



First Opportunity Target Area:

Clarify the program's purpose to improve governance and administration

April 2025

A Report by the Office of the Auditor

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MEMORANDUM

April 9, 2025

To: Lynn Peterson, Council President
Ashton Simpson, Councilor, District 1
Christine Lewis, Councilor, District 2
Gerritt Rosenthal, Councilor, District 3
Juan Carlos Gonzalez, Councilor, District 4
Mary Nolan, Councilor, District 5
Duncan Hwang, Councilor, District 6

From: Brian Evans, Metro Auditor

Re: Audit of First Opportunity Target Area Program

This report covers the audit of the First Opportunity Target Area (FOTA) program. FOTA began in 1989 to give eligible job applicants the first opportunity to apply for positions at the Oregon Convention Center. Positions at Portland's Centers for the Arts, and Portland Expo Center were later added. The purpose of the audit was to evaluate how administration of FOTA impacted program performance.

The audit found administration of FOTA was not aligned with the Metropolitan Exposition Recreation Commission's (MERC) 2015 policy guidance and intended program outcomes were unclear. MERC required annual updates to the program's income requirements and reviews of the zip code boundary every five years. FOTA requirements had not been updated for nearly ten years.

Program performance data and reporting were unreliable. We did not locate reports about Metro's implementation in recent years and contractor reports did not appear to be based on program requirements. We evaluated the program using different interpretation of intended outcomes and found FOTA provided limited economic opportunities. The audit also found weak relationships with community-based organizations (CBOs), which indicated additional efforts were needed to engage successfully.

We have discussed our findings and recommendations with Marissa Madrigal, COO; Craig Stroud, General Manager of Visitor Venues; Holly Calhoun, Deputy COO; Julio Garcia, Human Resources Director; Sebrina Owens-Wilson, DEI Director, and Kara Hill, Talent Acquisition Manager. I would like to acknowledge and thank all the people who assisted us in completing this audit.

Summary

The First Opportunity Target Area program (FOTA) began in 1989 after Metro received state funding to develop and operate the Oregon Convention Center (OCC). FOTA was designed to give eligible job applicants the first opportunity to apply for a position at the OCC. Positions at Portland's Centers for the Arts, and Portland Expo Center were later added to the program. Eligibility was based on household income and zip code.

The purpose of this audit was to evaluate how administration of FOTA impacted program performance. We found that FOTA was more of a step in Metro's recruitment process than a program. Management of FOTA was not aligned with the Metropolitan Exposition Recreation Commission's (MERC) 2015 policy guidance, and FOTA's intended outcomes were unclear.

FOTA's program requirements were not updated as required. MERC required annual updates to the income thresholds and reviews of the zip code boundary every five years. The program's requirements had not been updated for nearly ten years. As a result, fewer people were eligible.

The audit also found that FOTA performance data and reporting were unreliable. We did not locate any reports about Metro's implementation of FOTA in recent years. Two of MERC's contractors reported on FOTA regularly, but their reports did not appear to be based on the program's requirements. Without regular reporting and reliable data, decision makers cannot know if a program is effective.

We evaluated the program using different interpretations of desired outcomes, and found FOTA provided limited economic opportunities. Over the last five years, the program had a limited impact on the number of people hired. The number of positions filled through the program have also declined over time. Most positions filled were part-time and event-based work. This reduced the earning potential and benefits for employees.

Lastly, the audit found that weak relationships with community-based organizations (CBOs) limited FOTA's recruitment. Relationships were focused on a weekly job opportunity email sent to CBOs. The contact list for the email contained some out-of-date information. Our interviews with CBOs indicated additional efforts were needed for Metro to engage successfully.

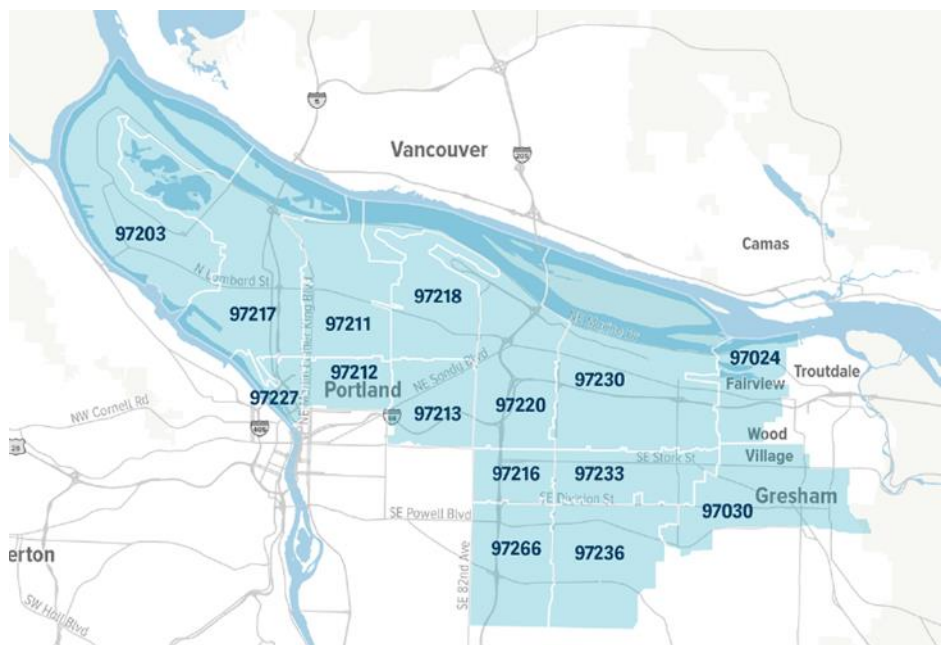
The audit included six recommendations. Five were designed to clarify MERC's policy direction and improve program administration. The last recommendation was made to ensure alignment between FOTA and other workforce diversity efforts.

Background

Metro's First Opportunity Target Area program (FOTA) was designed to give eligible job applicants the first opportunity to apply for positions at the Oregon Convention Center (OCC). Positions at Portland's Centers for the Arts (Portland's), and Portland Expo Center (Expo) were later added to the program. To be eligible for FOTA, applicants must:

- Have a household income less than \$47,000 for a household of one or two OR \$65,000 for a household of three or more.
- Live in one of 15 zip codes.

