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JUNE 9, 2014 - FINAL DRAFT

Appendix A

Minority Report Submitted by Associated General Contractors of Washington

CCAC Community Report Summary of CCAC Recommendations





ASSOCIATED GENERAL CONTRACTORS of WASHINGTON

Skill · Integrity · Responsibility

May 19, 2014

Rhonda Hilyer
Agreement Dynamics
HQ@agreementdynamics.com

Ref: Minority Report - Construction Careers Advisory Committee Targeted Hire Recommendation

Dear Rhonda:

From the beginning AGC of Washington and its member representatives stated their support for a targeted hire program and worked diligently to achieve that objective. We also made it known that any program which embraced a Project Labor Agreement (PLA) as part of the recommendation was problematic for us in that it is contrary to AGC's principle of supporting *full and open competition* for all public works projects and adverse to the best interests of small contractors, particularly our open shop members.

Unfortunately, the final recommendation of the committee includes an ordinance with an imbedded PLA for its implementation. The threshold for implementation of both the targeted hire requirements and the PLA was set at \$5 million.

We cannot endorse a program that we believe will disadvantage a significant number of contractors and individuals who for their own reasons choose not to be affiliated with a union.

Rather, we think a standalone ordinance is the appropriate mechanism for implementing a targeted hire requirement on public works projects as it would apply equally both to union and open shop contractors. And we championed a project threshold of one million or greater for implementation of the ordinance. Ultimately, the threshold was pushed to \$5 million because of the insistence by the union representatives to the committee that they could not commit to a targeted hire program without a PLA.

Under a Targeted Hire Ordinance, contractors choosing to bid on City work would have to establish priority dispatching procedures with their respective work forces. Contractors routinely implement special provisions necessary to meet specific owner contractual requirements and this would be no different.

Corporate • Seattle District
1200 Westlake Avenue N
Suite 301
Seattle, WA 98109
phone 206.284.0061
toll free 800.562.2868
fax 206.285.4546

Legislative
410 11th Avenue SE
Suite 203
Olympia, WA 98501
phone 360.352.5000
toll free 800.690.2630
fax 360.352.4411

Central District
3611 River Road
Suite 120
Yakima, WA 98902
phone 509.454.5064
toll free 800.574.6074
fax 509.452.6503

Southern District
3601 20th Street East
Fife, WA 98424
phone 253.896.0033
toll free 800.637.7717
fax 253.896.0036

Northern District
119 North Commercial
Suite 110
Bellingham, WA 98225
phone 360.223.8757
fax 360.734.1332

Education Foundation
1200 Westlake Avenue N
Suite 301
Seattle, WA 98109
phone 206.284.4500
toll free 800.562.2868
fax 206.284.4595

According to the "Exploring Targeted Hire" report commissioned by the City, the use of a targeted hire ordinance has been successfully implemented in other cities such as San Francisco.

A targeted hire ordinance would be similar to other City ordinances, such as Sick and Safe leave, which required companies including contractors to comply with the requirement. Further, it doesn't preclude the City from putting in place a PLA on those projects where reasons other than "targeted hire" make it efficient to do so.

The minority contractors on the committee also spoke to the need to keep targeted hire and WMBE objectives separate and distinct so each is addressed without sacrificing one objective to achieve the other. They stated on numerous occasions that PLA requirements created barriers for their participation.

However, it soon became apparent that the majority of the committee was leaning in the direction of an ordinance with an imbedded PLA because of the union claims that they cannot support priority dispatching of disadvantaged individuals without one. (We question this claim and think the city's law department should fully research it.) Note, priority dispatching is not an issue for open shop contractors.

In the interest of achieving a consensus recommendation, we yielded to the idea provided that the threshold was set high enough so as to minimize the impact on small union and open shop contractors. After suggesting an initial threshold of \$25 million, we made a determination that projects of \$10 million or less is where the majority of small contractors would be able to compete successfully. The minority contractors independently proposed \$25 million.

Further, as a way to resolve the debate over the proper threshold, AGC suggested the City use a modified Open Competition Project Stabilization Agreement (example attached) which provides the unions the agreement they believe is necessary to implement priority dispatching since like all PLA's it would supersede their Master Labor Agreements. And the agreement does this without undermining open competition or otherwise discriminating against potential bidders who are non-union by allowing non-signatory contractors to perform work without obligation to any applicable master labor agreement. This approach was rejected as not being acceptable to the unions and was never discussed by the Committee.

As a side note the City likes to think of itself as being an innovator and leader in supporting social equity in contracting. This approach would have clearly established that the City recognizes that there are two work forces, union and non-union and it would treat them equally.

In the end, the only alternative left on the table for discussion was an ordinance with an imbedded PLA. When the majority of the committee supported a threshold of \$5 million or more our members together with the minority contractors who shared similar concerns voted no.

For these reasons, AGC cannot support the Committee's recommendation. However, failure to achieve a consensus recommendation won't deter AGC from continuing to search for ways through our own programs and others to increase the participation of disadvantaged individuals in the construction work force.

As a parting thought, the final arbiter of whatever program is finally approved by the City will be the marketplace. For these reasons, the City should establish baseline data and require regular departmental reporting of key information such as the number of bids it receives on projects with the PLA provision, the distribution of union and open shop contractors including WMBE contractors on these projects, the number of apprentices/disadvantaged workers placed, increases or decreases in jurisdictional disputes, administrative costs and other data. At the end of a set period of time an evaluation should be conducted and actions identified to improve the program.

Sincerely,



Jerry Dinndorf

AGC Seattle District Manager

CC: Mayor Ed Murray
Seattle Council
Nancy Locke
Carlo Caldirola-Davis
Steve Lee

EXECUTIVE SUMMARY

OPEN COMPETITION PROJECT STABILIZATION AGREEMENT

Attached hereto is a Model Open Competition Project Stabilization Agreement. This agreement has been designed for use by public contracting agencies in achieving the benefits of project labor agreements for public works, without undermining open competition or otherwise discriminating against the large number of potential bidders who are non-union.

This Model Agreement is patterned after successfully completed projects in which similar, non-discriminatory Stabilization Agreements have been used effectively. Such projects include Denver's Stapleton International Airport, the Maryland Harbor Tunnel, the Baltimore Ravens Stadium, and Beaver County, Pennsylvania. In each of these cases, non-discriminatory project stabilization agreements were agreed to by local government authorities and the building trades unions, with the express approval or acquiescence of area contractors, both union and non-union.

The Model Agreement stands in contrast to so-called union-only project labor agreements, which have provoked litigation and controversy around the country by discouraging bidding from and discriminating against non-union contractors and their employees, to the detriment of taxpayers. The primary difference between the Model Agreement and a union-only PLA, is that nothing in the Model Agreement requires any contractor or subcontractor to become party to any agreement with a labor organization as to workers employed on the project. Nor does the Model Agreement replace, interfere with or modify any existing collective bargaining agreement between the contractor or its subcontractors and any labor organization. Under the Model Open Competition Project Stabilization Agreement, there is to be no discrimination in the award of contracts based upon the labor affiliation, or lack thereof, of any contractor or subcontractor.

There are many local variations which can be incorporated into a non-discriminatory project stabilization agreement. The key elements to a successful, open competition agreement, however, include a no-strike provision, a grievance procedure, a jurisdictional dispute clause, a management rights clause, a non-discrimination provision, and a clear statement of the scope and term of the agreement. Sample language governing each of these matters is included in the attached model agreement.

Some localities may wish to include additional provisions pertaining to prevailing wages, drug testing, hours of work, apprenticeship programs, and other matters, depending on applicable state or federal law. Merit contractors strongly support the payment of fair wages and benefits, drug and jobsite safety, reasonable work hours and apprenticeship training.

**LETTER OF ASSENT TO BE BOUND BY
OPEN COMPETITION PROJECT STABILIZATION AGREEMENT**

As a condition of performing work on the referenced public works construction project, the Contractor agrees to become signatory to the attached Open Competition Project Stabilization Agreement. The Contractor further agrees to require its subcontractors to become signatories to the Agreement.

It is understood that by entering into this Agreement, there is no requirement that the Contractor or its subcontractors become party to any agreement with a labor organization as to workers employed on this or any other project, nor will this Agreement replace, interfere with or modify any existing collective bargaining agreement between the Contractor or its subcontractors and any labor organization. There will be no discrimination in the award of contracts on this project based upon the labor affiliation, or lack thereof, of any Contractor or subcontractor.

ASSENT:

CONTRACTOR

DATE

OPEN COMPETITION PROJECT STABILIZATION AGREEMENT

The purpose of this Agreement is to promote efficient construction of a public works project and to provide for the peaceful settlement of labor disputes and grievances without strikes or lockouts. This will promote the public interest in assuring the timely and economical completion of the project.

WHEREAS, the undersigned Unions have members who are competent and qualified to perform the construction work on this project; and

There will be no strikes, including sympathy strikes, and no work stoppages, picketing, lockouts, slowdowns, or other interference with the work on this public construction project; and

All parties desire to establish and stabilize wages, hours and working conditions for workers employed on this public construction project and to maintain satisfactory, harmonious relationships among all employers and employees performing work on this project; and

With the understanding that there will be no discrimination in the award of contracts on this project based upon the labor affiliation, or lack thereof, of any contractor or subcontractor; there will be no requirement that any contractor or its subcontractors become party to any agreement with a labor organization as to workers employed on this or any other project; nor will this Agreement replace, interfere with or modify any existing collective bargaining agreement between a contractor or its subcontractors and any labor organization;

The undersigned parties, and any contractors or subcontractors who are awarded work on this project, agree to be mutually bound by the provisions of this Agreement, as follows:

I. No Strikes or Lockouts

There will be no strikes, work stoppages, picketing, sympathy strikes, slow downs or other interference with the work on this project.

II. Grievance Procedure

In the event any disputes arise out of the interpretation or application of this Agreement, they shall be settled by means of the procedure set out herein. No grievance shall be recognized unless called to the attention of the parties to the Agreement or to the attention of the union by the employer within five days after the alleged violation was committed or when the employee became aware of the problem.

Grievances shall be settled according to the following procedures:

Step 1: The dispute shall be referred to the representative of the local union or the employer representative involved or their designees, and the Project Superintendent;

Step 2: If these representatives are unable to resolve the dispute within five calendar days after completion of Step 1, it shall be submitted to the Joint Administrative Committee before proceeding to Step 3.

Step 3: If the dispute is not resolved within ten calendar days after completion of Step 2, then either party may submit a request for arbitration to the Federal Mediation and Conciliation Service in Washington, D.C., for a panel of seven arbitrators, from which a single arbitrator will be mutually selected. The Arbitrator shall then hold a hearing and render a binding decision in the matter.

III. Jurisdictional Disputes

In the event of a jurisdictional dispute between any union and any employer, insofar as required by a legally binding agreement existing between the employer and the affected union, it is agreed that the following procedures shall be taken in an attempt to resolve the matter:

Step 1: The appropriate union representative of the involved crafts shall meet with the affected employer in an attempt to resolve the dispute within 24 hours.

Step 2: If no settlement is reached, the appropriate International Union representative from each affected craft will meet with the affected employer within five calendar days.

Step 3: If no settlement is reached, the parties will then submit the dispute to arbitration in accordance with the selection procedures outlined in the Grievance procedure with five

calendar days. In rendering a decision, the Arbitrator shall determine first whether a previous decision or agreement of record between the parties to the dispute exists. If not, then the Arbitrator shall consider whether there is any applicable craft agreement or established trade practice prevailing in the locality, including past practice of the employer.

IV. No Discrimination

No party to this Agreement shall discriminate against any employee or applicant for employment because of race, creed, color, sex, age, national origin, disability, or union affiliation. The parties agree to make good faith efforts to employ minorities, females and local residents on this project.

V. Apprenticeship

All contractors must participate in either an apprenticeship program which is currently registered with the U.S. Department of Labor or a state apprenticeship agency for each apprenticeable craft or trade in which it employs employees, or in an industry-recognized craft training program affiliated with an accredited university or community entity that provides the training appropriate to the specific tasks the employees will perform on the project, and shall continue to participate in such program or programs for the duration of the project.

This provision shall not apply to:

- (i) a registered apprenticeship program that provides apprenticeship training for a craft or trade that has not been recognized as an apprenticeable craft or trade by the U.S. Department of Labor; or
- (ii) an apprenticeship program whose application for registration with the U.S. Department of Labor or a state apprenticeship agency is pending at the time of the bid or proposal is being submitted.

VI. Management Rights

Contractors shall retain full and exclusive authority for the management of their operations, subject to the General Conditions for performance of the work on this project. Contractors shall retain sole discretion to direct their working forces, including but not limited to hiring, supervision, promotion, transfer, scheduling, assignment and layoff of employees. Contractors shall have the right to utilize any work methods, procedures or techniques of construction.

VII. Scope and Term of Agreement

This Agreement shall be effective solely on the site of construction work to be performed on this public works project, and shall continue in full force and effect until

the completion of the project. Individual contractors shall be bound to the terms of the Agreement solely as to employee performing work at the site of this construction project and for the duration thereof.

Agreed:

Public Contracting Authority

Building and Construction Trades Council

I. Overview of CCAC process and delay in issuance of report

In September 2013, the Seattle City Council unanimously passed Resolution 31485 to convene the Construction Careers Advisory Committee (CCAC). The Resolution and the creation of the CCAC were largely due to the Community's leadership and organizing on this issue over a period of approximately three years. The following stakeholder groups make up the CCAC: contractors, labor unions, workforce training providers, community members, and policy experts. Under the Resolution, the CCAC is charged with "develop[ing] a report with recommendations..." that would assist the Council and the Mayor in developing a targeted local hire policy. It is apparent from reading the Resolution that the CCAC Report and recommendations were to serve as a lynchpin of the targeted local hire policy making process that the Council and Mayor would undertake following issuance of the Report.

There has now been an unexplained and overly long delay in the issuance of the CCAC report. This delay in the issuance of the CCAC report and recommendations has hindered the involvement of CCAC stakeholders at this key stage of the legislative drafting process. The failure to issue a report that memorializes the CCAC's hard, thoughtful work to reach a series of recommendations based on difficult compromises is to dismiss a key asset to the process. And from the Community perspective, without such a report the Community is left outside of a policy making process that we helped spearhead.

We are now compelled to issue our objective understanding of the CCAC's points of agreement or majority consensus plus some explanatory remarks. We also set forth additional items that were not fully discussed or decided upon by the CCAC due to time constraints but that are essential components of an effective Targeted Local Hire Policy from the Community CCAC members' perspective.

II. Targeted Local Hire Policy Recommendations

A. CCAC Recommendations for Targeted Hire Policy:

- **Hybrid model ordinance: \$5 million threshold for targeted local hire requirements + PLA:** Adopt a Targeted Hire ordinance that requires projects costing \$5 million or more be performed under an umbrella Project Labor Agreement (PLA) and that contractors performing on those projects comply with targeted local hire requirements.
- **2 year assessment:** In 2 years from the start of the first PLA project, the City will assess whether a threshold higher or lower than \$5 million is appropriate.
- **Support for WMBEs to succeed on PLA-covered projects:** Set forth specific provisions addressing WMBE concerns about challenges performing under a PLA:
 - Allow 5 core workers on each contract, on each project.
 - Provide a fund to pay for secondary benefits to reimburse costs where dual benefits are required.
 - Provide technical support such as during bidding and award, dispute resolution and help with paperwork and compliance software.
 - Include a process to ensure fair treatment of WMBE contractors

- Provide dispute resolution and independent complaint investigation - a City Contracts Ombudsman.
- PLA waiver in certain circumstances: In the event a Contractor is unable to find qualified and competitive WMBE subcontractors and needs to satisfy WMBE participation goals, then the Union whose work is involved and the Contractor by mutual agreement may waive the requirement of becoming signatory to the PLA.
- **Targeted local hire percentage requirements:** FAS will use the highest practicable requirements for employment of underrepresented workers; the requirement will be determined for each project, using a formula that considers the type of work, past performance and aspirational improvements. The requirements are for every contractor on the project.
- **Targeted workers may include admin and project management workers:** Contractors can count a limited number of hours worked by targeted workers hired in administrative and construction management positions towards their requirements.
- **Apprentice Utilization Requirement:** To maximize apprenticeship opportunities, the City will revise it's apprenticeship utilization requirement to be no less than 15% of total work hours and no more than 20%. Financial Administrative Services (FAS) may at its discretion, require apprentice utilization be distributed equally across all prime/subcontractors on a project.
- **Preferred Entry Requirement:** The PLA will require pre-apprenticeship preferred entry hires at rate of every 1 of every 5 apprentices hired to serve on the project and will allow for community extended entry up to 18 months.
- **Enforcement:** Contractors that fail to comply with the ordinance are subject to enforcement up to and including withholding payments and debarment.

B. Community CCAC Representatives list of additional recommendations an effective targeted local hire policy should contain

1) Community role in Targeted Local Hire implementation and enforcement

Targeted local hire is in many respects a community-centric policy. The Community makes the following recommendations to ensure effective community involvement.

- a) Fund Community Targeted Local Hire pipeline -** A community focused pipeline to effectively identify, ready, and refer hard-to-reach workers into construction industry opportunities including jobs created by a targeted local hire policy is essential. Pipeline functions may include:
- Education and outreach; collaboration with orgs and groups based in target communities
 - Assessment and referral to appropriate next steps (work readiness, pre-apprentice training, barrier removal (i.e. drivers license recovery, support services, tools, etc)
 - Establish and maintain lists of active job seekers
- b) Targeted local hire monitoring committee**

Establish a monitoring committee comprised of contractors, unions, and community members to support the City's primary role of enforcement while enabling stakeholder groups to remain engaged and up to date with how the policy is working.

c) Targeted local hire implementation committee

The Implementation Committee is a best practice strategy from other cities that have targeted local hire ordinances and from the Seattle Office of Sustainability and the Environment, which implemented the weatherization High Road Agreement. The Implementation Committee would include stakeholders from the CCAC and City officials who meet on a regular basis to identify problem areas and successes as the law is rolled out and to "work out the kinks" as needed during the early years of implementation. This committee/role could potentially be combined with the monitoring committee/role. But both distinct roles are key, again, for the policy to succeed.

2) Floor requirement for targeted local hire percentage:

The Community seeks a floor requirement that 33% of total work hours on covered projects will be performed by targeted workers. A 1-in 3 worker floor can approximate an easy way to convey the policy outcome after several years of work to increase "community jobs" on City funded public work.

3) Targeted Local Hire definition

The community seeks a definition that follows on the well-established model used in Los Angeles and other cities that combines geography with socio-economic factors. Specifically we seek a definition that would use the list of zip codes in Seattle and South King County already used for targeted workers under the City's Seawall Replacement project. These are zip codes identified as economically disadvantaged zones (EDZ) based on the fact they have a "high density" of persons in poverty, unemployed and without college education. That would be combined with a list of 10 socio-economic factors that a person must satisfy any 2 of. This non-exhaustive list includes:

- Homeless
- Public Assistance recipient
- Criminal record
- Emancipated from foster care
- Participating in a vocational English as a 2nd language program

4) Incumbent Workers

There are many targeted workers with significant construction experience who are either not in unions or once were and now need to reinitiate their membership by paying fees. A pathway to get such experienced workers who are not union members in good standing onto City projects, including PLA covered projects, needs to be identified for this targeted local hire policy to have a significant impact in Seattle and King County's low-income communities.

5) Enforcement grounded in series of process steps contractors must follow

We believe a successful model for compliance by contractors and unions is found not in a heavy stick approach but in a model based on a series of process steps that contractors—with unions help—must use to identify a targeted worker. This simplifies enforcement and also enables effective hiring of targeted workers. Such steps include for example:

- Contractors must submit a craft request form to the hiring hall requesting targeted workers
- Contractors must seek to hire targeted workers referred to them, and have a documented reason when failing to do so
- If contractors request a journey-level targeted worker and the hiring hall is unable to provide a worker within 48 hours, the contractor can hire a qualified journey-level worker directly from the third party agency/community referral list.

III. Conclusion

The above CCAC recommendations and additional Community recommendations address the fact that only 6 percent of work hours on city funded projects between the years of 2009 through 2013 were performed by Seattle residents. These recommendations will establish clear and consistent polices, expand pre-apprenticeship training and create programs to market and recruit the targeted population. They will fund and stoke the apprenticeship pipeline to recruit, support, and mentor targeted groups to get them into training, on job sites and into construction careers. Lastly, these recommendations will improve workforce equity on public works projects by improving access for historically underrepresented communities on Seattle construction jobs.

We look forward to working with the Mayor’s office and the City Council to create a durable target hire law.



Andra Kranzler

M. Woo for A.K.

Andrew Kashyap, alternate



Michael Woo, alternate



Pastor Lawrence R. Willis



Gregory Davis, alternate

Appendix B

Seattle City Council Resolution



CITY OF SEATTLE
RESOLUTION 31485

1
2
3 A RESOLUTION concerning the City of Seattle's interest in expanding access to economic
4 opportunity by increasing construction employment and providing career ladders for
5 those historically facing barriers to jobs in the construction industry, including women,
6 people of color, and otherwise disadvantaged individuals, particularly those who are also
7 Seattle residents; creating the ad hoc Construction Careers Advisory Committee to
8 develop a report with recommendations to the Mayor and City Council on strategies to
9 improve access to construction careers, including a targeted hire policy and pipeline and
10 training programs; establishing membership criteria for the Committee; and setting forth
11 a Committee process and schedule.

12 WHEREAS, the 2011 unemployment rate in Seattle-Tacoma-Bellevue was 8.9%; however, the
13 unemployment rates differed by race and gender; white men were at 8.7%, African
14 American men and women were at 18.1%, Latino men and women were at 13.9%, Asian
15 Pacific Islander men and women were at 6.5%, and women who maintain families were
16 at 10.6%; and

17 WHEREAS, the City of Seattle funds and contracts for construction projects to construct, repair
18 and maintain municipal facilities and infrastructure; and

19 WHEREAS, the City of Seattle protects the City and public interest by ensuring all such projects
20 under its purview are constructed and administered in accordance with plans,
21 specifications, contract provisions, and provisions protecting the social and economic
22 justice policies of the City; and

23 WHEREAS, in 2012 the City of Seattle spent approximately \$220 million on public work
24 contracts through payments to private construction companies; and

25 WHEREAS, the City's capital investment dollars create the equivalent work hours of 2 jobs per
26 million dollars spent, providing enough total hours to equal approximately 446 full time
27 construction jobs in 2012, with a similar number of total hours in most years; and

28 WHEREAS, the City of Seattle will continue major construction project bids and awards in
29 future years; and

30 WHEREAS, the City of Seattle is a strong supporter of and has found construction job training
31 programs, including apprentice and pre-apprenticeship programs to be an effective way to
32 prepare individuals for entry into construction jobs, and to ensure women, people of
33 color, and otherwise disadvantaged individuals, particularly those who are Seattle



1 residents, can acquire the necessary job skills and be prepared to successfully pursue
2 construction careers; and

3 WHEREAS, under Seattle Municipal Code Chapter 20.38, the City requires a percentage of
4 contract labor hours on public works to be performed by apprentices enrolled in
5 registered apprentice training programs, and pre-apprentice and apprentice training
6 programs have successfully established a meaningful diversity of apprentice workers; and

7 WHEREAS, apprentices on City projects in 2013 include 38 percent people of color and more
8 than 13 percent women representing a greater percentage of worker hours on City
9 projects than the percentage of people of color and women in journey level craft hours;
10 and

11 WHEREAS, the City intends to continue employment gains for women, people of color, and
12 otherwise disadvantaged individuals, in particular those who are also Seattle residents,
13 through pre-apprentice and apprentice training, but also through other meaningful
14 policies adopted by the City; and

15 WHEREAS, since 2002 the City of Seattle has pursued aspirational programs for women and
16 minority business participation in City funded construction work, and established pursuit
17 of aspirational goals for such businesses beginning in 2005 through Seattle Municipal
18 Code Chapter 20.42; and

19 WHEREAS, the City's Women and Minority Business (WMBE) aspirational goals have
20 increased the share of dollars spent with underutilized women and minority businesses
21 for construction of City funded projects; and

22 WHEREAS, the City's progress in WMBE business utilization evidences the opportunity to
23 develop similar improvements for women and minority workers in construction, and also
24 recognizes that the gains made by WMBE firms need to be specifically considered,
25 protected and not harmed by any new hiring policies for construction firms performing
26 public works for the City; and

27 WHEREAS, the City has executed a Community Workforce Agreement, (CWA) on the Elliott
28 Bay Waterfront Seawall Project with aspirational goals to increase employment of
29 women, people of color, and otherwise disadvantaged individuals that face barriers to
30 employment in construction from the local region; and

31 WHEREAS, San Francisco, the City of Los Angeles, and other jurisdictions, have found
32 comprehensive policies, rather than project by project solutions, to be the most effective
33 means to establish a consistent worker pipeline and continuous job opportunities; and that



1 creating a steady flow of jobs for workers is ideal because it provides workers with
2 experience and training, along with continuity for contractors and labor unions; and

3 WHEREAS, San Francisco adopted a targeted local hire ordinance in 2010 requiring contractors
4 to hire a percentage of local residents from San Francisco, and its annual report states that
5 34 percent in 2012 and 32 percent in 2013 of all craft hours were worked by San
6 Francisco residents; and 60 percent in 2012 and 56 percent in 2013 of all apprentice
7 hours were worked by San Francisco residents; and

8 WHEREAS, the City of Los Angeles adopted another solution to encourage local employment,
9 by covering construction projects totaling \$1 billion dollars in value with a targeted
10 hiring Project Labor Agreement (PLA) with Community Workforce provisions for
11 targeted hiring and currently, Los Angeles has 33 percent of total craft hours and 23
12 percent of apprenticeship hours on these projects performed by local workers; and

13 WHEREAS, the City of Los Angeles has more than 1.2 million local work hours being
14 performed by Los Angeles residents, including 10 percent by disadvantaged workers, and
15 an estimated \$41 million in wages and benefits were earned by Los Angeles residents;
16 and

17 WHEREAS, it is important that the City understand contractor, labor union and craft hiring
18 practices, the demographics of the City's unemployed and barriers to construction
19 employment faced by women, people of color, and disadvantaged individuals,
20 particularly those who are City residents; and

21 WHEREAS, the City would benefit from the experience, perspective and knowledge contractors,
22 labor unions, construction workers, workforce training providers, community members,
23 and City experts have to review the policy approaches of other large cities, King County
24 and Sound Transit, review information about Seattle employment demographics, training
25 opportunities, and other data, to collaboratively explore, consider impacts and benefits of
26 various policy options and develop comprehensive long term strategies that increase
27 construction career opportunities for women, people of color, and otherwise
28 disadvantaged individuals, particularly Seattle residents, in City-funded construction
29 projects; and therefore the City will create an ad hoc Construction Careers Advisory
30 Committee (Committee) to develop a report with recommendations to the Mayor and
31 City Council; and

32 WHEREAS, the City Council and Mayor intend to consider the recommendations in the
33 Committee's report in determining how to increase construction career opportunities for
34 women, people of color, and otherwise disadvantaged individuals, in particular those that
35 are also Seattle residents, in City funded projects; and NOW, THEREFORE,



1 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**
2 **MAYOR CONCURRING, THAT:**

3
4 **Section 1. Definitions.**

- 5 A. Advisory Committee: Construction Careers Advisory Committee.
6 B. Disadvantaged: individuals who are economically or socially disadvantaged, such
7 as low income, unemployed, veterans, residents with criminal backgrounds,
8 homeless, single head of household, and individuals with limited English
9 proficiency.
10 C. Report: the report of the Construction Careers Advisory Committee as more fully
11 described in Section 4.
12 D. Seattle resident: those reporting to reside within the City limits.

13
14 **Section 2. Purpose.** The City intends to consider the Report of the Advisory Committee,
15 established in Section 4 of this Resolution and the experience of other jurisdictions, and
16 to work collaboratively with contractors, labor unions, workforce training providers, and
17 the community to craft comprehensive long term strategies to use in the City's
18 contracting process to deliver the best possible product for the public while also working
19 toward the City's social equity goal of building an economy that can provide shared
20 prosperity for everyone.

21
22 **Section 3. Guiding principles.** The following principles will guide the Advisory
23 Committee and the City's analysis and planning of strategies, programs or policies that
24 may improve construction career opportunities for women, people of color, and otherwise
25 disadvantaged individuals, particularly Seattle residents:



- 1 1. Seek policies that are as adaptable as reasonably possible without compromising the
2 effectiveness of such policies for the City, so that other public agencies across the
3 region can adapt similar policies or join with the City in a collaborative effort, and
4 City policies can set an example for other agencies in the region.
- 5 2. Develop a permanent, durable policy that may be enhanced over time.
- 6 3. Provide solutions and opportunities that benefit women, people of color and other
7 disadvantaged individuals, in particular those who are also Seattle residents.
- 8 4. Support and further the City's utilization of and dollars paid to woman and minority
9 businesses.
- 10 5. Protect and support the gains people of color and women have made in working on
11 City projects.
- 12 6. Support the workforce pipeline including pre-apprenticeship and apprenticeship
13 training, and continuous employment through the apprenticeship training years
14 leading to journey-level work, as it is critical to the success of bringing and retaining
15 new individuals into construction employment.
- 16 7. Support and enhance the City's responsibility to competitively bid, manage, and
17 complete City funded projects on schedule and within budget.
- 18 8. Consider and protect City projects from unwarranted risk exposure, ensuring the
19 policy recommendations are legally appropriate.
- 20 9. Recognize that City resources are limited and the resources to effectively study,
21 analyze and support the Advisory Committee, as well as resultant recommendations,
22 are limited and require trade-offs that the City must make for those dollars.
- 23 10. Recognize that community leadership and input is important, as is input and
24 leadership from all stakeholders, including general contractors whose company
25 strength and economic stability provides local capacity and economic investment to
26



1 Seattle; the woman and minority businesses who take the risks to establish businesses
2 despite challenges, and the union and labor leaders, who support these policies and
3 social needs while representing the employment practices that support all their
4 members.

5 **Section 4. Ad Hoc Construction Careers Advisory Committee**

6 A. Ad Hoc Advisory Committee. The City will create and staff an ad hoc committee
7 called the Construction Careers Advisory Committee to develop recommendations to
8 the Mayor and City Council on strategies to improve construction career
9 opportunities for women, people of color, and otherwise disadvantaged individuals,
10 and in particular those who are also Seattle residents. The Committee will be jointly
11 selected by the Mayor and City Council and will sunset on March 31, 2014 unless its
12 continued existence is authorized by future resolution.

13 B. Work Requested of the Advisory Committee. The Committee is requested to:

- 14 1. Identify and agree to the principles that should underlie any policies or programs
15 to increase access to construction career opportunities for women, people of color,
16 and otherwise disadvantaged individuals, and in particular those who are also
17 Seattle residents; and
- 18 2. Submit a written Report to the City, to be written by the Committee facilitator,
19 that answers the following questions:
- 20 a. What are existing barriers to construction careers for women, people of
21 color, and those otherwise disadvantaged individuals, and in particular
22 those who are also Seattle residents, that any new program or policy
23 intervention should address? What barriers are specific to public works
24 contracting?



- 1 b. What could an effective targeted local hire approach be for the City of
2 Seattle and what outcomes does the Advisory Committee expect it could
3 achieve?
- 4 c. How else could the City use public works contracting to improve access to
5 construction careers for women, people of color, and otherwise
6 disadvantaged individuals, and in particular those who are also Seattle
7 residents?
- 8 d. Does the committee recommend advancing a targeted local hire approach
9 in Seattle and if so, in what form?
- 10 e. Does the committee recommend additional program or policy changes
11 and/or partnerships?
- 12 3. Identify Resources. The Committee should identify and recommend resources
13 needed to support any policy approaches they recommend, including but not
14 limited to staffing for monitoring and enforcing any target hire program, pre-
15 apprentice and/or apprentice program funding, and other related resource needs.
- 16 4. The Committee's work on items (1), (2) and (3) above should be informed by
17 information on:
- 18 a. The current workforce pipeline, including apprenticeship, pre-apprenticeship
19 and workforce training programs that prepare individuals for construction
20 careers,
- 21 b. The current and projected demand for workers on City of Seattle capital
22 construction projects, and potential to influence the same through adaptable
23 policies for other capital construction projects by public agencies in the
24 region,



- c. Dispatch rules and processes for the construction trades and other non-union processes,
- d. The experience of workers in the construction industry as expressed directly by those workers,
- e. The City's current public works programs, including woman and minority business aspirational goals and apprenticeship requirements,
- f. The demographics of the current regional construction workforce and public works construction workforce,
- g. Gaps in the current data and potential sources to fill those data gaps,
- h. Demographics of the unemployed population in Seattle,
- i. Current barriers to employment in the construction industry,
- j. The experience and models of other jurisdictions,
- k. The Guiding Principles in Section 3.

C. Committee Appointment and Membership.

1. The Committee will consist of fifteen members to equitably represent the interests important to a successful solution. Each member may also name one alternate member:

(5) Contractors (2 General, 2 Minority, 1 Subcontractor)

(3) Union representatives (Building Trades and NW Regional Council of the National Construction Alliance)

(3) Coalition/community representatives

(3) Training or pipeline program providers

(1) Representative with policy expertise (labor economics or construction workforce research.)



1 2. All committee members must be open to changing, modifying or retaining City
2 policies related to contracting, training and apprenticeships. Advisory Committee
3 members should agree to participate from interests, not from fixed positions.

4 3. Committee members must also recognize that the City will evaluate the
5 Committee recommendations in light of the City's legal, fiscal, business, construction
6 and contract responsibilities and needs for the City of Seattle, as well as local and
7 regional business and workers, to determine which recommendations are appropriate to
8 implement, and any adjustments needed to do so, and the resources available to
9 successfully implement.

10 D. Committee Staffing. The Department of Finance and Administrative Services (FAS)
11 shall staff the Committee. Committee meetings will be facilitated by a consultant
12 hired by FAS.

13 E. Committee Duration. The Committee shall sunset March 31, 2014 unless its
14 continued existence is authorized by future resolution.

15
16 **Section 5. Data Collection and Research** The City will compile or commission, to the
17 extent available resources allow, and supply to the Advisory Committee all available
18 results by November 2013, on the following information:

19 A. Construction workforce demographics for Seattle and King County, both union and
20 non-union, including race, gender, age, employment status, geography of residence
21 (by zip code if possible) by trade,

22 B. Existing construction workforce demographics for City of Seattle projects, including
23 race, gender, age, geography of residence (by zip code if possible), by trade and by
24 work hours;



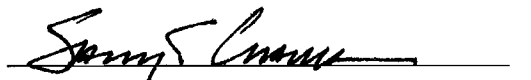
- 1 C. Existing unemployed construction workforce demographics for Seattle and King
2 County including race, gender, age and geography of residence (by zip code if
3 possible), by trade,
- 4 D. Studies or analysis about barriers to pre-apprenticeship, apprenticeship and
5 construction work, for women, people of color, or those otherwise disadvantaged
6 individuals, and in particular those who are also Seattle residents,
- 7 E. Estimates of likely expenditures in City capital construction in the next ten years, by
8 type (roadway, facilities, underground utilities, electrical utilities, parks
9 development), given available data to extrapolate such estimates, and associated
10 projected work-hours by type,
- 11 F. Analysis of the current construction workforce pipeline in Seattle, including
12 apprenticeship, pre-apprenticeship and workforce training programs of the City of
13 Seattle, building trades unions, non-profits and the private sector, to understand gaps
14 in current programs that a new policy is needed to address.
- 15 G. Comparative analysis of target hiring models used by other cities,
- 16 H. Demographics about the unemployed workforce in Seattle and King County including
17 race, gender, age and geography of residence (by zip code if possible), and each
18 demographics' likely availability in each construction trade.
- 19 I. Forecast of supply and demand by trade to focus and identify training and pipeline
20 needed areas.
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1 **Section 6. Schedule for Developing the Advisory Committee Report with**
2 **Recommendations.**

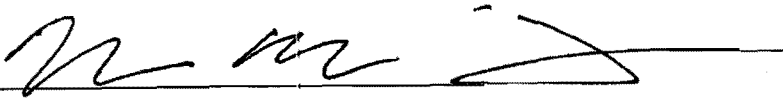
| Date | Action |
|---------------------------------|---|
| October 2013- February 28, 2014 | Advisory Committee meets and develops recommendations. Meeting times, frequency will be determined at a later date but it is anticipated the Committee will meet twice a month for five months. |
| February 28, 2014 | Advisory Committee submits its recommendations in a written Report to the Mayor and City Council. |
| April 30, 2014 | City Council and Mayor's Office to respond to the recommendations in the Advisory Committee Report and/or introduce policy. |

17
18 Adopted by the City Council the 23rd day of September, 2013, and signed by
19 me in open session in authentication of its adoption this 23rd day
20 of September, 2013.

21 
22 President _____ of the City Council

23
24 THE MAYOR CONCURRING:
25





Michael McGinn, Mayor

Filed by me this 1st day of October, 2013.



Monica Martinez Simmons, City Clerk

(Seal)

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Appendix C

Notes from CCAC Meetings



Construction Careers Advisory Committee (CCAC) Meeting Notes October 22, 2013

The meeting convened at 3:00 p.m. Nancy Locke, Director of Finance and Administrative Services from the City of Seattle opened the meeting, welcoming everyone and thanking them for participating in the Advisory Committee.

The Deputy Mayor of Seattle, Darryl Smith, explained that achieving shared prosperity for economically disadvantaged Seattle residents is at the core of the group's mission. He acknowledged the diversity of interests in the room and thanked everyone for engaging in these discussions.

Councilmember Sally Clark lauded the group's participants as busy, smart people. She indicated the desire of several council members and the mayor to see social justice and labor goals achieved through this process. She closed by thanking everyone for contributing to something that's going to be doing a lot of good over a long time.

Daniel Villao, City of Seattle Labor Equity Program Manager, welcomed and thanked the group. He stated the group would be discussing several topics related to targeted hiring. The goal of this group, he explained, is to make recommendations that the council and mayor can use on 1) whether to move forward with targeted hiring of women, minority, and the disadvantaged, particularly from Seattle and 2) if so, recommend strategies how best to do that.

Rhonda Hilyer, the facilitator, asked the group if they had reviewed the materials emailed to them about process. She then walked them through their charter noting the six questions the group has to answer and what the process of consensus based recommendations looks like (when all parties agree they can live with a recommendation, even if it's not their ideal solution). She noted if the group can't reach consensus, they can make recommendations, but only if it is supported by a majority of committee members.

She shared the Ground Rules and indicated that members would sit at the table and alternates in the audience. She called out Ground Rule #14 indicating modification through consensus. In response to a question with feedback from the group, the facilitator indicated that the alternate is not to participate if their member is present.

The group agreed that there may be times when a committee member needs to ask his or her alternate to provide special expertise or information on an issue that the member may not have. It was also clarified that each member has one appointed alternate and that there are no additional alternates.

The facilitator next drew attention to the Criteria that she said had been taken from the resolution and explained that the group would use the criteria to help make decisions.

She walked the group through a mini-workshop on interest-based problem solving. She explained the difference between positions (unilateral solutions that we try to advance or sell to others) and interests (our needs, underlying reasons, concerns). She suggested the group focus on interests as a way to achieve their goals.

Next, Daniel Villao shared a proposed work plan which is still being developed. He noted the compressed schedule for these discussions. He explained the schedule: in December, researchers from UCLA will present their findings on targeted hire; in January we'll begin framing recommendations and identify where tough issues are; in February we will finalize recommendations so we can write report and in March submit the final work for approval. He also noted a new member would join the City's team on Nov. 4, Jeanne Fulcher, and that the Committee will include a policy expert, Bob Watrus. Furthermore, he explained, the Committee can draw upon experts from national apprenticeship programs, the Department of Labor, and others as needed by the advisory group.

The group raised questions about targeting components, the city's ordinance to do no harm to women and minority businesses, and the pipeline. They discussed information gathering from Seattle, from other cities, as well as reflecting on what has/has not worked in Seattle. One member suggested presenting alternatives to the PLA approach to increase and implement targeted policy. Another member suggested it's important to learn what has been successful in other locations but that it has to fit the city and it will be unique.

To close out the meeting, the facilitator asked for final comments from the group. Highlights of those comments were:

- I'm excited to roll up my sleeves and get to some tough discussions and honest dialogue to move forward;
- I hope our recommendations will have teeth to ensure it can be implemented and enforced;
- We can do something exciting for our community;
- We're committed to community inclusion and making sure employment is building careers;
- It's key that we fill the pipeline with the targeted groups because overall there's a shortage of people who want to come into the industry;
- Even with agreements with the city, it's still difficult to get our students out to work;
- The demographics are changing rapidly and we need to focus on economic empowerment in communities of color (jobs, building assets, building businesses);
- We appreciate the city leading the way in our state; we continue to make progress and we have a Mayor and Council committed to shared prosperity;
- It would be helpful to hold meetings outside of downtown and in the evening so the community can observe our deliberations.

The meeting adjourned at 5:00 p.m.

Notes compiled by Ginny Ratliff, Agreement Dynamics, Inc.

ATTACHMENTS:

October 22, 2013 - Sign in Sheet

Eric Alozie
Diane Davies
Gregory Davis
Jerry Dinndorf
Nicole Ferrer
Adriana Gamboa
Andra Kranzler
Frank Lemos
Elton Mason
Marilynn Moch
Lee Newgent
Marge Newgent
Rev. RJ "Doc" Rivers
Gus Sestrap
Jermaine Smiley
Hilary Stern
Brian Webber
John Welch
Marty Yellam

Construction Careers Advisory Committee Meeting Notes
November 12, 2013 – 3:00 – 5:00 p.m.

Welcome/Work Plan/Ground Rules/Meeting Notes

After participant introductions (list attached), the facilitator shared a revised work plan with the Advisory Committee (attached). She noted that dates had been added to the work plan for January (8 and 22) and February (6 and 20). She also pointed out that a poll will be going out to find two tentative dates in March, if needed. The work plan listed public comment periods to be held at the December 10, January 8 and February 20 meetings. UCLA staff will provide presentations on December 10 and January 8. The December 18 and March meeting(s) will not have briefings, but will be an opportunity for the Committee to review briefings and hold internal discussions.

The facilitator shared a revised set of Ground Rules resulting from last week's meeting (attached) and asked all members to sign the list acknowledging concurrence with the rules. She also asked participants to review draft meeting notes from the October 22 meeting and provide feedback for changes or additions by the end of next week, November 22, 2013.

City of Seattle Contract Structures

Nancy Locke, the Director of the Finance and Administrative Services (FAS) for the City of Seattle provided a PowerPoint presentation (notes attached). She explained that three types of contracts flow through her office: public works (construction), purchasing (materials and equipment) and consultant contract policies (in the City, consultant contracts are decentralized and generated in all departments of the City, but policies related to these contracts come from FAS). She showed the City's bidding and contracting manual: *Standard Specifications for Road, Bridges, and Municipal Construction 2011* and noted that potential revisions to contracts resulting from the Advisory Committee would be changed through FAS and updated in this manual.

Annually, Nancy explained, the city spends approximately \$250 million on purchasing, \$100 million on consultant contracts, and \$200-\$400 million on public works projects. She provided breakdowns illustrating approximately 15% of City construction dollars in 2012 went to women and minority business enterprises (WMBEs).

She illustrated the City's methods of public works contracting. First, and most common, is the traditional design-bid-build approach where the lowest bid wins the contract. The alternative public works approach is currently being used on the Seawall and has different rules on how contractors are selected that take into account multiple factors in addition to price. Nancy was asked if contractors with good records in meeting social equity requirements were given bonus points or incentives on the next projects they bid on, and she replied that that can be a stipulation in the alternative public works approach. Other methods included general conditions and special conditions contracting.

One of FAS's roles in contracting, Nancy explained, is to translate and implement social equity requirements and other policy direction provided by the Council and/or Mayor's Office. Examples of social equity requirements she provided included green considerations, equal benefits for domestic partnerships, WMBE, PLA, apprenticeship and pre-apprenticeship programs. She provided a list of ways to implement social equity policies including FAS policy, Council resolution or ordinance, Director's Rule (which requires a public comment period) or Executive order/policy.

She explained that when Federal funds are used in City projects, the city must follow federal guidelines for small business use (SBE), disadvantaged business (DBE), and WMBE requirements. She also said federal contracts prohibit the addition of supplemental requirements or agreements onto contracts with federal funds.

In response to a question, Nancy explained that the Advisory Committee's role is to advise on whether there should be a targeted hire policy, what that policy should be, and what mechanisms to use to implement the policy.

Nancy demonstrated how compliance and enforcement are implementation tools that can be used for social equity provisions. FAS staff develop contract language that necessitates adherence to a policy the city seeks. FAS conducts initiatives, training, outreach and presentations to ensure contractors understand the city's goals. FAS enforcement staff monitor bid proposals to ensure contractors intend to meet city goals. More stringent tools include withholding invoice payments, breach of contract, performance evaluation and potential debarment. She indicated that three bad performance evaluations result in debarment which prohibits the contractor from working for 5 years on public projects. Other monitoring approaches, albeit much more staff intensive, are onsite interviews and random audits of worksites.

Nancy indicated that in October the City mandated all contractors/subcontractors use specific software that tracks and flags issues in payrolls, worker profiles, WMBE participation, etc. When problems arise, FAS staff meet with contractors to guide improvement. This software will make reporting, tracking and monitoring much better, Nancy said.

She also explained that recent passage of job assistance legislation regulates what employers can ask during the hiring and application process. The City modified their background check requirement to ensure greater worker confidentiality.

When asked if federal agencies were successful in implementing their social equity goals, Committee members indicated it varied by agency. For example, the Federal Transit Administration (FTA) was much more prescriptive about meeting goals compared to an agency like the Environmental Protection Agency (EPA) for which showing good faith efforts was acceptable.

Advancing Construction Careers for Targeted Seattle Residents – What’s Working Now? What are the Barriers?

Advisory Committee members were asked to give their perspective on what is working within the City of Seattle to advance construction careers for women, people of color and otherwise disadvantaged Seattle residents, as well as to provide their insight on what barriers exist to these individuals entering construction careers. The group was also asked to define barriers specific to public works contracting.

John Welch, Harbor Pacific Contractors, said the City setting apprenticeship goals puts hiring entry-level individuals in the forefront for contractors. He said one of the biggest barriers over the past few years has been the slow construction economy, but that’s less of an issue now. He said there are efforts to try to get women into construction. Loading the pre-apprenticeship pipeline would be important, and he indicated that there are very few public agencies addressing funding and stoking the pipeline.

Jerry Dinndorf, Associated General Contractors of Washington, stated his belief that since the City’s inclusion program is new, the jury is still out on whether or not the program has been successful. He said for his members, success can best be achieved by setting realistic hiring goals for contractors. In terms of barriers, he said a PLA’s limitation of 2 core employees can be disruptive for minority contractors. He cited a minority employer who was limited from bringing 10 (presumably minority or disadvantaged) employees to the job site. He also said a barrier can be that each public agency has its own program and policies that a contractor must follow. He called for coming together around standards that could be applied to all public contracts. He suggested this would increase efficiencies, save money, and the collaboration could result in the best approaches on apprentice, pre apprentice, and that would incentive more contractors to get involved in public works project.

Halene Sigmund, Construction Industry Training Council (CITC), said that apprenticeship goals have been an advantage for disadvantaged workers in construction. However, she indicated that pre-apprenticeship is an important way to prime the pipeline. A barrier she noted was lack of a system that supports pre-apprentice funding, programs to market to and recruit the targeted population we’ve been speaking of. She also echoed previous comments that a number strong trades people as well as pre-apprentices and apprenticeship candidates have left the industry because of the lack of jobs.

Jermaine Smiley, Laborers Union, said the requirement of driver’s licenses, car ownership, and insurance can be an apprenticeship barrier to some urban residents. He stated his belief that it may be premature to call the 2 core employee issue a barrier since the Seawall project hasn’t started yet and any additional workers needed can be dispatched from the hiring hall. He expressed concern about the low number of hours for apprentice and journeymen African Americans and Native Americans in the City’s statistics. He stated his belief that either they are not being allowed to journey out or they are being laid off.

Marge Newgent, Construction Alliance/Operating Engineers, noted that the PLA offers pre-apprentice opportunities and that it has increased overall diversity on construction projects. As far as barriers, she said that day care is a barrier many of her members experience and that she had experienced it herself. She noted that overall, the number of women in the trades has gone down, not up. She cited the requirement of driving to work and the cost of insurance as a barrier for some members.

Lee Newgent, Seattle Building Trades Council, said use of PLAs allows for preferred entry so many contractors can do direct hire. He said institutional racism has been a barrier, citing the high number of African American males he has experienced who have suspended drivers licenses. Single parents and day care issues were also cited as barriers by Lee. Also, he said that on the issue of core employees, when some workers don't fit into an individual craft, that can be a barrier, too. He also recommended a similar approach to targeting Seattle-based or more local contractors as opposed to hiring those from out of the region or out of state.

Todd Mitchell, Helmets 2 Hardhats, said that while there are a number of programs to assist veterans, those programs are not tied into the local pre-apprenticeship programs and that is a barrier for veterans. He said more direct outreach that addresses veterans would be appropriate.

Rev. RJ "Doc" Rivers, United Black Clergy/Greater Skyway Community Church, said the City needed to learn from the Rainier beach project that promises to include young people from the community did not take place. Drivers licenses, day care, and lack of opportunity for upward mobility from worker to owner were the barriers he saw. Other barriers he cited were a lack of African Americans on construction jobs that would serve as role models for young people to aspire to. Negotiating with unions over background and drug tests to get jobs was also cited as barriers he had experienced. He added that language is important and referenced the use of "Black" versus "African American" on the City's construction report.

Michael Woo, Got Green, said pre-apprenticeship has worked and that we should be making sure that there are more or other opportunities for entry into the field. He noted that after apprenticeship, the target group's employment rates decline.

