



PORTLAND PUBLIC SCHOOLS OFFICE OF PURCHASING & CONTRACTING

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Date: October 1, 2022
To: Members of the Board of Education
From: Emily Courtnage, Director, Purchasing & Contracting
Subject: Fiscal Year 2021-22 Equity in Public Purchasing and Contracting Update

The Board adopted the Equity in Public Purchasing and Contracting Policy, 8.50.095-P, on July 16, 2012. The Policy includes three distinct objectives:

1. **Business Equity:** Providing contracting opportunities to small businesses that have been historically under-utilized, including businesses owned by people of color and women.
2. **Contractor Workforce Equity:** Ensuring apprenticeship opportunities in the construction trades and promoting construction employment opportunities for people of color and women.
3. **Career Learning Equity:** Leveraging our contracting activities to provide career learning opportunities to PPS students.

I. Business Equity

1. Business Equity Goals and Requirements

The Business Equity Administrative Directive 8.50.096-AD was approved by the Superintendent on September 23, 2013. Key provisions of the Business Equity AD include:

- An aspirational goal of 18% for the participation of Minority-Owned Businesses (MBE), Women-Owned Businesses (WBE), Emerging Small Businesses (ESB), and/or Service-Disabled Veteran Businesses (SDV) (“Certified Businesses”) in construction, architecture, engineering, and related services. This means that we’d like to see 18% or more of our construction, architecture, and engineering dollars going to Certified Businesses, whether they are prime contractors or subcontractors.
- Inclusion of Certified Business subcontractor utilization history and plans as part of the scored evaluation criteria in Requests for Proposals (RFPs), including those used to solicit our Construction Manager/ General Contractors (CMGCs) on our major modernization projects.
- For construction services between \$5,000 and \$100,000, the District must seek one or more of the required three quotes from Certified Businesses.

A Certified Business is one certified as such by the State of Oregon Certification Office for Business Inclusion and Diversity (COBID). Businesses graduate out of Certified status if and when they exceed certain revenue thresholds: Three-year average gross annual receipts equal to or greater than \$26.29 million for MBEs and WBEs and equal to or greater than \$3.95 million for construction ESBs or \$1.32 million for non-construction ESBs.

There are currently approximately 1840 businesses certified in Oregon in construction, architecture, engineering, and related services, both residential and commercial.

2. Business Equity Outcomes:

a. Key Business Equity Takeaways:

- In fiscal year 21-22, we exceeded the District's 18% aspirational business equity goal, reaching 22%
- Approximately 1/3 of all contracts for District construction, architecture, engineering, and related services projects are with Certified Businesses
- Nearly 1/4 of all District contracts resulting from formal, publicly advertised solicitations are with Certified Businesses
- Cumulatively since 2013, we are progressing forward year by year in meeting the District's overall 18% aspirational goal since program inception
- Certified Business utilization is lowest where the District has the least discretion in procurement (i.e., where a strictly low-bid procurement method is utilized as required by law)

b. Detailed Data¹:

Number of Certified Businesses participating in the District's construction, architecture, engineering, and related services projects since 2013:

- **Prime contracts with Certified Businesses:** 511 prime contracts (35% of all prime contracts) with 104 Certified Businesses
- **Subcontracts with Certified Businesses:** 515 subcontracts (30% of all subcontracts) with 240 Certified Businesses

Percentage of the District's spend on construction, architecture, engineering, and related services that went to Certified Businesses:

- **Fiscal Year 21-22: 22.3%** (\$33.9 million)

¹ Business equity utilization data from the B2GNow software system represents a point in time and may not fully represent actual payments received by Certified Businesses. The accuracy of the utilization data is contingent on several factors:

1. PPS's payment data from Peoplesoft is uploaded into B2GNow monthly and reflects all payments from PPS to prime contractors during the prior month.
2. Accurate data on payments to subcontractors is contingent on prime contractors or upper tier subs entering their subcontractors in B2GNow and subsequently self-reporting their monthly payments to each subcontractor in a timely and accurate manner.
3. If prime contractors (or first tier subs) enter payments to first tier or subsequent tier subs in a timely manner, we can expect the total equity utilization calculation to accurately reflect contract expenditures as of approximately one to two months prior to the report date.
4. If prime contractors (or first tier subs) do not enter payments to first tier or subsequent tier subs in a timely manner, accurate equity utilization data will be delayed, at times significantly. Even closed contracts may be updated later if we learn of new subcontractor payments that were made months or even years prior.

