

FY2016 Annual Report

OSU Contracting and Purchasing

With Minority, Women and Emerging Small Businesses



Procurement, Contracts and Materials Management (PCMM) is responsible for the management and oversight for procurement related to goods, services, and all construction-procurement and contracting activities.

Capital Planning and Development (CPD) is responsible for the management and oversight for all capital construction and large-scale renovation procurement.

Cover photo: Johnson Hall, new home for the School of Chemical, Biological, and Environmental Engineering (CBEE).

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INTRODUCTION

This report represents the joint effort of Procurement, Contracts, Materials Management (PCMM), Capital Planning, and Development (CPD) to provide information on the participation of Minority-Owned, Women-Owned and Emerging Small Businesses (MWESB) vendors at Oregon State University (OSU), during fiscal year 2016. MWESB participants include suppliers, construction contractors and professional service providers.

PCMM is responsible for the management and oversight for procurement related to goods and services and construction services. CPD is responsible for the management and oversight for all major and minor capital construction. Through a variety of outreach activities in FY16, PCMM and CPD have collaboratively and actively promoted and engaged the utilization of MWESB firms.



Photo: 1 Valley Football Center Expansion

POLICY AND PRACTICE

MWESB Policy

OSU policy (PaCS Policy 316-001) directs OSU staff to encourage Minority, Women, and Emerging Small Businesses (MWESB) participation. This policy expands economic opportunities for MWESBs by offering them the contracting and subcontracting opportunities available through Institution Contracts. Notices of all contracts over \$25,000 procured through a competitive process are advertised through the Oregon State University Business and Bid Opportunity website. Opportunities to participate in the OSU Retainer Program also are advertised on this website.

OSU Policy

OSU Standard 580-061-0030 (2), states OSU shall not knowingly contract with or procure goods and services from an entity that discriminates on the basis of age, disability, national origin, race, marital status, religion, sex or sexual orientation. For procurement of goods and services, bidders and proposers must certify, as part of the bid or proposal documents accompanying the bid or proposal on a public contract, that such bidder or proposer has not discriminated against Minority, Women or Emerging Small Business Enterprises in obtaining any required subcontracts.

In adherence to these policies, OSU's Division of Finance and Administration submits an annual report on its equity contracting and purchasing efforts to the university's Board of Trustees.

OUTREACH AND ENGAGEMENT

Building Relationships

The primary goal of our outreach programs is to build meaningful business relationships with MWESB vendors throughout the state, other agencies and internal departments. The four key practices continue to be:

- Participate in outreach events geared toward face-to-face meetings with vendors interested in working with OSU.
- Participate in professional organizations that focus on MWESB program development.
- Develop and maintain good working relationships with other agencies that actively and successfully solicit MWESB participation, including the Governor's Office for Economic Development and Certification Office for Business Inclusion and Diversity (COBID, formerly OMWESB).
- Educate OSU department-level buyers of goods and services about extending opportunities for doing business with MWESB companies.

The positive economic impact of diversifying OSU's supplier base aligns with the current OSU Strategic Plan and supports OSU's role in the local, regional and statewide economy.



Photo: 2 Christine Atwood and Lori Fulton at OAME Trade Show in Portland.

Recognition

In February 2016, Northwest Mountain Minority Supplier Development Council (NWMMSDC) honored OSU by nominating the university for the 2015 Public Agency of the Year and nominating Christine Atwood for the 2015 Champion Award. The Public Agency of the Year award goes to corporations and public agencies that have outstanding minority business development programs and have demonstrated results. The Champion Award honors an individual employed by a NWMMSDC government/agency member who exemplifies the commitment and dedication to creating business opportunities and advancing the development of minority business success through the NWMMSDC and the community.



Community Outreach Events

To promote awareness of OSU's procurement needs to MWESB vendors across the state, OSU participated in numerous outreach events that support minority, women and emerging small businesses. Since one of the goals to OSU's approach to supplier diversity focuses on outreach, connections and building relationships, the university maintains its vital involvement with the MWESB community. Again, this year we attended many outreach events, including the following:

- Northwest Mountain Minority Supplier Development Council Meetings in Oregon
- Oregon Association of Minority Entrepreneurs (OAME) meeting and annual tradeshow
- Oregon Department of Administrative Services (DAS) March Procurement Forum
- Salem Capital Connections
- OSU Event Planners Showcase

To improve communication and networking opportunities, OSU has maintained memberships and associations with the following organizations:

- Corvallis-Benton Chamber of Commerce
- Salem Capital Connections
- Northwest Mountain Minority Supplier Development Council
- Business Diversity Institute
- Oregon Association of Minority Entrepreneurs (OAME)

Partnerships with Professional Organizations

OSU maintains its support of Salem Capital Connections, an organization based in Salem that provides opportunities for small business owners, entrepreneurs and minority, woman and emerging small business owners' access to information, assistance, and training. The monthly meetings at the Chemeketa Center for Business and Industry in downtown Salem provide the space and time for networking, learning about business opportunities and sharing success stories.



