

# Community Inclusion Update

2017-18 ANNUAL REPORT

Tacoma Public Schools | November 2018



## TABLE OF CONTENTS

I.	Executive summary .....	2
II.	Program updates .....	3
III.	What we are doing differently .....	4-5
IV.	Small works vendor utilization breakout analysis .....	6
V.	TPS local spending summary .....	7
VI.	TPS MWBE spending summary .....	8-9
VII.	Construction management spending summary .....	10
VIII.	Prime contractor capital project spending summary .....	11
IX.	Inclusion projections .....	12
X.	Acknowledgements .....	13

# I. EXECUTIVE SUMMARY

## ABOUT OUR COMMITMENT

The Tacoma Public Schools Community Inclusion Commitment supports local businesses, inclusivity, and career paths for young adults. This commitment was 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, and 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 percent local (Pierce County) businesses
- 10 percent minority-owned businesses
- 6 percent women-owned businesses
- 5 percent small businesses

A taskforce of stakeholders meets regularly to review progress, discuss next steps, and help the school 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.

## HIGHLIGHTS & OBSERVATIONS

- The percent spending by the district toward local, minority and women owned business goals continues to grow.
  - District spending on local businesses remains strong at more than 40 percent for the past three fiscal years.
  - District spending on minority- and women-owned businesses continues to increase. This past fiscal year, the district focused on improving its MWBE inclusion in the category of “contracts under \$300,000”. This resulted in the involvement of several new businesses and exceeding the 10 percent MBE goal at this level.
  - Finding certified women-owned businesses for the work we need continues to be a struggle.
  - District needs to continue to emphasize the need for qualifying businesses to get certified, and that they can get support from the Minority Business Development Agency (MBDA) – Tacoma Business Center.
- Apprenticeship utilization remains above 15 percent on all projects.
- Pease & Sons, the contractor for the Mary Lyon Elementary Replacement Project, had TPS’ highest-ever inclusion results on a district capital construction project. While we anticipate our next slate of projects will be higher (*see Inclusion Projections section*), Pease & Sons’ results were on a low-bid Design-Bid-Build project which tends to be a major hurdle for prime contractors seeking to be competitive. This speaks to the contractor’s sincere effort to meet the district’s expectations.
- The new construction management contracts with Parametrix and Vanir are both on track to exceed their minority- and women-owned business utilization goals. This is part of a new effort to incorporate the goals into construction- and maintenance-related professional services contract.
- Korsmo, the prime contractor for the Grant and Boze replacement projects, is on track to exceed their MBE and local business inclusion goals on both projects, with SBE currently hovering just below goal for Grant and over goal for Boze. Korsmo continues to look for ways to involve more WBE businesses. We should have more information on Birney (Turner) and Hunt (Absher) buyouts in 2019.

## II. 2017-18 PROGRAM UPDATES

Besides the hiring goals for local and disadvantaged businesses, the district also agreed to implement the following practices for new and maintenance-related construction projects by the end of 2018. While each was immediately implemented, we continue to work to evaluate, refine, and improve with each project. Below is our current status regarding these practices.

Commitment	Initial efforts/results	Current efforts
<p><b>Modify procurement documents to require prime contractors to include Voluntary Inclusion Plans</b> with goals for apprenticeship utilization and for helping meet the district’s MWBE and SBE goals in all bid packages greater than \$300,000.</p>	<p>Included goal language and voluntary inclusion plans starting with Arlington and SAMI construction contractors.</p> <p>Success with prime contractors meeting community inclusion targets varies and we continue to assess trends around economy, best practices, motivation of individuals on each project, contract language, location of prime, etc.</p>	<p>As we continue to evaluate and improve our methods of outreach, contracting, communication, and management, we are beginning to see patterns of success and are focusing on continuous improvement of our methods.</p> <p>Current improvements involve adding inclusion experience and plans as a significant portion of the RFQ and RFP scoring process, moving more toward alternative delivery methods such as GCCM and Design Build, and continuing to update contract language.</p>
<p><b>Modify procurement documents to require prime contractors to report and make available to the District and Community partners:</b></p> <ul style="list-style-type: none"> <li>• Monthly MWBE percentages</li> <li>• Prevailing wage intents and affidavits</li> <li>• Monthly certified payrolls with quarterly compliance review</li> <li>• Monthly invoices paid to subcontractors with quarterly compliance review</li> <li>• Monthly apprenticeship utilization percentages</li> </ul>	<p>We immediately implemented requesting this data from prime contractors with mixed success.</p> <p>When delivered, documents files were very large and difficult to comb through.</p>	<p>As a way to make reporting and review of this information transparent and consistent from project to project, we are currently moving to having this data submitted via B2G Now and LCP Tracker for easier review and accountability.</p>
<p><b>Promotion and enforcement of apprenticeship utilization</b> on all projects consistent with Washington law.</p>	<p>By the time the Community Inclusion Commitment was signed, all projects were meeting or exceeding use of apprenticeships.</p> <p>Emphasis on this area continues, but does not seem to be an issue for any of our contractors at this time.</p>	<p>Apprenticeship reporting and review on new projects will be managed through LCP Tracker.</p>