Exhibit 1 The First Opportunity Target Area includes 15 zip codes in Multnomah County



Source: Metropolitan Exposition Recreation Commission Resolution 15-22a, January 6, 2016; Metro Website.

FOTA began in 1989 after Metro received state funding to develop and operate the OCC. The state required Metro, directly and through its partners, to pursue a policy of providing a first opportunity to jobs to economically disadvantaged residents living in economically-distressed neighborhoods near the OCC.

The OCC was built in and near neighborhoods that had a history of displacement because of government-sponsored construction projects. These projects led to the demolition of businesses, churches, and homes during the 1950's through 1970's. Communities of color were especially impacted by the displacement because racist housing policies restricted where they could live.

Initially, people who were unemployed or had income below the target area's median income were eligible to apply. They also needed to live in the immediate vicinity of the OCC. The target area boundary:

- Columbia Boulevard at the north end.
- 42nd Avenue at the east end.
- I-84 at the south end.
- Willamette River at the west end.

FOTA's requirements have changed over time. Portland's and Expo positions were added to the program. In 2003 and 2015, the income thresholds increased. The target area boundary expanded in 2015 to include its current zip codes.

The program initially sought to provide preference to contractors that hired employees who met the income thresholds and lived in the target area. The program also initially encouraged advertising contracting and purchasing opportunities to businesses in the target area. FOTA-specific contracting requirements were formalized in contracting and purchasing rules. They were later removed and replaced with agencywide contracting efforts related to state certified, woman-owned, minority-owned, and emerging small businesses.

Several parties across Metro were involved in administering FOTA. Metro's Human Resources (HR) department supported the recruitment process. The General Manager of Visitor Venues administered policies and procedures at OCC, Portland's, and Expo. The Metropolitan Exposition Recreation Commission (MERC) provided venue oversight and advised Metro Council on the adoption of venue policies, goals, and objectives. MERC approved updated FOTA requirements in 2015.

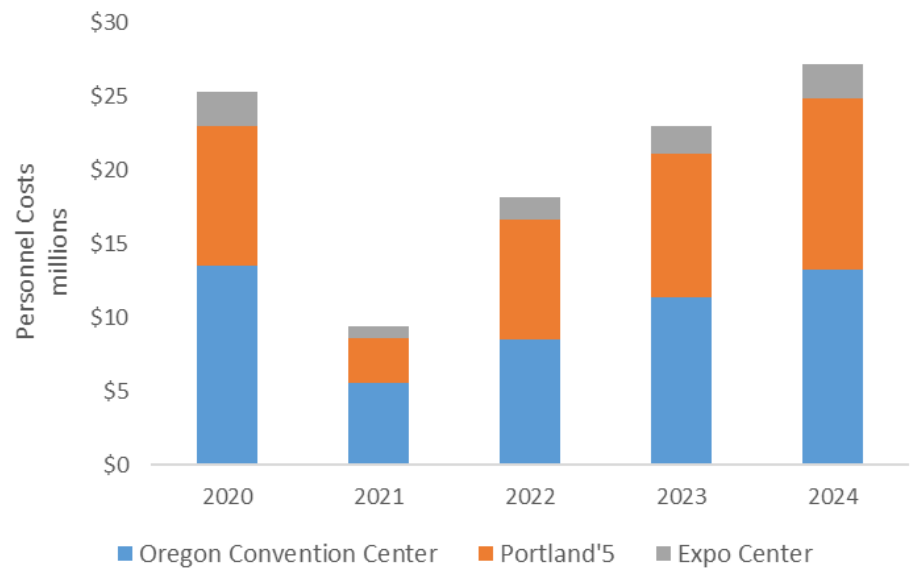
Metro policy required posting job opportunities for FOTA-eligible applicants before posting them for the general public. Qualified applicants were required to be considered first for open positions. If they were selected to interview, Metro was required to interview them first and make a hiring decision before opening the position to the general public.

Metro maintained public-facing websites for job opportunities. One was specifically for applicants who met FOTA requirements. Another was for general recruitments. Job opportunities were also forwarded to a contact list of community-based-organizations (CBOs).

HR reviewed applications to make sure applicants self-certified that they met the income and geographic requirements. Hiring managers across the venues were responsible for beginning the recruitment process and interviewing applicants. Metro used a recruiting software program, to manage and document recruitments.

FOTA requirements applied to all venue positions. The venues filled 501 positions over the last five fiscal years. Between FY 2019-20 and FY 2023-24, Metro spent about \$20 million per year on venue personnel costs, including wages and benefits.

Exhibit 2 Metro spent between \$9.4 million and \$27.2 million per year on visitor venue personnel costs in the last five fiscal years



Source: Auditor's office analysis of personnel costs in PeopleSoft. Costs adjusted for inflation.

Metro also contracted for some parts of venue operations. One contractor provided food and beverage services. Another promoted tourism in the region. These contractors were required to report FOTA information related to their total hires. The food and beverage contractor indicated they hired 553 total positions in the last three fiscal years. The tourism marketing contractor employed a total of 74 employees as of November 2024, so likely hired fewer employees during the same period.

Results

The audit found FOTA was more of a step in Metro’s recruitment process than a program. Management of FOTA was not aligned with MERC’s 2015 policy guidance, and its intended outcomes were not clear. Without clarity and oversight, Metro could not maintain an effective program. A 2015 evaluation found there was agreement about why the program began, but little consensus about what it was supposed to achieve. This weakness was evident in our review of the program’s current administration.

The 2015 program evaluation reported that FOTA suffered from a lack of high-level leadership and operational ownership. This audit found the lack of effective governance still existed. As a result:

- Program requirements were not updated as required.
- Performance data and reporting were ineffective.
- Economic opportunities through FOTA were limited.
- Weak relationships with community-based organizations limited program recruitment.

Metro documents, contractors, employees, and agency leadership characterized the program’s intended outcomes in different ways. Some viewed FOTA as a way to address displacement caused by the development of the OCC. Some believed the program was intended to increase workforce diversity. The program was also characterized as providing workforce development and career advancement. Several people emphasized the contributions of contractors instead of Metro.

