

# ODOT DBE Advisory Committee Engagement Plan

July 2022

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## Background

In September 2020, the Oregon Department of Transportation's Office of Civil Rights (OCR) received funding for Disadvantaged Business Enterprise (DBE) Supportive Services as part of federal funding allocated by the Oregon Transportation Commission (OTC). This funding will be used to identify and address barriers that DBE certified firms face when competing for work with ODOT.

In 2022 Keen Independent Research, LLC. prepared an Availability and Disparity Study (Disparity Study) to analyze whether there is a level playing field for DBEs, in the Oregon transportation contracting industry. This Disparity Study identified a variety of barriers impacting DBEs in Oregon and their success competing for work with ODOT. Some of the key barriers faced by DBEs, include

### *Workforce and advancement barriers*

- People who are Black, Indigenous, and people of color (BIPOC), as well as women, appear to face barriers regarding advancement to supervisory or managerial positions.<sup>1</sup>
- Women account for a small portion of the Oregon construction and engineering workforce compared to other industries.
- DBEs are substantially more likely than other businesses to report difficulty networking with prime contractors or customers.

### *Insurance and loan barriers*

- There are statistically significant disparities in loan approval rates for Black-owned small businesses compared with similarly situated non-Hispanic white-owned firms.
- The mean value of approved loans for minority- and women-owned business in the Pacific region was substantially lower than non-Hispanic white men-owned firms.
- The researchers found evidence that minority- and women-owned small businesses in the Pacific region paid higher interest rates on their business loans than non-minority men-owned small businesses.
- DBEs experience difficulties obtaining lines of credit, insurance and loans.
- Obtaining business financing, bonding and insurance is more of a barrier to small businesses than large businesses, making it less likely that a small firm can expand or successfully pursue public sector work.
- Small businesses reported that public agency contracting processes and requirements, such as minimum prequalification, bonding, and insurance levels, put them at a disadvantage when competing for public sector work.
- Barriers accessing capital affect the number of minorities and women who are able to start a business.

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<sup>1</sup> <https://www.oregon.gov/odot/Documents/Strategic%20Action%20Plan.pdf>

- Twice as many minority- and women-owned small businesses were denied loans than non-Hispanic, white men-owned small businesses.

#### *Contracting barriers*

- DBEs, MBEs and WBEs had difficulty learning about bid opportunities, including those at ODOT and local agencies and the private sector.
- Public agency screening of potential contractors and engineering firms through prequalification can be a barrier to bidding.

#### *Size and project requirement barriers*

- DBEs, MBE and WBEs in the Oregon transportation contracting industry are disproportionately small compared to non-Hispanic, white-, men-owned firms.
- DBEs, MBE and WBEs reported that size of projects is a barrier to bidding.
- Excessive paperwork involved in public sector work is a burden to small businesses.

#### *The 2022 Disparity Study also provided data on*

- Utilization and availability of minority- and women-owned firms for construction, engineering and other transportation contracts and subcontracts.
- A survey of firms to identify companies available for transportation contracts and subcontracts in Oregon.
- Interviews and focus groups with businesses, trade associations and other groups.

### **Committee purpose and timeline**

This committee will use the barriers identified in the Disparity Study as a starting point for this new OCR funded project. The objective of this new work is to gather information from DBE firms and others with a stake in DBE firms accessing work with ODOT to inform potential modifications to ODOT contracting and procurement processes. To gather this information, the project will convene a committee made up of DBE firms, firms that prime on large contracts, and organizations that represent DBE firms' interests. Committee members will further explore and recommend potential solutions to overcome the barriers and create recommendations for solutions.

The first cohort of the DBE Advisory Committee will serve until June 30, 2023. Future cohorts are expected to serve 12 months. A new cohort of members will be seated each year so progress toward overcoming barriers can be assessed and monitored over time.

This plan will guide the structure and initial work of the committee.

