

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7c

Date of Meeting May 26, 2015

DATE: May 13, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Luis Navarro, Director, Office of Social Responsibility
SUBJECT: 2014 Office of Social Responsibility Annual Report to Commission

SYNOPSIS

The 2014 Social Responsibility report presents the impacts of the Port's continued commitment to increasing access to opportunities for small businesses and the outcomes of the Port's investment in workforce development, and the contribution by Port staff in the local communities through our annual giving campaign and voluntarism.

As required under the Small Business Resolution #3618, and per the service contract with Port Jobs, the Commission must receive annual reports describing the previous year's results.

BACKGROUND

The Office of Social Responsibility (OSR) mission is to support 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 manages the Small Business Program, with the goal of increasing the number of small business firms applying, competing, and successfully attaining port procurement opportunities; and by offering assistance with navigating port rules, regulations, and systems. OSR also manages the Workforce Development Program contracts that provide job training, job search assistance, and link Port tenants with a workforce in port-related sectors.

OSR provides direct support services to all port divisions in the areas of small business procurement and workforce development and coordinates the community giving campaign and employee engagement in the community. Priorities remain developing and maintaining positive external relationships with the various communities we serve through our interaction with non-profits, labor and tenants, small, medium and large business, trade organizations, contractors, workforce development organizations, civic and business groups.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 13, 2015

Page 2 of 8

RESULTS AT A GLANCE

2014 was a successful year in several fronts including small business participation and workforce development initiatives. OSR provided direct support and guidance in collaboration with many internal and external stakeholders. The Commission and CEO provided key guidance and direction. The following are the key results for 2014:

Small Business

- In 2014, 31.34% of Port expenditures went to small business, generating over \$112 million in revenue for small firms compared to 30% or \$39.3 million in 2013.
- Participation of Small Contractor and Supplier (SCS) certified firms increased to 9% in 2014, from 8% in 2013. Over \$31 million went to 95 SCS firms.
- Generated over \$8 million combined for certified Disadvantaged Business (DBE), Minority Business (MBE), and Women Business Enterprises (WBE) compared to \$4.2 million in 2013.

Workforce Development

- Port Jobs assisted nearly 6,500 community members through the Airport Jobs center, helping 1,143 to get jobs at the airport compared to 1,275 in 2013.
- 337 people received in training on-site through Airport University – 134 in college-level classes, with 109 earning credits compared to 325 in 2013.
- The Apprenticeship Opportunity Project (AOP) served 333 people and helped 150 enter Registered Apprenticeships with an average starting wage of \$21.11/hour compared to 157 in 2013.
- On the Port's large public works projects, 201 apprentices worked 14.8% of the labor hours compared to 12.3% in 2013. Overall, the percentage of apprentice hours by minorities (26%) and women (9.6%) increased to nearly 30% (unduplicated).

Community Giving Campaign and Employee Volunteerism

- Individual contributions by Port employee contribution amounts increased generating over \$111,000 for 144 nonprofit charities, but the number of participants decreased by 40%.
- The Port Association of Volunteer Employees (PAVE) helped 325 people volunteer more than 880 hours of time for causes such as tutoring children, cleaning up the environment, feeding the hungry and combating homelessness.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 13, 2015

Page 3 of 8

SMALL BUSINESS PROGRAM

OSR supports the Century Agenda's goal of increasing the proportion of funds spent by the Port with qualified small business firms on construction, consulting, and goods and services to 40%.

Efforts and Events

Organizing events specifically for Port vendors, maximizing membership in organizations, and outreach efforts such as; direct interaction with small businesses, attending events organized by local chapters of chambers of commerce and by other public agencies, including a one-day "Navigating Ports", held in conjunction with the Port of Tacoma and Port of Everett. We also deploy a strategic media campaign that includes ads in ethnic newspapers, radio, newsletters and event programs.

The OSR team also relies on Port leaders, project managers and staff in general to support these efforts. Only with support and participation from all parts of the organization will we achieve the Century Agenda goal, while creating an inclusive small business program. At the end of 2014, there were 1,380 small businesses registered on the port's roster. Of those firms; 398 are SCS certified, 182 are WBE certified, 195 are MBE certified, and 183 are DBE certified.

