

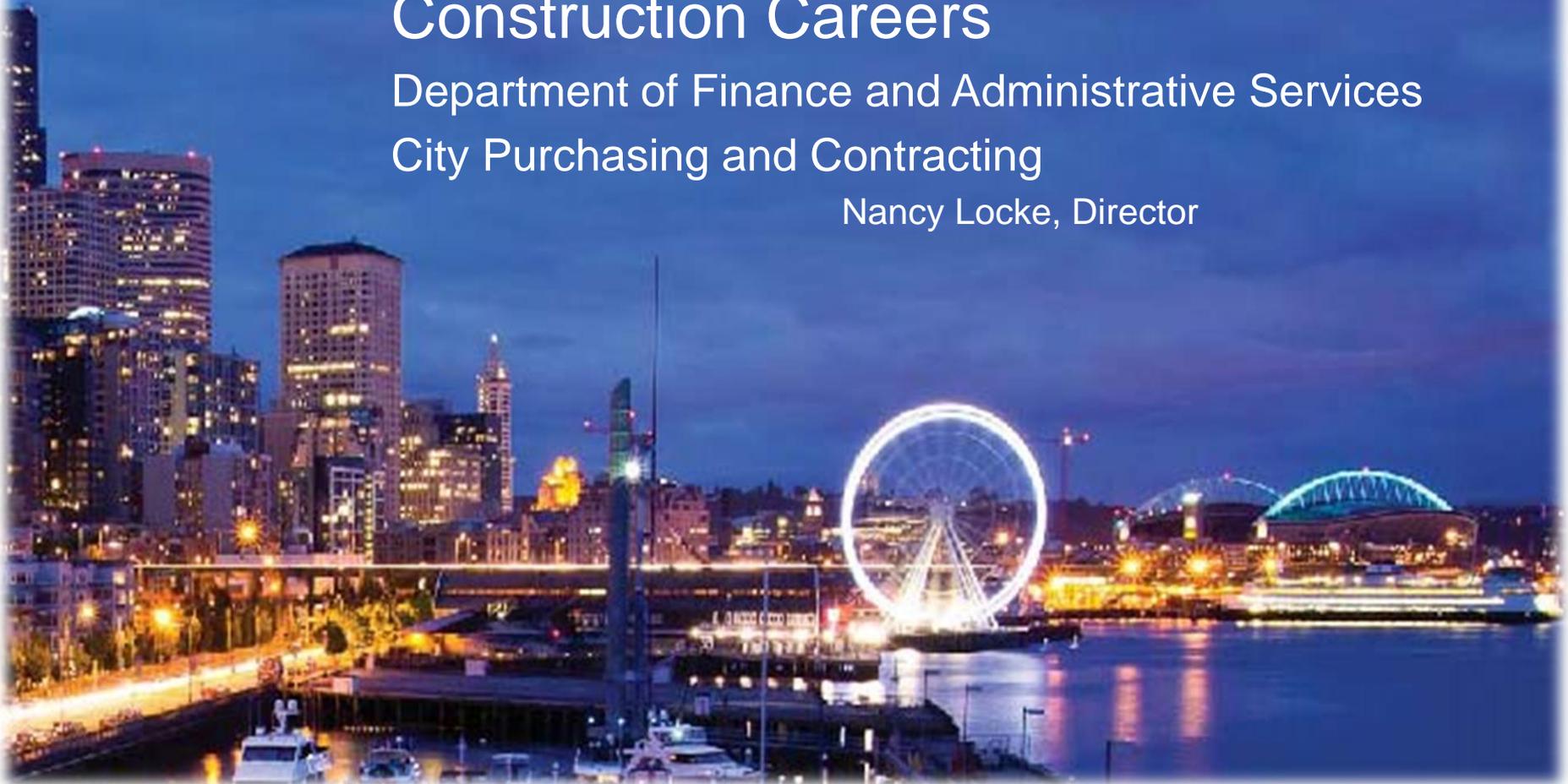


CITY OF SEATTLE

Construction Careers

Department of Finance and Administrative Services
City Purchasing and Contracting

Nancy Locke, Director



Council Resolution 31485

Launched policy study to increase historically underrepresented workers, particularly Seattle residents, in construction trades.