Andra Kranzler, Columbia Legal Services, said we are seeking a policy that is going to help the following resident workers secure career wage jobs, in the construction industry, on city-funded public works projects:

- (1) **Skilled non-union workers** - Resident workers that have experience and are ready, able and willing to work but lack opportunity to get employed;
- (2) **Unemployed skilled union workers** – resident union workers that are not employed consistently;
- (3) **Expand opportunity for Pre-apprentices and apprentices** - Workers that need to be trained and/or need support to address barriers to employment (chemical dependency, lack of tools, or driver's license).

As for what's working well, she expressed appreciation for the WMBE plans, high apprenticeship goals, the new tracking/monitoring software the city is requiring and the dedicated City staff who are committed to social equity.

Bob Watrus, Construction Careers Advisory Committee Policy Expert, encouraged clear consistent policies in apprentice utilization and the importance of supporting a robust pipeline to find, support, mentor and get the targeted groups into training, on jobsites, and into careers in construction. He stressed the importance of apprenticeship and the pipeline by citing a number of efforts that have had mixed results in connecting low-income employees on a project-by-project basis.

Eric Alozie, Northwest Enterprises, thanked the city for convening this committee and for its investment and commitment to social equity policies. To overcome barriers, he called for a more robust pipeline that ties pre-apprenticeship to high school and involves the school system in the pipeline. He noted that many young people aren't sure what they want to do after high school and could miss opportunities for a construction career.

Diane Davies, SVI - PACT, stated that her program has the capacity to train 70 pre-apprentices per year and that having partners who actively seek pre-apprentices is critical to the success of both pre-apprenticeship and apprenticeship. PLAs stipulations for preferred entry are also helpful, she explained. She called for greater enforcement of these agreements and a commitment across the board from every entity involved in construction. She cited the need to let more young people know about the trades as a career path. She also said that about half of 18 year olds are able to meet the high standards required to be successful in this type of work. She noted that the number of jobs is limited, so training more individuals than jobs will not help.

Daniel Villao, City of Seattle Labor Equity Program, noted that training is important and encouraged the Committee to focus their efforts on how to frame the opportunities to get the targeted groups into the system. He acknowledged that other agencies are watching what the City is doing around compliance and targeted hiring and are interested in the work of this Advisory Committee. He said there may be interest in finding the best practices and creating consistencies in policies and practices between the agencies in the region.

Ed Kommers, Mechanical Contractors Association, stated that it would be helpful to understand the best practices of groups who have successfully recruited and hired the target population. As for barriers, there is simply not enough work, he said, noting that 30% of his apprentices are unemployed. Also, the nature of the work can be a barrier, stating, "This is not like working on a laptop in the basement." He suggested making the industry more appealing to all people and giving them a realistic understanding of the work involved in the industry. He said rules can be a barrier that drives contractors away from public projects.

Homework and Closing

The facilitator encouraged the Committee to review the criteria for the December 10 meeting (copy attached) and called attention to “C. Is this policy flexible enough to be utilized by other public agencies across the region and still be effective for the City of Seattle?” She noted that evaluating policies with this specific criterion in mind could allow for some level of standardization across agencies.

In response to an inquiry about meeting in the community, she noted that for the most part, the meetings will be held at the Seattle Municipal Tower, but for the meetings where there will be public comment, staff are working on locations to accommodate the public.

The meeting adjourned at 5:00 p.m.

Meeting notes compiled by Ginny Ratliff, Agreement Dynamics, Inc.

ATTACHMENTS:

Sign-in sheet

Work Plan

Ground Rules (10/22 version)

Overview: City of Seattle Contracts (Power Point Presentation)

Criteria

November 12, 2013 Sign In Sheet

| | |
|----------|----------|
| Eric | Alozie |
| Diane | Davies |
| Jerry | Dinndorf |
| Adriana | Gamboa |
| Ed | Kommers |
| Andra | Kranzler |
| Nancy | Locke |
| Todd | Mitchell |
| Lee | Newgent |
| Marge | Newgent |
| Rev. | Rivers |
| Halene | Sigmund |
| Jermaine | Smiley |
| Daniel | Villao |
| Bob | Watrus |
| John | Welch |
| Michael | Woo |

DRAFT WORK PLAN (11-12-13)

| 11/12/13 | November | December | | January | | February | | March |
|---|---|---|--|--|---|--|--|--|
| | 11/12/13 3:00 to 5:00 SMT 1660 | 12/10/13 3:00 to 5:30 SMT 1660 | 12/18/13 3:00 to 5:00 SMT 1756 | January 8 3 hours | January 22 | February 6 | February 20 | TBD |
| Factual Presentations and Briefings to Committee | Contract Structures101. | UCLA Presentation on Workforce Data 1.5 hours, UCLA | No briefing this week; committee will have discussion based on the previous briefings. | UCLA presentation and education re: policy & methods: Policy Options: <ul style="list-style-type: none"> • Status Quo • Policy Statement • Resolution • PLA • Ordinance • City policy Mechanical Tools: <ul style="list-style-type: none"> • Contract provisions • Apprentice • Pre-Apprentice | Consultant returns to provide presentation on labor market analysis | No briefings or presentations this meeting. This will be Advisory Committee Discussion time. | No briefings, presentations, or separate Committee discussion planned for this meeting. This meeting would instead be a public presentation from the committee of recommendations and/or options, and inviting public comment. | No briefings or presentations this meeting. This will be Advisory Committee Discussion time. |
| | .75 , Locke | | | 1 hour | 1 hour, consultant | | | |
| Public Presentation | | This presentation will be open to public with 60 minutes for public questions and comments. | | This presentation will be open to the public with 60 minutes to seek public questions and comments. | | | This presentation will be open to public with 60 minutes for public questions and comments. | |
| Advisory Committee Discussion | What works well now to advance construction careers for women, people of color, and those otherwise disadvantaged individuals, and in particular, those who are also Seattle residents? What existing barriers to the same exist, that a new policy intervention should address? | | Who is currently working on city-funded construction work; where are we doing well and where are there opportunities for improvements? | One hour for Committee discussion around policy positions and/or methods that warrant further discussion? | Time for continued Committee discussion around policy positions and/or methods that warrant further discussion? | Committee discussion around policy positions and/or methods. | | Review Public input; changes as appropriate. |
| | .75 hours, facilitated | | 2 hours, facilitated | 1 hour, facilitated | 2 hours, facilitated | | | |

DRAFT
Ground Rules for City of Seattle
Construction Careers Advisory Committee

1. The members commit to fully use an interest-based, problem-solving process. Each member will articulate their interests (needs, concerns, reasons) rather than fixed positions.
2. The members will strive for “win-win” solutions and be willing to compromise as necessary, so long as their interests are not undermined. They will seek to generate consensus-based recommendations.
3. Consensus is achieved when all members agree they can live with a proposed solution or recommendation, even though it may not be their preferred ideal solution.
4. Each member or their alternate will attend all sessions except for unavoidable circumstances (e.g., illness, emergencies, etc.). Each member will ensure that their alternate is fully briefed about the content of any meeting he/she cannot attend. Attendance via electronic means will only be utilized in exceptional circumstances.
5. Alternates are welcome and encouraged to attend all meetings in order to maximize their knowledge of the process. When their member is present, the alternate will have “observer” status and be seated with the other observers. A committee member may ask his or her alternate to provide special expertise and/or information on an issue that the member does not have. In such circumstances, the alternate will provide the information, but not engage in discussion.
6. The members will meet on the dates and times noted on the back of this document (once confirmed) and may reconvene as needed.
7. Members will come to meetings prepared to articulate the interests of the body they represent and to enter into joint recommendations to the Mayor and City Council.
8. Discussions will stay on task and topic. (Minimize tangents.)
9. The members will be open, specific and clearly express their views and interests.
10. The members will treat one another with respect and listen carefully to understand one another.
11. Information and data will be provided to and reviewed by the members in a timely manner.
12. All members will come on time and prepared to fully engage in seeking mutually-acceptable solutions.
13. All members will use the attached criteria to reach agreements and recommendations.
14. These Ground Rules may be modified by consensus of the members, so long as they are in accordance with the attached charter.

I acknowledge I received this document, have read it, and agree to abide by these ground rules.

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* Overview City of Seattle Contracts

Nancy Locke, Finance and Administrative Services

Contracting

- ✓ Public Works (construction)
 - ✓ Purchasing (materials, equipment)
 - ✓ Consultant Contract policies
-

Purchasing
\$250 million annually

Consultant
\$100 million annually

Public Works
\$200 to \$400 million annually

City Of Seattle
 City Purchasing and Contracting
 Combined Construction Report 1/1/2012 to 12/31/2012

| Dept. | # of Contracts | City Contract Payment (w/o tax) | Actual MBE Payments | Actual WBE Payments | Total WMBE Payments | WMBE % of City Contract Payment (w/o tax) |
|--------------------|----------------|---------------------------------|-------------------------|------------------------|-------------------------|---|
| FFD | 6 | \$ 5,897,297.83 | \$ 157,786.43 | \$ 724,518.72 | \$ 882,305.15 | 15% |
| FAS | 41 | \$ 17,187,070.81 | \$ 571,616.85 | \$ 154,378.89 | \$ 725,995.74 | 4% |
| LIGHT | 24 | \$ 27,326,807.03 | \$ 13,072,619.80 | \$ 671,663.56 | \$ 13,744,283.36 | 50% |
| PARIS | 37 | \$ 20,404,296.94 | \$ 2,912,093.51 | \$ 1,369,050.81 | \$ 4,281,144.32 | 21% |
| SDOT | 49 | \$ 116,812,170.14 | \$ 6,170,080.62 | \$ 2,200,808.55 | \$ 8,370,889.17 | 7% |
| SPU | 49 | \$ 35,006,867.50 | \$ 3,801,550.47 | \$ 2,084,051.31 | \$ 5,885,601.78 | 17% |
| SEACTR | 3 | \$ 567,711.77 | \$ 117,113.52 | \$ - | \$ 117,113.52 | 21% |
| Grand Total | 209 | \$ 228,202,222.02 | \$ 26,892,863.20 | \$ 7,204,471.84 | \$ 34,097,333.04 | 15% |

| Contractor Payment by Ethnicity | | |
|---------------------------------|--|--------------------------------------|
| Ethnicity | Total Contractor Payment (provided by Prime) | % of City Contract Payment (w/o tax) |
| Black | \$ 1,633,516.13 | 0.73% |
| Asian American | \$ 17,928,454.86 | 8.03% |
| Hispanic | \$ 6,604,083.55 | 2.96% |
| Native American | \$ 1,405,890.38 | 0.63% |
| White Female | \$ 8,522,172.16 | 3.82% |
| Non-Minority | \$ 187,108,104.95 | 83.83% |
| Grand Total | \$ 228,202,222.02 | 100.00% |

WMBE data includes payments to prime contractors and subcontractors
 Data includes all construction projects had JOC workorders.

| | |
|-------------------------|--|
| Roadway | 52% of City public work dollars |
| Public Utilities | 16% |
| SCL | 12% |
| Facilities | 10% |
| Parks | 9% |

Public Work Methods

Alternative Public Works (design/build and GC/CM)

Traditional Design-bid-build

General Conditions Special Conditions

Social Equity Requirements

- Green (FAS Policy, Resolution, Ordinance)
- Equal Benefits (Ordinance, Rule, FAS policy)
- WMBE (Ordinance, Executive Order, FAS Policy)
- PLA (Executive Policy)
- Apprenticeship (Ordinance)
- Pre-Apprenticeship (FAS Policy)

Compliance and Enforcement



Contract language

Initiatives, training, outreach, presentations

Enforcement staff

- paper monitoring and compliance

 - NTP

 - Invoice Payments withheld

 - breach, performance and debarment

 - we don't use penalties

 - software to require reporting from primes

- on-site interviews and observations.

* Workforce Diversity Report at Seattle.gov/business

City of Seattle - EEO/Apprentice Utilization Report Summary For All Projects

Reporting Periods From : 1/1/2013 Thru 6/20/2013

Ethnicity and Gender Labor Hours Summary

| Apprentice Summary | | | | Journey Level Summary | | | |
|------------------------------|--------|-------------|-----------------------------------|---------------------------|--------|-------------|--------------------------------------|
| Ethnicity/Gender | | Labor Hours | Percent of Apprentice Hours | Ethnicity/Gender | | Labor Hours | Percent of Journey Level Hours |
| African American | Female | 878.50 | 4.93% | African American | Female | 51.50 | 0.05% |
| African American | Male | 2,059.50 | 11.55% | African American | Male | 4,550.25 | 4.24% |
| Asian American | Female | 503.30 | 2.82% | Asian American | Female | 4.00 | 0.00% |
| Asian American | Male | 566.50 | 3.18% | Asian American | Male | 2,821.50 | 2.63% |
| Hispanic | Female | 0.00 | 0.00% | Hispanic | Female | 0.00 | 0.00% |
| Hispanic | Male | 2,029.50 | 11.38% | Hispanic | Male | 17,856.35 | 16.65% |
| Native American | Female | 547.50 | 3.07% | Native American | Female | 0.00 | 0.00% |
| Native American | Male | 109.00 | 0.61% | Native American | Male | 3,214.00 | 3.00% |
| White | Female | 536.50 | 3.01% | White | Female | 2,371.25 | 2.21% |
| White | Male | 10,604.41 | 59.46% | White | Male | 76,374.25 | 71.22% |
| Total Apprentice Labor Hours | | 17,834.71 | | Total Journey Level Hours | | 107,243.10 | |

Minority and Female Labor Hours Summary

| Apprentice Labor Hours | | Journey Level Labor Hours | | Combined Labor Hours | |
|--------------------------|-----------|---------------------------|------------|----------------------|------------|
| Total Apprentice Hours | 17,834.71 | Total Journey Level Hours | 107,243.10 | Total Hours | 125,077.81 |
| ● Apprentice Utilization | 14.26% | Journey Level Utilization | 85.74% | | |
| ● Minority Hours | 37.54% | Minority Hours | 26.57% | Minority Hours | 28.14% |
| ● Female Hours | 13.83% | Female Hours | 2.26% | Female Hours | 3.91% |

Apprentice Utilization Contract Requirement and Goals

| | | |
|--|------------------------------------|-----|
| | Apprentice Utilization Requirement | 15% |
| | Minority Apprentice Goal | 21% |
| | Female Apprentice Goal | 20% |

NOTE: The Apprentice Utilization Contract Requirements and Goals do not apply to projects that have FEDERAL TRAINING REQUIREMENTS.

DRAFT
City of Seattle
Ad Hoc Construction Careers Advisory Committee
Criteria for Policy Recommendations
(Adapted from Committee Guiding Principles)

- A. Does this policy provide solutions and opportunities that benefit women, people of color and other disadvantaged individuals, in particular those who are also Seattle residents?
- B. Will this policy stand the test of time and be both durable and able to be improved as needed?
- C. Is this policy flexible enough to be utilized by other public agencies across the region and still be effective for the City of Seattle?
- D. Does this policy support and further the City's utilization of and dollars paid to woman and minority businesses?
- E. Does this policy protect and support the gains people of color and women have made in working on City projects?
- F. Does this policy support the workforce pipeline, including pre-apprenticeship and apprenticeship training, and continuous employment through the apprenticeship training years leading to journey-level work?
- G. Does this policy support and enhance the City's responsibility to competitively bid, manage, and complete City funded projects on schedule and within budget?
- H. Does this policy consider and protect City projects from unwanted risk exposure, ensuring the policy recommendations are legally appropriate?
- I. Does this policy respect the input and interests of the leaders of all stakeholders, including the community, general contractors, women and minority businesses and labor unions?
- J. Does this policy recognize City resource limitations, factor in required trade-offs, and is the cost realistic?

Construction Careers Advisory Committee Meeting Notes
December 10, 2013 – 3:00 – 5:00 p.m.

Worker Profile in City of Seattle Construction Projects

Saba Waheed, Research Director at Center for Labor Research and Education at UCLA and Clarice Ovando Lacroux, Masters Student in Urban Planning at UCLA, were introduced to the CCAC. Their purpose was to research and provide an evaluation of the hiring practices on City of Seattle funded construction projects. Their revised¹ report is attached as a separate document. (See Appendix E1)

Methodology: The UCLA team analyzed contractor data on 33 projects between 2009-2013 covering 2780 employees. This sample size represents 7% of all Seattle public works projects. From contractors, the team received information on age, residency, race/ethnicity, gender, age, and skill level (journey or apprentice). There are some missing values, but it is still a strong sample size and representative of the projects, they explained.

Projects involved and percentage by expenditure: These were city funded projects to construct, repair and/or maintain municipal facilities and infrastructure. They involved roadway, electrical and other utility projects, facilities projects and parks development projects.

Worker residency: Seattle residents comprised 6% of the workers in the sample (13% of the Seattle workers are women and 10% are people of color). Outside of Seattle, residents in King County comprised 25% of the workforce (39% of the King County workers are women and 33% are people of color). Over half of the workers (53%) were from Pierce and Snohomish County and 16% lived outside the tri-county area.

Economically disadvantaged areas: Defined as containing a high density of residents living at 200% of the federal poverty level or below, are unemployed and/or do not have a college degree.

Workers by economically disadvantaged areas: The researchers evaluated whether or not the workers lived in economically disadvantaged zip codes: 77% of the Seattle workers listed above resided in economically distressed areas, while 35% of King County's workers did. In total, 43% of all workers in King County/Seattle in the study

¹ The Worker Profile handout provided at the December 10 meeting was revised, subsequent to the meeting, to address requests made by CCAC members and to correct an error in the data. The statistics provided in these meeting notes reflect the corrected, final version of the attached report.

lived in disadvantaged neighborhoods. Disadvantaged zip codes for Seattle and King County were provided in the report.

Women and people of color in Seattle economically distressed areas: 77% of women workers and 90% of people of color workers are from economically disenfranchised neighborhoods.

King County (excluding Seattle) economically distressed areas: 24% of women workers and 55% of people of color workers are from economically disadvantaged neighborhoods in King County.

People of color on these projects: All people of color (POC) comprise 27% of the workforce and perform 25% of the hours worked. Of the POC workforce, 56% are Latino, 18% African American, 14% Native American, 9% Asian and 3% Pacific Islander.

Women on these projects: Women accounted for 5% of the workers and performed 7% of the hours worked. Sixty-seven percent of these women were white, while 17% were African American, 9% were Native American, 3% were Latino, 3% were Asian and 1% were Pacific Islanders.

Apprenticeship and Journeymen: Apprentices made up 10% of workers and performed 12% of the work hours. Thirteen percent of apprentices lived in Seattle, and of those, 83% lived in disadvantaged neighborhoods. Thirty-one percent lived in King County, and just over 1/3 of the King County apprentices lived in disadvantaged neighborhoods. Women made up 14% of the apprentices and performed 24% of the apprentice work hours. This is higher than journey-level women who made up 5% of the workforce and worked 6% of the journey-level work hours. People of color made up 35% of apprentices and worked 32% of the hours. At the journey level, they made up 27% of the workforce and performed 24% of journeyman hours.

Key points: They concluded their presentation providing the following key points:

- The number of workers from Seattle is low (6%), but of those workers, 77% are from economically distressed neighborhoods
- 69% of the workers on the projects studied come from outside of King County.
- Number of women workers (5%) could be higher.
- People of color workers comprised 27% of the workforce but only received 24% of the work hours.
- Apprenticeship programs bring in young, POC, women and workers from disadvantaged communities, but need to retain those workers through to journey level so that they continue to get ongoing work.
- Next steps: Finalize profile report and provide analysis of targeted hire approach.

Next, the Advisory Committee and consultants engaged in a question and answer session:

Q: Is it true that only 132 people are identified as Seattle workers? How do you assess whether 7% is a representative sample?

A: After interviewing 40-50 contractors, the consultants were confident these projects mirror and are representative of the larger number of Seattle construction projects and the sectors that the City constructs within.

Q: Is there a mapping of the zip codes?

A: Can include that with our next report.

Q: Did the data reflect which workers were dispatched to a project or covered by collective bargaining agreement?

A: The consultants didn't have access to that information.

Q: Do you have access to the numbers of unemployed and are seeking careers in construction in Seattle?

A: That could be part of a demographic analysis; unemployed construction workers can be found in census data.

Daniel Villao, Labor Equity Program Manager, thanked the UCLA team for their hard work and short time frame in which they operated. He explained that when they come back, they will be reporting on what tools and approaches have been effectively used in targeted hiring programs.

The facilitator encouraged the Committee to send her office an email if there is other data they would like mapped out by the UCLA team.

Public Comment Period

Next, the public was asked to provide comments to the Construction Careers Advisory Committee.

Ryan Baalim, a member of the Bricklayers union, encouraged the use of PLAs on behalf of his and other unions.

Annette Banda, a member of Laborers Local 440 and a FAST Jobs Rep, shared her experience working on the light rail project in her Rainier Valley neighborhood. She encouraged targeted hiring in the 98118 zip code, which she said is one of the most diverse areas in the city, yet is grossly underrepresented on construction projects and doing so would be good for the local economy and residents.

Gerald Stewart introduced himself as a founding member of Career Bridge, a movement to help African-American men achieve career pathway jobs. He encouraged considering alternate ways to get hired in construction (in addition to pre-apprenticeship and apprenticeship). He said many members had families and didn't have the time for schooling because they needed work now.

Michael Woo, Director of Got Green, indicated that the presentation provided a baseline for understanding how City dollars are being spent. He explained his group's purpose was to advocate for livable wages and to leverage construction dollars to create jobs for under-represented communities in the green economy. He expressed appreciation to the City for this and other efforts that, for example, resulted in the Career Bridge pilot program. He shared his concern that everyone needn't go through the pre-apprentice program, and that people are ready to work now and need jobs. He said pre-apprenticeship shouldn't be a forced pathway for minorities.

Marilyn Moch, the owner of Phoenix Builders, made the connection between I-200 and the subsequent gentrification of previous minority neighborhoods in Seattle. She said she found the report helpful and encouraged the Committee to include in their targeted areas those neighborhoods with large concentrations of people of color, most of whom now live south of the city limits.

Allen Stowers, a member of the Seattle Housing Board, indicated he had witnessed some contractors promising to meet hiring goals, yet in the end, ignoring those goals. He expressed opposition to that and said taxpayers would also oppose not adhering to public policy for targeted residents.

Eric Gustavson, a member of the iron workers union, saw a lot of work that didn't benefit the communities who paid for it. He encouraged the City to make good agreements that benefit the community.

Committee members discussed, commented on and responded to the public comments and the UCLA presentation. They discussed displacement issues, the impact I-200 has had on the community, possible strategies for generating greater access, and, in some cases, the need for additional support to launch people into careers. They discussed demographic data and looking at south County zip codes, including Federal Way and Kent. A question was raised whether or not the criteria used to define disadvantaged worker would be sufficient to capture the population sought. Improvements in the data were suggested like indicating new hires, contractor core employees, preferred-, and direct-entry employees. A concern was raised that the projects from the study were too small a sample and that notable projects where hiring goals were met were not in the study.

To close out the session, the facilitator assigned homework. She asked the Committee to review and indicate agreement or support in the comments made at the previous meeting about what's working and the barriers. She explained that at the next meeting the group would review this work and see in what areas there is consensus. She reminded them of the ground rule that consensus is achieved when all members can live with a solution even if it's not their first choice.

The meeting adjourned at 5:00 p.m.

December 10, 2013 - CCAC Sign-in Sheet

| | | |
|----------------|----------------|-----------------|
| Eric Alozie | Elton Mason | Jermaine Smiley |
| Diane Davies | Todd Mitchell | Hilary Stern |
| Jerry Dinndorf | Lee Newgent | Bob Watrus |
| Andra Kranzler | Marge Newgent | Brian Webber |
| Frank Lemos | Halene Sigmund | |

AUDIENCE SIGN-IN SHEET

| | | |
|---------------|------------------|-----------------|
| Bob Armstead | Esther Handy | Marilyn Moch |
| Ryan Baalim | Eric Gustafson | Anna Pavlik |
| Anette Banda | Ubrix Grendheure | Rebecca Saldana |
| Coco Chenelo | Lisa Hebron | Gerald Stewart |
| Justin France | Patricia Lee | Allen Stowers |
| Bobby Forch | Eli Mason | Michael Woo |

**Construction Careers Advisory Committee Meeting Notes
February 20, 2014 – 3:00 – 5:00 p.m.**

After introductions, Nancy Locke, Director of Finance and Administrative Services for the City of Seattle, walked the group through a revised work plan. She explained the purpose of each meeting, the presentations and/or discussions to be made at meetings scheduled for March 5 and 19, April 2 and 16, and for three additional meetings. The additional meetings will be determined by a poll to be sent out to CCAC members.

Next, CCAC members discussed the process and wording of questions from their charter to be discussed on March 19. Next, the group turned to a Tally Sheet concerning barriers they had brainstormed at the November 12 meeting. The group discussed each one, revised the wording in some and indicated whether they agreed that a statement listed was a barrier or not. The barriers, as revised, are shown below, along with the CCAC’s determination if there was consensus or not. Members’ comments are noted where no consensus was reached in order to provide context when additional discussions on these issues are undertaken.

| CCAC Barriers | Is this a barrier? |
|--|---------------------------|
| 1. Lack of a system that supports pre-apprenticeship funding and programs to market to and recruit the targeted population. | Group consensus “yes” |
| 2. Requirement of driver’s licenses, car ownership, and insurance can be an apprenticeship barrier to some urban residents; institutional racism resulting in a high number of African American males with suspended drivers licenses. | Group consensus “yes” |
| 3. Daycare for working parents. | Group consensus “yes” |
| 4. Veterans programs are not tied into the local pre-apprenticeship programs and that is a barrier for veterans. | Group consensus “yes” |
| 5. The lack of consistency on goals, apprenticeship, pre-apprenticeship, and enforcement among public agencies causes confusion and barriers. Consistency creates a bigger pool. The solution recommended was a regionalized approach that could be replicated among agencies related to more consistent goals, rules for apprenticeship/pre apprenticeship and enforcement. | Group consensus “yes” |
| 6. Lack of diversity reflective of the region on construction jobs that would serve as role models for young people is an issue, not a barrier. <ul style="list-style-type: none"> ▪ Regarding diversity, there needs to be minority presence, visibility and a welcoming to develop the critical mass that is reflective of the region. ▪ Maintaining a focus on African Americans is important. ▪ When there’s a sense of futility about the ability to advance through the system because of race or gender, that is a barrier. | Group consensus “yes” |
| 7. Construction is cyclical. Now that the economy is in recovery, there is a great opportunity to proactively expand construction careers and job opportunities for those who have been underrepresented. | Group consensus “yes” |
| 8. Overpromising or failure to clearly communicate the actual number of jobs available on construction projects is seen as a barrier that creates a false sense of opportunity for jobs. <p style="margin-left: 20px;">Suggestions given for how to conduct business going forward:</p> <ul style="list-style-type: none"> a. Communication needs to be clear and accurate about the opportunity, how many jobs there are, the timing of the jobs, etc. b. There needs to be education about the relationship between construction dollars and jobs created. c. Enforcement of hiring goals is important. | Group consensus “yes” |

| | |
|---|---|
| <p>9. Limitation of 2 core employees for non-union, minority subcontractors.</p> <p>CCAC MEMBER COMMENTS:</p> <ul style="list-style-type: none"> ▪ Two core employee language is from the Seawall agreement. Larger PLAs allow up to 5 core employees. ▪ This is a barrier for non-union contractors. Union rules allow contractors to bring 2-5 employees to a jobsite and the rest must be dispatched from the union halls. It's a barrier for them because they cannot use their established crews on a job. ▪ For union contractors, this is not a barrier. | <p>No consensus achieved; needs more discussion</p> |
| <p>10. With the low number of hours for apprentice and journeymen in the City's statistics, African Americans and Native Americans are not being allowed to journey out or they are being laid off; similarly, after apprenticeship, the target group's employment rates decline.</p> <p>CCAC MEMBER COMMENTS:</p> <ul style="list-style-type: none"> ▪ Advancement in the apprenticeship system is not great, but better than the college system. ▪ We lose certain people at a faster rate in the transition from apprentice to journey-level, particularly women. Are there enough hours for people to complete apprenticeship and reach journey level? ▪ In the worker profile report we see that the percentage of hours worked by people of color (25%) was lower than the percentage of actual workers (27%). ▪ People are tracked well with apprenticeship and there's enforcement; however, that's not the case for journey level workers. ▪ How hours were being allocated, you have to factor in race and gender. We see contractors not bringing on new and extra workers because they are temporary, so others end up doing a lot of overtime. ▪ The worker profile report shows that the people of color fare better with WMBE firms. ▪ The City has commissioned a consultant to do research on WMBE firms' experiences, challenges and opportunities in targeted hiring environment and what are the solutions that other agencies around the country have found that help address or mitigate these challenges. ▪ Many local trades workers are in Canada on jobs (500 out of 2,500). ▪ Completion rates for apprentices are better than for students at the University of Washington. ▪ A perception was voiced that the union, as an institution, is devoid of diversity. One response provided was that the statistics on City of Seattle Construction Workforce Diversity form shows that 12.5% of union apprentices in 2013 were African American. The unions are pulling diverse groups into the pipeline and this is an important conversation to continue. | <p>No consensus achieved; needs more discussion</p> |

| | |
|---|---|
| <p>11. The PLA and/or CWA agreements create hardships on small and minority owned businesses. (Note: The group gave their consensus “yes” for further discussion on this issue.)</p> <p>CCAC MEMBER COMMENTS:</p> <ul style="list-style-type: none"> ▪ Dispatch rules can be different for each trade. ▪ Some non-union people may be able to do a number of jobs (e.g., carpenter, painter, laborer) that cover multiple trades. ▪ The employee pay and benefit programs of non-union contractors often differ from those of unionized workforce. Jobsite agreements can bring parity. ▪ The trade-off on PLA/CWA jobs is there are no leafleting, picketing or work stoppages from the trades. ▪ The union’s job is to get more work for its members. They see core employee language as a way to bring in new workers on projects. ▪ From union’s perspective, if an open shop contractor has employees who do both iron work and carpenter work, the employee should be paid different rates. ▪ Union will accept other employer benefit plans if they meet or exceed the plans they have in place for their members. ▪ Contractor success is important to stakeholders in the CCAC. ▪ How many minority or disadvantaged businesses and workers are not involved because they see PLA/CWA as a barrier in some way? There’s not enough education on how to work inside a PLA. ▪ Rather than debate union vs. non-union, PLA/CWA merits/shortcomings, the group should focus on implementation strategies to improve the situation for the targeted group. For example, if the city should implement a PLA or a plan-specific approach or something else, what are the best tools within each approach to create opportunity that benefits the targeted group? ▪ We need to define how we’re going to use pre-apprentices. There’s an opportunity to move women and minority pre-apprentices into apprenticeship and then into journey level. ▪ Some prime contractors may use PLA/CWA as a way to exclude WMBEs. | <p>No consensus achieved; needs more discussion</p> |
| <p>12. When core employees don’t fit into an individual craft, that can be a barrier. similarly, workers that have experience and are ready, able and willing to work but lack opportunity to get employed.</p> <p>CCAC MEMBER COMMENTS:</p> <p>a. WMBEs are usually small businesses and their core employees often work in different trades.</p> | <p>No consensus achieved; needs more discussion</p> |
| <p>13. Lack of opportunity for upward mobility from worker to owner.</p> | <p>No consensus achieved.</p> |
| <p>14. Having to negotiate with unions over background and drug tests to get jobs.</p> | <p>No consensus achieved.</p> |

Other Barriers

Individual CCAC members added the following barriers, not included in the initial list.

- Pre-apprenticeship programs can serve as a barrier because it adds to the time it takes to achieve apprentice and journey level.
- If a high school diploma is a requirement for apprenticeship, it may exclude minorities and immigrants because of their lower graduation rates. Perhaps a testing-out approach would help some move into apprenticeship faster.

The group did not have time to discuss these items or determine if they agree that these are barriers to be added to the list.

The meeting adjourned at 5:00 p.m.

CCAC Members and Alternates Present:

| | |
|----------|----------|
| Gregory | Davis |
| Jerry | Dinndorf |
| Andrew | Kashyap |
| Andra | Kranzler |
| Elton | Mason |
| Todd | Mitchell |
| Marilyn | Moch |
| Lee | Newgent |
| Marge | Newgent |
| Gus | Sestrap |
| Halene | Sigmund |
| Jermaine | Smiley |
| Hilary | Stern |
| Bob | Watrus |
| Brian | Webber |
| Keith | Weir |
| Michael | Woo |

City of Seattle Staff and Other Attendees:

| | |
|----------|-----------------|
| Carlo | Caldirola-Davis |
| Jeanne | Fulcher |
| Esther | Handy |
| Patricia | Lee |
| Nancy | Locke |
| Martha | Ramos |
| Anna | Pavlik |
| Daniel | Villao |

Construction Careers Advisory Committee Meeting Notes - March 5, 2014

After introductions, Anna Pavlik, Labor Equity Program Supervisor for the City of Seattle Purchasing and Contracting Services shared the purpose for changes to the work plan and briefly outlined the agenda for each remaining meeting. She explained that a small sub-group will meet to discuss and seek agreement regarding which policy intervention(s) the CCAC will be recommending. Their recommendations will be forwarded to the CCAC for consideration at the May 5 CCAC meeting. The small group will be comprised of 1 representative from each of the caucuses (labor, contractors, subcontractors, minority contractors, community, training expert, policy expert). She also indicated that to meet the legislative deadline for 2014, all work by the CCAC must be completed by May 7, 2014. In response to an inquiry, she said others can attend the small group meeting as observers. She also said experts can attend, if it has been cleared by the small group in advance. Monday, March 10 was the deadline set for submitting representatives to the facilitator.

One CCAC member, in response to the schedule, queried how the CCAC would be able to respond to the report within a two week timeframe. The facilitator acknowledged the challenges of this compressed timeline for all and explained that the body of the report (minus the appendices) should be very brief.

Next, Chris Mefford, Erin Gengo and Spencer Cohen of Community Attributes provided a report on the tri-county, Seattle and King County construction industry labor market. They were asked to assess out how tight the labor market is and how the city can improve access for those historically underrepresented in the construction industry. Key points made by Community Attributes included:

- Between 2008 and 2011, Seattle lost 33% of its construction jobs; however, construction employment has risen in Seattle by 5.1% since 2011. Presently, there are approximately 19,500 total construction jobs in Seattle (both public and private sector).
- In Seattle, specialty and construction of building trades were impacted more by job loss during the economic downturn (36% and 34% respectively) than heavy and civil engineering (20%).
- On average, the median annual wage rate for all tri-county construction workers in their analysis is \$53,000. This pay is across all sectors and whether a worker is union or non-union.
- In 2010, in the field of construction, more women were employed as construction managers than any other construction-related occupation in the tri-county area.
- Like other employment sectors, workers in the construction industry are aging, yet the forecast within King County shows representation of the age group of 35-44 year olds declining. As for construction workforce age distribution in 2012, approximately 34% are under age 34; 26% are ages 35-44; 25% are ages 45-54, 13% are ages 55-64 and 3% are over age 64 years old.

- Presently, the average age of people entering construction apprenticeship programs is 29-31 and the average age for women is 38.
- The highest demand for construction workers in the future will be driven by the private sector (housing, retail and office development), while the City's share of regional construction employment demand is between 3% (2013) and 2.7% (2019).
- The most work will take place in the utilities sector for City of Seattle CIP projects and overall, City projects would support 400 FTEs/year (1800 hours of work equals 1 FTE/year).
- In 2012 in the tri-county area, nearly half of students completing construction-related degree programs and pursuing employment in the construction sector were people of color (49%).
- In-migration numbers for certain specialty trades were not included and those numbers could be sizable.
- By 2019, estimates are Seattle will be in a tight labor market for construction trades workers.
- Increasing the number of apprenticeship entrants for women and people of color is, therefore, a worthwhile policy for the City to pursue.

The CCAC raised questions and discussed the City's leadership opportunities related to apprenticeship and employment in public works projects. They also discussed increasing apprenticeship within the limits set by industry demand. They raised concerns about people of color being underrepresented in construction employment (as compared to the general population) in the City and tri-county and over-represented in unemployment. They also noted while there are better numbers for people of color in apprenticeship, they have lower representation in apprenticeship completion. Members also noted that unemployed workers who have exhausted their claims are not counted in the unemployment statistics, and that many of the "uncounted" are women and people of color and that they have given up seeking employment in the industry. They also discussed greater participation of people of color and women on City of Seattle jobs compared to other employers.

Barriers

The group next turned to the review of the barriers they reached consensus on at their previous meeting. They had no changes to the wording of the barriers, and suggested that the barriers be split out from issues and suggestions they had previously made:

1. Lack of a system that supports pre-apprenticeship funding and programs to market to and recruit the targeted population.
2. Requirement of driver's licenses, car ownership, and insurance can be an apprenticeship barrier to some urban residents; institutional racism resulting in a high number of African American males with suspended drivers licenses.
3. Daycare for working parents.
4. Veterans programs are not tied into the local pre-apprenticeship programs and that is a barrier for veterans.

5. The lack of consistency on goals, apprenticeship, pre-apprenticeship, and enforcement among public agencies causes confusion and barriers. Consistency creates a bigger pool.
6. Overpromising or failure to clearly communicate the actual number of jobs available on construction projects is seen as a barrier that creates a false sense of opportunity for jobs.

When asked if these barriers exist in public works contracting, the group indicated all did exist in public works contracting.

Next, the group discussed barriers the City could probably not have an impact on:

- Daycare for working parents. The issue is that most daycare providers do not open in time for construction workers to drop their children and make a typical jobsite start time of 6:00 or 7:00 a.m. Most daycare providers are also not open on weekends.

Recommendations for the City

The group discussed barriers the City could have an impact on and made the following recommendations for City intervention:

- The City should advocate for regional approaches to improve access and break down barriers for underrepresented populations in the construction industry; specifically:
 - Advocate for a driver's re-licensing program at the municipal court that provides services that existed prior to, and were cut during, the recession, including re-licensing clinics, an ombudsman with the ability to pull tickets from collection agencies (to prevent potentially thousands of dollars in fines), and develop repayment plans that are not burdensome with high interest rates. According to CCAC members, at least half of pre-apprentice students, as well as the broader community, could benefit from this service.
 - Communicate clearly, accurately and in advance about the number of construction jobs, including how many jobs will be generated by location and the types of jobs that will result from each city funded project. Also, encourage other public sector project owners (e.g., Port of Seattle, King County, Sound Transit, etc.) to do the same.
 - Work with other regional agencies to reach consistent employment goals for women and people of color, apprenticeship and pre-apprenticeship rules.
 - The enforcement of hiring goals for women and people of color is seen as an important recommendation to some CCAC members.

Suggestions for Overcoming Barriers

The group reviewed consensus suggestions to overcome barriers from the 2/11/14 tally sheets.

1. Use best practices for recruiting and hiring the target group as well as one common set of these standards that could be applied to all public contracts.

2. Fund and stoke the apprenticeship pipeline to find, support, mentor and get the targeted groups into training, on jobsites, and into careers in construction.
3. Establish clear, consistent policies in apprentice utilization.
4. Tie pre-apprenticeship to high school and involve the school system in the pipeline.
5. Make the industry more appealing and give prospective workers a realistic understanding of what work in the industry is like.
6. Establish more direct outreach that addresses veterans' needs.

The group turned to their suggestions where there was not consensus:

- Some CCAC members voiced concern about preferences for local contractors indicating that other states would not hire them if they were from a state with such preferences and that it would tend to increase the price of construction.
- Some CCAC members provided examples of how they or other locals (including veterans) were losing business to out-of-state firms.
- The group suggested getting more information and to discuss further as time allows.

At this point, consensus exists regarding suggestions 1-6 shown above from the tally sheets.

Issues List

While not discussed specifically, the following issues were moved from the consensus barriers list to the "Issues" list:

- Lack of diversity reflective of the region on construction jobs that would serve as role models for young people is an issue, not a barrier.
 - Regarding diversity, there needs to be minority presence, visibility and a welcoming to develop the critical mass that is reflective of the region.
 - Maintaining a focus on African Americans is important.
 - When there's a sense of futility about the ability to advance through the system because of race or gender, that is a concern and probably also a barrier.

Opportunity List

The following opportunity was moved from the consensus barriers list to the "Opportunity" list:

- Construction is cyclical. Now that the economy is in recovery, there is a great opportunity to proactively expand construction careers and job opportunities for those who have been underrepresented.

The meeting adjourned at 5:00 p.m.

Meeting Attendees

CCAC MEMBERS:

Eric Alozie
Diane Davies
Gregory Davis

| | |
|----------|----------|
| Jerry | Dindorff |
| Adriana | Gamboa |
| Andrew | Kashyap |
| Ed | Kommers |
| Elton | Mason |
| Marilynn | Moch |
| Gus | Sestrap |
| Halene | Sigmund |
| Jermaine | Smiley |
| Bob | Watrus |
| Keith | Weir |
| John | Welch |
| Michael | Woo |
| Marty | Yellam |

OTHER ATTENDEES:

| | |
|----------|-----------|
| Mark | Beaufait |
| Jeanne | Fulcher |
| Howard | Greenwich |
| Rhonda | Hilyer |
| Patricia | Lee |
| Steve | Lee |
| Anna | Pavlik |
| Ginny | Ratliff |

Construction Careers Advisory Committee Meeting Notes - April 2, 2014

After introductions, the UCLA consulting team was introduced to the CCAC: Saba Waheed, Lucero Herrera, and Tia Koonse. Saba Waheed, lead researcher, explained the purpose of the study was to examine how public agencies around the country have used targeted hire approaches. She said they looked at project labor agreements (PLAs) and ordinances (14 case studies and 35 stakeholder interviews) and 6 additional approaches with 20 examples. She thanked CCAC members who provided interviews to the group.

Saba explained that, in addition to PLAs and ordinances, the other six tools that have been used for targeted hire include: contract provisions, contractor standards, community benefits agreements, executive orders, resolutions, and free market.

Next, she described the use of ordinances for targeted hire. Saba defined an ordinance as legislation requiring contractors to hire targeted workers in public projects and noted that once passed, it applies to all projects under purview. She explained this approach's advantages as threefold. First, it allows local government to manage hiring practices on its construction contracts. Secondly, it's durable and can endure changes in leadership and third, provides uniform criteria that are clear, transparent and consistent. Saba explained that the disadvantages of an ordinance are: potential conflict with the union hiring hall dispatch system, its broad reach inhibits addressing opportunities or constraints of particular projects, it is very susceptible to legal challenges, and may require investment into new programs.

Next Saba turned PLAs. A PLA is signed by the project owner and unions and sets forth workplace rules, conditions, and other provisions, such as targeted hire requirements. A PLA can be project specific, cover multiple projects or be agency wide. She explained the advantages of a PLA for targeted hire to be that it can influence union hiring and dispatching practices, it can offer increased control and coordination of different contractors and unions on large projects, it encourages labor peace and it offers a dispute resolution mechanism. The disadvantages of a PLA are that it may potentially increase barriers to small and WMBE firms, it can discourage open-shop contractors and workers, and it may require investment in new program administration.

Next she reviewed hybrid models and listed them as:

- Ordinance mandating PLA with community workforce provisions
- Resolution or executive order calling for PLA with Community workforce provisions
- Ordinance mandating apprenticeship training and goals
- Ordinance with responsible contractor requirements

Saba Waheed then listed advantages that can result from the use of the targeted hire tools. Each advantage examined is followed by the targeted hire tool(s) that matches that advantage(s).

- Flexibility - PLAs; community benefits agreements; contract provisions.
- Uniformity—Ordinances; resolutions; executive orders; master or blanket community agreement and PLAs.
- Duration – Ordinances; PLAs and contract provisions.
- Community participation – PLA and CWA.
- Job and worksite guidelines – PLAs are workplace constitutions; ordinances can have worksite rules but have to be added through contract provisions.

- Worker referral and hiring – PLA and ordinances.

Saba explained other factors considered when contemplating targeted hiring approaches:

- Size/scope of projects is a key factor in assessing which targeted hiring approach works.
- Minimum contract threshold for targeted hire varies by agency.

Lucero Herrera shared what the research team found to be best practices that can be used with any targeted hire approach.

1. Engage stakeholders, facilitate collaboration and partnership and address stakeholders concerns. She provided examples:
 - Los Angeles County Metropolitan Transportation Authority (LACMTA) community hearings and resulting PLA with minority-inclusive language.
 - Addressing resident contractor concerns through a credit for hiring of new Richmond, CA residents on any Bay area job.
2. Create inclusive, equitable and realistic targeted hiring goals that can be clearly communicated and measured. She suggested researching targeted communities and the industry conditions, defining targeted workers, establishing clear system to track workers, and set goals for hours worked, rather than number of workers. For example:
 - Milwaukee’s Resident Preference Program where three community programs certify targeted workers for up to 5 years.
3. Educate stakeholders and communicate goals. She recommended pre-bidding conferences, educational tools for stakeholders, sharing goals within the agency, requiring an employment hiring plan, hiring a jobs coordinator or similar management mechanism as well as engaging and educating community partners. She cited:
 - LACMTA’s PLA requires contractors to hire an approved jobs coordinator to identify and recruit targeted workers.
4. Develop a strong system for contractor engagement and promote WMBE participation. She suggested developing contractor training programs, providing technical assistance, and creating mentorship and networking opportunities between large and small contractors. Examples she provided were:
 - LAUSD small business boot camp.
 - Portland Technical assistance fund.
 - LAUSD job fairs and “Meet the Prime Contractor” events.
5. Create partnerships and secure funding to identify and recruit target workers. She suggested connecting outreach and recruitment partners with contractors, providing recruits with necessary support services, and providing funding and resources for outreach and recruitment. She gave an example:
 - San Francisco’s neighborhood access points throughout the city are community-based workforce development partners provide job seekers with a wide range of support services like career planning, job prep, access to resources, child care, etc.
6. Invest in pre-apprenticeship programs. She included facilitating networking opportunities for pre-apprenticeship programs and key stakeholders, dedicating funding for pre-apprenticeship programs, and developing direct-entry apprentice programs. For example:
 - Sound Transit has a nickel-an-hour (worked) fund where proceeds support pre-apprenticeship programs for targeted hiring.

7. Support registered apprentices, which includes, setting apprentice utilization goals, incentivizing the retention of apprentices in their 2nd-5th year of apprenticeship and promoting contractor engagement with apprentices. For example:
 - Most programs reviewed for the study included apprentice goals, ranging from 20-30%, some calling for specific goals for minority and women apprentices.
8. Support job placement and worker retention, including developing a referral system to place apprentices and journey-level workers on jobs sites as well as improving jobsite conditions to increase worker retention. For example:
 - Oakland's Local Construction Referral Program has a registry of eligible workers to assist contractors in meeting hiring goals.
 - Portland's community benefits agreement not only includes hiring goals, but also jobsite environment/quality of life goals to promote positive working conditions for people of color and women.
9. Create, staff and fund an active compliance system with a stakeholder advisory board. This best practice includes the municipality overseeing compliance through staff. The program has clear incentives for compliance and penalties for non-compliance and uses reporting technologies to monitor efforts. Examples provided were:
 - Port of Oakland PLA has a social justice committee to oversee implementation of the targeted hire provisions.
 - LACMTA PLA can assess prime contractors up to \$500/day in damages for falling short of targeted hire goals.
 - Seattle uses LCP trackers and B2Gnow systems for reporting online.
 - When turn-around complaints occurred, Sound Transit implemented a direct entry program.

Tia Koonse provided targeted hire considerations for the City of Seattle within I-200 constraints, noting that the City can implement voluntary, aspirational workforce diversity goals and require good faith efforts that are measurable and enforceable. She recommended race- and gender-neutral criteria targeting socio-economic factors like unemployment and poverty thresholds or specific communities like single parents, transition-aged foster youth and returning veterans. She also indicated that those organizations that provide clear justification for targeting preference tend most to survive legal challenges.

Saba said that Seattle has begun a number of steps toward achieving a successful targeted hire program, including:

- Establishing the CCAC
- Automating real-time payroll and compliance monitoring
- Implementing the Seawall PLA, the first PLA with community workforce agreement provisions
- Funding key research

Next, CCAC members asked questions of the research team and received responses:

Question: How did you pick the local PLAs and what is the dollar threshold for Oakland work?

Answer: We selected case studies for the report based on a literature review of what was available. In Seattle, we focused on two PLAs with the most info available. The Oakland ordinance applies to projects in excess of \$50K.

Question: Page 89 of report shows that apprentice utilization in Seattle public works projects from 2007-2013 is below 15%.

Answer from City: That's true, however, about 28% of apprentices were people of color and women are about 6-7% and that's been consistent over the years.

Question: Your report calls for more support for second- to fifth-year apprentices; is that found in other agreements?

Answer: It varies, some agreements have goals for first year apprentices, some have goals for other years in apprenticeship. The Portland agreement contains on-the-job mentorship for workers struggling in construction careers and also encourages women and minorities to become recruiters in the community.

Question: From our information, local hire is unconstitutional and targeted hire can be legal when clear criteria is used.

Answer: The Privileges and Immunities Clause states you can't discriminate against citizens of one jurisdiction over another.

Question: Can you create a list of these practices which are in existence in the city now?

Answer from the City: Yes, we'll create a table get that to you before the next CCAC meeting. Also, briefly, here's what the City has done to date:

- We have engaged stakeholders and facilitated collaboration through the formation of the CCAC process (committee includes all stakeholders, City department, Council and Mayor's staff) as well as other initiatives over time;
- We have an apprenticeship ordinance with specific goals for women and people of color.
- We have promoted stakeholder education through our CCAC studies and discussions.
- We've hired a consultant to research and report on the barriers for WMBE firms and options to overcome those barriers.
- The CCAC has shown commitment to pre-apprentice programs and providing support will likely be included in CCAC's recommendations. There's also strong commitment from the City, Council and the Mayor's office.
- The City and Mayor understand that staffing an enforcement and compliance effort is critical.

