

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

Date of Meeting November 2, 2010

DATE: October 27, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Ralph Graves, Managing Director, Capital Development
Luis Navarro, Director, Office of Social Responsibility

SUBJECT: Workforce Development Services Contract

Amount of this request: NTE \$4,045,953.20 **Source of funds:** Tax Levy, general operating funds

Number of FTEs: 8

ACTION REQUESTED:

Request that the Port of Seattle Commission either:

(A) Exercise its authority under RCW 53.19.020(5) and 1) determine that a competitive solicitation process is not appropriate or cost-effective with the nonprofit organization Port Jobs and 2) authorize the Chief Executive Officer (CEO) to enter into a three-year contract with Port Jobs from January 1, 2011, through December 31, 2013, with an option to renew for two one-year option years at the discretion of the Port to perform the job training, placement programs, pre-apprenticeship training and educational programs for a total cost of \$4,045,953.20.

OR

(B) Authorize the CEO to execute a three year contract with a qualified nonprofit organization following a competitive procurement process through a Request for Proposal (RFP) with an option to renew for two one-year option years at the discretion of the Port to perform workforce development including job training, pre-apprenticeship training and educational programs associated with Port tenants, customers and the Port's economic development mission for an estimated cost of \$4,045,953.20, including the two option years. The final cost under this option may be adjusted depending on the in-kind contribution required. This option would require authorization for the continuation of the current Port Jobs contract on a month-to-month basis, until a new contract is executed, including any necessary transition time to ensure uninterrupted services.

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SYNOPSIS:

The Port of Seattle (Port) has supported job training and placement programs, pre-apprenticeship training and educational programs associated with Port tenants, customers and Port related economic development strategies since 1993. Currently, the programs associated with this policy are implemented on behalf of the Port by the nonprofit organization Port Jobs under two separate contracts that are scheduled to expire on December 31, 2010. One contract includes services provided at Sea-Tac Airport through the office of Airport Jobs and a second contract supports all other authorized services performed by Port Jobs staff from their offices at Pier 69. The Scope of Work (SOW) for both contracts was developed by the Port and agreed to by Port Jobs, and deliverables include a comprehensive list of client services, program management and reporting requirements, including an annual report.

In response to the slow economic recovery process underway, which has resulted in a significant increase in the number of clients seeking job placement and training services, plus the many uncertainties associated with the job market recovery and the impacts of the global economic downturn in the employment outlook of the Puget Sound region, the Office of Social Responsibility (OSR) recommends the uninterrupted continuation of the workforce development and training strategies via similar job training and placement programs, pre-apprenticeship training and educational programs either under a new contract with Port Jobs or a qualified nonprofit organization, for an additional period of three years, plus two optional years, at the Port's discretion. A contract term of at least three years will provide Port staff sufficient time to evaluate the post-recovery employment environment vis-à-vis the Port's strategic goals, and with the additional data collected, Port staff will be able to recommend any appropriate changes needed to the workforce development and training strategy beyond 2013.

In accordance with RCW 53.19.020(5), the Commission can (A) Make a determination that a competitive solicitation process is not appropriate or cost effective, thereby exempting procurement of the services currently provided by Port Jobs from the requirements of Chapter 53.19 RCW and delegate authority to the CEO to enter into a new contract with Port Jobs for a three year term from January 1, 2011 through December 31, 2013, plus two optional years, at the sole discretion of the Port to perform Scope of Work (SOW) or; (B) Authorize the CEO to negotiate a new contract with a qualified nonprofit service provider following a competitive process. Either option will entail contracting with a qualified workforce development non-profit organization to:

- Provide clients with a comprehensive range of services including training programs, job placement services and operational support through an office at Seattle-Tacoma International Airport to assist airport-related companies find workers and to help area residents find jobs; and provide support services to job seekers;
- Manage a fund for the direct support of the Apprenticeship Opportunity Program (AOP). Port Jobs or the selected nonprofit organization may contract for this service with the nonprofit organization Apprenticeship and Nontraditional Employment for Women (ANEW) or with other qualified nonprofit organizations acceptable to the Port;

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- Implement workforce development programs directly related to Port-specific economic development objectives, including targeted outreach and training programs, case management, applied research and policy support; and
- Support the Port’s clean trucks strategy through a job training and placement program to assist truck drivers who might be unable to re-enter the market as truck drivers after the new Port clean air standard becomes effective on January 1, 2011. Depending on the level of funding provided by the Port and other possible sources, the program may include access to support services including skills assessment and development of a potential employment path, language skills, resume and interview skills and resources referrals.