SPOTLIGHT ON SUCCESS



Eagle Mountain Construction, Inc.

Beyond the numbers and data surrounding OSU's MWESB spend are actual people and their businesses. How working with OSU affects their lives and their business is another measure of success. Eagle Mountain Construction, Inc., a small general contractor, tells their story on the next page.



To Whom It May Concern:

Becoming a certified Oregon ESB Business has certainly been a key part of the growth and success of Eagle Mountain Construction, Inc. This is due, in large part, to our partnership with Oregon State University. Our journey started by being invited to present our company at the quarterly “brown bag lunches” that OSU hosts in order to meet new contractors that are interested in doing business with them. This was the springboard that moved us from just a name on the retainer contract to being a company that now had faces, personalities, defined capabilities and ambitious goals.

As a direct result of OSU being proactive in reaching out to ESB Contractors we were invited to bid on our first job in the summer of 2013. Fortunately, we were the successful bidder and we were off and running. That first job was a pretty small room remodel, just under \$100,000.00, but we felt like we had just won the contract for the Golden Gate Bridge. Folks at OSU were patient with us while we learned how to work effectively inside their organization. I am sure it was more tedious for them than it was for us but, learn we did and both sides have been benefitted. We have been fortunate to win over 25 jobs on campus ranging from new construction to small remodels to design build contracts. Most recently we have been awarded a massive renovation in Richardson Hall involving over 107 rooms and offices. We are very proud of the relationships we have built and to have had a part in moving OSU forward.

We have been directly benefitted by the ESB program at OSU and it has allowed us to help other business. We found that many of the companies with whom we worked on a regular basis did not know about the MWESB program or had misconceptions about how to become certified. It has been our privilege to help 5 other companies gain their certification and / or begin to do work with us at OSU and other businesses and entities across Oregon. This is important to us as we feel strongly that the financial growth and sustainability of our state must come from a balance of small, thriving businesses as well as those which are well established. The MWESB program provides the ability for small business to find avenues of sustainable growth and OSU has been the perfect partner for us to capitalize on this opportunity.

*Robert Livingston
Vice President
Eagle Mountain Construction, Inc.*



Photo: 3 Eagle Mountain Construction working in Richardson Hall

BUSINESS OPPORTUNITIES WITH OSU

Doing Business with OSU

PCMM and CPD undertake special outreach measures to ensure MWESBs receive every possible chance to respond to the university's procurement opportunities and to provide information on how best to do business with OSU. We extend outreach efforts through the following measures.

Advertised Bidding

The OSU Business and Bid Opportunity website advertise all formal and informal procurement opportunities. This website contains capital construction subcontracting, construction related services, professional services, goods and services, as well as the retainer contract RFP's for Capital Construction projects. This year OSU added the Business and Bid Opportunity link to advertised bids on the Oregon Procurement Information Network (ORPIN) website making it easier for users to find OSU's advertised bids.

Capital Construction

Solicitations for construction bids from general contractors contain language to encourage use of MWESB sub-contractors and suppliers, when possible. Solicitations for professional services associated with construction also encourage the inclusion of MWESB firms.



Photo: 4 King Office Supply certified ESB

MWESB AND OSU

Background and Key Objectives

As units within OSU, an institution that strives to build the advancement of diversity within its organization, PCMM and CPD support the provision of business opportunities to MWESBs. By engaging the MWESB workforce and providing opportunities in the procurement process, the potential for local and regional economic benefits are significant. To support this key initiative within the mission of the university, PCMM and CPD endeavor to contribute by focusing on the following objectives:

- Maintaining strong and ongoing working relationships with the Governor’s Office for Economic and Business Equity and the Certification Office for Business and Inclusive Diversity,
- Increasing awareness of MWESB business opportunities within OSU,
- Increasing business conducted with MWESB vendors, while fulfilling the governing rules for competition of procurement of goods and services and construction contracts, and
- Targeting training for MWESB vendors on how to do business with OSU more effectively.



CERTIFICATION AND DEMOGRAPHICS

The Certification Office of Business Inclusion and Diversity (COBID) is the sole certification agency for the State of Oregon. Firms can submit their certification applications online and there is no fee associated with certifying a firm. Benefits to certification include opportunities for sales and marketing, access to mentor-protégé programs, access to educational programs, technical assistance, financial assistance and support, and national/international market access. Small firms can locate opportunities through the Oregon Procurement Information Network (ORPIN) and by contacting public procurement office and special jurisdictions, like OSU, plan centers, special interest groups supporting minority and women owned firms and major prime contractors. The COBID website outlines eligibility requirements, including supporting documentation required to complete the certification process. A team of certification specialists is available throughout the application process for support.