Underrepresented individuals include:

- Women
- People of color
- Economically disadvantaged individuals

Construction Careers Advisory Committee

- Guiding principles:
 - Effective regional model
 - Permanent and durable policy
 - Support WMBEs and small firms
 - Support training programs
 - Protect City's competitive bid process and reduce risk exposures
 - Work within limited City resources
 - Contractors, WMBE firms, union and labor, training, community participation

Construction Careers Advisory Committee

- Council and Mayor to appoint committee members
- FAS to staff CCAC
 - Hire facilitator
 - Commission data-driven, Resolution-directed studies
- CCAC to develop recommendations
- Written report to be submitted to Council

Construction Careers Advisory Committee

- 15 representatives & 15 alternates
- Meetings October 2013 through May 2014
- Reviewed expert reports and/or presentations:
 - Construction industry labor market assessment
 - City construction project worker profile
 - Assessment of best practices for construction
 - Effective WMBE strategies

Definitions

- Priority Hire – Target Hire – Underrepresented Worker
 - Women
 - People of color
 - Those from economically disadvantaged areas
 - Example: In the Seawall, the agreement prioritizes zip codes in Seattle and King County
- Project Labor Agreement (PLA) – Master PLA – Community Workforce Agreement
 - Contract between City and labor unions
 - Every contractor agrees to abide by PLA during the project, including both open-shop contractors and union shop contractors
 - Open-shop contractors/workers are not required to join union, but follow union rules for duration of the particular project
 - May accommodate open-shop core workers (contractors' own crew)
 - Examples: Sound Transit, Port, King County, Seattle Housing Authority, Seawall (pilot) PLA

The Goal

- Improving diversity in construction
- Hiring and training workers in need of family-wage jobs and careers
- Avoiding increased costs on City projects



Current City Construction Projects Workers by Zip Code

	Disadvantaged Zip Codes	All Zip Codes
City of Seattle Residents	5%	6%
King County	9%	25%
Tri-County	na	84%
Outside Tri-County	na	16%

Workforce Diversity

	Current City Construction Projects		Seattle
	Apprentice	Journey	General Population
Black	11%	3%	8%
Asian	5%	2%	14%
Latino/Latina	14%	16%	5%
Native American	2%	3%	1%
White	68%	76%	70%
Other			2%
Women	9%	4%	50%
People of Color	31%	24%	30%

Source: City of Seattle, Construction Workforce Diversity, 2009-2013; U.S. Census Bureau, 2010 Decennial Census

Apprenticeship Pipeline

Tri-county construction apprentice status 2009-2013

	Women	Men	People of Color	White
Completed	35%	45%	35%	49%
Cancelled	55%	51%	61%	46%
Transfer/ Suspended	10%	4%	4%	5%

Status Quo

Long-term Economic Costs to CIP

- Labor is 30% of construction costs
- Approximately \$200 million a year → approximately \$60 million in labor costs

- Regional demand for construction trades increasing
- Worker surplus will decline (8% current to 6% by 2019)
- Likely labor shortages in certain trades by 2019

- Worker shortages increase City construction costs
 - Schedule delays
 - Supply/demand
 - Less experienced workers
 - Scarcity leads to less competition on bids

Status Quo Project Specific Risks

Theoretical on-the-job costs (unproven through data analysis):

- Unresolved disputes
- Schedule delays
- Lost productivity

Theoretical local region costs (unproven through data analysis):

- Lost economic potential for underrepresented and disadvantaged workers
- Lost wages
- Increased need for social service supports

Fiscal investment (PLA or ordinance)

Resources to:

- Create, enforce, administer program
- Support apprenticeship and pre-apprenticeship programs
- Offset expenses of dual benefits

Potential additional costs (*some studies support; some reject*):

- Possibly fewer bids
- Potential for increased contractor administrative costs
- Open-shop contractors concerned about lost productivity when bringing on unfamiliar workers from the dispatch hall

Comparative Results

	PAST PERFORMANCE ON CITY PROJECTS	VOLUNTARY EFFORTS BY CONTRACTOR Rainier Beach Community Center	PROJECT LABOR AGREEMENT (Goals of Seawall PLA)
SEATTLE RESIDENTS	5%	3%	13%
DISTRESSED ZIP CODES	12%	3%	20%
APPRENTICES	13%	10%	15%
WOMEN	5%	6%	15%
PEOPLE OF COLOR	25%	20%	29%

^[1] Past Performance on City Projects is based on hours from a sample of projects from 2009-2013. Sources are the Worker Profile in City of Seattle Construction Projects report and City of Seattle – Construction Workforce Diversity Report.

