

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

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

<b>Item No.</b>	<u>7c</u>
<b>Date of Meeting</b>	<u>September 30, 2014</u>

**DATE:** September 12, 2014  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Luis Navarro, Director Office of Social Responsibility  
**SUBJECT:** Staff Briefing – Proposed Workforce Development Strategy Expansion

**SYNOPSIS**

This briefing provides the Port of Seattle Commission with relevant information needed for discussion, consideration, and feedback to staff on the proposed expansion of the Port’s continued investment in regional workforce development in Port-related sectors. The proposed expansion includes; direct investment by the Port, continued with existing strategic partnerships and a plan to develop new partnerships with regional stakeholders that are interested in or engaged in workforce development.

In adopting the Century Agenda in 2013, the Port affirmed its commitment to workforce development as an integral part of the Port’s larger economic development goals and strategies. The Port also has a long history of, and an interest in, supporting workforce development efforts in Port-related activities in order to achieve economic development goals for our region, increased by the need to address issues of job quality.

The Office of Social Responsibility (OSR), supported by expert consultants in the area of workforce development, has completed a comprehensive analysis of the regional workforce environment, as well as opportunities and risks for the Port to expand its investment in regional Port-related workforce development. Presentations to the Port Commission will include three parts, as follows:

- Part 1: A comprehensive briefing of the consultants’ analysis and recommendations including; sector analysis, cost estimates, and proposed scope of work for the various Requests for Proposal.
- Part 2: A modified set of recommendations that will incorporate Commission feedback from the briefing, followed by a legal review of the proposed strategy to ensure that the Port will only contract for services authorized under State Law, and in accordance with Federal Aviation Administration Regulations, and to identify and recommend what additional authority or Commission actions may be needed.
- Part 3: A formal request for authorization to proceed with the expanded workforce development strategy, and associated contract award.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 2 of 12

OSR staff plans to return to Commission in late October 2014, with the following action items: (1) Approval to implement a multi-year expanded workforce development strategy, (2) Authorization to increase the annual direct spending in workforce development from the current annual amount of direct investment of \$1,066,540 (contract amount of \$766,540 plus approximately \$300,000 of in-kind support), to a proposed annual investment of the expanded workforce development activities ranging from \$2,174,000 to \$2,459,000; and (3) Authorization to award contracts following a Request for Proposal process to be conducted in the fourth quarter of 2014.

We propose a three year base contract of \$7,275,000, and additional seven contract option years with a maximum amount of \$17,150,000, for a total ten-year Workforce Development investment of \$24,765,000. Additional costs are staff time, internships and other Port paid activities. These calculations don't take into account inflation adjustments.

<b>WORKFORCE DEVELOPMENT STRATEGY – Years 1-3</b>		
<b>Annual direct costs at a glance</b>	<b>Year 1</b>	<b>Years 1-3</b>
<b>Contract Recommendation</b>	<b>Maximum Annual</b>	<b>Total 3 Years</b>
Labor Market Analysis	\$125,000	\$375,000
Airport	\$1,380,000	\$4,140,000
Construction	\$420,000	\$1,260,000
Maritime	\$375,000	\$1,125,000
Evaluation	\$125,000	\$375,000
<b>Total</b>	<b>\$2,425,000</b>	<b>\$7,275,000</b>
<b>Non-Contract Costs</b>		
Internships	25,000	75,000
Other Port Actions	\$9,000	\$27,000
<b>Total</b>	<b>\$34,000</b>	<b>\$102,000</b>
<b>TOTAL COSTS</b>	<b>\$2,459,000</b>	<b>\$7,377,000</b>

<b>WORKFORCE DEVELOPMENT STRATEGY – OPTION YEARS 4-10</b>		
<b>Direct costs at a glance</b>	<b>Max. Annual (Year 4)</b>	<b>Years 4-10</b>
<b>Contract Costs</b>		
Labor Market Analysis	\$125,000	\$875,000
Airport	\$1,380,000	\$9,660,000
Construction	\$420,000	\$2,940,000
Maritime	\$400,000	\$2,800,000
Evaluation	\$125,000	\$875,000
<b>Total</b>	<b>\$2,450,000</b>	<b>\$17,150,000</b>
<b>Non-Contract Costs</b>		
Internships	25,000	\$175,000
Other Port Actions	\$9,000	\$63,000
<b>Total</b>	<b>\$34,000</b>	<b>\$238,000</b>
<b>TOTAL COSTS</b>	<b>\$2,484,000</b>	<b>\$17,388,000</b>

**Total Ten Year Estimate \$24,765,000**

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 3 of 12

### **BACKGROUND**

Recently, local governments, community members, and employers across our region have been engaging on issues of job quality. The elements of job quality include not only wages and benefits, but also safety, schedules, job security, opportunities for advancement, transportation to the worksite, and more. In this regard, the Port Commission has affirmed through its Quality Jobs Initiative, that the Port's primary mission is to generate quality, family-wage jobs and economic growth for King County.

