

Disparity Study – Overview and Key Results



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Overview

- Background
 - 1995 Oregon Regional Consortium Disparity Study
 - Adoption of the Fair Contracting and Employment Strategy
- Selection Process & Study Team
 - BBC Research & Consulting
 - FM Burch & Associates, Group AGB, Montesi & Associates, Holland + Knight, Customer Research International
- Timeline and Public Process
 - Commissioner Fish's Advisory Group
 - Public Comment on draft report

Key Results – Evidence

- City of Portland
 - Current programs have a positive effect on MBE/WBE utilization
 - Some disparities found when programs do not apply
 - Disparities on City prime contracts outside of the Sheltered Market Program
- Portland Development Commission
 - Current programs have a positive effect on owned contracts
 - Evidence of disparities of some contracts even where programs applied
- Marketplace conditions
 - Evidence of disadvantages for minorities and women compared to other local firm owners

Key Results – Narrow-tailoring and neutral efforts

- Narrow-tailoring of programs
 - Seriously consider race-neutral means
 - Limit remedy to groups where there is evidence of discrimination
 - Flexibility and duration of the relief
 - Relationship of goals to labor market
 - Consider third party impact

- Race- and gender-neutral measures
 - Continue and expand neutral efforts
 - Examples include technical assistance, workforce programs, mentor-protégé programs and smaller contracts

Key Results – Other programs

- City prequalification
- Remove barriers due to:
 - Bonding
 - Insurance
- Consider changes to
 - Sheltered Market Program
 - Good Faith Efforts
 - Business Equity Program
- Consider programs for prime contracting

Gathering information – Utilization

- Using City and PDC contract data
 - July 2004 through June 2009
 - The relative proportion of contract dollars that went to minority- and women-owned firms
 - Construction contracts and professional services
- Utilization interviews
 - Primary line of work
 - Ownership status (minority- or women-owned)

Gathering Information – Availability analysis

- Determine the relative availability of minority- and women-owned firms
- Custom census approach
- Based on information from several sources including:
 - Availability interviews
 - Certification information
 - Dun & Bradstreet
- Matched available firms contract-by-contract to City and PDC work
- Upheld in recent court decision within Ninth Circuit

Gathering information – Availability example for one contract piece

- Contract details
 - Subcontract on a City contract
 - Electrical work
 - \$20,000
 - Contract date in 2009
- Based on the availability database
 - 140 firms are available for the contract piece
 - 33 MBE and WBE firms are available for the contract piece
 - Availability estimate for this contract piece is 23.6%
- Repeat this process for all contract pieces and produce a dollar weighted average

Gathering information – Marketplace conditions

- Compiled information from a variety of sources
 - U.S. Census Data
 - American Community Survey
 - Survey of Small Business Finances
 - Survey of Business Owners
 - Home Mortgage Disclosure Act (HMDA) data

Gathering information – Anecdotal evidence

- In-depth interviews
 - 60 in-depth interviews with business owners, representatives of trade associations and other knowledgeable people
- Telephone interviews
 - Collected qualitative information from thousands of local minority-, women- and majority-owned firms

Gathering information – Public feedback

- Solicited feedback via online methods
 - PDC website
 - City of Portland website
- Public forum on April 21, 2011
 - Comment cards (25+)
 - Oral remarks (20+ speakers)
 - Prepared written comments (20+ documents/emails)
- Study team response
 - Included information in report
 - Clarified report sections

Next steps

- Review recommendations
- Consider changes to City and PDC programs
- Continue to measure and evaluate success of programs



City Immediate Actions

- Outreach: Conducts quarterly outreach events, issue electronic notifications of solicitations, assist general contractors with outreach for subcontracting opportunities.
- Forecasting: Initiate bureau representative meetings and look for alternative contracting opportunities as appropriate to encourage maximum opportunities for minority- and women-owned firms.
- Graduate all current Sheltered Market contractors (October 2011). Cease the SMP as it currently exists and create an improved and strengthened program to replace it.
- Review and revise the Contractor Prequalification Program.
 - All project specific special prequalification requires evaluation and approval before being applied.
 - Applications \$250,000 and under will be based upon bonding capacity and evaluation of additional criteria will not apply.



City Next Steps

- Fair Contracting Forum, Other Organizations(OAME, NAMCO, Minority Chambers), City Bureau's, PDC
- Review guidance provided by the Disparity Study
- Bring forward recommendations to expand and strengthen equity programs