Next, CCAC members provided commentary on the presentation.

One CCAC member expressed concern that more Seattle and Washington PLAs should have been included in the analysis presented. He also noted that the Portland project, which was called out as an example of a best practice, was a pilot project, not an active agreement.

One member expressed concern that there wasn't sufficient data to support incentivizing 2-5 year apprentices. He welcomed additional data.

Another member suggested feedback on how apprentice programs are addressing failures for women and people of color. She asked, "What do you do to help keep them in the program?" She noted the availability of resources to assist.

One CCAC member stated that the participation of people of color and women on the Seawall are good for the City's first community workforce agreement. He also indicated that the industry has improved over time and that the apprenticeship graduation rates are better than college graduation rates.

Several CCAC members noted how the recession has impacted apprentice graduation rates because of a lack of work for the on-the-job portion of their studies. One CCAC member cited an upswing in apprentice completions but noted it's a slow process. Another member indicated it was important to consider why there are high drop-off rates for 2nd and 3rd year women and people of color apprentices. Another member stated his belief that targeted hire is the best way to address this issue going forward.

Another CCAC member praised the mentorship best practice, sharing that Sound Transit has an evening networking session for contractors and subcontractors to meet and network.

Next, the public was asked to provide comments to the CCAC.

First, Deepa Sivarajan from the Sierra Club connected local hire to environmental and social justice concerns. She said hiring locally reduces commutes, promotes use of public transportation and decreases displacement. She also said that in order for residents to have greater opportunities, the City should require that 33% of its public works hours be worked by local residents, resulting in tax dollars returning to the communities and the local businesses from which it came.

Next, Hashim Banks expressed his support for local hire, noting his four-and-one-half years of experience working in the trades with people from outside his community. He said it's important that this work not be given to others and he hoped that this will be addressed by the City. He also expressed the need for more people of color and women on the job.

Martha Ramos from FAST Jobs expressed her support for local hire and stated that community participation is key to making this a successful ordinance. She also said an ongoing partnership with the City, contractors, labor and the community will make this successful.

Susan Crane explained that she has been in the construction industry since the early 1990s and stated her opinion that if we provide resources to get women in the trades it works. She also said the group ANEW has been struggling because resources have been drying up. ANEW has been revived recently with a federal grant and has seen electricians bringing in women and veterans.

One CCAC member expressed support of local hire and concern that only 6 out of 100 workers on City projects are city residents. He called for Seattle construction jobs going to underrepresented communities. He noted his belief that the City of Seattle is pursuing a free-market approach and that approach is not working for communities of color and women. He also said that good faith efforts have

failed in San Francisco and that the only way to achieve hiring compliance is with incentives and if that fails, then penalties.

One CCAC member noted that women are heads of households who need jobs yet they are under-represented in construction fields. Another CCAC member responded that Seattle's numbers are highest in the industry for hiring of women.

Nancy Locke summarized the City's commitment to increasing the ranks of people of color and women in construction. She noted that the City has brought together the best experts to consider the issue and advise the City. She indicated that the Seawall agreement was a pilot program to see how effective a CWA would be for achieving targeted local hiring and the result has been successful.

Saba explained that women have been the most impacted by the recession.

In response to an inquiry about legislation around the country that is similar to I-200, Lucero explained that in five states with similar legislation, there were employment declines for women and people of color.

Daniel expressed his gratitude to the UCLA Labor Center for their support to the committee.

Nancy thanked the audience members for supporting the CCAC and for sharing their perspectives with the Committee.

The facilitator closed the meeting by stating there were only 6 hours of discussion left to complete the barriers discussion, agree to an apprenticeship statement, as well as develop components for an approach/policy solution you want to recommend.

The meeting adjourned at 5:00 p.m.

Meeting Attendees

CCAC MEMBERS:

| | |
|----------|----------|
| Eric | Alozie |
| Diane | Davies |
| Gregory | Davis |
| Jerry | Dindorff |
| Adriana | Gamboa |
| Dan | Hutchins |
| Andrew | Kashyap |
| Ed | Kommers |
| Andra | Kranzler |
| Frank | Lemos |
| Todd | Mitchell |
| Marilynn | Moch |
| Lee | Newgent |

| | |
|----------|---------|
| Marge | Newgent |
| Gus | Sestrap |
| Halene | Sigmund |
| Jermaine | Smiley |
| Hilary | Stern |
| Bob | Watrus |
| John | Welch |
| Michael | Woo |
| Marty | Yellam |

OTHER ATTENDEES:

| | |
|----------|---------------|
| Bob | Armstead |
| Karen | Armstead |
| Hashim | Banks |
| Mark | Beaufait |
| Carlo | Caldiro-Davis |
| Susan | Crane |
| Robin | Everett |
| Jeanne | Fulcher |
| Esther | Handy |
| Rhonda | Hilyer |
| Lisa | Hornfeld |
| Patricia | Lee |
| Steve | Lee |
| Anna | Pavlik |
| Martha | Ramos |
| Ginny | Ratliff |
| Brian | Robinson |
| Deepa | Sivarajan |
| Connie | Voget |
| Bob | Zappone |

Construction Careers Advisory Committee Meeting Notes - April 16, 2014

After introductions, Nancy Locke of Finance and Administrative Services (FAS), provided background on each of the questions the CCAC was asked to answer at the meeting. She explained the first two questions on the agenda addressed how the City might set goals, while the third question related to a potential jobs coordinator position and the fourth queried whether to require cultural competency training on City contracts.

She said the City Law Department would advise FAS as to when the City may be limited to setting goals for targeted hiring, WMBE utilization and apprenticeship and when the City may be able to set contract requirements. In either case, Nancy explained that the City will utilize the strongest possible compliance tools available.

The facilitator noted that an important point to include in the report is that throughout these discussions she has heard CCAC as a group say they want compliance, accountability, and mechanisms that get results. The group and the City agreed that this is a consensus-based recommendation.

The group discussed the first question: “Should workforce diversity goals/requirements be project specific or standard across projects.”

First Nancy compared two approaches the City takes: in city code there is a **requirement** for up to 15% apprentice utilization, and that is standard across all projects. On WMBE projects, **goals** are set based on the type of project (roadway, parks, etc) and are updated each year based on past performance and include a **required** good-faith effort.

One labor member expressed a preference for a standard amount on all projects and that standard would be revisited in 5 years.

One community member expressed the desire for a consistent number across all projects, across all city departments. He didn't think this number should be left to the discretion of the individual departments.

One contractor member suggested that the goal should be based on a dollar volume that is logical for the type of work being done. He said some projects were too small to require apprentices and targeted hire requirements.

A labor member suggested a \$ 1 million threshold for projects and that WMBE contractors should also be targeted by the same zip codes, using the example of a subcontractor coming from Yakima.

Nancy explained that the threshold for apprenticeship is \$1 million and for WMBE inclusion is \$300,000.

In response to a suggested \$1 million threshold, a contractor member said there needs to be a due diligence study to ensure the dollar volume and type of work would be appropriate for apprenticeship. He indicated the need to research \$1-\$5 million projects.

Nancy indicated she'd review the data and report back to the group.

A community member noted the need to hear from contractors and suggested there may be a large number of projects below \$1 million that could be lost opportunities for hiring the targeted hire group.

A contractor member noted that looking at labor hours was a more realistic trigger than dollar volume. He cited high dollar volume projects that have low labor hours. He said the City should be able to come up with anticipated labor hours on a project and use it as a guide. He also advocated establishing the targeted hiring and apprenticeship goals based on anticipated labor hours and as history is developed. Goals should be project specific he concluded because one size does not fit all. Another contractor noted that some contractors won't bid on City jobs with targeted hiring policies or agreements in place and that will result in less competition and higher building costs to the city and taxpayers.

Nancy said that where the City had been most successful getting WMBE participation was when the goals were set based on work hour data for the specific industry; e.g., roadway work versus landscaping. There is a table used, and it has percentage goals for each kind of project city wide.

A community member encouraged contractors both small and large to hire from the disadvantaged communities, even if it meant leaving some of their core workers off the job. Another community member echoed his suggestion and encouraged everyone to consider this an investment in our community and to reflect on abundance, rather than scarcity.

After discussion concluded, the group determined by majority vote to recommend a standard workforce diversity objective (either as a goal or requirement) across all projects with break points and thresholds that are data driven by type of project, dollar volume or anticipated labor hours, whichever is proven most appropriate after analysis and leads to aggressive, yet realistic goals.

Next, the group discussed the question: Should the City set workforce diversity goals/requirements annually based on changes in data (like the City WMBE goals) or set a permanent goal?

One labor member suggested a 5 year review, while another member suggested annual review for the first three years to allow for modifications to the program, after which he suggested a review every three years.

A community member noted that San Francisco reviews annually and has an escalator if appropriate. She agreed with a 3 year review.

After more discussion, the group voted and the majority agreed to a three year review.

Next the CCAC considered the question posed by the City: Should we build a jobs coordinator function within the City or put funds into existing programs to fill identified recruitment and referral gaps and funding needs?

Nancy explained that the consideration for placing a jobs coordinator was to ensure a regional outlook and broad scale coordination between the community, training entities, recruiters, etc.

One training expert noted the need to fund existing pre-apprentice programs, given that many run on shoestring budgets.

One community member supported the idea of a jobs coordinator but suggested that the jobs coordinator should be community based. He said a community-based person could better help contractors achieve their good faith efforts because they could refer people directly from the community.

Another community member noted that most apprentices are referred by a family member or friend knowledgeable about the industry, and that there would be limited success for a recruiter from outside the community. He said a coordinator from the inside can work with all parties.

A labor member expressed support for a coordinator, who is a community member, but who would not be tied to or work in any specific community, so that economically disadvantaged workers could be recruited from all zip codes of the City.

A contractor member noted the need for two functions: 1) recruitment and 2) referral. He cited the San Francisco model where a contractor could call up a referral agency and get a list of names of individuals who meet the targeted hire requirements and have them dispatched to the job. He said referrals were very important to contractors.

A labor member reflected on his opinion that some past efforts to set up referrals had failed and that the money would be better spent in pre apprentice funding and getting people put in the pipeline.

A training member noted the need for more education to alert potential apprentices of the opportunities in construction, stating that 90% of her students came from family referrals. She said the success of people working in the industry is what's feeding more people into the industry. She cautioned against more bureaucracy, particularly if that person(s) wasn't knowledgeable of the industry. She reiterated the need for funding to pre-apprenticeship programs.

Daniel Villao from FAS explained the need for an agency to take the lead on facilitation and coordination at the regional level to bring the various stakeholders together. He said FAS would do a good job of that. He also said their office can set the tone for the region's development in targeted hire efforts.

One contractor member noted that the money would be better spent on existing programs, citing Helmets to Hard Hats, SVI, ANEW as examples. He also gave his opinion that the City may not be in the best position to be a clearing house to generate regional support.

One community member stated the need for a paid community member to provide these services because so many are now volunteers, with limited time to devote to the substantial need for outreach, recruitment and referral.

One training advisor suggested hiring someone from the community but housing them at the city, citing the need for accountability, authority, and having a city-wide perspective.

When asked, the group voted against hiring a new jobs coordinator position in the City but voted yes to adding funding to existing pre-apprenticeship programs. The facilitator noted that minority opinions could be included in the report and to submit those reports by May 1.

The group then turned to the next question if cultural competency training should be a contract requirement.

In response, one contractor noted this was unnecessary because all federal contractors have EEO requirements and conduct this training. He said they are conducting training for superintendents and workers and that a contractor would be subject to audit and fines if this training weren't taking place.

Lastly, in response to a CCAC member's request, Nancy provided preliminary social equity performance results from the Seawall CWA for the past 5 months (attached). In closing she suggested members email their questions to Anna Pavlik and she'll respond back to the group with the answers. Anna's email is: anna.pavlike@seattle.gov.

The meeting adjourned at 5:00 p.m.

Meeting Attendees

CCAC MEMBERS:

| | |
|---------|----------|
| Eric | Alozie |
| Diane | Davies |
| Gregory | Davis |
| Jerry | Dindorff |
| Adriana | Gamboa |
| Ed | Kommers |
| Andra | Kranzler |
| Frank | Lemos |
| Todd | Mitchell |
| Lee | Newgent |
| Marge | Newgent |
| Gus | Sestrap |
| Halene | Sigmund |
| Bob | Watrus |
| Keith | Weir |
| John | Welch |
| Michael | Woo |
| Marty | Yellam |

OTHER ATTENDEES:

| | |
|----------|---------------|
| Mark | Beaufait |
| Carlo | Caldiro-Davis |
| Jeanne | Fulcher |
| Jesse | Gilliam |
| Esther | Handy |
| Rhonda | Hilyer |
| Patricia | Lee |
| Marisa | Ordonia |
| Anna | Pavlik |
| Ginny | Ratliff |
| Pastor | Willis |

DRAFT FAS/Locke/4-10-14

| Social Equity Performance Measures* | | | | |
|--|-------------|----------------|--------------------------|---|
| | Goal | Q1 2014 | Project to Date** | Past Performance on City Projects*** |
| Percent of total project hours from workers living in economically distressed zip codes | 15 | 17.2% | 20.1% | 12% |
| Percent total project hours performed by Apprentices | 15 | 13.6% | 13.5% | 13.4% |
| Percent total project hours performed by women | 12 | 12.9% | 15.5% | 4.5% |
| Percent total project hours performed by people of color | 21 | 23.4% | 24.5% | 25.4% |
| Percent of total project hours from workers living in City of Seattle | N/A | 11.2% | 13.9% | 5% |
| Percent of total project hours from workers living in King, Pierce, and Snohomish counties | N/A | 84.0% | 85.6% | 76% |

*Percentages calculated from data entered as of April 11, 2014.

** Project to Date percentages are based on work conducted November 18, 2013 – March 31, 2014.

***Past Performance on City Projects is based on a sample from 2009-2013. Sources are the "Worker Profile in City of Seattle Construction Projects" report and City of Seattle – Construction Workforce Diversity Report.

| WMBE Utilization Performance Measure | | | |
|---|-------------|------------------------|--|
| | Goal | Project to Date | Past Performance on City Projects |
| WMBE Firms | 13 | 23% | 16% |

Construction Careers Advisory Committee Small Group Meeting Notes

April 17, 2014

A small group, with one representative from each of the CCAC stakeholder groups, met on April 17 to discuss and make recommendations to the full CCAC Committee on a targeted hire policy approach. Those representatives were: Andra Kranzler, Halene Sigmund, Jermaine Smiley, John Welch, and Bob Watrus. Other attendees included: Howard Greenwich (SAGE), Rhonda Hilyer, Patricia Lee, Nancy Locke, Anna Pavlik, Ginny Ratliff, Daniel Villao and Jerry Dinndorf.

After introductions, Nancy Locke from Finance and Administrative Services provided the parameters for the discussion. She first asked the group to, for the moment, table the discussion of WMBE impacts on any policy the group recommends since a report from Armstead Consulting is coming soon. She said that would be examined and addressed later to work with with the CCAC's recommendation. She asked the group to advise whether the City should pursue a PLA, an ordinance or a hybrid (ordinance with a PLA) to achieve its targeted hire objectives. When asked, the small group didn't wish to add another potential approach for discussion.

The facilitator asked the group to share their interests and concerns vis-à-vis each policy:

Labor Stakeholder: Jermaine Smiley provided his perspective as one labor representative. He opposed a stand-alone ordinance to achieve targeted hiring goals, saying unions can't participate in a stand-alone ordinance because of their dispatch rules. He said petitioning to change the rules with the US Department of Labor was nearly impossible. He also explained that where stand-alone ordinances have been implemented (DC, Cleveland, Milwaukee) they have been subject to legal challenges. He said a stand-alone ordinance would reduce unionized work and eliminate access to about 2/3 of all the trades' possible apprentices because the CITC program trains apprentices for fewer trade types than the union apprentice programs. He said his preference was for a hybrid approach because it could have strong labor language and ensure equity for small contractors and the community. He also said the City would be assured of union apprenticeship, labor harmony, and union accountability for achieving targeted hire provisions. He said that since unions are giving up something by asking their members to step aside for targeted hires, in return they need the assurance of union work that a PLA, with a low threshold to encompass more work opportunities, provides them.

Contractor Stakeholder Prefers an Ordinance Approach: John Welch said his first choice is for the City to implement an ordinance with targeted hiring goals because it allows the industry to work toward achieving goals without showing preference to certain contractors (open versus union). He said a qualified targeted hire candidate would be able to come to a job site and be immediately put to work. He also said many smaller contractors would have difficulty meeting the targeted hiring goals and that many open shop contractors are opposed to working under PLAs. He explained that was because of their desire to maintain their existing crews intact. He said PLAs limit competition and

that under an ordinance all contractors can engage on equal footing and unions are able to participate by incorporating the ordinance requirements in their collective bargaining agreements. He suggested the hybrid was his second choice and should include a minimum threshold.

Training Stakeholder Prefers Stand-Alone Ordinance: Halene Sigmund explained her preference for an ordinance because it gives CITC-registered apprentices more opportunity and access to work. She opposed a PLA-only approach because small contractors can't use a majority of their work force and they don't understand the requirements. She said a hybrid would be her second choice.

WMBE-Minority Contractor Prefers Hybrid Approach: Eric Alozie stated his preference for a hybrid approach as long as there are thoughtful objectives, the plans are well communicated and there are customized, aggressive targeted hire goals on a project by project basis. Eric said it's important that goals be achievable because if goals are not met, it can foster distrust among the stakeholders. He also suggested reviewing the new programs' progress in three years. He closed out his comments by saying that the prime contractor community has not, on their own, increased the hiring of women and people of color.

Community Prefers Hybrid Approach: Andra Kranzler expressed the community's support for an ordinance with a PLA housed in it as long as there are community workforce provisions embedded in it. She saw this approach as providing greater accountability for contractors and unions and resulting in more meaningful engagement of the community. This approach provides a mechanism for targeted hire in distressed zones and provides an incentive for the trades to partner with the community and WMBEs. She said the community would also like to see more use of CITC apprentices. A stand-alone ordinance was their second choice and a PLA-only represents their third choice because it's not likely to address targeted hiring issue.

Policy Advisor Prefers Hybrid Approach: John Watrus expressed his support for a hybrid, because from a policy perspective he said it provides the most clarity, consistency, transparency, enforcement infrastructure and also addresses the legal concerns of an ordinance-only approach. He also saw it as the next logical step after the Seawall CWA.

After a break, Nancy compiled the results indicating there was the most support for a hybrid policy with an ordinance mandating the following for all projects:

- Targeted hiring goals (women, POC, socio-economic zips, Seattle-King County)
- A blanket PLA for all projects greater than \$ ____
 - exceptions for subcontractors less than \$ ____
 - WMBE as needed; i.e., core workers
 - Addressing specific criteria.

She noted that it would be the CCAC's responsibility to fill in the blanks.

The group agreed to recommend this approach to the CCAC meeting on May 5.

The meeting adjourned at 12:00.

Construction Careers Advisory Committee Meeting Notes - May 5, 2014

After introductions, the facilitator explained the schedule for finalizing the report to be sent to the Mayor and Council on May 21. This compressed schedule will ensure CCAC recommendations can be considered by the Council and allow for possible implementation in 2015. Here's the schedule:

- **May 15:** CCAC members will receive an advance copy of the report and are asked to review for errors, such as spelling or incorrect depiction of a "consensus" recommendation. Please do not review or add wording because there, unfortunately, is not time to vet new language with the entire CCAC.
- **Noon, May 19:** Report feedback due. Also, minority reports are due and should be emailed to HQ@agreementdynamics.com.
- **May 21:** Agreement Dynamics will correct any errors in the report and submit the final report to the Mayor and Council.

Nancy Locke reminded members that the report will provide the general intent of the group, indicating where they agreed, and she encouraged CCAC members to continue to stay engaged in the conversation as the work continues toward policy adoption and implementation.

She also indicated that at the May 12 meeting we'll finish our discussions, including discussing findings from WMBE firms working in the PLA environment.

Hybrid Approach Recommended by CCAC Small Group

A small group, with one representative from each of the CCAC stakeholder groups, met on April 17 to discuss and make recommendations to the full CCAC \ on a targeted hire policy approach. Those representatives were: Andra Kranzler, Halene Sigmund, Jermaine Smiley, John Welch, and Bob Watrus. The facilitator acknowledged and thanked the group for their efforts.

The small group recommended a hybrid approach with an ordinance mandating targeted hiring goals and a blanket PLA for projects over a TBD dollar value. Subcontracts below a TBD dollar value may be exempt from the PLA and the City would evaluate projects for targeted hire based on specific criteria related to project size, labor hours, etc.

FAS provided an outline of a proposed targeted hire approach (see below) and the CCAC members provided feedback and revision as shown in edited form.

CCAC DRAFT ORDINANCE/PLA STATEMENT (AS EDITED BY CCAC ON 5-5-14):

Create a Targeted Hire Ordinance which requires the City to execute a Project Labor Agreement (PLA) that shall include all public works projects meeting certain criteria.

Develop Seattle Municipal Code (SMC) Ordinance to require:

~~For all projects, require practicable targeted hire goals for hours of work to be performed by under-represented individuals. City shall review each project (CONSENSUS) to determine and implement practicable target hire requirements (MAJORITY) for hours of work to be performed by under-represented individuals.~~

Under-represented workers are women, people of color, residents of economically distressed zip codes in Seattle and King County and those who are otherwise socially or economically disadvantaged. ~~(CONSENSUS: With "requirements" as a condition for targeted hire, CCAC gives the Law Department the authority to adapt the language on gender and race to fulfill CCAC's intent.)~~

Targeted hire goals would be set considering the type of work for the project, past performance by type, and aspirational improvements. FAS shall use appropriate mechanisms to establish ~~goals requirements~~. ~~Goals-Requirements~~ shall be enforceable by contract, ~~imposing process steps to ensure compliance (similar to those used by FAS in the WMBE program).~~ ~~(CONSENSUS ON PROCESS STEPS.)~~

A Blanket Project Labor Agreement will be executed and shall apply to all public works projects above ~~\$1,000,000 (MAJORITY) using criteria establishing sufficient work hours to ensure target hire is achievable~~. City Finance and Administrative Services (FAS) would implement on projects below \$X,XXX,XXX if appropriate, such as high volumes of work hours.

Signatories shall include all Prime Contractors and Subcontractors that have a subcontract of any tier valued more than \$XXXXX ~~TBD~~.

The Blanket PLA will include appropriate mechanisms to accommodate WMBE (small) firms as needed and agreed upon (such as payment of dual benefits and agreements on the appropriate number of core workers).

CCAC discussions included:

- All members preferred that the city determine if targeted hire was achievable for each project (based on project type, size, past performance, aspirational improvements, etc.) rather than make all projects targeted hire.

- A majority of CCAC members preferred requiring targeted hire on applicable projects, rather than setting goals.
- CCAC’s targeted workers are defined as “under-represented workers in construction who are women, people of color, residents of economically distressed zip codes in Seattle and King County and those who are otherwise socially or economically disadvantaged.” Because of potential legal constraints raised around race/gender language, the CCAC agreed to let the City Law Department review and revise the definition of targeted hire individuals, as long as it meets the group’s intent.
- CCAC members, by consensus, agreed that requirements will be enforced by imposing process steps to ensure compliance (before debarment), similar to the steps used by FAS on WMBE projects.
- A majority of CCAC members supported a PLA that applies to public works projects above \$1,000,000 (based on project type, size, past performance, aspirational improvements, etc.).
- Yet to be determined by CCAC are potential size exceptions for subcontractors involved in PLAs and other WMBE accommodations.

Nancy Locke provided a handout illustrating that for public works construction projects completed between 2011-2013, 85 out of 192 were projects totaling \$1 million or more. Those would be projects considered for PLAs in the future.

A second chart revealed that out of 269 WMBE construction subcontracts completed during 2011-2013, a vast majority of the projects (91%) were valued at \$300,000 or less.

At the request of some CCAC members, the City will provide data illustrating at what project size level (hours, dollar amount) the most labor hours are captured.

The meeting adjourned at 5:00 p.m.

Meeting Attendees

CCAC MEMBERS:

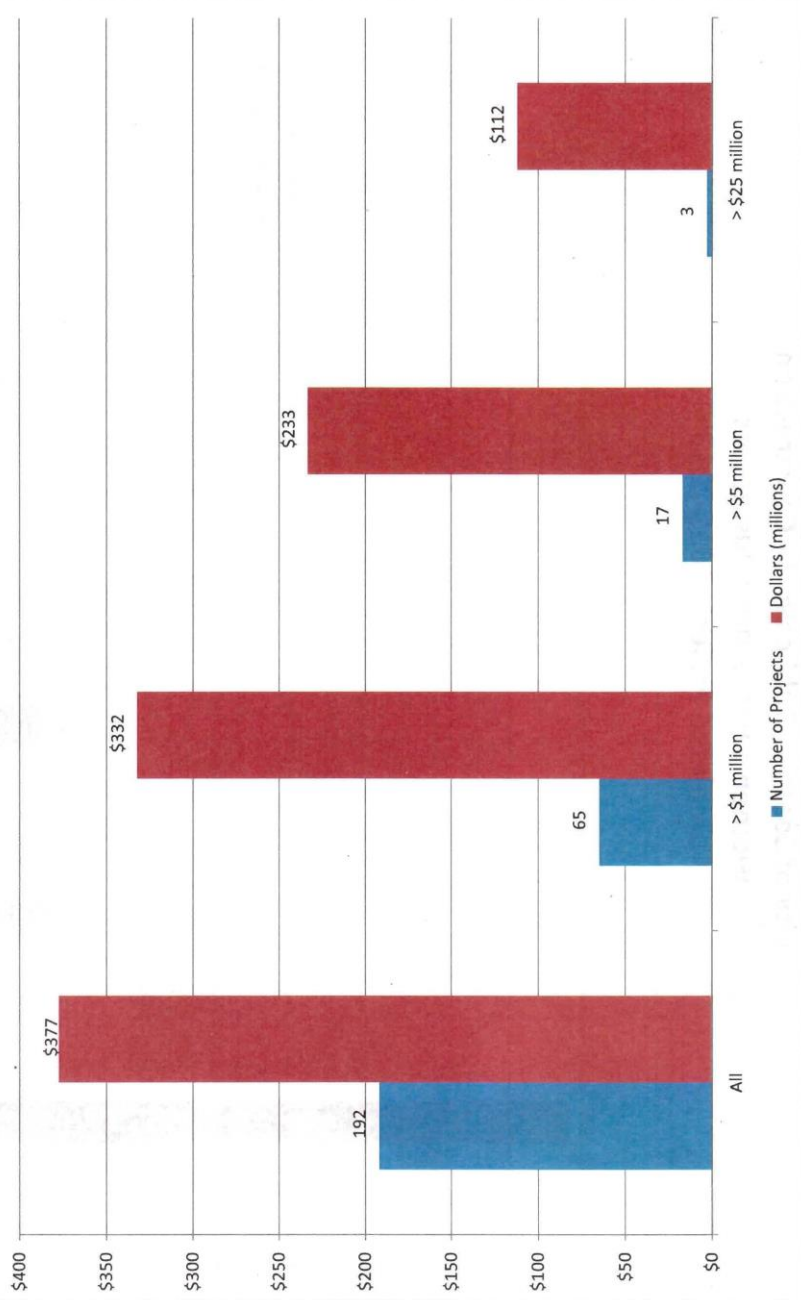
| | |
|---------|----------|
| Eric | Alozie |
| Mark | Beaufait |
| Gregory | Davis |
| Jerry | Dindorff |
| Adriana | Gamboa |
| Dan | Hutchins |
| Andrew | Kashyap |

| | |
|----------|----------|
| Andra | Kranzler |
| Frank | Lemos |
| Elton | Mason |
| Todd | Mitchell |
| Marilynn | Moch |
| Gus | Sestrap |
| Halene | Sigmund |
| Hilary | Stern |
| Keith | Weir |
| Michael | Woo |

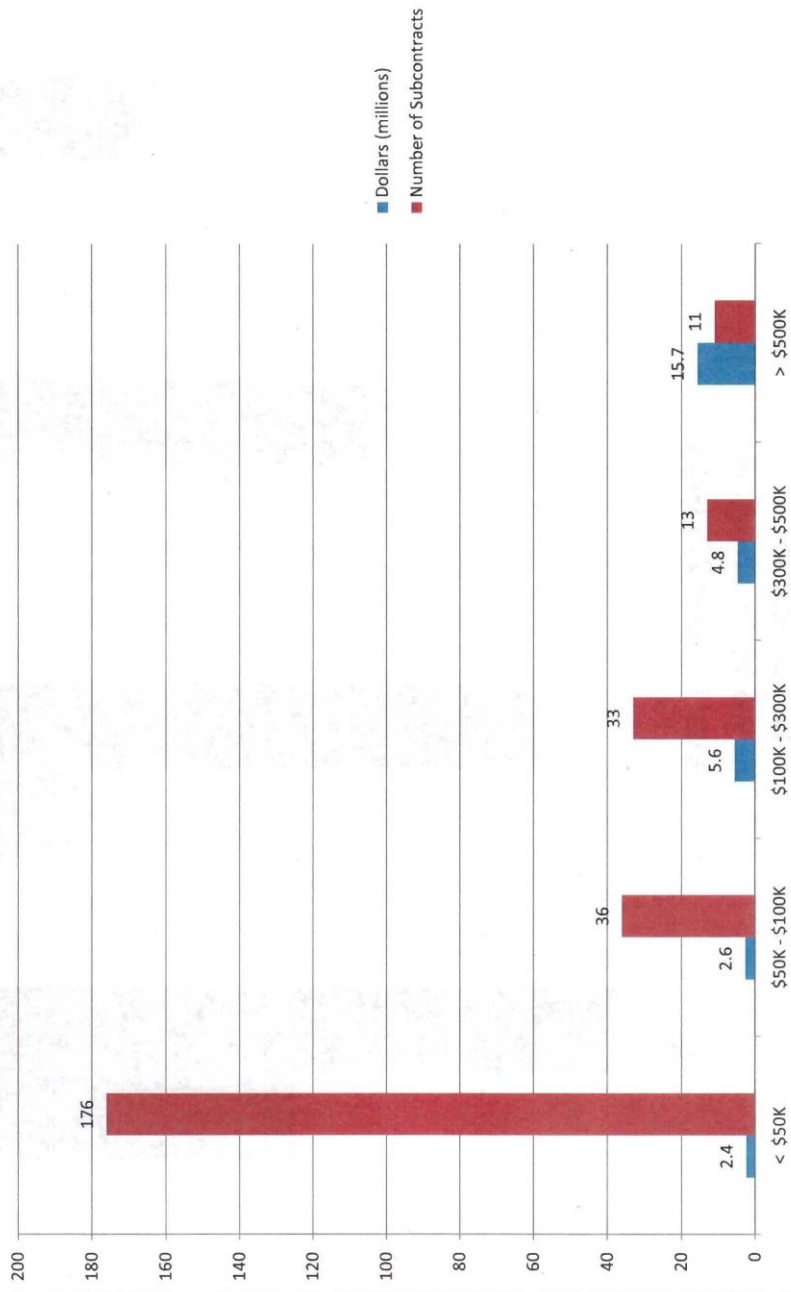
OTHER ATTENDEES:

| | |
|--------|---------------|
| Kassa | Amare |
| Fred | Anderson |
| Carlo | Caldiro-Davis |
| Jeanne | Fulcher |
| Mary | Guthmiller |
| Esther | Handy |
| Lisa | Herbold |
| Rhonda | Hilyer |
| Nancy | Locke |
| Anna | Pavlik |
| Ginny | Ratliff |
| Daniel | Villao |
| Harold | Wright |
| James | Yoo |

City of Seattle Public Works Construction Completed Projects 2011-2013



**City of Seattle - Public Works Construction
Women and Minority Businesses
Completed Projects 2011-2013**



REVISED -7/9/14
Construction Careers Advisory Committee
Meeting Notes - 5-12-14

After introductions, the facilitator announced this was the final CCAC meeting, thanked everyone for their participation, and reminded everyone of the schedule for completion of the CCAC report.

Next, Bob Armstead, president of Armstead Consulting, provided a preliminary presentation on ways to allow for effective WMBE utilization when a project labor agreement (PLA) is used (see attached).

He emphasized the importance of providing protections for WMBEs through a series of slides, one illustrating the dramatic drop in WMBE usage on Seattle public works projects during the recession, another on the distribution of median household incomes by race and ethnicity in King County, showing that African-Americans and Hispanics have significantly lower incomes than other groups. Another slide illustrated that African Americans had the lowest median household income by percentage when compared to white households and that median income had declined from 63% in 2000 to 51% in 2007. He also showed the construction contracting rates for WMBEs at UW (0% in 2013) and Washington state (2.87% in 2010). He explained that a correction of Washington state's contracting rates actually resulted in a .8% utilization rate for WMBE. He compared that to the pre-1-200 state's contracting rates, which for WMBE firms was more than 20%. He said these figures demonstrate the need for the city and other agencies to have policies that will help correct this inequity for WMBE and DBEs.

He provided Seattle Seawall data illustrating that, as a percentage, WMBE firms tend to utilize economically disadvantaged workers, women, people of color and apprentices at a higher rate than non-WMBE firms.

Finally, in surveying public agencies and WMBE firms he developed his suggested list of the top 5 best local practices to ensure WMBE utilization when a PLA is used: 1) trigger for PLA consideration of \$25 million; 2) project-only PLAs; 3) WMBE reimbursement for duplication of benefits; 4) 5 core employees per project and 5) training on PLA requirements, processes and dispute resolution.

To counteract some of the disadvantages WMBEs experience in construction, Bob suggested remedies such as: advance training on the requirements of working under a PLA; the use of one standardized labor agreement for projects; target hire requirements that are developed independent of WMBE to ensure needs of both considered; regional consistency of PLA requirements; easy access and standardized reporting systems; forums for WMBE feedback; independent board to address complaints.

Nancy Locke noted that when the final report was released everyone would receive a copy.

Targeted Hire Comments

Andra Kranzler shared the community's proposal for targeted hire. Comments regarding the proposal were made at the meeting and in follow-up emails from CCAC members to the facilitation team. Specific requests for inclusion of comments made at the meeting are included in this

summary. Comments received by June 26, 2014 regarding meeting quotes, corrections, and clarifications from CCAC members are now incorporated in this summary.

Some members suggested threshold changes: \$1 million for targeted hire, \$10 million for the PLA, \$25 million for the PLA.

One member stated his opinion that any PLA will create a barrier for WMBEs and cited an executive order that seeks to develop policies making it easier for WMBE firms to participate.

One member expressed his opinion, for the record, that the community's proposal had been negotiated without WMBE participation.

One member reminded the group that all elements of the proposal had been discussed at the small group meeting in April and at the May 5 meeting, with WMBE participation in those meetings.

One member reminded the group that union contractors would not be able to do targeted hire without a PLA and that would put them and unionized workers at a disadvantage in the market.

One member stated his concern, for the record, that raising the threshold for targeted hire would limit the effectiveness of a targeted hire program, which was supposed to be this group's mission.

One member suggested that WMBEs and workers get together and advocate for mutual benefit.

For the record, Frank Lemos stated that he "wanted to express frustration and disbelief that this pre-negotiated offer from Labor and the Community with City staff involvement was negotiated without the data understood and received on the impacts of a PLA to the WMBE business community. We just finalized the Armstead presentation and immediately following with no regard or discussion about the WMBE impacts the Community and Labor presents a pre-determined agreement telling the WMBE what we are to accept with no input from those this agreement actually impacts."

One member commented that for Item #3 in the Targeted Hire Proposal below, duration of a project (or project length) should be included in the formula for calculating the requirement for underrepresented workers.

Targeted Hire Proposal Adopted by CCAC

After discussion, the group, by majority vote (votes shown below, voting CCAC members noted below), adopted the following targeted hire program encompassing a City ordinance and a project labor agreement (PLA).

1. The ordinance will require all projects at or above \$5 million to have target hire requirements and a mandated PLA. (8 yes, 4 no, 1 okay¹)
2. In 2 years from the start of the first PLA project, the City would analyze to determine if a higher or lower threshold is appropriate. (Unanimous)

¹ OK = "It's not my preferred option, but I can live with it." (From the *CCAC Ground Rules*.)

3. ²FAS would set the highest practicable requirements for employment of underrepresented workers. The requirement will be built for each project, using a formula that considers the type of work, past performance and aspirational improvements. The requirements would be required of every contractor on the project. (Consensus from the FAS Proposal discussed and modified on 5/5/14)
4. The contractors may also count underrepresented workers in administrative and construction management positions to fulfill the requirement. (From Best Practices/Standards Poll of CCAC - Consensus)
5. Contractors that fail to comply are subject to enforcement up to and including withholding payments and debarment. (Consensus from notes on 5/5/14)
6. The PLA will include mechanisms to accommodate WMBEs. (From the FAS proposal discussed and modified on 5/5/14)
7. The PLA will allow for pre-apprenticeship preferred entry, as well as community-extended entry up to 18 months total. (6 yes, 2 OK)
8. Provide dispute resolution and independent complaint investigation - a City Contracts Ombudsmen (9 yes)
9. Do you recommend the following support mechanisms to assist WMBE firms and other companies that have similar needs?
 - a. 5 core workers on each contract, on each project (10 yes)
 - b. Fund to pay for secondary benefits (11 yes)
 - c. Technical support such as during bidding and award, dispute resolution and help with paperwork and compliance software (10 yes)
 - d. Process to ensure fair treatment (8 yes)
 - e. PLA clause: In the event a Contractor is unable to find qualified and competitive WMBE subcontractors and needs to satisfy WMBE participation goals, then the Union whose work is involved and the Contractor by mutual agreement may waive the requirement of becoming signatory to the PLA. (8 yes, 1 OK)
- 10. Do you adopt the recommendation for a Hybrid Ordinance/PLA? (10 yes, 1 OK, 2 general contractor representatives not voting)**

The meeting adjourned at 5:00 p.m.

Additional comments made for the record after the 5/12/14 meeting

Jermaine Smiley responded that, "All committee members were encouraged to meet in smaller sub-groups to work through any agreements/differences stakeholders may have to help the committee process be more efficient. At the end, labor found some common ground with community interests and saw an opportunity to propose a viable solution. We could only do this by sitting down to find areas of agreements (we still don't agree completely). We would have been happy to do the same with other interests at the table, but we could not find enough common ground to do so. Mr. Armstead's presentation created more questions than answers than recommendations. We were merely trying to be proactive."

² Notes indicate that items 3-6 had been discussed and agreed upon prior to the 5/12 meeting.

Lee Newgent said, in feedback to this summary, that labor did not concur with some of the Armstead report findings nor did they know that this report was paid for by the city. He also noted that some of Armstead's recommendations for WMBE businesses were included in the final CCAC proposal like WMBE reimbursement for duplication of benefits; 5 core employees per project and training on PLA requirements, processes and dispute resolution. He added that the Building Trades considers this a position report, not an industry study.

Meeting Attendees

CCAC MEMBERS ATTENDING AND VOTING:

| | | |
|----------|----------|--------|
| Mark | Beaufait | |
| Diane | Davies | Voting |
| Gregory | Davis | Voting |
| Jerry | Dindorff | |
| Adriana | Gamboa | |
| Andrew | Kashyap | |
| Andra | Kranzler | Voting |
| Frank | Lemos | Voting |
| Elton | Mason | Voting |
| Todd | Mitchell | Voting |
| Marilynn | Moch | |
| Lee | Newgent | Voting |
| Marge | Newgent | Voting |
| Gus | Sestrap | Voting |
| Halene | Sigmund | Voting |
| Jermaine | Smiley | |
| Bob | Watrus | Voting |
| Brian | Webber | |
| Keith | Weir | |
| John | Welch | Voting |
| Michael | Woo | Voting |

Marty Yellam

OTHER ATTENDEES:

| | |
|----------|-----------------|
| Fred | Anderson |
| Bob | Armstead |
| Kelsey | Beck |
| Carlo | Caldirola-Davis |
| Jeanne | Fulcher |
| Esther | Handy |
| Rhonda | Hilyer |
| Steve | Lee |
| Patricia | Lee |
| Nancy | Locke |
| Anna | Pavlik |
| Ginny | Ratliff |
| Shelley | Seacrest |
| Mark | Wheeler |

Armstead Consulting:

← *Helping Organizations and People Achieve New Futures* →

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

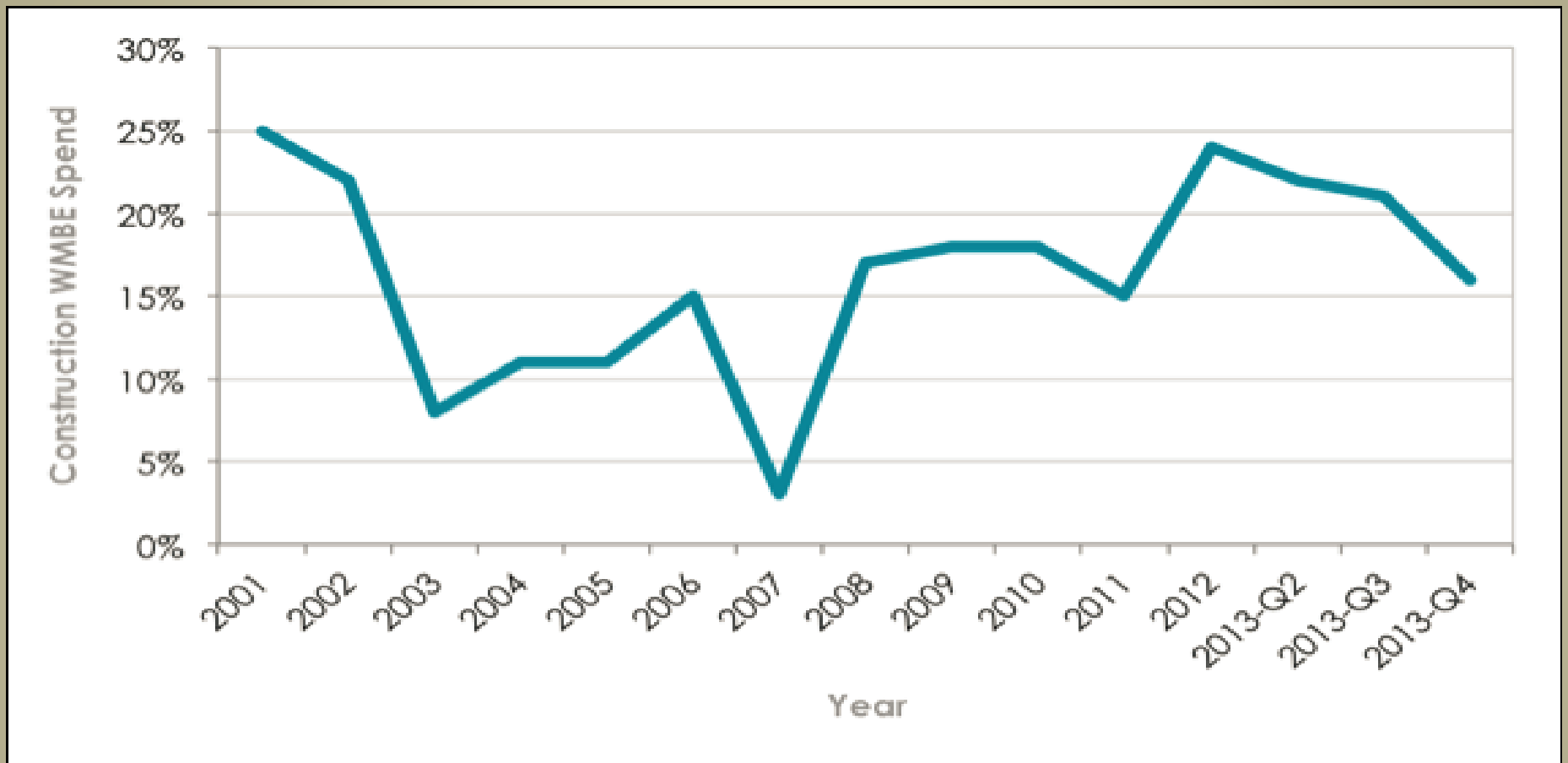
**FAS asked us to study:
If a PLA is used, what solutions allow
effective WMBE utilization?**

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

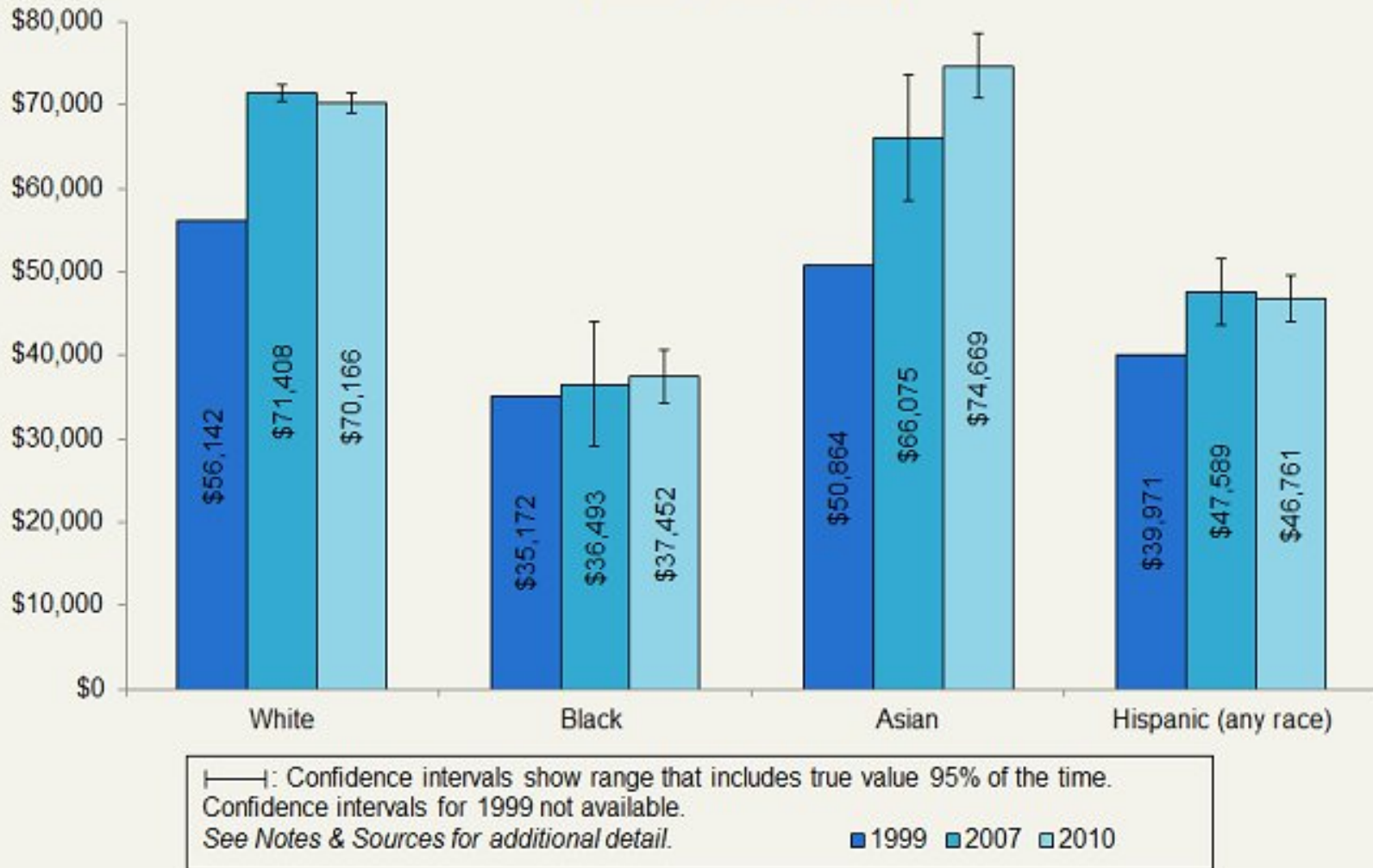
**Data Supporting the Need
for
WMBE and Target Hire
Contracting**

Figure 13: Construction WMBE Utilization in City of Seattle Public Works Projects 2001-2013₁₆₈



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

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



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

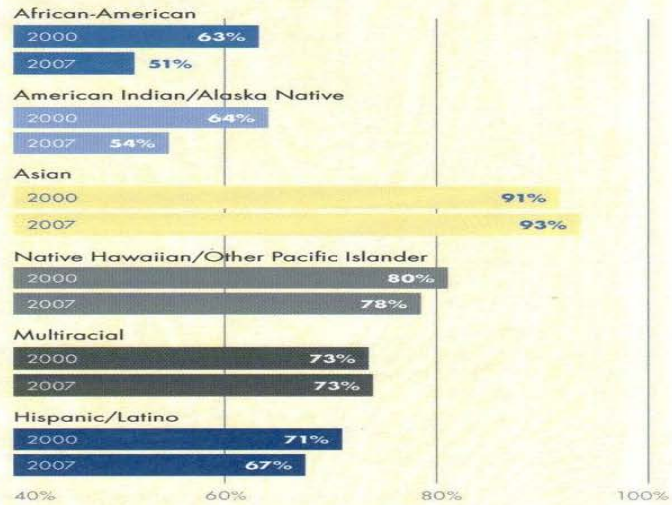
COMMUNITIES COUNT 3/2012

King County Data quoted by Seattle Foundation, 2008

Armstead Consulting, WMBE Utilization in Target Hire

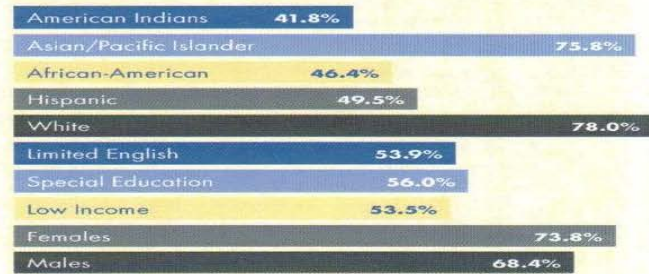
MEDIAN INCOME AS A PERCENT OF WHITE MEDIAN HOUSEHOLD INCOME KING COUNTY 2000 AND 2007

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% | ↑ -0.5 |
| 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% |

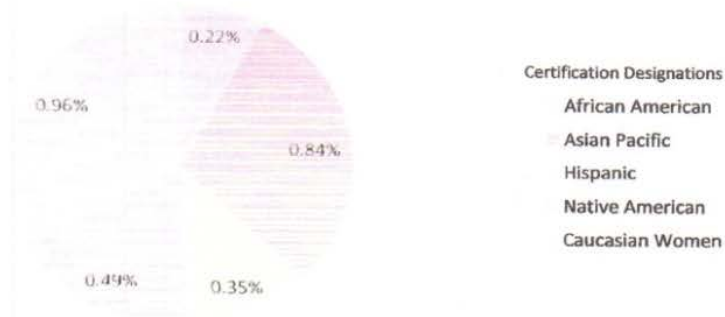
| Legend | | |
|-----------------------|--|---|
| BDP Metrics | MBE = WA certified Minority Business Enterprise | PAS = Purchasing and Accounts Payable Online System |
| Met or exceeded goal | WBE = WA certified Women Business Enterprise | eCommerce = eProcurement, ProCard, and Travel card transactions |
| 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% |
| Total | \$2,346,280,437 | 100% |

| FY10 EXPENDITURES WITH OMWBE CERTIFIED FIRMS | | | | |
|--|---------------------------|---------------------------------|-------------------------------------|-------------------------------------|
| OMWBE CERTIFICATION DESIGNATION | # OF CERTIFIED FIRMS USED | M/WBE DOLLAR SPEND ¹ | M/WBE PERCENTAGE SPEND ² | TOTAL PERCENTAGE SPEND ³ |
| 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



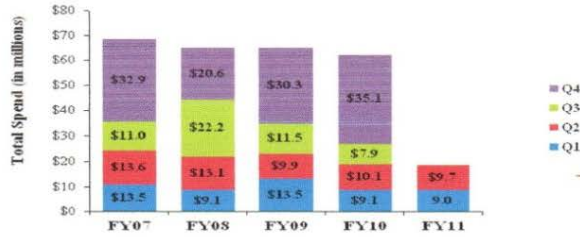
¹Agency spend with OMWBE certified firms

²Percentage of each minority group compared to the total spend with certified firms

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

How much has the State spent with certified firms?