The Port currently contracts for workforce development services including Airport Jobs, Airport University, Apprenticeship Opportunities Project, fishing industry engineer endorsement training, youth maritime career support, and research into the workforce needs of the construction industry. The Port also currently creates opportunities for job training by setting apprenticeship utilization goals, including women and minority participation, on its construction projects, hiring high school and college interns, and partnering with other workforce programs.

On July 1, 2014, the Port Commission further affirmed its commitment to regional workforce development in Port-related industries by adopting a motion increasing workforce development and career opportunities activities. On July 22, 2014, the Port Commission approved Resolution 3694 relating to safety and security at Seattle-Tacoma International Airport and the necessary hiring standards, training opportunities, and minimum compensation required to maintain a well-trained workforce at the Airport.

Following the approval of the July 1, 2014 workforce development motion, OSR staff worked with the Port's procurement department in awarding a service contract to Insight Center for Community Economic Development to conduct a market analysis and to provide recommendations, including supporting documentation for:

- A comprehensive set of strategies to help the Port achieve its workforce development goals in Port-related sectors, in service to the Port's larger economic development goals. It includes; ensuring that all members of our community have access to quality jobs in Port-related industries, job training to meet industry workforce demands, and training to support worker job advancement.
- Using knowledge of industry needs, economic development opportunities, and the efforts of other stakeholders in the regional workforce system to increase system capacity in an integrated way.
- Effective RFP design to help ensure that the services to be contracted for align with the strategies and ultimately selected by the Port, and produce the intended outcomes. Area of consideration include potential division of work into multiple RFPs, alignment of contract outcome targets and contract funding levels, Port authority to contract for workforce development services as limited purpose government, balancing flexibility needed in multi-year contracts and accountability, the unique nature of Port-related industries (e.g. airports as FAA-regulated multi-employer

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 4 of 12

environments, fishing boats that work the north Pacific seasonally, etc.), local community college structures, etc.

## **CONSULTANT'S RECOMMENDATIONS**

Insight Center's recommendations take into account key provisions contained in Resolution 3694, which the Commissioners adopted to address safety and security at the airport and to bring about the necessary hiring standards, training opportunities, and minimum compensation required to maintain a well-trained workforce at the Airport. These provisions identify the need for “improved levels of general training, education, and/or work experience, employee qualifications for advancement, and corresponding compensation incentives in order to attract and retain a high-quality workforce for the purposes of ensuring a safe and secure Airport” state that “addressing these needs will aid in reducing workforce attrition, increase Airport safety and security, and promote the public health, safety, and welfare of the workforce and the general public at the Airport,” and set policy regarding related standards in the areas of hiring, training, and English proficiency. This particular focus on job quality at the airport, which we recommend the Port expand, provides a basis for specific and increased investments in career advancement services at the airport.

According to the consultants, the Port of Seattle can effectively promote expansion of Port-related industry sectors, economic self-sufficiency and employment equity, increase safety, security, and the welfare of the workforce, and strengthen the capacity to meet its standards for hiring, training, and English proficiency. To do so, they recommend that the Port pursue the strategies described in their full report to achieve the five goals identified in the motion approved by the Commissioners in July 2014 on Increasing Workforce Development and Career Opportunities Activities:

### **Guiding Goals**

1. Identify the current and future workforce demands of Port-related industries.
2. Support the development of a supply of qualified candidates in alignment with industry demand.
3. Ensure that all members of the community the Port serves have access to quality jobs in Port-related industries, and increased opportunities for career advancement.
4. Work to make all jobs at Port-owned facilities quality jobs.
5. Integrate the Port's efforts and use its influence to increase the capacity and efficiency of the regional workforce development system.

