

DATE: April 20, 2016
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 16-16
Adopting Changes to the Portland Development Commission Equity Policy

BOARD ACTION REQUESTED

Adopt Resolution No. 7175

ACTION DESCRIPTION

If approved, this action by the Portland Development Commission (PDC) Board of Commissioners (Board) would update the PDC Equity Policy (Equity Policy) to align it with the PDC 2015-2020 Strategic Plan (Strategic Plan), make explicit PDC's anti racist mission, and establish the Equity Council as the PDC staff body that will drive the implementation of the Equity Policy.

At the PDC Board meeting on April 20, 2016, PDC staff will not only describe the specifics of the proposed changes to the Equity Policy, but also provide the PDC Board with an update on the internal and external approaches, accomplishments, and challenges in delivering on PDC's broader equity initiatives. Several community partners will also attend and discuss shared equity initiatives.

BACKGROUND AND CONTEXT

On January 9, 2013, the PDC Board through Resolution No. 6988 adopted a comprehensive Equity Policy that replaced PDC's prior equity initiatives that were limited to construction to include financial and non-financial investments, public benefits, and internal equity. Since the adoption of the Equity Policy, PDC has put greater emphasis and priority on the work of the Equity Council and contracted with Crossroads Antiracism Organizing & Training (Crossroads) to guide PDC through innovative and intense training intended to steer PDC towards becoming an antiracist institution. As a result of the work of the Equity Council and the Crossroads training regimen, PDC staff are proposing to update the Equity Policy so that it better reflects PDC's commitment to equity initiatives and is fully consistent with the Strategic Plan. The proposed revisions to the Equity Policy include four major initiatives:

1. Achieving Antiracist and Inclusive Outcomes with PDC Investments, Projects, and Programs;
2. Ensuring that Significant PDC Investments Promote Opportunity Objectives;
3. Building Community Partnership and Increasing Diversity and Transparency Through Antiracist Transformation of Internal Business Practices; and
4. Embodying Antiracist Behavior and Creating Accountability Through the Institution of a PDC Equity Council.

Following is a high-level description of how PDC is delivering on each of these initiatives. At the April 20, 2016, PDC Board meeting, PDC staff and community stakeholders will go into greater detail on how these initiatives are being addressed in the day-to-day work of PDC and its partners.

Achieving Antiracist and Inclusive Outcomes with PDC Investments, Projects, and Programs

The Strategic Plan has created a new framework for PDC – the creation of a multicultural, anti racist organization that includes antiracist and inclusive tools at the beginning of every project, program, and process. This new policy framework includes consistent objectives:

- Explicitly consider who benefits, how disparities are addressed, and equitable outcomes for all work;
- Ensure significant investments provide business and employment opportunities for historically disadvantaged populations; and
- Create internal business practices that embody antiracist strategies to increase diversity and social equity within PDC and community stakeholders.

Ensuring that Significant PDC Investments Promote Opportunity Objectives

Equity in construction has been the cornerstone of equity accountability and outcomes as approximately 90 percent of all PDC funding supports construction projects. PDC has adopted some of the most aggressive construction equity goals and requirements in the nation, including:

- A 20 percent goal for professional services as well as for subcontracting;
- Consideration of every possible alternative to low bid when possible;
- Application of the Equity Policy to Enterprise Zone projects regardless of whether PDC funds are used or not;
- The use of project-specific goals with broader use of requiring Disadvantaged Business Enterprise certification instead of Minority/Women/Emerging Small Business;
- Requiring projects that do not meet the Equity Policy thresholds, such as most Community Livability Grants, to show how recipients intend to utilize certified firms; and
- Requiring PDC approval for more than 10 percent self-performed work of either total hard construction costs or any division of construction.

In addition, PDC has adopted the recommendations of the City of Portland Auditor’s Office regarding reporting to the PDC Board and public on certified firm utilization on PDC-funded projects; fiscal year (FY) 2014-15 results can be found in Attachment A.