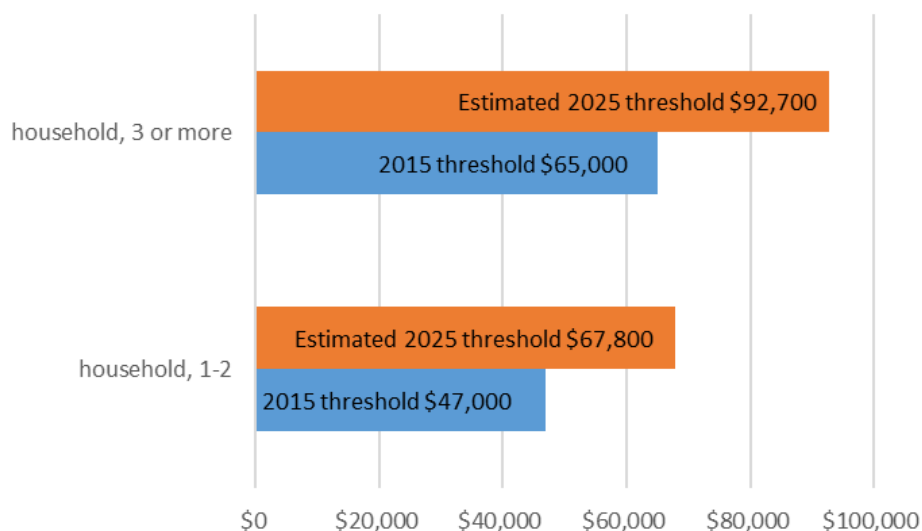
The relationship between FOTA and other diversity and equity goals was unclear. This weakness was also identified in the 2015 evaluation. In 2016, Metro published its Strategic Plan to Advance Racial Equity. The strategic plan made a connection between FOTA and agencywide workforce diversity goals, but how FOTA’s current administration aligned with those goals was unclear.

Program requirements were not updated as required

The audit found that FOTA criteria were not updated as required. As a result, fewer people were eligible. A 2015 MERC resolution required annual updates to the income thresholds. It also required MERC to review the target-area boundary every five years and update as necessary. The last review and update took place in 2015. This means the program’s requirements have not been updated for nearly ten years.

Income thresholds were supposed to be updated based on the University of Washington Self-Sufficiency Index (index). The index was intended to measure how much income was needed to meet basic needs without public or private assistance. We estimated the 2025 income thresholds would have been about \$67,800 for a household up to two. This estimate suggests an increase of about \$20,000 from the current threshold. For a household of three or more people, we estimated the income threshold would have been about \$92,700, or about \$27,800 more than the current threshold.

Exhibit 3 Updating income thresholds would make more people eligible for FOTA



Source: Auditor's Office estimate of 2025 FOTA income thresholds based on University of Washington Self-Sufficiency Indices for 2014, 2017, 2021 and Metro website as of 8/15/24.

Updating the income thresholds as specified in the 2015 MERC resolution could have increased FOTA eligibility for households in the current zip codes. The exact number was unclear because of how household income was reported in Census data, but we estimated it would likely be in the thousands.

The FOTA boundary was also supposed to be reviewed regularly to ensure it remained relevant in reaching its intended population. Because the target area has not been updated since 2015, the current boundary may not be aligned with the program's intent. The boundaries were updated in 2015 out of concerns for gentrification. Since then, in 2018, the City of Portland published a draft gentrification and displacement report showing several FOTA zip codes were experiencing, or at risk of experiencing, additional gentrification.

We identified two causes that appeared to be barriers to implementing the income and FOTA boundary updates. The first was the lack of clear roles and responsibilities. MERC was identified as being responsible for income and boundary updates. However, MERC is a volunteer commission with limited staff to complete the work. In practice, the General Manager of Visitor Venues and HR appeared to be most closely aligned with FOTA administration.

While those parts of Metro may have capacity to update income thresholds, reviewing the FOTA boundary could require a significant amount of work. The last boundary changes were created using a consultant, a cross-agency workgroup, a stakeholder task force, and sophisticated data analysis. If that

same approach were used again it would require dedicated resources, additional capacity, and clarity about roles and responsibilities.

The second barrier to implementing the updates was that the index for updating income thresholds in the 2015 MERC resolution was published every three to four years. As a result, it could not be used to update income thresholds annually. A different index would be needed to update income annually.

Performance data and reporting were ineffective

The audit found FOTA performance data and reporting were unreliable and could not be used to effectively evaluate the program. Without regular reporting and reliable data to understand program performance, decision-makers cannot know if a program is effective. We did not locate any internal or external reports about Metro's implementation of FOTA in recent years. Two of MERC's contractors reported on FOTA regularly, but their reports were inconsistent with each other, and did not appear to be based on the program's requirements.

Regular reporting about Metro's performance was not taking place. MERC meeting packets and minutes over the past ten years indicated that Metro rarely provided reports that included FOTA application and hiring data. In general, FOTA data was shared when the program was being formally evaluated in 2003 and 2015.

During the audit, HR provided FOTA performance data for fiscal year (FY) 2022-23 and FY 2023-24. HR also provided a report and data from 2016 that included two quarters of application and hiring information. This indicated program data was available, but it was not being reported at MERC meetings.

The level of detail varied across the reports we received. For instance, one contained the race and ethnicity of those hired through FOTA, internal, and general recruitments. If the intent of FOTA is to increase workforce diversity, then this information could help decision-makers understand which recruitment strategies contribute to Metro's workforce diversity goals. Another report summarized only FOTA recruitment information. It excluded race and ethnicity details but tracked applicants at each stage of the recruitment process. This information could help identify potential barriers for FOTA applicants during recruitment.

There were examples of incomplete and inaccurate data in the reports we reviewed. We noted inconsistencies between data in the recruitment software and PeopleSoft HR. For instance, some employees were identified as being hired through a FOTA recruitment process in one source, but not the other. It was also unclear how existing employees who were hired through a FOTA recruitment process would be reported in the data if they were later hired in another position using a non-FOTA recruitment process.

Contractors reported data about FOTA at MERC meetings, but it was not aligned with FOTA requirements. The basis of FOTA is that applicants meet two requirements to receive a first opportunity to apply and interview for a position. Currently, neither contractor requires that an applicant lives in the target area or meets income requirements. One of the contractors does not offer a first opportunity to interview. The other contractor only offers a first opportunity to interview for manager positions.