Their recommendations were developed through the review of Port motions and resolutions, Port staff working group materials, labor market information, current Port workforce development contracts, and other relevant background, consultation with stakeholders, review of national best practices and collection of cost and impact information from both the Seattle area and other, similar regions around the country,

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 5 of 12

allowing, wherever possible, “apples-to-apples” comparisons, and their recommendations are organized around the five goals in the Port’s workforce development motion.

For each goal, there are two types of recommended actions:

1. Contracts: services which the Port will need to procure. Recommendations for contracted services will be supported by recommendations and templates for requests for proposals, under separate cover.
2. Port actions: actions performed by Port staff and/or leadership, for which no procurement is required

The recommendations also focus on the following target industry sectors and employment sites at the Port:

1. Airport-related: Passenger air, air cargo, and connected sub sectors such as logistics, maintenance; restaurant/hospitality/retail
2. Maritime-related: Fishing, marine cargo, logistics, cruise, ferry, and tug
3. Construction: Airport, maritime and non-port projects

Note: Logistics is found both in airport and maritime; and career pathways address occupations in each sector.

The strategies will increase the capacity and efficiency of the regional workforce because they build on the strong outcomes produced by industry sector-focused workforce development initiatives. Sector-focused initiatives have been rigorously shown to provide benefits to employers and workers alike. These benefits increase knowledge of workforce needs and relationships with the businesses of a target industry sector. In developing a deep understanding of workers’ and job-seekers’ needs and coordinating funding and service partnerships, both employers and workers respond effectively and develop effective solutions. Results of this approach include increased access to good jobs, improved job quality and career paths, as well as strengthened employment equity.

They also build on a highly effective strategy industry sector-focused workforce development initiatives, including regional career pathways partnerships. Career pathways partnerships connect progressive levels of education, training, support services, and credentials for specific occupations to help individuals obtain employment and advance towards higher-skill, higher-wage jobs. This approach helps individuals earn marketable credentials, engage in further education and employment, and achieve economic success. Career pathways deeply engage employers and help meet their workforce needs; they also help states and communities strengthen their workforces and economies.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 6 of 12

The strategies recommended build upon the Port's role as an anchor institution for the region. Anchor institutions create shared value by embracing their inter-dependencies with their neighborhoods and strategically incorporate community impact in their business strategy. This can produce measurable advantages, such as increased demand for their products and services, more success in hiring and retention, and the ability to leverage third-party development money. The strategies leverage five ways anchor institutions around the country affect economic and employment outcomes for their communities:

1. Purchaser: institutional purchasing toward local business as a buyer of goods and services
2. Employer: offering employment opportunities to local residents
3. Workforce Developer: addressing workforce needs of the cluster
4. Champion in relationship to Port-related industry sectors: stimulating growth of related businesses and institutions in the community
5. Property Owner and Developer: using Port-owned facilities and real estate development to anchor local economic growth

As mentioned, the recommendations are organized around the five goals in the Port's motion, and for each goal there is a description of contracts the Port need to procure and actions by Port staff and leadership.

## **CONTRACTS AND ASSOCIATED PORT ACTIONS**

### **1. Identify current and future workforce demands of Port-related industries:**

- A. CONTRACT to provide labor market analysis, career pathways mapping, and employment equity analysis in Port-related industries (airport, maritime, construction, logistics).

Estimated Annual Cost: \$75,000 to \$125,000

(No increase recommended after Year 3)

Outputs:

- Reports on labor market analysis, career pathways, and employment disparities
  - o Career pathways maps included, featuring:
    - Jobs pathways with wage information
    - Educational pathways to support attainment of typical job requirements
    - Industry-recognized credentials associated with jobs, if any
  - o Must contain information relevant to program planners, program staff, employers, and workers and job-seekers

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 7 of 12

- Presentations on labor market analysis, career pathways, and employment disparities, including to annual convening of service providers included in the recommendations

B. PORT ACTION: Participate in and help shape Port-related labor market analysis performed by other entities related to Port-related sectors and support recruitment of employers in Port-related sectors to provide information and participate in this work.

### **2. Support the development of a supply of qualified candidates in alignment with industry demand.**

A. CONTRACT to provide industry-specific job access services, job training services, and career advancement services in Port-related industries.

