

# Armstead Consulting:

← *Helping Organizations and People Achieve New Futures* →

**This is a  
SNAPSHOT of the Research --**

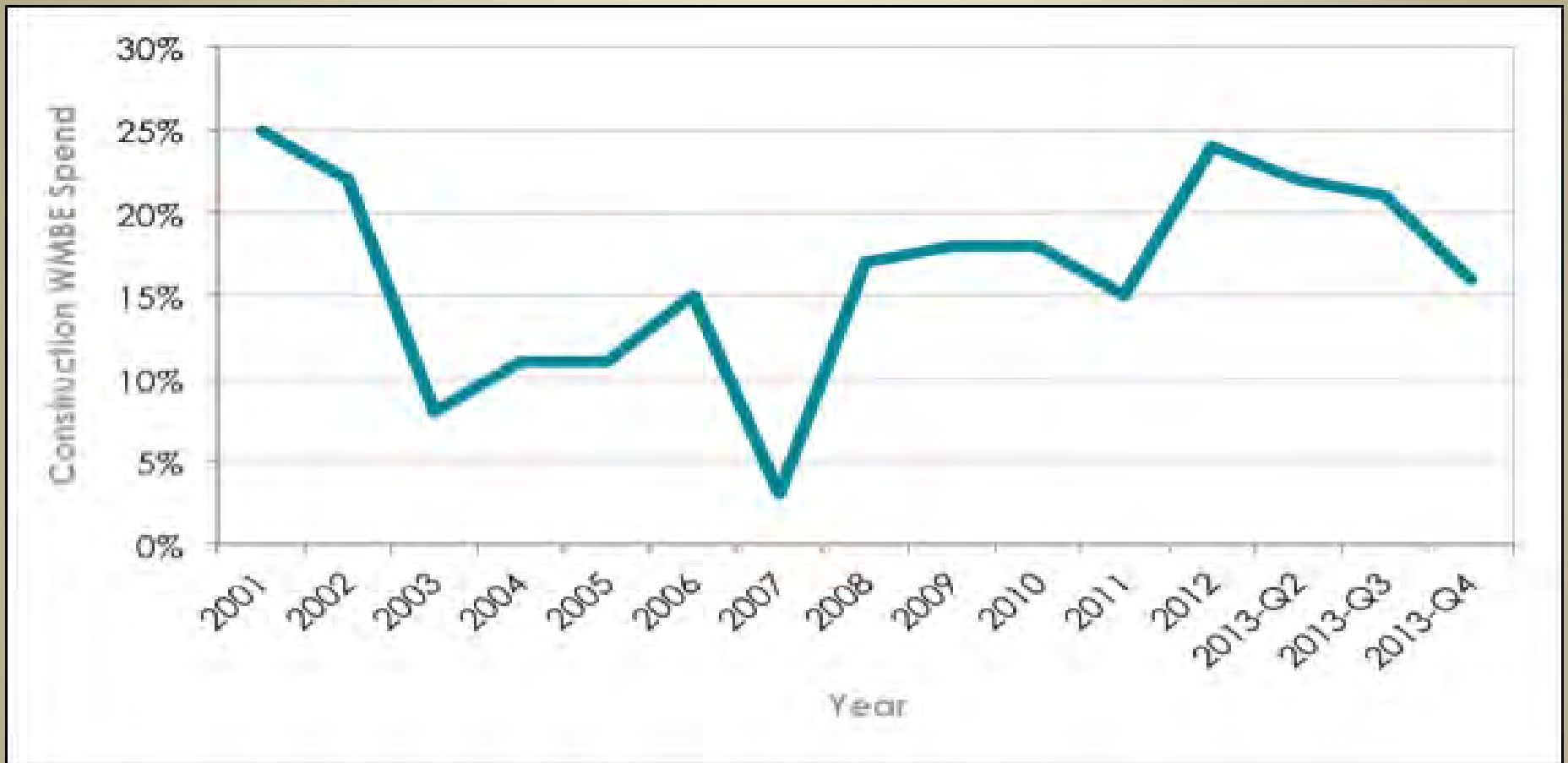
**FAS asked us to study:  
If a PLA is used, what solutions allow  
effective WMBE utilization?**

