

OSR

2015 Budget Strategies

Presentation to Commissioners



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Background

The Office of Social Responsibility (OSR) was established as the Port of Seattle's go-to resource for policy and actions with social responsibility and equity implications. We recommend policy, develop strategies and implement plans that move the port forward in the areas of small business advocacy, technical assistance, community outreach, social justice, workforce development and access to port related economic opportunities for all members of the communities we serve.

OSR Mission

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

OSR Values

In the Office of Social Responsibility we:

- Collaborate with Port staff, contractors and business partners 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.
- Endeavor to be an inspirational catalyst for equity and social change throughout the Port and local community.
- Recognize individual and collective commitment to social responsibility

OSR Programs

OSR works closely with all departments throughout the Port to implement socially responsible programs. These programs include, but are not limited to:

- **Small Business Program**

Small businesses are critical to the economic vitality of the region. The Port of Seattle's Small Business Program aims to encourage healthy competition, while also increasing the number of small businesses applying and competing for Port procurements. Through the Port's Century Agenda, we are focusing on establishing a forty (40) percent goal of the Port's eligible dollars spent over the next 25 years.

- **Workforce Development**

OSR supports workforce development of policy and programs that provide quality job training, as well as job search assistance and apprenticeship opportunities to ensure that all members of our community have access the jobs created by the Port and its tenants.

- **Community Engagement and Social Justice**

OSR supports a variety of efforts at the Port that include elements of community engagement and/or social justice. For example, OSR staff is directly engaged in supporting phase 2 of the Clean Truck program that requires trucks model 2007 or newer. OSR also attends events in the various ethnic communities to better understand the relevant issues that impact these communities.

- **Community Giving**

Port employees give back to the community by participating in the annual Community Giving Campaign managed by OSR. Through this program, employees donate money and also volunteer their time to a wide range of nonprofit efforts – from the United Way to homeless shelters, food banks, health care research and education.

- **Support Century Agenda Strategies**

OSR supports the Century Agenda by “Using our influence as an institution to promote small business growth and workforce development”. The following are the OSR strategies:

- Increase the proportion of funds spent by the Port with qualified small business firms on construction, goods and services to 40% of the eligible dollars spent
- Use our influence as an institution to promote small business growth and workforce development
- Increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics

2014 Approved Budget and Allocation Methodology

Class/SubClass	Total amount	\$ Allocation by Division				% Allocation by Division		
		Airport	Seaport	Real Estate	Total	Airport	Seaport	Real Estate
Org 2300 Includes OSR salaries, core programs administration and one-time items*	\$1,335,666	\$1,089,903	\$203,021	\$42,741	\$1,335,666	81.60%	15.20%	3.20%
Org 1870 Port Jobs, includes contract payment plus \$200k for AOP and in-kind contribution (office supplies) Excludes in-kind space rental cost	\$314,788	\$252,775	\$50,366	\$11,647	\$314,788	80.30%	16.00%	3.70%
Org 4130 Port Jobs (Airport Jobs), includes Contract payment and in-kind contribution (office supplies, one time \$70k furniture and laptops) Excludes in-kind space rental cost	\$536,783	\$536,783	\$0	\$0	\$536,783	100.00%	0.00%	0.00%
Totals	\$2,187,237	\$1,879,461	\$253,387	\$54,388	\$2,187,237			

* **2014 approved One-Time Items (\$240k) include:** \$50k for maritime related workforce strategy implementation, \$50k airport workforce related strategy (to be used for a portion of the cost of the consultant who will assist with RFP and WFD strategy development), \$25k for construction and skilled-trade/apprenticeship analysis, \$70k for Port Jobs airport office computers and furniture to meet mezzanine relocation needs, and \$45k for an FTE in OSR (data analyst) to support metrics and research.

- **2014 Approved and Budgeted Small Business Strategy Elements**

1. Two FTEs dedicated to small business issues, plus proportional salary distribution from the rest of team.
2. Planning and implementation of approved expenses for advertising and events planning
3. Tracking of all relevant data associated with the port's small business spending
4. Oversight of DBE program as required by FAA
5. Support the ACDBE Concessions Program
6. Participate in acquisition meetings and CPO process
7. Ensure Small business compliance (audit function)
8. Provide SCS internal training (buyers, PMs, CMs, RDRs)
9. Provide vendor support and training on how to do business with the Port
10. Conduct frequent and strategic community outreach
11. Liaison role with Commission Office on Small Business related issues
12. Manage verification & maintenance of small business certification
13. Data analysis and reporting of small business and minority inclusion utilization
14. Manage Port contribution to Highline Small Business Development Center (SBDC)
15. Manage the ongoing disparity study

