

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No.	<u>7a</u>
Date of Meeting	<u>April 2, 2013</u>

DATE: March 21, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Luis Navarro, Director, Office of Social Responsibility
SUBJECT: 2012 Annual Report, Office of Social Responsibility

SYNOPSIS:

The mission of the Office of Social Responsibility (OSR) is to support the Port of Seattle's job creation and economic development efforts in the communities we serve, and our programs help ensure that Port business activities are conducted within a framework of equity, inclusion and equal access to economic opportunity.

OSR's Guiding Principles are to collaborate with Port staff, contractors, business partners and community stakeholders to maximize the ability for people to achieve their full potential; work to remove barriers to increase participation by small and disadvantaged businesses in procurement and contracting opportunities at the Port; promote strategies and implement programs that support workforce development in Port related activities; be a catalyst for equity and social change throughout the Port and local community; and recognize individual and collective commitment to social responsibility. OSR manages the Small Contractors and Suppliers (SCS) program and the Port Jobs contract, which provides a mechanism for job seekers at the Airport and those interested in pre-apprenticeship training to gain entry to the Port-related workforce. The 2012 results represent a continued trend of increased opportunities for small businesses and proactive community engagement in each relevant area, as follows:

BACKGROUND:

In 2008, CEO Tay Yoshitani created OSR with the objective of establishing a team that would develop, manage and support the social responsibility efforts of the Port. The CEO, with concurrence from the Port Commission, authorized OSR to manage several programs that support Port-wide efforts, including the small business and workforce development programs. OSR also oversees the community giving campaign and supports Port-wide community outreach efforts such as the clean truck initiative, the Veterans' Fellowship program, and other initiatives. Another priority is developing and maintaining positive external relationships with community groups, non-profits, labor and tenants, small business and large business owners and organizations, contractors, workforce development organizations and civic and business groups in order to promote economic opportunity and social equity. In 2012, the Port adopted the Century Agenda with goals that defined the Port's efforts for the next 25 years with the principal goal of adding 100,000 jobs through economic growth led by the Port of Seattle and by using our influence as an institution to promote small business growth and workforce development.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 21, 2013

Page 2 of 8

2012 RESULTS AT A GLANCE:

- 35% of eligible expenditures went to small businesses – a 25% increase over 2011.
- Over \$44 million in revenue for 464 small businesses in the community.
- \$6 million, approximately 5% of eligible expenditures, went to Small Contractors and Suppliers (SCS) certified firms.
- \$6 million, almost 5% of eligible expenditures, went to certified Disadvantaged Business Enterprises (DBE), Minority Business Enterprises (MBE), and/or Women Owned Business Enterprises (WBE).
- Approximately 92% of the eligible Small Works expenditures (projects under \$300,000) went to small businesses.
- Oversaw efforts resulting in over \$24 million in new wages to community members as a result of placements into Port-related employment and apprenticeships.
- Through Port Jobs contract, assisted over 7,100 community job seekers and helped almost 1,100 community members gain employment at the Airport.
- Through Port Jobs' contract with Apprenticeship and Non-traditional Employment for Women (ANEW), provided over 200 community members with pre-apprenticeship training and apprenticeship support, including helping 125 people become registered apprentices.
- Almost 15% of labor hours on Port public works contracts over \$1 million were performed by apprentices – over 125 apprentices worked on Port projects this year, and over 170 current and past apprentices on Port projects reached journey status in 2012.
- OSR coordinated participation in the annual Veterans' Stand Down event in support of homeless veterans and the United Way Day of Caring.
- Coordinated the Port's Community Giving Campaign where 161 employees contributed \$112,658 through payroll deductions to 168 different non-profit organizations and charities.

SMALL BUSINESS PROGRAM:

In January 2010, the Port of Seattle adopted Resolution No. 3618 as the Port's central small business initiative authorizing the CEO to direct OSR to develop and implement the SCS program. The SCS program is part of the overall mission of the Port to create economic vitality in the region by ensuring fair and equal access and opportunity to small firms that wish to provide products or services to the Port.