^[2] Percentages listed in the Goal column reflect goals in the Elliott Bay Seawall Project Community Workforce Agreement.

CCAC Recommendations

Process:

- Discussion
- Majority vote for recommendations

Core outcome:

- Apprentice and pre-apprentice program support
- PLA concurrent with Priority Hire program
- Recommend both PLA and Priority Hire for projects with a total construction budget of \$5 million or more

CCAC Recommendations: Pipeline Investment Apprentice and Pre-Apprentice

- Apprentice programs can be union, contractor or open-shop
- Pre-apprentice programs are independent non-profits or public training
- SMC revision to increase apprentice cap from 15% to 20%
- Goals or requirements for priority worker placements

- Require 1 in 5 apprentices be a pre-apprentice graduate
 - Includes those who have up to 1,800 apprentice hours
- Collaborate with existing local training programs:
 - Resources to supplement worker recruitment
 - Resources to supplement support services
 - Supplement funds for local training program classes and curriculum
 - Study then resolve barriers to retention and graduation

CCAC Recommendations

Ordinance with Priority Hire and master PLA

\$5 million threshold for both prioritized hiring and PLA

- FAS analysis of thresholds at two-year mark

Priority Hire goals or requirements established by FAS

- Highest practical requirements by type of work
- Actual performance + calculated increase
- Administration staff count toward goal
- Alternatives when necessary

Strong enforcement staffing and tools

- Debarment
- Withholding pay



CCAC recommendations

Potential Impacts

Recommendation	Possible worker impact (200 hours per worker)	Potential program cost
\$5 million PLA and \$5 million Priority Hire	233 workers	\$2,002,540
\$10 million PLA & \$10 million Priority Hire	150 workers	\$1,606,317

Projected program costs are per CCAC recommendations including likely dual benefit costs

(1) Enforcement & Monitoring positions; (2) pay dual benefits; (3) technical assistance to small firms; (4) Support Advocate for small firms; (5) apprentice direct support dollars; (6) recruiter for pre-apprentice and apprentice; (7) City-initiated apprentice program coordination position

WMBE and Open Shop Contractors

Definitions

- Core Workers
- Dual Benefits - health and pension
 - If an open-shop contractor provides a health care and pension plan to its core workers, then they would likely continue even while the worker is vesting into a union plan under the PLA
 - When an employee of an open-shop contractor is vesting into a union plan under the PLA, the City could reimburse the contractor for the employer-provided benefit plan



WMBE and Open-Shop Contractors

All Projects 2011-2013	Primes	All Subs		WMBE Subs	
	Union	Union	Open-Shop	Union	Open-Shop
>\$5M	70%	40%	60%	40%	60%
>\$10M	80%	41%	59%	45%	55%

	SEAWALL PLA	All Roadway Projects
WMBE Firms	19.4%	16.0%

Open-Shops on PLA

- Open-shop contractors/workers not required to join union, but perform work as if union for duration of particular project
- CCAC remedies:
 - Five core workers per contract
 - Contractor and union may agree to waive a particular WMBE contractor from signing onto PLA, if prime can't find WMBE subs to meet WMBE goals
 - When an employee of an open-shop contractor is vesting into a union plan under the PLA, the City reimburses the contractor for the employer-provided benefit plan
 - Assure fair treatment
 - Fund a support advocate position
 - Implement dispute resolution process
 - FAS technical resources to give assistance
 - Help bidding and award
 - Paperwork and compliance software

Thank you

Facilitator	Rhonda Hilyer		
General Contractors	Ed Kommers	Gus Sestrap	Brian Webber
	Berry Sherman	Jerry Dinndorf	John Welch
Minority Contractors	Eric Alozie	Marilyn Moch	
	Elton Mason	Frank Lemos	
Labor	Lee Newgent	Dan Hutchins	Marge Newgent
	Keith Weir	Jermaine Smiley	Mary Yellam
Community	Andra Kranzler	Andrew Kashyap	Reverend Rivers
	Hilary Stern	Michael Woo	Gregory Davis
Training Programs	Diane Davies	Nicole Ferrer	Halene Sigmund
	Todd Mitchell	Frank Benish/Mark Beaufait	Adriana Gamboa
Policy Experts	Bob Watrus	Lauren Sugerman	

Thank you.

Labor Equity Program website:

www.seattle.gov/city-purchasing-and-contracting/social-equity/labor-equity