## Committee structure and membership

### Cohort structure

The 2022 DBE Advisory Committee will launch this platform for engaging DBE firms and others invested in equitable contracting at ODOT. This first cohort will serve until June 30, 2023. Future cohorts are expected to serve 12 months. The committee members will meet monthly, except for December, for the first six months to develop their recommendations. The last two meetings will focus on the committee's recommendations and ODOT's potential solutions and priorities for the 2023 cohort. ODOT will provide an update on this review and any possible implementation, including any existing schedule, questions or clarifications they need, and any barriers they've encountered. Individuals who are interested in participating in the next cohort will be invited to attend and observe these meetings. At the final meeting, the outgoing committee members will share a recap of their work and lessons learned and have a conversation about the transition plan to the next cohort.

ODOT will support and advance the work of the previous DBE Advisory Committee cohort to establish the new DBE Advisory Committee cohort at the end of the committee term of service.

This structure allows the program to evolve over time, includes a wide range of voices, creates opportunities for meaningful accountability to the DBE community, has small enough groups for active participation and supports dialogue as ODOT considers recommendations for implementation.

The proposed 2022 DBE Advisory Committee will include up to 12 DBE firms, four industry organizations and three prime firms. Invitations may be extended to other key partners or agency representatives to participate in DBE Advisory Committee meetings to serve as resources and perspectives of DBE barriers from a non-DBE lens. These may include individuals from OPO, Oregon Buys, COBID, Project Delivery, the Mentor Protégé Program, and other non-DBE partners.

### Disadvantaged Business Enterprises

DBE firms are the core of the advisory committee. To understand the challenges and barriers DBE firms face while trying to pursue work with ODOT, they must be central to the process and conversation to share their experiences. They must also guide recommendations for solutions to overcome challenges and barriers they face. This helps ensure recommendations are centered on DBE experiences and provide meaningful progress towards DBEs successfully competing for ODOT work. This committee will include representatives from DBE firms with the intent to align with the ODOT Strategic Action Plan approved by the OTC, the 2022 Disparity Study by Keen Independent Research and the Office of Social Equity BIPOC Barriers Analysis.

### Industry organizations

Industry organizations for the purposes of this project are those that both are focused on transportation and represent the interests of DBE firms. These organizations have a mission to help promote and develop business and growth for companies that are minority- and women-owned, and specifically those that operate in the construction and contracting industries. It is important that these organizations be involved in the committee as they provide another perspective to what barriers their members face in competing for work with ODOT. Some examples of these organizations are:

- LatinoBuilt
- National Association of Minority Contractors (NAMC)
- National Association of Women in Construction (NAWIC)
- Oregon Association of Minority Entrepreneurs (OAME)
- Oregon/SW Washington Chapter of Conference of Minority Transportation Official (COMTO)
- Portland Chapter of Women in Transportation Seminar (WTS)
- Professional Business Development Group (PBDG)

### Prime firms

Prime firms are those that often work for ODOT on large projects that require sub-consultants to support the work. These firms are often required to include DBE firms in a certain percentage of the total value of their contract. It is important that prime firms are a part of the advisory committee to hear the barriers DBE firms face and to help inform recommendations for solutions.

### ODOT representatives

PRR recommends that ODOT staff representatives include at least one staff member from ODOT Office of Civil Rights, such as the DBE Program Manager, Small Business Programs Manager, or the OCR Manager. Additional ODOT representatives may be invited as resources to the DBE Advisory Committee to provide non-DBE perspectives to the committee. These representatives may include OPO or Project Delivery. These representatives do not serve on the committee but are intended to provide support to the committee. The purpose of this role is for ODOT to hear firsthand from members of the committee, while recognizing the power dynamics ODOT staff members may bring as committee members.

ODOT staff present on the committee may shift the power dynamic of the group such that DBE firms will not feel comfortable sharing sensitive information that they may perceive will affect their ability to secure future ODOT contracts.

To create an environment in which DBE firms share their honest opinions and experiences, supporting meaningful recommendations for solutions, DBE firms must not feel that their opportunities for ODOT work is dependent (or perceived to be dependent) on what they share in committee meetings. PPR recommends ODOT staff members attend the full advisory committee meetings and only attend small group meetings by invitation depending on the meeting topic.

## Communication and outreach

ODOT will select members of the DBE advisory committee through a cohort structure described below.