The contractors were required to report FOTA compliance. Their reports focus on the zip codes where employees live. This may be in part due to unclear language in their contracts. One contract defines FOTA as applying only to the geographic boundary while the other contract gives no definition of FOTA at all.

Clarifying the program's reporting requirements would improve the quality of data available to assess performance. Reporting timelines were clear in both contracts and both contractors reported on time. This points to a lack of clarity about the program's income requirements as the cause for inconsistent program reporting. The General Manager of Visitor Venues was identified in one contract as being responsible for defining reporting requirements.

Program performance information was also inconsistent between the two contractors. One contractor reported its purchases from businesses in the target area, but contracting was no longer part of the program. Misalignment between what contractors reported and FOTA's requirements could cause confusion among stakeholders about the program's performance.

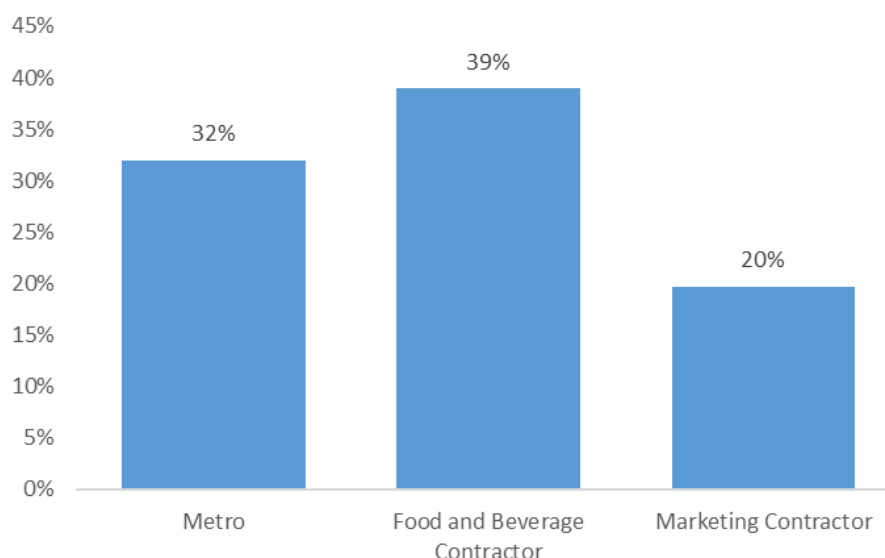
Reporting was ineffective in part because it was unclear what the program was supposed to accomplish. If the purpose of the program were to provide the first opportunity to apply for a job, then data about the number of applicants and number of people hired would be needed. If the desired outcome were to provide economic benefits to economically disadvantaged people, then tracking income growth might make sense. Some of those data points were available for Metro positions, but they would need to be gathered for contractor positions.

Based on Metro's data, about 4% (22 of 501) of venue hires were made through a FOTA recruitment in the last five fiscal years. This data did not include contractor hires. Metro employees hired through a FOTA recruitment attested that they met the income threshold for their household size and lived in the target area. HR did not verify this information.

If the purpose of FOTA is to employ people in the target area generally, then Metro's reporting would need to focus on the number of venue employees living in target area zip codes. In that scenario, Metro's reports would be like the current reports contractors make to MERC.

HR data showed about 32% of Metro’s venue employees lived in the FOTA boundary near the end of FY 2023-24. That was about the same percentage prior to COVID (37%). The two contractors reported 39% and 20% of their employees lived in the target area in 2024.

Exhibit 4 The percentage of employees living in the target area varied among Metro and its contractors



Source: Auditor’s Office analysis of PeopleSoft HR data for 6/23/24; Marketing Contractor 3rd Quarter 2023-24 report; Food and Beverage Contractor employee data as of 12/2/24.

If the purpose of the program were to increase workforce diversity, then performance reports would need to include demographic data. Metro and the two contractors reported information about workforce diversity. However, that information was not connected to the program. For instance, Metro’s website included a dashboard showing the race and ethnicity of all employees as well as the race and ethnicity of venue employees. It did not track demographic data of employees hired through FOTA recruitments.

FOTA was also characterized by some as focusing on providing career opportunities. If that were the program’s purpose, then performance could be assessed based on the career path of employees. In that case, data about part-time and full-time positions, starting and ending pay, job duration, and promotions would be helpful.

Economic opportunities through FOTA were limited

The audit found economic opportunity was not defined. This mattered because the program sought to provide economic opportunities for economically disadvantaged residents. A lack of specific desired outcomes can lead to different interpretations of what creates a program benefit. We evaluated the program using different interpretations of desired outcomes and found FOTA provided limited economic opportunities for economically disadvantaged applicants.

Over the last five fiscal years, FOTA had a limited impact on the number of people hired by Metro at the venues (4%). In addition, the number of positions filled through FOTA recruitments has been declining. In FY 2019-20, the venues hired 13 employees through FOTA recruitments out of 111 total job opportunities (12%). In FY 2023-24 three employees were hired through FOTA out of the 120 job opportunities (2.5%).

Contractors appeared to have more success hiring from the target areas. For instance, 218 of one contractor's employees hired over the last three years lived in the target area. This represented about 40% of the positions that contractors filled during that time. However, those positions were not filled using Metro's FOTA requirements.

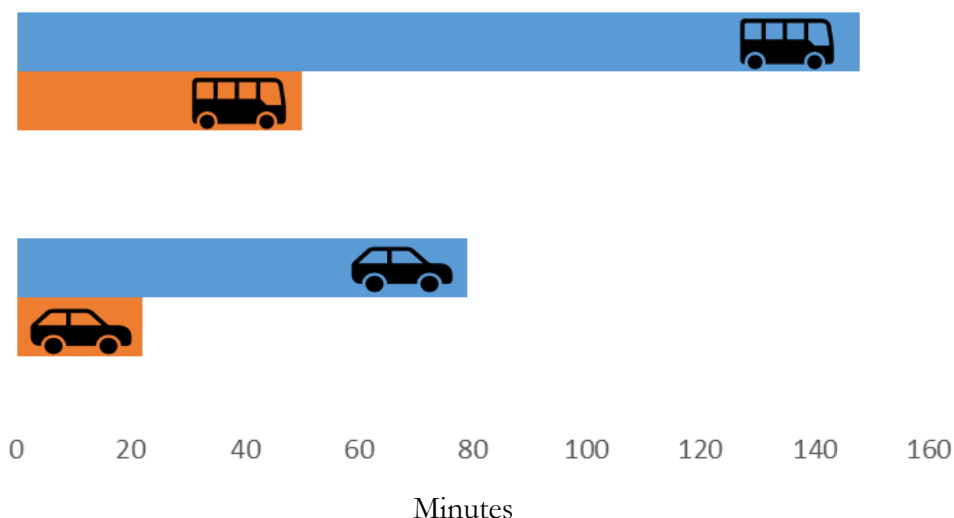
Most FOTA opportunities were limited to part-time and event-based jobs. About 73% of Metro positions filled through FOTA recruitments were part-time, event-based positions. Contractors also hired mostly part-time and event-based positions. In the last five fiscal years, 76% of the people who lived in the target area that were hired by contractors were part-time employees. This was likely the result of the event-based nature of venue positions. However, it reduced the earning potential and benefits for employees in these positions.

