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COMMISSION

AGENDA MEMORANDUM Item No. 11b

BRIEFING ITEM Date of Meeting June 13, 2023

DATE: May 26, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Janice Zahn, Director of Engineering

Sheri Cook, Manager, Construction Labor Group

Samuel Pierce, Apprenticeship and Priority Hire Manager

SUBJECT: 2022 Apprenticeship and Priority Hire Annual Report

EXECUTIVE SUMMARY

The Port of Seattle's Priority Hire and Apprenticeship programs were established to improve access to quality, family-wage careers in construction. These programs are powerful tools for economic mobility and career pathways to living wage jobs by allowing people to earn a salary and learn a profession at the same time. Supporting the apprenticeship and priority hire model has been a priority for the Port. It provides benefits for workers in the construction trades and provides employers with an effective way to diversify their workforce by cultivating new workers who meet their specific hiring needs.

The 2022 Apprenticeship and Priority Hire Annual Report was published. This briefing to the Commission will share the Port's 2022 results of both programs on our major works projects, and the oncoming and upcoming work.

BACKGROUND AND GOALS

Port Commission Resolution No. 3725 recognized that effective and economical execution of the Port's capital program depended on a healthy and diverse market of contractors and suppliers, and on the availability of a skilled, experienced, and capable construction labor workforce. In order to meet the construction needs, the Port recognized that this workforce must include participation by women, workers of color and those living in economically distressed neighborhoods. Apprenticeship/pre-apprenticeship and Priority Hire programs play a key role both in providing fair access for individuals and supplying enough trained and capable workers.

Resolution No. 3725 also requires the establishment of apprenticeship goals, and aspirational women and workers of color apprentice hiring goals. Resolution No. 3736 establishes a Priority Hire policy that ensures family wage construction jobs for local workers from economically distressed areas and can increase the diversity of the workforce on Port construction projects.

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CONSTRUCTION APPRENTICESHIP PROGRAM

The Port of Seattle's commitment to Apprenticeship utilization was first adopted thirty years ago and continues to be committed to achieving its apprenticeship hiring goals set in Port policy and addressing the disproportionately low involvement by people of color and women in the construction labor force.

Apprentice utilization goals for non-Project Labor Agreement (non-PLA) major works construction projects are set at 15% and includes a goal of 10% of apprenticeship hours for women and 15% for people of color. In 2018, the Construction Labor Group negotiated new goals to increase percentages for people of color and women for projects with a Project Labor Agreement. The apprentice utilization goals for PLA projects are now set at 15% per craft, which includes a goal of 12% of apprenticeship hours for women and 21% for people of color. These goals are in alignment with the other Regional Public Agencies.

2022 Apprenticeship Performance Summary

- In 2022, the Port exceeded our overall construction workforce development goals on our capital projects.

- o 22.22% apprenticeship utilization, (up from 21.5% in 2021)

- There were 40 active projects with apprenticeship goals that resulted in:

- o 140,916 apprenticeship hours and included three Tenant Reimbursement Agreement (TRA) projects for the first time.

- o Twenty-two (22) of these contracts were under a Project Labor Agreement (PLA),

that represented 87.5% of the 2022 apprentice hours.

- o The Port paid over \$180 million to Contractors on Capital Improvement projects with Apprenticeship goals.

- o Contractors paid over \$35 million in wages and benefits to construction workers on those Port projects with over \$6 million paid to 404 apprentices.

CONSTRUCTION PRIORITY HIRE PROGRAM

The Port of Seattle supports the City of Seattle and King County findings that King County has geographic areas of economic distress as evidenced by poverty indicators. The Priority Hire program 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.

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The Priority Hire program requires contractors to hire workers from economically distressed areas of King County. Priority Hire ZIP codes are defined by King County as having a high concentration of residents based on these three criteria:

- o People living 200% below the Federal poverty level
- o Unemployment rate
- o People without a college degree

King County ZIP codes with a high density per acre of the three criteria are identified as Economically Distressed Areas (EDA) and included on the Priority Hire ZIP code list published by King County's Finance and Business Operations Division.

The goal for Priority Hire utilization is 20% annually and is administered only through a Project Labor Agreement. 2022 was the third year we applied a Priority Hire program to new non-FAA Project Labor Agreements.

2022 Priority Hire Performance Summary

- There were 10 active projects with Priority Hire goals that resulted in:

- o 17,056 Priority Hire hours all under a PLA.
- o Contractors paid nearly \$925,000 in wages and benefits to Priority Hire workers
- o 37.15% priority hire (PH) worker utilization (up from 25.35% in 2021).

Inclusion goals for apprentices, journey workers, women, or people of color have not been established, but tracking of performance in these areas is ongoing to better understand performance of these programs.

- Priority Worker utilization for Apprentices was 22.6%, up from 21.8% in 2021.
- Priority Worker utilization for people of color was 34.8%, down from 41% in 2021.
- Priority Worker utilization for women was 1.9%, down from 3.3% in 2021.

APPRENTICESHIP AND PRIORITY HIRE PROGRAM SUMMARY

Overall, we have seen an upward trend across both Apprenticeship and Priority Hire utilization since 2020. We are optimistic about the opportunities to expand these programs regionally. We have ongoing and upcoming work, including:

- Establish Priority Hire aspirational goals for Journey workers and Apprentices.
- Align Priority Hire reporting to match Apprenticeship reporting, with goals and utilization by project rather than by year.
- Form a regional Priority Hire Advisory Council (we are collaborating with King County and City of Seattle on a regional PHAC).
- Evaluate changing how Economically Distressed Areas are defined for the program (with City of Seattle in the lead).
- Update the Priority Hire Resolution to implement recommendations.

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- Update apprenticeship program to align with newly signed HB 1050 and be more competitive for federal infrastructure grants in workforce development criteria.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

May 24, 2022 – The Commission was briefed on the 2021 Apprenticeship and Priority Hire Annual Report

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