

**EQUITABLE CONTRACTING & PURCHASING COMMISSION REPORT**

IF YOU WISH TO SPEAK TO CITY COUNCIL, **PRINT** YOUR NAME, ADDRESS, AND EMAIL.

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**MICHAEL BURCH COMMENTS**  
**ECPC PRESENTATION TO CITY COUNCIL**

I would first like to thank you, Mayor Hales and the City Council, for the opportunity to present today on these critically important issues. I also commend Mayor Hales and the Council for creating the Equitable Contracting and Purchasing Commission. When African-American journeymen show up at the job site, are turned away by their contractor, given show up pay for two hours, and then that show-up pay is used to calculate percentages of minority workforce participation on City contracting projects, the system is clearly broken. When, as in 2014-15, annual participation of African-American workers on City construction projects is less than five percent of the hours worked by white males – 286 hours for African American males compared to 6,020 hours for white males – clearly the system is broken. When workforce utilization for all categories of minority and women workers shows a steady decline ~~and women~~, when minority contractors get the smallest sliver of the contracting pie, clearly the system is broken. Mayor Hales, City Council, these are not distant memories from the fifties or sixties. These are realities from the last 5 years. Obviously, the work of the ECPC is needed now more than ever.

I am, however, gravely concerned that the commitment of some to the work of the ECPC is doubtful at best. Since our founding, the ECPC has struggled to be taken seriously, not only by the Bureaus that we are charged with overseeing but by members of the Council itself. We have been stonewalled by Bureaus when it came to the provision of the information that unveiled the facts I just mentioned. We have been circumvented when particular projects were deemed by certain decision makers to be inappropriate for our review. We have been provided insufficient resources to conduct the work that is necessary for us to meet our charge. And we have been consulted at the eleventh hour, after all decisions regarding certain procedures and projects have been essentially made by the very Bureaus that resist our work. There have even been threats and efforts by some decision makers to disband the commission. These challenges have led some commissioners to resign in frustration. However, I cannot turn my back on this work. I have spent most of my working life attempting to eradicate opportunity disparities for minority workers, and the need is simply too great and the stakes too high for me to quit, regardless of the roadblocks and frustrations.

Let me be clear: My goal as a commissioner on the ECPC is to transform the way Portland does business. I believe, Mayor Hales, that this is also the reason you created the ECPC. Plainly, as we have seen, there will be resistance to that sort of change. Overcoming that resistance will require political courage and leadership. Mayor Hales, you told us that you want to make the ECPC truly work, not just to be a matter of appearances. I am calling on both you and the other City commissioners to renew your commitment to the ECPC and our mission by doing the following:

- 1) Give us genuine oversight authority and provide us with sufficient dedicated staff and resources necessary to make that ~~a~~ oversight reality,  
*a*
- 2) Include us in the policy discussions from the beginning rather than leaving us out of the room or handing us systems that have already been developed without our input, and
- 3) Accept and implement our recommendations even where – perhaps especially where - it is inconvenient or requires upsetting the status quo.

There are examples in the City of what can happen when the stakeholders and policymakers work together, are committed to doing the right thing, and are given the right tools to get the work done. We can overcome the living history of racism. It will require hard work and dedication and acknowledging some difficult truths, but it is only by doing so that we will ever be able to become the City that we hope to be and the City that we hold ourselves out as. Otherwise business will continue as usual, and the promise of economic opportunity for the City's minority communities will remain an illusion. Show up pay for turned away workers will be counted as utilization, minority workforce hours will continue their steady decline, the overwhelming amount of contracting opportunities will go to white male firms.

## Moore-Love, Karla

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**From:** City Auditor, Mary Hull Caballero  
**Sent:** Monday, September 12, 2016 1:12 PM  
**To:** Council Clerk – Testimony  
**Subject:** FW: Equitable Purchasing and Contracting Commission Report  
**Attachments:** Social Equity and Diversity Advocacy v3 091216.docx; LMC MWESB Participation Levels Through 2015.xlsx