The trade-offs between full- and part-time employment should be considered in program planning. Part-time and event-based work may be attractive to people seeking flexibility or those wanting to develop job skills. Some applicants meeting the program's income requirements may qualify to receive income-based financial support. Examples include assistance for paying utility bills or purchasing food. A full-time position could raise their income high enough to make them ineligible for these services.

In some cases, a reduced work schedule may create additional burden that could make the job less desirable. For instance, traveling to and from work for a part-time or event shift may not make sense for some applicants. As the target area boundaries expanded, travel time to get to the venues may have increased.

We compared travel time from six zip codes in the target area to the three venues. The analysis showed target areas added in 2015 increased average round-trip travel time for one of the selected zip codes up to 79 minutes by car and up to 149 minutes by public transportation.

Exhibit 5 Employees living in the **updated target areas** could travel more than employees living in the **original target areas**



Source: Auditor's Office analysis based on a selection of schools in FOTA zip codes, TriMet.org, and Google.com/maps.

Because most positions were event-based, employee benefits were reduced. Some, but not all, part-time employees at Metro were eligible for health benefits. Part-time employees paid more for the benefits. According to Metro's employee benefits handbook, event-based employees were not eligible for Metro's health benefits. They also had less access to some other insurance benefits.

Several employees hired through FOTA recruitments took on additional jobs across the venues. This had the potential to increase their weekly hours. While this type of variety may be attractive to some applicants, others may find the inconsistency and need to travel among the venues unattractive.

Some FOTA opportunities had limited potential for future wage growth. This could matter if the desired program outcome is to provide opportunities for career advancement. At least 27% of the jobs filled at the venues in the past five years paid a fixed hourly wage regardless of experience.

We also heard concerns that FOTA opportunities were low-wage positions. We reviewed the starting wage for employees that Metro's PeopleSoft HR system identified as being hired through a FOTA recruitment. After adjusting for inflation, the average starting wage was about \$22 per hour. This was higher than the regional minimum wage of about \$16 per hour. It was also higher than our current estimate of the index which was about \$19 per hour for a single adult.

Weak relationships with community- based organizations limited program recruitment

Contractors' employees who lived in target area zip codes had varying pay ranges. After adjusting for inflation, the marketing contractor's average hourly pay was about \$41. The food and beverage contractor's average hourly pay was about \$20.

We found that Metro's engagement with CBOs was inconsistent and inadequate to recruit FOTA participants. These relationships were meant to help match potential applicants with job opportunities. Relationships were inadequate due to several factors including differing or unclear expectations, a lack of personal connections between CBO employees and Metro employees, and changes to previous relationship-building practices.

The audit found current relationships between Metro and CBOs were primarily focused on a weekly job opportunity email that was sent to the CBOs. However, the contact list contained some out-of-date information. We attempted to contact organizations on the list that had been identified as high priority partners for FOTA. We also tried to contact CBOs on the list that were based in a FOTA zip code. While most of these contacts were up to date, many did not respond to our inquiries, some were no longer valid, and one of the contacts was not involved in job placement work. We found that one CBO was not receiving emails, two were receiving emails sporadically, and several listed email addresses were no longer in use.

We interviewed seven CBOs from the list of twenty-five. Several mentioned having established relationships with Metro through job fairs. However, two contacts directly involved in connecting clients to job opportunities reported that Metro's past outreach practices had stopped. Those practices included Metro employees visiting CBO offices, speaking with staff and clients to establish expectations, and communicating a clear mission for FOTA.

Several CBOs mentioned that they work directly with the organizations where their clients applied. A barrier in their efforts to recruit FOTA participants was not knowing who to contact at Metro about hiring. These employment specialists often rely on their relationships and networks to support their clients. Some felt that having a person to talk to about available jobs and expectations of positions would be helpful. Relationships may have lapsed in part because of COVID shutdowns and remote work. These findings indicated additional efforts were needed to engage successfully with CBOs.

Effective partnerships also appeared to be more challenging due to unclear responsibility for managing FOTA. There did not seem to be a process in place to keep the email contact list up to date. This was important because it acts as a key piece of communication between Metro and CBOs. Some CBOs we spoke with had positive feelings about Metro and receiving the weekly emails. Several did work with low-income populations who live in the target area, making them good partners for the program.

Past FOTA program evaluations make clear that CBO connections were an important part of success. The 2003 evaluation made recommendations to expand outreach in the communities of North and Northeast Portland. They noted local businesses, community groups, and churches have a natural ability to connect people to opportunities.

The 2015 program evaluation recommended using data-driven approaches to support outreach. Two-way communication would be necessary to ensure accurate information was used by program management. CBOs need to know about the program and its requirements. Metro needs to know which groups and partnerships work best for finding eligible applicants.

Two CBOs mentioned that jobs offered at Metro are desirable and one career specialist noted that their clients may be underqualified for positions. Barriers may exist for clients such as a lack of skills to meet the job's minimum qualifications. Although some of the CBOs we talked to offered training programs, it did not appear to be directly aimed at building qualifications for FOTA positions. This may result in fewer applicants connecting to FOTA opportunities. Stronger relationships between Metro and CBOs could help reduce some of those barriers by providing training for CBO staff and trainings at CBOs for potential applicants

Recommendations

To clarify the FOTA policy direction in Resolution 2015-22a, Metropolitan Exposition Recreation Commission and the General Manager of Visitor Venues should:

1. Change the criteria used to annually update the program's income thresholds.
2. Create a process to determine whether the program's geographic boundary will be updated every five years.

