

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ADOPTING) RESOLUTION NO. 87-815
DISADVANTAGED BUSINESS PROGRAM)
GOALS FOR 1987-88) Introduced by the
) Executive Officer

WHEREAS, The Metropolitan Service District (Metro) has implemented a Disadvantaged Business Program, the purpose of which is to encourage participation of Disadvantaged and Women Business Enterprises (DBEs and WBEs) in Metro contracting activities; and

WHEREAS, Section 2.04.145(a) of the Disadvantaged Business Program requires that goals for DBE and WBE participation in contracts be set annually; and

WHEREAS, An analysis of DBE and WBE participation in contract awards for the past year has been completed and the factors contained in Metro Code Section 2.04.145(b) have been duly considered; now, therefore,

BE IT RESOLVED,

That the Disadvantaged Business Program goals attached as Exhibit A are adopted for the period commencing October 1, 1987, through and including June 30, 1988.

ADOPTED by the Council of the Metropolitan Service District this 22nd day of October, 1987.


Richard Waker, Presiding Officer

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EXHIBIT A

DISADVANTAGED BUSINESS PROGRAM GOALS

July 1, 1987-June 30, 1988

	<u>DBE</u>	<u>WBE</u>
Personal Services	7.0%	5.0%
Labor & Materials	7.0%	3.0%
Construction	10.0%	3.0%
Procurement	1.0%	2.75%
DOT-Assisted	10.0%	2.0%
Overall	7.1%	3.8%

STAFF REPORT

Agenda Item No. 8.1

Meeting Date Oct. 22, 1987

CONSIDERATION OF RESOLUTION NO. 87-815 FOR THE
PURPOSE OF ADOPTING DISADVANTAGED BUSINESS PROGRAM
GOALS FOR FY 1987-88

Date: September 28, 1987

Presented By: Raymond Phelps
Yvonne Sherlock

FACTUAL BACKGROUND AND ANALYSIS

Metro has adopted a Disadvantaged Business Program and has structured its contracting procedures in accordance with that program. A companion agenda item before the Council recommends revisions to that program.

One requirement of the Program which remains substantially unchanged is the setting of annual disadvantaged and women business goals for contract awards. Recommended goals for FY 1987-88 are attached as Exhibit A. The adopted goals will be in effect from October 1, 1987, through June 30, 1988. This October through June goal year is necessary as we transition from a federal fiscal year base to a July through June goal year. Next year, and every year thereafter, the goal year will coincide with our fiscal year.

An analysis of last year's success in meeting the goals and the approach taken in arriving at the new recommended goals is attached as Exhibit B. Although we failed to meet last year's goals, staff is recommending that substantially similar goals be adopted for the coming year for two reasons: 1) several large Solid Waste, Zoo and Convention Center contracts promise the opportunity for substantial DBE/WBE subcontracting; and 2) a revised and, we believe, more aggressive program should result in greater DBE/WBE participation for all types of contracts. The Resolution adopting the new goals is attached and marked Exhibit C.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 87-815.

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The Transportation department anticipates limited potential for contracting opportunities out of its projects, and there are, consequently few opportunities for DBE/WBEs to be awarded federally-funded contracts.

GOAL ADJUSTMENT

The purpose of this part of the analysis is to determine whether there is sufficient evidence that the goals for each category are unrealistically high or low. Determining factors in this analysis include a persistent inability to reach a particular category's goal, and/or an observed change in the mix of population or business establishment data. While there appears to be no significant change in the population mix or business establishment data, some changes are being recommended in the categorical goals.

Personal services goals were increased in the middle of last year to 5% DBE and 10% WBE. While we did not meet the goals as they are currently set, we did come very close to the originally recommended goals of 3%/3% and have in the past met or exceeded those goals. With the development of the Contract Management Committee and the implementation of a revised, more aggressive program, greater DBE/WBE participation should result. It is therefore recommended that the goals in this category be set at 7%/5%.

In past years Metro has consistently exceeded the DBE goals for Labor & Materials awards. It is believed this trend will continue. The recommendation is to increase goals in this category to 7%/3%.

Since Metro has no recent historical data on DOT assisted contracts other factors were considered. A survey of other agency's DOT-assisted goals revealed most were set at 10%/2% or lower. Also, the State of Oregon only requires an overall 10% goal. The recommendation, therefore, is to set goals in this category at 10%/2%.

No categorical changes are recommended for Construction and procurement goals.