## Methodology for Obtaining Data

- Research – field work and published sources
- Questionnaires for Agencies and WMBE firms. Interviews conducted in person, on the phone and via email

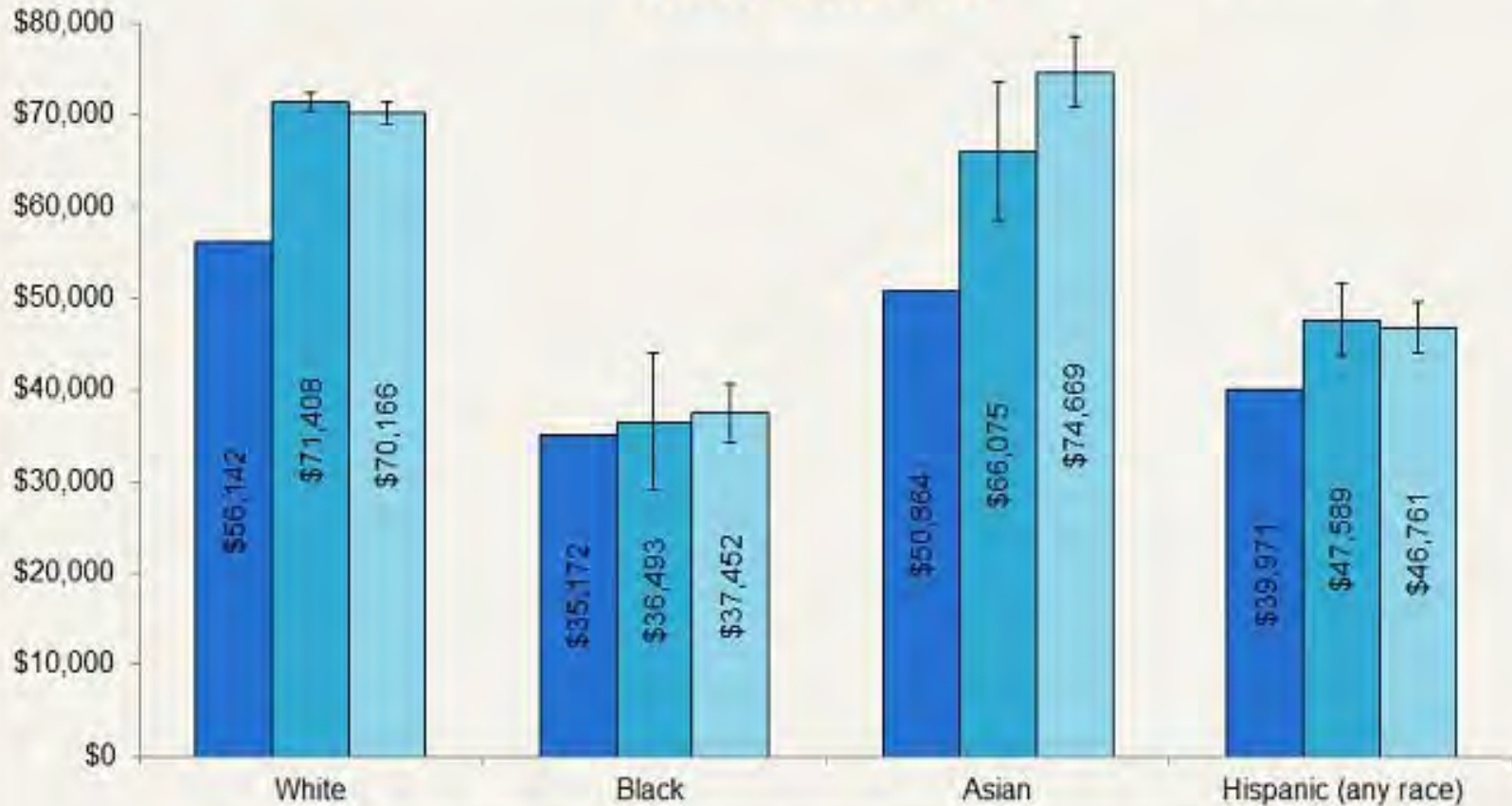
**Data Supporting the Need  
for  
WMBE and Target Hire  
Contracting**

**Figure 13: Construction WMBE Utilization in City of Seattle Public Works Projects 2001-2013<sub>168</sub>**



Source: City of Seattle, Construction Completed Projects WMBE Spend.