PROGRAM COST:

The program cost, including an initial term of three years, plus two one year options is for the amount of \$4,045,953.20. The total contract amount for the first three years is \$2,336,443.20.

YEAR	IN KIND CONTRIBUTION	CONTRACT AMOUNT	TOTAL
2011	\$ 164,630.60	\$ 515,000	\$ 679,630.60
2012	\$ 138,814.40	\$ 655,000 *	\$ 793,814.40
2013	\$ 137,998.20	\$ 725,000	\$ 862,998.20
SUB TOTAL			\$ 2,336,443.20
2014	\$ 147,350.00	\$ 700,000	\$ 847,350.00
2015	\$ 152,160.00	\$ 710,000	\$ 862,160.00
	\$ 740,953.20	\$ 3,305,000.00	\$ 4,045,953.20

*Increased amount in 2012 and beyond reflect loss of all residual \$.20/hr. contractor payment amounts.

SOURCE OF FUNDS:

The Port has been the largest source of funding for Port Jobs throughout its history. Exhibit A details the funding sources for Port Jobs in 2009. If the Commission authorizes a new contract with Port Jobs for the services described above, the annual contract payments to Port Jobs shall be, as follows:

- Direct contract payment of \$515,000 for 2011, \$655,000 for 2012 and \$725,000 for 2013. If both one-year options were exercised, direct contract payments would total \$700,000 in 2014 and \$710,000 in 2015.

In-kind support in the form of office space, standard office equipment including computers, fax and copier, telephones and Internet and Port network access, office cleaning, full office space maintenance service, employee parking and printing services similar to the access available to Port staff is estimated approximately at 164,630.60 for 2011, including \$25,000 in office relocation allowance for 2011, \$138,814.40 for 2012 and \$137,998.20 for 2013. The estimated amount for option year 2014 is \$147,350.00 and \$152,160.00 for 2015.

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- A direct payment of the amount in 2011 in support of the AOP program estimated at \$140,000 which \$50,000 will be funded directly by the Port and the remaining \$90,000 from remaining payments from constructions contracts issued before August 1st, 2010, collected from contractors through a 20 cents per labor hour pass-through. Support for this program after 2011 will be supported entirely by Port funds. Subsequent contract payments for this purpose assume zero contribution from existing contracts. In the event existing contracts continue to contribute, the annual estimated direct contract payment will be adjusted accordingly. Similar contract payments, including in-kind contributions, can be made available to other qualified nonprofit organizations if the Port Commission authorizes Option (B), and will be fully described in the RFP documentation.

The current Port Jobs contracts expire December 31, 2010. It is therefore desirable to have a new contract in place by January 1, 2011. If another nonprofit organization is awarded the contract through an RFP process (Option B), Port Jobs should continue to receive funding and to occupy office space and use equipment and supplies provided by the Port on a month-to-month basis until a new contract is procured with another nonprofit organization.

BACKGROUND:

In 1993, the Port supported the creation of Port Jobs, a 501(c)(3) nonprofit organization that develops practical programs and supports public policies that increase access to living wage jobs, fostering a more vibrant and equitable economy for residents of and businesses in Seattle and King County. The mission of Port Jobs is “to develop strategies to employ more skilled workers in port-related businesses and create opportunities for those who had typically been underrepresented in such jobs”. Port Jobs engages in innovative research to increase shared knowledge; creates powerful partnerships in key action areas; and develops practical programs that provide important services to job-seekers, employers and our local community.

Through its existence, the Commission has viewed the workforce development and training programs managed by Port Jobs as an investment that supports the Port’s mission, in particular, the creation of family-wage industrial jobs and workforce training in the aviation and maritime sectors in King County and as a Port sponsored program that promotes economic development.

In 2008 and 2009, the Commission made a reasoned determination to exempt competitive solicitation requirements in accordance with RCW 53.19.020(5) for the services supplied by Port Jobs. The 2009 exemption covered the calendar year 2010, and Port Jobs and Airport Jobs contracts will expire on December 31, 2010. In March 2010, the Washington State Legislature approved House Bill 2651, providing port districts the authority to contract with nonprofit corporations for economic development activities "economic development programs", which can include job training and placement programs, pre-apprenticeship training or educational programs associated with port tenants, customers and local port-related economic development, that are: (1) sponsored by a port; (2) operated by a nonprofit entity; and (3) in existence on the act's effective date.

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SERVICES:

Current Port Jobs services are supported by a centralized administrative office located at Pier 69 under the management of an Executive Director who currently implements the strategic direction of its Board of Directors through two contracts with the Port administered by the OSR.