FYI

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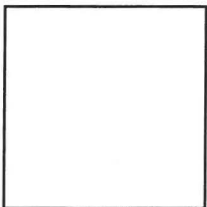
**From:** Dan Steffey [mailto:[jdanielsteffey@jdscobiz.com](mailto:jdanielsteffey@jdscobiz.com)]  
**Sent:** Monday, September 12, 2016 12:14 PM  
**To:** Hales, Mayor <[mayorcharliehales@portlandoregon.gov](mailto:mayorcharliehales@portlandoregon.gov)>; Commissioner Fish <[nick@portlandoregon.gov](mailto:nick@portlandoregon.gov)>; Commissioner Fritz <[amanda@portlandoregon.gov](mailto:amanda@portlandoregon.gov)>; Commissioner Novick <[novick@portlandoregon.gov](mailto:novick@portlandoregon.gov)>; Commissioner Saltzman <[dan@portlandoregon.gov](mailto:dan@portlandoregon.gov)>  
**Cc:** City Auditor, Mary Hull Caballero <[AuditorHullCaballero@portlandoregon.gov](mailto:AuditorHullCaballero@portlandoregon.gov)>  
**Subject:** Equitable Purchasing and Contracting Commission Report

I am attaching comments concerning the report of the Equitable Purchasing and Contracting Commission scheduled for presentation to City Council on Wednesday. I sincerely hope that the disappointing performance statistics trigger immediate and continuing strong action to do better in the future. Our community is stronger when we all have equitable opportunities to succeed and prosper. Your active leadership is essential.

Thank you for your consideration.

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*"What we have before us are breathtaking opportunities, disguised as insoluble problems."* – John Gardner



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The Equitable Purchasing and Contracting Commission Report to City Council scheduled to be delivered September 14, 2016 paints a sad picture of at best lackluster performance toward oft-repeated goals, resolutions and policies to improve participation of minority firms in contracts with the City of Portland and employment by persons of color on those contracts. At worst it shows actual declines in important metrics.

For a city that likes to imagine itself progressive and truly committed to social equity and diversity, the report should be the cause of honest introspection and a confession that what has been done up to now is neither sufficient nor consistent with the pledges that have been made to rectify long-standing inequities. It must inevitably lead to strong and committed leadership that not only articulates ambitious goals, but holds the entirety of City government accountable for solid – and continuous – results.

Achieving higher rates of minority contracting isn't rocket science. In my prior capacity as senior vice president of development for a company primarily developing affordable housing, I asked my favored general contractor to step up and increase participation by minority firms. That contractor, LMC Construction, responded and from 2010 through 2015, averaged 28% participation with some projects approaching 50%. (See Attached). Further, it is now committed to including a WMBE/ESB as a joint venture partner on several upcoming projects that will be in construction in 2017. The minority firm, in turn, is reaching out to other minority firms and helping them increase their participation in these contracts. And the minority firm has a diverse workforce of Hispanic, SE Asian and African American workers and is drawing some of its workforce through the Northwest College of Construction. All of this was accomplished at no increased cost in the projects; pricing has been competitive and LMC's business volume continues unabated growth.

But securing improved minority participation in city contracting is only the tip of what might be metaphorically equated to a very big iceberg that carries below the surface a variety of approaches which could leverage City resources to make good on the promises of promoting social equity and diversity. Some examples include:

1. Using the "bully pulpit" of public office to secure desired – and clear and ambitious – outcomes. Without strong executive leadership City employees and the larger community will invariably take the easier route of doing what has been done historically – and it can be seen in the aforementioned ECPC report that what has been done historically isn't adequate.
2. Make certain that the people put in daily charge of achieving progress in improved social equity and diversity performance have a raging fire in their bellies, are fully empowered to do their job of devising and implementing programs and holding their fellow public employees accountable for results – and are strongly supported by the City's elected leadership in doing so. Results will be diminished if they are afraid that their strong advocacy and oversight will bring them grief.
3. Building graduated programs to train individuals for all aspects of property management – from leasing agents to site managers to maintenance and landscape workers. There are hundreds, if not thousands of jobs in property management that could be filled by members of minority communities.
4. Increasing the work made available to organizations, such as Portland Habilitation Center, Goodwill Industries and others, in the business of providing training and jobs for persons with

disabilities. Certainly their work with the disabled can be viewed in the context of the City's goals of social equity and diversity.

Here are some suggestions on how to increase minority participation on city contracts and an outline of some forms that city leverage could take:

1. The "Good Faith Effort" approach is a start, but it does not weigh how effective any specific contractor has been in that effort. The City should ask general contractors that bid on city contracts to report on their history of minority participation and, without making the award contingent upon the strength of the history, make it known that given the choice between two or more equally compelling bids, the City will always take the contractor with the best record of promoting social equity and diversity.
  - a. Through the award of subcontracts
  - b. Through the diversity of its workforce
  - c. Through its efforts to encourage social equity and diversity in its supply chain
  - d. Through other exemplary efforts that are being attempted
  - e. Through mentoring and others supports for minority firms that are seeking to grow their capacity to be subcontractors to the general contractor.
  
