Contracting and Purchasing with Historically Underrepresented Businesses

Annual Report - Fiscal Year 2012
# UNIVERSITY OF OREGON (UO)
## MINORITY WOMEN AND EMERGING SMALL BUSINESS (MWESB)
### FY2012 REPORT (July 1, 2011 – June 30, 2012)

## UO STATISTICAL DIRECT SPEND FOR FY2012 & COMPARISON TO FY2011

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Spend</th>
<th>FY 2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct MWESB Capital Construction Spend</strong></td>
<td>$551,351.38</td>
<td>$819,513.46</td>
<td>-32.72%</td>
</tr>
<tr>
<td><strong>Direct Non-Capital Construction Spend</strong></td>
<td>$247,094.90</td>
<td>$1,614,984.22</td>
<td>-84.70%</td>
</tr>
<tr>
<td><strong>Total State Certified MWESB Spend</strong></td>
<td>$798,446.28</td>
<td>$2,434,497.68</td>
<td>-67.20%</td>
</tr>
<tr>
<td><strong>Direct MWESB Capital Construction Spend</strong></td>
<td>$511,986.64</td>
<td>$483,876.60</td>
<td>5.81%</td>
</tr>
<tr>
<td><strong>Direct MWESB Non-Capital Construction Spend</strong></td>
<td>$5,792,541.81</td>
<td>$3,932,738.94</td>
<td>47.29%</td>
</tr>
<tr>
<td><strong>Procurement Card Spend</strong></td>
<td>$338,758.19</td>
<td>$352,143.76</td>
<td>-3.80%</td>
</tr>
<tr>
<td><strong>Office Supply Vendors Spend</strong></td>
<td>$30,410.35</td>
<td>$26,410.07</td>
<td>15.15%</td>
</tr>
<tr>
<td><strong>Total Self-Reported MWESB Spend</strong></td>
<td>$6,673,696.99</td>
<td>$4,795,169.37</td>
<td>39.18%</td>
</tr>
<tr>
<td><strong>Total State Certified and Self-Reported MWESB Spend</strong></td>
<td>$7,472,143.27</td>
<td>$7,229,667.05</td>
<td>3.35%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>% MWESB Spend</th>
<th>FY 2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Capital Spend</strong></td>
<td>2.39%</td>
<td>$206,775,580.78</td>
<td>-43.76%</td>
</tr>
<tr>
<td><strong>Total Non-Capital Spend</strong></td>
<td></td>
<td>$184,102,202.10</td>
<td>6.62%</td>
</tr>
<tr>
<td><strong>Total Spend</strong></td>
<td></td>
<td>$390,877,782.88</td>
<td>-20.03%</td>
</tr>
</tbody>
</table>

*Spend from UO’s Banner system using all vendor spend rather than by account code.

**Figures may be understated because OMWESB provided no tax ID or SSN for over 340 listed vendors. Tax ID or SSN is necessary for accurately obtaining vendor spend.*
Capital Construction Subcontracted Billings for FY2012*

<table>
<thead>
<tr>
<th>2012</th>
<th>Sub-Contract value billed within the fiscal year (July 1-June 30)</th>
<th>Sum</th>
<th>Percentage</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Certified Minority Business Enterprises</td>
<td>4,437,115</td>
<td>4.6%</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>2. Certified Women Business Enterprises</td>
<td>2,512,147</td>
<td>2.6%</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>3. Certified ESBs</td>
<td>3,799,580</td>
<td>4.0%</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>Total Project Spend awarded to certified MBE/WBE/ESB</td>
<td>8,214,306</td>
<td>8.6%</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>4. Self-identified MWESBs and MWESBs certified by other than OBDD</td>
<td>390,954</td>
<td>0.4%</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Total Project Spend awarded to MBE/WBE/ESB/Self-certified</td>
<td>8,605,260</td>
<td>9.0%</td>
<td>95</td>
<td></td>
</tr>
</tbody>
</table>

*Billings may be understated as UO has been able to obtain worksheets from prime construction contractors that relate to approximately 83% of the subcontracts issued during FY2012.