## Median household income by race/ethnicity, King County (1999, 2007, 2010)



—|—: Confidence intervals show range that includes true value 95% of the time.  
 Confidence intervals for 1999 not available.  
 See Notes & Sources for additional detail.

■ 1999 ■ 2007 ■ 2010

Data Source: U.S. Census and American Community Survey

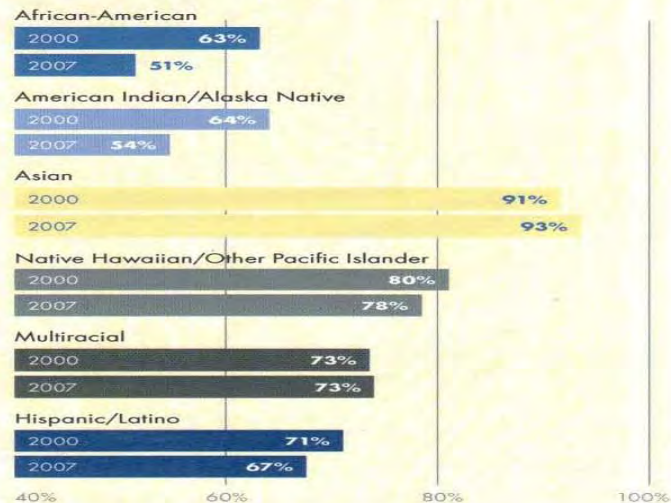
COMMUNITIES COUNT 3/2012

King County Data quoted by Seattle Foundation, 2008

Armstead Consulting, WMBE Utilization in Target Hire

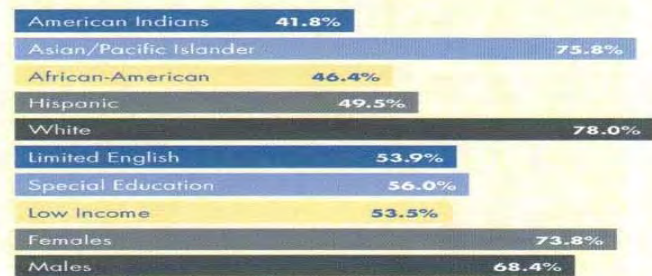
**MEDIAN INCOME AS A PERCENT OF  
 WHITE MEDIAN HOUSEHOLD INCOME  
 KING COUNTY 2000 AND 2007**

The income gap between people of color and whites continues to widen. In 2007 in King County, African-American households had a median income of just over half (51 percent) of that earned by white households (\$36,493 as compared to \$71,408 for whites). White median income has risen during the time period, while African-American income has remained flat.



KING COUNTY, COMMUNITIES COUNT, 2008

**GRADUATION STATISTICS  
 BY STUDENT GROUP  
 KING COUNTY, CLASS OF 2006**



Total King County graduation rate is 71%  
 OSPI DATA ON GRADUATION RATE DISPARITIES, 2006 DATA

# University of Washington - Business Diversity Program - Operational Performance Dashboard

FY 2014 1st Quarter (July - Sept 2013)