2014 Approved and Budgeted Workforce Development Strategy Elements

1. The existing budget allows for two thirds of an FTE dedicated to workforce development issues, plus expenses associated with advertising, promotion, conferences and events and the tracking of all relevant data.
2. A second FTE was approved for July 2015 to manage the increased workload in database management and research in all OSR areas. Proportional time allocation of the rest of the OSR team will be part of the 2015 budget process
 - Manage Port Jobs contract including Apprenticeship Opportunities Project (ANEW)
 - Track and report on apprenticeship utilization in Port contracts
 - Manage and/or support some of the High School internship opportunities in maritime
3. Labor market, economic impact, and workforce development research and Analysis
4. Apprenticeship Utilization (formerly managed by LR)
5. High School Interns (Corporate)
6. National Urban Fellows (low cost/high output staff augmentation)
7. Support Veterans Fellows initiative
8. Manage metrics including tracking apprentice utilization on large public works projects, communicating requirements and goals to contractors and reporting utilization to Contract Administrators, Resident Engineers, Contractors and Labor Relations
9. Conduct frequent and strategic community outreach
10. Participate in and support efforts of other workforce development agencies, local governments, industry associations, community organizations, schools, and other training providers in port sectors
11. Collect and report on workforce development impacts of service contracts awarded to employment services providers (i.e. Lost & Found, P69 janitorial)
12. Support efforts by industry, local governments, and community organizations to secure outside/federal funding for port-related workforce development in the region

2015 Proposed Budget

Allocation distribution and/or allocation formula for all OSR budget items including current and future sources of funds are under review, in particular for funds related to workforce development allocated to the airport, including the space cost allocation for airport and non-airport uses. A revised allocation will be provided by late July, 2014.

Work Areas	2014 Approved	2014 Budget Notes	2015 Proposed	2015 Notes
OSR Core Work	\$897,000	Salaries, programs implementation, oversight, policy guidance, contract management, community outreach, community giving, promotional ads, High School internships and National Urban Fellow.	\$996,000	10% increase for core programs including salary adjustments and \$70k to cover the new FTE added in 2014.
OSR One Time Items Approved by Commission	\$240,000	\$50k maritime, \$50k airport WFD, \$25k skilled-trade & apprenticeship analysis, \$70k for PJ airport office computers and furniture, \$45k OSR data analyst.	\$50,000	Consulting services to support deeper analysis of disparity study results including additional outreach efforts and potential legal review.
Small Business External Contracts	\$200,000	Includes \$190k expenses for disparity study, plus support SBDC (Highline)	\$40,000	Support SBC (Highline), additional technical assistance to small businesses (partners or contracted services) and support disparity study recommended remedies.
Workforce Development External Contracts	\$850,000	Port Jobs contract, including Airport Jobs, plus AOP (pre-apprenticeship program) and in-kind contribution to Port Jobs.	\$1,900,000*	*Estimated amount PJ contract will be replaced with new contract(s). Development of RFP underway. Final 2015 amount will be determined with WFD consultant per plan. May include higher valuation of in-kind space.
Total	\$2,187,000		\$2,986,000	

2015 Planned Changes to Small Business Strategy Elements

1. NEW: Develop and implement revised small business program/resolution
2. NEW: Transition small business program from SCS focused to a Small Business and Inclusion Program
3. NEW: Rebrand internal and external (community) communication
4. NEW: Assess results of disparity study due out in August-September 2014
5. NEW: Recommend and manage a revised overall small business strategy post-disparity study
6. NEW: Potential support of legislative efforts to promote increased small business participation
7. NEW: Develop policy recommendations re: CDD procedures to address findings
8. NEW: Implement other changes to the small business programs, as appropriate
9. EXPAND: Continue to develop partnerships as it relates to small business efforts (Tacoma, Everett, Bellingham)
10. EXPAND: Ensure Small Business and DBE compliance (audit function) – which includes construction site visits
11. EXPAND: Recommend additional metrics and more effective tools including customized reports to allow Port staff to make informed procurement and contracting decisions
12. EXPAND: Liaison role and staffing support with Commission Office on Small Business related issues
13. EXPAND: Conduct frequent and strategic community and community organization engagements as it pertains to Port Small Business efforts and opportunities
14. EXPAND: Small Business internal training (buyers, PMs, CMs, RDRs)
15. EXPAND: Increased participation in acquisition meeting, selection teams, CPO process regarding small businesses