- **Cumulative since 2013: 16.9%** (\$184.8 million)

The Fiscal Year 21-22 Certified Business spend can be disaggregated in a number of ways:

- **Certification Type**
 - Minority-Owned Businesses: 3.8% (\$5.8 million)
 - Women-Owned Businesses: 12.5% (\$19.0 million)
 - Emerging Small Businesses: 4.6% (\$7.0 million)
- **Bond vs. Non-Bond Projects**
 - Bond Projects: 22.1% (\$31.7 million)
 - Non-Bond (Facilities Project Management) Projects: 25.9% (\$2.2 million)
- **Contract Type**
 - Construction: 22.3% (\$29.5 million)
 - Architecture, Engineering, and Related Services: 22.3% (\$4.4 million)
- **Procurement Method**
 - No Competition (direct negotiation, emergency, or exempt): 32.4% (\$1.3 million)
 - Competitive Low Bid (quotes or Invitations to Bid): 11.9% (\$2.5 million)
 - Competitive Evaluation (Request for Proposals): 23.6% (\$30.1 million)

Number of prime contracts with Certified Businesses resulting from District formal solicitations (Requests for Proposals and Invitations to Bid) in Fiscal Year 21-22: 13 (22.8% of 57 formal solicitation awardees) in 51 total formal solicitations

II. Contractor Workforce Equity

1. Workforce Equity Goals and Requirements

The Contractor Workforce Equity Administrative Directive 8.50.097-AD was approved by the Superintendent on September 23, 2013. Key provisions of the Workforce Equity AD include:

- For construction contracts greater than \$200,000, the prime contractor and any subcontractor with a contract greater than \$100,000 must ensure that at least 20% of all labor hours in apprenticeable trades is performed by state-registered apprentices.
- Pursuant to an October 2019 amendment to the Administrative Directive, such contractors must strive to achieve an aspirational goal of a minimum of 25% minority and 14% female labor hours on each eligible project. These goals match those recommended by the Construction Career Pathways Regional Framework (C2P2), of which PPS is a signatory.

2. Workforce Equity Outcomes

a. Key Workforce Equity Takeaways:

- We have consistently met and exceeded the District's 20% goal for apprentice hours on eligible construction projects since program inception.
- We have consistently met and exceeded the District's 25% goal for minority hours (journey and apprentice level) on eligible construction projects since program inception.
- We fall short of meeting the District's 14% goal for female hours (journey and apprentice level) on eligible construction projects. Our results are consistent with other regional public agencies and likely reflect a relative shortage of female workers in the construction fields, which is one of the issues the C2P2 Regional Framework was created to address over time.

b. Detailed Data:

Apprentice Participation: Percentage of labor hours worked by state certified apprentices on eligible District construction projects:

- **Current projects:** 21%
- **Cumulative since 2014:** 23%

Workforce Diversity: Percentage of total labor hours (journey + apprentice) worked by minorities or women on eligible District construction projects:

- **Current projects:**
 - Minority hours: 35%
 - Female hours: 5%
- **Cumulative since 2014:**
 - Minority hours: 29%
 - Female hours: 5%

III. Career Learning Equity

1. Career Learning Requirements

The Career Learning Administrative Directive 8.50.098-AD (“Career Learning AD”) was approved by the Superintendent on October 23, 2013. Key provisions of the Career Learning AD provide:

- Construction, architecture, engineering, and related services contracts \$100,000 or greater require District contractors to register on the District’s approved Career Learning database tool (currently PPS Partner Connect, managed by the College and Career Readiness department) and offer to provide two or more career learning opportunities to District students.
- Career learning opportunities include guest speakers, worksite visits, job shadows, informational interviews, career fairs, mock interviews, externships, and project-based learning activities.

2. Career Learning Outcomes

Since the implementation of the PPS Partner Connect tool in April 2018, 115 unique contractors registered to provide career learning activities to PPS students. These contractors represent 215 separate construction, architecture, engineering, and related services contracts.