Small Business Strategies and Tools

In 2014, the Port accomplished 31.34% small business participation vs. 30% in 2013. The following are the small business strategies managed by OSR to increase the participation of small firms, including those owned by women and minorities:

- **Small Contractors and Suppliers Program (SCS)**
In 2014, 2010, the Port joined King County in supporting small businesses certified by King County as SCS firms. A single SCS certification provides incentives with King County, Sound Transit and the Port of Seattle.
- **Disadvantaged Business Enterprise Program (DBE)**
A federal program required for all federally assisted projects, which includes construction and consulting services. The current three year DBE goal approved by the Federal Aviation Administration for the period 2013-2014-2015 is 5.44%.
- **Minority (MBE) & Women (WBE) Business Enterprises**
A Washington State's Office of Minority and Woman Businesses Enterprise (OMWBE) program that certifies minority and women owned businesses. OSR is very engaged in supporting the participation of these businesses in all Port contracting opportunities, and continue to encourage all departments to utilize MBE and WBE firms.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 13, 2015

Page 4 of 8

The Small Business Environment

The small business community continues to communicate that it is still a struggle, but small business owners also feel that the business climate is getting better. However, minority and women owned businesses continue to express that government agencies remain a challenge. At the Port, our efforts for more inclusive small business participation continue to be measured against Initiative 200, which prohibits preferences in Washington State public contracts. However, OSR continues to explore innovative and legal means to increase the participation of women and minority owned-businesses, and still remain compliant with State laws. Improved outreach, Port leadership, staff support, and technical assistance are all part of the Port's commitment to inclusion in the small business opportunities.

Disparity Study

In 2014, the Port of Seattle completed a Disparity Study, which revealed some disparities in our contracting to the minority and woman owned business communities. In response of the results, OSR is working on several recommendations for CEO and Commission review to be presented in July 2015. Also working with Port Staff and FAA OSR will evaluate the possibility of moving from "Race-Neutral" to a "Race-Conscious" DBE program on our federally assisted contracts.

Small Business Outreach

In 2014, OSR staff presented and participated in 26 small business outreach events, and placed at least 44 ads in local newspapers encouraging small businesses to participate in the Port's small business program. An example of strategic outreach is the support for the drayage truck program. These trucks provide a critical service by carrying goods between the port and warehouses throughout the region. Many drivers own one or two trucks. The port works with a variety of agencies to help these small business owners succeed, while upgrading the fleet and reducing its impact on local air quality. The Clean Truck ScRAPs program helps truck owners meet this requirement by offering up to \$30,000 to scrap old trucks and replace them with newer ones. We partnered with Seattle's African Chamber of Commerce to host business workshops for truck owner-operators. Workshops cover the basics of owning a business, such as creating a business plan and sound financial practices, and understanding port-specific rules and regulations of vehicle maintenance management.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 13, 2015

Page 5 of 8

WORKFORCE DEVELOPMENT

A diverse, skilled workforce and a strong middle class are critical to sustain and grow our economy. The port supports a range of job training and programs to connect people with the skills they need to secure quality jobs, and increase productivity and earnings. At the same time, the port works to connect businesses with the talent they need to compete and thrive. OSR supports workforce development programs that provide quality job training and job search assistance to ensure that all members of our community can access and advance in the jobs created by the Port and its tenants.

Workforce Development Initiatives

The following are OSR's support for the Century Agenda strategic objective of increasing workforce training, job and business opportunities for local communities in port sectors:

Port Jobs – Airport Jobs Office

OSR contracts with Port Jobs to connect Airport tenants (airlines, concessionaires, etc.) in need of employees with local job seekers. The Airport Jobs office partners with employers to maintain a database of job openings that provides job seekers with information and job search assistance. Then, offers job skills workshops and supports the hiring and onboarding processes and events, saving employers time and money. The 2014 cost to the port associated with the Port Jobs contract included: \$736,000 in contract payments, and approximately \$330,230.56 as in-kind contribution.

- Served nearly 6,500 community members
- Helped 1,143 people get jobs at the Airport, with an average starting wage of \$10.28 (up from \$10.09 in 2013)
 - These jobs mean almost \$18 million in new wages to Port Jobs' clients and their families (one year earnings estimate)
 - The most common jobs clients went into include customer/passenger service (26%), ramp agents, baggage handlers and fueling services (23%), food service and sales associates (22%), and janitorial/cleaning services (15%)
 - Served the workforce needs of 100 Airport tenants and concessionaires – helping to post 925 jobs and assisting with 144 hiring events and job fairs

Port Jobs – Airport University

Port Jobs operates the Airport University program. Airport University, a partnership with Highline College and South Seattle College, brings college classes to workers at Sea-Tac Airport. Through college courses and jobs skills workshops, airport workers can progress along career pathways in the hospitality, trade, transportation, logistics and tourism industries, and make progress toward college certificates and degrees. Class offerings through Airport University range from workshops to help people get through initial

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 13, 2015

Page 6 of 8

employment hurdles (such as preparing to pass the Secure Identification Display Area [SIDA] badging or food handler's permit tests), to earning industry-recognized certifications (such as SuperHost customer service), to earning college credit that counts towards certificate and degree programs in local community colleges. In 2014, Port Jobs' Airport University program:

- Served 337 students in courses and workshops, an increase of 14% over 2013.
 - 109 of these students successfully completed college-level courses offered in partnership with Highline Community College
 - 222 of the students participated in non-credit job skills workshops

Pre-Apprenticeship Training & Apprenticeship Pipelines

Apprenticeship programs are typically operated by unions in the skilled trades – employers hire the apprentices who earn wages while learning on-the-job from journey-level employees and in the classroom from college faculty. Because apprenticeships lead to well-paying jobs, it is important to ensure all members of the community, including traditionally under-represented groups such as women and people of color, have access to and can succeed in apprenticeship programs in our region. OSR supports apprenticeship opportunities in two ways.