The next step is to determine what the overall District goals will be for the year based on the recommended goals for each category. The method of their determination is to multiply the planned dollar amount in each category by its percentage goal, sum the results and compare the sum with the total planned contracting dollars. In other words, calculate the weighted average percent for both DBE and WBE goals. When this is done, it shows that the substantial reduction in dollar amounts from last year in construction and personal service awards which had higher DBE/WBE goals results in an apparent reduction in the overall agency goals. The overall goals which emerge from the above calculation are:

<u>DBE</u>		<u>WBE</u>	
<u>Current</u>	<u>Recommended</u>	<u>Current</u>	<u>Recommended</u>
7.5%	7.1%	5.7%	3.8%

EXHIBIT A

DISADVANTAGED BUSINESS PROGRAM GOALS

July 1, 1987-June 30, 1988

	<u>DBE</u>	<u>WBE</u>
Personal Services	7.0%	5.0%
Labor & Materials	7.0%	3.0%
Construction	10.0%	3.0%
Procurement	1.0%	2.75%
DOT-Assisted	10.0%	2.0%
Overall	7.1%	3.8%

EXHIBIT B

ANALYSIS OF FY 1986-87 DBE/WBE GOAL COMPLIANCE AND
DEVELOPMENT OF FY 1987-88 GOALS

COMPARISON OF GOALS AND ACTUAL AWARDS

The data for the twelve months ending June 30, 1987 are as follows:

	<u>Number</u>	<u>Total</u>	<u>DBE</u> <u>Goal</u>	<u>DBE</u> <u>Actual</u>	<u>WBE</u> <u>Goal</u>	<u>WBE</u> <u>Actual</u>
Personal Services	85	7,246,895	5.0%	2.8%	10.0%	2.6%
Labor & Materials	50	249,406	5.0%	14.9%	2.75%	0
Construction	6	6,666,130	10.0%	10.1%	3.0%	3.04%
Procurement	446	743,184	1.0%	0	2.75%	0
Dot-Assisted	0	0	10.0%	0	4.0%	0
Overall	587	14,905,615	7.5%	6.1%	5.7%	2.62%

The personal services award category was dominated by two large contracts for design services and construction management of the Convention Center Project. These contracts represented 83% of all personal service awards. DBE/WBE participation for the design services contract equaled ten percent of the total award (5% each). However, it was determined that there were no subcontracting opportunities on the construction management contract as the successful firm was to perform all contract services in-house. Other significant awards were for highly specialized professional areas such as bond counsel and financial advisor, waste characterization studies and update of the Zoo mater plan. Overall DBE/WBE awards fell short in this category.

Total awards in the Labor & Materials category were substantially reduced from last year. The majority of these awards were for amounts less than \$10,000 and many were in the \$1,000 to \$5,000 range. Relatively few contracts of this size provide subcontracting opportunities; however, DBE goals in this category were substantially exceeded by selecting DBE firms as prime contractor. WBE awards fell short of the goal.

A construction contract of \$6.5 million was awarded for construction of the Africa exhibit at the Zoo. Both DBE and WBE goals were met for this project. Two other awards exceeded DBE goals. One of them also exceeded WBE goals. Three minor construction agreements did not provide subcontracting opportunities. Overall in this category both DBE and WBE goals were met.

The procurement category consists primarily of purchase orders over \$500. Awards for this year show no DBE/WBE participation, however our current record keeping system does not provide adequate information on DBE/WBE utilization in this area. We are implementing a new record keeping system which will hopefully provide more accurate information.

There were no DOT assisted contract awards.

CONTRACT AWARD PLANS

The following table shows potential contract awards for FY 87-88.

<u>Type</u>	<u>Anticipated Amount</u>
Personal Services	2,109,000
Labor & Materials	340,000
Construction	1,790,000
Procurement	800,000
DOT-Assisted	10,000
TOTAL	5,049,000

The 1980 Census determined that the population in the three counties served by Metro consisted of about 7.3% minorities. The State of Oregon listed 74,081 business establishments in 1985, with 31,943 in the tri-county area. There are currently about 700 businesses certified by the Oregon Department of Transportation as DBE's and/or WBE's. This list includes professional service firms, construction related businesses as well as other non-professional service vendors and suppliers.

Planned personal service awards show a substantial decrease from \$7.2 million last year to approximately \$2.1 million this year. All departments of Metro plan small research/analytical/design projects. Major awards in this area will include development of the Convention Center Marketing Plan, engineering services for Zoo construction projects and assistance for the Solid Waste department waste reduction programs.

Most anticipated labor & materials awards budgeted are for small amounts and should provide opportunities for smaller DBE/WBE firms to win entire contracts. The only large award planned is for yard debris operations processing for which staff has determined no subcontracting opportunities will likely exist.

Planned construction awards for this year are substantially reduced from last year with nothing on the scale of the Africa Exhibit. Actual award of the Convention Center construction contract is not planned until early next fiscal year. Planned awards for the Convention Center Project this year include approximately \$1.7 million for demolition, relocation of utilities, excavation and preliminary site work. Although some of these contracts will be awarded to other governmental agencies, DBE/WBE subcontracting opportunities will be available on these projects. The Solid Waste department and the Zoo also plan a few minor construction projects.

Procurement awards are expected to remain at about the same level and to be of similar composition. It is hoped that implementation of a new record keeping system for purchase orders will provide more accurate DBE/WBE information for analysis.

Nays: Councilors Cooper, DeJardin, Hansen, Kelley and Ragsdale

Absent: Councilor Kirkpatrick

The motion to amend the resolution carried.

