



Community Inclusion Update

2018-19 ANNUAL REPORT

Tacoma Public Schools | December 2019

Acknowledgements

Community Inclusion Taskforce Partners

Tacoma Public Schools
A. Philip Randolph Institute
Black Collective
City of Tacoma
NAACP 253 Tacoma Branch
Pierce County Building & Trades Council AFL-CIO
Tacoma Ministerial Alliance

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I. About Our Commitment

The Tacoma Public Schools Community Inclusion Commitment is the first of its kind in the state for public K-12 institutions and is designed to:

- Support local firms
- Expand opportunities for women- and minority-owned businesses and small businesses
- Create career pathway opportunities for young adults

The Tacoma Public Schools Community Inclusion Commitment was approved by the Tacoma Public Schools Board of Directors in March 2016. This commitment outlines a number of activities and provides the following inclusion goals for new and maintenance-related construction projects:

- 30% local (Pierce County) businesses
- 10% minority-owned businesses
- 6% women-owned businesses
- 5% small businesses
- 15% apprenticeship utilization

Other parts of this agreement included commitments to:

- Modify procurement documents to require prime contractors to include Voluntary Inclusion Plans with goals for apprenticeship utilization and for helping meet the District's MWBE and SBE goals in all bid packages greater than \$300,000.
- Modify procurement documents to require prime contractors to report and make available to the District and Community partners monthly MWBE percentages, prevailing wage intents and affidavits, monthly certified payrolls with quarterly compliance review, monthly invoices paid to subcontractors with quarterly compliance review, and monthly apprenticeship utilization percentages.
- Promote and enforce apprenticeship utilization on all projects consistent with Washington law.

A taskforce of stakeholders meets regularly to review progress, discuss next steps, and help the District connect with community members and improve its processes. Members of the task force include representatives from Tacoma Public Schools, Pierce County Building & Construction Trades Council AFL-CIO, Black Collective, Tacoma Ministerial Alliance, City of Tacoma, A. Philip Randolph Institute, and NAACP 253 Tacoma Branch.

REPORTING PERIODS

Spending by the District is reported by fiscal year, which runs from Sept. 1 through Aug. 31. Spending by large contractors is tracked by contract, which can run multiple years.

II. TPS Inclusion Commitment in Action

In the 2017-18 annual report, we identified four areas of focus designed to improve Tacoma Public Schools' community inclusion efforts and move the needle on our inclusion commitments. Below summarizes these four focus areas, the hurdles they are designed to conquer, and the results we are now beginning to see.

1. Reworking contracting methods and language

Problems:

- The traditional Design-Bid-Build contracting model means that the bulk of a project has already been allocated to subcontractors when they win the bid, leaving little room to negotiate for increased inclusivity after the award, which is based on the lowest bid.
- Tacoma Public Schools began using alternative delivery methods, as appropriate, with the hope of increasing inclusion numbers as well as controlling costs. This first included the General Contractor Construction Manager method, which allowed room for intentional outreach to local and disadvantaged businesses and working with the contractor to make bid packages more accessible to smaller businesses. However, this method also relied on low-bid packages rather than negotiated scopes of work which left much to chance regarding both experience and inclusion.
- Early use of Voluntary Inclusion Plans on projects saw little if any improvement, and in some cases saw a decreased use of local and disadvantaged businesses.

Solutions:

- In 2017, TPS launched the first-ever K-12 campus project managed under a Design Build method, which allows the prime contractor to recruit, build relationships, and negotiate scopes of work and costs to meet project inclusion and budget goals, as well as create packages that support partnerships between larger and smaller businesses.
- More aggressive contracting language, beginning with the RFQ/RFP process in which we make a company's past performance and project inclusion plan a significant part of the selection process. Also, while inclusion plans are voluntary in nature, they are now called Inclusion Plans and are included as part of the project contract.

