & financial audit provisions
- Improve & expand program evaluation and performance monitoring

Programs

- Use 1% program funding to create a pipeline of qualified, diverse individuals and firms for multiple City projects
- Provide ample lead time prior to contract start
- Differentiate CBA technical assistance from that typically provided by contractors

Questions?