Building Community Partnership and Increasing Diversity and Transparency Through Antiracist Transformation of Internal Business Practices

Broadening the reach of the Equity Policy to human resources (HR) and internal operations has had significant impact accompanied by many ongoing challenges. As a result of the Crossroads training, every staff person’s annual work plan must have not only equity components, but also have equity infused into each project, program, and process. In addition, PDC staff performance evaluations will soon address equity in specific work plan outcomes and the cultural agility of staff.

PDC actively looks for opportunities for internal promotion and advancement for diverse staff, including providing opportunities for staff to step up to management positions during times of transition and recruitment. Individual Development Plans have given all PDC staff the opportunity to work with their manager to create a path for their professional development, in their current job and beyond. Recent development opportunities have become available for a diverse pool of candidates as vacancies have been created through attrition.

In an agency that continues to downsize, diverse recruitment can be a challenge as the opportunities to add new staff become fewer in number. Nonetheless, recruitment of diverse PDC staff has been very successful over the last several years. An ongoing challenge is retention of a diverse staff. Upcoming HR initiatives will focus on mentoring, continued professional development, and additional internal opportunities for diverse staff. These efforts, along with embodying antiracist behavior throughout PDC, are aimed at making PDC an inclusive environment for all staff.

Embodying Antiracist Behavior and Creating Accountability Through the Institution of a PDC Equity Council

The Equity Council, which currently includes approximately 12 PDC staff, has made significant progress as a group and as a change agent for PDC. The Equity Council meets monthly to review progress on the draft Equity Action Plan (see Attachment B), provide ongoing review of the antiracist training for PDC, and to consider current and critical issues, either internally or externally.

Should the PDC Board approve the proposed changes to the Equity Policy, it would also be approving the Equity Council Charter (Charter), which is an attachment to the Equity Policy. The Charter will further define and strengthen the role and scope of the Equity Council as PDC's antiracist change agent.

COMMUNITY AND PUBLIC BENEFIT

The community and public benefit as a result of these proposed changes will be to further affirm PDC's commitment to widely shared prosperity, which is the overriding objective of the Strategic Plan.

PUBLIC PARTICIPATION AND FEEDBACK

PDC staff conducted robust public participation in the development of the Strategic Plan.

BUDGET AND FINANCIAL INFORMATION

No financial impact is expected as a result of this action.

RISK ASSESSMENT

No significant risks are applicable.

ALTERNATIVE ACTIONS

The PDC Board could choose to not adopt the proposed changes, in which case the existing Equity Policy would still apply. Alternately, the PDC Board could choose to make specific language amendments to the proposed changes.

ATTACHMENTS

- A. FY 2014-15 Certified Firm Utilization on PDC-Funded Projects
- B. Equity Action Plan

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

REPORT NO. 16-16

ATTACHMENT A

**ADOPTING CHANGES TO THE PORTLAND DEVELOPMENT COMMISSION
EQUITY POLICY**

Attachment A includes this cover page and contains two pages:

- Portland Development Commission Development Agreement – Contracting Dollars, Reporting Period 7/1/14 – 6/30/15