Services managed through its office at Pier 69 include: (1) job placement services; (2) educational, outreach and training programs; (3) Apprenticeship Opportunities Project (currently through the non-profit agency “Apprenticeships and Non-Traditional Employment for Women” - ANEW); (4) policy and applied research; (5) development and maintenance of a public website (www.portjobs.org); (6) relevant data tracking and reports; and (7) participation in outreach events and job fairs and specialized recruitment for target employers with unique staffing needs.

Services provided by the office of Airport Jobs located at Sea-Tac Airport include: (1) outreach and direct employment services to match job seekers and airport employers at a central location in the airport terminal; and (2) training instruction on airport functions, operations, and safety for English-as-a-Second-Language speakers (English Language Learners), who are required to complete the airport badge training courses.

Other Port Jobs services not paid for by the Port include education, outreach and training programs and administrative services funded by other donors, include Airport University, Financial Tools for the Trades, career-workplace exploration in the skilled trades, free income tax preparation, C-West for high school students, and college scholarship support. Other funders include the United Way, the Anne E. Casey Foundation and Wells Fargo Bank (see Exhibit A).

JUSTIFICATION FOR THE EXEMPTION FROM COMPETITIVE SOLICITATION UNDER (RCW 53.19.202(5)):

Unless a new contract falls under one of the five exemptions in RCW 53.19.020, it must be subject to “competitive solicitation” – defined as “a documented formal process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria, in which criteria other than price may be the primary basis for consideration.” RCW 53.19.020 lists five exemptions from competitive solicitation. The fifth exemption is for “[o]ther contracts or classes or groups of contracts exempted from the competitive solicitation process by the commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective.” RCW 53.19.020(5).

For the Port Jobs contract to fall under the exemption in RCW 53.19.020(5), the Commission must make a reasoned determination that the competitive solicitation process would not be appropriate or cost effective to obtain the same level of services as provided by Port Jobs. In making such determination, the Commission can avoid acting arbitrarily and capriciously by noting and discussing relevant facts and circumstances. In reviewing this issue, the Commission may establish that a reasonable basis exists, including wider policy considerations, to exempt the contract with the non-profit organization Port Jobs from competition in 2011, 2012 and 2013 and in the option years 2014 and 2015.

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Such considerations may include: a) the Commission's commitment to continuing support of workforce development and job creation services as a core mission of the Port; b) during prolonged economic recovery periods, there is a greater need for the continuation of Port Jobs' menu of services without interruption to the target population through its leveraged funding; c) Port Jobs has demonstrated over the years its ability to obtain additional funding from other donors and is the most likely recipient of continued leveraged funding; d) it is the view of several airport employers, funders, and associated nonprofits that Port Jobs is the best deliverer of such services, and e) the additional contract term allows the OSR to continue to gather data on the effectiveness of Port Jobs' applied methods for job training and placement programs, pre-apprenticeship training or educational programs associated with port tenants, customers and local port-related economic development.

OTHER CONSIDERATIONS:

Whether the Commission approves the negotiation of a new contract with Port Jobs or a competitive process for similar services, the Port through the OSR's designated contract manager, will carefully review the scope of services required under the new contract to ensure that the deliverables are specific and measurable, and will continue to ensure that adequate documentation of services provided is presented prior to payment under the contract. The contract will state that (1) the direct payment by the Port equivalent to the 20 cent per hour contractor payment will be managed and reported separately in the quarterly reports Port Jobs provides to OSR; and (2) OSR and the non-profit organization Port Jobs or the selected nonprofit organization will brief the Commission in public session during the first quarter of each contract year, specifically reviewing the previous year's programs and results.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Exhibit A – Funding Sources for Port Jobs in 2009.

PREVIOUS COMMISSION ACTIONS:

On December 15, 2009, the Commission: (A) made a determination that a competitive solicitation process is not appropriate or cost effective, thereby exempting the two Port Jobs contracts for 2010 from the requirements of RCW 53.19.020(5), and (B) authorized the Chief Executive Officer to enter into two one-year contracts with Port Jobs valued at an estimated \$607,000.

On September 23, 2008, the Commission: (A) made determination that a competitive solicitation process is not appropriate or cost-effective and that contracts with Port Jobs are therefore exempt from requirements of Chapter 53.19 RCW, and (B) authorized the CEO to enter into Port Jobs contracts for 2008, with option to renew for an additional 12-month period, for a 2008 total of \$365,000 plus \$0.20 per labor hour receipts on Port construction contracts to support the Apprenticeship Opportunities Project.