Small business growth is one of the strategic objectives in the Century Agenda. OSR supports the Century Agenda by aiming to increase the proportion of funds spent by the Port with qualified small business firms on construction and goods and services to 40 percent of eligible dollars.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 21, 2013

Page 3 of 8

Small Business Initiatives

OSR engages in the following small business programs, which include disadvantaged, minority and woman-owned firms:

- **Small Contractors and Suppliers Program (SCS)**
The Port joined King County and Sound Transit in supporting small businesses certified by King County as SCS firms. A single certification as an SCS provides incentives with these three public agencies. The Port has developed incentives for these firms to participate in Port procurement opportunities. To qualify, SCS firms cannot exceed 50% of the Small Business Administration (SBA) size standard, and the owners' personal net worth cannot exceed \$750,000.
- **Disadvantaged Business Enterprise Program (DBE)**
A federal program required for all federally assisted projects, which includes construction and consulting services. To qualify as a DBE, a business cannot exceed the SBA size standard, must be at least 51% minority or woman owned, with owner net worth under \$1.3 million.
- **Small Business Administration 100% Size Standard (SBE)**
The Port also supports all small business firms that meet the SBA size standard, and Port staff is encouraged to utilize small businesses whenever possible, including those businesses owned by women and minorities. The state Office of Minority and Women's Business Enterprises certifies small businesses that meet the SBA size standards as small woman-owned (WBE) and minority-owned (MBE) business enterprises.

Tools

The Port leverages an in-house database called Procurement Roster Management System (PRMS) for tracking and dissemination of opportunities to all businesses that are interested in working with the Port. Small businesses are encouraged to register on the Port's PRMS and provide the relevant information, including their certifications such as SCS, minority, woman-owned and disadvantaged. In addition to those certified businesses, businesses that are not certified can self-identify themselves as minority or woman-owned. As of the end of 2012, 871 small business were registered in PRMS, 447 of which registered in 2012. Of those firms, 221 were SCS certified, of which 123 were newly registered on PRMS in 2012.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 21, 2013

Page 4 of 8

OSR Outreach Efforts

Outreach is achieved through the direct interaction with small businesses by attending events organized by local chapters of chambers of commerce, business organizations and by other public agencies. OSR also coordinates events specifically created for Port vendors and through paid membership in organizations that support small businesses, in addition to a strategic media campaign that includes ads in ethnic newspapers, radio, newsletters and event programs. In 2012, OSR staff presented and participated in 29 small business outreach events, and 43 ads were placed in local newspapers encouraging small businesses to participate in the Port's small business program.

WORKFORCE DEVELOPMENT:

Growing the local economy requires a skilled workforce. OSR supports workforce development programs that provide quality job training as well as job search assistance to ensure that all members of our community can access and move up in the jobs created by the Port and its tenants. We work with local nonprofit organizations, employers, educational institutions, and other government agencies to accomplish our workforce development goals.

Workforce Development Initiatives

OSR supports the Century Agenda strategic objective of increasing workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics.

- Port Jobs – Airport Jobs Office
OSR contracts with Port Jobs to connect Airport tenants (airlines, concessionaires, etc.) in need of employees and unemployed and underemployed community job seekers from diverse backgrounds. Port Jobs does this through its Airport Jobs office at the Seattle-Tacoma International Airport – partnering with employers to maintain a database of job openings, providing job seekers with information and job search assistance, offering job search and job skills workshops, and supporting hiring and onboarding processes and events (saving employers time and money).