Customer Supplier Perspective FY13 Q3					Financial Perspective FY13 Q3					
Process	Measure	Output	Target	Gap	Process	Measure	Output	Target	Gap	
Outreach	1) Number of campus/business community meetings and presentations	13	10	↑ 3	M/WBE Utilization	9) Percent of goods & services dollars spent with MBE firms	0.00%	3.00%	↑ -3.00%	
	2) Number of 1-on-1 meetings with M/WBEs	30	8	↑ 22		10) Percent of goods & services dollars spent with WBE firms	0.00%	3.00%	↑ -3.00%	
	3) Number of business opportunity fairs and networking events attended	4	5	↑ -1		11) Percent of public works contracts with MBE firms awarded	0.00%	10.00%	↑ -10.00%	
	4) Percent of active Federal small business plans meeting goals (Q2 & Q4)	0%	50%	↑ -50%		12) Percent of public works contracts with WBE firms awarded	0.00%	6.00%	↑ -6.00%	
M/WBE Suppliers	5) Number of suppliers in BDP database	455	500	↑ -45		13) Percent of construction dollars spent with MBE firms	0.00%	3.00%	↑ -3.00%	
						14) Percent of construction dollars spent with WBE firms	0.00%	3.00%	↑ -3.00%	
						15) Percent of A/E contracts with MBE firms awarded	2.30%	10.00%	↑ -7.70%	
						16) Percent of A/E contracts with WBE firms awarded	7.00%	6.00%	↑ 1.00%	
						17) Percent of A/E dollars spent with MBE firms	1.65%	3.00%	↑ -1.35%	
						18) Percent of A/E dollars spent with WBE firms	4.52%	3.00%	↑ 1.52%	
Internal Business Process Perspective FY13 Q3						Learning & Growth Perspective FY13 Q3				
Process	Measure	Output	Target	Gap		Process	Measure	Output	Target	Gap
Pay Bills	6) Percent of M/WBE invoices paid within 45 days of invoice date	82%	85%	↑ -3%		Develop Staff	19) Percent of BDP staff with a completed Employee Development Plan (EDP)	50%	100%	↑ -50%
M/WBE Suppliers	7) Number of M/WBE goods & services transactions	998	800	↑ 198			20) Number of training and development hours earned	7	48	↑ -41
M/WBE Suppliers	8) Dollar of M/WBE goods & services transactions	2,074,317	TBD	↑ TBD		Develop Suppliers	21) Number of businesses receiving assistance from the CBDC (Q4)	230	200	↑ 30
							22) Value of new revenues + reduced costs for CBDC assisted companies (Q4)	4,000,000	3,000,000	↑ 33.3%

Legend		
BDP Metrics	MBE = WA certified Minority Business Enterprise	PAS = Purchasing and Accounts Payable Online System
Met or exceeded goal	WBE = WA certified Women Business Enterprise	eCommerce = eProcurement, ProCard, and Travel card transactions
Did not meet goal	SBA = US Small Business Administration	eProcurement = The online ordering system for the UW
Tracked semi-annually	BEDC = UW Business & Economic Development Center	ProCard = UW Visa purchasing option for small dollar transactions
Tracked annually		

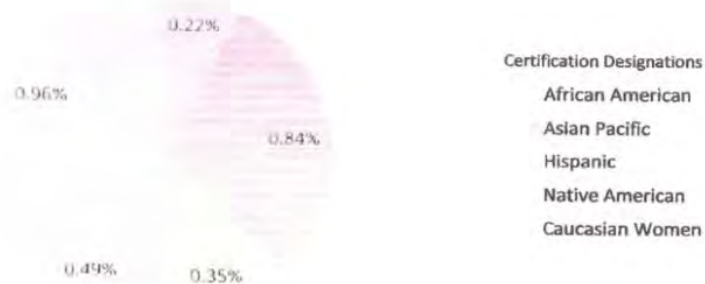


## FY10 STATE EXPENDITURES WITH OMWBE CERTIFIED & NON-CERTIFIED FIRMS

FY10 TOTAL EXPENDITURES WITH CERTIFIED AND NON-CERTIFIED FIRMS		
	DOLLAR SPEND	PERCENTAGE SPEND
Certified Firms	\$67,235,282	2.87%
Non-Certified Firms	\$2,279,045,155	97.13%
<b>Total</b>	<b>\$2,346,280,437</b>	<b>100%</b>

FY10 EXPENDITURES WITH OMWBE CERTIFIED FIRMS				
OMWBE CERTIFICATION DESIGNATION	# OF CERTIFIED FIRMS USED	M/WBE DOLLAR SPEND <sup>1</sup>	M/WBE PERCENTAGE SPEND <sup>2</sup>	TOTAL PERCENTAGE SPEND <sup>3</sup>
African American	53	\$5,179,441	7.7%	.22%
Asian Pacific	114	\$19,781,978	29.4%	.84%
Hispanic	46	\$8,185,763	12.1%	.35%
Native American	34	\$11,607,455	17.2%	.49%
Caucasian Women	297	\$22,480,138	33.4%	.96%

