



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 7b

**BRIEFING ITEM**

**Date of Meeting** July 25, 2017

**DATE:** July 12, 2017

**TO:** Port of Seattle Commission

**FROM:** Aaron Pritchard, Commission Issues and Policy Manager

**SUBJECT:** Building Economic Opportunity in Underserved Communities – Commission Priorities: Equity, Women and Minority Business Enterprises, Priority Hire, Quality Jobs

**EXECUTIVE SUMMARY**

In early 2017, the Port of Seattle Commission identified its 2017 Commission-wide Work Program. Priorities in the work plan included Equity, Women and Minority Business Enterprises (WMBE), and Quality Jobs. Priority Hire was identified as a priority when the Construction Labor Policy Directive, Resolution No. 3725, was passed on October 25, 2016. The Interim Executive Director, Commission staff, and Division representatives will briefly define the proposed policies, will describe the context surrounding the policies including a justification for the policy, and finally next steps and potential budget impacts will be discussed.

The focus of this presentation will be proposed policies that have an impact on “equity” at the Port including Priority Hire, WMBE, Equity, and Job Quality.

**JUSTIFICATION**

**The Port of Seattle is an economic development agency and is committed to economic growth and generating quality, family-wage jobs.**

**Equity**

The Port of Seattle Commission and Port employees have been researching and developing a framework to begin to address the institutional equity challenges that have faced the Port and region for decades. As a result, an equity policy for the Port of Seattle will be developed. The policy could be rolled out this fall and implemented over the next year. Significant challenges exist to implement these policies including cultural, organizational, financial, and technical. The Port is ready to undertake these challenges and comes to the Commission today with an overview of the proposed policy and to address the challenges and a timeline for implementing the policy. Associated with the equity policy are three policies that address how we do business with underserved communities.

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### **Small Business and WMBE Utilization**

The Port of Seattle 2012 disparity study showed a disparity in Port utilization of minority contractors in airport construction projects. While the Port has made strides to correct course, we have been unable to meet our goals for contracting with Women and Minority Businesses Enterprises (WMBE) Port-wide. Our 2016 performance of 5.3% WMBE utilization falls behind other public sector entities achieving 12-16%. The Port of Seattle Commission has recently held two outreach meetings with stakeholders to improve small business contracting and to focus on increasing WMBE utilization. The Executive Leadership Team has heard directly from the City of Seattle on its program and the Economic Development Division and procurement department have done significant work to prepare for increased WMBE utilization.

### **Priority Hire**

Data also shows disparity in the region's workforce development. In particular, our apprenticeship programs show that 3,121 apprentices are typically in the pipeline at any given time but that only approximately 600 reach journey level (40%) overall. Completion rates for people of color (33%) and women (32%) lag behind their white counterparts (43%). The Projects and Procurement Committee is currently reviewing a Priority Hire policy to address this disparity.

### **Quality Jobs**

In early 2014, the Port of Seattle Commission began development of policies that address issues of wage inequality and career development for the men and women who work at Sea-Tac. Through the Quality Jobs Initiative, the Port has developed a policy framework that is a targeted solution that specifically addresses the current employment environment at Sea-Tac. It included a workforce development program that offers enhanced training and advancement opportunities that support job and economic growth throughout the region. In addition, a motion was passed in November 2014 directing staff to incorporate Quality Jobs expectations into future Airport Dining and Retail leases, promoting livable wages, health care, and other benefits for those employed by tenants and concessionaires. The Port is now considering how Quality Jobs can be expanded.

According to the 2014-2015 King County Self-Sufficiency Standard, a living wage rate is \$16.86 for a single adult and for a family of four (2 adults, one preschooler, one school-age child) the amount goes up to \$19.81. This Self-Sufficiency Standard is a measure of income inadequacy that is based on the costs of basic needs for working families. Current Port contractors pay at or above minimum wage and benefits packages vary from minimal to robust. The Port of Seattle Contracting and Procurement Office and Commission staff are currently developing a Quality Jobs proposal with options to consider address how we might improve worker wages and benefits, and how it would impact the Port.

