



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 7c

**BRIEFING ITEM**

**Date of Meeting** March 24, 2020

**DATE:** February 27, 2020  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Dave McFadden, Managing Director, Economic Development Division  
Mian Rice, Director Diversity in Contracting  
**SUBJECT:** Diversity in Contracting Annual Report

**EXECUTIVE SUMMARY**

The Diversity in Contracting Annual Report to the Commission provides the Port's division/department 2019 WMBE results, 2020 future department/division WMBE goals, and affirmative efforts to assure equality of contracting opportunities.

2019 was the first full year of Diversity in Contracting program operations. Port divisions and departments established 2019 WMBE utilization goals for the first time and implemented a number of initiatives to increase WMBE utilization.

The Port of Seattle established a 12.4 percent Women/Minority Business Enterprise utilization goal for 2019. This goal did not include construction projects where utilization goals are established on a project by project basis. The Port's 2019 WMBE utilization of 15.29 percent surpassed the annual goal as a result of strong utilization of WMBEs on construction projects (16.27%).

Staff have met the Port's five-year goal of 15 percent in the first year of program implementation. While it is good news to make substantial progress on WMBE utilization, staff is recommending maintaining the 15% goal for another year and to focus on eliminating specific disparities in utilization for certain ethnic groups and women.

**BACKGROUND AND GOALS**

On January 9, 2018, Port Commissioners adopted a new Diversity in Contracting policy directive with a supporting Resolution 3737, that drives equity in Port contracting. The policy was developed over the years of 2016/2017, using 2016 as the baseline for what was eventually passed.

The purpose of this policy directive is to provide the maximum practicable opportunity for increased participation by minority and women owned and controlled businesses in Port

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contracting for public works, consulting services, supplies, material, equipment, and other services to create the opportunity to leverage Port spend to increase WMBE utilization.

As part of the Diversity in Contracting policy directive, the Port Commission established utilization goals for both the amount of contracting dollars paid to WMBE firms as well as the number of WMBE firms under contract to the Port using 2016 baseline utilization results:

**5 year goals:**

- 1) Triple the number of WMBE firms that contract with the Port, and
- 2) Increase to **15%** the percentage of dollars spent on WMBE contracts

This policy also directs the establishment of:

- Executive level accountability that drives performance across the Port
- Port-wide goal setting and reporting processes, requiring Divisions/Departments to establish Annual WMBE Plans that set aspirational goals and performance targets
- Clear lines of responsibility and accountability for implementation with designated WMBE liaisons for each division
- Enhanced compliance and tracking of key performance objectives and incorporation of WMBE goals into the Port’s Long Range Plan
- Categories of contracts where inclusion plans and other tools will be used
- Implementation and monitoring procedures to ensure prompt payment and change order processes
- Expanded technical assistance for WMBE firms, coordination with external partners, and support for internal training to Port staff

**2019 RESULTS**

Since the formal establishment of the Diversity in Contracting (DC) policy directive in 2018, 2019 was the first full operational year of establishing affirmative efforts in improving WMBE utilization on port contracts by setting WMBE aspirational goals and the implementation of inclusion plans.

Per the DC policy directive, every division/department sets WMBE aspirational goals prior to the beginning of the year, the 2019 total percent was 12.40%. The table below illustrates by division the 2019 WMBE results for non-construction procurements which includes P-Card spend. The final results showed a total WMBE achievement of 12.82%:

| <b>2019 Non-Construction Utilization</b> |                    |                  |              |               |
|------------------------------------------|--------------------|------------------|--------------|---------------|
| Division                                 | <b>2019 Goal %</b> | Total Port Spend | WMBE Spend   | <b>WMBE %</b> |
| Aviation (AV)                            | 12%                | \$109,725,824    | \$16,254,611 | 14.81%        |

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|                                     |               |                      |                     |               |
|-------------------------------------|---------------|----------------------|---------------------|---------------|
| Corporate                           | 12%           | \$68,771,669         | \$6,939,519         | 10.09%        |
| Economic Development Division (EDD) | 12%           | \$4,760,455          | \$629,961           | 13.23%        |
| Maritime Division (MD)              | 20%           | \$13,203,528         | \$2,000,530         | 15.15%        |
| North West Seaport Alliance (NWSA)  | --            | \$9,393,289          | \$691,029           | 7.36%         |
| P-Card Unclassified                 | --            | \$2,982,650          | \$250,265           | 8.39%         |
| <b>Total</b>                        | <b>12.40%</b> | <b>\$208,837,415</b> | <b>\$26,765,915</b> | <b>12.82%</b> |

*The Port of Seattle’s Annual Divisional Goals are established on “Non-Construction” spend in the Outside Service budgets*