To improve program administration, the General Manager of Visitor Venues in consultation with Human Resources, should:

3. Establish consistent performance reporting standards for contractors and internal operations.
4. Publish performance reports periodically to inform the public, policy makers, and management about FOTA's outcomes.
5. Strengthen relationships with community-based organizations to connect community members with job opportunities.

To ensure alignment between FOTA and other workforce diversity efforts, the General Manager of Visitor Venues in consultation with Human Resources, and Diversity Equity and Inclusion should:

6. Update FOTA to align with any changes to SPARED I or other workforce diversity goals and strategies.

Scope and methodology

The purpose of this audit was to evaluate how administration of the First Opportunity Target Area (FOTA) impacted program performance. Our objectives were to:

- Determine the status of the 2015 FOTA program review recommendations.
- Determine if differences in how Metro and partners administer FOTA impacted program performance.
- Identify opportunities to increase program performance.

The scope of analysis included Metro and contractor FOTA reporting from fiscal year (FY) 2019-20 through FY 2023-24 and employees hired by Metro through FOTA beginning in 2016. To develop our audit objectives, we reviewed prior Metropolitan Exposition Recreation Commission (MERC) meeting minutes, recruitment for MERC applicants, and partner contracts and agreements. We consulted best practices from NeoGov, the Government Accountability Office, and the Government Alliance on Race and Equity. We also reviewed Metro resolutions and FOTA evaluations dating back to 1989.

We interviewed Metro staff and leadership as well as MERC commissioners to familiarize ourselves with the history, objectives, and implementation of FOTA. We conducted preliminary analyses of program data retrieved from Metro's recruiting software program and PeopleSoft HR.

To complete our audit objectives, we reviewed FOTA program requirements outlined in MERC Resolution 2015-22a and determined if the program was up to date. We conducted interviews with a judgmental sample of seven community-based organizations (CBOs). We used a judgmental sample to identify the most relevant partners on Metro's email list. As a result, findings cannot be generalized to the population as a whole. The sample population was based on having a zip code in the FOTA boundary or being identified by Metro as being a high priority organization in prior MERC FOTA discussions.

We evaluated data from Metro's recruiting software to identify MERC venue hires made through FOTA, internal, and general recruitment between FY 2019-20 and FY 2023-24. We used Metro's classification and compensation website as of 10/24/2024 to determine the compensation range for venue hires. We also reviewed PeopleSoft HR data to identify starting hourly wages for people documented as being hired through FOTA recruitments. We adjusted hourly wages to 2024 values. Due to the incomplete nature of this data set, audit findings cannot be generalized to the population as a whole.

We interviewed two of Metro's contractors, Levy and Travel Portland, to better understand how they administered and reported on Metro's FOTA program. We obtained and analyzed hiring data from these contractors to understand how their efforts impacted program performance.

In October 2024, we notified management about an error in the way FOTA opportunities were listed in Metro's weekly job opportunities email. Management stated that they implemented corrective actions later that month in response.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was included in the FY 2024-25 audit schedule.

Management response

Memo



Date: April 4, 2025
To: Brian Evans, Metro Auditor
From: Marissa Madrigal, Chief Operating Officer
Craig Stroud, General Manager of Visitor Venues
Holly Calhoun, Deputy Chief Operating Officer
Subject: First Opportunity Target Area Audit-Management Response

Introduction

Auditor Evans,

Thank you for the thoughtful review of the First Opportunity Target Area (FOTA) program and the recommendations for improving administration of the current program and incorporating previous findings and commitments ("First Opportunity Target Area Program Study" February 2015, and "MERC Resolution 15-22a" January 2016).

FOTA was implemented 36 years ago as a *"first opportunity for available jobs to economically disadvantaged residents living in economically distressed neighborhoods in the immediate vicinity of the Convention Center site."* At its core, this program was an attempt to acknowledge discriminatory practices and displacement that had disproportionately impacted communities of color, most significantly the African American community.

As the audit points out, the actual economic advancements or reconciliation of historical injustices that can be tied to the program are less notable. While there may be a range of reasons *why* this is the case, the lack of reliable data and unclear roles and responsibilities must first be addressed. Reliable program data will be critical when providing program performance outcomes to key stakeholders, including policy decision-makers. Changes to this program, including clarifying scope and desired outcomes, will be equally reliant on solid baseline data and qualitative feedback.

Management's responses to the audit recommendations focus on stabilizing the program by fulfilling the requirements outlined in MERC Resolution 15-22a. Immediate actions include clarifying roles and responsibilities, updating income thresholds, improving data collection and reporting, and deepening relationships with Community-Based Organizations. Assessing outcomes after stabilizing the program will allow the public, policy makers, and management to identify if changes are desired. Please note in our overall timeline that stakeholder engagement, including engaging with policy makers about programmatic changes, is not proposed until after a program stabilization period.

As communities across the nation experience backlash against social justice programs, it's more important than ever that Metro keeps its commitments and stands by its values, particularly those related to diversity, equity and inclusion. That doesn't always look like bold moves and loud actions.

Sometimes it just means doing what we said we would, following through, and fulfilling commitments made.

And in the case of the FOTA program, that's what we intend to do. While there's a compelling case to be made that the program isn't fulfilling the commitments it originally sought to, this position minimizes the commitments management made and didn't adequately keep 10 years ago. By starting with a focus on rightsizing programmatic needs and resources instead of focusing on why the program should be changed, we can more effectively equip policy makers with the necessary data to meaningfully explore FOTAs purpose, outcomes and responsiveness to the cultural and economic disparities which the program originally sought to address.

Audit Recommendations - updated March 19th

Recommendation

To clarify the FOTA policy direction in Resolution 2015-22a, MERC and the General Manager of Visitor Venues should:

1. Change the criteria used to annually update the program's income thresholds.

Management Response: Management agrees with the recommendation. As noted by the audit, the University of Washington (UW) Self-Sufficiency Index, identified in Resolution 2015-22a was published about every three years. Given the resolution's requirement to update the income thresholds annually, either a new index or revised approach must be identified to support annual changes.

