

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**STAFF BRIEFING**

<b>Item No.</b>	<u>7b</u>
<b>Date of Meeting</b>	<u>April 1, 2014</u>

**DATE:** March 16, 2014  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Luis Navarro, Director, Office of Social Responsibility  
**SUBJECT:** 2013 Annual Report, Office of Social Responsibility

**SYNOPSIS:**

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

The 2013 results represent the continued investment made by the Port in providing increased opportunities for small businesses and the proactive efforts and community engagement in workforce development and the contribution by Port staff in the local communities through the annual giving program.

**BACKGROUND:**

OSR manages the small business and workforce development programs, and supports Port-wide community outreach efforts such as; the clean truck program, the Veterans' Fellowship program, internship opportunities and other important initiatives. Priorities include developing and maintaining positive external relationships with the various communities we serve through the interaction with non-profits, labor and tenants, small, medium and large business, trade organizations, contractors, workforce development organizations, civic and business groups in order to promote economic opportunity and social equity associated with Port activities.

As required under Small Business Resolution #3618, and per the service contract with Port Jobs, the Commission must be provided with annual reports describing the previous year's results of the relevant areas managed by OSR, including the small business and workforce development programs. Included in this report are the results of the community giving campaign and a section on the planned work for 2014, and a brief scan of the environment in the small business and workforce development areas.

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### **RESULTS AT A GLANCE:**

During 2013, our programs served more than 7,100 community members and 900 small businesses and nonprofits, generating more than \$67 million in value in the community.

The following is a summary of the 2013 results:

#### **Small Business**

- 30% of Port expenditures went to small business, generating \$39.3 million in revenue for small firms vs. 35% or \$44 million in 2012
- Participation of Small Contractor and Supplier (SCS) certified firms increased nearly 60% over last year – to 7.7% vs. 4.8% in 2012. In 2013, over \$10 million went to 89 SCS firms
- Combined participation of certified Disadvantaged Business (DBE), Minority Business (MBE), and Women Business Enterprises (WBE) decreased from 4.7% in 2012 to 3.2% this year (\$4.2 million to 78 firms)
- Supported the Highline Community College Small Business Development Center, which assisted 208 clients, including 12 new starts, and helping create 49 new jobs

In late 2013 the Port hired BBC Consulting to conduct a disparity study, which will analyze the Port's contracting results for the years 2010, 2011 and 2012. These are in-depth analysis and results are expected in August 2014.

#### **Workforce Development**

- Port Jobs assisted more than 6,700 community members through the Airport Jobs center, helping 1,275 to get jobs at the airport (a 17% increase over last year)
- 325 people received in training on-site through Airport University – 88 in college-level classes, with 12 completing the Business Technology Certificate through Highline Community College
- The Apprenticeship Opportunity Project (AOP) served 236 people and helped 156 enter Registered Apprenticeships with an average starting wage of \$20/hour

On the Port's large public works projects, 130 Apprentices worked 12.3% of the labor hours – down from 13.6% last year. The percentage of Apprentice hours worked by minorities and women increased 44% over last year to 21.9%

#### **Community Giving Campaign**

- Employee participation increased to just over 10%, generating over \$125,000 in contributions for 163 nonprofits through payroll deductions

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### **SMALL BUSINESS PROGRAM:**

OSR supports the Century Agenda's goal of increasing the proportion of funds spent by the Port with qualified small business firms on construction, consulting, and goods and services to 40 percent of eligible dollars.

Strategies include; organizing events specifically for Port vendors, maximizing our membership in organizations, and outreach efforts such as; direct interaction with small businesses, attending events organized by local chapters of chambers of commerce and events organized by other public agencies. We also deploy a strategic media campaign that includes ads in ethnic newspapers, radio, newsletters and event programs. In 2013, OSR staff presented and participated in 22 small business outreach events, and 42 ads were placed in local newspapers encouraging small businesses to participate in the Port's small business program.

The OSR team relies on Port leaders, project managers and staff in general who must support these efforts. Only with the support and participation from all parts of the organization we will achieve the Century Agenda goal, while creating an inclusive small business program. At the end of 2013, there were 1,161 small businesses registered on the port's roster. Of those firms; 283 are SCS certified, 107 are WBE certified, 119 are MBE certified, and 124 are DBE certified.

