Date: January 29, 2014

To: Hillary Bounds, Director
   OUS Contracting & Purchasing
Monica Rimai, Vice President
   PSU Finance & Administration

From: Darin Matthews, Director
   PSU Contracting & Procurement Services

CC: Jilma Meneses, Chief Diversity Officer
    PSU Global Diversity & Inclusion
    Sandra Burris, Executive Director/Controller
    PSU Finance & Administration

Subject: Annual MWESB Report for FY 2013

This report details the participation of minority, women and emerging small businesses (MWESB) at Portland State University (PSU) during Fiscal Year 2013. The following areas are covered in order to give an institution-wide snapshot of our commitment to the diverse community we serve:

- Executive Summary
- Diversity Action Plan
- MWESB Utilization
- Community Outreach
- Business Programs
- Success Stories
- Recommended Program Improvements

While the University has made much progress in the area of supporting our local MWESBs, we believe there is much more to be done in the future. Going forward, we will continually look for new opportunities for engagement that will enhance our outreach to MWESB firms.

I would like to particularly thank Stacey Balenger and Bryanne Grafton for their assistance in preparing this report. Please contact me at any time if I can provide additional information.

Thank you for your support.
Executive Summary

During Fiscal Year 2013, July 1, 2012 through June 30, 2013, Portland State University (PSU) made significant increases in its outreach to the MWESB community. In both the goods and services area, as well as construction related fields, PSU staff regularly engaged MWESBs in an effort to increase the University’s diversity spend. These efforts resulted in an increase in the overall MWESB spend from the prior year.

PSU acknowledges businesses that are certified by the State of Oregon as minority business enterprises (MBE), women business enterprises (WBE), and emerging small businesses (ESB). Collectively, these businesses are referred to as MWESBs. However, PSU also acknowledges and tracks businesses that are self-identified as minority-owned, women-owned, or emerging small business. Some of these businesses have certifications outside the State of Oregon’s program, while others prefer to self-identify while pursuing MWESB certification. PSU encourages local businesses to obtain MWESB certification and offers assistance in this area.

Total spend on contracts and purchases for PSU in FY13 was just over $71 million, which excludes the Collaborative Life Sciences Building (covered separately in this report). Of this amount, a total of $3.8 million went directly to MWESBs by way of prime contracts. This represents a utilization of 5.4 percent. The University also tracks construction sub-contract awards, where a total of 20.1 percent of available dollars went to MWESBs.

In March of 2013, PSU included an aspirational MWESB goal in a formal RFP for the first time. Based on what other area agencies had achieved in similar projects, a 15 percent goal was included in the Lincoln Hall Tower Project. This will become a standard practice for the University.

Finally, while PSU has adhered to the MWESB policies set forth by the Oregon University System, the University has not established its own policy. Currently, a policy is being developed entitled Equity in Public Contracting, which will formalize PSU practices in MWESB outreach. Through a proactive approach to diversify institutional spend, PSU hopes to set a standard for other universities.

MWESB Contract Dollars: $3.8 Million
MWESB Utilization: 5.4% (Prime Contracts)
MWESB Utilization: 20.1% (Subcontracts)
Diversity Action Plan

The Office of Contracting and Procurement Services (CAPS) has played an active role in the development of the Diversity Action Plan for PSU. While the plan covers a wide range of objectives to ensure diversity is supported in all aspects of the University, a key area for diverse partnerships in the community is the public contracting process. By engaging the MWESB community and providing opportunities in the procurement process, the potential for local economic benefit is significant.

Diversity is central to the educational experience at Portland State. Thus we are proud of the most diverse student body of any university in Oregon.

Diversity is important to Portland State because it supports our aspirations.

Wim Wiewel, President
Portland State University

The PSU Diversity Action Plan identifies eight major objectives:

- Produce graduates who can be leaders in a global community.
- Ensure that diversity is incorporated into the curriculum.
- Create an environment that is welcoming, inclusive and diverse.
- Create more robust communication channels to bring the world to the campus and the campus to the world.
- Endorse a campus-wide cultural competency training plan.
- Recruit and retain diverse faculty and staff.
- Recruit and retain a greater number of historically underrepresented, historically underserved and international students.
- Develop and support relationships with the community, alumni and other partners.