In 2012, Port Jobs' Airport Jobs program:

- Served 7,172 community job seekers
 - Almost 80% were people of color, 57% were immigrants or refugees,
- Placed 1,088 people into 1,169 jobs at the Airport, with an average starting wage of \$9.73
 - These jobs mean over \$19 million in new wages to Port Jobs' clients and their families (one year earnings estimate)
 - The most common jobs clients were placed into include baggage handlers, ramp agents, and wheelchair/passenger assistants

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 21, 2013

Page 5 of 8

- Served the workforce needs of 79 Airport tenants and concessionaires – helping to post almost 600 jobs and assisting with 135 hiring events
 - Of the 72 Airport employers hiring community members through the Airport Jobs office, 69% were passenger airlines or their vendors, and 20% were concessions or retail tenants

- Port Jobs – Airport University

OSR also contracted with Port Jobs to provide education and training opportunities to workers employed at the Airport – to improve their job skills, success on the job, and future advancement opportunities. Through its Airport Jobs office, Port Jobs operates the Airport University program. Class offerings through Airport University range from workshops to help people get through initial employment hurdles (such as preparing to pass the Secure Identification Display Area [SIDA] badging or food handler’s permit tests), to earning industry-recognized certifications (such as SuperHost customer service), to earning college credit that counts towards certificate and degree programs in local community colleges (an introduction to MS Office, for example). This “career pathways” model represents OSR’s belief in not only connecting people to employment, but also in connecting them to the skills needed for the living wage jobs that will help their families and our region thrive. In 2012, Port Jobs’ Airport University program:

 - Served 234 students in workshops and courses.
 - 108 of these students earned college credit with Highline Community College (HCC) by successfully completing college-level coursework taught on-site at the Airport by HCC faculty; 5 students completed Business Technology certificates through HCC
 - 139 of these students participated in non-credit job skills courses
 - Over 80% of the Airport University students were people of color, 75% were immigrants or refugees

- Pre-Apprenticeship Training & Apprenticeship Pipelines

The apprenticeship model has long been a successful workforce development strategy. Apprenticeship programs are typically operated by unions in the skilled trades – employers hire the apprentices who get to earn wages while learning both on-the-job from journey-level employees and in the classroom from college faculty. This ensures that the industry always has the pipeline of workers it needs to thrive. Apprenticeships lead to well-paying jobs, so it is important to ensure all members of the community, including traditionally under-represented groups such women and people of color, have access to and can succeed in apprenticeship programs in our region. OSR supports apprenticeship opportunities in two ways:

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 21, 2013

Page 6 of 8

ANew and the Apprenticeship Opportunities Project: OSR supports Apprenticeship and Nontraditional Opportunities for Women (ANew) and its Apprenticeship Opportunities Project (AOP) by having Port Jobs manage a subcontract with ANew as a part of its contract. Through AOP, ANew helps women, people of color, veterans, and other community members learn about apprenticeship opportunities, gain the skills they need to become apprentices, and access the resources needed to successfully reach journey status.

In 2012, ANew:

- Served 247 people through pre-apprenticeship training and apprenticeship support services
 - One-third of the AOP participants were women
 - The types of assistance (other than training) that participants most needed to succeed as apprentices included help with transportation, work clothing and boots, and testing fees
- Placed 125 participants into registered apprenticeships, plus another 7 into trades-related employment, with an average starting wage of \$19.56
 - These placements mean over \$4 million in new wages to Port Jobs' clients and their families
 - The majority of the new apprentices signed on as Electricians (33% inside wire, 20% low voltage), followed by Laborers (14%) and Ironworkers (11%)
- Apprenticeship Utilization on Port of Seattle Construction Projects

In order for the apprenticeship training model to work, companies must employ apprentices on their projects so that the next generation of workers is able to gain the skills and experience needed. As a government agency and landlord, the Port has a number of major construction projects underway at all times that require the work of a wide range of skilled trades people. Requiring that a percentage of this work be done by apprentices is one way to maintain this workforce pipeline, and encouraging our contractors to use a diverse pool of apprentices on Port projects supports equal access to training and economic opportunity.