### Identify and recruit

ODOT will identify and invite DBE firms, industry organizations, and prime firms to participate as members of the DBE Advisory Committee.

ODOT will keep a contact list of DBE firms, industry organizations, and prime firms who are interested in participating in a future advisory committee as the advisory committee program grows and expands. ODOT will invite firms and organizations to participate after a preliminary engagement process of the DBE community in Oregon. We have a limited number of spaces available on the committee; the

intention is, over time and across many cohorts, the committee will be represented by all those interested in participating.

Consistent with the findings in the disparity studies that minority-owned businesses have the most barriers, ODOT will prioritize DBE firms for the first cohort. ODOT will also strive for geographic and industry diversity, with the understanding that this diversity can be achieved over time with subsequent cohorts of the DBE Advisory Committee.

ODOT will reach out to a prioritized list of DBEs, primes, and industry organizations to invite them to join the 2022 DBE committee. The project team will use the list of organizations who participated in the disparity study, have participated in ongoing conversations with the OCR and ODOT to develop the prioritized lists of potential members. This work will begin immediately upon the approval of this plan, with a target to have committee members seated in August.

### **Initial one-on-one conversations**

ODOT will conduct initial one-on-one conversations in August with committee members from DBE firms, industry organizations, and prime firms to begin building relationships, share the purpose and planned structure of the advisory committee meetings, and listen to what members hope to get out of participating in the DBE advisory committee. These initial conversations will be about 30 minutes.

This is an opportunity for committee members to help inform the meeting plan topics and meeting times (propose three options for a morning, lunchtime, and evening two-hour time slot). It is also an opportunity for committee members to provide insights to inform ODOT's ongoing engagement with the larger DBE community in Oregon.

These one-on-one conversations will be conducted by the firm ODOT hired to facilitate the committee, PRR, Inc. This will help create a space where interviewees feel free to honestly express themselves and thus help the committee function to the best of its ability. The PRR staff member will share contact information with the committee member for any follow-up questions or comments.

### **Ongoing engagement with DBE community**

ODOT is committed to transparent communication with the larger DBE community in Oregon.

When the plan for this committee is finalized, ODOT will send an email out to its DBE listserv, announcing the cohort structure and the three-year plan. ODOT will provide updates to the larger community at the end of 2022 to describe the general direction of the recommendations and in spring 2023 to share the final recommendations. In early summer 2023, ODOT will share direction and priorities for the 2023 DBE Committee cohort through the same network.

ODOT will include a link to a brief survey in these communications so members of the larger community can provide their responses to the committee's direction. These surveys will be two to five questions each.

Additionally, ODOT will create a short presentation to bring to existing groups that serve or are made up of DBE groups and other stakeholders as identified. The presentation will include disparity study

findings, information about the cohort structure and long-term goals, and an update on the recommendations as they evolve.

### **Goals**

The overarching goal of the of DBE Advisory Committee is to share recommendations with ODOT to overcome challenges and barriers that Oregon certified DBE firms face when pursuing work with ODOT.

Specific goals of each advisory committee cohort will be:

- to determine availability and capacity of DBE firms in ODOT’s relevant market area,
- to determine challenges and barriers for DBE firms in ODOT’s solicitation and contracting process,
- to identify other possible contracting disparities between the availability and the utilization of ready, willing, and able firms to participate in contracts for goods and services related to the operations, maintenance, and construction of highways, bridges, and other related transportation facilities in the state of Oregon,
- to review work of the prior cohort, including revisiting the list of barriers faced by DBE firms and assessing progress made toward reducing those barriers,
- to present a prioritized list of recommendations to ODOT to evaluate for implementation
- to develop DBE specific supportive services to address identified barriers, and
- to establish a long-term legacy for future cohorts so the DBE Advisory Committee may serve as an on-going resource for ODOT and the Oregon DBE community.

### **Compensation**

ODOT is able to compensate committee members who are not otherwise compensated for their participation in the advisory committee through the [Equitable Engagement Compensation Plan](#). Committee members who are eligible and opt to participate will be compensated via a prepaid cash card at a rate to be determined based on participation.