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**DETAILS****Port-wide Equity Policy**

- After six months of intensive work with 30 stakeholders, the Energy & Sustainability Committee introduced a motion in April 2017 that passed the Commission unanimously and instructed the Environment and Sustainability Center of Expertise to kick off the process to develop an equity policy for the Port of Seattle. At the same time the Executive Leadership Team had taken training on Undoing Institutional Racism and had started exploring how to truly build equity here at the Port. Human Resources was tasked with translating this training into action.
- The result has been that Human Resources have led the early effort in guiding the equity policy proposal. This proposal could have wide ranging implications for how we do business at the Port.
- With the Commission priority areas of Priority Hire, Women and Minority Business Enterprises program, and Quality Jobs, the result is a Port-wide effort to drive economic development opportunities toward King County’s underserved Communities. There are synergies between these policies and would benefit from a cohesive approach.
- **Next Steps**
  - Tracy Patterson is leading a working group to look at Equity models/frameworks.
  - Human Resources is in the process of hiring a consultant to lead the effort on developing an Equity Framework for the Port in collaboration with the working group.

**Priority Hire**

- The Projects and Procurement Committee has done significant work over the last year – from crafting a new policy that has guided how and when Project Labor Agreements apply to Port projects, to improving the minority community access to Airport Dining and Retail.
  - One area left undefined in the Construction Project Labor Policy was how the Port would create a Priority Hire program.
  - Priority hire would identify certain zip codes in King County that are underserved and require individuals from those areas to be hired on Port projects. On June 29, the Committee met with the City of Seattle and King County who provided an overview of their Priority Hire initiatives. The presentation included information about process, initial outcomes, and challenges of Priority Hire programs and offered advice to the Port as we explore how the Port would create a Priority Hire program.
  - A Workforce Development team has been meeting as part of the Regional Public Owners group over the last two years to develop strategies to strengthen and diversify the apprenticeship pipeline across the region.

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- King County has initiated a region-wide supply-demand study incorporating Port, City of Seattle, King County, WSDOT and Sound Transit projects.
- Like Sound Transit and WSDOT, we have billions of dollars of projects coming down the line and can drive investment into disaffected communities that should have opportunities in those ultimate economic developments. Workforce Development coordinated investments in outreach and recruitment to ensure availability of priority workers can benefit those communities and the Port.
- **Next Steps**
  - The next Projects and Procurement meeting will be scheduled in August/September timeframe and will include external stakeholders (such as Labor representatives, community stakeholders, contractors, AGC and minority and small businesses) to hear their feedback on Priority Hire and possible challenges to think about when implementing Priority Hire.
  - Explore regionally coordinated investments in training and retention.
  - Develop internal processes and requirements.
  - Identify internal infrastructure and staffing needed for success.

#### **Small Business Resolution and WMBE**

- Commission has been heading up the public forums on potential changes to how we do business at the Port.
- The last meeting on May 22 raised many important issues, some of which were incorporated into at least one contract at the next Commission meeting.
- The second outreach meeting on July 20 focuses on reviewing proposals for changes to our Small Business Resolution and how we do business with Women and Minority Business Enterprises.
- While we have made great strides in how we work with Small Businesses we have a long way to go --- and even longer to go with Women and Minority Businesses.
- **Next Steps**
  - Incorporate comments from two meetings into a Policy Directive.
  - Follow-up meeting with stakeholders to review proposed policy.
  - Introduce Policy Directive in September/October timeframe.

#### **Quality Jobs**

- Port-wide calculation of health benefits and wages in contracts
- The Commission passed improvements to the Airport Dining and Retail program to include calculation of quality health care and quality wages as part of the scoring for new entrants into the program.
- The Commission is now considering how such a program can be expanded Port-wide.

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○ **Next Steps**

- Develop a port-wide Quality Jobs Policy that includes high-level guidance (definition and principles)
- Develop a Port-wide implementation plan for the Quality Jobs Policy
  - This may be a phased approach: first phase to test a few contracts up for bid to better understand outcomes, costs, and impacts; second phase will include additional contracts up for bid; and so forth.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

Priority Hire Briefings

- May 9, 2017 – Workforce Development Update
- April 12, 2016 – The Commission was briefed on Workforce Development Strategies and Long Range Plan.

Small Business Briefings

- March 22, 2016 – Small Business Utilization briefing
- December 14, 2014 – Disparity Study briefing
- August 19, 2014 – Small Business Utilization briefing
- January 26, 2010 – Adoption of Resolution No. 3618 concerning small business utilization

Quality Jobs

- July 22, 2014 – Commission adoption of Resolution 3694 regarding quality jobs at Seattle-Tacoma International Airport.