In support of the last objective, University offices of Contracting and Procurement Services, Facilities and Property Management, and Global Diversity and Inclusion are coordinating efforts to increase contracting activities with the MWESB community. These offices are also working to establish stronger ties with the MWESBs and minority business associations to promote internships and employment opportunities for PSU students.

CAPS will continue to support and promote the Diversity Action Plan of the University, and believe our forthcoming policy on Equity in Public Contracting will greatly assist us in doing so.
The following data represents the MWESB spend of the University during FY 2012-13 for both prime contracts (Goods and Services, Construction) and sub-contracts (Construction). The Collaborative Life Sciences Building (CLSB) project data is reported separately.

### Goods and Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBE Spend</td>
<td>$331,335</td>
</tr>
<tr>
<td>WBE Spend</td>
<td>$847,312</td>
</tr>
<tr>
<td>ESB Spend</td>
<td>$962,262</td>
</tr>
<tr>
<td>Self-Identified Spend</td>
<td>$910,574</td>
</tr>
<tr>
<td>Total MWESB Spend</td>
<td>$3,051,483</td>
</tr>
<tr>
<td>MWESB Utilization</td>
<td>5.3%</td>
</tr>
<tr>
<td>Total Spend</td>
<td>$57,592,400</td>
</tr>
</tbody>
</table>

### Construction Contracts

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBE Spend</td>
<td>$165,689</td>
</tr>
<tr>
<td>WBE Spend</td>
<td>$241,223</td>
</tr>
<tr>
<td>ESB Spend</td>
<td>$138,113</td>
</tr>
<tr>
<td>Self-Identified Spend</td>
<td>$277,648</td>
</tr>
<tr>
<td>Total MWESB Spend</td>
<td>$822,673</td>
</tr>
<tr>
<td>MWESB Utilization</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total Spend</td>
<td>$13,673,950</td>
</tr>
</tbody>
</table>

### Total Spend

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBE Spend</td>
<td>$497,024</td>
</tr>
<tr>
<td>WBE Spend</td>
<td>$1,088,535</td>
</tr>
<tr>
<td>ESB Spend</td>
<td>$1,100,375</td>
</tr>
<tr>
<td>Self-Identified Spend</td>
<td>$1,188,222</td>
</tr>
<tr>
<td>Total MWESB Spend</td>
<td>$3,874,156</td>
</tr>
<tr>
<td>MWESB Utilization</td>
<td>5.4%</td>
</tr>
<tr>
<td>Total Spend</td>
<td>$71,266,350</td>
</tr>
</tbody>
</table>

The University spent just over $71 million in goods and services during F13, which includes construction services. A total of $3,874,156 went to MWESBs, which represents a utilization of 5.4%. Women owned businesses, emerging small businesses and self-identified firms each received a similar amount of contract dollars. Minority owned businesses received approximately half the amount of contract dollars as compared to other categories.
MWESB Utilization

Construction Sub Contracts
(Excluding CLSB)

<table>
<thead>
<tr>
<th>MBE Spend</th>
<th>$33,727</th>
</tr>
</thead>
<tbody>
<tr>
<td>WBE Spend</td>
<td>$1,133</td>
</tr>
<tr>
<td>ESB Spend</td>
<td>$52,260</td>
</tr>
<tr>
<td>Self-Identified Spend</td>
<td>$955</td>
</tr>
<tr>
<td>Total MWESB Spend</td>
<td>$88,075</td>
</tr>
<tr>
<td>MWESB Utilization</td>
<td>20.1%</td>
</tr>
<tr>
<td>Total Spend</td>
<td>$438,900</td>
</tr>
</tbody>
</table>

In addition to prime contracts awarded directly to MWESBs, the University also tracks the amount of contract dollars going to MWESB subcontractors. During the past year, MWESBs received 20.1% of the subcontract dollars awarded, which totaled $88,075.