CERTIFICATION OFFICE FOR BUSINESS
INCLUSION & DIVERSITY

The number of firms currently certified and or applying for certification changes monthly. As of June 2016, there were 3,470 certified firms. Over 400 more firms were either in application review or in pending submission. Beginning in 2017, the Disabled Service Veteran certification became available.



Photo: 5 Attendees at Salem Capital Connections November 2015.

WEB PRESENCE

The Procurement unit within PCMM has a comprehensive website for vendors that includes:

- Information on how to do business with OSU;
- Where to locate open and advertised procurements;
- Key contacts for developing essential connections within the OSU community;
- Link to state certification website.

The MWESB blog page is another avenue PCMM and CPD use to communicate with the greater MWESB vendor community. It is located at blogs.oregonstate.edu/mwesbinfo. One of the areas of development in the blog is the Success Stories section. Below is one testimonial we received from Eric Ufer, President of Pest Solutions, LLC.



Eric Ufer is the President of Pest Solutions, LLC. His company became a certified Emerging Small Business (ESB) in 2013. When we asked him how becoming certified helps his business, he replied, "It's just another thing that hopefully helps prospects decide to work with us. Our team, results, reputation and approach are really what creates the opportunity."

Pest Solutions has worked with the OSU Facilities department to deploy a novel approach to significantly reducing the pigeon issue at the OSU parking garage. This approach is humane and provides protection to the property and people there. They have also done work at an OSU Extension Center in the McMinnville area.

He adds, "We appreciate OSU choosing to work with us and look forward to hopefully growing our relationship."

OSU COLLABORATION

Within OSU, any person with purchasing authority has the ability to affect the use of MWESB expenditures. For example, with delegated purchasing authority for Business Centers at \$25,000, educating Business Centers on the impact their expenditures have with MWESB vendors is one way to promote supplier diversity. As the state's land grant university, OSU has a presence in every county in the state through its Extension Services. This gives OSU the unique ability to access diverse business owners beyond the central campus community. Opportunities to include small firms in the purchasing process will likely create positive and supportive business relationships for OSU.

- To further the idea of diverse spending, PCMM will continue to utilize its website's newsfeed and MWESB blog to provide information for OSU staff about how units can identify and work with MWESB vendors to provide goods and services within their direct purchasing authority.
- OSU will actively engage MWESB vendors in solicitation efforts. OSU is also utilizing evaluation criteria, contract language, and requiring capital construction subcontractor data that we anticipate will impact opportunities for MWESB vendors in 2017.
- PCMM and CPD will continue to work together to provide more information about MWESB vendors who want to contract or subcontract on construction projects for OSU, like the CPD quarterly brown bag lunches. Resources allowing, PCMM and CPD will investigate the possibility of OSU hosting an outreach, education and engagement event that could bring OSU purchasing and contracting decision makers together with MWESB vendors.



FUTURE INITIATIVES

Education, Training and Outreach

The supplier diversity program will continue to provide information on state certification, policy changes and any legislative updates from the Governor's Office, using the website and MWESB blog.

Additionally:

- CPD will continue their quarterly brown bag meetings to present vendors to campus users.
- PCMM and CPD will continue to increase awareness of advertised bid opportunities in addition to the Bid and Business Opportunity webpage.
- OSU will continue to require every new vendor to complete an OSU Substitute W-9 form as part of the vendor set up process. This form allows vendors to self-report their MWESB status in one or more categories.
- PCMM and CPD will continue to use their outreach brochure and update as needed.
- Whenever feasible, OSU will include MWESB data reporting requirement in newly developed contracts.
- PCMM will work with the eProcurement system staff to allow MWESB vendors to identify their status and note that status in the new system.

DATA COLLECTION AND ANALYSIS

FY16 Data

Collecting data to determine which vendors have MWESB status is very important and OSU works diligently to update vendor information. To ensure OSU captures current vendor information and MWESB status, OSU Business Affairs requires new vendors or vendors who have not done business with OSU in the last two years, to complete an OSU Substitute W-9 form. This form allows vendors to update information and select their applicable MWESB status. OSU records the information in the Banner Financial Information System. By the end of 2017, vendors will be able to identify their MWESB status in the new eProcurement system and update that information as needed.