The UW Self-Sufficiency Index published an Oregon 2024 index. To expedite an income threshold adjustment that will immediately increase the number of applicants residing in the existing FOTA boundary that qualify for the program's first opportunity, the General Manager of Visitor Venues will bring forth to MERC a resolution to update the income thresholds using the Oregon 2024 index no later than August 2025.

Adjusting the income thresholds for years that fall between updates to the UW Self-Sufficiency Index will require additional research and direction from MERC.

Proposed Plan: The General Manager of Visitor Venues will work with Metro's Planning, Development and Research department's data and research professionals to identify alternative self-sufficiency indexes which provide similar income and self-sufficiency data. Should no reliable replacement indexes exist, the General Manager of Visitor Venues will identify an annual inflation adjustment process that can be applied to the UW Self-Sufficiency Index to allow annual adjustments.

Timeline: Either a new index or an annual inflation adjustment process will be provided to MERC for consideration no later than January 2026.

2. Create a process to determine whether the program's geographic boundary will be updated every five years.

Management Response: Management agrees with this recommendation. In addition to this recommendation, the audit's other recommendations include updating program income thresholds, improving data and reporting, and reestablishing CBO partnerships. Management believes it is important to stabilize the program by implementing those recommendations and establishing

two years of program performance data before attempting to assess whether the program's boundaries require change.

The previous time the geographic boundaries were updated (2015), significant resources were dedicated to the process including a consultant, a cross-agency workgroup, a stakeholder task force, and sophisticated data analysis. Additionally, as the audit noted, the last boundary change created unintended barriers, like significant increases in commute times, particularly when using public transportation.

Because the need for a boundary change necessitates such a commitment, resources, and agency capacity, it is important that decisions are influenced by accurate data analysis to help determine if a boundary change is critical to the program's success. Two years of performance data will likely provide MERC the information necessary to determine if a change should be considered and we expect to bring this question to MERC in late 2027 or early 2028.

Proposed Plan: Management commits to the following actions to stabilize the program prior to reassessing the programs geographic boundaries:

Income Thresholds: Management will recommend MERC update program income thresholds using a 2024 UW Self-Sufficiency Index report for Oregon by August 2025. In addition, the General Manager of Visitor Venues will recommend either a new income threshold index or an annual inflation adjustment process for future annual updates for MERCs consideration and approval by January 2026. More information on this is provided in response to recommendation one.

Reporting: Clearly establishing reporting requirements for Metro's Human Resources processes and MERC contractor processes will support consistent reporting and improve accountability and data integrity. Management commits to updating reporting requirements by August 2025 but notes that the timeline may be extended if the updated requirements necessitate any system updates to effectively capture and report performance data. More information on this is provided in response to recommendation three.

CBO Partnerships: Management appreciates the audit report's language around CBOs and their importance to program success. Deepening existing and establishing new relationships with CBO's that support job placements, ensuring the relevant CBOs know about the FOTA mission, requirements, expectations, and opportunities, and defining specific roles and responsibilities so that the CBOs know who to contact about hiring are important actions. More information on this is provided in response to recommendation five.

Timeline: We anticipate bringing the question of updating the geographic boundaries to MERC in late 2027 or early 2028.

Recommendation

To improve program administration, the General Manager of Visitor Venues in consultation with Human Resources, should:

3. Establish consistent performance reporting standards for contractors and internal operations.

Management Response: Management agrees with the recommendation. The original FOTA program required the MERC venues directly and through its partners pursue a policy of providing a first opportunity of jobs to economically disadvantaged residents living in economically distressed neighborhoods near the Oregon Convention Center. MERC Resolution 2015-22a affirmed that the basis of FOTA is that applicants meet two

requirements (living within the established geographic boundary and meeting income eligibility thresholds) to receive a first opportunity to apply for and interview for a MERC venue job. As communicated in response to recommendation two, management intends to establish performance reporting standards using the resolution's eligibility requirements.

Proposed Plan: To develop consistent performance reporting standards the General Manager of Visitor Venues will collaborate with Human Resources to define specific recruiting, interviewing, job offer, and job acceptance metrics to specifically track the number of applicants and hires that meet both the FOTA income threshold and FOTA boundary resident requirements.

Timeline: Management commits to establishing metrics with Human Resources by August 2025. That said, should any identified metrics require creating and/or updating systems, the timeline to implement those additional reporting standards may be extended (Metro is actively researching new Enterprise Resource Planning (ERP) systems and enhanced data analytics and reporting capabilities are key priorities in that assessment).

The General Manager of Visitor Venues will engage contract partners to clarify the FOTA mission requirements, and expectations. It is expected that the mechanics of their hiring processes will be similar and include recruiting, interviewing, job offer, and job acceptance steps. Upon confirmation, the performance reporting standards will be documented with partners so they can capture the same metrics as internal operations. Management believes this can be accomplished by August 2025.

4. Publish performance reports periodically to inform the public, policy makers, and management about FOTA's outcomes.

Management Response: Management agrees with this recommendation. To implement, management will need to define the FOTA income, residency, and recruitment/hiring performance reporting standards and capture data for internal operations and contractors as stated in audit recommendation three, above. The Metro HR system captures much of this data; therefore, performance reporting to MERC, the public, and management will commence after six months of data is collected (assumed data collection start of August 2025).

Similarly, the General Manager of Visitor Venues will need to engage contract partners about the specific and consistent data points required for their performance reporting. Depending upon their HR system capabilities and the data currently captured, reporting that is consistent with internal operations will commence as quickly as practicable.

Proposed Plan: Management commits to the following actions to establish a program report update schedule:

Internal Reporting: The audit cites that Metro Human Resources provided FOTA performance data for Fiscal Year 2022-23 and Fiscal Year 2023-24. To the extent that data provides information about the FOTA income, residency, and recruitment/hiring performance metrics, the General Manager of Visitor Venues will present that data, along with an analysis and recommendation of possible additional data that would be helpful to MERC in their oversight role, at a MERC meeting in the first quarter of 2026. Management will then report FOTA program hiring performance data to MERC twice annually at a regularly scheduled commission meeting.

MERC Contractor Reporting: The General Manager of Visitor Venues will engage contract partners to clarify the FOTA mission, requirements, and expectations, particularly the income threshold and target area residency requirements, as well as the expectation that their recruitment process includes data capture for

recruiting, interviewing, job offer, and job acceptance steps. The contractors will then be required to incorporate the updated data into regular reporting to MERC.

