



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6a

ACTION ITEM

Date of Meeting October 24, 2017

DATE: October 16, 2017

TO: Dave Soike, Interim Executive Director

FROM: Veronica Valdez, Commission Specialist

SUBJECT: First Reading of Resolution No. 3736, Priority Hire Policy Directive; and amending the Policy Directive related to practices for construction labor for projects located on Port property adopted by Resolution N. 3725.

ACTION REQUESTED

Request First Reading of Resolution No. 3736, a resolution of the Port of Seattle Commission establishing a Priority Hire Policy Directive; and amending the Policy Directive related to practices for construction labor for projects located on Port property adopted by Resolution No. 3725.

EXECUTIVE SUMMARY

The purpose of this Resolution is to:

1. Establish a Policy Directive on Priority Hire with the purpose of providing good family wage jobs to qualified construction workers from Economically Distressed Areas of King County by increasing access to Port of Seattle Covered Projects, (Port of Seattle construction projects under a Project Labor Agreement (PLA) with construction labor costs at or above \$5 million). This leads to economic growth and job creation in areas of King County that are experiencing economic distress. In addition, it will provide jobs to those historically underrepresented in the construction industry, including women and people of color.

To develop a Priority Hire program implemented through a PLA; and to foster closer cooperation with the Regional Public Owners Group to ensure uniform application of Priority Hire terms and contractor and union compliance with Priority Hire requirements. This supports the Port of Seattle's continued efforts on workforce development.

2. Amend Resolution No. 3725 Policy Directive related to practices for construction labor for projects located on Port property by striking any reference to "locality hire" and inserting "For contracts under a PLA with projected construction labor costs at or above \$5 million, the Port shall establish Priority Hire goals."

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JUSTIFICATION

Increasing growth in the construction industry and shortage of skilled trade workers

The Port recognizes the construction industry is forecasted to experience consistent growth in the King County region over the next decade. However, numerous studies indicate a widening gap between the demand for construction labor and the supply of skilled trade workers in the regional labor market for King County public agencies. Public agencies in the region estimate there will be over \$67 billion dollars in public construction projects by 2042 with over 70 million labor hours needed to complete these projects. It is projected that between 2018 and 2023 there will be a shortage of over 4100 skilled workers. Regional labor supply is forecasted to underserve demand by an average of 9 to 10 percent during the 2018-2042 period.

The Port of Seattle has some of the largest investments in infrastructure projects in the region. In 2017, the Port of Seattle is projected to spend approximately \$180 million on construction projects and estimates continual growth in future years. The Port's capital investment dollars create the equivalent work hours of 10.89 jobs per one million dollars spent, providing enough total hours to equal approximately 950 full time jobs in Washington State in 2016.

Women and people of color are underrepresented in the construction workforce in King County

Data indicates that in 2016, over 80 percent of the construction workforce in King County are white males, while 19 percent are women and people of color. Representation of women and people of color is higher among new entrants to the labor force through Apprenticeships and accredited certificates of completion, such as those received for completing a Pre-Apprenticeship program. However, according to the analysis, women and people of color also have lower rates of Apprenticeship completion than do their white male counterparts.

The Port of Seattle is committed to ensuring equity in the construction projects workforce where disparities exist between underrepresented workers' availability to work and their opportunity to be hired and establish a career in the construction trades. The Port is a leader in workforce development and has found construction job training programs, including Apprentice and Pre-Apprenticeship programs, to be an effective way to prepare individuals for entry into construction jobs, and to ensure women, people of color, and otherwise disadvantaged individuals, can acquire the necessary job skills and preparation to successfully pursue construction careers.

The Port of Seattle was the first to adopt Apprenticeship Utilization Goals over three decades ago and is committed to achieving its Apprenticeship hiring goals set in Port policy and addressing the disproportionately low involvement of people of color and women in the construction labor force. Apprentice Utilization Goals for Port construction projects is 15 percent, of which includes a goal of 10 percent women and 15 percent people of color. In 2016, Apprenticeship Utilization rates were 17 percent, of which 18 percent were women and 28 percent were people of color.

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In addition, on October 25, 2016, the Port of Seattle adopted Resolution No. 3725 that established the Port of Seattle Construction Labor Policy Directive that states that the Port shall establish appropriate apprentice and locality hiring goals and appropriate aspirational women and minority apprentice hiring goals.

Providing jobs to those living in Economically Distressed Areas in King County

The Port of Seattle recognizes the City of Seattle and King County findings that King County has geographic areas of economic distress as evidenced by poverty indicators; including poverty levels, concentrated unemployment, and gaps in educational attainment.