### **Meeting plan**

The advisory committee will meet as a full group (all advisory committee members) and in small groups (DBE firms only) from September 2022 to March 2023 (with no meeting in December 2022). The following meeting plan includes potential topics and objectives for each meeting. ODOT will share proposed meeting topics and objectives with committee members during the initial conversation and at the first meeting to gather any feedback. This meeting plan may change based on feedback from committee members as they partner with ODOT in this work.

Meeting	Objectives	Materials
<b>Meeting 1 (full group): September 14, 2022</b>	<ol style="list-style-type: none"> <li>1. Introduce advisory committee members to one another</li> <li>2. Introduce project</li> <li>3. Confirm committee goals and milestones with committee members</li> <li>4. Establish meeting structure and confirm meeting time for future committee meetings</li> <li>5. Prioritize the challenges and barriers DBE firms are facing when pursuing work with ODOT for this committee to consider</li> </ol>	<ul style="list-style-type: none"> <li>• List of committee members and contact information</li> <li>• Draft charter with proposed meeting schedule, topics, and objectives</li> <li>• 2019 Availability and 2022 Disparity Studies</li> </ul>
<b>Meeting 2 (small group): October 12, 2022</b>	<ol style="list-style-type: none"> <li>1. Refine list of challenges and barriers DBE firms are facing when pursuing work with ODOT to top five most pressing and actionable items to address</li> <li>2. Split into subcommittees to begin research on case studies or possible solutions from other DOTs or agencies</li> </ol>	<ul style="list-style-type: none"> <li>• Prioritized challenges and barrier DBE firms are facing when pursuing work with ODOT from September meeting</li> </ul>
<b>Meeting 3 (small group): November 9, 2022</b>	<ol style="list-style-type: none"> <li>1. Subcommittee share subcommittee findings and refine recommendations and ideas</li> </ol>	
<b>Meeting 4 (full group): January 11, 2023</b>	<ol style="list-style-type: none"> <li>1. Review recommendations and ideas from small group meetings</li> <li>2. All committee members have an opportunity to ask questions, share comments and refine recommendations</li> </ol>	<ul style="list-style-type: none"> <li>• Subcommittee recommendations and ideas from November meeting</li> </ul>

Meeting	Objectives	Materials
<b>Meeting 5 (small group): February 8, 2023</b>	<ol style="list-style-type: none"> <li>Subcommittees and all small group committee members have an opportunity to incorporate or respond to input from January meeting</li> </ol>	<ul style="list-style-type: none"> <li>Feedback gathered at January meeting from full group on subcommittee recommendations and ideas</li> <li>Draft documentation connecting recommendations to disparity study outcomes</li> </ul>
<b>Meeting 6 (full group): March 8, 2023</b>	<ol style="list-style-type: none"> <li>Committee members review all recommendations to propose to ODOT</li> <li>Identify plan to present to ODOT leadership</li> <li>Committee members finalize list of prioritized recommendations</li> </ol>	<ul style="list-style-type: none"> <li>Refined recommendations and ideas to present to ODOT leadership</li> <li>Schedule for presentation to ODOT leadership</li> </ul>
<b>Meeting 7 (ODOT, PRR, full group and potential new cohort committee members invited): June 14, 2023</b>	<ol style="list-style-type: none"> <li>ODOT presents plan for implementation of committee's recommendations</li> <li>Committee has an opportunity to respond to the plan</li> <li>ODOT staff have an opportunity to ask any questions and share barriers they have discovered</li> </ol>	<ul style="list-style-type: none"> <li>ODOT draft plan for implementation</li> </ul>
<b>Meeting 8 (ODOT, PRR, full group and potential new cohort committee members invited): July 12, 2023</b>	<ol style="list-style-type: none"> <li>ODOT shares final plan to implement recommendations</li> <li>Committee members and PRR share a recap of year one, lessons learned, and transition plan for the next cohort</li> <li>Everyone celebrates the work of the inaugural DBE advisory committee!</li> </ol>	<ul style="list-style-type: none"> <li>ODOT plan for implementation</li> </ul>