State Expenditure 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 |

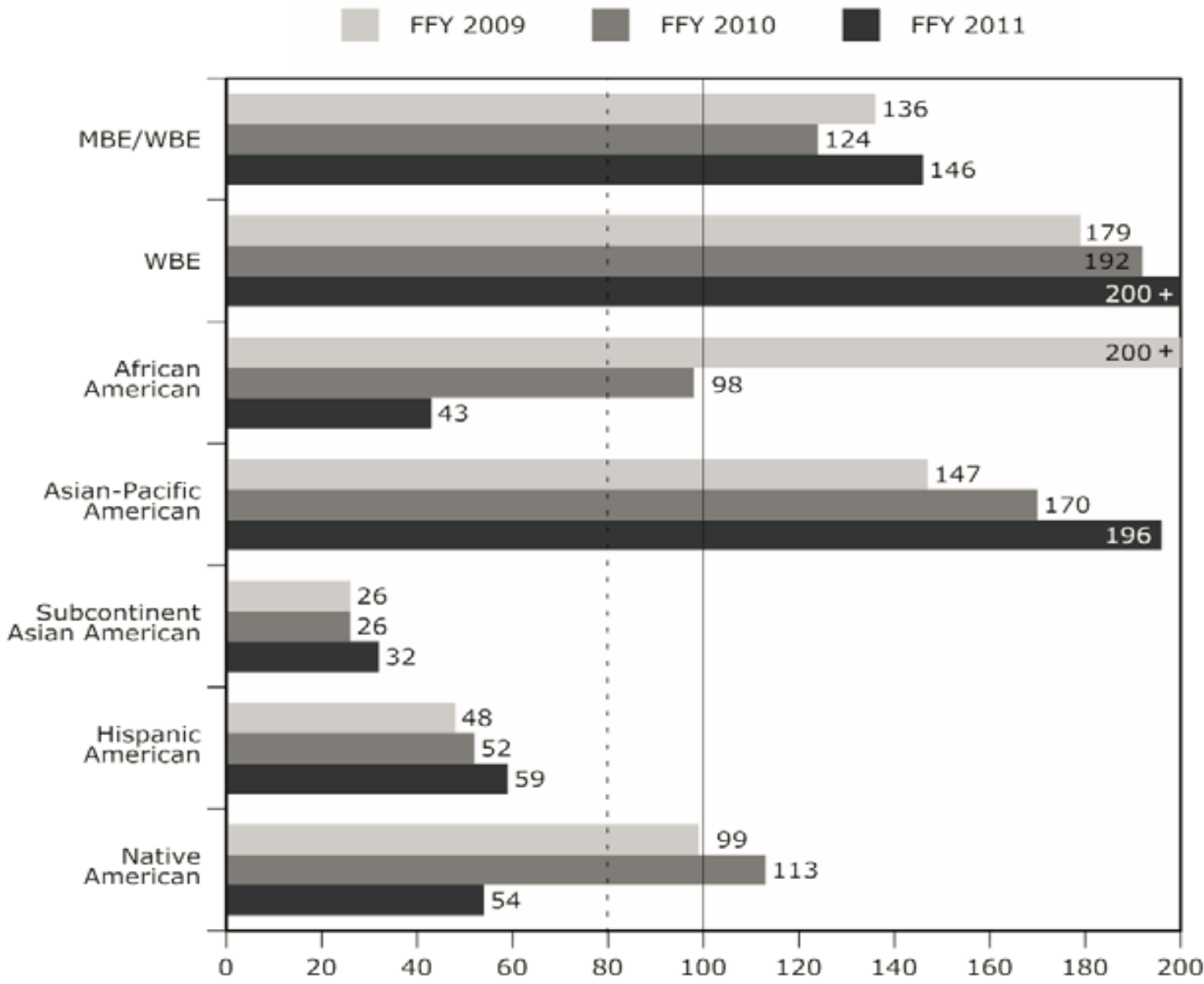
| FY10 | PBase | MBE | % | WBE | % | Total # Certified Firms | Certified Firms Doing Business |
|-------|---------------|-------------|------|-------------|-----|-------------------------|--------------------------------|
| Qtr 1 | \$615,665,989 | \$6,790,803 | 1.10 | \$2,290,215 | .37 | 2461 | 224 |
| 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 |

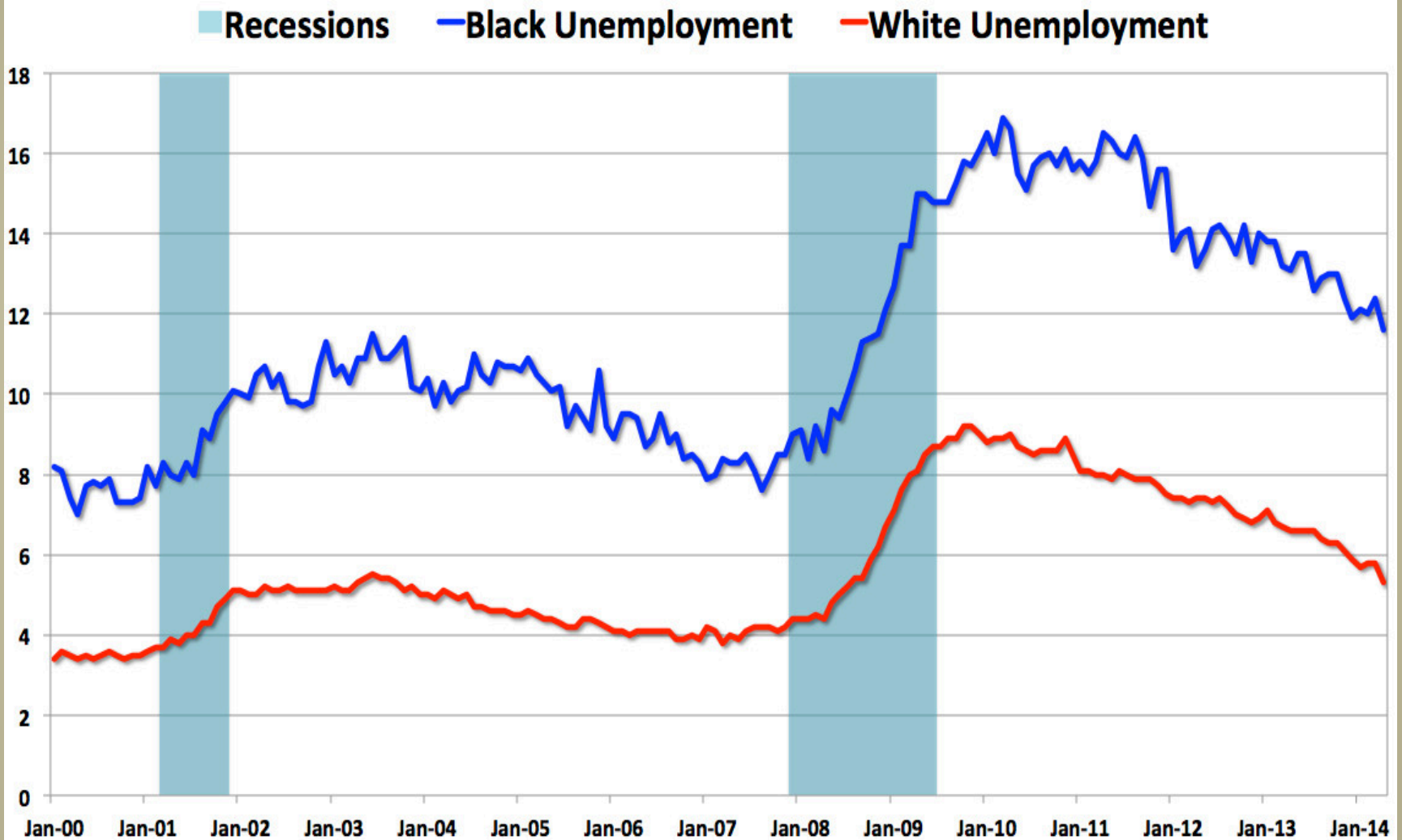
Figure ES-2.
Disparity indices for
WSDOT
and local agency
transportation
contracts (FHWA- and
state-funded) by study
period
year

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

karen@armsteadconsulting.com

bob@armsteadconsulting.com

(425) 444-2618

Armstead Consulting, Inc.

P.O. Box 6668

Bellevue, WA 98008

www.armsteadconsulting.com

Appendix D

Meeting Norms, CCAC Charter and Criteria Used for Decision Making



Ground Rules for City of Seattle Construction Careers Advisory Committee

1. The members commit to fully use an interest-based, problem-solving process. Each member will articulate their interests (needs, concerns, reasons) rather than fixed positions.
2. The members will strive for “win-win” solutions and be willing to compromise as necessary, so long as their interests are not undermined. They will seek to generate consensus-based recommendations.
3. Consensus is achieved when all members agree they can live with a proposed solution or recommendation, even though it may not be their preferred ideal solution.
4. Each member or their alternate will attend all sessions except for unavoidable circumstances (e.g., illness, emergencies, etc.). Each member will ensure that their alternate is fully briefed about the content of any meeting he/she cannot attend. Attendance via electronic means will only be utilized in exceptional circumstances.
5. Alternates are welcome and encouraged to attend all meetings in order to maximize their knowledge of the process. When their member is present, the alternate will have “observer” status and be seated with the other observers. A committee member may ask his or her alternate to provide special expertise and/or information on an issue that the member does not have. In such circumstances, the alternate will provide the information, but not engage in discussion.
6. The members will meet on the dates and times noted on the back of this document (once confirmed) and may reconvene as needed.
7. Members will come to meetings prepared to articulate the interests of the body they represent and to enter into joint recommendations to the Mayor and City Council.
8. Discussions will stay on task and topic. (Minimize tangents.)
9. The members will be open, specific and clearly express their views and interests.
10. The members will treat one another with respect and listen carefully to understand one another.
11. Information and data will be provided to and reviewed by the members in a timely manner.
12. All members will come on time and prepared to fully engage in seeking mutually-acceptable solutions.
13. All members will use the attached criteria to reach agreements and recommendations.
14. These Ground Rules may be modified by consensus of the members, so long as they are in accordance with the attached charter.

Charter for City of Seattle

Ad Hoc Construction Careers Advisory Committee

PURPOSE:

The purpose of the Construction Careers Advisory Committee (CCAC) is to recommend strategies to increase construction career opportunities for women, people of color and otherwise disadvantaged individuals, in particular those that are also Seattle residents, in City funded projects in accordance with the provisions of City of Seattle Resolution 31485.

OBJECTIVES:

The primary objective of the CCAC is to **recommend an effective, targeted hire approach for the City of Seattle as well as other ways the City could use public works contracting to improve access to construction careers for women, people of color and otherwise disadvantaged individuals, and in particular, those who are also Seattle residents.** In so doing, the CCAC is tasked with also answering the following questions:

1. What are existing barriers to construction careers for women, people of color, and those otherwise disadvantaged individuals, and in particular, those who are also Seattle residents, that any new program or policy intervention should address? What barriers are specific to public works contracting?
2. What could an effective targeted hire approach be for the City of Seattle and what outcome does the Advisory Committee expect it could achieve?
3. How else could the City use public works contracting to improve access to construction careers for women, people of color and otherwise disadvantaged individuals, and in particular those who are also Seattle residents?
4. Does the Committee recommend advancing a targeted hire approach in Seattle and if so, in what form?
5. Does the Committee recommend additional program or policy changes and/or partnerships?
6. What resources are needed to support the Committee's recommendations? (For example, staffing for monitoring and enforcing any targeted hiring program, pre-apprenticeship and/or apprentice program funding and other related resource needs?)

WORKING RELATIONSHIPS:

The CCAC members, city staff and facilitator agree to work collaboratively in accordance with this Charter, the attached Ground Rules and the Principles as reflected in the City Resolution and attached Criteria.

RESPONSIBILITIES:**City of Seattle**

The City will compile or commission, to the extent available resources allow and supply to the Advisory Committee, the following information:

- A. Construction workforce demographics for Seattle and King County, both union and non-union, including race, gender, age, employment status, geography of residence (by zip code if possible) by trade;
- B. Existing construction workforce demographics for City of Seattle projects, including race, gender, age, geography of residence (by zip code if possible), by trade and by work hours;
- C. Existing unemployed construction workforce demographics for Seattle and King County including race, gender, age and geography of residence (by zip code if possible), by trade;
- D. Studies or analysis about barriers to pre-apprenticeship, apprenticeship and construction work, for women, people of color, or those otherwise disadvantaged individuals, and in particular those who are also Seattle residents;
- E. Estimates of likely expenditures in City capital construction in the next ten years, by type (roadway, facilities, underground utilities, electrical utilities, parks development), given available data to extrapolate such estimates, and associated projected work-hours by type;
- F. Analysis of the current construction workforce pipeline in Seattle, including apprenticeship, pre-apprenticeship and workforce training programs of the City of Seattle, building trades unions, non-profits and the private sector and understand gaps in current programs that a new policy is needed to address;
- G. Comparative analysis of target hiring models used by other cities;
- H. Demographics about the unemployed workforce in Seattle and King County including race, gender, age and geography of residence (by zip code if possible), and each demographics' likely availability in each construction trade;
- I. Forecast of supply and demand by trade to focus and identify training and pipeline needed areas.

Furthermore, the Department of Finance and Administrative Services will notice and staff Committee meetings, as well as manage data collection and facilitation consultants.

FACILITATOR:

The facilitator will design and draft meeting agendas, summaries, related materials and a written report of the Committee's recommendations. The facilitator will conduct the meetings in a manner that maximizes openness, collaboration and participation by all members and also advances mutual respect.

The facilitator will ensure the meetings start and end on time, stay on task with agenda items and utilizes a collaborative process that provides all members an equitable forum for developing recommendations. The facilitator will ensure FAS staff have all the information necessary to support the committee.

COMMITTEE MEMBERS AND ALTERNATES:

The Committee will review and discuss all data provided by the City and its consultants, offer their individual perspectives and interests and work constructively together to develop interest-based recommendations to the Mayor and City Council. Committee members and alternates shall sign and commit to the Ground Rules before being seated. The Committee will make its best effort to develop a common set of recommendations as outlined in the Objectives of this Charter and will do so by February 2014.

PROCESS:

A collaborative, interest-based process will be used to maximize the potential for mutually-acceptable outcomes. The needs, concerns and priorities of all members of the Committee will be identified, clarified, and utilized as consensus-based recommendations are crafted. Consensus is achieved when all parties agree they can live with a proposed solution or recommendation, even though it may not be their preferred ideal solution. If there are instances in which consensus is not achieved, recommendations may be submitted if supported by a majority of Committee members.

SCHEDULE:

| Date | Action |
|----------------------------------|---|
| October 2013 - February 28, 2014 | Advisory Committee meets and develops recommendations. Meeting times and frequency will be determined at a later date, but it is anticipated the Committee will meet twice a month for five months. |
| February 28, 2014 | Advisory Committee submits its recommendations in a written report to the Mayor and City Council. |
| April 30, 2014 | City Council and Mayor's office to respond to the recommendations in the Advisory Committee Report and/or introduce policy. |

City of Seattle
Ad Hoc Construction Careers Advisory Committee
Criteria for Policy Recommendations
(Adapted from Committee Guiding Principles)

- A. Does this policy provide solutions and opportunities that benefit women, people of color and other disadvantaged individuals, in particular those who are also Seattle residents?
- B. Will this policy stand the test of time and be both durable and able to be improved as needed?
- C. Is this policy flexible enough to be utilized by other public agencies across the region and still be effective for the City of Seattle?
- D. Does this policy support and further the City's utilization of and dollars paid to woman and minority businesses?
- E. Does this policy protect and support the gains people of color and women have made in working on City projects?
- F. Does this policy support the workforce pipeline, including pre-apprenticeship and apprenticeship training, and continuous employment through the apprenticeship training years leading to journey-level work?
- G. Does this policy support and enhance the City's responsibility to competitively bid, manage, and complete City funded projects on schedule and within budget?
- H. Does this policy consider and protect City projects from unwanted risk exposure, ensuring the policy recommendations are legally appropriate?
- I. Does this policy respect the input and interests of the leaders of all stakeholders, including the community, general contractors, women and minority businesses and labor unions?
- J. Does this policy recognize City resource limitations, factor in required trade-offs, and is the cost realistic?

Appendix E

Studies Conducted for the CCAC

E1:

Worker Profile Report
By UCLA Labor Center

E2:

*City of Seattle Construction Industry
Labor Market Assessment*
By Community Attributes

E3:

*Exploring Targeted Hire: An Assessment of
Best Practices in the Construction Industry*
By UCLA Labor Center



WORKER PROFILE

IN CITY OF SEATTLE

CONSTRUCTION PROJECTS



**An assessment of worker demographics on Public Works projects funded by the
City of Seattle.**

**A Report by the UCLA Labor Center
February 2014**

WORKER PROFILE

IN CITY OF SEATTLE CONSTRUCTION PROJECTS

An assessment of worker demographics on Public Works projects funded by the City of Seattle.

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| Executive Summary | I |
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| 2.Location of Workers | 6 |
| 3.Worker Profile | 20 |
| 4.Skill Levels | 30 |
| Appendix 1. Worker Distribution by Zip Code | 33 |

Acknowledgements

Thank you to the contractors that provided the data for the report. Special thanks to the City of Seattle Finance and Administrative Services Purchasing and Contracting Services Division, Daniel Villao, Anna Pavlik and Jeanne Fulcher for their guidance on the project and support in coordinating with contractors to attain the data. The report was compiled by Clarine Ovando-Lacroux, Saba Waheed and Lucero Herrera.



FOR MORE INFORMATION:
UCLA Labor Center
675 S Park View St Los Angeles
(213) 480-4155

Worker Profile in City of Seattle Construction Projects

EXECUTIVE SUMMARY

The City of Seattle contracted the UCLA Labor Center to conduct an assessment of worker demographics in construction projects funded by the City to construct, repair and maintain municipal facilities and infrastructure. This assessment is intended to inform the City's efforts to develop economic opportunities and employment strategies, particularly for disadvantaged individuals.

For this purpose, 24 prime contractors provided researchers with payroll records of covered contracts in 33 public works projects for the period of 2009-2013. The data included employee information from project subcontractors. Data consisted of the number of hours per worker in each project, as well as demographic variables such as birth date, race, gender, work class, and resident zip code.¹ We received data on 2,780 employees working in the following key Public Works area:

- **9 Roadway projects** with 903 workers (48% of total expenditure)
- **5 Electrical Utility projects** with 458 workers (13% of total expenditure)
- **9 Facility projects** with 229 workers (6% of total expenditure)
- **6 Utility projects** with 1070 workers (29% of total expenditure)
- **4 Parks and Recreation projects** with 120 workers (4% of total expenditure)

In our analysis, we looked at demographics of workers including race/ethnicity, gender, age and job type. In addition, we also analyzed worker residency information to identify workers that come from economically distressed areas, defined as zip codes with a high density of residents: 1) living at 200% of the Federal Poverty Level or below, 2) unemployed and/or 3) without a college degree.

1. Though the data provides a robust sample, one major limitation of our data is that some of the contractor data included some but not all the requested demographic variables. For the main variables, we received data on gender (2,723), race/ethnicity (2,045), age (1,171), zip codes (2,255) and skills level (2,184).

Worker Residency

Seattle residents comprise 6% of the workers in the sample. Outside of Seattle, residents of King County comprise 25% of the workforce. Over half (53%) of the workers come from Pierce and Snohomish counties and 16% live outside of the tri-county area.

In regards to economically distressed areas, most of the workers in Seattle (77%) live in disadvantaged areas. Seventy-seven percent of all female workers living in the City of Seattle come from disadvantaged zip codes, and 90% People of Color and 83% apprentices come from disadvantaged zip codes. Thirty-five percent of King county² workers come from disadvantaged neighborhoods. In King County, 24% of all female workers and 55% of all workers of color live in disadvantaged neighborhoods.

TABLE 1: WORKERS BY GEOGRAPHIC AREA

| Geographic Area | Total Workers (%) (n=2255) | Women (%) (n=105) | People of Color (%) (n=464) | Apprentices (%) (n=180) |
|---------------------------|-------------------------------|----------------------|--------------------------------|----------------------------|
| Seattle | 6% | 13% | 10% | 13% |
| King County ³ | 25% | 39% | 33% | 31% |
| Pierce/Snohomish Counties | 53% | 37% | 45% | 42% |
| Outside Tri-County | 16% | 11% | 12% | 14% |
| Total | 100% | 100% | 100% | 100% |

TABLE 2: WORKERS IN ECONOMICALLY DISADVANTAGED AREAS

| GEOGRAPHIC AREA | Total Workers (%) | Women (%) | People of Color (%) | Apprentices (%) |
|----------------------------|-------------------|-----------|---------------------|-----------------|
| Seattle Disadvantaged | 77% | 77% | 90% | 83% |
| King County Disadvantaged* | 35% | 24% | 55% | 42% |
| Combined Disadvantaged | 43% | 36% | 63% | 54% |

* Not including the City of Seattle.

Source: UCLA Labor Center, analysis of employee data, 2013

2. Not including Seattle residents

3. Not including the City of Seattle

People of Color

People of color comprise 27% of the workforce and performed 25% of all the hours worked.⁴ Although not pictured here, of the POC workforce, 56% are Latino. Other ethnicities include African-American (18%), Native American (14%), Asian (9%) and Pacific Islander (3%).

FIGURE 1: RACE/ETHNICITY OF WORKERS

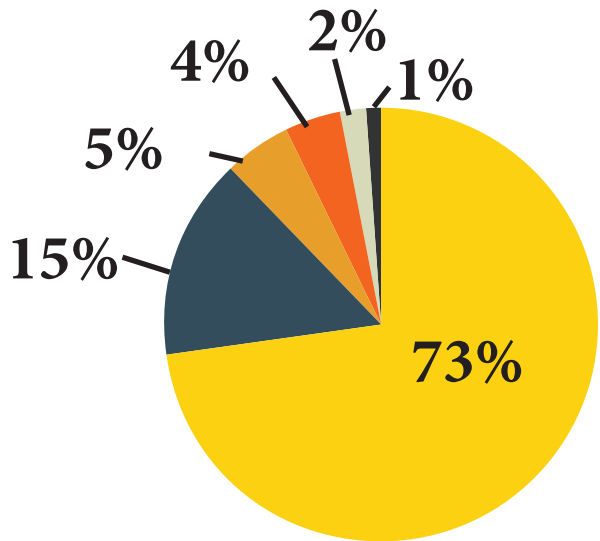
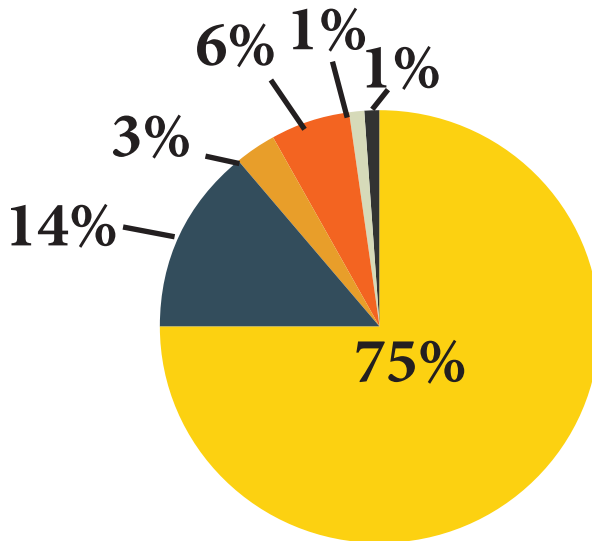


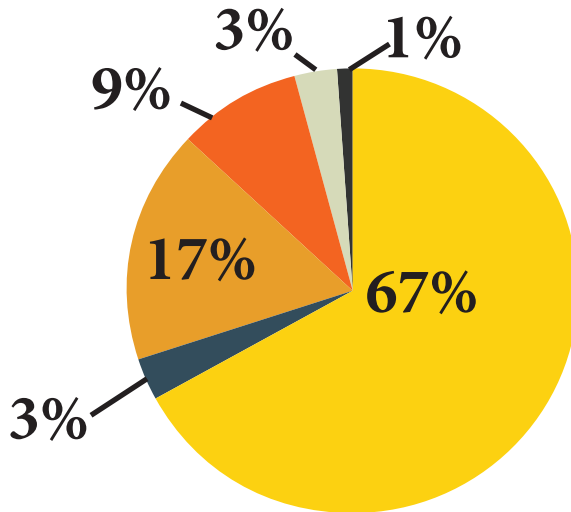
FIGURE 2: HOURS WORKED BY RACE/ETHNICITY



Women in Construction

Women comprise 5% of the workforce and performed 7% of hours worked.⁵

FIGURE 3: FEMALE WORKERS



Source: UCLA Labor Center, analysis of employee data, 2013

4. In comparison, people of color worked 29.87 percent of the labor hours on the majority of City funded construction projects in 2013 (source: City of Seattle EEO/ Apprenticeship Utilization Report Summary for All Projects).

5. In comparison, women worked 5.05 percent of the labor hours on the majority of City funded construction projects in June 2013 (source: City of Seattle EEO/ Apprenticeship Utilization Report Summary for All Projects).

Skill

Of the total journey-level hours worked in the sample, 95% were performed by men, and 5% by women. People of color performed 27% of all the journey-level hours in the sample.

Apprentices represent 10% of the workforce, and performed 12% of the hours worked. Women and people of color had greater participation as apprentices. Of the total hours performed by apprentices, women performed 24% of the hours. People of color performed 32% of all hours worked by apprentices. On average, apprentices are much younger than journey-level workers, and are more diverse in terms of gender and ethnicity, as shown in **Table 3** below.

TABLE 3: PROFILE OF APPRENTICES AND JOURNEYMEN

| Age | Apprentices WORKERS | Apprentices HOURS | Journeyman Workers | Journeyman Hours |
|------------------|------------------------|----------------------|-----------------------|---------------------|
| Percent of Total | 10% | 12% | 90% | 88% |
| Male | 86% | 76% | 95% | 94% |
| Female | 14% | 24% | 5% | 6% |
| White | 65% | 68% | 73% | 76% |
| People of Color | 35% | 32% | 27% | 24% |

Source: UCLA Labor Center, analysis of employee data, 2013

Age

Data shows that the average age for all respondents is 41. Workers' ages range from 18 to 77 years, though most workers fall between the ages of 25 and 54. The average age for women is slightly higher than that of their male counterparts, at 46 and 41 years respectively.

TABLE 4: AGE CATEGORY BY SKILL

| Age | Journeyman (N=825) | Apprentice (N=98) | All Skill Levels (N=1171) |
|--------------|-----------------------|----------------------|------------------------------|
| 18-24 | 5% | 5% | 5% |
| 25-34 | 28% | 35% | 28% |
| 35-44 | 26% | 29% | 27% |
| 45-54 | 27% | 21% | 26% |
| 55-64 | 13% | 10% | 13% |
| >65 | 1% | 0% | 1% |
| Total | 100% | 100% | 100% |

1. Introduction

About this project

The UCLA Labor Center was contracted by the City of Seattle to conduct an assessment of worker demographics on projects funded by the City. The project uses contractor employee data to gain an understanding of the reach of public funds in providing jobs to a diverse range of workers including women, people of color (POC) and local residents.

Methodology

Over the past several months, the City of Seattle collected and compiled employee data from contractors who worked on City-funded construction projects between 2009 and 2013. The UCLA Labor Center analyzed worker data provided by 24 contractors of workers employed in 33 different public works projects. The data, obtained from each company's payroll database, included the number of hours per worker in each project, as well as demographic variables such as birth date, race, gender, work class, and resident zip code. We received data on 2,780 job placements and based on the demographics, identified 145 repeats in which an employee worked on more than one city project. Demographic variables were analyzed to better understand the composition of the workforce on City-funded projects.

In addition, we analyzed worker residency information to identify workers that come from economically distressed areas. As required by the Alaskan Way Seawall Replacement Project Community Workforce Agreement, the City of Seattle Purchasing and Contracting Services Division identified economically distressed zip codes and defined them based on the following indicators:

- (1) People living under 200% of Federal Poverty; and/or
- (2) Unemployment; and/or
- (3) Those without a college degree.

Though the data provides a robust sample, one major limitation of our data is that some of the contractor data included some but not all the requested demographic variables. For the main variables, we received data on gender (2,723), race/ethnicity (2,045), age (1,171), zip codes (2,255) and skills level (2,184).⁶

6. The sample size may vary when cross tabulations are calculated of variables with differing sample sizes. In such cases, the sample size is indicated under the variable name (n=)

Public Works Projects

This analysis included a total of 33 public works projects between 2009-2013, divided among the following 5 public works categories:

- 9 Roadway projects with 903 workers (48% of total expenditure)
- 5 Electrical Utility projects with 458 workers (13% of total expenditure)
- 9 Facility projects with 229 workers (6% of total expenditure)
- 6 Utility projects with 1070 workers (29% of total expenditure)
- 4 Parks and Recreation projects with 120 workers (4% of total expenditure)

Table 5 provides additional information about the project areas.

TABLE 5: SUMMARY OF PUBLIC WORKS PROJECTS

| Type of Work | Number of Projects | Average Budget | Number of Workers | Total Budget | Percent by Expenditure |
|-------------------------|--------------------|----------------|-------------------|---------------|------------------------|
| Roadway | 9 | \$9,231,646 | 903 | \$83,084,810 | 48% |
| Utility (electrical) | 5 | \$4,593,748 | 458 | \$22,968,742 | 13% |
| Facilities ⁷ | 9 | \$1,206,290 | 229 | \$10,856,609 | 6% |
| Utility | 6 | \$8,453,442 | 1070 | \$50,720,650 | 29% |
| Parks and Development | 4 | \$1,784,036 | 120 | \$7,136,143 | 4% |
| Total | 33 | | 2780 | \$174,766,954 | 100% |

Source: UCLA Labor Center, analysis of employee data, 2013

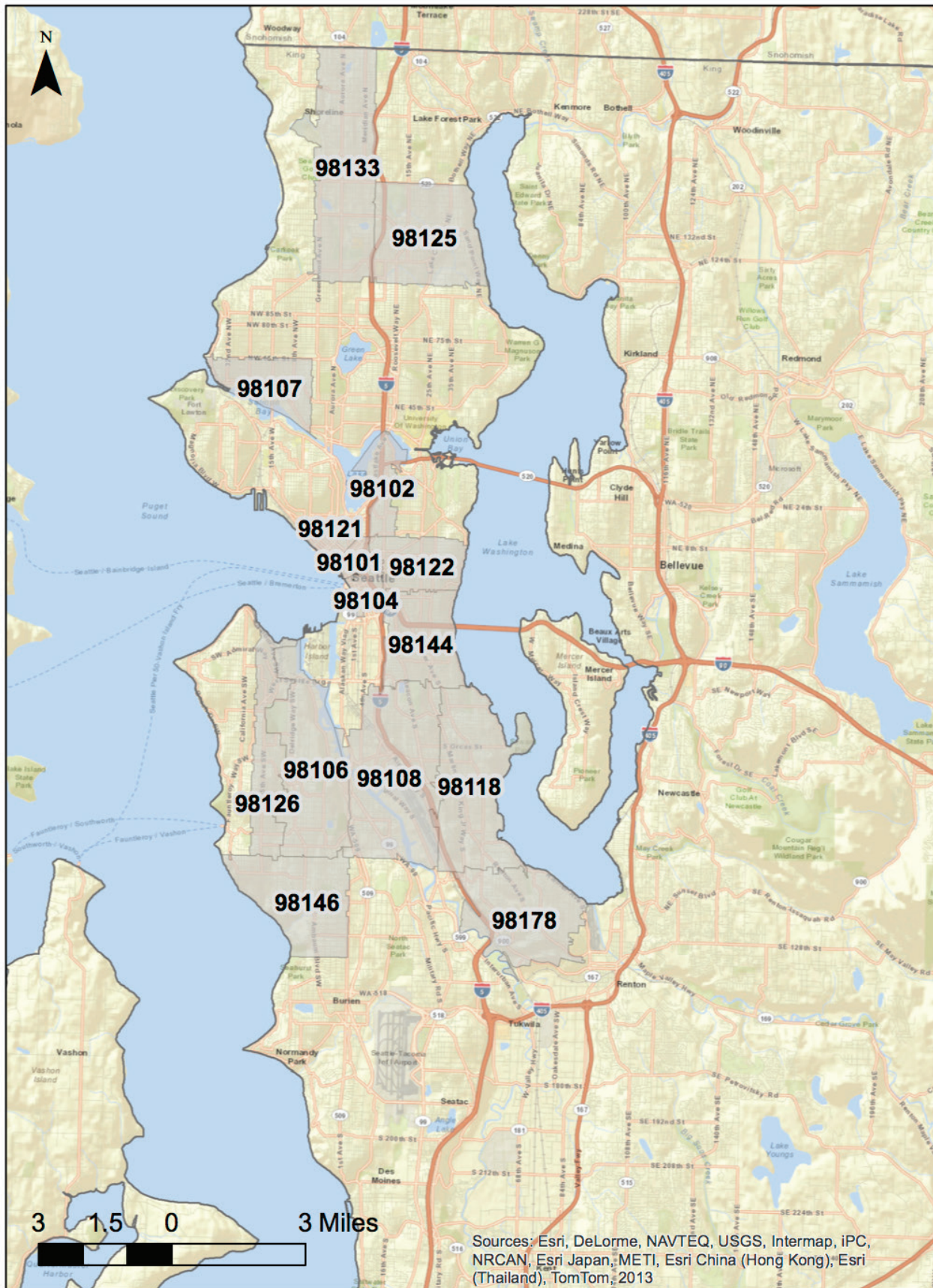
7. Two projects undertaken by Seattle Parks and Recreation are classified under the “facilities” category (PW#2011-015r and PW# 2010-077)

MAP 1: GEOGRAPHIC FOCUS OF RESEARCH



Source: UCLA Labor Center, analysis of employee data, 2013

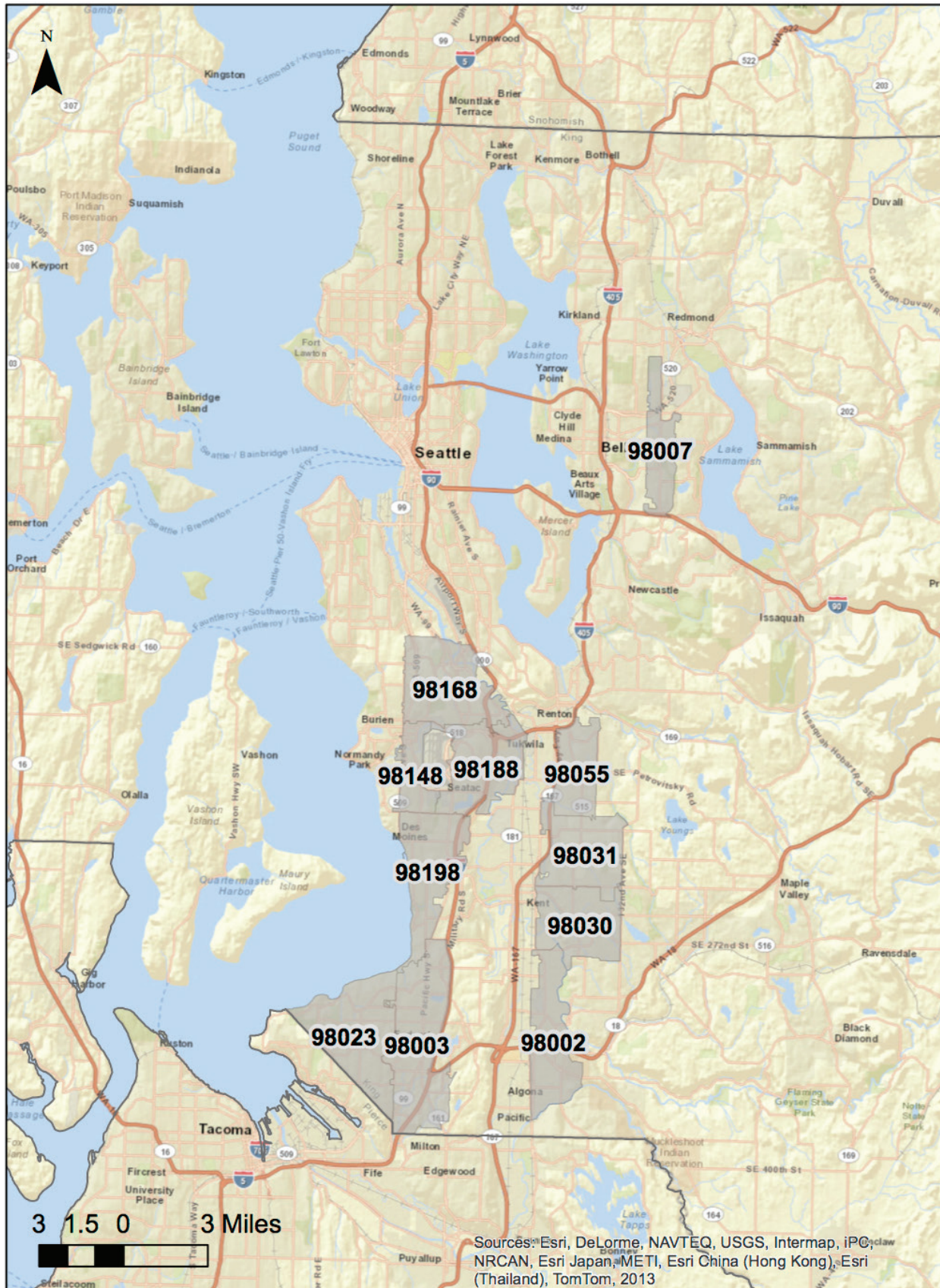
MAP 2: ECONOMICALLY DISADVANTAGED ZIP CODES - SEATTLE



Source: UCLA Labor Center, analysis of employee data, 2013

Note: Several of the zip codes cross city boundaries (98146, 98108 and 98178) and were included in the City of Seattle list of zip codes

MAP 3: ECONOMICALLY DISADVANTAGED ZIP CODES - KING COUNTY



2. Location of Workers

Seattle residents comprise 6% of the workers in the sample. Outside of Seattle, residents of King County comprise 25% of the workforce. Over half (53%) of the workers come from Pierce and Snohomish counties and 16% live outside of the tri-county area.

TABLE 6: WORKERS BY GEOGRAPHIC AREA

| Geographic Area | Total Workers (%) (n=2255) | Women (%) (n=105) | People of Color (%) (n=464) | Apprentices (%) (n=180) |
|---------------------------|-------------------------------|----------------------|--------------------------------|----------------------------|
| Seattle | 6% | 13% | 10% | 13% |
| Seattle Disadvantaged | 5% | 10% | 9% | 11% |
| Rest of Seattle | 1% | 3% | 1% | 2% |
| King County ⁸ | 25% | 39% | 33% | 31% |
| King County Disadvantaged | 9% | 9% | 18% | 13% |
| Rest of King County | 16% | 30% | 15% | 18% |
| Pierce/Snohomish Counties | 53% | 37% | 45% | 42% |
| Outside Tri-County | 16% | 11% | 12% | 14% |
| Total | 100% | 100% | 100% | 100% |

Out of all Seattle residents (6% of the total sample), most of the workers (77%) live in economically disadvantaged areas. Out of the King county residents living outside of Seattle (25% of the total sample), 35% live in economically disadvantaged areas.⁹ In both the City of Seattle and King County,¹⁰ a significant percentage of women, POC and apprentices come from economically disadvantaged areas. When looking at King County residents as a whole, including the City of Seattle, 43% live in economically disadvantaged areas.

TABLE 7: WORKERS IN ECONOMICALLY DISADVANTAGED AREAS¹¹

| Geographic Area | Total Workers (%) | Women (%) | People of Color (%) | Apprentices (%) |
|---------------------------|-------------------|-----------|---------------------|-----------------|
| Seattle Disadvantaged | 77% | 77% | 90% | 83% |
| King County Disadvantaged | 35% | 24% | 55% | 42% |
| Combined Disadvantaged | 43% | 36% | 63% | 54% |

8. Not including the city of Seattle

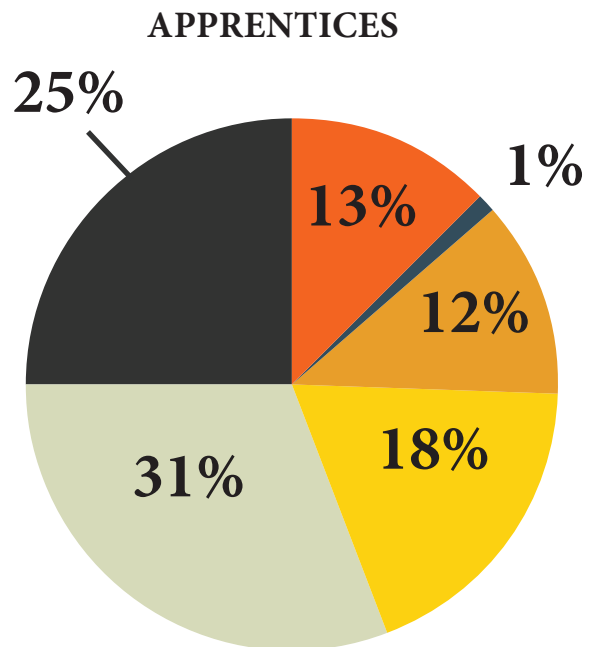
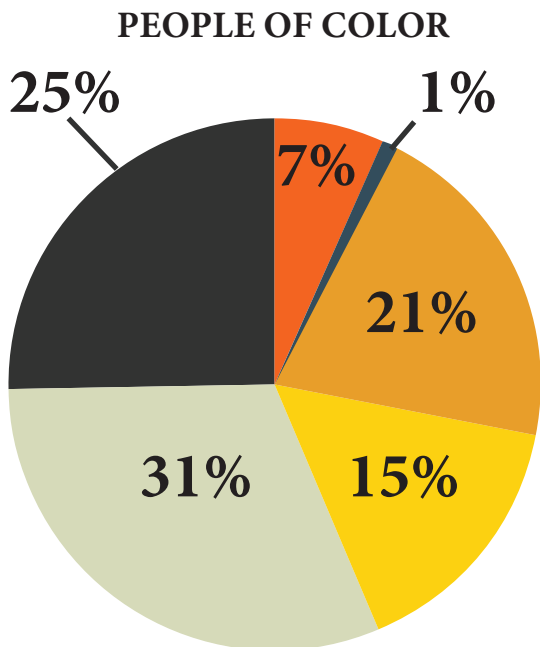
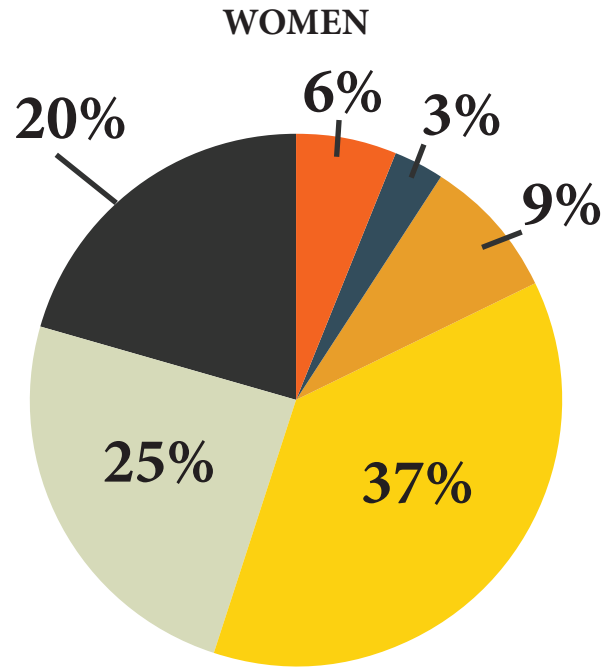
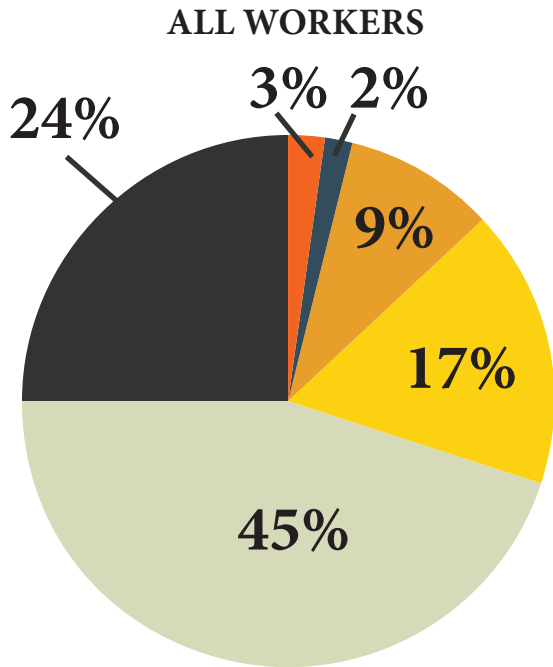
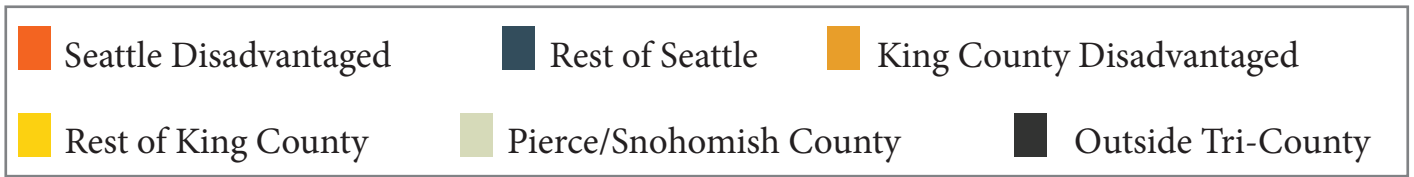
9. Not including the city of Seattle

10. Not including the city of Seattle

11. Disadvantaged refers to economically distressed areas, defined as zip codes with a high density of residents living at 200% of the Federal Poverty Level or below, are unemployed and/or do not have a college degree. See table 10 for list of Seattle Disadvantaged zip codes.

The geographic distribution of hours worked by all workers, women, people of color, and apprentices can also be seen in **Figure 4** and **Table 8**.