Apprenticeship Opportunities Project (AOP)

Through the non-profit ANEW and their AOP program, women, people of color, veterans, and other community members learn about apprenticeship opportunities, gain the skills they need to become apprentices, and access the resources needed to successfully reach journey status. In 2014, ANEW:

- Served 333 people)
 - 40% of the AOP participants were women (only about 4% of construction apprentices in WA are women), and 50% were people of color
 - The types of assistance (other than training) most frequently provided to participants were transportation, work clothing and boots, and work-related fees
- Helped 150 participants get into registered apprenticeships, with an average starting wage of \$21.11 per hour
 - These placements mean over \$4 million in new wages to Port Jobs' clients and their families
 - The majority of the new apprentices signed on as Electricians and Ironworkers (30% each), followed by Laborers (19%), and Carpenters (8%)

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 13, 2015

Page 7 of 8

Apprenticeship Utilization on Port of Seattle Construction Projects

The Port has a number of major construction projects underway at all times that require the work of a wide range of skilled trades' people. Requiring that a percentage of this work be done by apprentices is one way to maintain this workforce pipeline, and encourage our contractors to use a diverse pool of apprentices on Port projects supports equal access to training and economic opportunity so the next generation of workers is able to gain the skills and experience they need.

On large public works projects (over \$1 million), the Port sets a target that 15% of the craft hours be performed by Apprentices, and within that, diversity and inclusion goals for 15% of the apprentice hours to be performed by minority apprentices and 10% by women apprentices.

In 2014, on PLA and large public works Port projects:

- Apprentices performed 14.8% of all labor hours, compared to 12.3% in 2013
 - 201 apprentices worked on these projects, earning almost \$1.2 million in wages
 - 25% of the apprentice hours were worked by apprentices of color compared to 17% in 2013 and 9.6% of the apprentice hours were worked by female apprentices nearly double last year's rate of 4.9%.

The Workforce Development Environment

In 2014, the Port Commission made significant commitments to expand the Port's involvement in workforce development through its Quality Jobs Initiative. The Commission approved two components of the initiative –Resolution 3694, a minimum wage and compensation policy for aeronautical workers; and a Motion expanding the Port's support for workforce development. The Port Commission's motion on Increasing Workforce Development and Career Opportunities Activities, adopted in July 2014, which articulates the Port's major goals for workforce development and directs the Port to develop effective strategies to achieve them. Recommendations for expanding workforce development and career advancement will be considered in 2015 for implementation in 2016.

Workforce Development Outreach

The port provides numerous internship opportunities to a wide variety of participants from high school to graduate programs during the summer months. In addition, two professional fellowships encourage pathways to career advancement and talent acquisition in public service. The Veterans Fellowship Program facilitates veteran's transition from military service to civilian employment. The National Urban Fellowship is a national leadership program that develops and mentors women and people of color to excel in public service and executive leadership.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

May 13, 2015

Page 8 of 8

COMMUNITY GIVING CAMPAIGN

Port employees participate through payroll deductions, making giving easier in accordance with established guidelines. The number of employees contributing decreased in 2014, but individual contribution amounts increased generating over \$111,000 supporting 144 nonprofit charities. Port employees also supported missions of advancing educational opportunities, health care needs, providing food for the hungry and services for those in need. Recipient organizations help clean our environment, rescue animals, support veterans and provide emergency disaster relief.

Port staff founded the Port Association of Volunteer Employees. PAVE serves as an employee resource group helping employees across the port to identify and participate in local volunteer opportunities throughout the year. In its first year, PAVE helped 325 people volunteer more than hours of time for causes such as tutoring children, cleaning up the environment, feeding the hungry and combating homelessness.

ATTACHMENTS TO THIS BRIEFING

- Computer slide presentation.
- Office of Social Responsibility 2014 Report to the Community
- Port Jobs' 2014 annual report

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- December 2, 2014 – POS Disparity Study Results
- November 11, 2014 – Workforce Development Strategy Briefing
- September 30, 2014 – Workforce Development Expansion Strategy
- July 1, 2014 – Workforce Development and Career Opportunities Activities
- November 2, 2010 – Workforce Development Services Contract
- January 26, 2010 – Resolution No. 3618, as amended, Second Reading and Final Passage. Small Contractors and Suppliers (SCS) Program