Vote on the Main Motion: A vote on the motion to adopt the resolution resulted in:

Ayes: Councilors Cooper, DeJardin, Gardner, Hansen, Kelley, Knowles, Ragsdale and Waker

Nays: Councilors Bonner, Collier and Van Bergen

Absent: Councilor Kirkpatrick

The motion carried and Resolution No. 87-824 was adopted as amended.

Councilor Bonner said he had voted against adoption of the resolution because he thought additional staffing requests should only be made as part of the annual budget process.

Councilor Gardner requested Council staff's analysis of the Solid Waste Department's request, which was sent to Solid Waste Committee members, be made available to all Councilors.

10.7 Consideration of Resolution No. 87-815, for the Purpose of Adopting Affirmative Action Goals and Objectives for FY 1987-88

Motion: Councilor Ragsdale moved, seconded by Councilor Kelley, to adopt the resolution.

There was a consensus among Councilors that staff should investigate a different system for measuring affirmative action process which could be implemented for FY 1988-89. Ray Phelps suggested alternatives could be discussed as part of the upcoming budget process.

Vote: A vote on the motion resulted in all ten Councilors present voting aye. Councilors Kirkpatrick and Knowles were absent.

The motion carried and Resolution No. 87-815 was adopted.

11. COMMITTEE REPORTS

Metropolitan Exposition-Recreation Commission (MERC) Nomination Process. Councilor Ragsdale announced that at the November 24 Council meeting, the Executive Officer would present her recommenda-

Councilor Gardner further explained the City of Oregon City Commission was of the opinion that actions taken by Metro to comply with the 700 per ton limit at CTRC would be detrimental to the haulers and public in Clackamas County. They recommended Metro attempt to resolve the matter through negotiation or litigation prior to imposing limits on the use of CTRC.

Councilor Van Bergen requested a date be established for future consideration of Resolution No. 87-820, explaining Councilors had all taken oaths to abide by the laws in the State of Oregon. The Councilor said he could not accept violation of Oregon City's ordinance limiting tonnage at CTRC.

Motion: Councilor Gardner moved, seconded by Councilor DeJardin, to defer consideration of Resolution No. 87-820 to November 12, 1987.

Presiding Officer Waker noted that if negotiations between Metro and Oregon City had not been completed by November 12, the matter could be set over to a later meeting.

Vote: A vote on the motion resulted in:

Ayes: Councilors Bonner, Collier, DeJardin, Gardner, Hansen, Kelley, Kirkpatrick, Knowles, Van Bergen and Waker

Nay: Councilor Ragsdale

Absent: Councilor Cooper

The motion to defer carried.

8.1 Consideration of Resolution No. 87-815, for the Purpose of Adopting Disadvantaged Business Program Goals for FY 1987-88

Ray Phelps reported that the written staff report explained the program and annual goal adoption process.

In response to Councilor Kelley's question, Mr. Phelps explained the Women-owned Business Enterprise (WBE) participation goal had been decreased from the previous year. The previous goal had been amended from staff's recommendation and as a result, the amended goal had been unreasonable high and unattainable. Councilor DeJardin agreed it was a good management practice to establish reasonable goals for the program and that nothing would preclude exceeding that goal.

Motion: Councilor Knowles moved for adoption of Resolution No. 87-815. Councilor DeJardin seconded the motion.

Vote: A vote on the motion resulted in all ten Councilors present voting aye. Councilors Cooper and Van Bergen were absent.

The motion carried and Resolution No. 87-815 was adopted.

8.3 Resolution No. 87-816, for the Purpose of Adopting Affirmative Action Goals and Objectives for Fiscal Year 1987-88

Ray Phelps and Randy Boose reviewed staff's written report, including an analysis of last fiscal year's Affirmative Action efforts. Mr. Phelps reported that for the first time, Department Managers would be directly involved in program efforts.

Presiding Officer Waker thought that if Metro continued to increase Affirmative Action goals as they were met, the agency would, at some point, no longer be in parity with the community work force.

In response to Councilor Gardner's question, Mr. Phelps explained that male participation was indicated as high in the normally female dominated "food service worker" category because other types of male dominated jobs were included in that category such as security guards.

In response to Councilor Ragsdale's question, Mr. Boose explained the proposed goals were developed based on the State of Oregon Employment Division's statistics and they reflected the makeup of the community work force.

Discussion followed about whether the proposed categories and goals were satisfactory.

Motion: Councilor Knowles moved, seconded by Councilor Kelley, to continue consideration of Resolution No. 87-816 to November 12, 1987.

Vote: A vote on the motion resulted in all ten Councilors present voting aye. Councilors Cooper and Van Bergen were absent.

The motion carried.

8.4 Consideration of Resolution No. 87-817, for the Purpose of Confirming the Appointment of Citizens to the Investment Advisory Board

Ray Phelps briefly summarized staff's written report and recommended Sue McGrath, Bonnie Kraft and Rebecca Marshall be reappointed to the Board.