### III. WHAT WE ARE DOING DIFFERENTLY

The below items are newer efforts intended to move the needle regarding outreach and inclusion effectiveness. While these efforts will be minimally reflected in the current numbers reported by our prime contractors, we expect to see significant gains in the 2018-19 numbers especially related to some of our large capital projects (Grant, Birney, Boze and Hunt).

#### I. Reworking contracting methods and language

Problem: 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 lowest bid. Also, district contracting methods to emphasize inclusion participation were very passive and, in the case of Design-Bid-Build, often after most of the subcontracting was already completed.

Solution: Tacoma Public Schools is using alternative delivery methods where appropriate, in part with the hope of increasing inclusion numbers as well as controlling costs. The first effort was with General Contractor Contract Management (GCCM) contracting, which allowed room for intentional outreach to minority, women, local and SBE businesses and working with the contractor to make bid packages more accessible. However, this method also relies heavily on low-bid packages as well, so success weighs heavily on targeted businesses still ultimately being the low bid. Also, early contracting efforts still included passive language.

Learning from these first GCCM projects with Voluntary Inclusion Plans, the district is trying two new strategies: 1) Use of Design Build, which allows the district to work with contractors to recruit, build relationships, and negotiate scopes of work and costs that suit identified local and disadvantaged businesses. We believe this method will allow us to maximize our efforts while holding budget to a sustainable level. 2) More aggressive contracting language, beginning with the RFQ/RFP process in which we make a company's past performance and future inclusion plan a significant part of the selection process. We believe this method will help us identify companies willing to work with the district to make a strong effort in meeting our goals.

Results: Our first attempt at the more aggressive contracting process was with our Construction Management contracts, with significant success. Currently both Parametrix and Vanir are tracking to exceed their inclusion goals. Next, we have mirrored this approach in two GCCM and two Design Build projects. Currently, Korsmo's buyouts on the Grant (GCCM) and Boze (Design Build) are almost complete and will likely significantly exceed both MBE and local inclusion goals while also making gains in WBE and SBE. (*See Inclusion Projections section*)

#### II. 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.

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

Results: TBD. We are piloting this software with Grant, Birney, Boze and Hunt and will evaluate their effectiveness along the way.

### III. Connecting with qualifying 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 so they can connect on needs, expectations and abilities. Project managers often work with people they have a relationship with for a reason – they know what to expect. In order to build new relationships, we need to find ways to make connections.

Solution: TPS Planning & Construction, in cooperation with our Purchasing Department, held several outreach events associated with major project RFQ/RFP processes. We also partnered with prime contractors and the Minority Business Development Agency (MBDA) – Tacoma Business Center to host smaller networking events targeted to bid packages. For district small works projects, we created focused reference lists for our internal project managers with lists of qualifying businesses based on work area. We have also been working closely with the City of Tacoma and other networking organizations to identify qualifying businesses to utilize.

#### Results:

1. Early estimates on the Grant and Boze replacement projects show MBE involvement significantly above the 10 percent goal. (*See Inclusion Projections section*)
2. Internal spending on contracts under \$300,000 exceeded the 10 percent MBE goal for the first time ever.