FIGURE 4: HOURS WORKED GEOGRAPHIC PROFILE*



*Based on total hours worked in all 33 construction projects.
Source: UCLA Labor Center, analysis of employee data, 2013

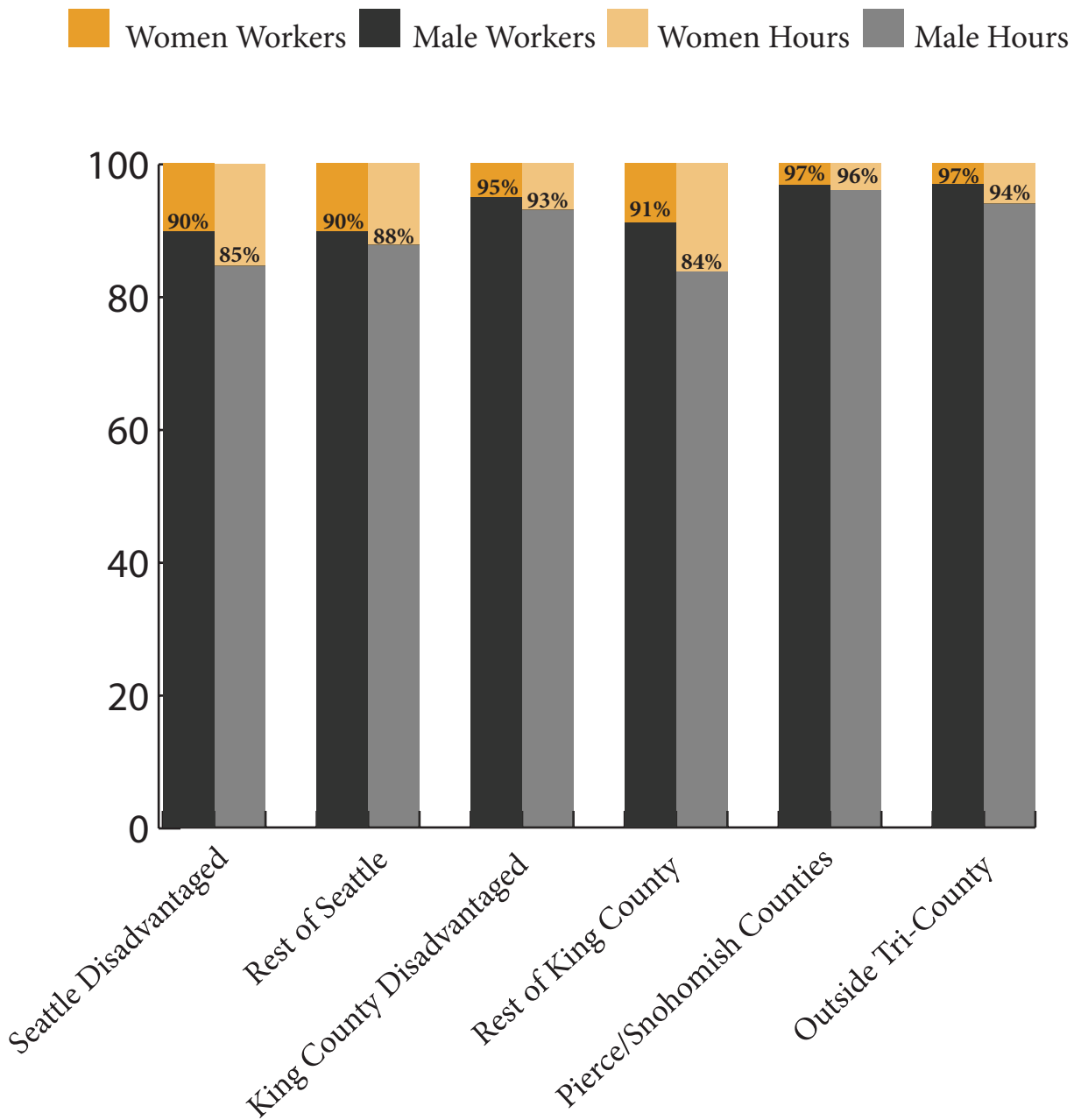
TABLE 8: WORKERS AND HOURS BY GEOGRAPHIC AREA

| Geographic Area | Total Workers (%) (n=2255) | Hours Worked (%) (n=2255) | Women Workers (%) (n= 105) | Hours Worked (%) (n= 105) | POC Workers (%) (n=464) | Hours Worked (%) (n=464) | Apprentice Workers (%) (n=180) | Hours Worked (%) (n=180) |
|---------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|------------------------------------|-------------------------------------|---|-------------------------------------|
| Seattle | 6% | 5% | 13% | 9% | 10% | 8% | 13% | 14% |
| Seattle Disadvantaged | 5% | 3% | 10% | 6% | 9% | 7% | 11% | 13% |
| Rest of Seattle | 1% | 2% | 3% | 3% | 1% | 1% | 2% | 1% |
| KING COUNTY | 25% | 26% | 39% | 46% | 33% | 36% | 31% | 30% |
| King County Disadvantaged | 9% | 9% | 9% | 9% | 18% | 21% | 13% | 12% |
| Rest of King County | 16% | 17% | 30% | 37% | 15% | 15% | 18% | 18% |
| Pierce/Snohomish Counties | 53% | 45% | 37% | 25% | 45% | 31% | 42% | 31% |
| Outside Tri-County | 16% | 24% | 11% | 20% | 12% | 25% | 14% | 25% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Source: UCLA Labor Center, analysis of employee data, 2013

Just over half of the total number of workers (53%) reside in Pierce and Snohomish counties. While they represent the majority in terms of numbers, Pierce and Snohomish workers only account for 45% of all hours worked. The pattern of higher percentages of workers than hours worked is also visible when looking at the number of women, POC and apprentice workers in Pierce and Snohomish counties and comparing those numbers to their corresponding hours. In contrast, 16% of our sample resides outside the tri-county area but accounts for 24% of all hours worked.

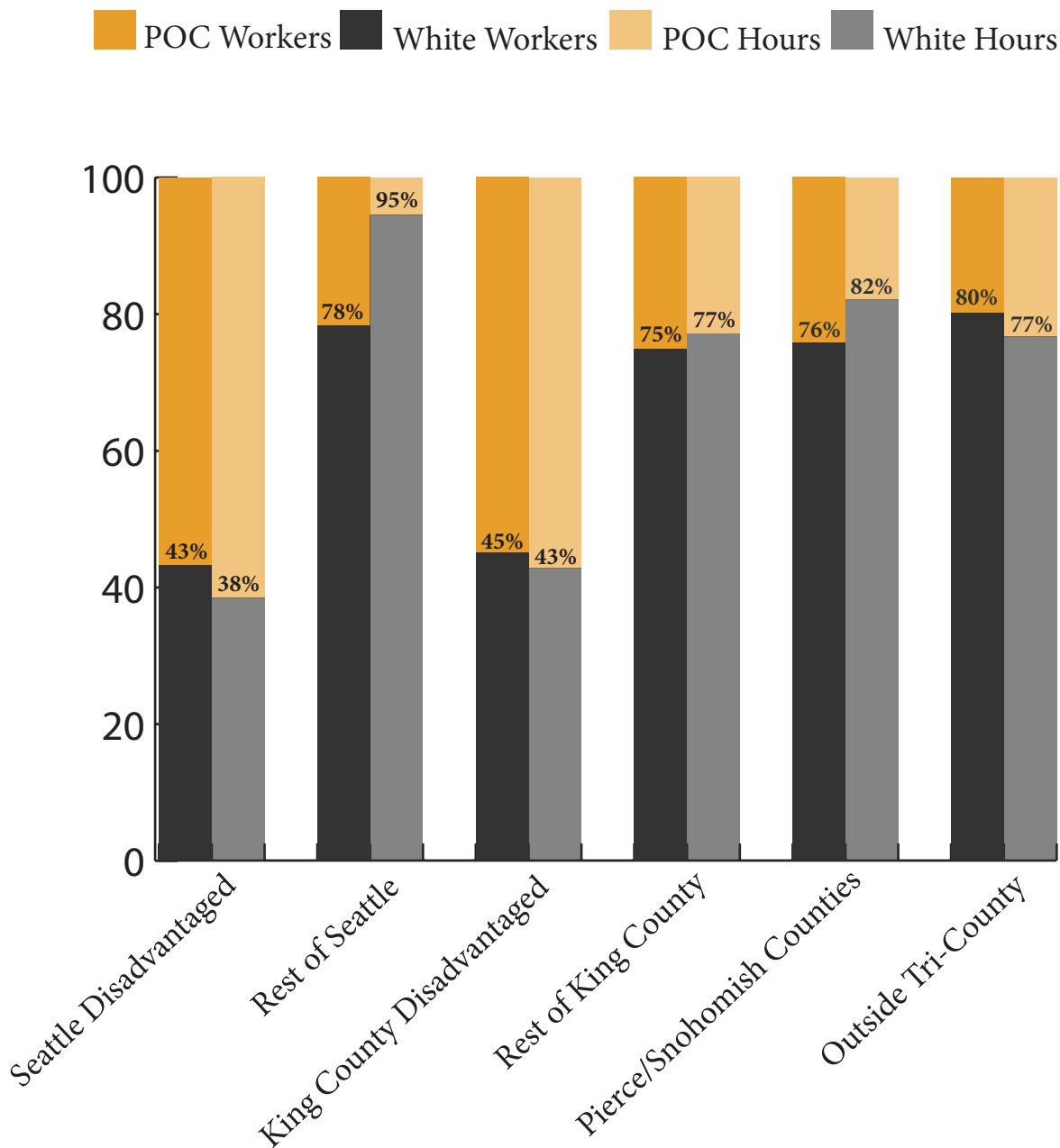
FIGURE 5: GENDER ACROSS ALL GEOGRAPHIC AREAS



Source: UCLA Labor Center, analysis of employee data, 2013

Women represent 10% of the workforce in Seattle disadvantaged zip codes and account for 15% of the total number of hours worked for that area. Similarly, women in King County (not including disadvantaged zip codes or Seattle residents) account for 9% of the workforce and work 16% of the total hours for the county. Data shows that with the exception of Seattle disadvantaged and the rest of King County, the number of workers is fairly consistent with the number of hours worked.

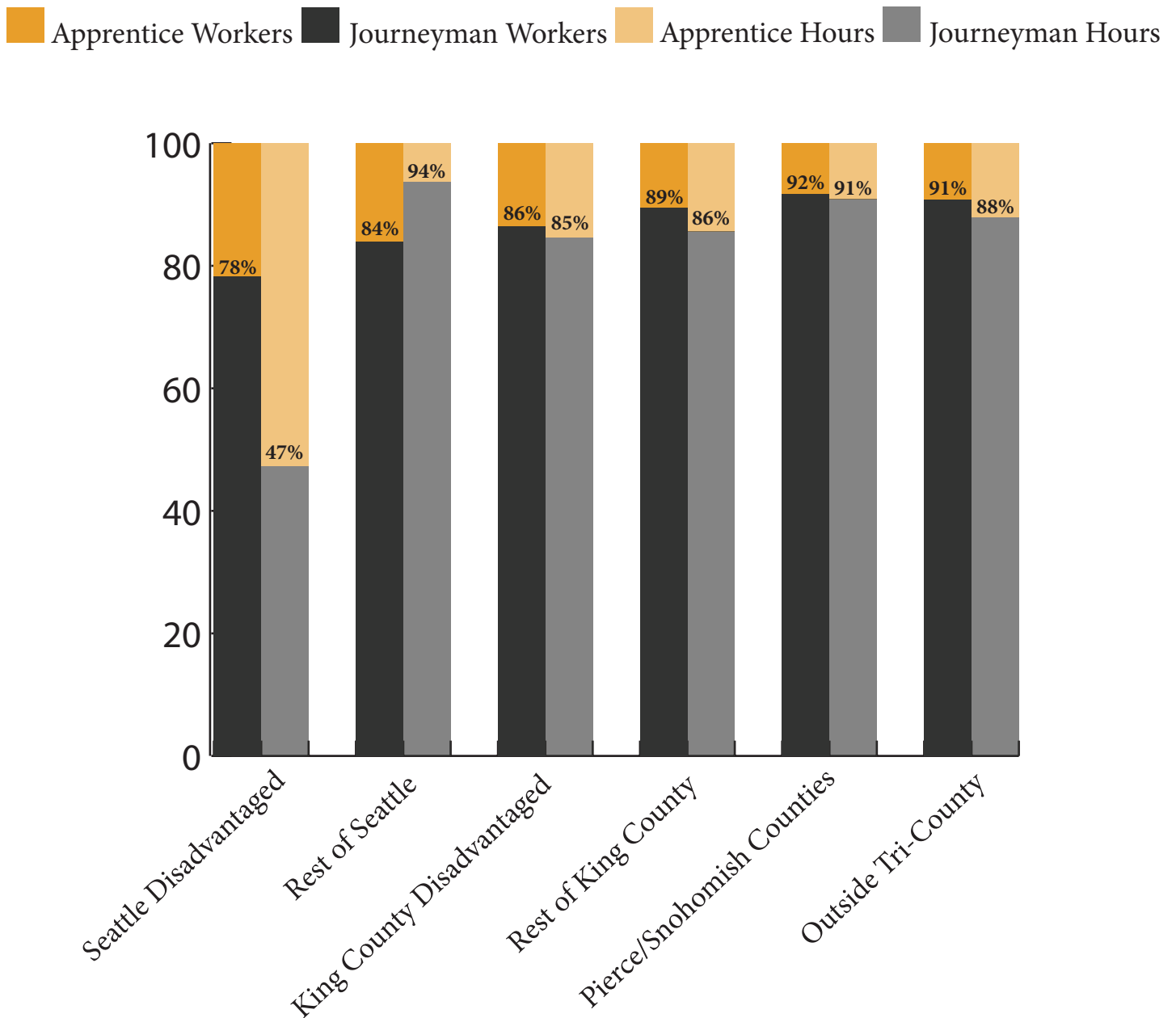
FIGURE 6: ETHNICITY BY GEOGRAPHIC AREA



Source: UCLA Labor Center, analysis of employee data, 2013

Both Seattle and King County disadvantaged areas have a greater concentration of POC workers than white workers. Fifty-seven percent of workers sampled that live in Seattle disadvantaged areas are POC who work 62% of the total hours for that area. In contrast, the rest of Seattle and Pierce and Snohomish counties, have 22% and 24% POC workers respectively who work 5% and 18% of the total hours for their respective areas.

FIGURE 7: SKILL BY GEOGRAPHIC AREA



Source: UCLA Labor Center, analysis of employee data, 2013

In Seattle’s disadvantaged zip codes, the number of hours performed by apprentices is greater than that performed by journeymen, despite there being more journeymen than apprentice workers. On the other hand, while apprentices account for 16% of the rest of Seattle workers, they represent only 6% of the total hours worked. For all other areas, the data shows that the number of workers is fairly consistent with the number of hours worked.

Zip Code Analysis

Table 9 provides the distribution of workers among the top 20 residential zip codes in the sample. The workers living in the top twenty residential zip codes make up almost one third of all workers in our sample. Twenty-seven percent of all women workers in the sample live in these zip codes and 31% of all POC. None of the top 20 zip codes are in Seattle city limits.

TABLE 9: TOP 20 RESIDENTIAL ZIP CODES

| Zip Code | County | Total Workers (N=2255) | Total (%) | Women (N=105) | Women (%) | People of Color (N=464) | People of Color (%) | City |
|----------|--------------------|------------------------|-----------|---------------|-----------|-------------------------|---------------------|------------------------|
| 98391 | Pierce | 62 | 2.7% | 3 | 2.9% | 3 | 0.6% | Bonney Lake |
| 98272 | Snohomish | 57 | 2.5% | 1 | 1.0% | 9 | 1.9% | Monroe |
| 98290 | Snohomish | 51 | 2.3% | 2 | 1.9% | 5 | 1.1% | Snohomish |
| 98223 | Snohomish | 40 | 1.8% | 0 | 0.0% | 9 | 1.9% | Arlington |
| 98270 | Snohomish | 40 | 1.8% | 0 | 0.0% | 8 | 1.7% | Marysville |
| 98022 | King | 37 | 1.6% | 3 | 2.9% | 8 | 1.7% | Enumclaw |
| 98258 | Snohomish | 37 | 1.6% | 0 | 0.0% | 7 | 1.5% | Lake Stevens |
| 98168 | King | 34 | 1.5% | 1 | 1.0% | 16 | 3.4% | Boulevard Park/Tukwila |
| 98374 | Pierce | 34 | 1.5% | 1 | 1.0% | 7 | 1.5% | Puyallup |
| 98208 | Snohomish | 33 | 1.5% | 2 | 1.9% | 6 | 1.3% | Everett |
| 98001 | King | 32 | 1.4% | 6 | 5.7% | 8 | 1.7% | Auburn |
| 98271 | Snohomish | 30 | 1.3% | 1 | 1.0% | 6 | 1.3% | Marysville |
| 98204 | Snohomish | 29 | 1.3% | 0 | 0.0% | 13 | 2.8% | Everett |
| 98042 | King | 28 | 1.2% | 1 | 1.0% | 2 | 0.4% | Kent |
| 98198 | King Disadvantaged | 28 | 1.2% | 0 | 0.0% | 12 | 2.6% | Des Moines |
| 98003 | King Disadvantaged | 26 | 1.2% | 2 | 1.9% | 12 | 2.6% | Federal Way |
| 98296 | Snohomish | 26 | 1.2% | 1 | 1.0% | 2 | 0.4% | Snohomish |
| 98360 | Pierce | 26 | 1.2% | 0 | 0.0% | 1 | 0.2% | Orting |
| 98032 | King | 25 | 1.1% | 3 | 2.9% | 11 | 2.4% | Kent |
| 98292 | Snohomish | 25 | 1.1% | 1 | 1.0% | 0 | 0.0% | Stanwood |
| Total | | 700 | 31% | 28 | 27% | 145 | 31% | |

Source: UCLA Labor Center, analysis of employee data, 2013

MAP 4: TOP 20 RESIDENTIAL ZIP CODES

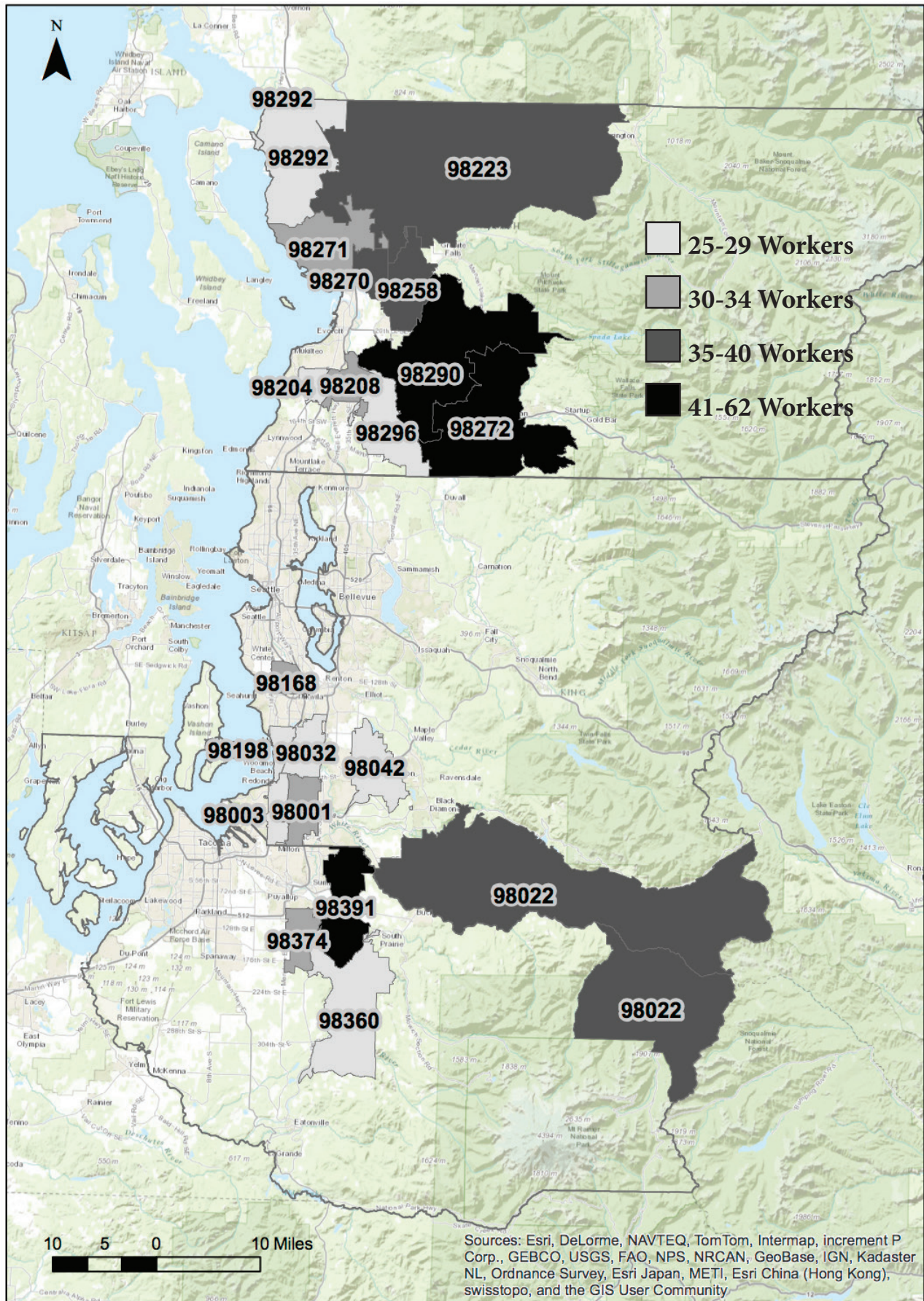


Table 10 compiles the distribution of workers among economically distressed City of Seattle zip codes. As mentioned on page 6, about 5% of all workers live in Seattle’s economically distressed zip codes. Ten percent of all women sampled and 9% of all POC sampled also live in those zip codes.

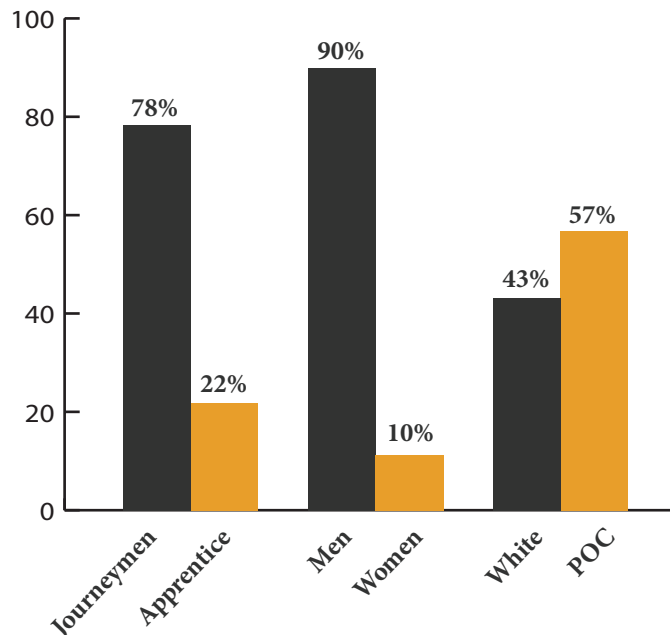
TABLE 10: ECONOMICALLY DISADVANTAGED ZIP CODES - SEATTLE

| Zip Code | Total Workers (N=2255) | Total (%) | Women (N=105) | Women (%) | People of Color (N=464) | People of Color (%) | City |
|--------------|------------------------|-------------|---------------|------------|-------------------------|---------------------|-------------------------|
| 98106 | 16 | 0.7% | 1 | 1% | 4 | 0.9% | Delridge |
| 98118 | 13 | 0.6% | 2 | 1.9% | 6 | 1.3% | Rainier Valley |
| 98178 | 13 | 0.6% | 1 | 1% | 10 | 2.2% | Rainier Beach/Skyway |
| 98144 | 10 | 0.4% | 1 | 1% | 7 | 1.5% | Beacon Hill |
| 98146 | 10 | 0.4% | 0 | 0% | 4 | 0.9% | White Center/Fauntleroy |
| 98108 | 9 | 0.4% | 0 | 0% | 5 | 1.1% | Beacon Hill/South Park |
| 98107 | 7 | 0.3% | 1 | 1% | 0 | 0% | Ballard |
| 98125 | 7 | 0.3% | 1 | 1% | 1 | 0.2% | Northgate |
| 98126 | 6 | 0.3% | 1 | 1% | 1 | 0.2% | Highpoint/Admiral |
| 98133 | 4 | 0.2% | 0 | 0% | 0 | 0% | Bitter Lake/NW Seattle |
| 98102 | 2 | 0.1% | 1 | 1% | 0 | 0% | Capitol Hill/Eastlake |
| 98104 | 2 | 0.1% | 0 | 0% | 2 | 0.4% | Downtown |
| 98122 | 2 | 0.1% | 1 | 1% | 2 | 0.4% | Central District |
| 98121 | 1 | 0% | 0 | 0% | 0 | 0% | Belltown |
| 98101 | 0 | 0% | 0 | 0% | 0 | 0% | Downtown |
| TOTAL | 102 | 4.5% | 10 | 10% | 42 | 9% | |

Source: UCLA Labor Center, analysis of employee data, 2013

Out of all the workers living in the City of Seattle’s economically disadvantaged zip codes, 90% are men, 57% are POC and 78% are journeymen.

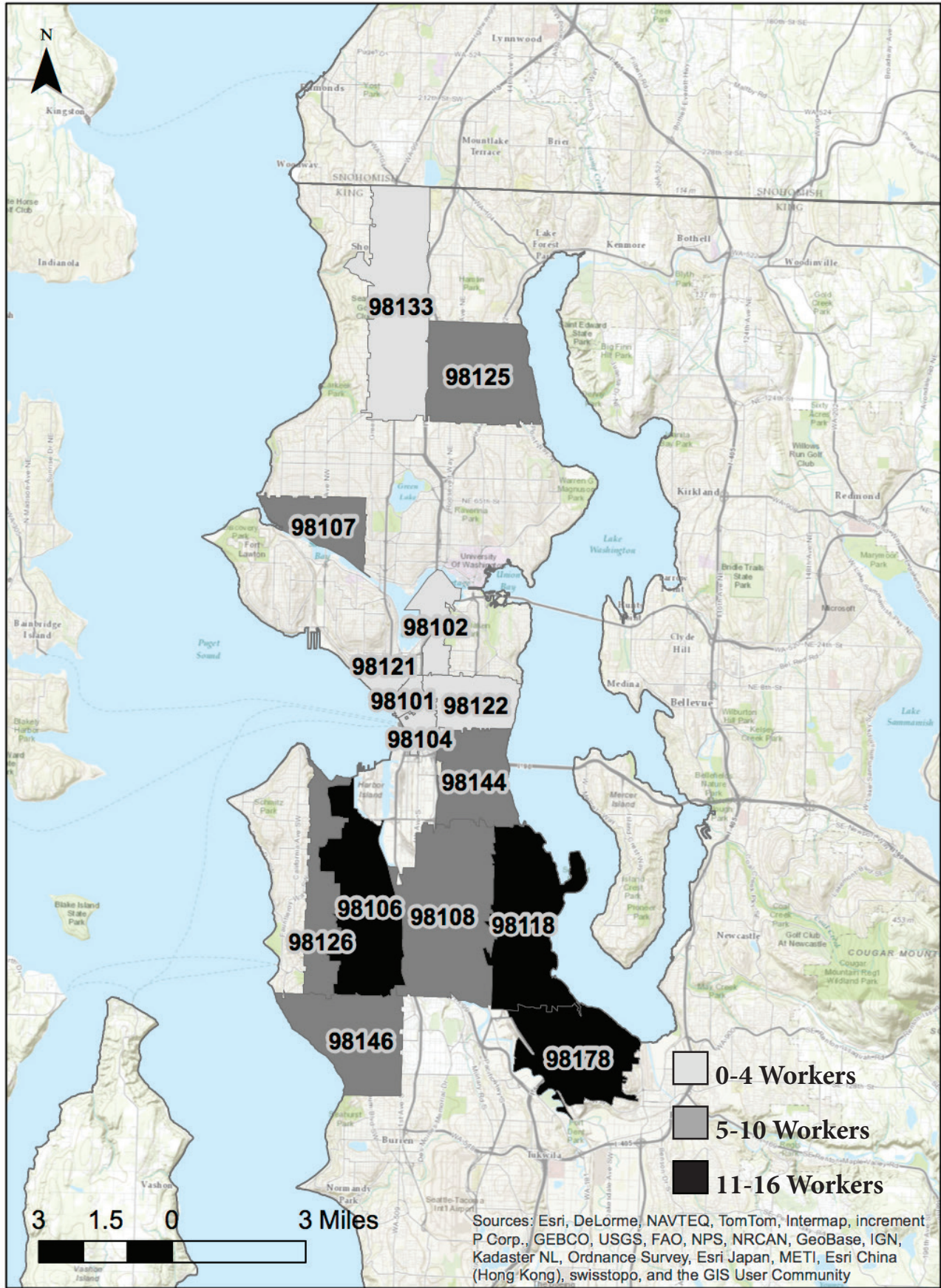
FIGURE 8: WORKER PROFILE WITHIN SEATTLE’S DISADVANTAGED ZIP CODES**



Source: UCLA Labor Center, analysis of employee data, 2013

**Based on the number of workers.

MAP 5: WORKERS IN ECONOMICALLY DISADVANTAGED ZIP CODES - SEATTLE



Source: UCLA Labor Center, analysis of employee data, 2013

Note: Several of the zip codes cross city boundaries (98146, 98108 and 98178) and were included in the City of Seattle list of zip codes

Table 11 compiles the distribution of workers among economically distressed King County zip codes. As mentioned on page 6, 9% of all workers sampled live in the King County’s economically distressed zip codes. Ten percent of all women sampled and 18% of all POC sampled also live in those zip codes.

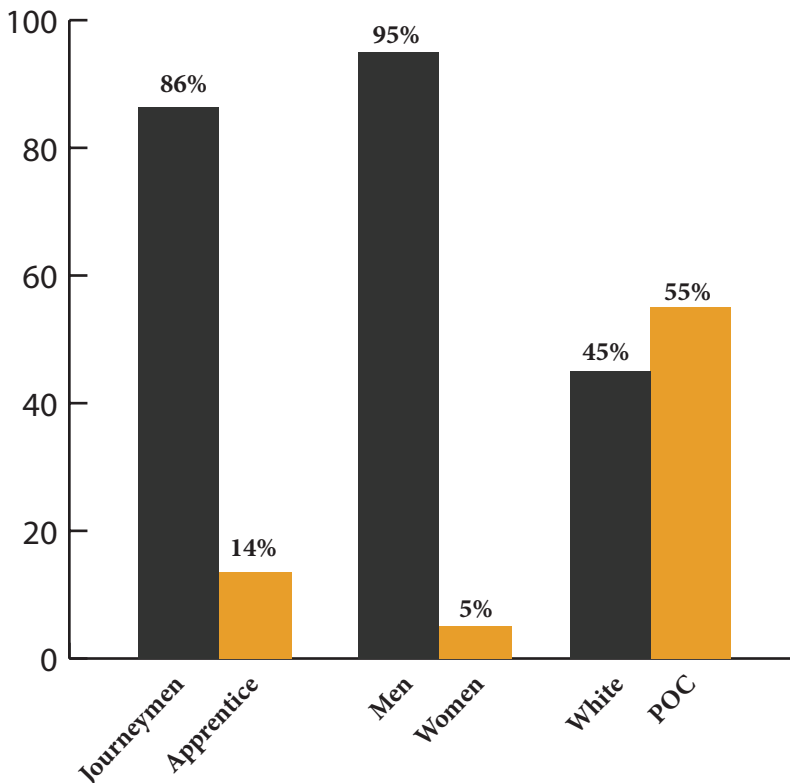
TABLE 11: ECONOMICALLY DISTRESSED ZIP CODES - KING COUNTY

| Zip Code | Total Workers (N=2255) | Total (%) | Women (N=105) | Women (%) | People of Color (N=464) | People of Color (%) | City |
|--------------|------------------------|-----------|---------------|------------|-------------------------|---------------------|------------------------|
| 98168 | 34 | 1.5% | 1 | 1.0% | 16 | 3.4% | Tukwila/Boulevard Park |
| 98198 | 28 | 1.2% | 0 | 0.0% | 12 | 2.6% | Des Moines |
| 98003 | 26 | 1.2% | 2 | 1.9% | 12 | 2.6% | Federal Way |
| 98023 | 21 | 0.9% | 2 | 1.9% | 13 | 2.8% | Auburn |
| 98002 | 20 | 0.9% | 2 | 1.9% | 5 | 1.1% | Kent/Auburn |
| 98030 | 18 | 0.8% | 1 | 1.0% | 9 | 1.9% | Kent |
| 98031 | 18 | 0.8% | 1 | 1.0% | 3 | 0.6% | Kent |
| 98188 | 15 | 0.7% | 0 | 0.0% | 7 | 1.5% | SeaTac/Tukwila |
| 98055 | 12 | 0.5% | 1 | 1.0% | 3 | 0.6% | Renton |
| 98148 | 6 | 0.3% | 0 | 0.0% | 2 | 0.4% | Burien |
| 98007 | 3 | 0.1% | 0 | 0.0% | 1 | 0.2% | Bellevue |
| TOTAL | 201 | 9% | 10 | 10% | 83 | 18% | |

Source: UCLA Labor Center, analysis of employee data, 2013

Out of all the workers living in King County’s economically disadvantaged zip codes, 95% are men, 55% are POC and 86% are journeymen.

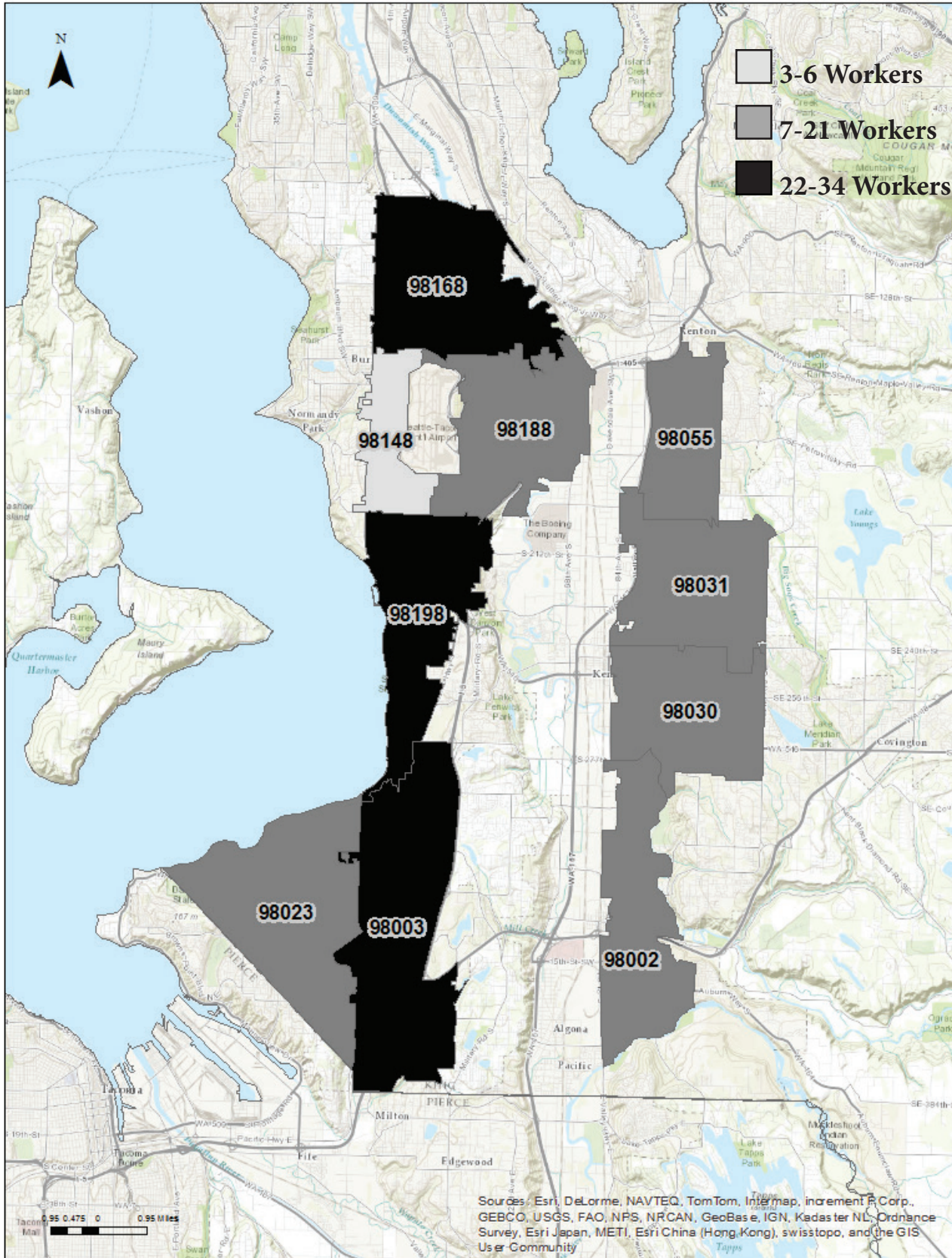
FIGURE 9: WORKER PROFILE WITHIN KING COUNTY’S DISADVANTAGED ZIP CODES**



Source: UCLA Labor Center, analysis of employee data, 2013

**Based on the number of workers.

MAP 6: WORKERS IN ECONOMICALLY DISADVANTAGED ZIP CODES - KING COUNTY



Source: UCLA Labor Center, analysis of employee data, 2013

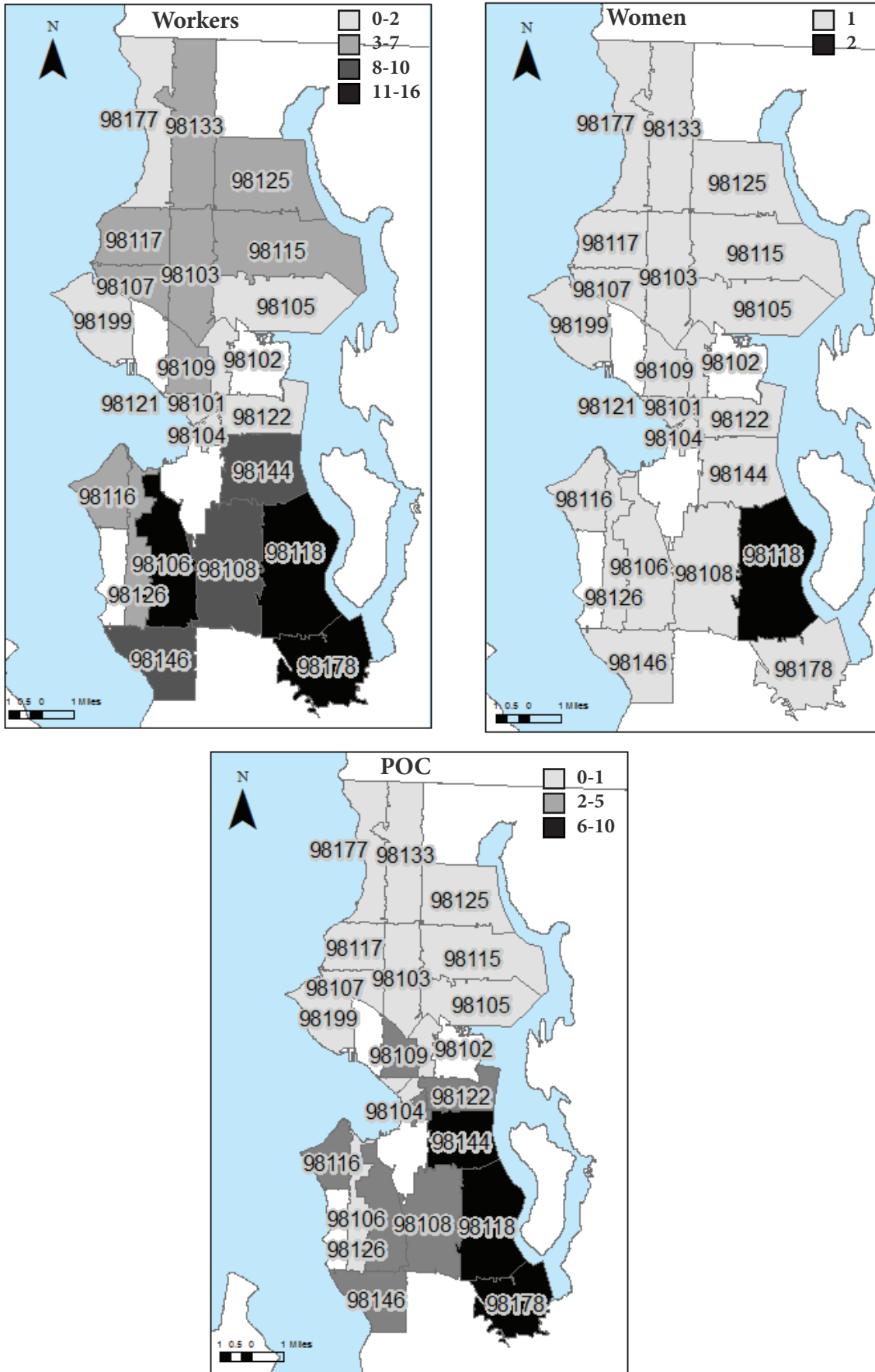
TABLE 12: COMPLETE CITY OF SEATTLE RESIDENTIAL ZIP CODES

| Zip Code | Total Workers (N=2255) | Total (%) | Women (N=105) | Women (%) | People of Color (N=464) | People of Color (%) | City |
|--------------|---------------------------|-----------|------------------|------------|----------------------------|---------------------|-------------------------|
| 98106 | 16 | 0.7% | 1 | 1.0% | 4 | 0.9% | Delridge |
| 98118 | 13 | 0.6% | 2 | 1.9% | 6 | 1.3% | Rainier Valley |
| 98178 | 13 | 0.6% | 1 | 1.0% | 10 | 2.2% | Rainier Beach/Skyway |
| 98144 | 10 | 0.4% | 1 | 1.0% | 7 | 1.5% | Beacon Hill |
| 98146 | 10 | 0.4% | 0 | 0% | 4 | 0.9% | White Center/Fauntleroy |
| 98108 | 9 | 0.4% | 0 | 0% | 5 | 1.1% | Beacon Hill/South Park |
| 98107 | 7 | 0.3% | 1 | 1.0% | 0 | 0% | Ballard |
| 98125 | 7 | 0.3% | 1 | 1.0% | 1 | 0.2% | Northgate |
| 98116 | 6 | 0.3% | 1 | 1.0% | 2 | 0.4% | West Seattle/Alki |
| 98126 | 6 | 0.3% | 1 | 1.0% | 1 | 0.2% | Highpoint/Admiral |
| 98103 | 5 | 0.2% | 0 | 0% | 0 | 0% | Wallingford/Greenlake |
| 98115 | 5 | 0.2% | 1 | 1.0% | 0 | 0% | Ravenna/Sand Point |
| 98109 | 4 | 0.2% | 0 | 0% | 2 | 0.4% | Queen Anne/SLU |
| 98117 | 4 | 0.2% | 1 | 1.0% | 1 | 0.2% | Ballard/Crown Hill |
| 98133 | 4 | 0.2% | 0 | 0% | 0 | 0% | Bitter Lake/NW |
| 98102 | 2 | 0.1% | 1 | 1.0% | 0 | 0% | Capitol Hill/Eastlake |
| 98104 | 2 | 0.1% | 0 | 0% | 2 | 0.4% | Downtown |
| 98105 | 2 | 0.1% | 0 | 0% | 0 | 0% | Ravenna/U Village |
| 98122 | 2 | 0.1% | 1 | 1.0% | 2 | 0.4% | Central District |
| 98177 | 2 | 0.1% | 0 | 0% | 0 | 0% | Broadview |
| 98199 | 2 | 0.1% | 0 | 0% | 0 | 0% | Magnolia |
| 98121 | 1 | 0.0% | 0 | 0% | 0 | 0% | Belltown |
| Total | 132 | 6% | 13 | 13% | 47 | 10% | |

Source: UCLA Labor Center, analysis of employee data, 2013

Note: Several of the zip codes cross city boundaries (98146, 98108 and 98178) and were included in the City of Seattle list of zip codes.

MAP 7: WORKERS, WOMEN AND POC IN CITY OF SEATTLE ZIP CODES



Source: UCLA Labor Center, analysis of employee data, 2013

3. Worker Profile

Race / Ethnicity

Data show that nearly three-fourths (73%) of workers are White, followed by 15% Latino, 5% African-American, 4% Native American, 2% Asian and 1% Pacific Islander.

TABLE 13: WORKER RACE / ETHNICITY

| Race / Ethnicity | Total Workers | Total (%) | Hours (%) |
|------------------|---------------|-------------|-------------|
| White | 1484 | 73% | 75% |
| Latino | 315 | 15% | 14% |
| African-American | 100 | 5% | 3% |
| Native American | 77 | 4% | 6% |
| Asian | 49 | 2% | 1% |
| Pacific Islander | 20 | 1% | 1% |
| Total | 2045 | 100% | 100% |

Source: UCLA Labor Center, analysis of employee data, 2013

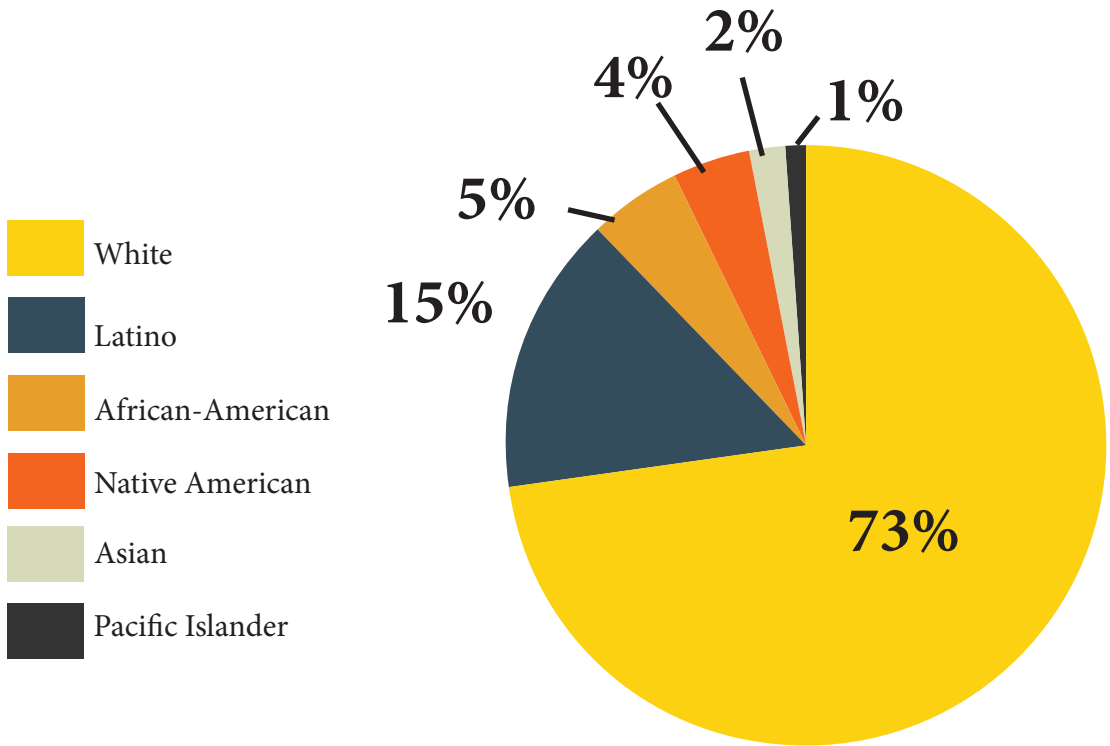
Out of all the POC in the sample (27%), Latinos make up over half of the POC worker population (56%), followed by 18% African-Americans.

