



Disadvantaged Business Enterprise (DBE) & Workforce Diversity Learning Session

KEY FINDINGS

On January 21, the Funders Collaborative hosted Bruce Watts, Senior Director of Diversity and Transit Equity at Tri-Met, the transit authority for Portland, Oregon and Wanda Kirkpatrick, Director, Office of Diversity and Equal Opportunity, at the Metropolitan Council to describe their agency's approaches to increasing DBE participation and workforce diversity on transit construction projects. The event, building off of a Metropolitan Council retreat on the same topic held the day before, attracted more than 35 attendees, representing workforce training providers, the unions, local government, DBE consultants, and others. Here are the key findings:

Goal setting: Portland's Experience and the Twin Cities Experience

- Tri-Met established aggressive goals:
 - 16% of project's capital spending to certified DBEs
 - 17% of labor hours in each trade on the project performed by registered apprentices
 - Ensuring that the workforce reflects the diverse ethnic make-up of the community.
- In the Twin Cities, the state Department of Human Rights set a Central Corridor Light Rail Transit Line (CCLRT) Construction Workforce Inclusion Goal of 18% minority; 6% women.
 - For CCLRT work, each contract has specific DBE goals using the methodology in DOT's regulations ([49CFR Part 26](#)) and firms must be DBE-certified by the [Minnesota Unified Certification Program](#) (MnUCP.) (The first two contracts have had goals of 15 %.)
 - Bidders must demonstrate their commitment to reaching participation goals or provide documentation of good faith efforts to meet goal. Met Council has a pass-fail evaluation for making "good faith efforts."
 - No apprenticeship goals have been set for the CCLRT: could be outlined in contract, but concern is that a lot of skilled tradespeople aren't working now.

Tri-Met's Community Workshops

- Tri-Met held workshops before project construction to hear which DBE and workforce efforts were successful and to give participants a chance to let go of frustrations with earlier projects.
- Tri-Met used subsequent meetings to report back on how/which issues they would incorporate into the project.

Engaging Workforce/DBE Community During Selection Process for Prime Contractor

- Participants in earlier community meetings drafted questions re: DBE/Workforce that Tri-Met narrowed down to five and then used for prime contractor selection interviews.
- Tri-Met invited community members to attend interviews of prime contractor finalist teams. Each team presented their DBE/workforce proposal, answering the five specific questions as well as taking questions from the audience.
 - Members of the selection/evaluation team were in the audience to see how contractors interacted with community, but could not use the forum experience as part of their official selection process.
 - With this level of engagement, DBEs felt that they were truly partners in selecting the prime and prime contractors saw how high Tri-Met set the bar for community participation.
- The Met Council has reconstituted its DBE/Affirmative Action Joint Committee and holds pre-award DBE/Workforce interview panels with this committee

Tri-Met's Innovations in Procurement

- Tri-Met issued an RFP for the Interstate MAX project, not a competitive low bid. This allowed Tri-Met to request information on contractor performance related to DBE/workforce diversity and evaluate each contractor's DBE program plan.
 - In low-bid contracts, the project manager can write specifications for workforce diversity, but the contractor's obligations only need to be a "good faith effort."
- In the RFP, Tri-Met includes language that says "in our projects, traditionally 14-22% of capital spending goes to DBEs." The RFP then asks the applicant to set a goal and state what they will do to reach that goal. Whatever the contractor replies with becomes part of the contractual language. Tri-Met also developed contract language that allows them to say to contractors: "if you don't make your utilization commitment, we can put in a DBE to help you."
- Additional contract language included financial penalties for contractors that weren't meeting the 17% apprenticeship target. Tri-Met can't mandate diversity, but they can mandate apprenticeship.
- Although FTA does not allow for a local preference in hiring, Tri-Met used their RFP to describe how they wanted project construction to benefit local populations.
- Tri-Met required that prime contractors hire a DBE coordinator who understood construction and the DBE community (this position was included in the prime's budget.)
- Tri-Met broke construction packages into smaller package sizes and rotated subcontracting opportunities—(e.g. task of laying concrete between the tracks, hired four firms to do the work to give a number of small firms experience doing this.)

The Northeast Trucking Consortium

- With technical assistance from Tri-Met, a consortium of 40 small, local DBE trucking companies was created to make them competitive for the Interstate MAX project. The Consortium was set up as a legal entity, ensuring that each of its members had adequate insurance and training on invoicing and coding.
- Criteria for joining included: \$50K or less in gross receipts/year for past two years; minority or woman owned; and DBE certified.

Supporting DBEs

- Tri-Met held networking sessions with prime and key subcontractors—the Met Council is also doing this.
- Created a DBE directory, with individual firm profiles that include references, description of past projects, bonding ability, safety record, etc. The Met Council links to [MNDOT's DBE Directory](#).
- Tri-Met brought state DBE certification officers to every networking session so that businesses could get certified on the spot.
- Tri-Met tailored technical assistance and business skill development for DBEs (culturally specific whenever possible, provided early on to help DBEs understand reporting and other expectations.) The Met Council is holding pre-award community meetings for each major ethnic/social group.
- During the course of the project, Tri-Met provided training seminars focused on finance, bonding, and other issues that arose during the project period.
- Tri-Met requires that prime contractors and large subcontractors participate in mentoring work with smaller DBE firms to build capacity in the DBE community.
- The Met Council has reconstituted its DBE/Affirmative Action Joint Committee—and every month prime contractors report to this group.

Other Innovations

- Tri-Met contracted with the City of Portland's Workforce Training and Hiring Program to monitor implementation of apprenticeship goal and workforce diversity. The Met Council does site visits to monitor this performance.
- Tri-Met uses web-based contract compliance system (e-lations software) that tracks and streamlines reporting requirements.

Interstate MAX outcomes/the business case

- Goal: 16% project dollars paid to DBE, project achieved 18%.

- Goal: 17% of all labor hours done by apprentices, achieved 25%.
- Goal: Workforce to reflect diversity of community. Women and minorities made up 29% of total workforce hours
- Project finished four months ahead of schedule and \$25mil under budget.
- In 1999, the prime was a \$40mil company when they started with Tri-Met. Because of their DBE work in Portland, prime has been awarded many additional contracts and by 2009 was a \$400mil company.
- Portland case study available online: http://trimet.org/pdfs/business/DBE_Workforce_Story.pdf

Next Steps and Aspirations for Metropolitan Council post-retreat

- Met Council will publish a white paper that details the goals and recommendations from the retreat, including timeframes and funding.
- Kirkpartrick's aspirations include:
 - Establishing a Workforce Sourcing Collaborative (which links training and readiness organizations and the unions to the CCLRT project) in order to provide contractors with a pool of workers to help them meet workforce goals.
 - Developing contractual language that will give Met Council more authority on DBE and workforce goals.
 - Hiring a CCLRT workforce specialist.