Total Estimated Annual Cost: \$2,099,000 to \$2,334,000

(\$2,124,000 to \$2,359,000 per year after Year 3)

*Cost includes contracts in three sectors articulated separately below.*

Preference will be given to partnerships involving organizations with multiple capacities, including ability to build and maintain strong relationships with employers in the target sector, ability to prepare and support job-seekers and workers to find jobs and advance in their careers, and ability to provide skills training leading to employment and advancement

Outputs: Described below by sector: Airport, Maritime, Construction

### **CONTRACTS BY SECTOR**

#### **a. AIRPORT [passenger air, air cargo, and connected sub-sectors such as logistics, maintenance; restaurant/hospitality; retail]**

CONTRACT to provide job access services, job training services, and career advancement services at the Airport related to aviation and Airport operations.

Estimated Annual Cost: \$1,280,000 - \$1,380,000

- Scope of work:
  - Provide services to ensure that community members have access to quality jobs
  - Provide services to increase opportunities for career advancement, including:

## COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 8 of 12

- Employer involvement and development of increased capacity, effectiveness, efficiency, equity, and sustainability in addressing employer and job-seeker/worker needs
  - Use a database to track longitudinal information on participants, jobs, and services
  - Document outcomes, outputs, and case studies related to results from the Port's investments
- 
- Job Access:  
Estimated Annual Cost: \$700,000 - \$750,000 for Years 1-3 and \$680,000 - \$730,000 per year for Years 4-10.  
*Amount includes costs related to: employer involvement and increased capacity, effectiveness, efficiency, equity, and sustainability; development and maintenance of participant, employer, and service database; and data collection, case studies, and reporting.*
  
  - Career Advancement:  
Estimated Annual Cost: \$530,000 - \$580,000 for Years 1-3, and \$510,000 - \$560,000 per year for Years 4-10.  
*Amount includes pro-rated costs related to: employer involvement and increased capacity, effectiveness, efficiency, equity, and sustainability; development and maintenance of participant, employer, and service database; and data collection, case studies, and reporting. Amount also includes \$30,000 per year for employer-directed fund to improve career pathways and \$50,000 per year for scholarships to provide last dollar support for training-related tuition and/or fees.*
  
  - Outputs and Outcomes:  
Years 1-3:
    - 7,400 participants per year (includes career advancement participants)
    - 150 participants receiving job readiness training per year
    - 1,200 participants placed in jobs per year, (includes career advancement participants)
    - 170 participants receiving career advancement training or contextualized bridge training per year
    - 170 participants completing career advancement plans per yearYears 4-10:
    - Participants receiving services and placed in jobs per year to be determined by number of job openings and determination of whether efficiencies arise as move to job access connected to career pathways becomes institutionalized.



## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 9 of 12

### **b. *MARITIME [fishing, marine cargo, logistics, cruise, ferry, and tug]***

CONTRACT to provide industry-specific job access services, job training services, and career advancement services in Port-related industries.

Estimated Annual Cost: \$350,000 - \$375,000 (Years 1-3) and \$375,000 - \$400,000 (Years 4-10)

- Scope of work:
  - Provide services to ensure that community members have access to quality jobs and to increase opportunities for career advancement
  - Employer involvement and increased capacity, effectiveness, efficiency, equity, and sustainability in addressing employer and job-seeker/worker needs
  - Use a database to track longitudinal information on participants, jobs, and services
  - Document outcomes, outputs, and case studies related to results from the Port's investments
  
- Outputs and Outcomes:
  - Years 1-3:
    - 250 maritime job-seekers served per year
    - 160 maritime job-seekers placed per year
    - 3 contextualized bridge program classes per year
    - 50 participants in contextualized bridge programs per year
  - Years 4-10:
    - TBD based on industry sector changes and opportunities for placement vs. career pathway-based advancement

### **c. *CONSTRUCTION***

CONTRACT to provide industry-specific job access services and career advancement services in the construction sector.

