



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6a

ACTION ITEM

Date of Meeting October 25, 2016

DATE: October 18, 2016

TO: Ted Fick, Chief Executive Officer

FROM: Ralph Graves, Senior Director, Capital Development
David Freiboth, Senior Director, Labor Relations
Aaron Pritchard, Issues and Policy Manager, Commission

SUBJECT: Second Reading of Resolution No. 3725, a Construction Labor Relations Policy Directive proposed by the Project and Procurement Committee to set policy governing employment on projects constructed on Port property.

Amount of this request: \$0

Total estimated project cost: \$0

ACTION REQUESTED

Request Second Reading and final passage of Resolution No. 3725, a Construction Labor Relations Policy Directive governing employment on projects constructed on Port property.

EXECUTIVE SUMMARY

The purposes of the proposed Policy Directive are to expand access to construction jobs; ensure fair treatment of workers; promote labor harmony and uninterrupted work progress; and improve safety at construction sites. Existing construction labor relations policy applies principally to contracts administered by the Port. The proposed Resolution clarifies policy and extends to cover all construction taking place on Port property.

JUSTIFICATION

The Port of Seattle Commission and the CEO together develop Policy Directives as stated under Section 1(A)(2) of the General Delegation of Authority, which Policy Directives, under section (B)(1)(2) and (3), are intended to provide guidance, inform operations, and deliver standards that support the effective use of internal audit functions to verify compliance.

Port of Seattle facilities support regional transportation, job creation and economic development. Labor harmony is essential to ensure uninterrupted delivery of critically needed facilities. State prevailing wage standards help ensure equitable pay for construction workers. Apprenticeship utilization requirements, along with aspirational hiring goals for women and minorities, promote access to construction jobs. Project labor agreements (PLAs), and related

Meeting Date: October 25, 2016

community workforce agreements (CWAs), provide means to align the interests of public owners such as the Port with those of construction labor unions.

In 1999 the Port entered into a broad PLA with regional construction unions that governed employment on many of the construction contracts for airport terminal expansion, construction of the Third Runway and creation of the Smith Cove Cruise Terminal. In 2009 the Port clarified criteria for determining when a PLA would be required and began negotiating and administering PLAs with in-house staff. In the past five years, 26 of 120 Port major construction contracts have been covered by PLAs. This 22% of contracts has encompassed 78% of dollars and 52% of jobs during the period. While PLAs provide the benefits described above, the Port is aware that PLAs may adversely affect small businesses that are less likely to employ union labor.

Construction at Port properties may be funded and administered by the Port, administered by tenants with Port financial support or administered and funded by tenants. The proposed resolution affirms criteria for determining when the Port will enter into PLAs on projects the Port administers, requires prevailing wages to be paid on construction contracts funded entirely or in part by the Port and directs similar criteria and procedures on construction contracts administered by tenants.

DETAILS

PLA DECISION CRITERIA

- (1) The assumption will be in favor of employing a PLA when projected construction labor costs are \$5 million or greater
- (2) Project needs for labor continuity and stability, including analysis of labor needs by trade
- (3) Project complexity, including cost and duration
- (4) Value of having uniform working conditions
- (5) Potential impact of PLA on small business opportunities
- (6) Past labor disputes or issues indicating risk of delay
- (7) Potential PLA impact on project cost
- (8) Project presents specific safety concerns to the public
- (9) Value of an established PLA grievance process to resolve labor-management or jurisdictional disputes
- (10) Other considerations (identify)

LABOR POLICY PROPOSAL FOR 3 TYPES OF CONSTRUCTION CONTRACTS

- (1) Port Contracts
 - (a) Largely continues per recent practice, with decisions made case by case
 - (b) Add presumption of using PLA for contracts with labor value exceeding \$5M
 - (c) Continue apprenticeship goals and consider locality hiring

Meeting Date: October 25, 2016

- (2) Port Reimbursed
 - (a) Encourage employing PLA per Port practice
 - (b) Require paying and reporting prevailing wages
 - (c) Establish hiring goals for apprenticeship and locality as part of a regional program
- (3) Tenant Funded
 - (a) Encourage employing PLA per Port practice
 - (b) Require paying and reporting wages prevailing wages
 - (c) Establish hiring goals for apprenticeship and locality as part of a regional program
 - (d) If a lease solicitation or negotiation featuring the above requirements fails, then staff will use a modified set of construction labor provisions in the scoring of proposals.

ATTACHMENTS TO THIS REQUEST

- (1) Draft Resolution No. 3725
- (2) Draft Resolution No. 3725 – Redline version

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- (1) March 8, 2016 – Staff Briefing
- (2) September 27, 2016 – First Reading of Resolution 3725