### IV. Getting serious about getting certified

Problem: Some eligible MWBE business 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.

Solution: TPS began prioritizing solicitation of certified businesses to provide estimates both internally on small works projects and with prime contractors on large capital projects. We also are working closely with the Minority Business Development Agency (MBDA) – Tacoma Business Center to provide intensive support for businesses needing help completing the certification process. Certification is important for maintaining integrity of our data while we work to increase our use of local and disadvantaged businesses.

#### Results:

1. Eight businesses received certification assistance from the MBDC office in connection with the district or Grant and Boze replacement project needs. One of these, *Excel Electric*, is involved both in district small works projects and on several of the large capital projects, including recently winning a more than \$2 million contract on the Grant Replacement Project. The seven other businesses include *Image 360*, *Song Consulting*, *ABA Cleaning*, and *Puget Sound Quality Coatings*, *Aamex* (certification pending), and *B&G Ford Construction* (certification pending).
2. Word is getting out that Tacoma Public Schools takes both inclusion, and certification, seriously. This is in part due to our intensive outreach accompanying new capital projects, but also due to our partnership with the City of Tacoma, the MBDC, and the contractors we have brought on this past year.

#### IV. SMALL WORKS VENDOR UTILIZATION BREAKOUT ANALYSIS

##### 2017-18 MWBE Utilization for Tacoma Public Schools Small Works Projects

Total TPS construction contracts under \$300,000 - \$8,059,796			
Business name	2017-18 earnings from TPS	MBE	WBE
JMS Masonry LLC	\$288,107.25	x	
Hughes Group LLC	\$176,792.18	x	
*Resource Group Enterprises Inc	\$122,455.15	x	x
EHS International	\$85,771.04	x	
Environmental Excavation Solutions LLC	\$76,942.30	x	
Aamex (certification pending with OMWBE)	\$67,414.78	x	
MAD Construction	\$59,613.43	x	
Otto Rosenau & Associates Inc.	\$37,860.11		x
Excel Electric	\$25,239.33	x	
Weddermann Architecture PLLC	\$10,904		x
Amaya Electric/Marles Corp	\$2,577.32	x	
CMS Enterprises Inc	\$476.73		x
*Image 360	\$316.43	x	x
Total MWBE \$ spending		\$843,843.42	\$110,626.63
<b>Total MWBE spending on contracts under \$300,000</b>		<b>10.47%</b>	<b>1.47%</b>
Total MWBE spending on small works projects		\$954,470.05	

\* Note: Earnings from businesses certified as MWBE divided half into the MBE and WBE columns for this analysis.