Timeline: Management estimates this action can be completed by April 2026 with regular reporting thereafter.

5. Strengthen relationships with community-based organizations to connect community members with job opportunities.

Management Response: Management agrees with this recommendation. Community-Based Organizations (CBOs) have historically been and remain critical to the success of the FOTA program. Deepening existing and establishing new relationships with CBO's that support job placements, ensuring the relevant CBOs know about the FOTA mission, requirements, expectations, and opportunities, and defining specific roles and responsibilities so that the CBOs know who to contact about hiring are important actions.

Proposed Plan: Management commits to the following actions to strengthen relationships with community-based organizations:

Outreach and update to CBO contact list: Metro Human Resources will contact existing CBOs to affirm their desire to remain connected to and supportive of the FOTA program (this will include providing each CBO the FOTA applicant eligibility requirements to ensure CBO/program fit). Human Resources will inquire of these CBOs, and other connected community partners active in the program's target areas, if they are either interested or can refer other CBOs who are interested in matching their clients to FOTA jobs. This action is expected to be completed by June 2025.

FOTA Program Education, Roles and Responsibilities: For the updated listing of interested CBOs, the General Manager of Visitor Venues will work with the MERC venues and Metro Human Resources to provide one or more engagements on the mission, requirements, expectations, and opportunities of FOTA, as well as specific roles, responsibilities, and contacts. These engagements will seek to understand from these organizations the training they and their clients need to use the program's offerings, as well as the frequency that such engagements would be helpful. This action is expected to be completed by January 2026.

Contract Partner and CBO alignment: The General Manager of Visitor Venues will engage the two venue contract partners to share the importance of CBOs to the program and for collaborative, as well as independent, relationship building between the parties. The General Manager of Visitor Venues will ensure the MERC contract partners are provided with the updated listing of CBOs for their use, as well as inclusion in the engagements to provide CBOs the specific information about their jobs and opportunities. This action will be completed in tandem with the above actions.

Timeline: Timelines for proposed actions listed above.

Recommendation

To ensure alignment between FOTA and other workforce diversity efforts, the General Manager of Visitor Venues in consultation with Human Resources and Diversity, Equity, and Inclusion, should:

6. Update FOTA to align with any changes to SPAREDI or other workforce diversity goals and strategies.

Management Response: Management agrees to bring this recommendation to policy-makers for consideration as part of updates to Metro’s Strategic Plan to Advance Racial Equity, Diversity and Inclusion. As stated in the audit, the FOTA program’s alignment with Metro’s workforce diversity and other equity goals and strategies has been a question since at least the February 2015 FOTA program study. That study noted that the relationship between FOTA and other Metro diversity and equity goals is ambiguous, stating, “This is especially true as Metro has taken steps to deepen its commitment toward diversity and equity, for example through its recent Diversity Action Plan.”

The Diversity Action Plan evolved and in 2016 Metro published its Strategic Plan to Advance Racial Equity, Diversity and Inclusion (SPAREDI). The strategic plan focuses on removing barriers for people of color and improving equity outcomes for these communities by improving how Metro works internally and with partners around the Portland region. At that time, MERC sent a letter to Metro Council expressing, “..., the Metropolitan Exposition and Recreation Commission wishes to express its strong support for Metro’s Strategic Plan to Advance Racial Equity, Diversity and Inclusion and urges Metro Council to adopt and implement it.”

These two contemporaneous actions, MERC’s FOTA Resolution 2015-22a and Metro Council’s adoption of its SPAREDI, indicate that the governance bodies likely understood the ambiguity, yet moved forward with the FOTA program and the SPAREDI as written. While future public engagement and subsequent direction from MERC and/or Metro Council may result in closer alignment and/or small to large scope program modifications, FOTA in its initial and current form was intended to provide “first opportunity for available jobs to economically disadvantaged residents living in economically distressed neighborhoods in the immediate vicinity of the Convention Center site.” While management asserts that the FOTA program is a strategy that aligns with the overarching principles of the SPAREDI (leading with a racial equity focus, eliminating disparities that people of color experience, and generating solutions that address the needs of historically marginalized groups), with a specific tie to SPAREDI Goal C (‘through training and hiring practices that break down barriers for applicants of color, Metro achieves a racially diverse workforce’), the misalignment described in the audit may be in reference to the FOTA program’s narrowed geographic focus as opposed to the SPAREDI’s regionwide lens.

Examples where Metro’s equity actions intersect with the February 2015 FOTA program study includes the Metro initiated Construction Career Pathways Regional Framework. That project, often referred to as C2P2, has resulted in 9 public agencies adopting the framework, which uses a regional approach to recruiting, training, and retaining women and people of color in the construction trades. All Metro departments, including the MERC venues, are required to integrate the essential framework points into construction projects. Another example is the outcomes of the 2019 Oregon Convention Center renovation project. The renovation construction contractor proposal process resulted in the largest Oregon public works contract being awarded to a BIPOC prime contractor at that point in time. Metro’s procurement process used typical contractor selection criteria and to increase opportunities to non-established general contractors emphasized the value of diversity and inclusion by integrating State of Oregon Certification Office for Business Inclusion and Diversity (COBID) criteria which supported the firm’s ability to submit a responsive proposal. The construction contract set project expectations and goals for workforce diversity and financial commitments. Renovation highlights include that 51% of total contract dollars were awarded to COBID registered minority and women-owned businesses, 40% of hours worked were completed by people of color, and of total dollars paid to subcontractors, 54% were awarded to majority Black-owned businesses.

Proposed Plan: As described in the above commitments, management intends to strengthen its oversight of the FOTA program before proposing any significant changes to policy decision-makers. In addition, the audit cites that stakeholders had varying responses to what they believed FOTAs purpose

and outcomes were. The actions identified in management's responses to recommendations one through five include documenting and communicating FOTA requirements to help clarify the FOTA program and its current alignment with SPAREDI Goal C.

Timeline: Following the two-year program stabilization period described in the above responses, management agrees to engage with policy makers (MERC Commission and Metro Council) to obtain direction regarding the alignment between SPAREDI, FOTA and other workforce diversity goals and strategies.



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