“Economically Distressed Area” means a geographic area defined by zip code in King County and found to have high population concentrations: 1) Living at or below 200 percent of the federal poverty level, 2) Unemployed, 3) Those over 25 years of age without a college degree, compared to other zip codes. King County zip codes with a high density (per acre) of at least two out of the three criteria will be identified as Economically Distressed Areas. These zip codes are updated and published by King County’s Finance and Business Operations Division.

The Port of Seattle seeks to act effectively and expeditiously to encourage economic growth and job creation solutions in areas of the County that are economically distressed as evidenced by comparatively high levels of poverty, unemployment rates and education attainment. One way to achieve this is through Priority Hire.

The Port believes that establishing a Priority Hire policy ensures better access to training programs and well-paying construction jobs for local workers, particularly those from Economically Distressed Areas, as well as to increase the diversity of the workforce on Port construction projects. In addition, Priority Hire focuses on workforce participation by Apprentices and Journey-level construction workers and is therefore directly connected to the Port’s existing Apprenticeship program.

Priority Hire enhances community partnerships focused on inclusion and access to opportunities and services; expands opportunities for disadvantaged populations to advance equity and social justice; and ensures that Port construction projects are planned and implemented in a way that improves equity in local communities.

Regional problem requires a regional solution

Over the last two years, the Port of Seattle has participated as a member of the Regional Public Owners Group with the City of Seattle, King County, Sound Transit, the City of Tacoma and the Washington State Department of Transportation. The purpose of the Regional Public Owners Group is to better understand the workforce demand-supply gap for regional public infrastructure projects; enhance access opportunities and increase the diversity of Pre-Apprentices, Apprentices and journey-level workers entering into the trades workforce; support retention programs for current trades workers, especially women and people of color; and

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improve performance data and systems of reporting for monitoring regional goals and initiatives.

In January 2015, following the positive results of a pilot program on the Elliott Bay Seawall project, the City of Seattle adopted Ordinance No. 124690 establishing a Priority Hire policy to ensure better access to training programs and well-paying construction jobs for local workers, as well as to increase the diversity of the workforce on City projects. The City of Seattle has found that Priority Hire effectively and successfully increases diversity on City construction projects. The share of labor hours between November 2013 and April 2017 saw an increase of 233 percent in rate of hours performed by workers living in Seattle’s economically distressed zones. In addition, it saw an over 300 percent increase in rate of hours performed by apprentice women and 200 percent increase in rate of hours performed by African Americans.

In May 2016, King County implemented a Priority Hire pilot program that prioritized economically disadvantaged local workers for inclusion on large King County capital construction projects. King County is considering a permanent Priority Hire program implemented through a Community Workforce Agreement in 2018.

Stakeholder Outreach

From April 2017 to October 2017, the Port of Seattle conducted a total of six stakeholder meetings. The Port received input from contractors, labor union representatives, community advocates, small contracting and supplier businesses, training providers, and labor equity experts from the City of Seattle and King County about the challenges and opportunities of a Priority Hire program. Three meetings were convened by The Projects and Procurement Committee and two meetings were led by the Port staff. In addition, a Priority Hire Roundtable was convened by The Projects and Procurement Committee with members from the community, labor, contractors, and government agencies to receive inputs on the Port’s proposed Priority Hire Policy Directive.

The Port of Seattle intends to use the information received as a guide for implementing the Priority Hire program and developing a regional agreement for use on public works projects.

DETAILS

Key elements of the Priority Hire Policy Directive:

1. This Policy Directive pertains to Port of Seattle construction projects under a PLA with construction labor costs at or above \$5 million, referred to as Covered Projects.
2. Establish in the bid documents the required percentage of labor hours to be performed by Priority Workers (workers who reside in Economically Distressed Areas) and the aspirational goal percentage labor hours to be performed by Priority Workers.
3. Contractors and dispatch under a PLA shall seek to first hire and dispatch Priority Workers so as to meet or exceed the required percentages.

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4. In order to achieve the intended impact in Economically Distressed Areas, the Designee shall set project-specific requirements with the aspirational goal of achieving a total percentage of no less than 20 percent for all labor hours performed annually by Priority Workers on Covered projects for the year.
5. Require contractors and dispatch under a PLA to seek to employ a Priority Worker who is a resident in an Economically Distressed Area within King County, and then workers from any other Economically Distressed Areas as needed to meet the percentage labor hours to be performed by Priority Workers.
6. Ensure the availability of Jobs Coordinator(s) with the main role of facilitating referrals and coordination around training and employment of Priority Workers between contractors, unions and training programs.
7. The Designee shall establish benchmarks and metrics to evaluate the Priority Hire program.

ATTACHMENTS TO THIS REQUEST

- (1) Draft Resolution No. 3736 Priority Hire Policy Directive

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 25, 2017 – The Commission was briefed on the Commission 2018 Budget Priorities

May 9, 2017 – Workforce Development Update

April 12, 2016 – The Commission was briefed on Workforce Development Strategies and Long Range Plan.