##### Areas of program success within small works:

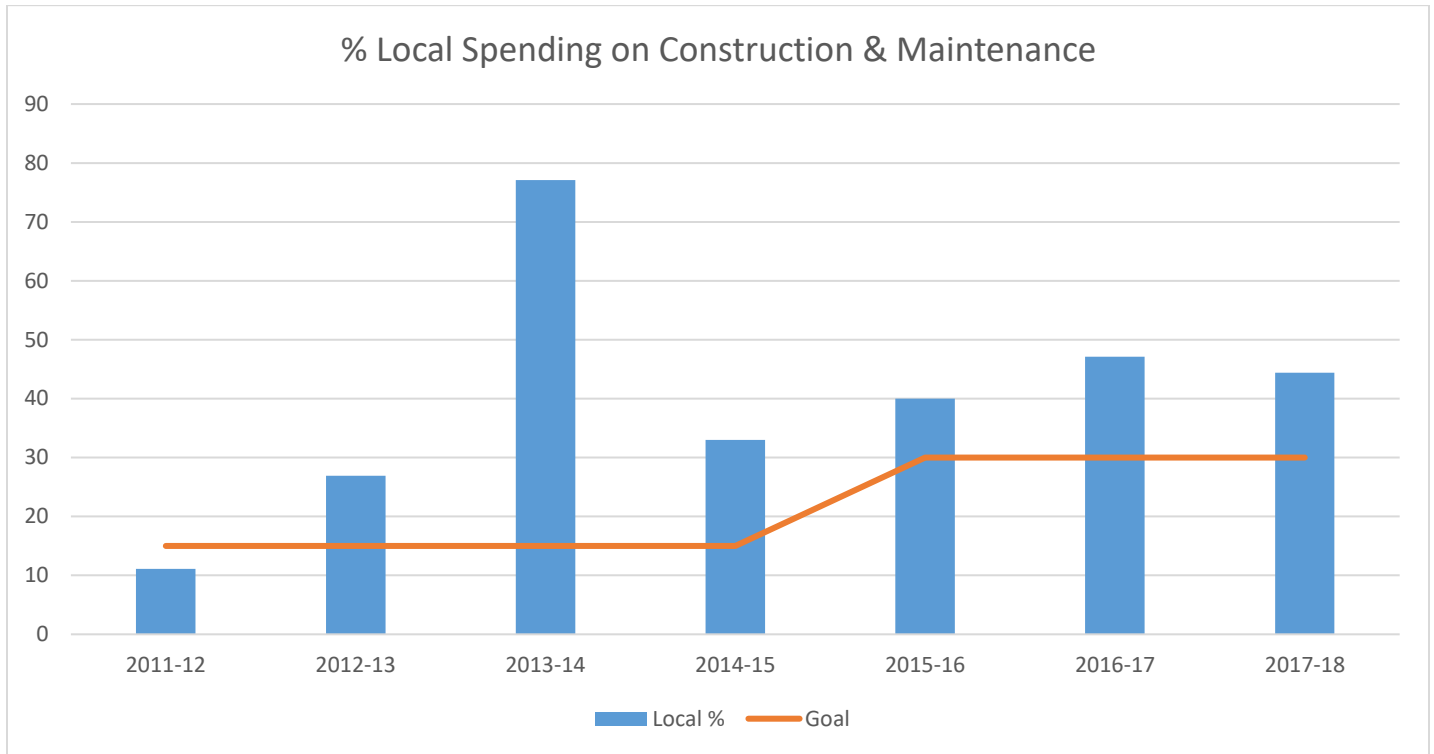
- Met and exceeded percentage of minority businesses involved in small works contracts under \$300,000
- Increased number of involved MWBE businesses, including several businesses new to doing business with TPS
- Worked closely with the Minority Business Development Agency (MBDA) – Tacoma Business Center to assist qualifying businesses with certification process
- Supporting project managers in connecting with MWBE businesses
- Outreach events and working with TPS project managers to connect with potential MWBE contractors
- Engaged project managers

##### Areas of program opportunity for the future:

- Involvement of more women-owned businesses needed at all levels
- Digging into the city and state’s disparity studies to identify job categories to target for involvement
- Identify categories of frequent need and/or where we don’t currently have relationships with MWBE businesses to focus outreach efforts

## V. TPS LOCAL SPENDING SUMMARY – 2017-18

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.



	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Total spend (construction)	\$40,586,477	\$14,365,973	\$36,263,513	\$28,008,025	\$146,433,097	\$107,805,501	\$69,470,868
Local spend (construction)	\$4,498,144	\$3,857,507	\$27,950,648	\$9,249,312	\$58,993,559	\$50,736,020	\$30,857,135
%	11.1%	26.9%	77.1%	33%	40.3%	47.1%	44.4%