SUMMARY OF MWESB BUSINESSES IN LOCAL COMMUNITY

In an effort to provide additional background for the above summaries, PCS with the assistance of UO Institutional Research compiled the following information on vendors in UO’s community:

- Per latest available US Census Bureau data of the 31,239 businesses in Lane County, 7% (or 2,183 businesses) identify as minority-owned business and 32% (or 9,998 businesses) identify as women-owned businesses.
- Per the November 2012 OMWESB Certification list, 5.18% (or 172 businesses) of the all certified businesses on the list maintain a mailing address in Lane County.
- The 3 attached maps show the geographical location of the certified MWESB vendors in Oregon. As shown on the attached maps a majority of the state certified MWESB vendors in Oregon are located in the Portland area.

SPEND DATA SOURCES

1. FY2012 UO MWESB Direct Banner Spend. UO Statistical Direct Spend Data for FY2012 is calculated based on the data found in the Excel Spreadsheet titled: “FY2012 UO MWESB Direct Banner Spend.” This spreadsheet provides details on the business transactions between UO and all its vendors during FY2012, including those vendors that are certified and self-reported MWESBs. Below is a brief explanation of the data contained in the spreadsheet and the methodology used in compiling that data:
   - Tab 1 – UO Summary:
     This contains the same data that is reported on page 1 of this report. The summary includes UO FY 2012 spend information as well as UO FY 2011 data for comparison. The percent change year over year for each category
is calculated to show data trends. **Overall, UO’s MWESB spend increased 3.35%, even while UO’s total spend with all vendors decreased 20.03%.**

- **Tab 2 – OUS Data Format:**
  The UO MWESB data in reporting format required under the OUS Equity Contracting and Purchasing Policy and Data Reporting Procedures. 
  **NOTE:** The data reported on this form only includes direct contractor spend. OUS changed the data format and source for subcontracted construction spend starting this fiscal year. Due to the disparate sources and reporting methods, OUS and UO agreed subcontracted spend would be reported separately from direct spend. For subcontracted spend under the new OUS method, see Excel Spreadsheet title: “OUS Format MWESB Subcon Spend.”

- **Tab 3 – Total Vendor Spend:**
  All direct UO vendor spend data for FY2012 from the Banner system. This data also identifies MWESB status.

- **Tab 4 – Total MWESB Vendor Spend:**
  All direct UO MWESB vendor spend data (certified and self-reported) for FY2012 from the Banner system. Column C reports spend on capital construction projects. Column D reports total spend. This data also identifies MWESB status.

- **Tab 5 – PCard:**
  Total UO MWESB spend on PCard program as reported by US Bank.

- **Tab 6 – Office Supplies:**
  Total UO MWESB spend for office supplies as provided by office supply vendors.

- **Tab 7 – Dir Cap Const:**
  All direct UO capital construction vendor spend. Data extracted from Tab 3-Total Vendor Spend to provide data for direct capital construction calculations.

2. **FY2012 MWESB Subcontracted Capital Construction Billings.** Excel Spreadsheet titled “FY2012 MWESB Subcon Billings” contains capital construction subcontracted billing data from UO prime construction contractors that submitted an OUS worksheet. Starting with this FY2012 report OUS requires a new data format for collection, tracking, and reporting of MWESB subcontracted capital construction data. Each UO prime capital construction contractor was required to complete an OUS worksheet detailing its billings related to its subcontracting activities. Please note for this report, the subcontracted data collected and tracked did not include subcontracted data from UO professional consultants (i.e. architects and engineers).

- **Tab 1 – Start and Tab 2 Pivot:**
  These tabs contain links underlying source data that is not available on this spreadsheet. For the purposes of this report, these two tabs should be disregarded.