**Expenditures with Certified Firms**



<sup>1</sup>Agency spend with OMWBE certified firms

<sup>2</sup>Percentage of each minority group compared to the total spend with certified firms

<sup>3</sup>Percentage of each minority groups compared to the state's total spend with OMWBE certified and non-certified firms



4.5 - Expenditure with Certified Firms

**How much has the State spent with certified firms?**



**Data Notes**

**Data Source:** OMWBE Database  
 The dollars of expenditure with certified firms includes only state certified firms, not spending with federally certified firms using federal dollars. The PBase (purchasing base) includes spending on goods and services with both state and federal dollars, with certain limited exceptions.

**Measure Definition:**  
 FY09 data does not include University of Washington expenditures. UW data could not be included in OMWBE statewide report totals because data was not reported in a compatible format.

**Target:**  
 Rationale:  
 Link to Agency Strategic Plan:  
 Relevance:  
 Notes (optional): Data as of February 28, 2011

**Also Available:**  
 Action Plan: Yes  
 Extended Analysis: Yes

**Action Plan**

Title	Who	Due Date	Status	Status Date
ForumDate : 2009-07-15 (1)				
Second Tier Reporting Pilot	Director	12/31/2009	Completed	9/15/2010

**Extended Analysis**

**Drill Down Measures**

4.5.a - Diverse Suppliers to the State

**Summary Analysis**

**FY11, Qtr 2 - Expenditures with Minority & Women Businesses Continued to Decline Slightly**

- Total expenditures with certified firms during the second quarter were \$9.7M, slightly less than the state's expenditures with certified firms for the same period of FY10 (\$10.1M). This is more than the previous quarter (\$9.0M).
- Expenditures with MBE firms increased slightly during the second quarter compared to the previous quarter and were approximately the same as the same period of FY10.
- Expenditures with WBE firms increased slightly compared to the previous quarter, however, they were less than the same period of FY10.
- The PBase increased during the second quarter over the same period for FY10 by about 9.6 percent. This, along with the reduced expenditures to MBE firms accounts for the lower percentage spend overall with MBE and WBE firms during the second quarter compared to the same period for FY10.
- Sufficient data is not available to determine all the reasons for decline in spend with MBE firms, however, historically WSDOT's spend with MBEs and WBEs significantly influences the state's overall spend percentage, not just because of the size of its PBase compared to the other agencies, but because of its spend with MBE/WBEs. WSDOT's spend with MBEs was slightly more during the second quarter than it was for the first quarter of FY11. Its spend with WBEs during the second quarter was significantly more, compared to the first quarter, accounting for about 20 percent of the state's spend overall. However, WSDOT's spend with MBEs and WBEs during the second quarter was less than during the same period for FY10.
- During the second quarter OMWBE continued its increased outreach with the communities represented by the three commissions: African American, Asian American/Pacific Islander, and Hispanic pursuant to interagency agreements. OMWBE is tracking the results this increased outreach may have on the number of MBE firms and dollar spend.

FY11	PBase	MBE	%	WBE	%	Total # Certified Firms	Certified Firms Doing Business
Qtr 1	\$673,397,364	\$5,668,849	.84	\$3,387,068	.50	2692	268
Qtr 2	\$763,925,798	\$5,717,717	.74	\$3,991,348	.52	2744	334