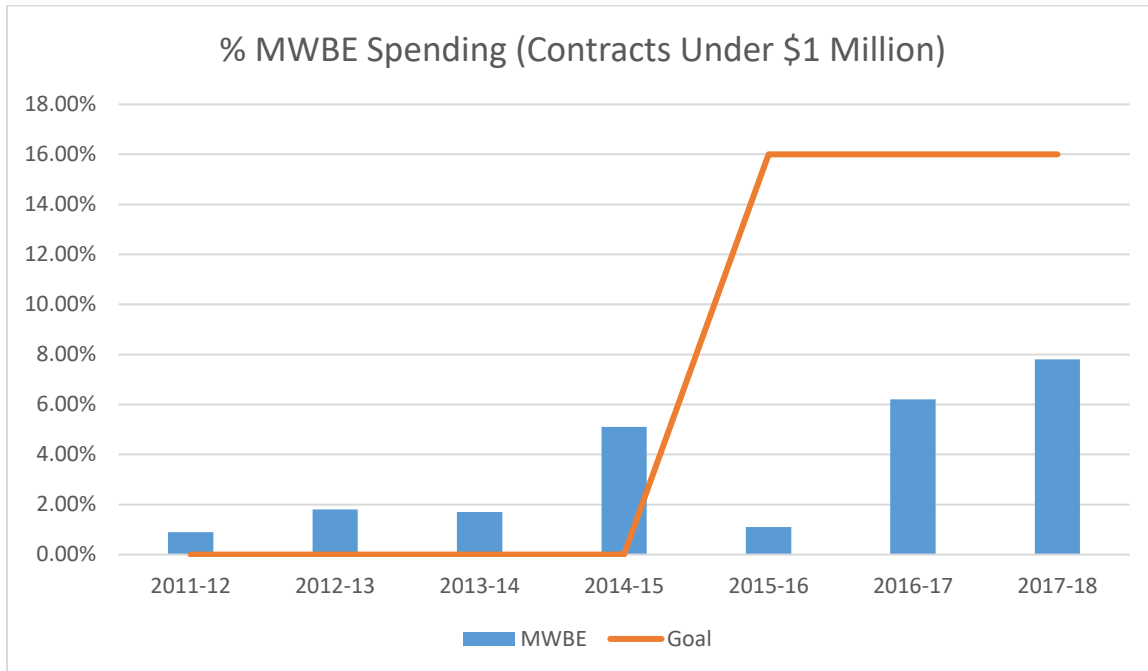


## VI. TPS MWBE SPENDING SUMMARY – 2017-18

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 1: TPS spending on vendor contracts totaling under \$1 million*

This data shows Tacoma Public Schools spending on MWBE businesses as part of district-managed contracts for new and maintenance-related construction projects under \$1 million in comparison to the district’s goals.