Collaborative Life Sciences Building (CLSB)
Sub Contracts

<table>
<thead>
<tr>
<th>MBE Spend</th>
<th>$10.5 M</th>
</tr>
</thead>
<tbody>
<tr>
<td>WBE Spend</td>
<td>$10.6 M</td>
</tr>
<tr>
<td>ESB Spend</td>
<td>$11.7 M</td>
</tr>
<tr>
<td>Total MWESB Spend</td>
<td>$26.4 M</td>
</tr>
<tr>
<td>MWESB Utilization</td>
<td>15%</td>
</tr>
<tr>
<td>Total Spend</td>
<td>$176.3 M</td>
</tr>
</tbody>
</table>

Due to the project size ($300 million), the Collaborative Life Sciences Building (CLSB) was tracked separately. PSU partnered with Oregon Health & Science University and Oregon State University to construct CLSB on Portland’s South Waterfront. The three institutions broke ground in 2011 and the project will be completed in 2014. Out of the $176.3 million available in subcontracts, over $26 million went to MWESBs. This represents a utilization of 18% and was unique in that each contractor group (MEB, WBE, and ESB) received an equitable amount of contract dollars.
Community Outreach

During the past year, PSU participated in numerous outreach events that support minority, women and emerging small businesses. Since PSU's approach to diversity in contracting is focused on outreach and opportunity, we believe that University involvement in the MWESB community is critical.

- The Governor's Marketplace
- The Reverse Vendor Trade Show
- Oregon Association of Minority Entrepreneurs Conference and Trade Show
- OAME Coffee and Issues morning meetings
- The Employment, Contracting and Promotional Trade Show hosted by the Hispanic Metropolitan Chamber
- MWESB Summits held quarterly with other public agencies in the region
- NAMC Oregon monthly meetings and Holiday Event
- Business Diversity Institute meetings and training events
- Hispanic Chamber of Commerce meetings and events
- Asian Pacific American Chamber of Commerce luncheons and networking events
- PSU hosted the office products show that highlighted MWESB suppliers:

PSU has maintained memberships and relationships with the following Chamber of Commerce organizations in order to improve communication and networking opportunities:

- Hispanic Metropolitan Chamber
- Oregon Native American Chamber
- Philippine American Chamber of Commerce of Oregon
- African American Chamber of Commerce
- Asian Pacific Islanders Chamber of Commerce
- U.S. Chamber of Commerce for Veterans, Oregon Chapter
- Business Diversity Institute
- National Association of Minority Contractors, Oregon Chapter

PSU will continue to work with and participate in outreach events organized by its general contractors that market sub-contracting opportunities to MWESBs. These opportunities will help the general contractors reach the MWESB participation goals established by PSU on its construction projects.

Contracting and Procurement Services participates in many of these events with other University partners, including staff from Facilities and Property Management and Global Diversity and Inclusion. The message that diversity is a priority to PSU is carried by staff at other professional meetings, including the National Institute of Governmental Purchasing, Design Build Institute and Associated General Contractors.
Business Programs

Business Outreach Program
The Business Outreach Program (BOP) is a 19-year-old outreach program within PSU’s School of Business Administration. BOP’s mission is to assist local small businesses, including emerging, minority and women-owned businesses, achieve their potential while providing students with opportunities for community-based learning.

Since 1994, BOP has provided consulting services, training and technical assistance to low-to-moderate income individuals, with a focus on minority and women-owned small business owners. BOP provides PSU students with a unique opportunity to engage in community-based learning with local microenterprises and small businesses.

- 169 clients served
- 67% of clients are female entrepreneurs
- 26% of clients are minority entrepreneurs
- 80% of clients are low income
- 80% of clients are existing businesses
- 165 PSU students placed in the Portland community as consultants

Since inception, BOP has served over 600 small businesses in the Portland area in their business development. BOP clients are strong contributors to job creation and retention, and the economic development that drives our community. The BOP serves businesses ranging from sole-proprietor micro-entrepreneurs to small businesses with fewer than 50 employees. Over 80% of BOP clients are existing businesses. BOP has worked with the Portland Development Commission, TriMet, and the Port of Portland to meet the needs of its clients.

PSU Business Accelerator
The Accelerator provides space and business development support to start-up science and technology companies. The program supports and strengthens entrepreneurship and technology commercialization efforts of PSU and of the region.