TABLE 14: PEOPLE OF COLOR

| Race / Ethnicity | Total Workers | Total (%) | Hours (%) |
|------------------|---------------|-------------|-------------|
| Latino | 315 | 56% | 56% |
| African-American | 100 | 18% | 12% |
| Native American | 77 | 14% | 23% |
| Asian | 49 | 9% | 6% |
| Pacific Islander | 20 | 3% | 3% |
| Total | 561 | 100% | 100% |

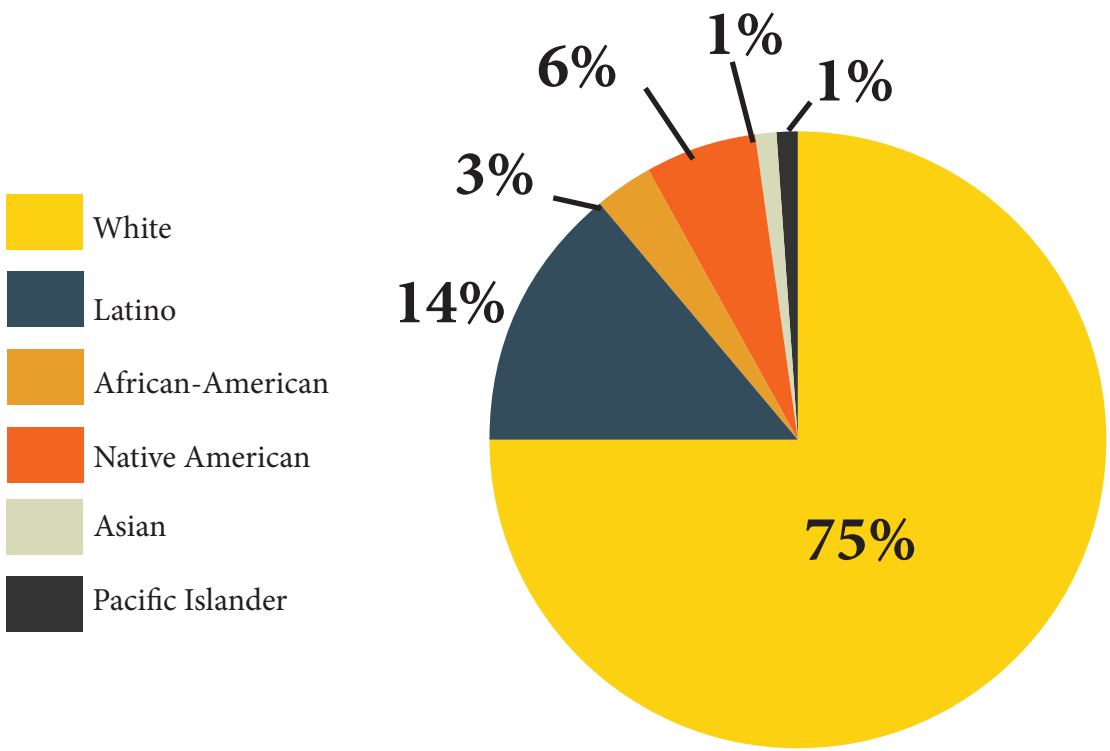
Source: UCLA Labor Center, analysis of employee data, 2013

FIGURE 12: WORKER RACE / ETHNICITY



Source: UCLA Labor Center, analysis of employee data, 2013

FIGURE 13: HOURS WORKED BY RACE/ETHNICITY OF WORKERS



Source: UCLA Labor Center, analysis of employee data, 2013

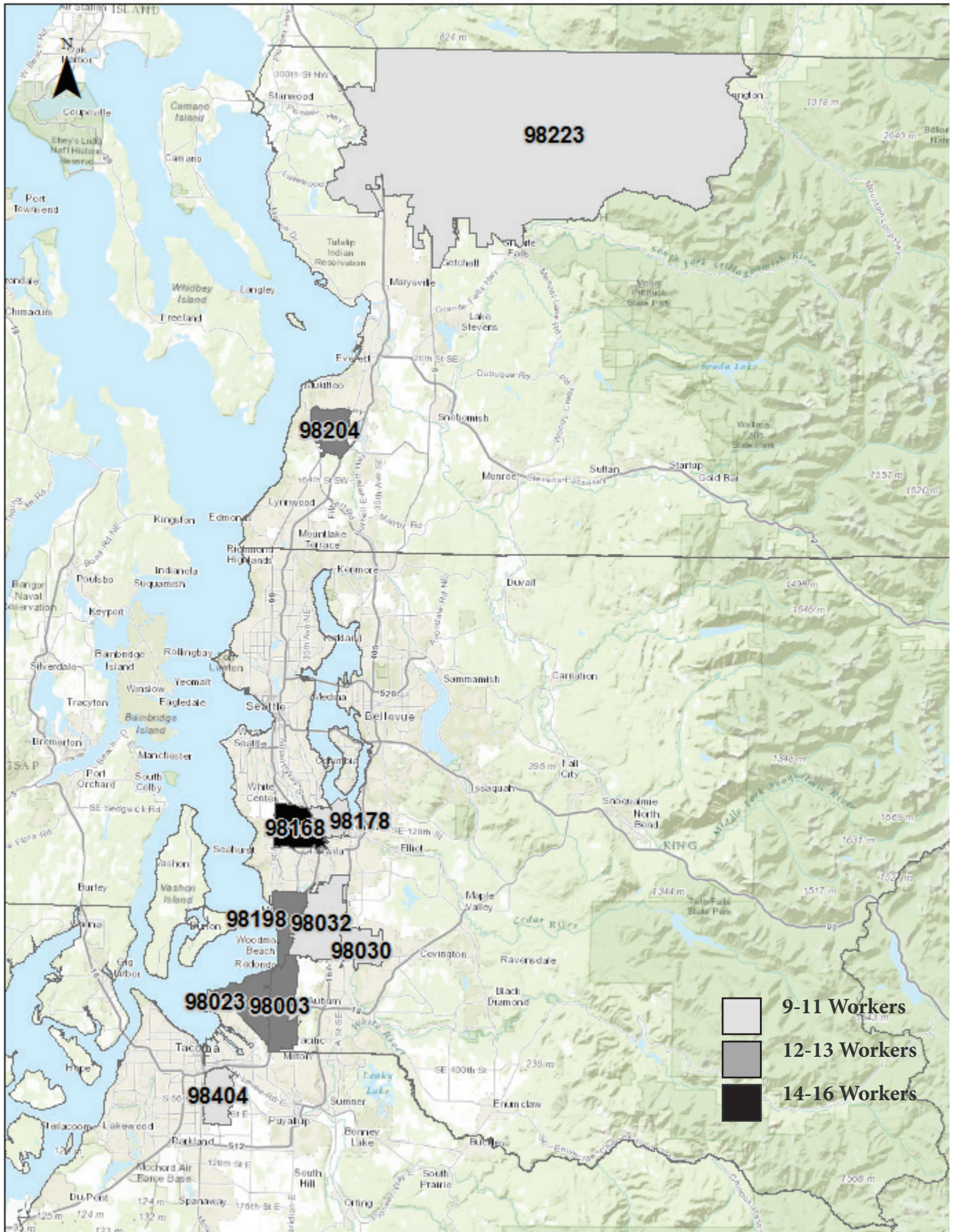
Table 15 provides the distribution of workers of color among the top 10 residential zip codes in the sample, which comprise 26% of all workers of color on these projects.

TABLE 15: TOP 10 RESIDENTIAL ZIP CODES FOR PEOPLE OF COLOR

| Zip Code | Total Workers (N=2255) | Total (%) | People of Color (N=464) | People of Color (%) | City |
|--------------|------------------------|-----------|-------------------------|---------------------|------------------------|
| 98168 | 34 | 1.2% | 16 | 3.5% | Boulevard Park/Tukwila |
| 98023 | 21 | 0.8% | 13 | 2.8% | Auburn |
| 98204 | 29 | 1.0% | 13 | 2.8% | Everett |
| 98003 | 26 | 0.9% | 12 | 2.6% | Federal Way |
| 98198 | 28 | 1.0% | 12 | 2.6% | Des Moines |
| 98032 | 25 | 0.9% | 11 | 2.4% | Kent |
| 98404 | 18 | 0.7% | 11 | 2.4% | Tacoma |
| 98030 | 19 | 0.7% | 10 | 2.2% | Kent |
| 98178 | 13 | 0.5% | 10 | 2.2% | Rainier Beach/ Skyway |
| 98223 | 40 | 1.4% | 9 | 2.9% | Arlington |
| TOTAL | 253 | 9% | 117 | 26% | |

Source: UCLA Labor Center, analysis of employee data, 2013

MAP 8: TOP 10 ZIP CODES FOR PEOPLE OF COLOR



Source: UCLA Labor Center, analysis of employee data, 2013

Gender

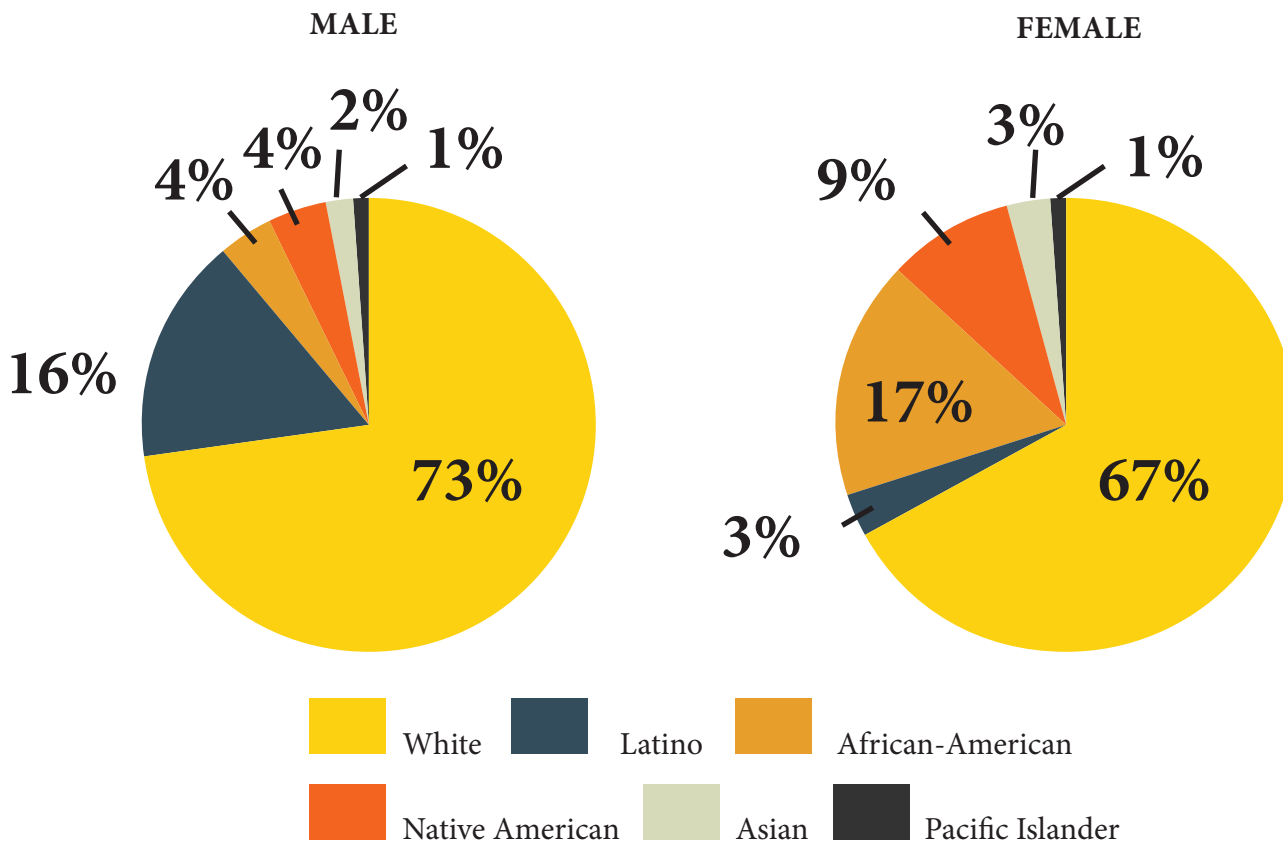
Ninety-five percent of all workers sampled are male. Of those, 73% are White and 16% are Latino. Women represent 5% of the total workforce.¹² Of all women sampled, 67% are White and 17% are African-American, followed by 9% Native American, 3% Latino, 3% Asian and 1% Pacific Islander.

TABLE 16: WORKER GENDER AND ETHNICITY

| Ethnicity | Male (n=1890) | Male (%) | Female (n=116) | Female (%) |
|------------------|------------------|-------------|-------------------|---------------|
| White | 1373 | 73% | 78 | 67% |
| Latino | 308 | 16% | 3 | 3% |
| African-American | 79 | 4% | 20 | 17% |
| Native American | 66 | 4% | 10 | 9% |
| Asian | 45 | 2% | 4 | 3% |
| Pacific Islander | 19 | 1% | 1 | 1% |
| TOTAL | 1890 | 100% | 116 | 100% |

Source: UCLA Labor Center, analysis of employee data, 2013

FIGURE 14: WORKER ETHNICITY BY GENDER



Source: UCLA Labor Center, analysis of employee data, 2013

12. In comparison national data indicates that in 2010, women accounted for 9 percent of the construction workforce. (source: <http://www.census.gov/prod/2011pubs/12statab/labor.pdf>)

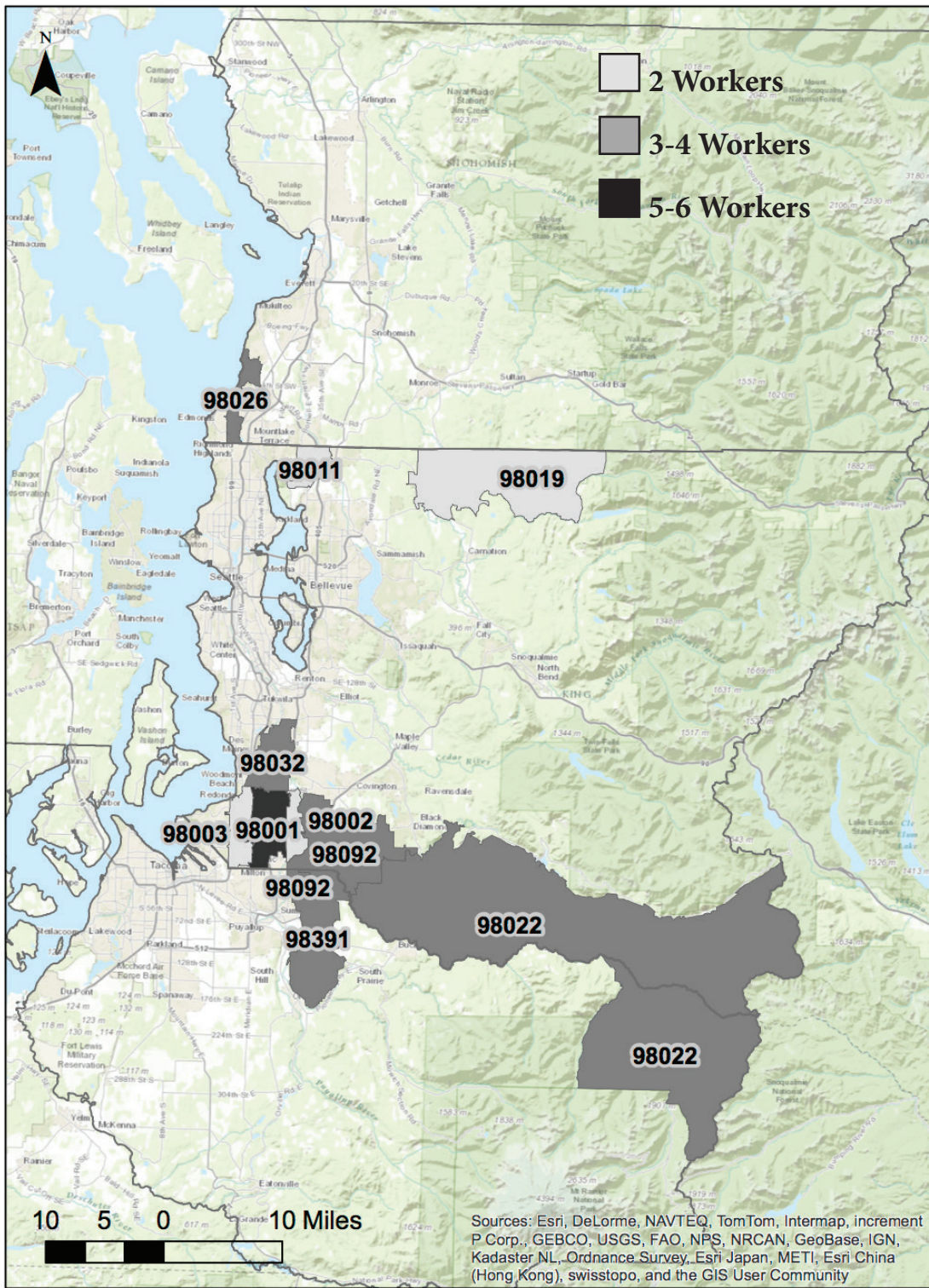
Table 17 provides the distribution of female workers among the top 10 residential zip codes in the sample, which comprise 29% of all women workers sampled.

TABLE 17: TOP 10 RESIDENTIAL ZIP CODES FOR WOMEN

| Zip Code | Total Workers (N=2255) | Total (%) | Women (N=105) | Women (%) | City |
|--------------|---------------------------|------------|---------------|------------|---------------|
| 98001 | 32 | 1.2% | 6 | 5.7% | Auburn |
| 98092 | 20 | 0.7% | 4 | 3.8% | Auburn |
| 98022 | 37 | 1.3% | 3 | 2.9% | Enumclaw |
| 98026 | 20 | 0.7% | 3 | 2.9% | Edmonds |
| 98032 | 25 | 0.9% | 3 | 2.9% | Kent |
| 98391 | 62 | 2.2% | 3 | 2.9% | Bonney Lake |
| 98002 | 20 | 0.7% | 2 | 1.9% | Kent / Auburn |
| 98003 | 26 | 0.9% | 2 | 1.9% | Federal Way |
| 98011 | 16 | 0.6% | 2 | 1.9% | Bothell |
| 98019 | 10 | 0.4% | 2 | 1.9% | Duvall |
| TOTAL | 268 | 10% | 30 | 29% | |

Source: UCLA Labor Center, analysis of employee data, 2013

MAP 9: TOP 10 ZIP CODES FOR WOMEN

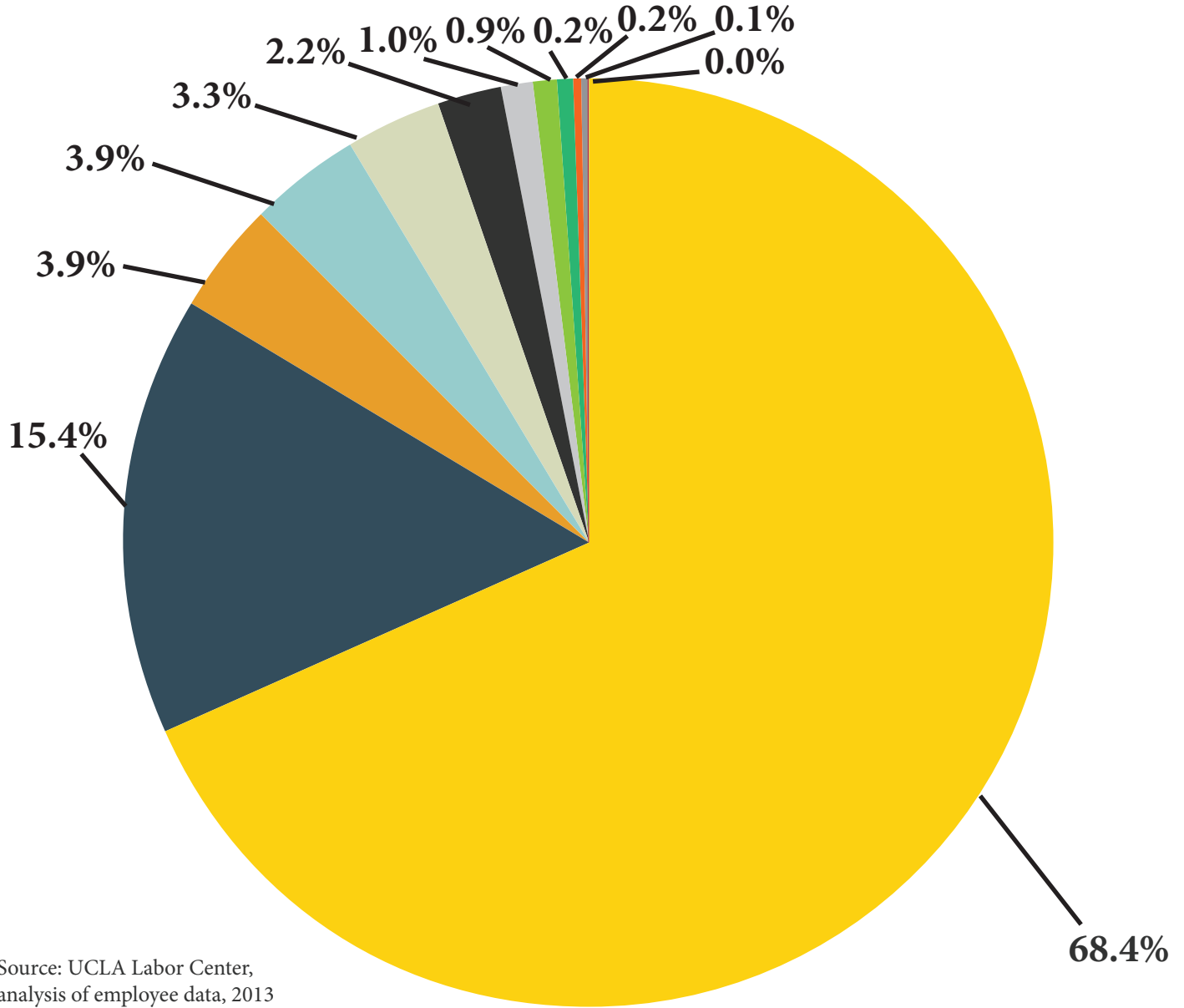


Source: UCLA Labor Center, analysis of employee data, 2013

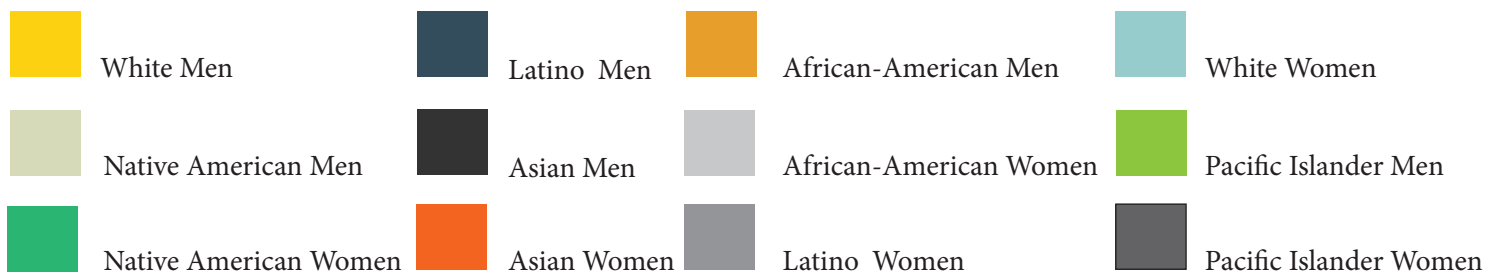
Women and People of Color

Thirty-one percent of workers are historically underrepresented workers,¹³ either women or people of color. **Figure 15** provides a breakdown of employees by race and gender as a percentage of the total workers sampled.

FIGURE 15: WORKERS BY GENDER AND RACE



Source: UCLA Labor Center, analysis of employee data, 2013



13. In comparison national data indicates that in 2010, minorities accounted for 32 percent of the construction workforce. (source: <http://www.census.gov/prod/2011pubs/12statab/labor.pdf>)

Age

Data shows that the average age for all respondents is 41. Workers’ ages range from 18 to 77 years, though most workers fall between the ages of 25 and 54. The average age for women is slightly higher than that of their male counterparts, at 46 and 41 years respectively.

TABLE 18: AGE GROUPS

| Age | Journeyman (N=825) | Apprentice (N=98) | All Skill Levels (N=1171) |
|--------------|-----------------------|----------------------|------------------------------|
| 18-24 | 5% | 5% | 5% |
| 25-34 | 28% | 35% | 28% |
| 35-44 | 26% | 29% | 27% |
| 45-54 | 27% | 21% | 26% |
| 55-64 | 13% | 10% | 13% |
| >65 | 1% | 0% | 1% |
| Total | 100% | 100% | 100% |

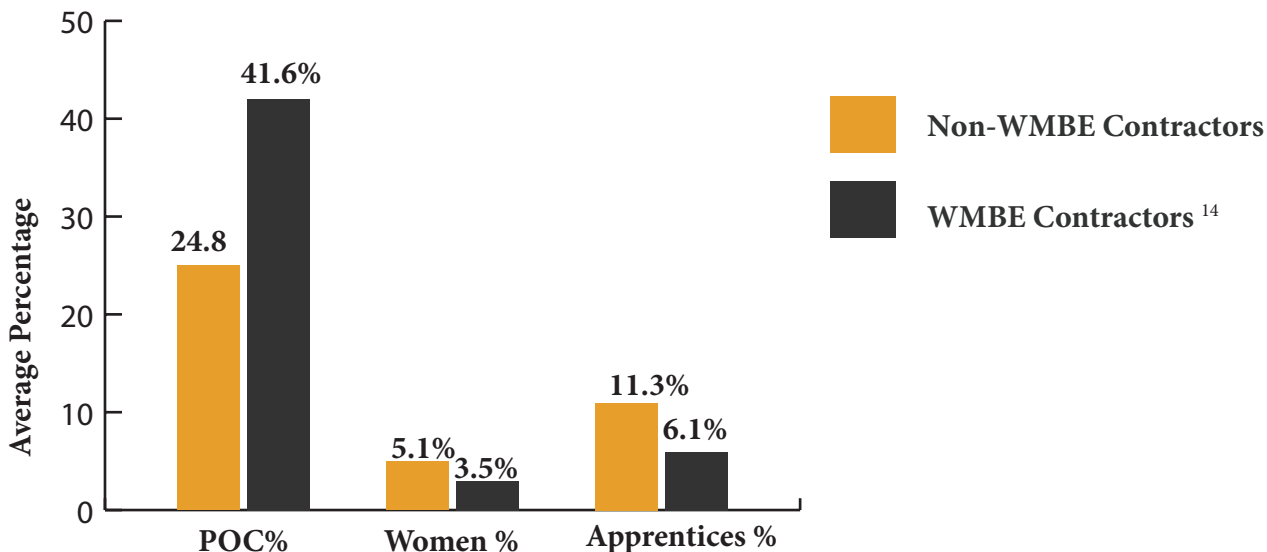
Source: UCLA Labor Center, analysis of employee data, 2013

Minority Hiring

For analytical purposes, the variables Latino, African-American, Asian, Native American, and Pacific Islander were grouped and recoded as the variable people of color. We find that the ratio between white and people of color, and that of male and female change dramatically from project to project.

Figure 16 shows the average percentage of people of color, women and apprentices hired by Women and Minority-owned Business Enterprises (WMBE) and non-WMBE firms. WMBE firms tend to hire more POC by project, but fewer women and apprentices than non-WMBE firms.

FIGURE 16: AVERAGE PERCENTAGE OF POC, WOMEN & APPRENTICES



14. Forty-five Prime contractors and subcontractors were identified as Women and Minority-owned Business Enterprises (WMBEs). The City defines WMBE firms as at least 51% owned by women and/or minority.

Figure 17 and 18 show the racial and ethnic profile of WMBE and non-WMBE firms. WMBE firms show a 23% Latino workforce compared to 14% for non-WMBE firms and an 6% Native American workforce compared to 3% for non-WMBE firms.

FIGURE 17: WORKERS BY RACE - NON-WMBE FIRMS

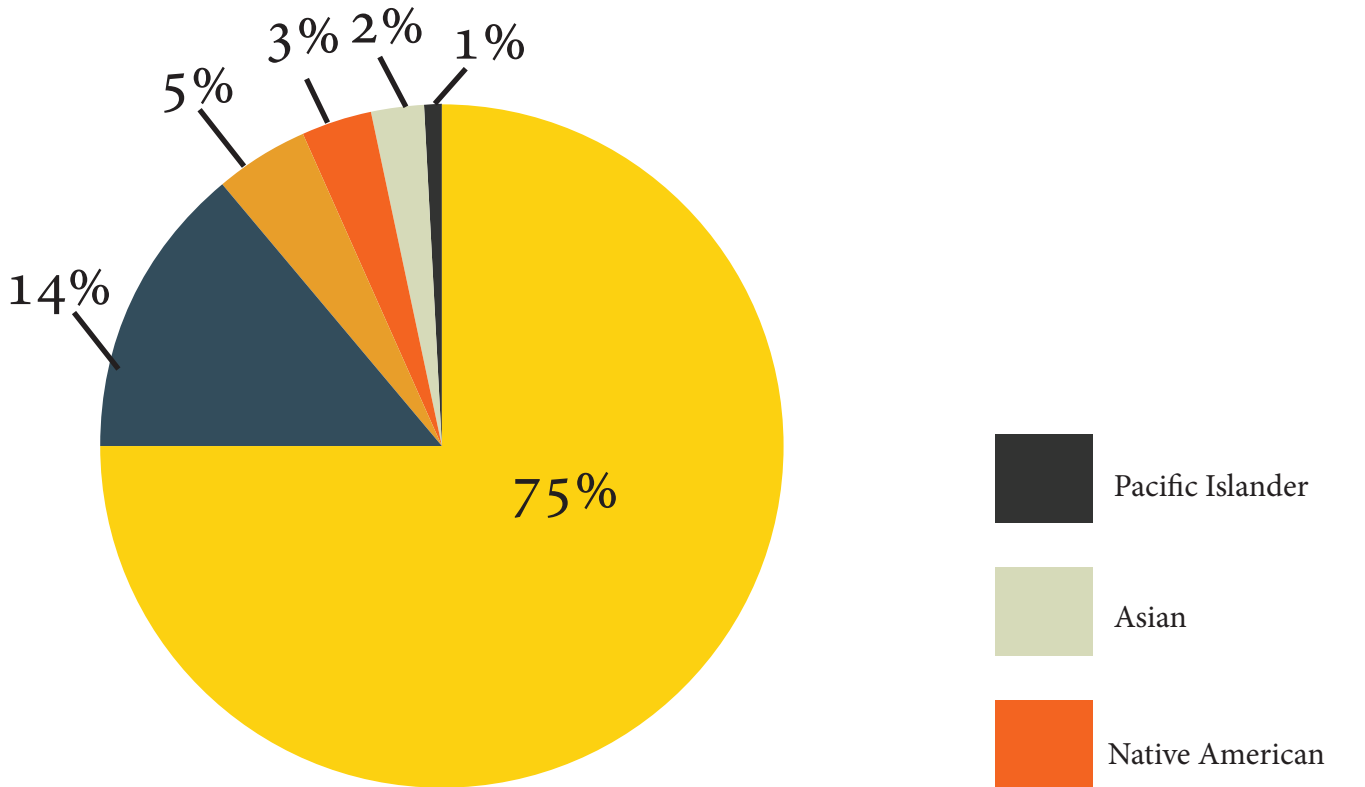
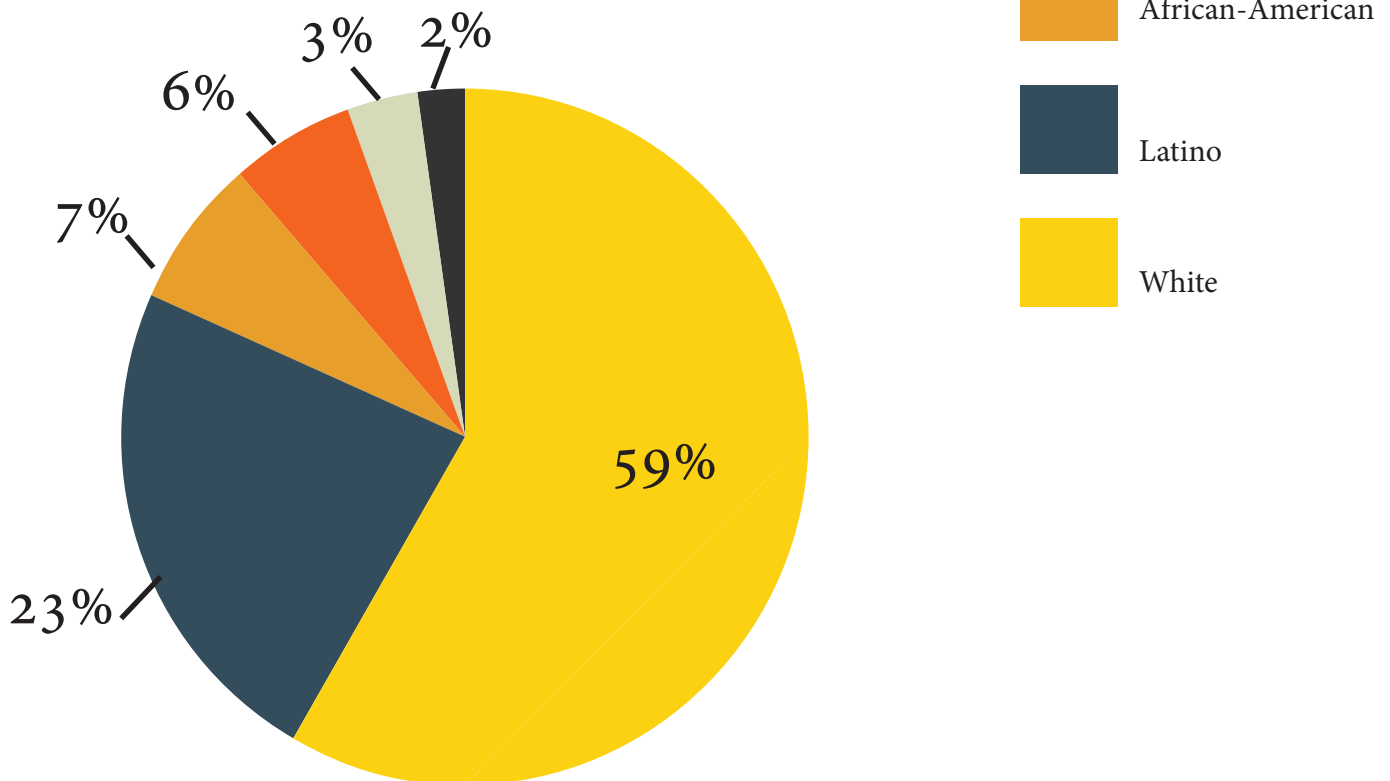


FIGURE 18: WORKERS BY RACE - WMBE FIRMS

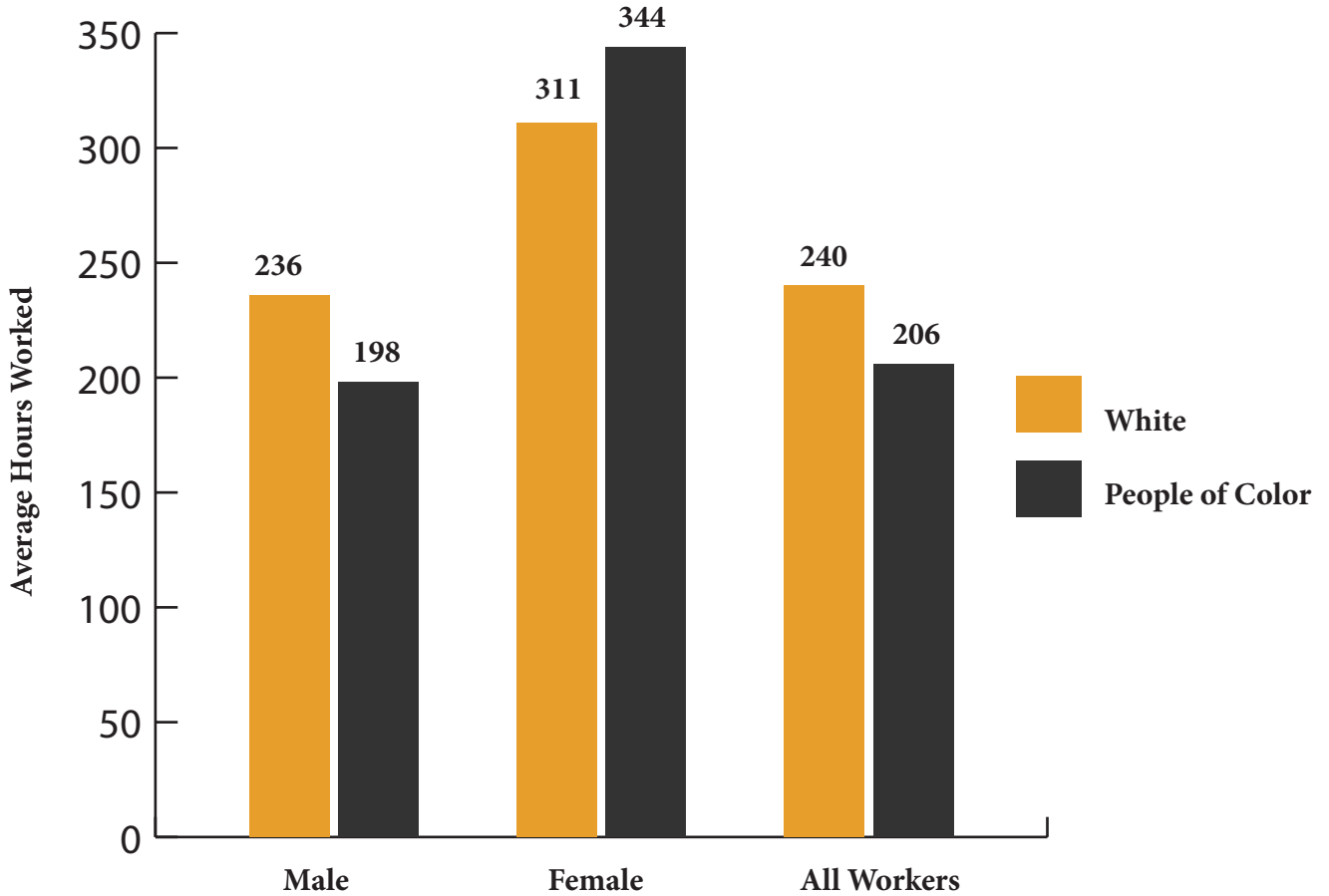


4. Skill Levels

Hours Worked

From the cases sampled, we find that the total number of hours worked for all workers is 566,533. The minimum number of hours recorded for a worker is 0.13, while the maximum was 6,777. The average number of hours per worker is 204, or about 5 weeks of full-time work. The average varied depending on gender and ethnicity as shown in **Figure 19**.

FIGURE 19: AVERAGE HOURS WORKED BY GENDER AND ETHNICITY



Source: UCLA Labor Center, analysis of employee data, 2013

To further understand if demographic factors affect the number of hours worked, respondents were divided into two groups: those who worked less than 700 hours, and those who worked 700 hours or more. The threshold of 700 hours is meaningful as it relates to the Seawall Replacement Project Community Workforce Agreement which includes a goal for contractors to provide 700 work hours for preferred entry apprentices. We assessed if demographics varied by those with more hours. Only 9% of all workers had significant hours, including 24% of all people of color, 13% of all apprentices and 7% of all women. No significant differences were found across demographics.

TABLE 19: PROFILE OF WORKERS BY HOURS WORKED

| Age | Less than 700 | 700 or more |
|--------------------|---------------|-------------|
| Percent of Workers | 91% | 9% |
| Female | 5% | 7% |
| People of Color | 28% | 24% |
| Apprentices | 10% | 13% |
| Average Age | 43.1 | 40.6 |

Source: UCLA Labor Center, analysis of employee data,

Apprenticeships

Among all of the respondents, 10% of workers are in apprenticeships. Within that group, 14% are women and 35% are people of color. In contrast, 5% of the journeymen positions were filled by women and 27% by people of color. In terms of hours worked, data show that 12% of all project hours were performed by apprentices and 88% by journeymen. About 24% of the hours worked by apprentices were performed by women and 32% by people of color. Of the hours worked by journeymen, 6% were performed by women and 24% by people of color. Overall, of the total hours worked in all 33 projects, women performed 8% while people of color performed 25%. These findings are summarized in Table 20 below.

Table 20 provides a comparison between the profiles of workers in apprenticeships and those working as journeymen. The data illustrate that the apprentice sub-group is much more diverse. There is a higher percent of both women and people of color in the apprentice sample.

TABLE 20: PROFILE OF APPRENTICES AND JOURNEYMEN

| Age | Apprentices Workers | Apprentices Hours | Journeymen Workers | Journeymen Hours | All Levels | All Skill Levels |
|------------------|---------------------|-------------------|--------------------|------------------|------------|------------------|
| Percent of Total | 10% | 12% | 90% | 88% | 100% | 100% |
| Men | 86% | 76% | 95% | 94% | 94% | 92% |
| Women | 14% | 24% | 5% | 6% | 6% | 8% |
| White | 65% | 68% | 73% | 76% | 72% | 75% |
| People of Color | 35% | 32% | 27% | 24% | 28% | 25% |

Source: UCLA Labor Center, analysis of employee data, 2013

On average, apprentices are much younger than the overall sample, with an average age of 32.7. The average age of journeymen is much higher than that of apprentices, at 42.1 years.

TABLE 21: APPRENTICE AND JOURNEYMEN AVERAGE AGE

| | Apprentices | Journeymen | All Skill Levels |
|-------------|-------------|------------|------------------|
| Average Age | 32.7 | 42.1 | 41 |

In terms of the geographical distribution of apprentices, those living in Seattle’s economically distressed areas make up 11% of the apprentices in the sample. About 13% come from King County’s disadvantaged areas, 42% from Pierce and Snohomish counties, and 14% from outside King, Pierce and Snohomish counties, as shown in Table 22.

TABLE 22: LOCATION OF APPRENTICES

| Geographic Area | Total Number Apprentices (n=180) | Apprentices Percent | Apprentice Hours Worked Percent |
|---------------------------|----------------------------------|---------------------|---------------------------------|
| Seattle Disadvantaged | 19 | 11% | 13% |
| Rest of Seattle | 4 | 2% | 1% |
| King County Disadvantaged | 23 | 13% | 12% |
| Rest of King County | 32 | 18% | 18% |
| Pierce/Snohomish Counties | 76 | 42% | 31% |
| Outside Tri-County | 26 | 14% | 25% |
| Total | 180 | 100% | 100% |

Source: UCLA Labor Center, analysis of employee data, 2013

Repeat Cases

Data collected showed 145 repeat cases where an individual worked on more than one public works project. Twenty-six percent of those workers are POC while only 3% are women. Six percent of the repeats are apprentices.

TABLE 23: PROFILE OF REPEAT CASES

| Women | People of Color | Apprentices |
|-------|-----------------|-------------|
| 3% | 26% | 6% |

Appendix 1. Worker Distribution by Residential Zip Codes

SEATTLE DISADVANTAGED

| Zip Code | Total Workers | Women | People of Color | Zip Code | Total Workers | Women | People of Color |
|----------|---------------|-------|-----------------|--------------|---------------|-----------|-----------------|
| 98106 | 16 | 1 | 4 | 98125 | 7 | 1 | 1 |
| 98118 | 13 | 2 | 6 | 98126 | 6 | 1 | 1 |
| 98178 | 13 | 1 | 10 | 98133 | 4 | 0 | 1 |
| 98144 | 10 | 1 | 7 | 98102 | 2 | 1 | 0 |
| 98146 | 10 | 0 | 4 | 98104 | 2 | 0 | 2 |
| 98108 | 9 | 0 | 5 | 98122 | 2 | 1 | 2 |
| 98107 | 7 | 1 | 0 | 98121 | 1 | 0 | 0 |
| | | | | 98101 | 0 | 0 | 0 |
| | | | | TOTAL | 102 | 10 | 42 |

REST OF SEATTLE

| Zip Code | Total Workers | Women | People of Color | Zip Code | Total Workers | Women | People of Color |
|----------|---------------|-------|-----------------|--------------|---------------|----------|-----------------|
| 98116 | 6 | 1 | 2 | 98117 | 4 | 1 | 1 |
| 98115 | 5 | 1 | 0 | 98105 | 2 | 0 | 0 |
| 98103 | 5 | 0 | 0 | 98177 | 2 | 0 | 0 |
| 98109 | 4 | 0 | 2 | 98199 | 2 | 0 | 0 |
| | | | | TOTAL | 30 | 3 | 5 |

KING COUNTY DISADVANTAGED

| Zip Code | Total Workers | Women | People of Color | Zip Code | Total Workers | Women | People of Color |
|----------|---------------|-------|-----------------|--------------|---------------|-----------|-----------------|
| 98168 | 34 | 1 | 16 | 98030 | 18 | 1 | 9 |
| 98198 | 28 | 0 | 12 | 98031 | 18 | 1 | 3 |
| 98003 | 26 | 2 | 12 | 98188 | 15 | 0 | 7 |
| 98023 | 21 | 2 | 13 | 98055 | 12 | 1 | 3 |
| 98002 | 20 | 2 | 5 | 98148 | 6 | 0 | 2 |
| | | | | 98007 | 3 | 0 | 1 |
| | | | | TOTAL | 201 | 10 | 83 |

REST OF KING COUNTY

| Zip Code | Total Workers | Women | People of Color | Zip Code | Total Workers | Women | People of Color |
|----------|---------------|-------|-----------------|--------------|---------------|-----------|-----------------|
| 98001 | 31 | 6 | 8 | 98052 | 10 | 0 | 3 |
| 98005 | 3 | 0 | 0 | 98053 | 3 | 0 | 1 |
| 98006 | 1 | 0 | 0 | 98056 | 15 | 0 | 2 |
| 98008 | 2 | 1 | 0 | 98057 | 11 | 2 | 6 |
| 98010 | 14 | 0 | 0 | 98058 | 12 | 0 | 3 |
| 98011 | 16 | 2 | 4 | 98059 | 22 | 0 | 3 |
| 98014 | 12 | 1 | 0 | 98065 | 8 | 0 | 0 |
| 98019 | 10 | 2 | 0 | 98068 | 1 | 0 | 0 |
| 98025 | 3 | 1 | 0 | 98070 | 3 | 0 | 3 |
| 98027 | 10 | 2 | 1 | 98073 | 1 | 0 | 0 |
| 98030 | 1 | 1 | 1 | 98074 | 4 | 0 | 0 |
| 98032 | 25 | 3 | 11 | 98075 | 1 | 0 | 0 |
| 98033 | 5 | 0 | 2 | 98077 | 2 | 0 | 0 |
| 98034 | 19 | 0 | 3 | 98089 | 1 | 0 | 0 |
| 98035 | 1 | 0 | 1 | 98092 | 20 | 4 | 5 |
| 98038 | 2 | 0 | 1 | 98093 | 2 | 0 | 1 |
| 98040 | 3 | 0 | 0 | 98133 | 1 | 0 | 1 |
| 98041 | 4 | 1 | 0 | 98138 | 1 | 0 | 1 |
| 98042 | 28 | 1 | 2 | 98155 | 22 | 2 | 3 |
| 98045 | 18 | 0 | 0 | 98166 | 4 | 0 | 0 |
| 98047 | 5 | 0 | 0 | 98192 | 1 | 0 | 0 |
| 98050 | 2 | 0 | 2 | 98223 | 1 | 0 | 0 |
| 98051 | 7 | 2 | 0 | 98367 | 4 | 1 | 1 |
| | | | | TOTAL | 372 | 32 | 69 |

PIERCE/SNOHOMISH COUNTIES

| Zip Code | Total Workers | Women | People of Color | Zip Code | Total Workers | Women | People of Color |
|--------------|---------------|-------|-----------------|----------|---------------|-----------|-----------------|
| 98391 | 62 | 3 | 3 | 98028 | 10 | 0 | 0 |
| 98272 | 57 | 1 | 9 | 98294 | 10 | 0 | 1 |
| 98290 | 51 | 2 | 5 | 98072 | 9 | 0 | 1 |
| 98270 | 40 | 0 | 8 | 98328 | 9 | 1 | 0 |
| 98223 | 39 | 0 | 9 | 98390 | 9 | 1 | 1 |
| 98022 | 37 | 3 | 8 | 98335 | 8 | 1 | 3 |
| 98258 | 37 | 0 | 7 | 98406 | 8 | 0 | 1 |
| 98374 | 34 | 1 | 7 | 98407 | 8 | 0 | 0 |
| 98208 | 33 | 2 | 6 | 98499 | 8 | 0 | 4 |
| 98271 | 30 | 1 | 6 | 98020 | 7 | 1 | 1 |
| 98204 | 29 | 0 | 13 | 98405 | 7 | 0 | 1 |
| 98296 | 26 | 1 | 2 | 98445 | 7 | 0 | 1 |
| 98360 | 26 | 0 | 1 | 98580 | 7 | 0 | 0 |
| 98292 | 25 | 1 | 0 | 98206 | 6 | 0 | 1 |
| 98387 | 25 | 2 | 4 | 98408 | 6 | 0 | 3 |
| 98012 | 24 | 1 | 6 | 98418 | 6 | 0 | 0 |
| 98201 | 23 | 0 | 5 | 98424 | 6 | 0 | 2 |
| 98036 | 22 | 0 | 8 | 98396 | 5 | 0 | 0 |
| 98375 | 22 | 2 | 4 | 98205 | 4 | 0 | 0 |
| 98371 | 21 | 2 | 2 | 98329 | 4 | 0 | 0 |
| 98373 | 21 | 0 | 2 | 98443 | 4 | 0 | 0 |
| 98026 | 20 | 3 | 7 | 98349 | 3 | 0 | 1 |
| 98038 | 20 | 1 | 0 | 98385 | 3 | 0 | 0 |
| 98203 | 19 | 1 | 5 | 98394 | 3 | 0 | 0 |
| 98321 | 19 | 1 | 0 | 98446 | 3 | 0 | 0 |
| 98444 | 19 | 0 | 7 | 98323 | 2 | 0 | 0 |
| 98021 | 18 | 2 | 4 | 98327 | 2 | 0 | 2 |
| 98037 | 18 | 2 | 3 | 98332 | 2 | 0 | 0 |
| 98404 | 18 | 0 | 11 | 98465 | 2 | 0 | 2 |
| 98087 | 17 | 0 | 3 | 98506 | 2 | 0 | 0 |
| 98338 | 17 | 0 | 2 | 98511 | 2 | 0 | 0 |
| 98252 | 16 | 2 | 1 | 98001 | 1 | 0 | 0 |
| 98409 | 16 | 0 | 8 | 98304 | 1 | 0 | 1 |
| 98043 | 14 | 0 | 3 | 98333 | 1 | 0 | 0 |
| 98372 | 14 | 0 | 1 | 98342 | 1 | 0 | 1 |
| 98466 | 14 | 1 | 1 | 98388 | 1 | 0 | 0 |
| 98498 | 14 | 0 | 2 | 98403 | 1 | 0 | 0 |
| 98251 | 12 | 0 | 0 | 98426 | 1 | 0 | 0 |
| 98275 | 12 | 0 | 4 | 98439 | 1 | 0 | 0 |
| 98501 | 12 | 0 | 1 | 98448 | 1 | 0 | 0 |
| 98422 | 11 | 0 | 1 | 98460 | 1 | 0 | 0 |
| 98513 | 11 | 0 | 0 | 98467 | 1 | 0 | 1 |
| TOTAL | | | | | 1198 | 39 | 207 |

OUTSIDE TRI-COUNTY

| Zip Code | Total Workers | Women | People of Color | Zip Code | Total Workers | Women | People of Color |
|----------|---------------|-------|-----------------|--------------|---------------|----------|-----------------|
| 59802 | 1 | 0 | 0 | 98264 | 2 | 0 | 0 |
| 59828 | 1 | 0 | 0 | 98266 | 5 | 1 | 0 |
| 83110 | 1 | 0 | 0 | 98273 | 5 | 0 | 1 |
| 83252 | 1 | 0 | 0 | 98274 | 6 | 0 | 1 |
| 83850 | 1 | 0 | 0 | 98276 | 1 | 0 | 0 |
| 84404 | 1 | 0 | 0 | 98277 | 3 | 0 | 0 |
| 89443 | 1 | 0 | 0 | 98282 | 6 | 0 | 1 |
| 90650 | 1 | 0 | 1 | 98284 | 11 | 0 | 1 |
| 92040 | 1 | 0 | 0 | 98293 | 2 | 0 | 0 |
| 92595 | 1 | 0 | 0 | 98295 | 1 | 0 | 0 |
| 95563 | 1 | 0 | 0 | 98310 | 1 | 0 | 0 |
| 96520 | 1 | 0 | 0 | 98311 | 3 | 0 | 1 |
| 97009 | 5 | 0 | 3 | 98312 | 3 | 0 | 0 |
| 97030 | 4 | 0 | 4 | 98325 | 1 | 0 | 0 |
| 97045 | 1 | 0 | 0 | 98336 | 2 | 0 | 0 |
| 97051 | 1 | 0 | 0 | 98344 | 1 | 0 | 0 |
| 97080 | 3 | 0 | 3 | 98350 | 1 | 0 | 1 |
| 97128 | 1 | 0 | 0 | 98354 | 4 | 0 | 0 |
| 97203 | 1 | 0 | 0 | 98355 | 1 | 0 | 0 |
| 97220 | 1 | 0 | 0 | 98356 | 1 | 0 | 0 |
| 97233 | 1 | 0 | 0 | 98359 | 2 | 0 | 0 |
| 97281 | 1 | 0 | 0 | 98362 | 2 | 0 | 0 |
| 97302 | 1 | 0 | 0 | 98366 | 12 | 0 | 3 |
| 97526 | 1 | 0 | 0 | 98370 | 4 | 0 | 0 |
| 98221 | 5 | 0 | 1 | 98376 | 1 | 0 | 1 |
| 98225 | 3 | 0 | 0 | 98382 | 2 | 0 | 0 |
| 98226 | 6 | 0 | 0 | 98383 | 1 | 0 | 0 |
| 98229 | 5 | 2 | 0 | 98384 | 4 | 0 | 2 |
| 98230 | 2 | 1 | 0 | 98395 | 1 | 0 | 0 |
| 98231 | 1 | 0 | 0 | 98503 | 6 | 0 | 0 |
| 98232 | 6 | 0 | 0 | 98512 | 8 | 0 | 2 |
| 98233 | 11 | 0 | 1 | 98516 | 4 | 0 | 3 |
| 98236 | 1 | 0 | 0 | 98520 | 12 | 2 | 3 |
| 98237 | 3 | 0 | 0 | 98528 | 3 | 0 | 0 |
| 98239 | 2 | 0 | 2 | 98531 | 7 | 0 | 2 |
| 98240 | 1 | 0 | 0 | 98532 | 7 | 0 | 0 |
| 98241 | 1 | 0 | 0 | 98535 | 1 | 0 | 0 |
| 98242 | 1 | 0 | 1 | 98541 | 5 | 0 | 0 |
| 98244 | 2 | 0 | 0 | 98275 | 12 | 0 | 4 |
| 98247 | 3 | 0 | 0 | 98501 | 12 | 0 | 1 |
| 98248 | 11 | 2 | 4 | 98422 | 11 | 0 | 1 |
| 98249 | 2 | 0 | 1 | 98513 | 11 | 0 | 0 |
| | | | | Total | 287 | 8 | 49 |

SUMMARY

| Zip Code | Total Workers | Women | People of Color | Apprentice |
|---------------------------|----------------------|--------------|------------------------|-------------------|
| Seattle Disadvantaged | 102 | 10 | 58 | 19 |
| Rest of Seattle | 30 | 3 | 5 | 4 |
| King County Disadvantaged | 201 | 10 | 67 | 23 |
| Rest of King County* | 372 | 32 | 69 | 32 |
| Pierce/Snohomish | 1198 | 39 | 207 | 76 |
| Total in Tri-County | 1903 | 94 | 206 | 154 |
| Outside Tri-County | 352 | 11 | 58 | 26 |
| Total | 2255 | 105 | 464 | 180 |

*Not including the City of Seattle

City of Seattle Construction Industry Labor Market Assessment

March 2014

Submitted to:

City of Seattle Purchasing and Contracting Services

Submitted by:





*Community Attributes tells data-rich stories
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Chris Mefford, President & CEO

Analysts:
Spencer Cohen
Erin Gengo
Elliot Weiss

Community Attributes Inc.
1411 Fourth Ave, Suite 770
Seattle, WA 98115
206.523.6683
www.communityattributes.com

EXECUTIVE SUMMARY

Background and Purpose

City of Seattle contracting leaders desire to expand access to economic opportunity for those historically facing barriers to construction industry jobs (women, people of color and otherwise disadvantaged individuals, particularly those who are also Seattle residents). The City wishes to increase construction employment and optimize career ladders to improve access to these jobs. This report provides an evaluation of the Construction labor market and workforce availability, to increase understanding of availability and barriers for hiring of "target workers", for City of Seattle Public Works contracts. Target workers include local women, people of color, and the economically and socially disadvantaged. The report seeks to serve the City Council, Mayor, City staff, and the City Construction Careers Advisory Committee (CCAC) which was established by Council Resolution in 2013. The Resolution tasked the CCAC to recommend to City Council and the Mayor any policies, methods or programs appropriate for the City, which would enhance private contractor hiring of local target workers.