- **Tab 3 – Initial:**
  This tab contains the initial subcontract value for all construction subcontracts issued by UO prime construction contractors during FY2012.
• **Tab 4 – Fiscal Year:**
  The OUS computed value of all invoices billed by subcontractors during FY2012 pursuant capital construction subcontracts issued by UO prime construction contractors. **For the purposes of reviewing the OUS compilation, this is the tab that contains the capital construction subcontract billings for FY2012.**

• **Tab 5 – Final:**
  This tab contains the final close-out value for all capital construction subcontracts issued by UO prime construction contractors where all work under the contract was completed in FY2012.

3. **Differences between Data Sources.** The direct spend data in part 1 differs from the capital construction subcontracted data in part 2 in two significant ways. The direct spend data is obtained from UO's financial system by pulling amounts UO actually paid to vendors during FY2012. The subcontracted capital construction data is self-reported though UO’s prime construction contractors who complete a worksheet that tracks subcontracted amounts and amounts billed/invoiced by subcontractors in FY2012.

4. **Potential Duplication.** While not calculated in this report, if the total amount of direct spend was added to the total billed for capital construction subcontracts, there would be some duplication. For example:
   - UO Capital Construction Project for $250,000.
   - UO contracts directly with and pays a prime contractor $250,000. This prime contractor is an MWESB.
   - The prime contractor than enters into a subcontract for $125,000 of the work. The subcontractor is an MWESB.
   - UO will report the $250,000 paid to the prime contractor as direct spend with an MWESB. UO will also report the $125,000 as billed by an MWESB subcontractor.
   - Adding those two amounts results in duplication in that the report reflects $375,000 in MWESB spend for a $250,000 project.

**FY2012 MWESB EVENTS**
UO continues to attend events targeted at MWESB vendors such as those reported below. The goal of UO’s efforts was to provide information regarding UO business opportunities to vendors and to collect information from vendors regarding products or services they could offer to the UO.

- September 8, 2011 – Hispanic Heritage Celebration Dinner in Portland.
- October 7, 2011 – National Association of Minority Contractors Oregon (NAMCO) luncheon and meeting on UO contracting practices.
- October 26, 2011 – Portland African American Community Luncheon hosted by UO at its White Stag Building in Portland.
- February 29, 2012 – Oregon Native American Chamber luncheon in Portland.
- February 29, 2012 – Eugene Chamber Business After Hours.
March 6, 2012 – Oregon Public Purchasing Association (OPPA) Reverse Vendor Fair in Portland.

April 18, 2012 – Governor’s Marketplace event in Salem.


May 11, 2012 – African American Community Luncheon in Portland.

June 7, 2012 - Oregon State University Merchant Expo.

UO MWESB OUTREACH PLAN
UO has implemented a comprehensive strategy to engage MWESB entities in the purchasing and contracting processes utilized by UO. Several different avenues of engagement are currently employed by several different departments to increase participation by MWESB entities in provision of goods and services to UO. Below is an outline of UO’s outreach activities supporting UO’s comprehensive MWESB strategy in the purchasing and contracting areas.

1. UO Purchasing and Contracting Services’ (PCS’) web site directly links to the Office of Minority, Women and Emerging Small Businesses (OMWESB) and that office’s vendor directory of State of Oregon MWESB certified firms. The link is listed on PCS’ home page under “Vendor Information for Departments”: http://pcs.uoregon.edu/

2. UO requires all informal, formal, and alternative solicitations (bid, proposal, and quote requests) for goods, trade services, personal services and construction services to include posting on the Oregon University System (OUS) website. Pursuant to an agreement with the Governor’s Advocate Office, posting on the created OUS website serves as notice to MWESB vendors. OUS website: https://secure.ous.edu/bid/

3. UO Capital Construction continues to require the following additional procedures for its solicitations:
   - All Construction Manager/General Contractors (CM/GC) working on UO capital projects in excess of $1 million dollars must advertise subcontracting and material supplier opportunities connected with the large project.
   - All multi-contractor retainer solicitations are advertised on the OUS procurement website so that sub-trade opportunities on smaller projects are publicly known to interested contractors.

