

The Oregon Department of Transportation recently completed a study of disadvantaged, minority-owned and/or woman-owned businesses in the Portland area to find out, among other things, how best to get them involved in ODOT projects. This “capacity” study, performed by Mason Tillman Associates, is another in a series of steps ODOT is taking to engage Oregon small businesses in work performed throughout the state transportation system.

The Contracting Capacity Study looked at Washington, Clackamas and Multnomah counties and had two goals: 1) identify the number of disadvantaged, minority-owned and woman-owned businesses in specified, transportation-related industries; and 2) analyze the capacity of these businesses to perform work on ODOT contracts.

Study pinpoints potential businesses

Through a variety of outreach methods, including phone calls, meetings, emails, trade organization mailing lists, and more, the study identified an initial vendor list of 3,690 businesses in the four industry categories of:

- construction;
- architecture and engineering;
- personal services; and
- goods and trade services.

With the list restricted to the appropriate industries and geographical area, researchers determined the ethnicity and gender of each identified business. That narrowed the list of potentially eligible disadvantaged, minority-owned and/or woman-owned businesses in the specified industry categories in the Portland metropolitan area to 858.

It’s likely there are more qualified firms; researchers found that several key organizations declined to contribute membership lists, such as the Oregon Association of Minority Entrepreneurs, the African American Chamber of Commerce, Associated Oregon Industries, Oregon Tradeswomen and others (see Table 3.1), but most did agree to distribute notices about the survey.

Of the 858 small businesses in the selected industries identified as being disadvantaged, minority-owned and/or woman-owned, 319 completed the survey and another 115 provided partial responses. Survey information was also supplemented with material from other sources, such as the U.S. Small Business Administration, PRO-Source, OneSource, Oregon Office of Minority-owned, Women-owned and Emerging Small Businesses, and others. There were 127 confirmed D/M/WBEs that did not respond to the survey and no capacity information was available for them through the other sources. These firms are included in the list of 858 but not included in the capacity analysis.

Mixed results in areas of expertise

Based on the survey, literature review and outreach findings, the study concluded there is significant potential for disadvantaged, minority-owned and/or woman-owned businesses in the specified industries to perform work for ODOT. In “architecture and engineering,” there are several dozen businesses that could potentially qualify for work with ODOT, especially in the engineering and engineering-related areas.

In the “construction” area, however, the results are far less clear. Overall, there are fewer firms that could potentially qualify, especially when you look at categories of work important to highway construction (Table 4.18). For example, in concrete, there is one firm; in paving, there are two firms. In these two categories, none of these firms is registered as a DBE (Table 4.19). In heavy equipment, there are two minority-owned or woman-owned firms, and both are registered DBEs. Still, when considering the majority of ODOT’s contracts are in the “construction” category, the survey shows there is work that must be done to develop qualified businesses.

Bonding gap in some areas

The researchers looked at several factors in evaluating a firm’s capacity to work on ODOT contracts, including years in business, annual revenue, size of largest contract work performed, major equipment used, number of facilities and licenses held by employees. These findings also support some potential, such as the fact that more than 50 percent of the firms have been in business ten years or more and nearly 90 percent would travel statewide if required by the contract.

There are several firms that have performed bigger contracts (over \$1 million): some 19 percent of disadvantaged businesses, 18 percent of minority-owned, and 12 percent of woman-owned firms. However, when reviewing bonding levels, there are only 11 D/M/WBEs with bonding levels over \$1 million, with none in concrete, one in heavy equipment and two in paving (see Table 4.20). Contractors are required to meet bonding levels equivalent to the amount of the contract, and ODOT rarely has construction contracts under \$1 million.

Next steps

Over the past several years, ODOT has stepped up its efforts to get emerging small, disadvantaged, minority-owned and woman-owned businesses involved in its work. This study concluded with several recommendations, most of which are already in some stage of review or implementation, based on earlier community involvement, research and efforts.

The Contracting Capacity Study recommendations include the following:

- Make the bid process easier with updates such as a system to notify firms of bidding opportunities, making bids specific to each trade, simplifying the bidding process, and helping businesses navigate the process.
- Offer assistance in ways to meet bonding and insurance requirements.
- Create networking opportunities with prime contractors.
- Add a system to monitor and track payment to subcontractors.

ODOT is now developing an in-depth resource guidebook that businesses can use to help them bring their companies to the point where they can compete for ODOT contracts. The guidebook will present information about resources such as training, financial assistance, bonding and insurance, trade organizations and more.

ODOT is also continuing to refine assistance programs rolled out over the past several years, such as the business management program for Emerging Small Businesses, run through Small Business Development Centers at community colleges around the state, and a mentor/protégé program, operated in conjunction with the Port of Portland. For more information about ODOT's programs for small businesses, visit www.odotsmallbusinesssupport.org.

To read full report of the 2009 Portland Area Contracting Capacity Study, visit www.oregon.gov/ODOT/CS/CIVILRIGHTS/sbe/PortAreaContractCapacityStudy.shtml