On project labor agreement (PLA) projects, the Port requires that 20% of labor hours be done by apprentices; 15% on large non-PLA projects (over \$1 million). In addition, the Port has set a goal for 33% of apprentice hours to be by done by minority and/or women apprentices on PLA contracts; with corresponding goals of 15% minority apprentice hours and 10% female apprentice hours on large non-PLA projects.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 21, 2013

Page 7 of 8

In 2012, on PLA and large public works Port projects:

- Apprentices performed 15% of all labor hours
 - 127 apprentices worked on these projects, earning over \$1 million in wages
- 13% of the apprentice hours were worked by apprentices of color and 3% of the apprentice hours were worked by female apprentices
- Of the contracts closed in 2012 that had apprenticeship goals, 8% met both apprenticeship utilization and diversity goals, 54% met some but not all goals, and 38% did not meet utilization or diversity goals

- Growing Workforce Development in the Maritime Sector
With the adoption of the Century Agenda, OSR has begun to expand its workforce development efforts to increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics. OSR is working with the Commission and Port staff to establish a regional consortium to serve the workforce development, applied research and business growth needs of the maritime industry.

We are bringing together stakeholders and supporting coordination between industry, educational institutions, workforce agencies, economic development agencies, and other community organizations. The work of the consortium includes labor market research to identify and document industry needs, collaborative efforts to bring state and federal funds into the region to support maritime workforce development, raising awareness of career pathways in the maritime sector, and more.

COMMUNITY GIVING CAMPAIGN AND OTHER EFFORTS:

For more than a century, the Port has lived its mission of being an economic driver for King County and the region, and giving back to the community in many ways. We've created a tradition of giving that we can be proud of, and that will continue well into the next hundred years, because service and commitment to our community are deeply woven into our values. Numerous organizations work tirelessly to improve people's lives, improve education and health care, provide food and dollars to the needy, clean and revitalize the environment, rescue animals in need, and so much more, and these organizations rely on our help to do the good work they do. OSR manages the Port's Community Giving Campaign as an important tradition that allows staff to contribute through payroll deduction and as volunteers in our community through opportunities such as Seattle AIDS Walk and Run, the American Heart Association Heart and Stroke Walk, Seattle's Stand Down event benefiting homeless veterans, the American Lung Association's "Fight for Air Walk" and other events that provide Port staff with the opportunity to serve.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

March 21, 2013

Page 8 of 8

OSR also supports the Port's Veterans Fellowship Program designed to facilitate veterans' transition from military service to civilian employment, and we support the National Urban Fellows (NUF), a national program that develops accomplished and courageous professionals of all ethnic and racial backgrounds, particularly people of color and women, to be leaders and change agents in the public and nonprofit sectors, with a strong commitment to social justice and equity. Each year, the Port provides mentorship opportunities to a variety of participants from high school to graduate programs for a unique chance to participate in the day-to-day operations of a large public organization.

In addition, we support the Port's outreach efforts associated with its environmental strategies such as the "Clean Truck Program," which combines the efforts of OSR, the Seaport Environmental and Business teams, and Public Affairs Community Relations as a means to support the goals of the Northwest Ports Clean Air Strategy, a large-scale initiative aimed at reducing air emissions from all sectors of maritime operations. To date, more than 12,000 trucks and 120 trucking companies meet the Port's clean truck requirements regulatory standards and are registered in the Port's Drayage Truck Registry. In 2012 the Port began planning for the second phase of the Clean Truck Program that will go into effect in the 2015-2017 timeframe. OSR helped plan outreach for this effort and participated in several meetings with the trucking community.

OTHER DOCUMENTS ASSOCIATED WITH THIS BRIEFING:

- PowerPoint presentation
- Office of Social Responsibility 2012 Report to the Community
- Port Jobs' 2012 annual report
- Port of Seattle's Small Business Resolution No. 3618

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- On January 26, 2010, the Commission approved the Port of Seattle Small Contractors and Suppliers Resolution No. 3618 authorizing the launch of the SCS program.
- On November 2, 2010, the Port Commission authorized a three-year contract with Port Jobs with two one-year options with a value of \$4,045,953.20.