**Portland Development Commission
Development Agreement – Contracting Dollars
Reporting Period 7/1/14-6/30/15**

Project Name	Total Hard Construction	Majority Firms	DBE	%	ESB	%	WBE	%	MBE	%	Total D/M/W/ESB	%
Thetus-US Bank	\$1,895,443	\$1,498,524	\$196,796	10.38%	\$123,381	6.51%	\$76,742	4.05%	0	0%	\$396,919	20.94%
PNCA Bldg 511	\$20,008,380	\$14,508,159	\$12,569	.06%	\$434,015	2.17%	\$4,954,806	24.76%	\$98,831	.49%	\$5,500,221	27.49%
Portland Mercado	\$1,584,199	\$913,458	\$125,439	7.92%	\$506,246	31.96%	\$7,001.44%	.44%	\$32,055	2.02%	\$670,741	42.34%
Society Hotel	\$2,500,000	\$2,416,870	\$9,721	.39%	\$34,719	1.39%	\$8,900	.36%	\$29,790	1.19%	\$83,130	3.33%
Z Haus Brewery	\$854,331	\$522,489	\$40,070	4.68%	\$101,503	11.88%	\$108,927	12.75%	\$81,342	9.52%	\$331,842	38.84%
Daimler*	\$66,724,000	\$55,650,256	\$440,042	.66%	\$342,100	.51%	\$5,430,550	8.1%	\$4,861,052	7.2%	\$11,073,744	16.5%
Block 37	\$36,623,690	\$31,331,084	0	0	\$1,647,457	4.5%	\$2,746,544	7.5%	\$898,605	2.45%	\$5,292,606	14.45%
Block 8L	\$23,395,664	\$18,237,082	0	0	\$81,720	.35%	\$3,075,160	13.14%	\$2,001,702	8.56%	\$5,158,582	22.05%
Iberdrola	\$1,226,898	\$875,128	0	0	\$81,564	6.65%	\$152,371	12.42%	\$117,835	9.6%	\$351,770	28.67%

*The Daimler expansion on Swan Island is a multiyear project whose overall certified firm utilization to date exceeds 20%.

IGA-City of Portland

Killingsworth Street Project	\$1,489,484	\$895,853	n/a	n/a	\$15,800	1.06%	\$521,731	35.03%	\$56,100	3.7%	\$593,631	39.85%
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IGs-TriMet

	Total Cost	Majority Firms	%	DBE%	%
Tillikum Bridge (\$10 million PDC investment)	\$99,800,000	\$81,954,000	82.2%	\$19,850,000	21.9% overall participation (19.88% + retainage returned to MBEs)
(as reported by TriMet)					

Note: This project is not completely closed out; final numbers may vary slightly in the end.

Fair Market Land Sales Not Subject to the PDC Equity Policy at the Time of Sale

Block 67-Burnside Bridgehead	\$59,132,950	\$53,823,834	\$5,309,116	8.98%	0	0	0	0	0	0	\$5,309,116	8.98%
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Note: 1) The report of this fiscal year's reporting is different from previous years in that it follows the recommendations of the City Auditor's Office to disaggregate individual project totals and include IGAs, previous fair market land sales and other forms of PDC construction-related investments. 2) For construction contracting, PDC's Equity Policy has an aspirational goal of 20% DMWESB contracting on a per-project basis; regardless of outcome, prime contractors, developers and owners must follow the Equity Policy procedures for bidding and outreach. 3) all figures above are subject to rounding.

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

REPORT NO. 16-16

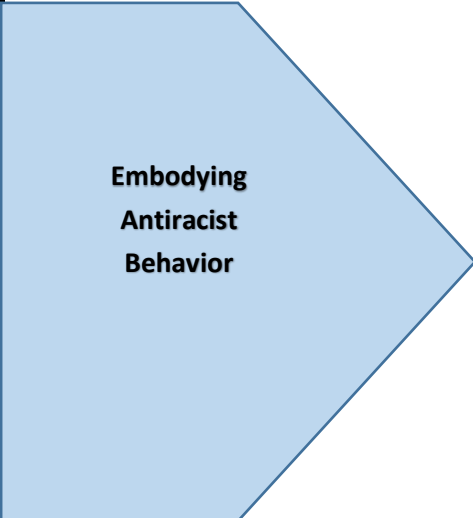
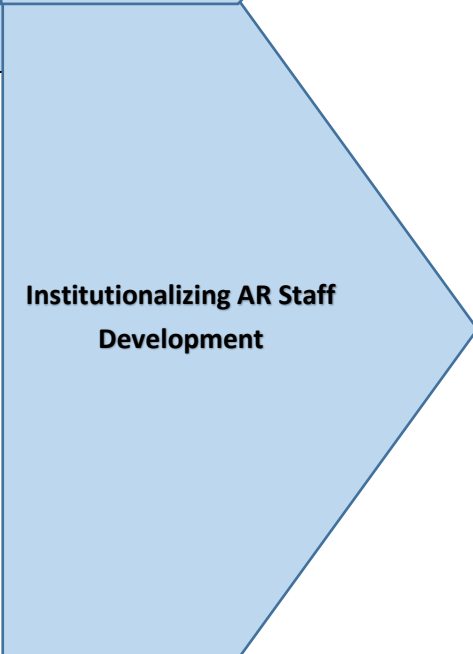
ATTACHMENT B