### **Small Business Initiatives and Tools**

In 2013, OSR managed the following small business programs that include the disadvantaged, minority and woman-owned firms:

- **Small Contractors and Suppliers Program (SCS)**  
In 2010, the Port joined King County in supporting small businesses certified by King County as SCS firms. A single SCS certification provides incentives with King County, Sound Transit and the Port of Seattle.
- **Disadvantaged Business Enterprise Program (DBE)**  
A federal program required for all federally assisted projects, which includes construction and consulting services. The current three year DBE goal approved by the Federal Aviation Administration for the period 2013-2014-2015 is 5.44%. For new Federal assisted projects administered in 2013, the Port reported zero DBE utilization.
- **Small Business Administration 100% Size Standard (SBE)**  
The Washington State Office of Minority and Women Business Enterprises certifies small businesses that meet the SBA size standards. In 2013 the Port accomplished 30% small business participation vs. 35% in 2012.

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- **Minority (MBE) & Women (WBE) Business Enterprises**

A Washington State program that certifies minority and women owned businesses. OSR is very engaged in supporting the participation of these businesses in all Port contracting opportunities, and continue to encourage all departments to utilize MBE and WBE firms.

### **The Small Business Environment**

The small business community continues the difficult road to recovery from the recent recession. Also, minority and women owned businesses continue to express that government agencies aren't fully open to them. At the Port, our efforts for more inclusive small business participation are measured against Initiative 200, which prohibits preferences in Washington State public contracts. However, OSR continues to explore innovative and legal means to increase the participation of women and minority owned-businesses, and still remain compliant with State laws. Improved outreach, Port leadership, staff support, and technical assistance are all part of the Port's commitment to inclusion in the small business opportunities.

### **WORKFORCE DEVELOPMENT:**

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. In addition to contracting for workforce services in the community and tracking and reporting on apprentice utilization for port projects, we contribute to regional research efforts, facilitate increased industry/training provider collaborations, sponsor career awareness and hands-on learning, provide technical assistance and policy recommendations on workforce issues both internally and externally, and participate in regional and national workforce development organizations on behalf of the port. We work with local nonprofit organizations, employers, educational institutions, labor unions, and other government agencies to accomplish our workforce development goals.

### **Workforce Development Initiatives**

The following are OSR's means of support for the Century Agenda strategic objective of increasing workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics.

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- Port Jobs – Airport Jobs Office

OSR contracts with Port Jobs to connect Airport tenants (airlines, concessionaires, etc.) in need of employees with local job seekers. The Airport Jobs office partners with employers to maintain a database of job openings, that provides job seekers with information and job search assistance, offering job search and job skills workshops, and supports the hiring and onboarding processes and events which saves employers time and money. The cost to the Port associated with the Port Jobs contract for 2013, included \$725,000 in contract payments and \$138,000 as in-kind contribution. In 2013, Port Jobs' Airport Jobs center:

- Served 6,704 community members (vs. 7,172 in 2012)
  - More than 80% were people of color, 62% were immigrants or refugees, and 45% were women
- Helped 1,275 people get jobs at the Airport, with an average starting wage of \$10.09 (up from 1,088 people and an average wage of \$9.73 in 2012)
  - These jobs mean almost \$21 million in new wages to Port Jobs' clients and their families (one year earnings estimate)
  - The most common jobs clients went into include ramp agents and baggage handlers (22%), food service and sales associate positions (19%), wheelchair/passenger assistants (13%), and cabin cleaners (10%)
- Served the workforce needs of 87 Airport tenants and concessionaires – helping to post over 750 jobs and assisting with 178 hiring events and job fairs
  - Of the 72 Airport employers hiring community members through the Airport Jobs office, 56% of the hires were made by airline vendors, and 24% were by concessions and retail tenants

- Port Jobs – Airport University

Port Jobs also 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. In 2013, Port Jobs' Airport University program:

- Served 325 students in workshops and courses, an increase of almost 40% over 2012.
  - 88 of these students took college courses offered in partnership with Highline Community College (HCC); 12 students completed Business Technology certificates through HCC, more than doubling the 5 who did last year
  - 258 of the students participated in non-credit job skills courses