CURRENT RESULTS

- Contractors on current capital construction projects (Grant, Birney, and Boze) are aware that the District's expectation is that projects should not only be on time and on budget, but also meet or exceed TPS inclusion goals.
- Grant, Birney and Boze are *all* exceeding goals for MBE, SBE and local businesses.
- WBE businesses continues to be a hurdle, but one that contractors and the District are working together to make progress on.
- On Grant, Korsmo reported almost 100% local business involvement.

2. Improving the documentation and review process

Problem: Tracking certified subcontractors, certified payrolls, paid invoices and apprenticeship utilization in a transparent and consistent fashion has been difficult to manage. Reporting involved hundreds if not thousands of pages from a variety of contractors submitted in a variety of manners with not enough staff to review and audit.

Solution: TPS implemented B2G Now and LCP Tracker as a way to create a level field and transparency between the owner and the contractor, and consistency in reporting between projects. These online tools provide outreach and reporting tools, as well as audit-like automated checks and balances within the software that flag potential payment problems for project managers to follow up on. This software is being piloted on Birney, Boze, and Hunt.

CURRENT RESULTS

While TPS and our contractors are still in the early stages of learning to use this software, early benefits include:

- The automated checks have been able to catch errors in prevailing wage at both the journeyman and apprentice-level.
- Use of state-certified minority-owned and women-owned businesses (rather than reliance on self-certified businesses) has been easier to monitor and enforce. Some verified exceptions, such as for federal certification, can be made at the owner's discretion, and tracked accordingly.
- Ability to run detailed apprenticeship reports on capital projects for task force review.

3. Connecting with qualified businesses

Problem: A common hurdle for including more disadvantaged businesses on projects, big or small, is being able to make the connection between the project manager and the business. Project managers often work with people they have a relationship with for legitimate reasons – they know what to expect. In order to build new relationships and be more inclusive, we need to find ways to make connections.

Solution: TPS has been intentional in creating networking opportunities between its project managers, prime contractors, and businesses interested in doing business with TPS. These networking opportunities are open to all businesses, with consistent messaging about the District’s desire to see businesses partner to promote our local and disadvantaged business goals.

- These networking opportunities have included “How to Do Business with TPS” events hosted by the Purchasing Department, events in partnership with prime contractors specific to major capital projects, and outreach events for interested prime contractors and subcontractors associated with major project RFQ/RFP processes.
- TPS representatives proactively attend networking events to promote areas of frequent need and our inclusion goals.
- Working with the Minority Business Development Agency (MBDA) – Tacoma Business Center and City of Tacoma to host smaller networking events and identify qualifying businesses to utilize.

CURRENT RESULTS

- Internal spending on contracts under \$300,000 has exceeded 10% combined MWBE for two years running. While there is still room to improve, especially with woman-owned businesses, this is significant growth that appears sustainable.
- Grant, Boze, and Birney projects are all exceeding project MBE, local, and SBE goals, which represents unprecedented increases from previous projects.

4. Getting serious about getting certified

Problem: Some eligible MWBE businesses that were not certified with the state Office of Minority & Women Business Enterprises had raised the issue that certification is a difficult process and perceived as usually not worth it. A reliance on self-certification made it harder to find eligible businesses and made results less verifiable. Also, there was a lack of consistency across major capital projects between those who were using self-certified businesses versus state-certified businesses.

Solutions:

- TPS began prioritizing solicitation of state-certified businesses to provide estimates both internally on small works projects and with prime contractors on large capital projects.
- We are also working closely with the Minority Business Development Agency (MBDA) – Tacoma Business Center to provide intensive support for businesses needing help with completing the certification process.
- Rare exceptions for this requirement are made on a case-by-case basis in consultation with MBDA's director.