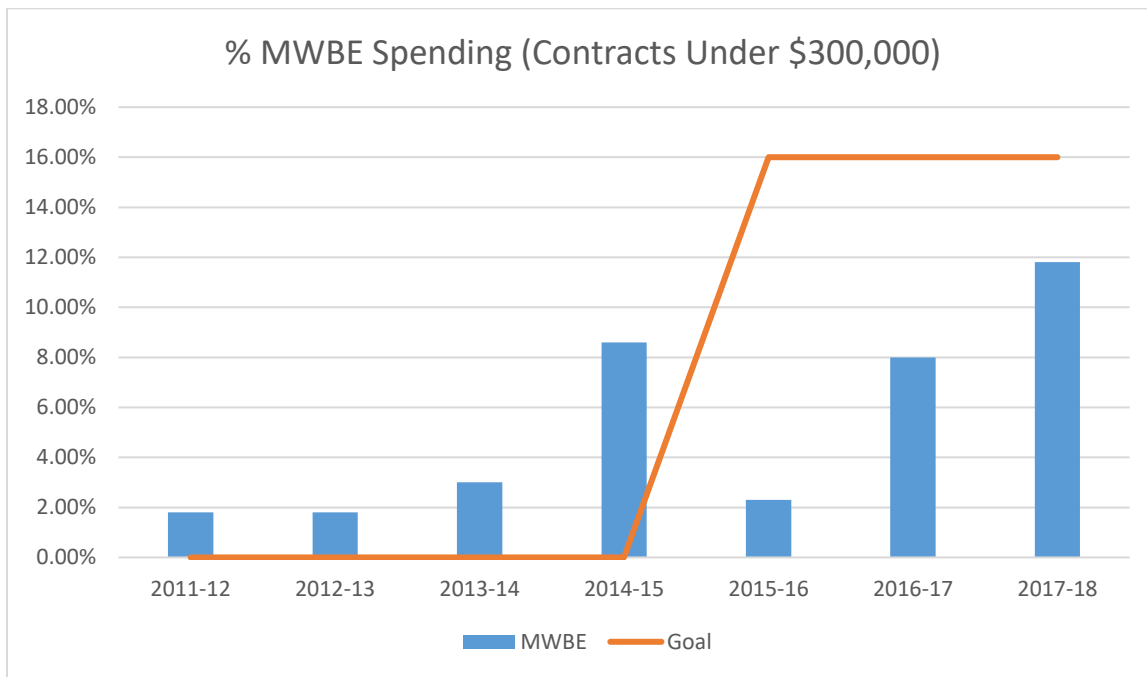


	11-12	12-13	13-14	14-15	15-16	16-17	17-18
Total construction spend under \$1M	\$8,532,653	\$6,397,970	\$10,797,739	\$9,978,388	\$16,211,162	\$16,503,507	\$12,235,378
Total MWBE construction spend under \$1M	\$76,330	\$116,040	\$178,119	\$504,788	\$181,224	\$1,023,067	\$954,470
%	0.9%	1.8%	1.7%	5.1%	1.1%	6.2%	7.8%

## MWBE Breakout 2: 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.

This data illustrates Tacoma Public Schools' extra-focus area of working to involve more MWBE businesses in Tacoma small works projects. The scopes of the under-\$300,000 projects are more within the range of small, disadvantaged businesses abilities and offer a foot in the door for many growing businesses. Several larger woman- or minority-owned businesses may be involved in our larger projects, but would not be certified by the state because they have gotten too large.



	11-12	12-13	13-14	14-15	15-16	16-17	17-18
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
Total MWBE construction spend under \$300,000	\$45,842	\$95,120	\$178,119	\$504,788	\$181,224	\$645,880	\$954,470
%	1.8%	1.8%	3%	8.6%	2.3%	8%	11.8%

## VII. 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.

<b>Parametrix total contract amount: \$1,172,216</b>				
		<b>Commitment</b>		<b>Paid to-date</b>
<b>Subcontractor</b>	<b>Role</b>	<b>MBE</b>	<b>WBE</b>	
Jimale Technical Services	Document services		\$96,292	\$6,440
Urban Tech	Construction management	\$296,260		\$0
Total		\$296,260	\$96,292	<b>\$6,440</b>
Percent of contract amount		<b>25.3%</b> <i>Goal: 10%</i>	<b>8.2%</b> <i>Goal: 6%</i>	

**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.

<b>Vanir total contract amount: \$900,000</b>				
		<b>Commitment</b>		<b>Paid to-date</b>
<b>Subcontractor</b>	<b>Role</b>	<b>MBE</b>	<b>WBE</b>	
Green Project Solutions	Value engineering	7,250		\$4,277.50
Ato Apiafi	Planning & Permit Coordination	\$7,200		\$4,125.00
Platinum	Change order estimating	\$20,300		
Platinum	Cost control	\$92,625		\$13,275.02
Jimale Technical Services	Document Services		\$83,375	\$7,660.58
Total		\$127,375	\$83,375	<b>\$29,338.10</b>
Percent of contract amount		<b>14.2%</b> <i>Goal: 10%</i>	<b>9.3%</b> <i>Goal: 6%</i>	

## VIII. PRIME CONTRACTOR CAPITAL CONSTRUCTION SPENDING SUMMARY

The below reflects construction contracting through October 2018.

Note: Projects not reflected yet include Grant (Korsmo), Birney (Turner), Boze (Korsmo), and Hunt (Absher). Reporting on these projects will begin as part of the next report as we implement B2G Now and LCP Tracker.

