



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8E

ACTION ITEM

Date of Meeting February 13, 2018

DATE: January 22, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Economic Development Division Managing Director
Marie Kurose, Workforce Development Program Manager

SUBJECT: Request authorization to fund construction trades training and retention initiatives

Amount of this request: \$3,000,000

Total estimated project cost: \$3,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute contracts for construction worker outreach, training, and retention services. The contract terms will be two years with three one-year options for an estimated annual cost of \$600,000 in 2018 and 2019, and a total five-year contract amount of \$3 million.

EXECUTIVE SUMMARY

Port staff has been working collaboratively with the City of Seattle, King County, Sound Transit, Washington Department of Transportation, and City of Tacoma to address the shortage of local construction workers and to broaden access to training and jobs for underrepresented populations within the industry. This group is working to develop a pipeline of skilled construction workers to meet current and future needs driven by Port and other Public infrastructure projects.

In late 2017, Port workforce development staff partnered with the City of Seattle and King County to jointly issue a Request for Proposal (RFP) for construction worker outreach, training and retention services that will increase the number of women, people of color, and those from economically distressed ZIP codes in the construction industry. This RFP was hosted by the City of Seattle's Department of Finance and Administrative Services (FAS), City Purchasing and Contracting Services (CPCS). The City, County and Port jointly evaluated the proposals.

Each agency will contract separately from the pool of top respondents based on funding restrictions and programmatic priorities. This request is for approval to execute contracts for the following services:

- Outreach, Assessment and Referral
- Pre apprenticeship Training

Meeting Date: February 13, 2018

- Retention Services

These investments are aligned with the Port Commissioner’s November 15, 2017 letters to City of Seattle, King County, Sound Transit *“Building an Opportunity Pipeline for Disadvantaged Communities Through an Interlocal Agreement”* and documented as a priority in Resolution No. 3736, Priority Hire Policy Directive.

The Port’s 2018-2019 bi-annual budget for construction workforce development services under this RFP is \$1.2M. Combined with the City of Seattle and King County’s commitment of \$1M, the total from all three public agencies is \$2.2M.

JUSTIFICATION

The Port’s growing investments in infrastructure projects at the Airport and other capital developments will rely on the availability of a skilled trades workforce. Public and private construction activity has increased and is projected to continue to grow over the next decade. In the short term it is projected that there will be a shortage of over 4100 skilled workers between 2018 and 2023.

Over the next 25 years, the region’s public agencies are expected to work over 65 million labor hours to complete their construction projects. Regional labor supply is forecasted to underserve demand by an average of nine to ten percent between 2018-2042. These shortages will cause project delays, and increase the overall cost to the Port as well as other public and private developers. The demand for trades workers is also growing in the manufacturing and maritime sectors who are reporting difficulty finding and retaining trades workers due to increased competition and wages being paid in the construction sector.

This is part of a concerted regional effort to address the shortage of skilled workers in construction and trades-related industries in the Puget Sound Region. It addresses increasing demand for skilled construction workers, the result of growing construction activity as well as an aging workforce. The Port has worked with Sound Transit, City of Seattle, King County, WSDOT, and City of Tacoma to develop a regional trades strategy. The Regional Trades Partnership developed a shared roadmap and workforce investment plan that focuses on four priority goals:

1. Expand pathways to apprenticeships
2. Align and champion for greater workforce diversity
3. Strengthen apprentice retention and completion rates
4. Share accountability for common outcomes

Last year the Port Commission passed Resolution No. 3736, Priority Hire Policy Directive. It ensures that workers from distressed zip codes are called first on Port capital projects. Priority hire policy is an integral part of increasing demand for pre-apprenticeship and apprenticeship training programs. While Priority Hire aims to diversify and increase the construction

Meeting Date: February 13, 2018

workforce, more effort is needed to increase access and retention for underrepresented individuals. The need for these services is documented in the Resolution.

DETAILS

The total investment through this RFP total \$2.2M over two years. This includes \$1.2M in Port funds. The city and county are investing an additional \$1,000,000. Both are funding related initiatives outside of this RFP.

