CITY OF SEATTLE:
SOCIAL EQUITY IN PROCUREMENT

Office of Mayor Ed Murray
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BACKDROP FOR SOCIAL EQUITY

Washington’s Initiative 200:
• Nationwide push-back on affirmative action.
• Passed in 1998 with 58% of vote.
• Prohibits racial and gender preferences by state and local government.

City principles promoted unique accomplishments:
• Risk management rather than risk aversion.
• Legal right to demand “good faith efforts” within I-200.
• Retained a WMBE priority, and uses self-identification.
• Focus on disadvantaged neighborhoods: income, unemployment, and education.
CONTRACT EQUITY PROGRAMS

Contract Equity Programs:

- Women and Minority Business Enterprise program (WMBE) for construction, purchasing, and consulting contracts
- Priority Hire: Workforce equity in City construction contracts
Tackling the Effects of I-200:

- Capital Departments establish WMBE Advisors
- City Interdepartmental Team created
- Investing in technical assistance
- Annual Department plans
- WMBE Inclusion Plans for subcontracting
Department Annual Plans:

- **Tone:** Letter to department directors issued by Mayor’s Office.

- **Scope:** Departments must set annual WMBE goals – performance and outreach strategies.

- **Accountability:** Names one department representative who manages WMBE initiatives.

- **Review and approval from Mayor’s Office**

- **Capital Departments:** WMBE Advisors

- **City Interdepartmental Team**
WMBE Inclusion Plans:

- Project-based plan for subcontracting.
- Aspirational WMBE goals and option of guaranteed contract amounts.
- Contractors choose to support subcontractors through:
  1. Early retainage release when sub’s portion of project is complete.
  2. Advance mobilization pay.

10 of 16 points to move forward in bidding process.
Executive Order: April 2014

- Setting expectations for the City, pushing for excellency, and increasing accountability.
- Creation of WMBE Advisory Committee.
- Introducing new and creative policy options:
  - **Prompt Pay**: Primes to pay subcontractors within 30 days, and City to pay primes within 30 days.
    - Increasing cash flow and capacity for subcontractors.
## WMBE PROGRAM: RESULTS

<table>
<thead>
<tr>
<th>Procurement Category</th>
<th>2015 Annual Total Spend</th>
<th>2015 WMBE Utilization Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing</td>
<td>$366 million</td>
<td>13%</td>
</tr>
<tr>
<td>Consulting</td>
<td>$158 million</td>
<td>15%</td>
</tr>
<tr>
<td>Public Works*</td>
<td>$101 million</td>
<td>19%</td>
</tr>
</tbody>
</table>

*Data includes final, paid invoices on completed projects.*
PRIORITY HIRE

- New policy initiative in 2015.
- City construction projects worth at least $5 million.
- Prioritizes workers living in economically disadvantaged neighborhoods: income, education, and unemployment.
- Includes goals for hiring women and people of color.
- Implemented through a Community Workforce Agreement (Project Labor Agreement).
PRIORITY HIRE

Policy Development Background:

- Community-driven.
  - Rainier Beach Community Center.
- Decision to implement within a Community Workforce Agreement.
  - Enforceable.
  - Predictable.
- Utilizes union hiring halls.
PRIORITY HIRE

Stakeholder Support:

Small and open-shop businesses

- Bring 5 of their own workers, before hiring from halls.
- Reimbursement for existing health and pension costs.
- Maintain union or open-shop status.

Community

- Funding for training and outreach.
- Goal of 20% overall Priority Hire hours, with project-specific requirements.
# PRIORITY HIRE: RESULTS

<table>
<thead>
<tr>
<th>Seawall: Pilot</th>
<th>Past Performance</th>
<th>Seawall Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Hire zip codes</td>
<td>12%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Women</td>
<td>4.5%</td>
<td>12.8%</td>
</tr>
<tr>
<td>People of Color</td>
<td>25.4%</td>
<td>25.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Buried Reservoirs</th>
<th>Past Performance</th>
<th>Reservoirs Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Hire zip codes</td>
<td>42% (all outside Seattle)</td>
<td>27.9% (21.6% in Seattle)</td>
</tr>
<tr>
<td>Women</td>
<td>3%</td>
<td>7.2%</td>
</tr>
<tr>
<td>People of Color</td>
<td>22%</td>
<td>34.5%</td>
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</tbody>
</table>

Performance is measured in hours worked.
QUESTIONS?

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