Estimated Annual Cost: \$360,000 - \$420,000 per year

- Scope of Work:
  - Provide services to ensure that community members have access to quality jobs
  - Provide services to increase opportunities for career advancement
  - Employer involvement and development of increased capacity, effectiveness, efficiency, equity, and sustainability in addressing employer and job-seeker/worker needs
  - Use a database to track longitudinal information on participants, jobs, and services

## COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 10 of 12

- Document outcomes, outputs, and case studies related to results from the Port's investments

- Annual Outputs and Outcomes:

- 250 participants in pre-apprenticeship services
- 135 participants placed in apprenticeships or trades-related employment
- 135 participants in apprenticeship completion services
- 115 participants in apprenticeship completion services who persist in apprenticeship or reach journey status at 6 months
- 95 participants in apprenticeship completion services who persist in apprenticeship or reach journey status at 12 months
- 150 participants in financial education classes

- Job Access:

Estimated Annual Cost: \$210,000 - \$250,000

*Amount includes costs related to: employer involvement and increased capacity, effectiveness, efficiency, equity, and sustainability; and data collection, case studies, and reporting. Amount also includes \$36,000 for need-based financial assistance to help participants start working.*

- Career Advancement Services

Estimated Annual Cost: \$150,000 - \$170,000

*Amount includes costs related to: employer involvement and increased capacity, effectiveness, efficiency, equity, and sustainability; and data collection, case studies, and reporting. Amount also includes: \$20,000 per year for financial education classes to help apprentices plan for fluctuations in construction work, \$30,000 per year for an employer-directed fund to improve career pathways and \$15,000 per year for need-based financial assistance to help apprentices continue working.*

### B. PORT ACTIONS:

- Develop a dedicated funding stream for workforce development, in the amount of at least \$2M per year, indexed to inflation.
- Advocate for training (both contracted and offered by third parties) to align with industry need, participate on job training advisory panels, and involve Port-related employers.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 11 of 12

### **3. Ensure that all members of the community we serve have access to quality jobs in Port-related industries, and increase opportunities for career advancement.**

#### **A. CONTRACT to provide:**

- Career pathways mapping, as part of labor market analysis
- Employment equity analysis as part of labor market analysis
- Industry-specific job access services, job training services and career advancement services in Port-related industries

Specific contract details provided in Item 1.A. and 2.A

#### **B. PORT ACTIONS:**

- Use Port of Seattle leadership influence and designated staff support to promote career pathways for workers at the port and at port related businesses
- Identify metrics regarding the port's workforce composition, diversity, and inclusiveness, report regularly on them, and implement strategies based on national best practices to make hiring, retention, and promotion at the Port more inclusive.
- Include Community Workforce/Community Benefit provisions in port procurement contracts to bring about targeted hiring (e.g. local hire requirements for high poverty zip codes).
- Include provisions regarding apprentice utilization, apprentice diversity, and preferred entry from pre-apprenticeship programs (and/or former participants in pre-apprenticeship programs) in construction and other contracts where apprenticeships are used.
- Use port's leadership influence and dedicated staff support to promote equity in employment at the port and Port-related businesses.
- Expand internships for high school students within the Port to include other Port departments, building on current successful efforts at the airport, marine maintenance and OSR.

### **4. Work to make all jobs at Port-owned facilities quality jobs.**

#### **A. PORT ACTIONS:**

- Develop standards for job quality at all Port-owned properties and in all Port contracts; establish or amend regulations to maximize jobs at Port-owned properties and in Port contracts that meet quality standards; require companies to report on the extent to which their jobs meet quality standards promulgated by the Port.
- Use Port of Seattle leadership and dedicated staff support to promote best practices regarding job quality that have been adopted by the Port of Seattle

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

September 12, 2014

Page 12 of 12

and employers at the Port and to advocate for policies that improve job quality at the Port, in Port-related industries, and in the greater Seattle area.

- **Outputs and Outcomes:**
  - Annual report on direct outputs and outcomes of Port contracts for job access and career advancement services
  - Evaluation of resulting changes in workforce development, employer practices, and related policy
  - Dashboard of outcomes from job access and career advancement services

### **5. Integrate our efforts with regional stakeholders and use our influence to increase the capacity and efficiency of the regional workforce development system.**

- A. CONTRACT for services to evaluate effectiveness and impact of the Port of Seattle's investments and actions related to the Port's workforce development goals (Goals 1-5 on page 4)

Estimated Annual Cost: \$75,000 to \$125,000

- B. PORT ACTION: Use Port of Seattle leadership influence and dedicated staff support to encourage alignment and increase the capacity and efficiency of the regional workforce development system.

## **ATTACHMENTS TO THIS BRIEFING**

- Computer slide presentation
- Resolution No. 3694, as amended
- Workforce Development Motion

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- July 22, 2014 Commission adoption of Resolution 3694 as amended
- July 1, 2014 Commission adoption of Workforce Development Motion
- December 4, 2012 Commission adoption of the Century Agenda