Scope of Work and Investments

- **Outreach, Assessment and Referral - \$100,000 over two years**
Recruitment, screen and refer individuals to enroll in construction pre-apprentice or apprentice training programs to increase the number of underrepresented groups (women, minorities, and those in economically distressed neighborhoods). This includes assessing individuals' skills, readiness, ability to meet minimum qualifications for entrance and any barriers they may have to entering or succeeding in construction training and/or employment.
- **Pre apprenticeship Training - \$1.2M over two years**
Classroom and hands-on training to prepare individuals enter apprenticeship. Curricula includes construction math, safety and orientation and exposure to different trades occupations and culture of the industry. Additionally, the training programs focus on building job readiness skills, challenges of working in the industry, and addressing barriers to employment and retention (e.g.; transportation, childcare, and financial management). Programs also must develop and maintain relationships with construction contractors, apprenticeship programs, trade associations and unions.
- **Retention Services - \$900,000 over two years**
A variety of strategies to support apprentices in navigating and the construction environment, including strengthening mentoring and networking opportunities for apprentices, training for employers and journey workers on coaching and inclusive work environments, case management, and referrals and work related and other support services such as work boots, transportation child care.

Meeting Date: February 13, 2018

Outcomes and Deliverables (Combined Performance)

<u>Targeted Outreach, Assessment and Referral</u>	
• Enrollment	100
• Successful Referral* (*Entered Pre-apprenticeship, Apprenticeship or Placed)	50
<u>Pre-Apprenticeship Training</u>	
• Enrollment	300
• Training Completion	175
• Placements	148
• Retained	140
<u>Retention Services</u>	
• Enrolled	300
• Retained	276

Schedule

Activity

- Notify successful bidders – February 14, 2018
- Execute Contracts – March 2018

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Procure support for construction worker outreach, training and retention through an exclusive Port RFP

Pros:

- (1) This would give the Port complete control over the services delivered and outcomes expected.

Cons:

- (1) This approach would be time consuming
- (2) Doing a stand along RFP may increase costs for training and retention services.
- (3) Services may overlap or duplicate other partner contracts

This is not the recommended alternative.

Meeting Date: February 13, 2018

Alternative 2 – Postpone funding for RFP and consider later in the year.

Pros:

- (1) This would save the Port money and enable us to get our new Commissioners and Executive Director up to speed on workforce development initiatives before asking for investment authorization.

Cons:

- (1) This option would contradict Commissioner’s intent expressed in its November 15, 2017 letters to City of Seattle, King County, Sound Transit “*Building an Opportunity Pipeline for Disadvantaged Communities Through an Interlocal Agreement*”.
- (2) The opportunity to invest in a meaningful partnership to support construction trades workforce development could be lost
- (3) This approach could increase costs and potential for duplication of efforts

This is not the recommended alternative.

Alternative 3 – Execute contracts of up to an annual amount of \$600,000 from the pool of top candidates based on the joint RFP outcomes.

Pros:

- (1) This option leverages our investments to create an opportunity pipeline connecting communities to jobs, regardless of the agency undertaking the project.
- (2) This approach will enable the Port and regional partners to establish and implement common data collection and reporting.
- (3) This collaborative process increases efficiency and reduces administrative and bureaucratic redundancy. With each agency providing funding, the larger amount of funding available allows proposers to develop a more robust training and retention plan.
- (4) By partnering with other public agencies, conducting a joint selection process, and reaching a consensus on a provider of construction worker training and retention services in King County, there is a higher potential of success to increase the training, employment and retention of women, people of color, and those from economically distressed ZIP codes in the construction industry.

Cons:

- (1) The Port may lose some level of oversight into a commonly funded initiative
- (2) The Port may not get recognized for funding all of the organizations.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds: \$600k

Funds to support Construction Sector were approved in 2017 Budget.

Meeting Date: February 13, 2018

Source of funds: Tax Levy

ATTACHMENTS TO THIS REQUEST

Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 28, 2017 – The Commission approved Resolution No. 3736 – Establishing a Priority Hire Policy Directive

July 25, 2017 – Commission 2018 Budget Priorities – Equity and Associated Policies: Priority Hire, WMBE, Quality Jobs

May 9, 2017 – The Commission was briefed on Workforce Development Strategies

April 12, 2016 - Workforce Development Strategies and Long Range Plan Briefing

May 26, 2015 – The Commission was briefed on Workforce Development Strategic Plan Recommendations.

November 11, 2014 – Workforce Development Briefing

September 30, 2014 – Workforce Development Expansion Strategy Briefing

July 22, 2014 – Commission adoption of Resolution 3694, which relates 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, which establishes the need for additional training for Airport workers and support for their career advancement;

July 1 2014, The Port Commission approved motion on Increasing Workforce Development and Career Opportunities Activities, which articulates the Port’s major goals for workforce development and directs the Port to develop strategies to achieve them