This study evaluates the workforce in the Construction industry and identifies the current and projected supply of labor that is willing and motivated to work on the City of Seattle's Capital Improvement Program (CIP). Employment in the construction industry is made up of a migratory workforce. The labor market analysis focuses on Seattle's residential workforce as well as the broader labor market which includes King, Pierce, and Snohomish counties. This analysis estimates the quantity and demographic composition of the region's Construction labor force to understand opportunities for the City to hire target workers for Capital Improvement Program (CIP).

This analysis establishes supply and demand of the region's Construction workforce through 2019 and a baseline scenario for the existing labor pool absent any policy intervention. The model then analyzes the outcome of different target hiring scenarios for City of Seattle Public Works projects on the projected Construction workforce for local women, people of color, and the economically and socially disadvantaged.

Findings

The gap between the supply and demand is the surplus or deficit of regional workers needed to satisfy forecasted local Construction employment. The analysis measures the workforce gap for all Construction employment, including workers in administrative and managerial positions, as well as for sector workers in trades only found in Construction, such as framers.

For both the overall Construction industry and the Construction trades alone, economic forecasts suggest a surplus of workers will exist through 2019. The surplus is projected to decline from 8.0% in 2013 to 4.9% in 2019 for the former segment of Construction labor, and from 9.4% in 2013 to 5.8% in 2019 for the latter population (**Exhibit E1**).

Exhibit E1. Gap Analysis for Construction Supply and Demand

| Segment of Labor Force | Measure | 2013 (est.) | 2014 | 2019 |
|---|------------|-------------|---------|---------|
| Total Construction Employment | Demand | 95,400 | 97,800 | 110,500 |
| | Supply | 103,700 | 104,300 | 116,200 |
| | Difference | 8,300 | 6,500 | 5,700 |
| | Surplus | 8.0% | 6.2% | 4.9% |
| Construction Trades Only (non-baccalaureate) | Demand | 67,600 | 69,500 | 79,300 |
| | Supply | 74,600 | 74,900 | 84,200 |
| | Difference | 7,000 | 5,400 | 4,900 |
| | Surplus | 9.4% | 7.2% | 5.8% |

Sources: Puget Sound Regional Council; Conway Pedersen Economics; IPEDs; Washington State Employment Security Department; Washington State Department of Labor & Industries; Community Attributes, 2014.

Forecasts from the Puget Sound Regional Council and from Conway Pedersen Economics (evaluated independently and analyzed together) suggest demand for workers in Construction trades in the tri-county region is 97,800 in 2014 and will increase by 13% through 2019 to 110,500. Regional public works projects will require between 13,200 and 14,900 workers annually, and, on average, 400 FTEs each year will be required to complete work associated with the City of Seattle's Capital Improvement Program. Because construction workers often are not on the job site full-time for a year, this does not necessarily equate to 400 workers annually.

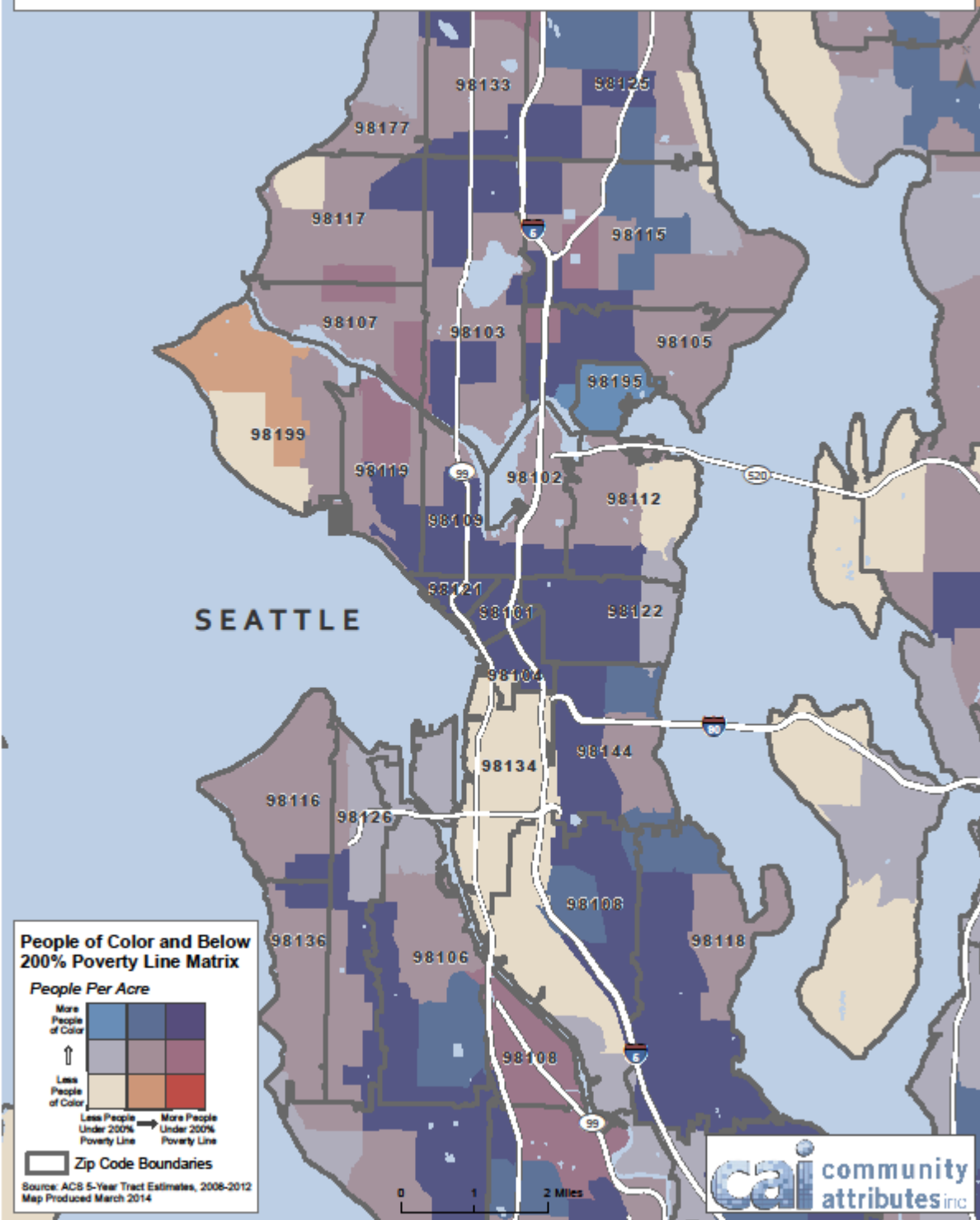
Demographic Composition of Construction Workers

In 2014, 77% of all workers in Construction in King, Snohomish, and Pierce counties are white males, and the remaining 23% comprises people of color and women. Representation of women and people of color is higher among new entrants to the labor force through apprenticeships and accredited completions than the overall workforce, the latter including both 2-year and 4-year degreed programs. However, women and people of color also have higher rates of apprenticeship cancellations than do their white male counterparts.

In the absence of policy interventions, the infusion of new workers coming from apprenticeships and educational programs will gradually change the existing demographic composition over time to a workforce that is slightly more racially diverse, with higher female composition.

In addition to the known supply of workers for the Construction industry, the City is also interested understanding and targeting the potential supply of workers who are qualified and motivated to work in Construction, but who are not engaged in any training pipeline. **Exhibit E2** combines City criteria into a single map of potential areas of targeted outreach to that population.

Exhibit E2. People of Color and Poverty per Acre, City of Seattle 2012



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INTRODUCTION

Background and Purpose

This study evaluates the Construction labor market and workforce availability for King, Pierce, and Snohomish counties combined, in an effort to understand the sources of demand and supply for the regional Construction workforce. This analysis focuses on the regional Construction workforce, reflecting the labor market. Where possible, this analysis attempts to provide data for the city of Seattle to provide more local context for policy consideration.

The City of Seattle is interested in expanding access to economic opportunity by increasing construction employment and providing career ladders for those historically facing barriers to jobs in the construction industry (women, people of color and otherwise disadvantaged individuals, and particularly those who are also Seattle residents). This project provides an evaluation of the Construction labor market and workforce availability, in order to increase understanding of availability and barriers for hiring of target workers including local women, people of color, and the economically and socially disadvantaged, for City of Seattle Public Works contracts.

This report serves the City Council, Mayor, City staff, and the City Construction Careers Advisory Committee (CCAC) which was established by Council Resolution in 2013. The Resolution tasked CCAC to recommend to City Council and the Mayor any policies, methods or programs appropriate for the City, which would enhance private contractor hiring of local target workers.

The analysis provides an understanding of the current availability of such Construction trade workers; the potential availability of such workers given effective recruitment and training strategies; how much future work is likely to be generated by regional public agencies and for which trades; and the degree that the City might be able to influence hiring based on those data. The study provides a platform for additional agency coordination and cooperation to foster regional collaboration on municipal contracting to support target workers.

Methods

This analysis uses available secondary data, stakeholder interviews, and data from the City of Seattle Purchasing and Contracting Services to estimate current and projected labor supply and demand in the Construction Industry for King, Snohomish, and Pierce counties. The study includes analysis of the City's Capital Improvement Program (CIP), and contract labor requirements. Other sources of data include Employment Security Division employment and unemployment claims data, U.S. Census Bureau demographic data, Washington State

Department of Labor & Industries apprenticeship data, and National Center for Education Statistics completions data.

Organization of Report

The report includes the following sections:

- **Construction Sector Employment and Workforce Profile.** An introduction to the size of employment, occupations, and workforce pathways in the Construction sector for King, Pierce, and Snohomish counties.
- **Supply and Demand for Construction Workers.** The study employs Construction forecasts to examine demand, supply, and forecasted gap for the labor force.
- **Opportunities for Discussion.** An assessment of the potential impact of targeted hiring criteria. -
- **Glossary.** A reference guide for definitions and key terms used throughout the report.
- **Appendix of Supporting Analytics.** A compendium of exhibits produced from interim analysis that supported development of this report.

CONSTRUCTION SECTOR EMPLOYMENT AND WORKFORCE PROFILE

Sector Employment

This section establishes context for the Construction sector for King, Pierce and Snohomish counties, and for the City of Seattle where possible, including a Construction sector definition and trends in sector jobs.

Exhibit 1 displays the NAICS (North American Industry Classification System¹) codes that this study considers *core* to the Construction industry. NAICS codes were developed by the U.S. Census Bureau and are used to classify business establishments for the purpose of economic data collection and analysis. While this study primarily focuses on non-residential Construction because that is where most public works activity is reflected, firms who are prime contractors for the City are also sometimes found in residential NAICS categories.

Exhibit 1. NAICS Codes in the Construction Industry

| NAICS Code | Description | NAICS Code | Description |
|------------|---|------------|---|
| 23 | Construction | | |
| 236 | Construction of Buildings | 238 | Specialty Trade Contractors (Residential and Non-residential) |
| | New single-family general contractors | | Poured foundation contractors |
| | New multifamily general contractors | | Structural steel contractors |
| | New housing for-sale builders | | Framing contractors |
| | Residential remodelers | | Masonry contractors |
| | Industrial building construction | | Glass and glazing contractors |
| | Commercial building construction | | Roofing contractors |
| | Other industries | | Siding contractors |
| 237 | Heavy and Civil Engineering Construction | | Other exterior contractors |
| | Water and sewer system construction | | Electrical contractors |
| | Oil and gas pipeline construction | | Plumbing and hvac contractors |
| | Power and communication system construction | | Other equipment contractors |
| | Land subdivision | | Drywall contractors |
| | Highway, street, and bridge construction | | Painting contractors |
| | Other heavy construction | | Flooring contractors |
| | Other industries | | Tile and terrazzo contractors |
| | | | Finish carpentry contractors |
| | | | Other finishing contractors |
| | | | Site preparation contractors |
| | | | All other trade contractors |

Source: WA Employment Security Department QCEW, 2012.

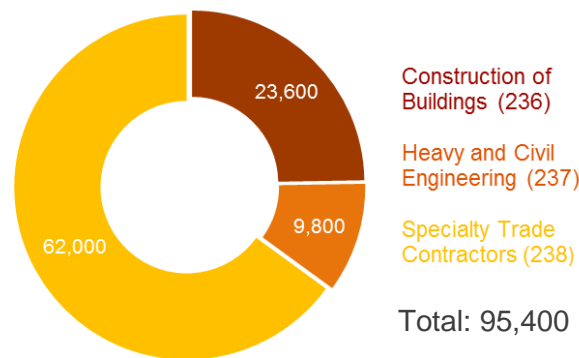
Exhibit 2 presents a snapshot of total employment in King, Pierce, and Snohomish counties in 2013. In Construction subsectors, Specialty Trade Contractors (NAICS 238) employ the most workers of all Construction subsectors. Construction of Buildings (NAICS 236) employs the second-most workers, with Heavy and Civil Engineering (NAICS 237) employing the fewest.

¹ See **Glossary** for more information and other definitions.

In total, Construction employed an estimated 95,400 jobs in King, Pierce, and Snohomish counties in 2013. None of these sources of employment includes jobs in the informal labor economy, which is a significant source of employment in the Construction industry. Workers in this category include day-laborers, undocumented immigrants, and others who work in the cash economy. Because these workers have no permanent place of work, they are not counted in any of these sources of data.

In assessing the construction industry’s labor, mobility of workers is a consideration of the Construction industry in particular. In addition to the mobility within the region that occurs when construction contractors are headquartered in one city but working on site in a different city or even county, demand for workers may also entice workers to work outside of the region. Recent booms for construction in the energy sector require an increase of skilled tradesmen from the Gulf Coast to the Great Lakes regions², a portion of which could come from the pool of construction labor in Puget Sound. While it is likely that the source of construction labor supply stemming from apprenticeship completions in the region retains nearly their entire workforce due to the significant training investment on the part of the worker, as well as because employment is concurrent with apprenticeships, it is less clear for other sources of labor supply how much of the region’s workforce is retained during a demand spike.

Exhibit 2. King, Pierce, and Snohomish Counties Estimated Total Construction Employment by Subsector, 2013

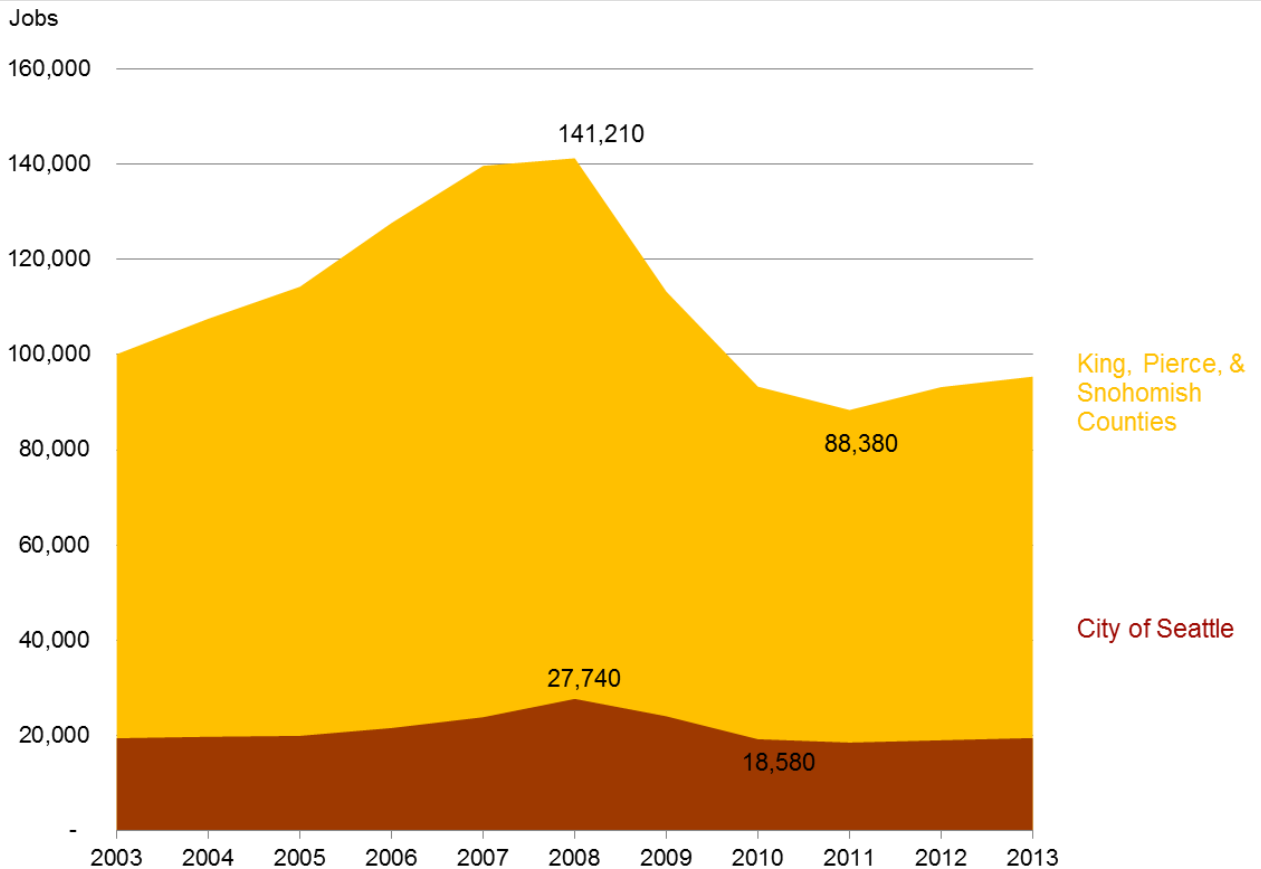


Sources: Puget Sound Regional Council, 2013; WA Employment Security Department, QCEW 2013. This estimate applies subsector percentage from WA ESD jobs totals to Construction jobs forecasted by PSRC to arrive at the most recent estimate of employment.

² Armistead, Thomas. Planned Projects Could Drive Up Craft Demand in Great Lakes and Midwest, *Engineering News-Record*, February 2014.

Exhibit 3 shows Seattle employment in the Construction industry from 2003-2013 (in NAICS 23), compared with employment in the larger area of King, Pierce, and Snohomish counties. The City of Seattle lost 33% of its Construction jobs between 2008 and 2011; King, Pierce, and Snohomish counties lost slightly more (37%) during that time period. However, employment has increased by 5.1% in the City of Seattle and by 7.9% in King, Pierce, and Snohomish counties from 2011 into 2013.

Exhibit 3. Construction Jobs in Seattle, King, Pierce, and Snohomish Counties, 2003-2013

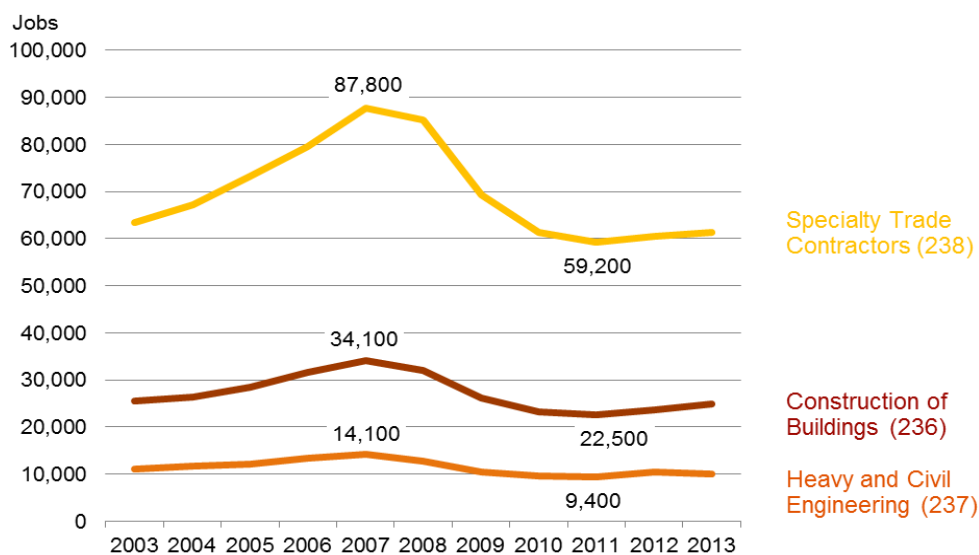


Sources: Puget Sound Regional Council 2013; WA Employment Security Department, QCEW 2013; U.S. Census Bureau Non-employer Statistics, 2013; Community Attributes, 2014. Estimates for the City of Seattle sum actual values of covered employment as reported by PSRC with estimated non-employer jobs, calculated based on the relationship between non-employers to covered employment for the Seattle MSA.

Exhibit 4 disaggregates jobs by subsector within Construction for 2003-2013. For all three subsectors, total post-recession employment in that subsector in 2013 was still lower than the pre-recession levels of employment. Between 2007 and 2011 both subsectors of Specialty Trade Contractors, and Heavy and Civil

Engineering Construction, experienced a decline of nearly 33%; the Construction of Buildings employment subcategory lost slightly more during that time (34%). Jobs increased for all three subsectors beginning in 2011, by 10% for Construction of Buildings, by 5% for Heavy and Civil Engineering Construction, and by 4% for Specialty Trade Contractors. Heavy and Civil Engineering Construction lost fewer jobs, suggesting the demand for that subsector fluctuates less than other subsectors of Construction; this is the subsector employed the most for Seattle public works.

Exhibit 4. Construction Jobs by Subsector, King, Pierce and Snohomish Counties, 2003-2013



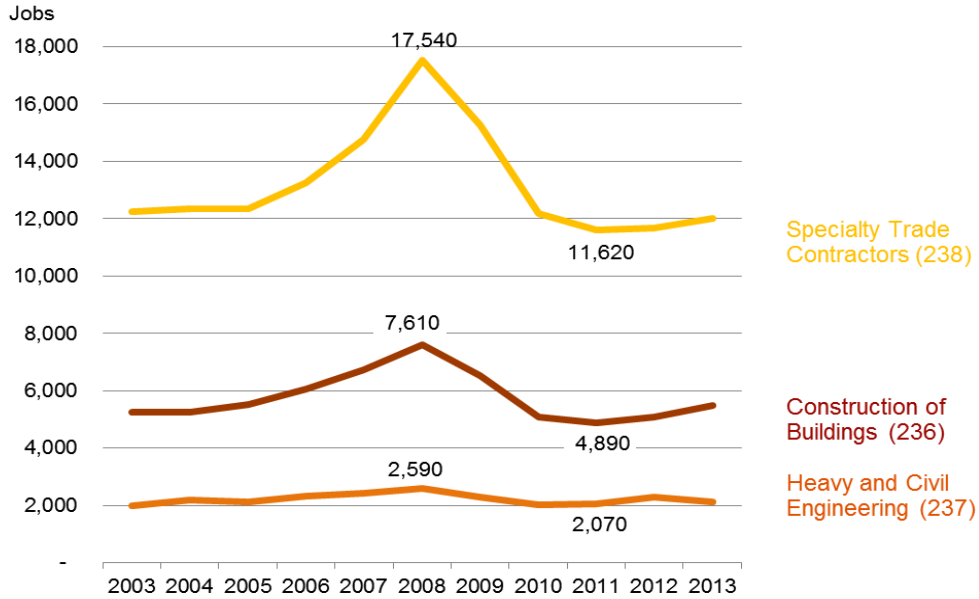
Sources: U.S. Census Bureau Non-employer Statistics, 2013; WA Employment Security Department, QCEW 2013.

Exhibit 5 estimates subsector activity within the City of Seattle from 2003 to 2013. Between 2008 and 2011, Construction of Buildings and Specialty Trade Contractors lost 36% and 34% of their construction jobs, respectively. Heavy and Civil Engineering Construction experienced a significantly smaller relative loss of jobs (20%) during the same time period. The increase of jobs beginning in 2011 was largest for Construction of Buildings, with a 12% increase between 2011 and 2013. Heavy and Civil Engineering and Specialty Trade Contractors experienced a smaller relative increase in jobs during that time period with a 2% and 3% respective increase.

Construction employment is highly seasonal, as evidenced by **Exhibit 6**, which displays seasonally and non-seasonally adjusted data from 2010 to 2012. Generally, employment is lower in the beginning and the end of the year and

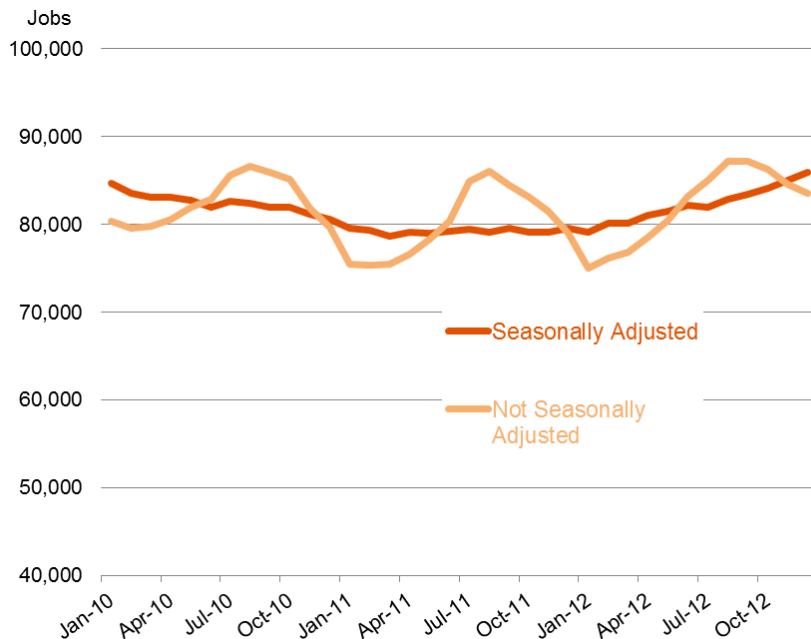
higher during the summer. In an attempt to smooth out this seasonality, this report either uses seasonally adjusted data, or creates a moving average.

Exhibit 5. Construction Jobs by Subsector, City of Seattle, 2003-2013



Sources: WA Employment Security Department; Community Attributes Inc. 2014.

Exhibit 6. Seasonally Adjusted vs. Not Seasonally Adjusted Construction Employment: King, Pierce, and Snohomish Counties, 2010-2012



Source: WA Employment Security Department CES, 2013.

Occupations in Construction

Occupational data provides additional insight into the Construction industry.

Exhibit 7 presents a list of occupations which this analysis considers to be *core* to the industry. Occupations help estimate workforce size at a more granular level than industry-level data (which is what the previous section has done). This section of the report includes a definition of Construction occupations; compensation within the industry; top ten occupations within the Construction industry and for women in the Construction industry; and a demographic analysis of workers in Construction industry occupations.

The Construction sector employment and workforce profile section of this report uses occupational and industry codes to set the background for the Construction industry in King, Pierce, and Snohomish counties. The model underlying the study considers supply and demand for two segments of Construction labor: 1) All Construction employment, including workers in administrative and managerial positions, and 2) Only those workers in Construction trades, such as carpenters and framers.

Exhibit 7. Occupational Codes for Construction Trades

| SOC 2010 | Description of SOC | | |
|-------------|--|---------|---|
| 11-9021 | Construction Managers | 47-2151 | Pipelayers |
| 47-1011 | First-Line Supervisors of Construction Trades and Extraction Workers | 47-2152 | Plumbers, Pipefitters, and Steamfitters |
| 47-2011 | Boilermakers | 47-2171 | Reinforcing Iron and Rebar Workers |
| 47-2021 | Brickmasons and Blockmasons | 47-2181 | Roofers |
| 47-2022 | Stonemasons | 47-2211 | Sheet Metal Workers |
| 47-2031 | Carpenters | 47-2221 | Structural Iron and Steel Workers |
| 47-2041 | Carpet Installers | 47-3011 | Helpers--Brickmasons, Blockmasons, Stonemasons, and Tile and Marble Setters |
| 47-2044 | Tile and Marble Setters | 47-3012 | Helpers--Carpenters |
| 47-2051 | Cement Masons and Concrete Finishers | 47-3013 | Helpers--Electricians |
| 47-2053 | Terrazzo Workers and Finishers | 47-3014 | Helpers--Painters, Paperhangers, Plasterers, and Stucco Masons |
| 47-2061 | Construction Laborers | 47-3015 | Helpers--Pipelayers, Plumbers, Pipefitters, and Steamfitters |
| 47-2071 | Paving, Surfacing, and Tamping Equipment Operators | 47-3016 | Helpers--Roofers |
| 47-2072 | Pile-Driver Operators | 47-3019 | Helpers, Construction Trades, All Other |
| 47-2073 | Operating Engineers and Other Construction Equipment Operators | 47-4011 | Construction and Building Inspectors |
| 47-2081 | Drywall and Ceiling Tile Installers | 47-4021 | Elevator Installers and Repairers |
| 47-2082 | Tapers | 47-4031 | Fence Erectors |
| 47-2111 | Electricians | 47-4041 | Hazardous Materials Removal Workers |
| 47-2121 | Glaziers | 47-4051 | Highway Maintenance Workers |
| 47-2131 | Insulation Workers, Floor, Ceiling, and Wall | 47-4061 | Rail-Track Laying and Maintenance Equipment Operators |
| 47-2141 | Painters, Construction and Maintenance | 47-4071 | Septic Tank Servicers and Sewer Pipe Cleaners |
| 47-2142 | Paperhangers | 47-4099 | Construction and Related Workers, All Other |

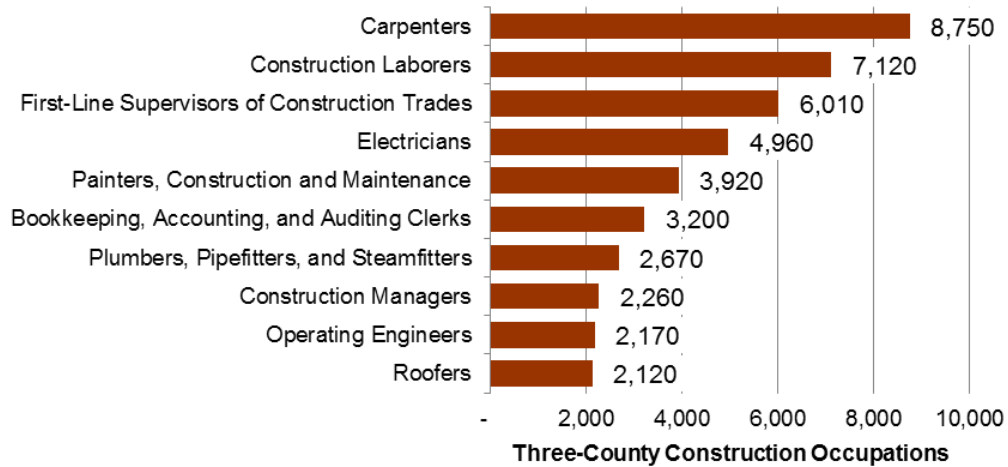
Source: US Bureau of Labor Statistics, 2010.

This analysis primarily focuses on trades in Construction while recognizing that positions in support, management, and administration play an important part in the upward mobility of those already within Construction occupations. **Exhibit 7** shows a list of core occupations suitable for Construction activity.

Occupations in this list contain trades such as sheet metal workers and pipe layers, to supervisory and management activities such as Construction managers and supervisors, to “helpers”, and laborers. Occupations are known by their “SOC” Codes (see the **Glossary** for more definitions).

Within the Construction industry, occupational concentration differs according to the unit of geography or industry subsector analyzed. Carpenters, Laborers, and Supervisors are among the largest Construction occupations by number of employees for the three-county area in 2012. **Exhibit 8** displays the top ten occupations employed in NAICS code 23³.

Exhibit 8. Ten Most Prevalent Occupations in the Construction Industry; King, Pierce and Snohomish Counties, 2012

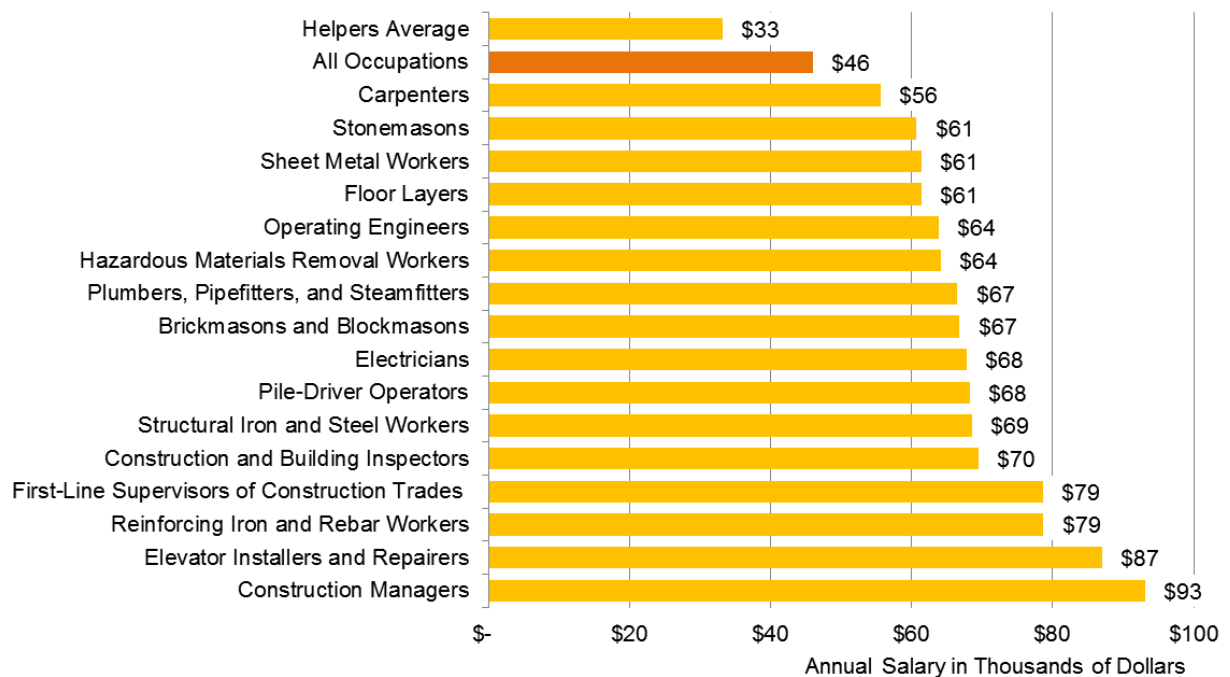


Source: WA Employment Security Department, 2012; US Bureau of Labor Statistics, 2013.

³ Occupational concentration by subsector of Construction is included in **Appendix A**.

Occupations in the Construction industry pay higher wages than the overall median annual wage, as evidenced by **Exhibit 9**, which displays the 15 highest-paying occupations in Construction (NAICS 23). Seattle’s Construction managers and other supervisory positions are the highest paid positions. However, trades such as electricians and sheet metal workers also pay good wages. On average, the median annual wage of the occupations in this analysis is \$53,000—nearly \$7,000 higher than the median annual wage for all construction occupations combined. For context, an average median annual wage of all Helpers (laborers) is included.

Exhibit 9. Selected Construction Occupations by Median Annual Wage; King, Pierce, and Snohomish Counties, 2012

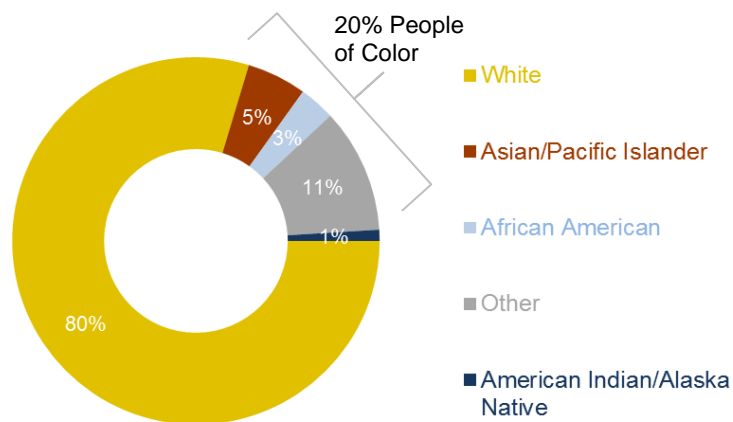


Source: US Bureau of Labor Statistics Occupational Employment Statistics, 2012.

Exhibits 10 and 11 show the composition of the workforce engaged in Construction occupations for the three-county area, as well as for the City of Seattle (based on place of work) by race in 2012. A majority (80%) of the Construction workforce is white, while 20% are people of color. Compared to the larger population of King, Pierce, and Snohomish counties, where 70% of the population is white and 30% are people of color, the Construction

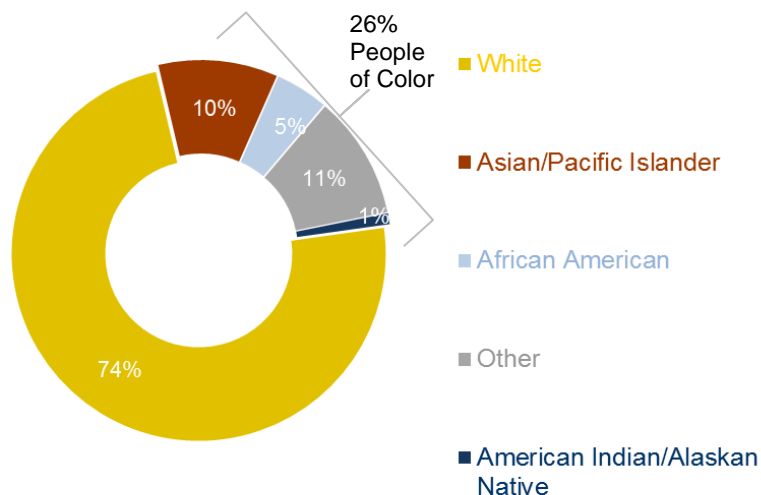
workforce is less diverse⁴. See **Appendix A, Exhibit 16** for racial composition of the three-county area.

Exhibit 10. Composition of Workforce by Workplace Geography in Construction Occupations by Race: Workplace in King, Pierce, and Snohomish Counties, 2012



Source: US Census Bureau EEO Tabulation 2006-2010 by Workplace Geography, 2013, Community Attributes, 2014. 'Other' includes Hispanic, Pacific Islander, More than one Race, and all others not listed.

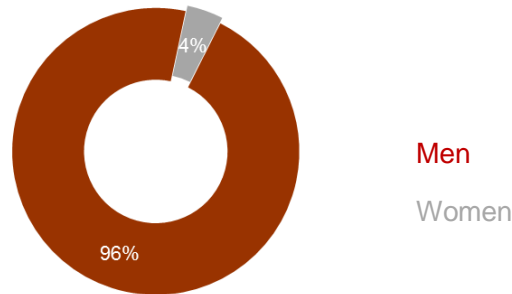
Exhibit 11. Composition of Workforce by Workplace Geography in Construction Occupations by Race: Workplace in City of Seattle, 2012



Sources: US Census Bureau American Community Survey, 2013; Puget Sound Regional Council, 2014; Community Attributes, 2014. 'Other' includes Hispanic, Pacific Islander, More than one Race, and all others not listed.

⁴ Source: U.S. Census Bureau, ACS 5-year estimates, 2012.

Exhibit 12. Composition of Workforce by Workplace Geography in Construction Occupations by Gender: Workplace in King, Pierce, and Snohomish Counties, 2012



Source: US Census Bureau EEO Tabulation 2006-2010 by Workplace Geography, 2013.

Exhibit 12 displays the Construction workforce by sex in King, Pierce, and Snohomish counties; 96% of the workforce is male. The Supply Model section of this report contains a further breakdown of gender and race for each source of new entrants into the workforce. **Exhibit 13** displays the top ten Construction occupations in which women are employed for King, Pierce, and Snohomish counties in 2010. These occupations span from management and supervisory roles, such as Construction managers, to the trades which are typically more male-dominated, like carpenters and electricians.

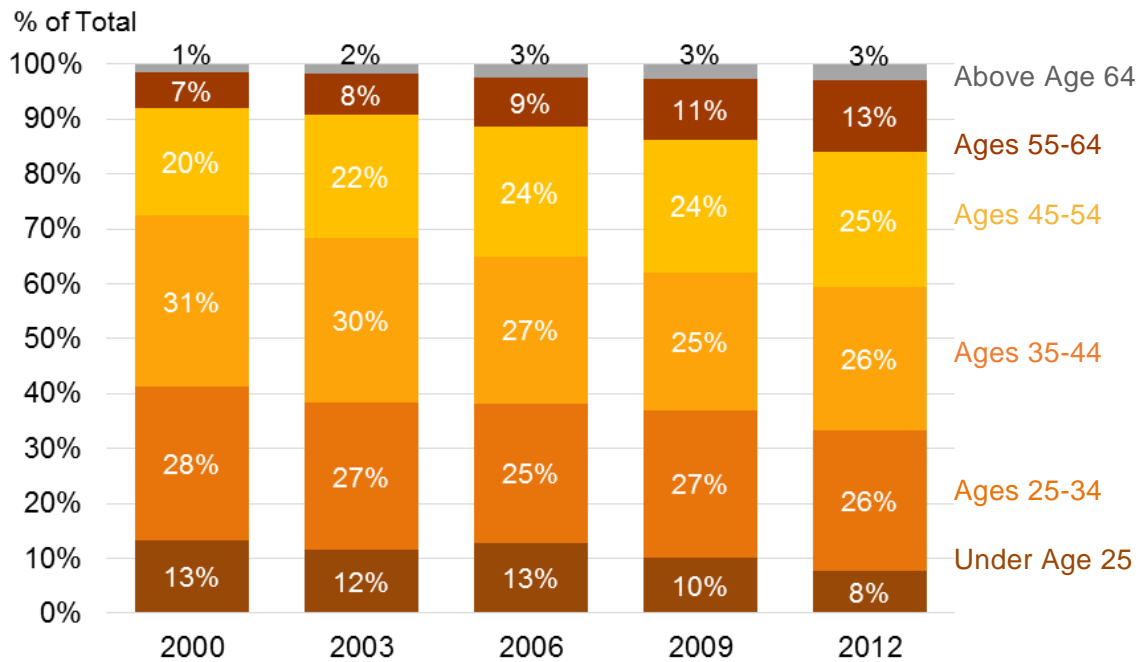
Exhibit 13. Top Ten Construction Occupations for Women by Workplace Geography: King, Pierce, and Snohomish Counties, 2010

| Occupation | Total Women in Occupation |
|--|---------------------------|
| Construction managers | 1,110 |
| Construction laborers | 710 |
| First-line supervisors of construction trades and extraction workers | 510 |
| Painters, construction and maintenance | 380 |
| Carpenters | 375 |
| Electricians | 355 |
| Construction equipment operators except paving, surfacing, and tamping equipment operators | 220 |
| Construction and building inspectors | 200 |
| Pipelayers, plumbers, pipefitters, and steamfitters | 135 |
| Sheet metal workers | 120 |

Source: US Census Bureau EEO Tabulation 2006-2010 by Workplace Geography, 2013.

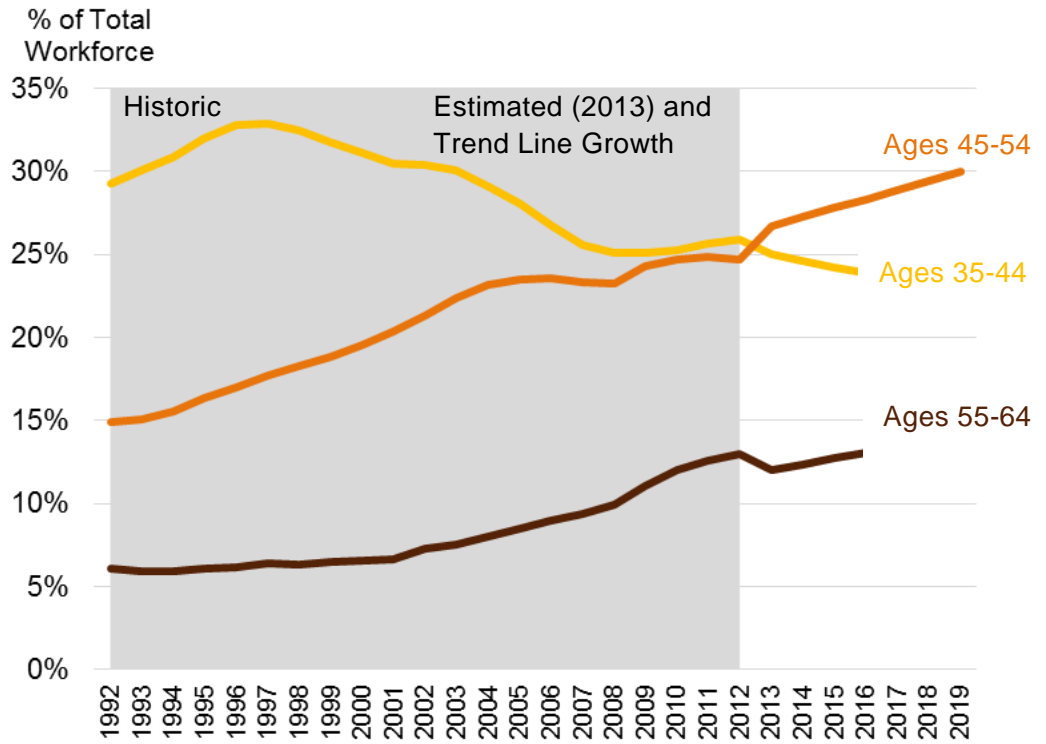
The construction sector workforce is aging. Between 2000 and 2012, the share of construction workers in King County between the ages of 55 to 64 nearly doubled, increasing from 6% to 13% (**Exhibit 14**). The share of workers between the ages 25 and 34 fell from 28% in 2000 to 26% of total construction employment, in 2012. Going further back in time, this age group's share of construction employment has declined from a high of more than two thirds of all workers in the early 1990s. Based on historic trends, by 2019 this share of construction employment will fall to 20% of all workers, while workers between 55 and 64 will increase to 14.1% within King County (**Exhibit 15**).