Percentages are from construction start date through January 2018   Total MWBE/SBE/Local Dollars: \$160,135,111					
	MBE	WBE	SBE	Local	Apprenticeship
<b>Goals</b>	10%	6%	5%	30%	15%
<b>Current projects</b>					
<b>Browns Point Elementary</b> Skanska USA \$22,956,596	0.39% \$90,417	0.27% \$61,998	0.00% \$0	40.64% \$9,328,826	25% 9,176 apprentice hours 28,007.4 journeyman hours
<b>Mary Lyon Elementary</b> Pease & Sons Inc. \$23,970,302	6.17% \$1,478,285	3.77% \$904,280	32.35% \$7,753,999	66.44% \$15,926,936	17% 14,507.25 apprentice hours 72,528.88 journeyman hours
Sub-total: \$46,926,898	3.34% \$1,568,702	2.06% \$966,278	16.52% \$7,753,999	53.82% \$25,255,762	
<b>Completed Projects</b>					
<b>McCarver Elementary</b> Skanska USA \$22,628,095	2.20% \$498,449	2.14% \$484,061	30.67% \$6,940,313	14.51% \$3,282,249	18% 20,491.5 apprentice hours 93,520.08 journeyman hours
<b>Stewart Middle School</b> Skanska USA \$46,414,779	2.1% \$975,750	2.1% \$975,750	36.44% \$16,911,519	8.41% \$3,902,594	21% 46,107.01 apprentice hours 168,716.96 journeyman hours
<b>Wainwright Intermediate</b> Neeley Construction \$22,177,840	0.10% \$23,000	0.88% \$195,119	50.09% \$11,109,909	54.19% \$12,018,007	17% 17,613.53 apprentice hours 84,168.75 journeyman hours
<b>Arlington Elementary</b> Neeley Construction \$16,930,000	0.09% \$14,501	1.23% \$207,651	23.88% \$4,042,183	79.03% \$13,379,811	19% 10,344.25 apprentice hours 42,935.6 journeyman hours
<b>Environmental Learning Center</b> Forma Construction \$12,570,047	0.25% \$31,500	2.51% \$316,022	59.47% \$7,475,671	49.29% \$6,195,831	22% 4,446.02 apprentice hours 20,503.69 journeyman hours
<b>Wilson High School</b> Absher Construction \$37,228,827	0.06% \$22,244	0.56% \$208,291	74.53% \$27,747,179	20.50% \$7,632,766	26% 422,542.25 apprentice hours 1,653,005.42 journeyman hours

## IX. INCLUSION PROJECTIONS

Below reflects current estimates for capital projects that have been contracted this past year. Numbers are not final.

	<b>Grant (GCCM)</b> <i>Korsmo (GCCM)</i>	<b>Boze (Design Build)</b> <i>Korsmo</i>	<b>Birney (GCCM)</b> <i>Turner</i>	<b>Hunt (Design Build)</b> <i>Absher</i>
<i>MBE (Goal 10%)</i>	<i>23.6%</i>	<i>22%</i>	<i>Turner is currently scheduling outreach meetings.</i>	<i>Hunt is currently in the design stage. Absher began outreach even before winning the project.</i>
<i>WBE (Goal 6%)</i>	<i>0</i>	<i>2.4%</i>		
<i>SBE (Goal 5%)</i>	<i>4.6%</i>	<i>6%</i>		
<i>Local (Goal 30%)</i>	<i>74%</i>	<i>68%</i>		

### **HIGHLIGHT: First-ever Design Build K-12 Campus**

The Boze Elementary Replacement Project is the first-ever Design Build K-12 campus replacement project in Washington state. Korsmo Construction is the general contractor for both the Boze project and the Grant Replacement Project, which provides us a unique opportunity to compare and contrast inclusion efforts between the GCCM and Design Build processes, with the same company. So far, while the numbers are similar to-date between the two projects, the effort to get that level of inclusion on the Grant project has been exponentially higher.

## X. ACKNOWLEDGEMENTS

### Tacoma Public Schools Board of Directors

Andrea Cobb, President  
Karen Vialle, Vice President  
Debbie Winskill  
Enrique Leon  
Scott Heinze

### Community Inclusion Taskforce

#### *Tacoma Public Schools stakeholders:*

Carla Santorno, Superintendent  
Josh Garcia, Deputy Superintendent  
Chris Williams, Chief Operating Officer  
Morris Aldridge, Executive Director of Planning & Construction  
Tom Chalk, Director of Facilities  
Steve Demel, Director of Purchasing

#### *Community stakeholders:*

Grover Johnson  
Mark Martinez  
Lyle Quasim

#### *Taskforce partner organizations:*

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

#### *Program manager and report editor:*

Alicia Lawver, Strategic Program Analyst

*Thank you also to Angel Davis, Bobette Knapp, Iana Mae Abinales, Paula Lawson, and all our many partners who make this work possible.*