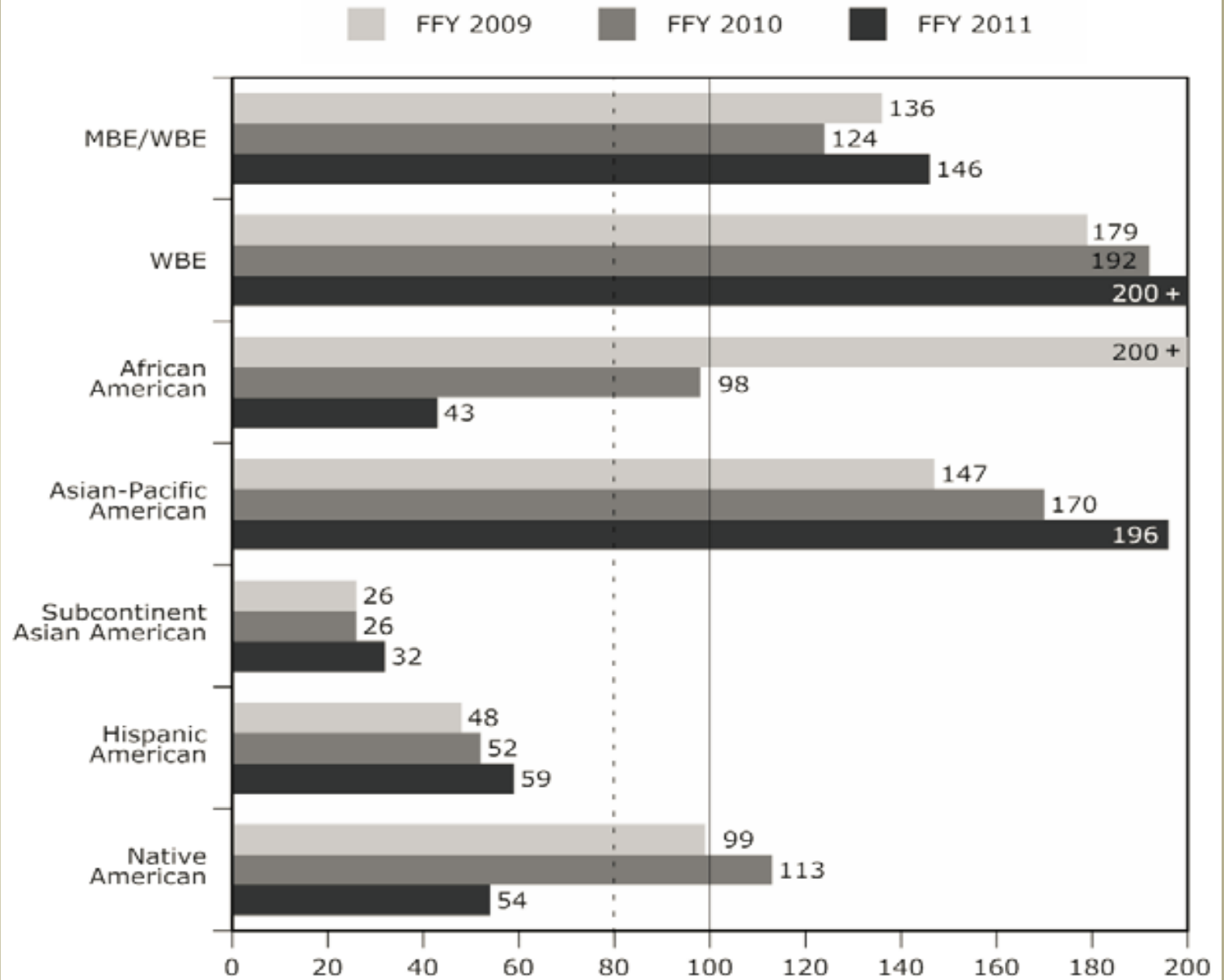
FY10	PBase	MBE	%	WBE	%	Total # Certified Firms	Certified Firms Doing Business
Qtr 1	\$615,665,989	\$6,790,803	1.10	\$2,290,215	.37	2461	224
Qtr 2	\$690,518,328	\$5,748,426	.83	\$4,363,717	.63	2582	287

FY09	PBase	MBE	%	WBE	%	Total # Certified Firms	Certified Firms Doing Business
Qtr 1	\$636,215,126	\$8,495,618	1.34	\$5,025,155	.79	2262	235
Qtr 2	\$617,410,495	\$5,422,478	.87	\$4,542,110	.73	2262	293