Port DC staff sets WMBE aspirational goals on construction projects. These aspirational goals are set on a project by project bases. The table below illustrates the WMBE results per division for 2019, with a total utilization rate of 16.27%:

| <b>*2019 Construction</b>           |             |                      |                     |               |
|-------------------------------------|-------------|----------------------|---------------------|---------------|
| Division                            | 2019 Goal % | Total Port Spend     | WMBE Spend          | WMBE %        |
| Aviation (AV)                       | -           | \$507,412,826        | \$85,184,435        | 16.79%        |
| Corporate                           | -           | \$1,425,810          | \$191,197           | 13.41%        |
| Economic Development Division (EDD) | -           | \$1,796,244          | \$294,099           | 16.37%        |
| Maritime Division (MD)              | -           | \$5,279,170          | \$544,224           | 10.31%        |
| North West Seaport Alliance (NWSA)  | -           | \$26,622,362         | \$764,764           | 2.87%         |
| P-Card Unclassified                 |             |                      |                     |               |
| <b>Total</b>                        |             | <b>\$542,536,412</b> | <b>\$86,978,718</b> | <b>16.27%</b> |

\*WMBE Aspirational Goals for Construction are set project-by-project

The table below shows the final portwide WMBE attainment for 2019 per division/department, with a combined WMBE total (construction and non-construction) of 15.29%. The table also includes the number (297) of WMBE businesses utilized. Both results are compared to the port’s 2016 baseline results of 5.3% and 118 WMBE businesses utilized.

| <b>2019 Total Port</b><br>(Non-Construction & Construction Combined) | <b>2016 Baseline Results</b> |                  |               |        |
|----------------------------------------------------------------------|------------------------------|------------------|---------------|--------|
| Division                                                             |                              | Total Port Spend | WMBE Spend    | WMBE % |
| Aviation (AV)                                                        |                              | \$617,138,650    | \$101,431,466 | 16.44% |
| Corporate                                                            |                              | \$70,197,479     | \$7,164,365   | 10.21% |

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|                                     |             |               |               |               |
|-------------------------------------|-------------|---------------|---------------|---------------|
| Economic Development Division (EDD) |             | \$6,556,699   | \$963,058     | 14.69%        |
| Maritime Division (MD)              |             | \$18,482,698  | \$2,556,859   | 13.83%        |
| North West Seaport Alliance (NWSA)  |             | \$36,015,651  | \$1,491,250   | 4.14%         |
| P-Card Unclassified                 |             | \$2,982,650   | \$250,265     | 8.39%         |
|                                     |             |               |               |               |
| Total (Percent)                     | <b>5.3%</b> | \$751,373,827 | \$114,857,264 | <b>15.29%</b> |
| Total Number of WMBE Firms Utilized | <b>118</b>  | -             | -             | <b>297</b>    |

**2020 DIVISION/DEPARTMENT GOALS**

The table below provides the 2020 WMBE aspirational percent goals per division/department with a combined total goal of 14.40% utilization for non-construction procurements on outside services. In comparison, 2019 total goal was 12.40%. The 2020 WMBE aspirational goal is a +2% increase from 2019.

| <b>2020 WMBE Goals by Division – Non-Construction*</b> |                       |                       |                                  |                                     |
|--------------------------------------------------------|-----------------------|-----------------------|----------------------------------|-------------------------------------|
| <b>Division</b>                                        | <b>2019 WMBE Goal</b> | <b>2020 WMBE Goal</b> | <b>2020 WMBE Projected Spend</b> | <b>Total Outside Services Spend</b> |
| Aviation Division (AV)                                 | 12%                   | 15%                   | \$8,759,147                      | \$58,394,317                        |
| Corporate                                              | 12.1%                 | 13.4%                 | \$4,017,322                      | \$29,994,358                        |
| Economic Development Division (EDD)                    | 12%                   | 13.3%                 | \$531,366                        | \$4,020,603                         |
| Maritime Division (MD)                                 | 20%                   | 15%                   | \$834,647                        | \$5,564,318                         |
| <b>Total</b>                                           | <b>12.40%</b>         | <b>14.40%</b>         | <b>\$14,157,483</b>              | <b>\$97,973,596</b>                 |

*The Port of Seattle’s Annual Divisional Goals are established on “Non-Construction” spend in the Outside Service budgets*

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**RECOMMENDATIONS**

Although the Port accomplished its portwide goal of 15% prior to its stated 5-year plan within the Diversity in Contracting policy directive, staff recommends that we maintain this goal until the conclusion of the 5-year goal which ends in 2023.

Maintaining this goal for additional time will allow staff to continue to focus on the portwide overall goal yet become targeted in increasing WMBE participation by ethnicity.

**ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides
- (2) 2020 Diversity in Contracting Plan

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- March 26, 2019 – Diversity in Contracting Annual Report
- June 12, 2018 – Commission briefing on Diversity in Contracting program development
- January 8, 2018 – Diversity in Contracting 2<sup>nd</sup> reading policy & passage of resolution 3737
- December 19, 2017 – Diversity in Contracting Policy Review
- December 12, 2017 - Women and Minority Business Enterprise Policy Review – Resolution 3737 (first reading)
- December 5, 2017 - Women and Minority Business Enterprise Policy Review
- November 28, 2017 –Women and Minority Business Enterprise Policy Review
- October 24, 2017 - Women and Minority Business Enterprise Policy Review
- July 12, 2017 – Commission Budget Priorities, Building Economic Opportunity in Underserved Communities
- March 28, 2017 – Small Business Development Update
- 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