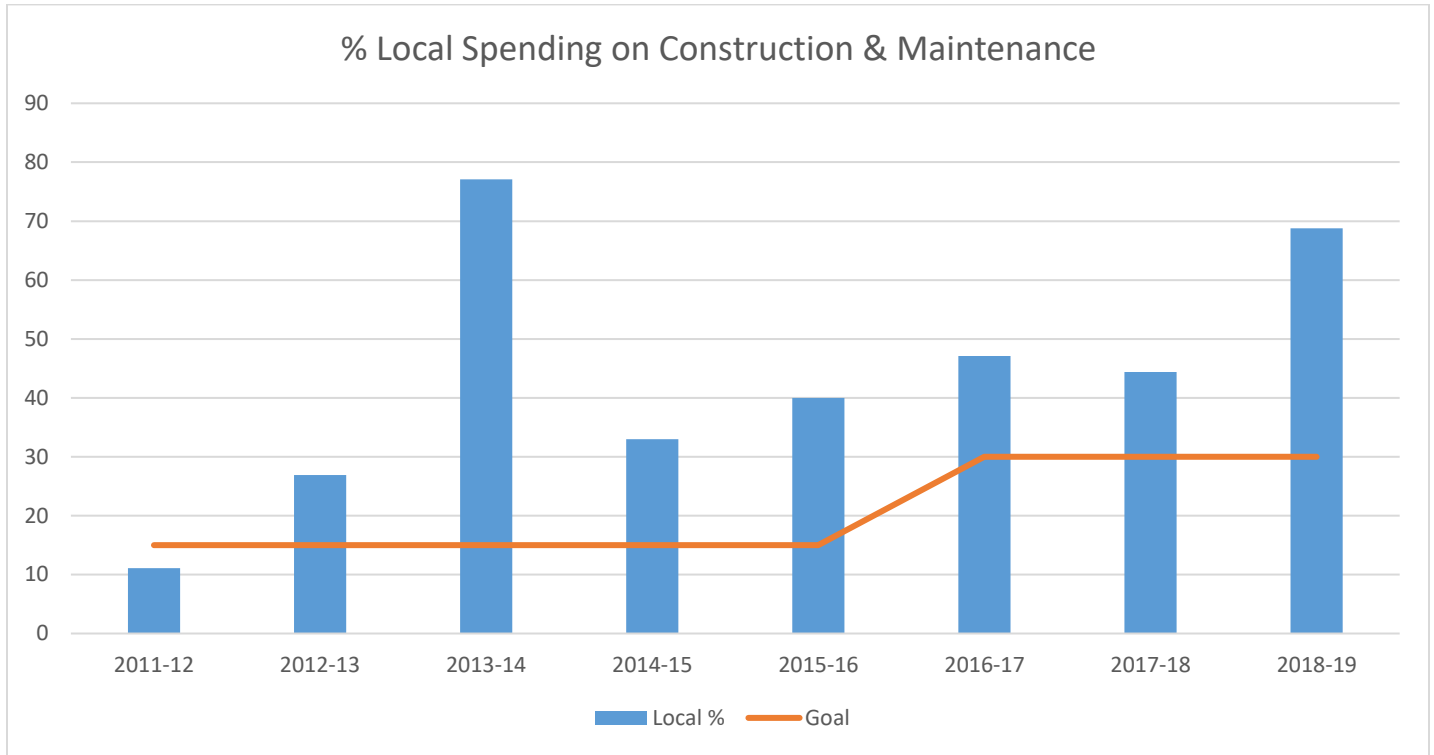
CURRENT RESULTS

- Certification requirements allow for apples-to-apples comparisons between major projects and increased confidence in the results.
- Other local government entities, such as the City of Tacoma, are adopting the practice of requiring state certification rather than alternate localized certifications. This increases the value of the state certification to businesses while potentially also eliminating the need for redundant certifications.

III. Inclusion Summary Data

1. TPS Local Spending Data

This data shows Tacoma Public Schools spending on local businesses as part of District-managed contracts for new or maintenance-related construction projects. Local is defined as headquartered in Pierce County.