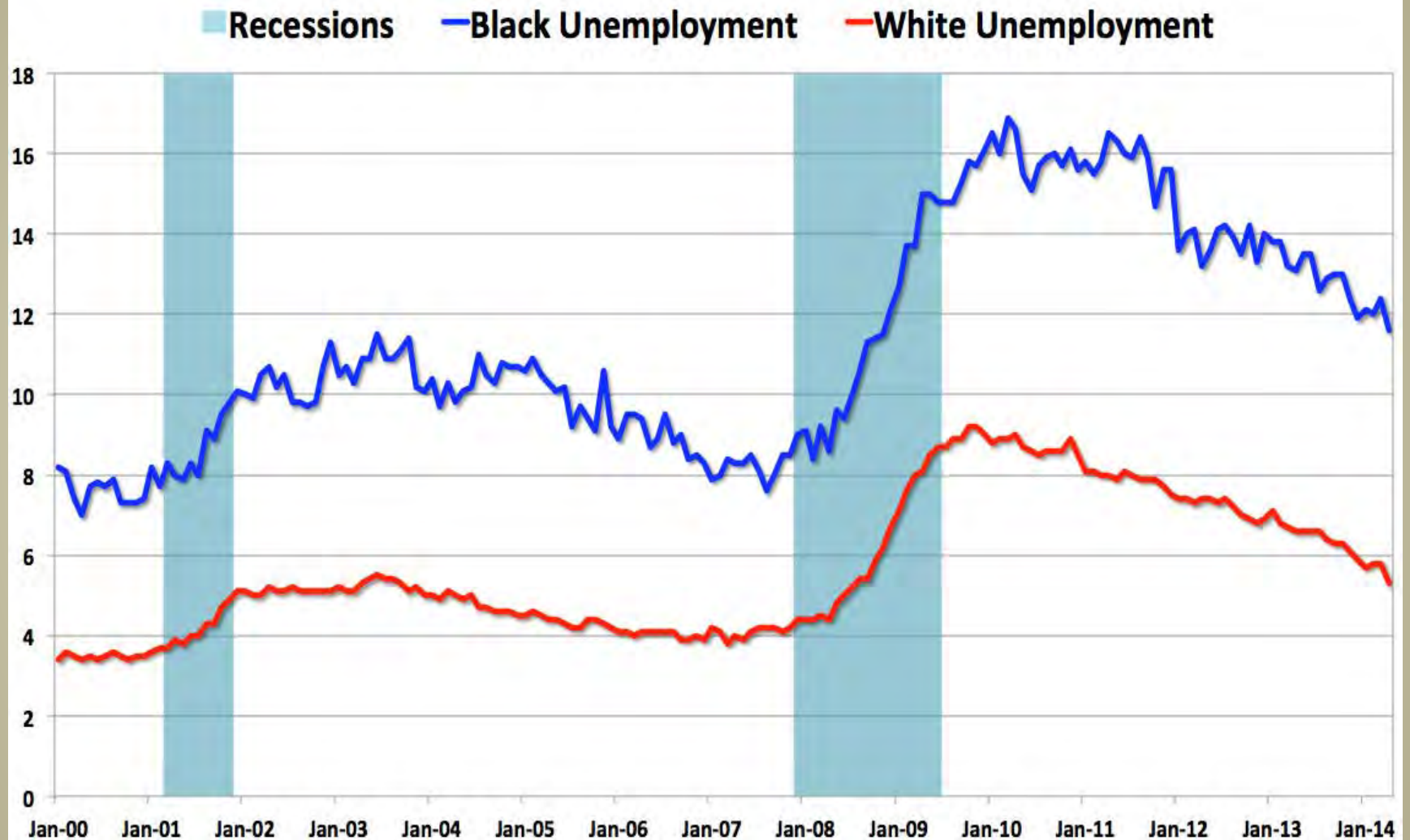
**Figure ES-2.**  
**Disparity indices for**  
**WSDOT**  
**and local agency**  
**transportation**  
**contracts (FHWA- and**  
**state-funded) by study**  
**period**  
**year**

Note: Number of prime contracts/subcontracts analyzed was 4,244 for FFY 2009, 3,883 for FFY 2010, and 3,258 for FFY 2011. For more detail and results by group, see Figures K-5, K-6, and K-7 in Appendix K. Source: BBC Research & Consulting availability and utilization analyses.