**ADOPTING CHANGES TO THE PORTLAND DEVELOPMENT COMMISSION
EQUITY POLICY**

Attachment B includes this cover page and contains seven pages:

- Portland Development Commission Equity Council Action Plan 2015-2020

Strategic Directions: What innovative, substantial actions will deal with the underlying contradictions and move us towards our vision?

Model Antiracist Behavior on Equity Council	Engage board in Antiracist transformation	Provide Antiracism training to staff	 <p style="text-align: center;">Embodying Antiracist Behavior</p>	
<ul style="list-style-type: none"> • Scheduling quarterly Equity Council caucusing • Affirmatively declare “we’re all equals” in Equity Council • Rotating Chairs for Equity Council • EC practices and models AR tools • Rotating facilitation and observation in Equity Council • Update Equity Policy to formalize expanded role of Equity Council • EC models collaborative, non-hierarchical decision making 	<ul style="list-style-type: none"> • PDC Board meets in communities and neighborhoods, not downtown • PDC Board receives AR training (by EC?) 	<ul style="list-style-type: none"> • All staff receive antiracism training • All staff receive training in AR transformation 		
		Institutionalize AR Staff Development		 <p style="text-align: center;">Institutionalizing AR Staff Development</p>
		<ul style="list-style-type: none"> • Develop “work out of class” program • All new PDC employees should have a mentor as part of onboarding • EC review of job description/position announcement • Clear procedures/guidelines for upward mobility • 360 degree reviews that include staff • Every employee has career plan with antiracist lens • Performance rarely rewarded based upon group efforts 		

Engage Partners in AR Work	Prioritize Authentic Relationship Building	Transform PDC process to redirect wealth creation for POC	Expanding partnerships and tools to achieve antiracist transformation
<ul style="list-style-type: none"> Partner with educational institutions Expand antiracist organizing tools Provide AR capacity building for support staff of URAs to NPI-type model 	<ul style="list-style-type: none"> Review and revise work plans to prioritize authentic relationship building Standard practice to engage community at very beginning Get multiple perspectives to facilitate more equitable, accessible services Drastically expand relationship building with POC industry and real estate leaders 	<ul style="list-style-type: none"> Develop other real estate development models (e.g. community _____ track) Review financial products and create/change to support POC Guest speaker on new economic model (i.e. interrupting capitalism) PDC develop project with dev/contractors of color and transfer ownership Concrete effort to work more closely with orgs like _____, etc. Tailor _____ & CPRI? So they work better for _____ 	

Celebrate and communicate AR successes	Acknowledge racist history of PDC to transform future	Create spaces for PDX POC to tell their stories	Telling our story; our racist past and antiracist journey
<ul style="list-style-type: none"> PDC develops AR brand; all staff promote All communications capture community involvement (i.e., website, etc.) 	<ul style="list-style-type: none"> Bring back PSU class on PDC; "C-Dev Leadership Program Public promotion of PDC racist history project Presentations and community involvement acknowledge full history 	<ul style="list-style-type: none"> Promote PDX Communities of Color (like tech video) Antiracist PDX Communications Plan (with partners) 	

	Create Antiracist and inclusive decision-making structures	Create Transparent Access	Create Inclusive, Transparent Decision-Making
	<ul style="list-style-type: none"> • Empower teams to make decisions • Experiment with management-less teams • Self-determined professional growth (e.g., allow for formal growth) • Allow staff to have primary decision-making on their projects 	<ul style="list-style-type: none"> • Annual staff check-ins with PDX, staff & bureaus • EC review and propose changes to organizational chart • Present entire budget for staff input • Hold meetings to get input on substantive projects (e.g., structure & financial products) • PDC requires all meetings to run in EC-like collaborative model • All staff shadow, cross train and learn about the rest of the agency 	