Subcontractor Data

PCMM has also included MWESB subcontractor reporting language in many of its supply contracts. This language allows PCMM to request annual reports detailing how much of OSU's spend with the contractor went to MWESB subcontractors. Three of OSU's largest supply contractors contributed MWESB subcontractor data for inclusion in the annual report, Office Depot, Staples and VWR Scientific. OSU purchasing card (Pcard) MWESB subcontractor data was also collected. OSU continues to implement requirements in construction and consultant contracts that requires MWESB reporting. These requirements record efforts by general contractors and professional service contractors (i.e. architects, engineers) to self-report MWESB subcontracting activity for all OSU capital construction projects. For this report, construction subcontractor data, as defined, consists of construction assets capitalized per OSU policy. MWESB data was collected on over 255 capital construction contracts from 71 different primary vendors. This year data was collected using the new web-based data collection system developed by internal staff.

Spend Data Sources

OSU collects and includes spend data from multiple sources for this annual report. For spend data included in the Capital Construction section, OSU uses the following data sources:

- Banner Financial Information System MWESB Report
- OSU CPD MWESB Database
- Capital Construction contractor's subcontractor's reports

For spend data included in the goods and services section, OSU uses the following data sources:

- Banner Financial Information System MWESB Report
- US Bank Procurement Card Socio-Economic Report
- MWESB sub-contractor reports from large supply contractors

(Due to new construction web-based reporting practices, a comparison of FY16 data to previous year's data was not practicable. It is our intention to provide comparable annual data beginning with FY17 report.)

*See Appendix for data

APPENDIX

FY16 MWESB ANNUAL BANNER REPORT DATA

Total Goods & Services	\$	204,124,714.00
Total Construction	\$	116,566,033.00
Combined Total	\$	320,690,747.00

Dollar Value

	<u>Goods and Services</u>	<u>Construction</u>	<u>Total</u>
1) Certified Minority Business Enterprises	\$ 478,865.00	\$ 592,773.00	\$ 1,071,638.00
2) Certified Woman Owned Business Enterprises	\$ 794,558.00	\$ 1,933,639.00	\$ 2,728,197.00
3) Certified Emerging Small Business Enterprises	\$ 2,024,173.00	\$ 3,639,369.00	\$ 5,663,542.00
		a.	
SUBTOTAL (Items 1-3)	\$ 3,297,596.00	\$ 6,165,781.00	\$ 9,463,378.00
4) Self-Identified MWESBs and MWESBs certified by other than OBDD	b. \$ 7,154,428.00	c. \$ 640,138.00	\$ 7,794,566.00
TOTAL (Items 1-4)	<u>\$ 10,452,024.00</u>	<u>\$ 6,805,919.00</u>	<u>\$ 17,257,943.00</u>

Notes:

a. This amount includes \$370,176.00 in certified subcontractor MBE spend, \$1,797,084.00 in certified subcontractor WBE spend, and \$3,125,149.00 in certified subcontractor ESB spend.

b. This amount includes \$33,517.83 in office supply MWESB spend, \$312,445.28 in lab supply MWESB spend, \$472,978.75 in certified disadvantaged business enterprise spend, and \$569,069.83 in Pcard spend.

c. This amount includes \$373,697.00 in self-identified subcontractor spend.

Percentage of Total Expenditures

	<u>Goods and Services</u>	<u>Construction</u>	<u>Total</u>
1) Certified Minority Business Enterprises	0.23%	0.51%	0.33%
2) Certified Woman Owned Business Enterprises	0.39%	1.66%	0.85%
3) Certified Emerging Small Business Enterprises	0.99%	3.12%	1.77%
SUBTOTAL (Items 1-3)	1.62%	5.29%	2.95%
4) Self-Identified MWESBs and MWESBs certified by other than OBDD	3.50%	0.55%	2.43%
TOTAL (Items 1-4)	<u>5.12%</u>	<u>5.84%</u>	<u>5.38%</u>

Number of Historically Underrepresented Businesses Doing Business with OSU

	<u>Goods and Services</u>	<u>Construction</u>	<u>Total</u>
1) Certified Minority Business Enterprises	12	15	27
2) Certified Woman Owned Business Enterprises	45	24	69
3) Certified Emerging Small Business Enterprises	64	46	110
SUBTOTAL (Items 1-3)	121	85	206
4) Self-Identified MWESBs and MWESBs certified by other than OBDD	d. 1566	f. 13	1579
TOTAL (Items 1-4)	<u>1687</u>	<u>98</u>	<u>1785</u>

Notes:

d. This count includes 230 office supply MWESB subcontractors, 10 certified disadvantaged business enterprises, 130 lab supply MWESB vendors and 761 P-Card MWESB vendors.

e. This count includes 13 certified MBE subcontractors, 21 certified WBE subcontractors, and 39 certified ESB subcontractors.

f. This count includes 5 self-identified subcontractors.