7 Although African American-owned businesses did not show substantial disparities in FFYs 2009 or 2010, most of the dollars that went to African American-owned businesses in FFYs 2009 (approximately \$53 million of \$57 million) and 2010 (approximately \$15 million of \$18 million) went to a single African American-owned electrical contracting firm that was not DBE certified...



# The Don Sterling Job Market



Mark Gongloff, Huffington Post, May 3, 2014

“We've spent endless hours this past week exploring the boneheaded racism of L.A. Clippers owner Donald Sterling. Too bad we probably won't pay nearly as much attention to the bias of our entire economy.

The black unemployment rate was one of the bleakest features of an otherwise [strong April jobs report](#) on Friday, clocking in at 11.6 percent, compared with overall unemployment of 6.3 percent and more than twice the white unemployment rate of 5.3 percent. Hispanic or Latino unemployment was 7.3 percent.

There has been a persistent gap between black and white workers since at least 1954, when the Bureau of Labor Statistics started keeping track. But it has widened since the end of the Great Recession, part of what National Urban League president [Marc Morial recently called](#) ‘an economic crisis in Black America.’”

Mark Gongoloff, Huffington Post, May 3, 2014

## Data Compiled by City of Seattle on Seawall Project

Produced 4/29/14	HOURS (11/18/13-3/31/14)					
	Overall Performance (39,133.0 hours)		Workforce of WMBE firms on the Seawall Project (24,809.0 hours)		Workforce of Non WMBE firms on the Seawall Project (14,324.0 hours)	
	NUMBER	PERCENT AGE	NUMBER	PERCENTAGE*	NUMBER	PERCENTAGE**
ECONOMICALLY DISTRESSED ZIP CODES	8,165.0	20.9%	5,827.5	23.5%	2,337.5	16.2%
APPRENTICES	5,408.0	13.8%	3,624.3	14.6%	1,783.7	12.5%
WOMEN	5,818.5	14.9%	5,058.5	20.4%	760.0	5.3%
PEOPLE OF COLOR	9,932.8	25.4%	6,804.9	27.4%	3,127.9	21.8%

\*Percentages calculated by WMBE category number of hours/total WMBE hours.

\*\*Percentages calculated by Non-WMBE category hours/total Non-WMBE hours.

# Local Agencies with PLAs/CWAs

- Sound Transit
- Port of Seattle
- WSDOT
- King County
- City of Seattle -Seawall PLA/CWA (The Seawall PLA/CWA is included because it is a pilot specifically executed with the purpose of instructing the city on the impacts of a PLA/CWA on WMBEs).

The Question that FAS asked us to study:

**If a PLA is used, what solutions can ensure WMBE utilization?**



# Top 5 Best Practices used locally

If a PLA is  
used, what  
solutions  
ensure WMBE  
utilization?

1. Trigger for PLA consideration at \$25 million - King County
2. Project only PLAs -King County
3. Reimbursement for WMBE firms when paying union benefits and also into a bona fide benefit program -King County
4. Core employees- 5 per project -SeaTac
5. Training on PLA requirements, processes and dispute resolution -Port of Seattle

## Other Findings and/or Solutions from Study

If a PLA is used, what solutions ensure WMBE utilization?

- WMBEs do not have the resources and organization to intercede with agencies on their own behalf in the same manner as prime contractors and unions
- Need for standardized agreement that includes all applicable unions
- Develop target hire requirements using best practices to address specific community needs.
- Defined and enforceable WMBE and target hire goals
- WMBE representation at all stages to participate, establish and implement proposed agreements
- Need for adequate time for WMBE participation in proposed agreements
- Regional consistency of PLA provisions
- Regional training & technical assistance to WMBEs
- Pipelines for training & employment of target hires
- Need for feedback from WMBE stakeholders
- Easy access, standard reporting systems
- Establish independent board to address complaints

## For more information, contact

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