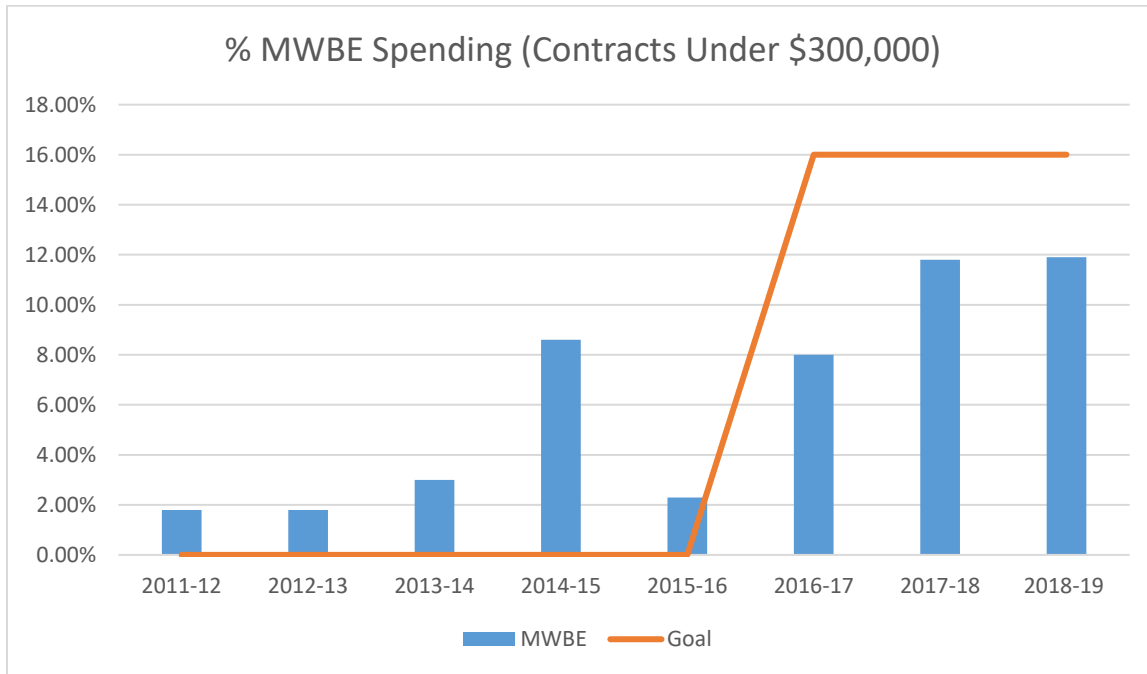
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total spend	\$40,586,477	\$14,365,973	\$36,263,513	\$28,008,025	\$146,433,097	\$107,805,501	\$69,470,868	\$74,580,025
Local spend	\$4,498,144	\$3,857,507	\$27,950,648	\$9,249,312	\$58,993,559	\$50,736,020	\$30,857,135	\$51,306,306
%	11.1%	26.9%	77.1%	33%	40.3%	47.1%	44.4%	68.8%

2. TPS MWBE Spending Data

Since state-certified MWBE businesses are by definition small businesses, larger contracts (such as for prime contractors on large capital projects) are generally beyond the scope of certified MWBE businesses. Larger contracts are required to have inclusion plans; that data summary is included later in this report.

MWBE Breakout: TPS spending on vendor contracts totaling under \$300,000

This data shows Tacoma Public Schools spending on MWBE businesses as part of District-managed contracts for new and maintenance-related construction projects \$300,000 in comparison to the District's goals.



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total construction spend under \$300,000	\$2,620,700	\$5,286,376	\$5,845,308	\$5,837,522	\$8,029,526	\$8,060,415	\$8,059,796	\$7,398,142
Total MWBE construction spend under \$300,000	\$45,842	\$95,120	\$178,119	\$504,788	\$181,224	\$645,880	\$954,470	\$883,360.05
%	1.8%	1.8%	3%	8.6%	2.3%	8%	11.8%	11.9%

4. Construction Management Spending Summary

As part of our work to open the door to smaller businesses, we are working with contractors over \$300,000 to thoughtfully involve diverse subcontractors. For example, this past year we made inclusion commitments part of our construction management contracts for the first time ever.

