



CREATIVE SOLUTION TO A COMMON CHALLENGE:
Equity in Procurement and Contracting

Tri-County Metropolitan Transportation District of Oregon (TriMet)

Increasing Small Business Participation on Contracts



About TriMet

 TriMet provides bus, light rail, and commuter rail service in the Portland, Oregon, region. The agency was created in 1969 when the Portland City Council passed a resolution to create it under authority granted by the Oregon State Legislature. The system averages over 300,000 rides per weekday and is overseen by a seven-person board of directors appointed by the state's governor. As of 2022, TriMet has about 3,500 employees.

Since 2020, a heightened focus on embracing diversity, equity, and inclusion has been reshaping how organizations do business. Diversity, equity, and inclusion are core values for the Tri-County Metropolitan Transportation District of Oregon (TriMet). Implementing principles of equity in procurement and contracting, though, requires intentionality—and a transformational change in practice. And change is never easy. This is the story of how TriMet took a new approach to its contracting policies and processes to remove barriers to participation, increase healthy competition, and boost participation from small businesses.

CHANGING GOALS, CHANGING PRACTICES

Equity goals are common throughout all levels of government. For example,

shortly after taking office in 2021, President Biden set a goal of increasing the share of contracts with small business participation from 10 to 15% by 2025. Many other state and local governments also recognize that contracting with small businesses in the local economy can have a positive ripple effect. Not only does this generate more competition and better results, but it can also reduce the gap in business ownership between privileged and disadvantaged groups in the community.

As a large buyer of goods and services in the Portland region, TriMet is in a position to increase the level of participation of small businesses and companies owned and operated by underrepresented people. But TriMet needed to think differently to encourage more participation by community-based organizations



(CBOs) and Disadvantaged Business Enterprises (DBEs) in its procurement processes. This year, the time was ripe.

Recently, public and private development work has increased in the Portland metro region. Despite this increase, TriMet found that its solicitations were receiving less interest than in the past. Healthy competition for contracts is critical to obtain the best value and outcomes for goods and services. Bringing more small businesses into the contract bidding process would be a win for everyone—positively influencing the local economy and generating better results for TriMet.

GOING TO THE CONTRACTORS

TriMet's traditional practice for soliciting bids or request for proposals was to post opportunities on its procurement portal and wait for contractors to respond. "When you post an RFP on the website, you hope people will look at it and apply," explained TriMet Chief Financial Officer Nancy Young-Oliver. "Even in a single project, there can be multiple opportunities—like paint and electrical—for small businesses."

"As civil servants, we are here to serve the community. And when you can help break down barriers and provide more information or demystify a government contract to a small business and then see their participation and success—that's something you want to replicate."

LESTER SPITLER, DIRECTOR OF PROCUREMENT AND SUPPLY CHAIN

Historically, TriMet has been successful in attracting small business participation on large capital construction projects. However, despite an increase in opportunities—including those for subcontractor participation—TriMet witnessed decreases in the number of DBEs that were responding to RFPs or bids and competition for projects was dwindling. TriMet could no longer simply post solicitations and hope small businesses would participate.

It was time to change up the "let the contractor come to TriMet" approach. Prior to making any changes, staff worked to understand some of the barriers that smaller businesses faced in submitting

proposals. First, they reached out to select small business owners from past contracts or their network to learn more about what stood in the way. The team learned that TriMet policies could make it difficult to participate and cited specific examples including requirements to use specific equipment, past experience, or capacity. In other cases, TriMet administrative practices like billing timelines made the work less desirable. The TriMet Board of Directions also approved an exemption, allowed under the Oregon Public Contracting Code, to create a "sheltered market" for a specific solicitation. This provided incentives for State of Oregon-certified small businesses.

Understanding more about what stood in the way helped TriMet staff create a new event, the Small Business Summit on June 21, 2023, to address challenges and increase participation. TriMet marketed the summit through various communication channels and held it at a central location that could accommodate a large group. During the summit, TriMet project managers and two general contractors presented opportunities to attendees.

“It was about meeting them where they are,” said Young-Oliver. “And it worked. We reached 70 different contractors with dozens of opportunities in a two-hour window.” The results were immediate: after the summit, a single RFP received eight applications, compared to the average of one or two. As Young-Oliver noted, “Now we had a real pool of talent to select from.”

One company in attendance at the summit has just been awarded a \$10 million contract. “It’s a Native American-owned and staffed company,” said Lester Spitler, Director of Procurement and Supply Chain at TriMet. “It’s this company’s largest-ever prime contract award. And it all came from the summit.”

In addition to educating contractors, the summit also proved to be a great learning opportunity for TriMet. Staff learned that numerous DBEs were not able to bid on recent TriMet solicitations due to various requirements in the bid documents. For example, at the summit Young-Oliver spoke with a painter who had not applied because he did not own a painting booth. This was a barrier to entry that TriMet could lower by providing a paint booth for use on this and future projects. “Here, TriMet can provide the infrastructure that’s preventing entry,” said Young-Oliver. “We’re learning how to shift to open up possibilities for greater equity and participation.”

EARNING RECOGNITION AS AN ‘AGENCY OF CHOICE’

TriMet’s goal is to build upon its historical reputation as a “public agency of choice” for small businesses. “As civil servants, we are here to serve the community. And when you can help break down barriers and provide more



In addition to their efforts to increase small business participation, TriMet is also a leader in supporting Disadvantaged Business Enterprises (DBEs). Raimore Construction was awarded the largest contract for a DBE in Oregon for Trimet’s Division Transit Project (pictured above), which was completed in summer 2022.

information or demystify a government contract to a small business and then see their participation and success—that’s something you want to replicate,” said Spitler.

While TriMet has not yet conducted a disparity study, the entire TriMet team is proud of the agency’s efforts to become more inclusive. Spitler noted that project managers have been energized by seeing the impact on small businesses.

LOOKING FORWARD

Going forward, TriMet is planning a 2024 summit and working to create a utilization dashboard that will help staff track incremental participation improvements over time. The staff is also introducing a new initiative, which they are calling “Net 15,” to address cashflow concerns that extended payment terms can introduce for small business owners. “We’re planning to work with a few select DBE vendors and allow them to bill us twice a month so we can pay them more quickly,” Young-Oliver explained. The project is yet another opportunity to break down a barrier that might keep smaller firms from applying.

TriMet is also planning to broaden the exemption process it used on its

replacement bus shelters solicitation to create an exemption for contracts of a certain size. Ultimately, this approach can increase opportunities for small businesses and support pathways to their greater self-sufficiency. By creating space for new voices at the table and advocating internally and externally for their advancement, TriMet aspires to continue to be a national leader in exemplary contracting and partnership.

While TriMet has made great strides in lowering barriers to entry and increasing participation, the team acknowledges the work is not done. Also, change is rarely easy. “Initially, there were questions about why we’re doing this—do we have to?” Spitler shared. “We answered, ‘because we can, and it’s going to get better results.’ We really focused on internal communication to help everyone understand the goal, benefits, and how we could work together. And now we have the results to back up our efforts.”

Overall, these efforts by TriMet show how diversity, equity, and inclusion efforts permeate areas of finance. In this case, TriMet was able to change procurement and contracting policies to help not only achieve goals of greater small business participation but also support the community that it serves.