

Item No.	7b_supp
Date of Meeting	March 28, 2017

Small Business Development Plans and Policies

Expanding Opportunities



Overview

1. Highlight Port Small Business Goals and Status
2. Provide information on City of Seattle Procurement policies and programs
3. Outline Port work on business incubators

Small Businesses

TOTAL OVER
23 MILLION
IN THE U.S. ALONE

ACCOUNT FOR
60% OF
ALL JOBS

REPRESENT
97% OF ALL
U.S. EXPORTERS
OF GOODS

PRODUCE
13 TIMES
MORE PATENTS
PER EMPLOYEE
THAN LARGE FIRMS

Century Agenda

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

LRP

Priority Action 1: Expand PortGen program

Priority Action 2: Further build a more versatile and active supplier database

Priority 3: Integrate bid levers into procurement acquisition planning

Priority 4: Strengthen small business partnership with government agencies

2017 Small Business Priorities

1. Expand “PortGen” training to promote opportunities and build small business “capacity”
2. Double the \$ spent and # of WMBE firms doing business with the Port
3. Assess the City of Seattle’s procurement efforts to identify potential refinements to Port small business utilization efforts
4. Develop incubator initiatives that support small businesses within the Port’s key clusters (maritime, construction, manufacturing)



Eighteen small businesses participated in our inaugural PortGen class in 2016

Procurement Excellence: Small Business Contracting Improvements

1. Procurement Levers – Set Asides & Carve Outs
 - Set Asides: Maritime Security (\$10 million); Bulk Fuel (\$1.5 million)
 - Carve Outs: Airport Janitorial Services; Planning Consulting Contract; Construction Management
2. Small Business Requirements (Construction, Consulting)
3. Revised Insurance Requirements for Small Consulting Contracts
4. Revising our Small Works Contract Terms (Shorter & Simpler)
5. Improved Outreach – Construction Industry Day; Project Specific Events (Baggage Optimization; Service Tunnel)
6. Future Opportunity Procurement List & Port Gen

Challenges and Opportunities

- Small business utilization numbers are good
- Disadvantaged business results are not:

Port of Seattle	5.3% (WMBE)	All Certified and Self-Identified
Sound Transit	15.7% (DBE)	Construction and A&E Only
City of Seattle	15.8% (WMBE)	All Certified and Self-Identified

City of Seattle's Focus on Disadvantaged Business

- Over the last 15 years each Mayor has sent out an executive order establishing WMBE efforts as an important effort/initiative for the City
 - City departments/business units are held individually accountable for establishing and contributing to the overall goals
 - Departments submit annual WMBE plans to the Mayor for approval
- Despite passage of I-200, the City of Seattle has maintained a strong focus on WMBE (including contract enforcement and operation levers like early payments)

Driving WMBE Utilization

- Every procurement greater than \$299K includes a WMBE goal
- Bidders must:
 - ☑ Submit an Inclusion Plan (utilization plan) to be deemed as responsive
 - ☑ Upon award, accept their proposed WMBE utilization plan as a contract requirement
- Bids not meeting or exceeding WMBE goals are considered non-responsive
- Strict payment terms
 - Primes must agree to prompt payment terms (whether or not their invoice has been paid by the City of Seattle)
 - Contract award recipients must submit utilization reports in order to receive payment

WMBE Administration & Accountability

- City Purchasing and Contracting Office coordinates all WMBE reporting, contracting, and inclusion plan monitoring which they feel is a key to their success
- Reporting and analytics capabilities (including department level goals) provide the ammunition to push for outcomes and performance
- Major departments within the City have dedicated, embedded WMBE liaisons that report directly to department Directors

Port 2016 Incubator/Accelerator Study

Findings

1. There are approximately 60 accelerator, incubators and coworking spaces in King County;
2. Successful incubators provide more than space.
3. Incubator success depends on both design/development at the outset and successful operations management on an ongoing basis
4. Among food-focused entrepreneurs, space ranked ahead of funding as a top concern

Recommendations

1. Champion small business assistance and coordinate assistance opportunities
2. Provide space or land for incubators

Incubators are key elements of economic development through their support for innovation, entrepreneurship and new venture creation in the economy. Business incubators can be effective economic development tools since they create jobs and help new business take root and grow.

**~ Community Attributes,
Port Incubator Study**

Joint Center for Public Sector Contracting

- Strengthen partnership with key public sector agencies
- Addresses critical Port and regional construction boom
- Supports small business and MWBE's seeking opportunities in Port contracting

Timeline:



Maritime Manufacturing Center & Incubator

- **Provides a maritime innovation opportunity:**

- Incubator facility would occupy portion of larger facility at Fishermen’s Terminal dedicated to maritime and manufacturing businesses
- Successful tenants could graduate to other Port facilities
- Would provide on-site mentorship and technical assistance
- Space can support employee/workforce training



Port of Kalama Flex Industrial Building

Timelines



Consider Food Incubator Development

- Responds to the burgeoning food “movement”
- Addresses critical production space limitations
- Provides affordable commercial manufacturing space and shared resources for emerging enterprises
- Supports community partners in Seattle and South King County



Between August 2013 and March 2016, the number of kitchen incubators in the U.S. increased by more than 50% to over 200 facilities.

Timelines

Market Demand Assessment	RFP for Operator	Business Plan and Proforma	Site Selection New/Existing	Tenant Recruitment	Completion of Construction / TI	Incubator Occupancy and Services
July 2017	Q3- 2017	Q4- 2017	Q1- 2018	Q3- 2018 (Existing) Q1- 2019 (New)	Q4- 2018 (Existing) Q2- 2019 (New)	Q4-2018 (Existing) Q3- 2019 (New)

Next Steps

1. Implement City of Seattle's Small Business Utilization Best Practices
2. Consider updating the Port's small business resolution (3618)
3. Carefully move Port supported incubator projects forward



Champions of Inclusion