Similar to what we are now doing with prime contractors, starting with Grant and Boze, we required that construction management teams submit their inclusion history and commitments as part of the RFQ/RFP process and its was a significant part of the scoring process.

Parametrix is a locally owned business that provides engineering, planning, environmental services, land surveying and construction services. Parametrix is providing construction management on the Boze Elementary Replacement Project.

Parametrix total contract amount: \$1,172,216				
<i>Paid to date: \$230,845.54</i>				
		Commitment		Paid to-date
Subcontractor	Role	MBE	WBE	
Jimale Technical Services	Document services		\$96,292	\$36,826
Urban Tech	Construction management	\$296,260		\$13,480
Total		\$296,260	\$96,292	\$50,306
Percent of contract amount		25.3% <i>Goal: 10%</i>	8.2% <i>Goal: 6%</i>	21.8% (current)

Vanir is a woman-owned construction management firm based out of Seattle. While they were once certified, they are no longer small enough for state certification. They are working on the Grant Center for the Expressive Arts Replacement Project.

Vanir total contract amount: \$900,000				
<i>Paid to date: \$513,932</i>				
		Commitment		Paid to-date
Subcontractor	Role	MBE	WBE	
Green Project Solutions	Value engineering	7,250		\$7,901
Ato Apiafi	Planning & Permit Coordination	\$7,200		\$7,200
Platinum	Change order estimating	\$20,300		
Platinum	Cost control	\$92,625		\$74,978
Jimale Technical Services	Document Services		\$83,375	\$65,410
Total		\$127,375	\$83,375	\$155,489
Percent of contract amount		14.2% <i>Goal: 10%</i>	9.3% <i>Goal: 6%</i>	30.3% (current)

5. Prime Contractor Capital Construction Spending Summary – 2018-19

Below reflects construction contracting through November 2019 on active capital projects in the 2018-19 fiscal year.

	MBE	WBE	SBE	Local	Apprenticeship
	10%	6%	5%	30%	15%
Grant Center for the Expressive Arts Korsmo Construction \$25,693,938	20.64% \$5,303,825.47	2.21% \$568,273.64	9.4% \$2,415,287.48	98.30% \$25,256,046.29	15.77% 12,359 apprentice hours 65,995.2 journeyman hours
Boze Elementary Korsmo Construction \$27,122,450	25.04% \$6,792,085.95	1.85% \$502,135.54	5.19% \$1,406,733.99	73.04% \$19,811,478.54	18.66% 7,173.50 apprentice hours 31,265.98 journeyman hours
Birney Elementary Turner Construction \$29,553,422	13.30% \$3,929,725	0.20% \$57,796	7.40% \$2,186,383	44.63% \$13,189,705	19.12% 5,836 apprentice hours 24,682.75 journeyman hours

Numbers for Grant are near-final while Boze and Birney remain in progress.

IV. In the News

South Sound Business magazine:

“Tacoma Public Schools is Setting the Standard for Inclusive, Local Hiring”

<https://southsoundbiz.com/tacoma-public-schools-is-setting-the-standard-for-inclusive-local-hiring/>

TPS Spotlight articles:

“TPS hires local to support small business, minority- and women-owned businesses”

<https://www.tacomaschools.org/news/Pages/Lucinda-creasy.aspx>

“TPS, Korsmo Construction partner to help students explore career paths”

<https://www.tacomaschools.org/news/Pages/TPS,-Korsmo-Construction-partner-to-help-students-explore-career-paths-.aspx>

V. Next steps

In addition to continuing our current plan and efforts, Tacoma Public Schools plans extra emphasis in the following areas:

- Working to increase women-owned business participation.
- Increased allocation for small works projects in the 2020 bond, which would significantly increase opportunities for small and disadvantaged business.
- Increasing networking and collaboration with partner organizations and contractors to create new opportunities for small business growth.