The Accelerator supports resident companies by providing affordable office and lab space, delivering a variety of support services, and by linking companies to selected research and development capabilities of PSU faculty and students, as well as specialized services from the business community. This support helps start-ups accelerate their business development cycles and shorten their time to market. The Accelerator also strives to foster minority and women-owned businesses by helping companies with obtaining MWESB certification.

A recent study by the National Business Incubation Association (NBIA) and several universities indicates businesses that participate in a university-run incubator program have a success rate of approximately 80% over a five-year period compared to a success rate of 20% for non-incubated businesses. This can have significant positive impacts both for the companies that participate and for the economic health of the region.
Success Stories

In addition to the increased utilization of MWESBs and total contract dollars awarded, the success of PSU’s diversity efforts can also be measured anecdotally. The following stories demonstrate the commitment of PSU to diversity and equity in our contracting efforts.

**Lincoln Hall Tower Project** – Last year PSU issued a formal request for proposals (RFP) for Lincoln Hall. For the first time, the University listed an aspirational goal of 15% for the utilization of MWESB subcontractors. The selected contractor felt that the nature of the work lent itself to more MWESB participation, and included a target of 20%, which PSU gladly accepted.

**Parking Structure 1** – Though an aspirational goal was not placed in the RFP, the selected contractor for the renovation of Parking Structure 1 realized that much of the work could be done by MWESBs. The project realized an MWESB utilization rate of 37%, made up primarily of women-owned businesses (WBE) for the waterproofing, painting and concrete work.

**Higher Education Sub-Committee** – PSU’s Executive Director of Global Diversity and Inclusion and Director of Procurement participated in a sub-committee established through the Oregon Association of Minority Entrepreneurs (OAME). This was in response to a call for action for Oregon colleges and universities by the Governor’s Office. PSU was the first institution to bring forth recommendations to help break down barriers for MWESBs in the public contracting process.

**MWESB Regional Summit** – For the past several years, area agencies have met quarterly to discuss best practices in MWESB contracting programs. The group includes procurement and legal professionals from the State of Oregon, Multnomah County, City of Portland, Port of Portland and many others. For the first time, PSU hosted the Summit in March of 2013. Held at our Native American Student and Community Center, the meeting was well attended and featured strong participation by PSU, including the Vice President of FADM. Several participants lauded the event as one of the best ever.

**Diversity in Contracting Training** – This past year, CAPS sponsored two half-day classes on Diversity in Contracting, which were well attended by procurement and project management staff alike. PSU partnered with a local MWESB consultant to deliver the classes, which focused on effective ways to ensure diversity in our contracting processes. This consultant has been marketing its services to area universities, and was thrilled with the opportunity to finally earn a University contract.
Recommended Improvements

While there were many positive outcomes over the past year, we believe there is still much to be done to ensure equity in PSU procurement. The following are recommended program improvements that will help build on the successes PSU has achieved.

**MWESB Events on Campus** – Sponsoring a networking event at least twice annually will allow MWESB contractors to meet PSU procurement staff and project managers. A consistent message we have heard from the MWESB community is the desire to introduce their company and capabilities to our PMs. With a minimal amount of planning and marketing, CAPS could sponsor these events on campus.

**Increased Outreach for Contract Opportunities** – For projects of all sizes, CAPS should include the MWESB business associations and chambers on their bidder lists. Many small and medium sized projects are sent out via email to known contractors (including MWESBs), so it would be relatively simple to add another distribution list to help get the word out.

**Equity in Public Contracting Policy** – During FY13, CAPS received approval from the University Policy Committee to develop a new policy on Equity in Public Contracting. PSU should formally adopt the policy in 2014 and provide ongoing training to campus purchasers on its requirements. The policy includes increased outreach and notification to MWESBs on bids and RFPs, as well as the use of Diversity and Equity as selection criteria in all formal RFPs.

**Consideration of Financial Impacts** – PSU should consider the financial impacts to MWESBs when administering its procurements and contracts. This includes the decision on whether to include bonding on small projects, prompt payment of invoices, direct payment of materials, and allowing contracts to bill twice a month. These suggestions are part of a subcommittee report PSU has submitted through OAME to the Governor’s Office (noted in Success Stories).