4. UO Campus Planning and Real Estate Office continues to require the following additional procedures for its solicitations:
   - All informal and formal procurements for architects, engineers, and planning consultants are advertised in a variety of minority trade journals such as the Portland Observer, The Skanner, and El Hispanic News.
5. UO implemented the OUS MWESB policy campus-wide for goods, trade services, personal services, and construction services. All purchasing and contracting processes and procedures were updated to support implementation of the policy and increase outreach to the MWESB vendor community.

6. As part of this implementation, UO PCS commenced creation of a new vendor portal site accessed through the Web. The Vendor Portal site will serve two purposes: (1) allow any vendor to register and provide details about their business including MWESB status; (2) allow campus purchasers to find available vendors. To help ensure MWESB vendors were adequately represented on the site, UO actively marketed the new Vendor Portal through outreach to MWESB chambers and business groups as well as through the Governor’s Advocate listserv. UO will continue to grow the UO Vendor Portal encouraging MWESB vendors to register and departments to use as resource for finding vendors.

7. UO Capital Construction continues to provide periodic opportunities for entities providing construction related services, including MWESB entities, to present their experience and professional capabilities to the Capital Construction staff, primarily utilizing two formats.
   - UO provides twice-monthly opportunity for entities to attend a departmental meeting with Capital Construction staff devoted to presentations and networking.
   - UO holds monthly luncheons where vendors are afforded the opportunity to attend and present information regarding their experience and professional capabilities. In FY2012, 23 companies presented information. Eight presenters have been MWESB companies. UO has since procured construction related services from eight of those that have presented and 2 of these companies are MWESB firms.

8. UO CM/GC formal procurements provide a 15% scoring value towards MWESB participation information (greater than the minimum of 10% required by OUS MWESB policy).
   - UO Capital Construction hired first CM/GC team that incorporated fully integrated MWESB partner in construction services portion of the contract.

9. UO Capital Construction continues to work with the OUS Chancellor’s Office to develop updated construction contract templates.
   - UO Capital Construction worked with the OUS Chancellor’s Office to revise the General Conditions for Construction that are used for all OUS construction contracts. The revised language includes additional obligations on UO prime contractors to increase MWESB vendor subcontracting participation.
   - UO Capital Construction will work with the OUS Chancellor’s Office to update the CM/GC contract language to better support direct procurement from MWESB firms as subcontractors on projects for work with a value under $50,000.

10. UO prime construction contractors are required, by contract, to report their outreach efforts and MWESB contracting to UO.

11. UO Capital Construction will develop strategic bid packages within CM/GC projects. Strategic packages will provide opportunities to smaller contractors where the market indicated these smaller contractors exist within various trades.

12. UO continues to require every new vendor to complete a UO Substitute W-9 Form as part of the vendor set-up process. The UO Substitute W-9 allows vendors to self-report their
MWESB status in one or more of six (6) categories. This data allows UO to more accurately report on its contracting activities with self-reported MWESB vendors.

13. UO PCS will continue to host a Reverse Vendor Trade Fair. The next UO Reverse Vendor Trade Fair is scheduled for February 27, 2013. UO is already engaged in wide-spread, advertising of this event targeted to MWESBs, including:
   • Sponsorship with the *Daily Journal of Commerce* for their 2012 DMWESB Top Projects
   • Additional advertising in Trade Publications that include *Adelante*, *The Skanner, El Hispanic News*, the *Portland Observer*, and various chambers.

14. UO will continue outreach efforts by attending events targeted to MWESB during FY2013 independently and in conjunction with OUS and other state agencies including the following:
   • October 3, 2012, Business Diversity Institute, Inc. lunch, Portland Oregon.
   • Oregon Public Purchasing Association (OPPA) Reverse Vendor Fair in Portland.
   • Governor’s Marketplace event in Salem.
   • Oregon Association of Minority Entrepreneurs Conference and Trade Show in Portland.
   • Oregon State University Merchant Expo.