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- Pre-Apprenticeship Training & Apprenticeship Pipelines  
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. Because apprenticeships lead to well-paying jobs, it is important to ensure all members of the community, including traditionally under-represented groups such as women and people of color, have access to and can succeed in apprenticeship programs in our region. OSR supports apprenticeship opportunities in two ways:
- Apprenticeship Opportunities Project (AOP)  
Through the non-profit ANEW and their AOP program, 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 2013, ANEW:
  - Served 268 people, enrolling 236 in AOP services (vs. 212 in 2012)
    - 30% of the AOP participants were women (only about 4% of construction apprentices in WA are women), and 50% were people of color
    - The types of assistance (other than training) most frequently provided to participants were transportation, work clothing and boots, and work-related fees
  - Helped 156 participants get into registered apprenticeships, with an average starting wage of \$20.07
    - 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 (39%), followed by Ironworkers (24%), and Laborers (21%)
- Apprenticeship Utilization on Port of Seattle Construction Projects  
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 encourage our contractors to use a diverse pool of apprentices on Port projects supports equal access to training and economic opportunity so the next generation of workers is able to gain the skills and experience they need.

On large public works projects (over \$1 million), the Port sets a target that 15% of the craft hours be performed by Apprentices, and within that, diversity and inclusion goals for 15% of the apprentice hours to be performed by minority apprentices and 10% by women.

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In 2013, on PLA and large public works Port projects:

- Apprentices performed 12.3% of all labor hours, down from 13.6% in 2012
  - 130 apprentices worked on these projects, earning almost \$800,000 in wages
- 17% of the apprentice hours were worked by apprentices of color and 4.9% of the apprentice hours were worked by female apprentices, increases of approximately 30% and 60% respectively over last year
- Of the contracts closed in 2013 that had apprenticeship goals, 25% met or exceeded their apprentice utilization target, 12% met both diversity goals, and 50% met one of their diversity goals
- 106 Apprentices who have worked on Port projects in the last several years completed their training and earned Journey status during 2013
  
- 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. 2013 efforts included the Maritime Sector Skills Panel, a working waterfront tour, helping the Seattle Community Colleges partner with 15 colleges across the state to seek funds for maritime and logistics job training programs, sponsoring of on-the-water training for Ballard Maritime Academy students, assisting the Center for Wooden Boats in developing maritime career resources for disadvantaged youth, providing input on the Maritime Cluster study led by the Workforce Development Council and Economic Development Council, and supporting the Maritime Center of Excellence in launching Washington Maritime initiative.

### **The Workforce Development Environment**

In 2013, there were significant developments in the region that have impacted the Port's lines of business. The approval by the City of SeaTac's voters of Proposition 1 requiring an increase of the minimum wage to \$15 caused an immediate reaction by businesses at SeaTac Airport that resulted in legal proceedings and Port Commission public statements. Also, the efforts by the new Mayor of Seattle regarding minimum wage has the potential to impact Port related business. OSR will continue to provide analysis and options to Port leadership and continue to work on the future of the Port Jobs contract which is currently in its first year of a two year extension option.

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### **COMMUNITY GIVING CAMPAIGN AND OTHER EFFORTS:**

In 2013, Port employees participated through payroll deductions and volunteer opportunities in accordance with the established guidelines. Employee contributions increased to over 10%, generating over \$125,000 in contributions for 163 nonprofits to support their mission of advancing educational opportunities and health care needs, providing food for the hungry and services for those in need. Recipient organizations help clean our environment, rescue animals, support veterans and provide emergency disaster relief. Examples are: The 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 many other events that provide Port staff with the opportunity to give back to their community.

The Port also provides numerous intern opportunities to a wide variety of participants from high school to graduate program, including; the Port's Veterans Fellowship Program designed to facilitate veteran's transition from military service to civilian employment, and the National Urban Fellows (NUF), a national program that develops and encourages women and people of color to succeed as leaders in public service. This is a win-win for the Port as it fosters a unique learning opportunity for its participants in learning the day-to-day operations of a large public organization.

Other efforts include the outreach associated with the Port's environmental strategies, such as The Clean Truck Program, which supports the goals of the Northwest Port's Clean Air Strategy, a large-scale initiative aimed at reducing air emissions from all sectors of maritime operations.

In summary, the Port and the Office of Social responsibility will continue its journey to improve the community that we live in. We are vested in this responsibility and in serving our citizens.

*Try to leave the earth a better place than when you arrived.-Sidney Sheldon.*

### **OTHER DOCUMENTS ASSOCIATED WITH THIS BRIEFING:**

- PowerPoint presentation
- Office of Social Responsibility 2013 Report to the Community
- Port Jobs' 2013 annual report



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### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

- On July 9, 2013, the Port Commission authorized a contract with BBC Research and Consulting to conduct a disparity study of Port contracting.
- 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. On September 26, 2013, a one year extension authorization was exercised for 2014.
- 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.