2. Develop mechanisms that gets financial support to minority firms which enables them to grow their business volume. Making the jump from a \$100K/year company to \$1 or \$2 million can mean growth of receivables from \$6K - \$10K to 10 or 15 times that amount, something very difficult for small firms to accommodate. A low cost factoring services could be publicly supported to help overcome this obstacle.
  
3. Review the performance toward social equity and diversity when offering incentives to entities to address city initiatives, e.g. affordable housing development and preservation. Again, without making the incentives contingent upon the strength of the performance over time, make it known that the City is strongly committed to its social equity and diversity goals and will favor applications from organizations that have strong track records of promoting both social equity and diversity:
  - a. Through use of general contractors with strong records of using minority subcontractors, have a diverse workforce and are committed to using vendors in their supply chain that share their commitment to social equity and diversity.
  - b. Through the diversity of the leadership and workforce of the organizations
  - c. Through the use of third party vendors who
    - i. Have a track record of promoting social equity and diversity, e.g. use minority firms as vendors and suppliers, i.e. maintenance and repair work, janitorial services, professional services, etc.
    - ii. Have a diverse workforce at all levels of the organization, from senior executives to entry level workers.
  - d. Taking other exemplary steps, e.g. supporting minority individuals and organizations seeking to develop their capacity to become vendors and suppliers to the organization.

4. Make certain that no one is left out. Past practices have been seen to be tilted to favoring one ethnic population over others. Internecine fighting will ensure that results are less than optimal.

As noted earlier, there is no “rocket science” aspect to achieving better social equity and diversity performance in City contracting and award of various incentive benefits. It simply takes leadership and a staff that is committed to achieving improvements – and is unfailingly supported in their efforts to make those improvements.



## LMC CONSTRUCTION

### MWESB Participation - By Year

Project	Completion Date	MWESB %
<b>2015</b>		
Village East	Sep-15	27.00%
Metzger Park	Aug-15	36.30%
Andrea Place	Apr-15	14.00%
Aspen Villas	Jul-15	18.98%
Reindeer Meadows	Jul-15	8.03%
Blue Springs Crossing	Jul-15	30.47%
Towne Square	Mar-15	18.75%
Parkway Village	Mar-15	48.27%
Robert Lindsey Tower	Jan-15	10.62%
<b>2014</b>		
Juniper Gardens Phase II	Nov-14	25.39%
Ariel Glen Apartments	Jul-14	7.99%
Healy Heights Apartments	Jul-14	24.56%
Riverplace Square	Jul-14	16.66%
Beaumont Village Apartments	Jan-14	14.59%
Clara Vista Townhomes	Dec-13	39.22%
Villa De Mariposas	Dec-13	57.78%
Parklane Apartments	Dec-13	38.61%
Cedar Park Gardens II	Jan-14	19.93%
The Trail Apartments	Jan-14	40.47%
<b>2013</b>		
16th & Morrison Apartments	Dec-13	17.13%
Dethman Manor	Oct-13	20.78%
Farmington Meadows	Sep-13	35.28%
Greenview Terrace	Jul-13	34.42%
Spencer House Apartments	Sep-13	17.78%
Nuevo Amanecer Ph 4	Apr-13	22.44%
Bede Hall	Apr-13	22.52%
<b>2012</b>		
Pioneer Village	Oct-12	38.00%
Otesha Place	Sep-12	47.11%
Juniper Gardens Phase I	Nov-12	23.00%
Sunrise Estates Apartments	Nov-12	39.16%
WyEast Vista	Oct-12	35.27%
Westside Apartments	Aug-12	38.42%
McCoy Village	Mar-12	35.00%
Summerset Apartments	Jan-12	26.65%
<b>2011</b>		
Indian Creek Court	Dec-11	38.00%
Stewart Terrace	Nov-11	29.00%
Villa West	Sep-11	32.00%
Bella Vista & Riverside Apartments	Sep-11	30.00%
The Village at Monmouth	Sep-11	35.00%
Uptown Tower	Sep-11	25.00%
The Knoll at Tigard	Apr-11	23.00%
Villa De Suenos	Apr-11	25.00%
Parkside Village	Apr-11	22.00%
<b>2010 &amp; Earlier</b>		
Walnut Park	May-10	24.00%
Hewitt Place	Jun-10	32.00%
Linnhaven & Stonebrook	Jun-10	22.00%
Nuevo Amanecer Phase I	Jul-09	37.00%
Nuevo Amanecer Phase II	Jun-09	39.00%
Plaza Los Robles	Nov-07	30.00%
Greenburg Oaks	Jun-06	26.00%