DRAFT

First Year Accomplishments

Strategic Direction – Institutionalizing Antiracist Staff Development

Current Reality	1st Year Accomplishments	Success Indicators
Statistics	Mentoring Program	EX Expansion Cycle; still doing good stuff
Equity Council Exists	Pilot Cross training	Less disparities in statistics
Different perspectives on Antiracism Development based on race	E.C. Review job announcement process and give recommendations	Less turnover for race-related reasons
Some people have clear equity goals while some people have no idea	E.C. receives work time to do their work	Positive survey results
Already have mission, vision, values survey	Launch employee engagement survey	Not just talking; specific staff changes are happening
Engagement survey coming up	Begin 360 review implementation	Clear procedures for upward mobility
Report from Crossroads after Critical Cultural Competency workshop	Clear set of expectations and procedures for mobility	
Institutional White Privilege	Examine use of IDPs	
No standard practice goals / ad hoc		
Understanding of Dominant Culture Definition		

Strategic Direction – Telling Our Stories: Our Racist past and Antiracist Journey

Current Reality	1st Year Accomplishments	Success Indicators
Portland perceived as White city; unwelcoming to People of Color	Public presentations of PDC history video	Increased awareness of PDC history
PDC has racist past; urban renewal negatively impacts POC	Update website and social media to highlight successful business of POC	Recognition by stakeholders of PDC's transition toward antiracism
PDC primarily publicizes aspects of our work that benefits white dominated industry clusters, not initiatives that benefit POC	Plan seminar series on PDC	Better relationships with stakeholders
		More POC moving to Portland

Strategic Direction – Creating Inclusive and Transparent Decision-Making

Current Reality	1st Year Accomplishments	Success Indicators
Lack of cohesive buy-in, agreement re: outcomes	Quarterly meetings to get feedback on substantive topics	
Top-down approach (LT > Management > Staff)	Include project managers in REL/UDD coordinator meetings	
Siloing (UDD/REL)	Experiment/pilot “manager-less” project teams (may include managers)	
Bias for efficiency		
City Charter / Legal Structure		
Expenditure authority hierarchical		
Territoriality		

Strategic Direction – Expanding Partnerships and Tools to Achieve Antiracist Transformation

Current Reality	1st Year Accomplishments	Success Indicators
Selective partnerships	Speaker program	One speaker per month
Lack of comprehensive cultivation of community relationships	Develop plan for more GEM lists	Actual lists produced with community direction
Few external points of view	Comprehensive community engagement strategy developed and implemented	Financial Products changed - POC
More GEM Lists	Work plans reviewed and revised	Staff embrace changes
Static outreach instead of authentic engagement	Antiracism tools identified	
	Financial review started	

Strategic Direction – Embodying Antiracist Behavior

Current Reality	1st Year Accomplishments	Success Indicators
EC in first phase of awareness, still working on shifting paradigms and behaviors	Caucusing tool used effectively by EC, expanding to staff	EC recognizes and interrupts IRS/IRO driven behavior
EC still working on team dynamics	Staff and Board have engaged in AR learning experiences	EC modeling AR behavior most of the time
PD staff = dominant culture status quo, i.e. competitive, individualistic, either/or, scarcity, secrecy (silos) entitlement with white privilege	EC has transitioned into facilitator/trainer role for AR training	PDC staff – we will see noticeable shift in behavior, e.g. using power analysis, interrupting IRO/IRS
PDC Board = same traditional decisions re wealth creation	EC has a regular protocol to run meetings with AR values (e.g. Rotating facilitators).	PDC Staff – people feel uncomfortable in racist behavior, supported to change/address
	EC team life embodies AR values, healthy dynamics	PDC Board starts using AR language and analysis