2015 Planned Changes to Workforce Development Strategy Elements

1. NEW: Develop and implement revised workforce development strategies following commission approval of quality jobs resolution and motions, including revision to existing contracts
2. NEW: Manage the competitive solicitations for associated services needed to implement the Commission driven workforce development strategies including hiring consultants and increased interaction with Port teams in the divisions
3. NEW: Implement new and detailed allocations of OSR costs including internal cost (salaries, promotion, outreach, etc.) and detail allocation of all external contracts to minimize legal risks with issues of revenue diversion
4. NEW: Define and recommend potential additional sources of funding for workforce development efforts
5. EXPAND: Investment from about \$1 million to about \$2 million
6. EXPAND: Job Matching efforts from the Airport and Construction to include Maritime sector as well
7. EXPAND: Training & Advancement at the Airport and in Maritime, continue at current level in Construction
8. EXPAND: Development of logistics related efforts through third party contracts
9. EXPAND: Finalize, approve, and begin implementing new comprehensive Workforce Development strategy and resolution/policy
10. EXPAND: Increase self-performed workforce development efforts to align with external policies/efforts

- **Recent Legal Assessment**

A recent analysis conducted by the port's legal department indicates that there are risks associated with the use of airport revenues to fund certain workforce development efforts. These risks must be minimized with adequate tracking and compliance with the FAA's guidelines to avoid the issue of revenue diversion. The legal assessment also affirms that under the applicable state RCW, the port has the authority to engage in workforce development efforts, including new and/or expanded efforts, as long as certain conditions are met, and the port may expend funds to engage in these efforts, but some sources of funds have significant restrictions as to their use, so careful analysis and determination of funding sources, resource allocation and tracking will be essential.

The port may contract with one or more nonprofits, pre-apprenticeship programs, and/or educational providers, or self-perform some or all of the workforce development efforts it chooses to pursue. To limit the risk in engaging in future workforce development efforts, the Commission should adopt a resolution that deliberately and intentionally lays out their findings, intent, and choices.

OSR will work closely with the legal and finance teams to ensure compliance, and to determine the opportunities that exist, including the re-evaluation of the in-kind contribution, which will be addressed as part of the new contract(s) for employment and workforce development services. Also potential need for new legislation authority may be considered.

OSR STRATEGIES DETAIL

I SMALL BUSINESS PROGRAM

Objective

Increasing the percentage expenditures that go to small businesses increases the dollars that go back into our local economy, spurring economic development that is the Port's mission. Increasing the percentage expenditures that go to small businesses increases the dollars that go back into our local economy, spurring local economic stimulation and job creation.

Program Drivers

- **Century Agenda 40% small business goal (Attained 30% in 2013)**

The Port Commission determined that in 25 years the Port should spend at least 40% of its total expenditures with small businesses. This requires a Port-wide effort and OSR has responsibility of implementing the necessary strategies and programs.
- **Port Values**

We honor our commitments to one another, the community and our customers, and we provide outstanding service and value to each other, our customers, the citizens of King County and the region we serve.
- **USDOT/FAA Requirements**

As a recipient of Federal grants, and under the grant-assurances regulations, the Port must comply with Federal regulations that apply to DBE, ACDBE and Title VI. OSR must ensure compliance by remaining active in all aspects of procurement and the creation of opportunities to certified DBE businesses.

- **Small Business Resolution**

In February 2010, the Port Commission approved Resolution 3618, authorizing the CEO to establish all the necessary systems to establish contract requirements for the participation of King County certified Small Contractors and Suppliers “SCS” in Port opportunities. OSR has responsibility for the outreach, goal setting, tracking and reporting of SCS participation.

- **Community Engagement**

Manage all concerns and expectations regarding small business opportunities, including event participation, membership in organizations and direct interaction with individuals and community based organizations.

II WORKFORCE DEVELOPMENT PROGRAM

Objective

The Port’s Century Agenda vision is that we will add 100,000 jobs to the region through our economic development efforts. Growing the local economy requires a skilled workforce. Through OSR, the Port supports programs that provide quality job training, job placement, pre-apprenticeship, and other education and career development services associated with port tenants, customers, and associated industries. We support community inclusion and strive for equal access to economic opportunity.

Program Drivers

- **Century Agenda Workforce Development Strategy**

Support increase workforce training, job and business opportunities for local communities in maritime, trade, travel and logistics. OSR ensures alignment of the Port’s vision and direction with the port communities and alignment between workforce needs of companies in port-related sectors and the pipeline of qualified candidates.

- **Port Values**

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III COMMUNITY GIVING

No budget change in 2015 from the current \$20/k allocated to Community Giving Campaign and related efforts.