Exhibit 14. Distribution of King County Construction Workforce by Age Group, 2000-2012



Sources: Washington State Employment Security Department, 2013; Community Attributes, 2014.

Exhibit 15. Historic and Predicted (Trend Line) Growth in Shares of Construction Workforce by Select Age Groups, 1992-2019



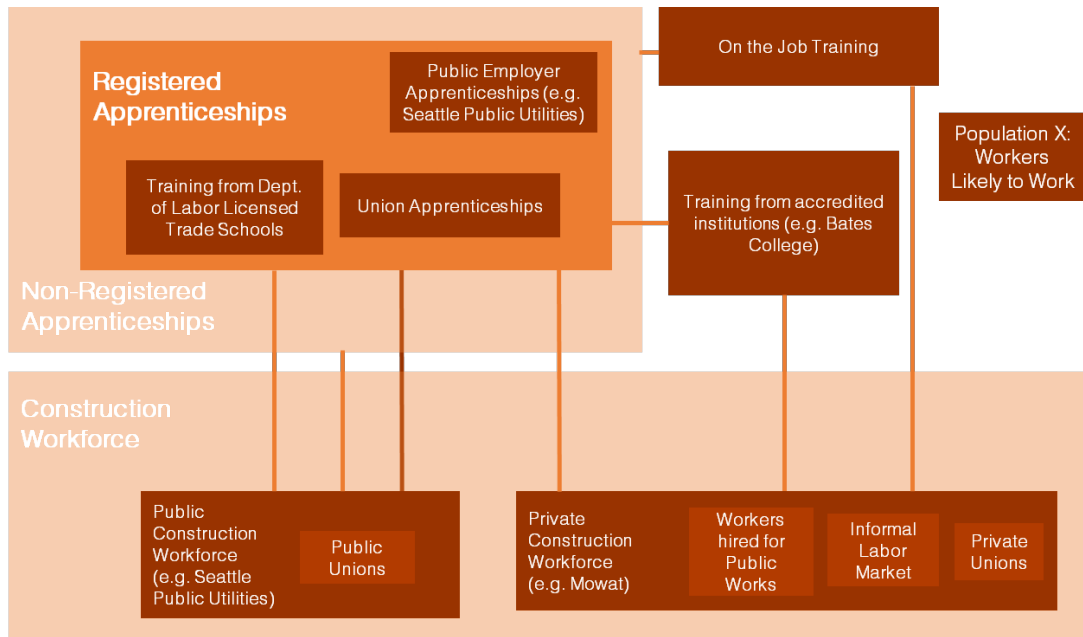
Sources: Washington State Employment Security Department, 2013; Community Attributes, 2014.

Workforce Training Avenues

The Workforce Training Avenues section of this report establishes context for the subsequent supply model to better understand the career pathways for new workers entering the workforce in Construction, as well as ways in which existing workers can change careers. This section clarifies pathways into the Construction workforce; distinguishes those occupations within the sector which require less or more training; outlines the union role in the Construction workforce; and gives an overview of selected registered apprenticeships in Construction.

Exhibit 16 displays potential pathways into the Construction workforce, from apprenticeships registered by Washington’s Department of Labor and Industries, to on the job training, to educational programs (many of which apply credit for apprenticeship completion towards an Associate Degree) in Construction trades. Non-registered apprenticeships are not regulated by the State of Washington Labor and Industries, and the awarding source of their credential varies.

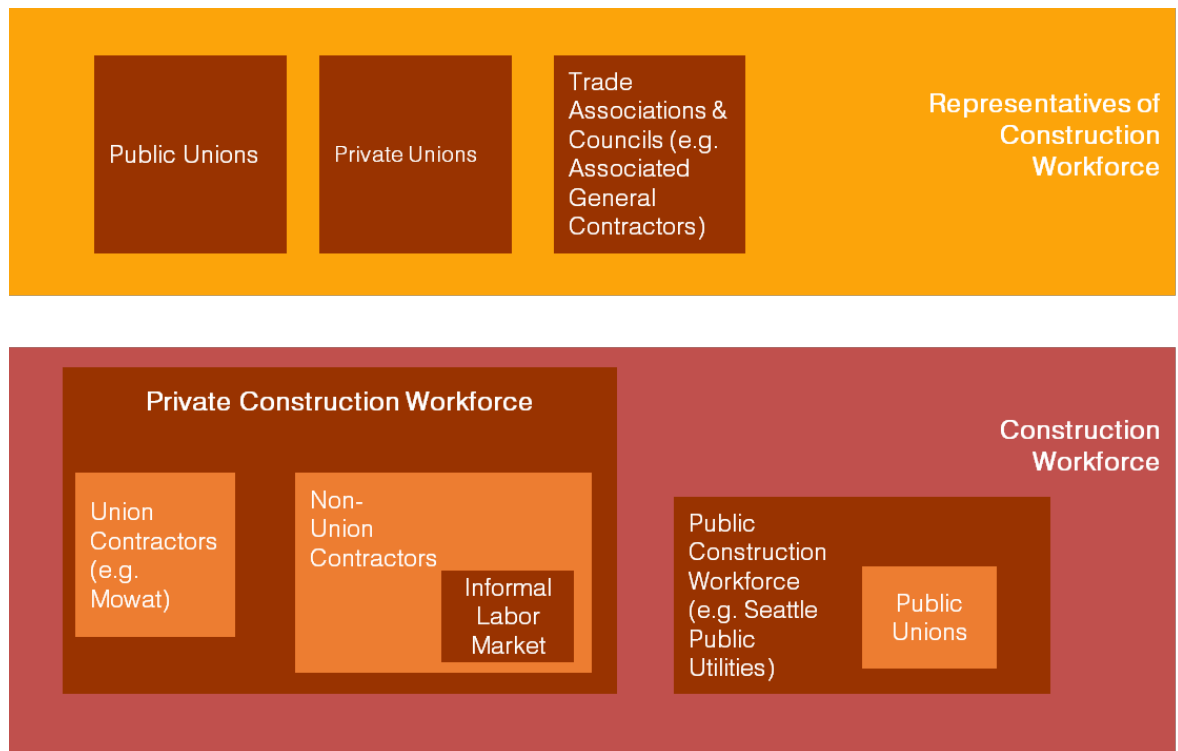
Exhibit 16. Construction Workforce Pipeline



Source: *Community Attributes*, 2014.

Exhibit 17 is a schematic of the Construction workforce and the role unions and trade associations play in representing and providing workers for the industry. According to Washington’s Department of Labor and Industries, apprenticeship is “a combination of on-the-job training (OJT) & related classroom instruction under the supervision of a journey-level craft person or trade professional in which workers learn the practical & theoretical aspects of a highly skilled occupation”. After completing an apprenticeship program, the worker's journey-level status provides an additional benefit of nationwide mobility at journey level scale. Apprenticeships are paid until journey-level status is achieved.

Exhibit 17. Construction Workforce and Representatives of the Construction Workforce



Source: Community Attributes, 2014.

Exhibit 18 displays an overview of selected registered apprenticeships including the sponsors of the apprenticeships, the occupations trained for, and the term of the apprenticeship. Most registered apprenticeships are sponsored by multiple agencies, such as unions in conjunction with public and private employers. Excluding statewide programs which cover all counties, King County has 23 registered apprenticeship programs in Construction trades; Snohomish County has 22; Pierce County has 23.

Exhibit 18. Overview of Selected Registered Apprenticeship Programs; King, Pierce, and Snohomish Counties

| Apprenticeship | Occupations Trained | Term |
|---|---|--------------------|
| Seattle Area Plumbers, Housing Plumbers, Pipefitters, HVAC/Refrigeration | Housing Plumber; HVAC/Refrigeration Mechanic; Maintenance Plumber/Steamfitter; Marine Pipefitter; Pipefitter; Plumber; Residential Service Mechanic | 6,000-10,000 hours |
| Western Washington Sheet Metal Joint Apprenticeship Training Committee (JATC) | HVAC Service Technician; HVAC Test, Adjust and Balance Technician; Marine Sheet Metal Worker; Sheet Metal Worker | 4,000-9,000 hours |
| Washington State UBC Joint Apprenticeship Training Committee (JATC) | Acoustical Applicator; Boat Builder; Bridge Carpenter; Cabinet Maker; Carpenter; Carpenter, Piledriver; Carpenter, Scaffold Erector; Dock and Wharf Builder; Drywall Finisher; Insulation Applicator; Millwright; Lather, | 2,600-8,000 hours |
| INC/Associated General Contractors | Heavy Equipment Operators; Carpenters Apprenticeship | 6,000-8,000 hours |
| Western Washington Masonry Trades Apprenticeship Committee | Tilesetter; Brick and Block Finisher; Bricklayer; Marble Setter; Pointer, Cleaner and Caulker; Terrazzo Worker; Tile, Terrazzo and Marble Finisher | |
| Inland Empire Roofers & Employers | Roofer | 4,200 hours |

Source: Washington Department of Labor & Industries, 2013.

Exhibit 19 presents an overview of selected occupations in the core Construction industry, grouped by level of training. Most occupations require moderate on-the-job training. Construction Managers are the only occupation in our analysis which require a Bachelor’s Degree or higher as educational training. High skill occupations include carpenters, brick and stone masons, and plumbers. The Bureau of Labor Statistics defines moderate-term-on-the-job training as training that takes more than one month and up to 12 months; they define long-term-on-the-job training as training that takes more than 12 months.

Exhibit 19. Level of Training Required for Construction Occupations

| Work experience in a related occupation | Moderate-term on-the-job training | Long-term on-the-job training |
|---|--|---|
| First-Line Supervisors of Construction Trades | Carpet Installers | Boilermakers |
| Construction and Building Inspectors | Floor Layers, Except Carpet, Wood, and Hard Tiles | Brickmasons and Blockmasons |
| | Floor Sanders and Finishers | Stonemasons |
| | Cement Masons and Concrete Finishers | Carpenters |
| | Construction Laborers | Tile and Marble Setters |
| | Operators | Terrazzo Workers and Finishers |
| | Pile-Driver Operators | Electricians |
| | Operating Engineers and Other Construction Equipment Operators | Glaziers |
| | Drywall and Ceiling Tile Installers | Plumbers, Pipefitters, and Steamfitters |
| | Tapers | Plasterers and Stucco Masons |
| | Painters, Construction and Maintenance | Reinforcing Iron and Rebar Workers |
| | Paperhangers | Structural Iron and Steel Workers |
| | Pipelayers | Elevator Installers and Repairers |
| | Roofers | |
| | Sheet Metal Workers | |
| | Fence Erectors | |
| | Hazardous Materials Removal Workers | |
| | Highway Maintenance Workers | |
| | Cleaners | |
| | Segmental Pavers | |

Source: US Bureau of Labor Statistics, 2013.

SUPPLY AND DEMAND FOR CONSTRUCTION WORKERS

Forecasted Demand

Jobs forecasts for construction represent the realized intersection of supply and theoretical demand for Construction workers. In the case of Construction, demand reflects broader growth of the regional economy; the need for buildings and other physical capital investments; and builders' ability and willingness to implement construction projects. Demand for Construction comes primarily from three sectors of the regional economy:

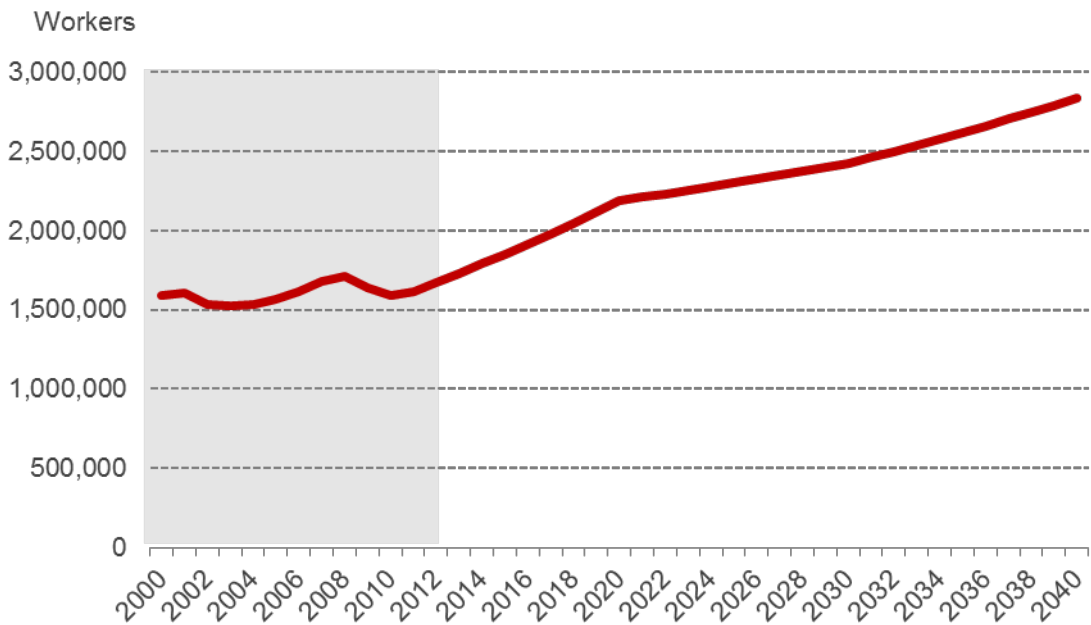
1. Commercial and industrial growth and need for space and facilities;
2. Public sector capital investments, for example, new regional investments by school districts, cities, and state and federal agencies; and
3. Household demand for new housing stock.

These three sources of demand are not mutually exclusive—private sector demand for housing can reflect an increase in commercial jobs as the economy grows. Likewise, increases in the regional population create added pressure on the existing housing inventory and infrastructure, eventually resulting in new investments in both. Each type of investment has a varying distribution of subcontractors by subsector and activity (e.g., engineering firms, wholesalers, builders) with implications for required employment.

In this analysis, demand for Construction jobs is derived primarily from the Puget Sound Regional Council's (PSRC) long-term regional forecast. **Exhibit 20** is the observed and projected growth in the construction and resources sector as forecasted by PSRC.

In 2012, there were an estimated 93,200 total construction jobs across the counties of King, Pierce, and Snohomish, of which roughly 78% were covered jobs.⁵ In 2013, total construction jobs across the three-county region are estimated to have increased to 95,400, including 74,200 covered jobs.

Exhibit 20. Observed and Projected Growth in Total Employment in King, Pierce and Snohomish Counties, 2000-2040



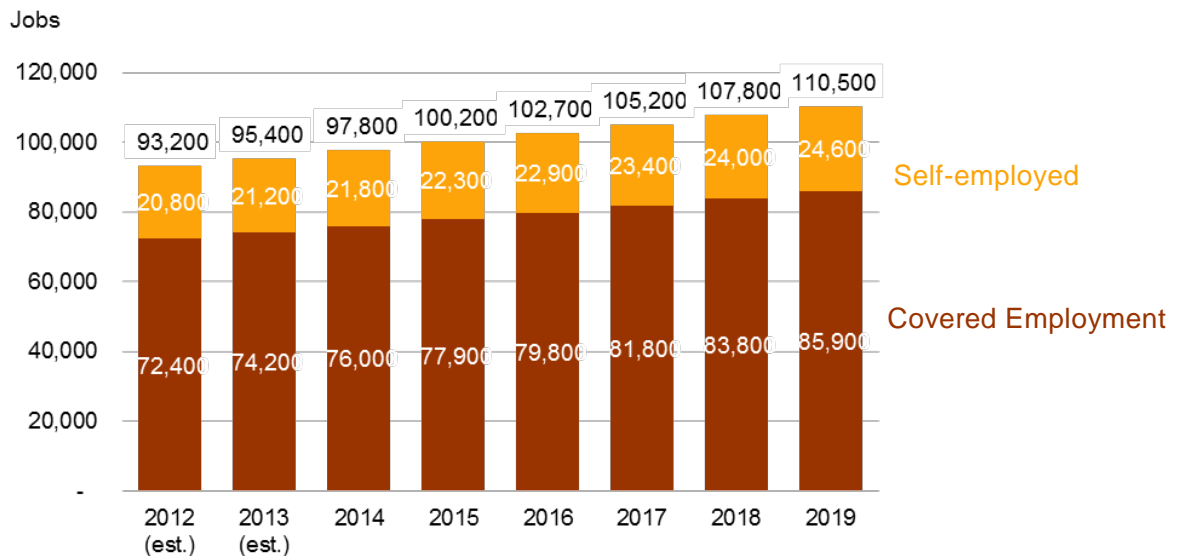
Source: Puget Sound Regional Council, 2013.

⁵ See **Glossary** for definition of covered work.

To estimate future total employment in the Construction sector, PSRC’s compound annual growth rate (CAGR) for years 2013 to 2019 for the construction and resources sector is applied to a base year of 2013. Projections of construction employment broken out by covered and self-employed workers are presented in **Exhibit 21**. The long-term employment forecast for the region reflects jobs by place of business location.

In the Construction industry, where workers move from site to site, jobs based in the three-county region can include projects done in other parts of Washington or elsewhere. Similarly, construction projects in the three-county region can be completed by businesses located outside the region—these workers, belonging to an outside firm, would thus not be included in these forecast totals. This may be more acute in areas along the fringe of the delimited three-county region, like construction firms from Skagit County that complete work in Snohomish County. Nevertheless, long-term estimates provide important insight into Construction demand and the extent to which the local supply of qualified and available workers can compete for these jobs.

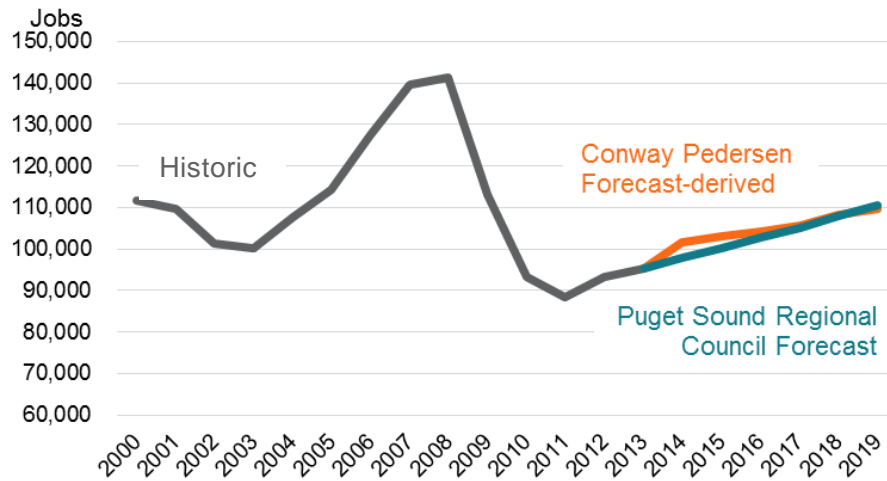
Exhibit 21. Construction Employment by Classification, 2012-2019, King, Pierce and Snohomish Counties



Sources: Puget Sound Regional Council, 2014; Community Attributes, 2014.

Conway Pedersen provides independent economic forecasts for the Puget Sound Region. **Exhibit 22** presents historic Construction employment and compares the Conway Pederson with the PSRC forecast. By 2019, employment in Construction is estimated to reach 110,500 workers. Construction employment in neither the PSRC nor Conway Pedersen forecasts is projected to come close to a recent peak of more than 141,000 workers as late as 2008 during the crest of the real estate bubble in the region.

Exhibit 22. Construction Employment across King, Pierce and Snohomish Counties, 2000-2019



Sources: Puget Sound Regional Council, 2013; Conway Pedersen Economics, 2014; Community Attributes, 2014.

Demand by Type of Investment and Source

This portion of the analysis divides the forecasts of Construction activity into sources of demand, primarily distinguishing demand from private investment from demand for municipal and public sector capital projects, such as those projects in the City of Seattle Capital Improvement Plan.

The PSRC long-term economic forecast drives estimates of Construction employment in this analysis and represents employment required to fulfill Construction demand.⁶ The analysis in this study disaggregates Construction jobs forecasts into jobs supporting public and private development to understand and to compare public sector demand with City of Seattle CIP demand.

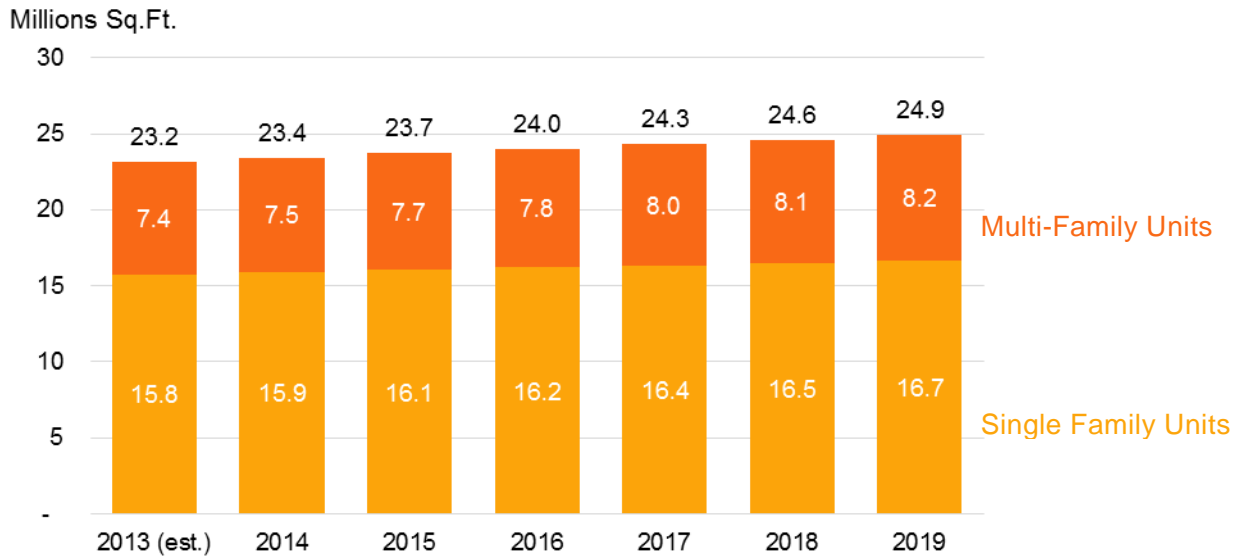
⁶ The jobs forecasts exclude undocumented labor hours and the informal labor market; provided that share of Construction labor remains consistent over time, the jobs forecast should reflect changes in Construction activity.

Private Sector Construction Demand

Regional growth in population and employment generally drives private sector demand for Construction, which will hire construction workers otherwise suited for public works construction projects. Between 2014 and 2019 the number of households across King, Pierce and Snohomish counties is forecast to grow 1.2% per year. This growth is expected to translate in 0.9% annual growth in single-family households per year and 1.3% for multifamily households. To accommodate this growth, an estimated 106,900 new housing units will be built across the three-county region, which means that more than 145 million square feet of new construction space will be required (**Exhibit 23**).

Growth in commercial, industrial, and retail space is another important driver of construction demand. More than 53 million square feet of new construction are forecast to be built over the 2014-2019 period. For example, between 2015 and 2017, approximately 380,000 square feet of new retail and office space will be built for Amazon in downtown Seattle. Other major sources of commercial demand for construction include the Spring District in Bellevue and the Overlake developments in Redmond.

Exhibit 23. Forecast New Residential Construction, King, Pierce, and Snohomish Counties, 2013-2019



Sources: Puget Sound Regional Council, 2013; RS Means, 2013; CoStar, 2013; CBRE, 2013, *Community Attributes*, 2014.

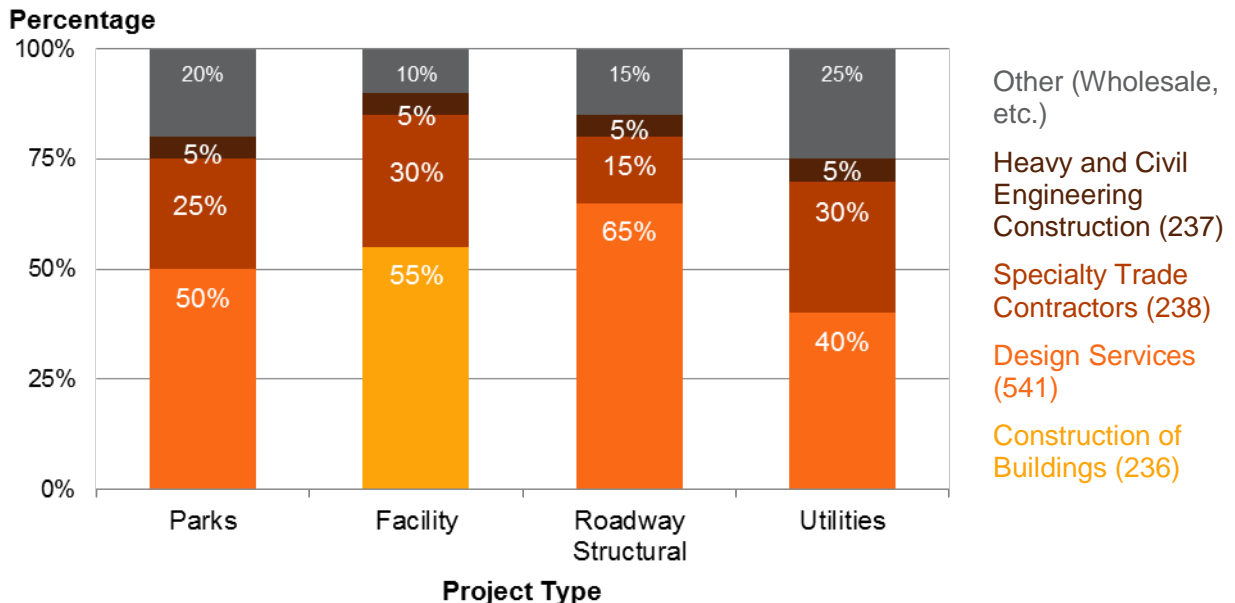
Public Sector Construction Demand

Between 2010 and 2013, City of Seattle public works payments averaged approximately \$200 million per year, adjusted to 2013 dollars. Over this period, each worker was associated with \$530,000 in contract value⁷.

Seattle CIP contracts are distributed across both prime contractors and subcontractors. This latter category includes carpenters, framers, wholesalers of materials, architects, engineers, and other related support activities and services. Distribution of contract value across sectors is not uniform, and varies according to the nature of the work.

Past City of Seattle CIP administrative records, Building Construction firms (NAICS 236) do 55% of the necessary work by contract value, whereas Design Services (NAICS 541), which are primarily engineering firms, do an average of 65% of contract value for roadway construction. Contract value does *not* uniformly correlate with jobs needed, since levels of output per worker vary by industry (e.g., a worker employed in a building construction firm will likely be associated with less contract value than an engineer in a design firm). **Exhibit 24** illustrates these contract value distributions.

Exhibit 24. Estimated Contract Value Distribution by Industry (NAICS Code) and Project Type, City of Seattle Public Works Projects



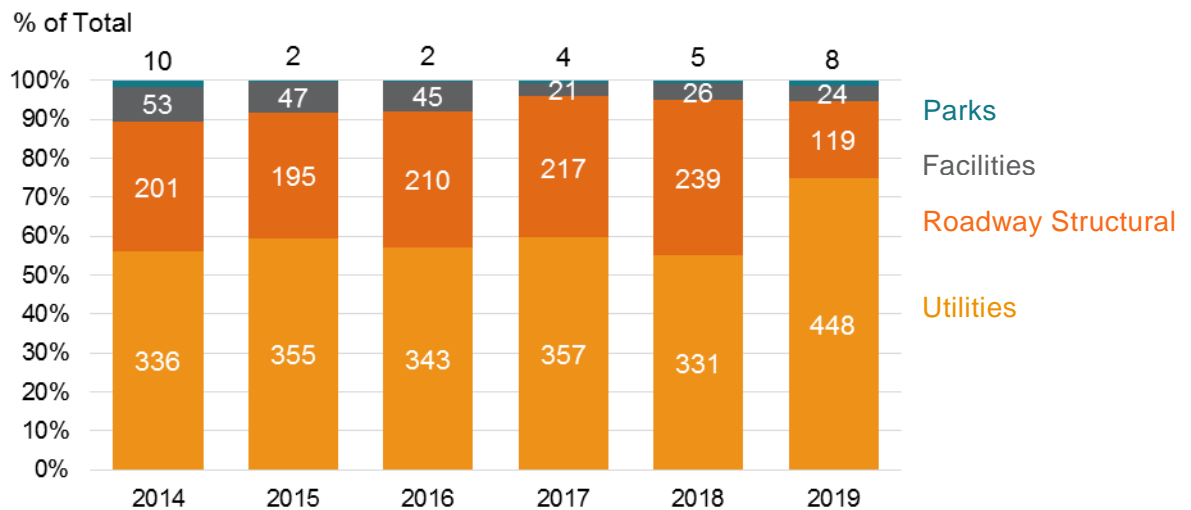
Sources: City of Seattle Department of Finance and Administrative Services, 2014; Community Attributes, 2014.

⁷ This assumes 1,800 labor hours for a full-time equivalent (FTE), is weighted, and is in 2013 dollars.

The types of projects included in a CIP shape the amount of employment demand. Projects with greater ratios of output (revenues)-to-worker will require fewer employees for each \$1 million of city investments. For example, statewide between 2009 and 2012 the average job in Heavy and Civil Engineering Construction was associated with \$251,000 in business revenues, compared with an average of \$157,600 among Specialty Trade Contractors. For any given project, the greater share of the contract going to Specialty Trade Contractors compared with Heavy and Civil Engineering Construction, the more actual FTEs would be needed to complete the project; alternatively, for the same size of contract (by dollar value), if a larger share is awarded to Heavy and Civil Engineering Construction firms, the less FTEs will be associated with the project.

Based on Capital Improvement Plans through 2019 for the City of Seattle, parks have the smallest share by contract value, whereas utilities and roadway construction represent the largest shares by dollar value. These totals translate into the largest sources of CIP employment demand through 2019. **Exhibit 25** presents these employment estimated demand breakouts for forecast CIP spending.

Exhibit 25. Estimated Employment Demand Distribution for City of Seattle Public Works Projects, 2014-2019



Sources: City of Seattle Department of Finance and Administrative Services; Washington State Department of Revenue; Washington State Employment Security Department; U.S. Bureau of Economic Analysis; Community Attributes, 2014.

In 2012, City of Seattle public works contracts supported an estimated 322 Full-time Equivalents (FTE), including workers from both prime contractors and subcontractors. Federal, state, and county public works expenditures support

many more jobs, including many large, multi-year infrastructure projects. Assuming the City of Seattle spends an average of \$200 million per year (2013 dollars) on public works projects between 2014 and 2019, this spending would support 400 FTEs per year, based on 1,800 labor hours per year. Disaggregated components of construction demand are presented in **Exhibit 26** below.

Exhibit 26. Construction Employment by Source of Demand, Historic and Forecast

| Source of Employment Demand | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Public Works | 13,200 | 13,400 | 13,700 | 14,000 | 14,300 | 14,600 | 14,900 |
| State & County | 8,500 | 8,700 | 8,800 | 9,000 | 9,200 | 9,400 | 9,600 |
| Cities | 1,300 | 1,300 | 1,300 | 1,400 | 1,400 | 1,400 | 1,500 |
| Seattle | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| All other jurisdictions* | 900 | 900 | 900 | 900 | 900 | 900 | 900 |
| Federal | 3,400 | 3,500 | 3,500 | 3,600 | 3,700 | 3,800 | 3,900 |
| Employment from Private Sector Development** | 82,200 | 84,400 | 86,500 | 88,700 | 90,900 | 93,200 | 95,600 |
| Total Construction Employment | 95,400 | 97,800 | 100,200 | 102,700 | 105,200 | 107,800 | 110,500 |
| City of Seattle share of regional Public Works Employment Demand | 3.0% | 3.0% | 2.9% | 2.9% | 2.8% | 2.7% | 2.7% |

Sources: City of Seattle Department of Finance and Administrative Services, 2014; Puget Sound Regional Council, 2013; RS Means, 2013; CoStar, 2013; CBRE, 2013, Community Attributes, 2014.

*All other towns and cities in King, Pierce, and Snohomish counties.

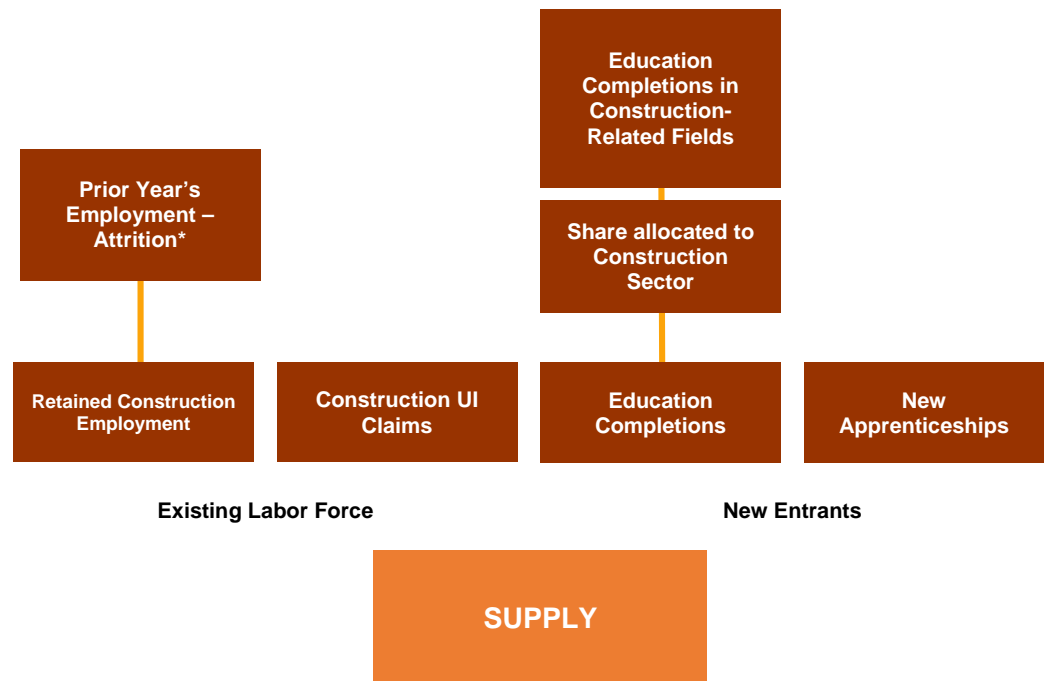
**Private Sector Development includes the construction of space associated with employment in Manufacturing/WTU, Retail/Food Services, FIRE/Services, Construction and Resources, as well as single-family and multifamily housing.

Note: Estimated City of Seattle CIP-supported employment is rounded to the nearest 100th.

Supply of Construction Workers

The supply of construction workers includes both those who are currently employed in Construction and those actively seeking work in the Construction sector. Supply forecasts of construction workers includes the sum of 1) currently employed workers; 2) forecasted unemployment claims made by construction workers, and 3) new entrants to the workforce, including new apprentices and the previous year’s graduates from Construction-specific post-secondary education programs from institutions within the three-county region. **Exhibit 27** is a conceptual model for how this analysis defines supply for construction workers, including both those employed and seeking employment in the construction sector. **Appendix D** provides a more detailed discussion of how Construction labor supply is estimated.

Exhibit 27. Conceptual Model for Construction Worker Supply



Source: Community Attributes, 2014.

*Attrition is the share of remaining employment growth, net of growth, due to retirements, career changers, out-migration, and other forms of labor force exiting.

The analysis in this section assesses the components of the workforce that make up the supply of the Construction sector labor market. The data presented are broken out by race and gender to establish context for the analysis in subsequent sections, which assesses the opportunities to increase participation of women and people of color in Seattle Construction hiring.

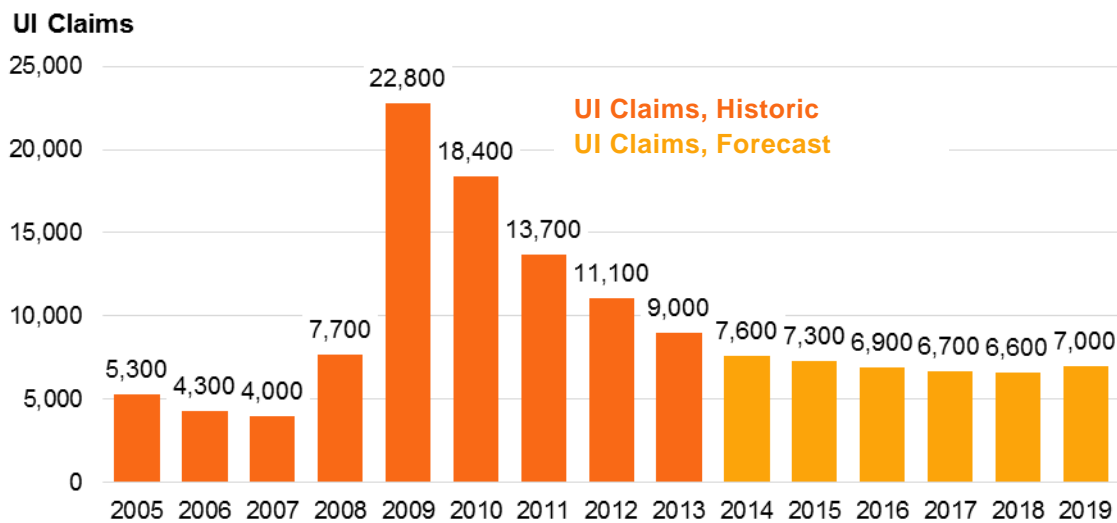
Existing Construction Workforce

This analysis utilizes the Washington State Employment Security Department’s (ESD) annual occupational employment forecast for the first supply source, which is treated as the carry-over, or “retained” workforce. This segment of the workforce represents those workers who were employed in the prior year and remained employed in construction in the current year, net of employment exits such as retirements, career changes, and out-migration.

Unemployment Claimants

Unemployment insurance (UI) claimants per year are estimated based on the historic, statistical relationship between regional unemployment and Construction-specific UI claims, divided by construction employment. This correlation is then applied to a forecast of annual regional unemployment to estimate future construction unemployment insurance claims⁸. Estimates are then added to supply totals. In 2013 the regional unemployment rate was 5.9%, and within the three-county region, the average number of UI claims made by construction workers summed to 9,000 (**Exhibit 28**).⁹

Exhibit 28. Historic and Forecast Construction Sector Unemployment Claims



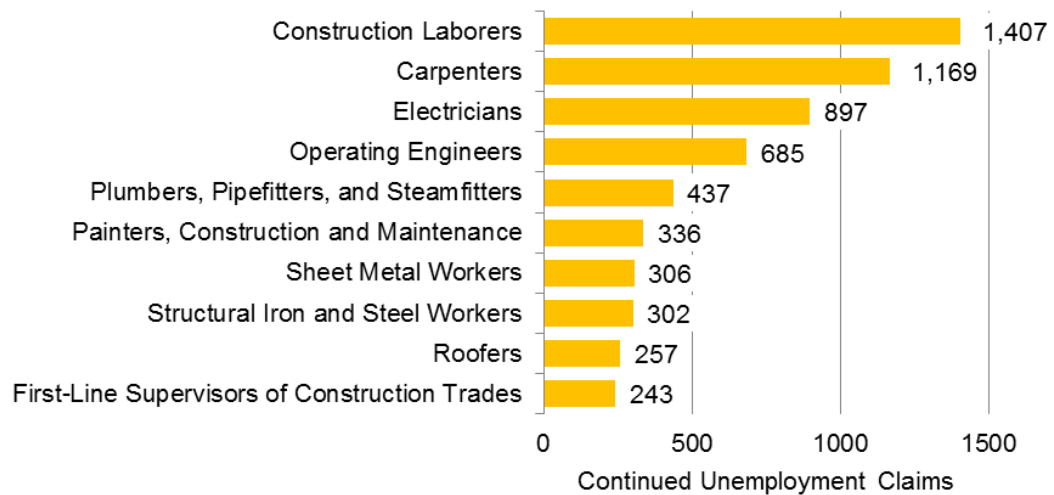
Sources: Puget Sound Regional Council, 2013; Conway Pedersen Economics, 2014; Washington State Employment Security Department, 2014; Community Attributes, 2014.

⁸ Conway Pedersen Economics is the source for the unemployment rate forecasts.

⁹ UI claims are reported monthly and by the categories “initial,” “continued,” “exhausted,” and “first payments.” To estimate annual claims for construction workers (those who previously worked in construction before losing employment), first payments are subtracted from the sum of initial and continued claims (to avoid double-counting) by month and then averaged over the 12-month period.

Unemployment claims in construction largely comprise non-management positions, as seen in **Exhibit 29**. Construction Laborers, Carpenters, and Electricians are the top three occupations in construction that are unemployed in the three-counties. A claimant can receive state unemployment benefits for up to 26 weeks, so these data do not reflect the long-term unemployed in construction.

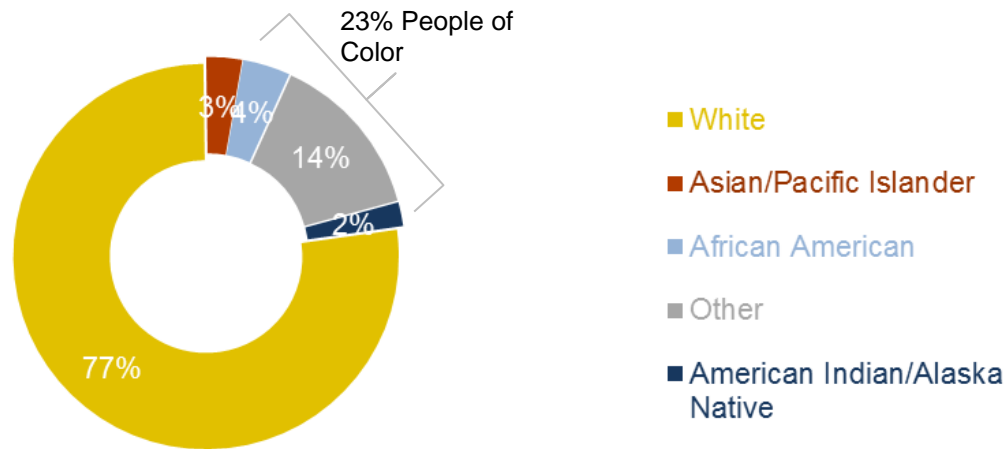
Exhibit 29. Top 10 Construction Occupations in Continued Unemployment Claims, King, Pierce and Snohomish Counties, December 2013



Source: ESD, 2013.

Racial composition of unemployment claims for Construction trades mirrors that of the greater tri-county workforce in Construction occupations, displayed in **Exhibit 30**. As of December 2013, 23% of the unemployment claims in Construction are from people of color, compared with 20% people of color in the overall construction workforce. **Exhibit A16 in Appendix A** shows racial composition of the general population of the three-county area for reference, where 70% of the population is white, and 30% are people of color. Additionally, **Exhibit 42** in the Supply Summary compiles all racial profiles of all populations in this analysis for ease of comparison.

Exhibit 30. Racial Composition of Unemployment Claimants, King, Pierce and Snohomish Counties, December 2013



Source: ESD, 2013. 'Other' includes Hispanic, Pacific Islander, More than one Race, and all others not listed.

Educational Completions

In order to assess the implications of current-state talent production on future supply, 2012 post-secondary completions in construction curriculum programs are used as a constant throughout the forecast years. Completers allocated to the construction industry are done so by way of the share of each associated completion occupation in the construction industry; **Appendix D** provides further explanation of these calculations.

Most workers in construction trades who graduate from accredited educational institutions are in management and supervisory roles (**Exhibit 31**). The analysis that follows assesses the construction employment demand and supply across the entire construction workforce and focuses on positions requiring less than a baccalaureate degree.

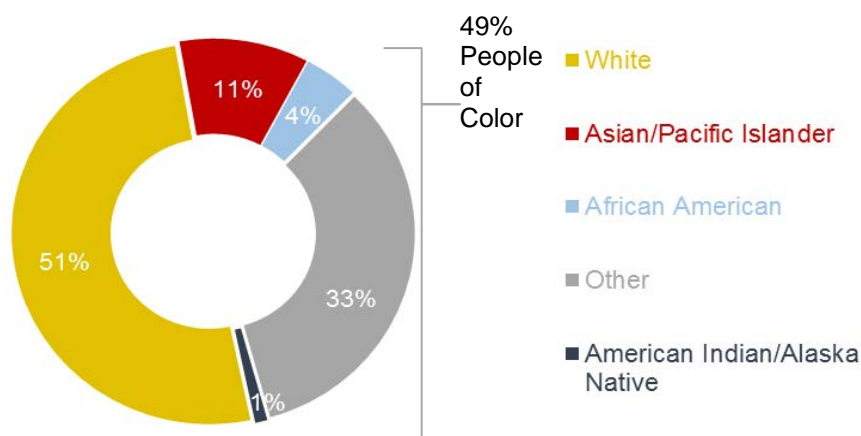
Exhibit 31. Completions in Accredited Training Programs Related to Construction, King, Pierce, and Snohomish Counties, 2012

| Summary of Allocated Completions by Occupational Code | 2012 Completions |
|--|------------------|
| Construction Managers | 1,988 |
| Carpenters | 132 |
| Solar Photovoltaic Installers | 129 |
| First-Line Supervisors of Construction Trades and Extraction Workers | 107 |
| Operating Engineers and Other Construction Equipment Operators | 12 |
| Elevator Installers and Repairers | 6 |
| Electricians | 4 |
| Highway Maintenance Workers | 3 |
| Paving, Surfacing, and Tamping Equipment Operators | 2 |
| Pile-Driver Operators | 1 |
| Sheet Metal Workers | 1 |
| Total | 2,385 |

Source: IPEDS, 2012; Community Attributes, 2014.

In 2012, an estimated nearly 2,400 students completed Construction-related degrees among three-county educational institutions and pursued employment in the Construction sector. The racial composition of completers from construction related degree programs is the most diverse of any other source of supply, as well as representing more women than any other source of potential labor supply¹⁰ (**Exhibit 32**). Among completers, more than half were white, while 49% were people of color.

Exhibit 32. Racial Composition of Educational Completions, King, Pierce and Snohomish Counties, 2012



Source: IPEDS, 2012. Other' includes Hispanic, Pacific Islander, More than one Race, and all others not listed.

¹⁰ See **Exhibit 36** for gender breakdown

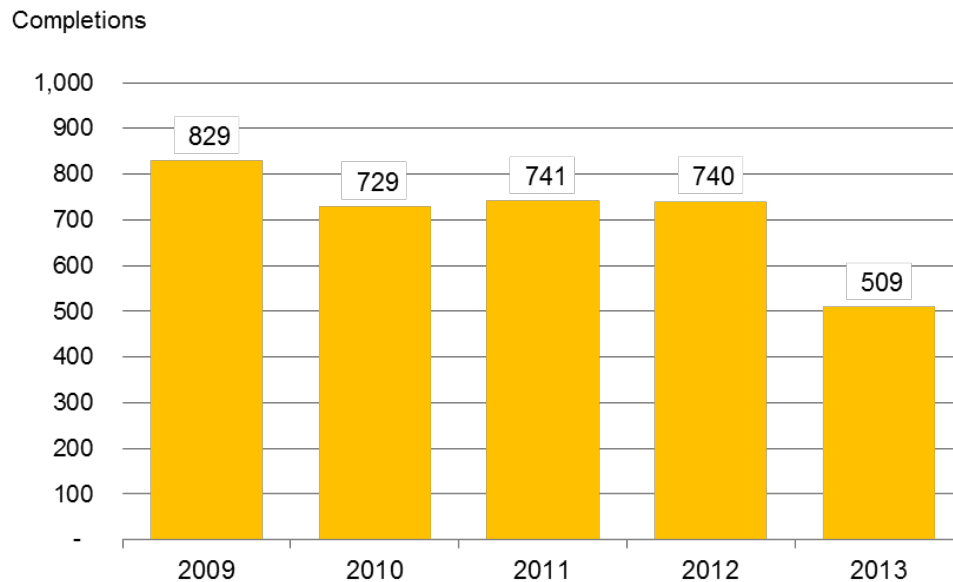
Apprenticeships

Workers completing apprenticeships in the construction industry must finish their program in order to attain journey-level status, but many do not. Instead, some cancel out, transfer to another program, or suspend the program entirely. Apprenticeship completions represent the workforce immediately available to work in construction, and the first three exhibits of the Apprenticeship section analyzes only those who complete apprenticeship programs. Because the City is also interested in understanding the barriers of hiring people of color and women face in construction work, the latter portion of this section quantifies how much of this population cancels, transfers, and suspends apprenticeship programs, relative to white males.

Apprenticeship Completions

The supply of workforce from apprenticeship completions has totaled around 750 completions each year for the core occupations in Construction (**Exhibit 33**). However, because completions data are updated continuously for the following year, the total number of completions for 2013 can be considered incomplete.

Exhibit 33. Registered Apprenticeship Completions in Construction Occupations, King, Pierce and Snohomish Counties, 2009 to 2013



Source: Washington Department of Labor and Industries, 2013.

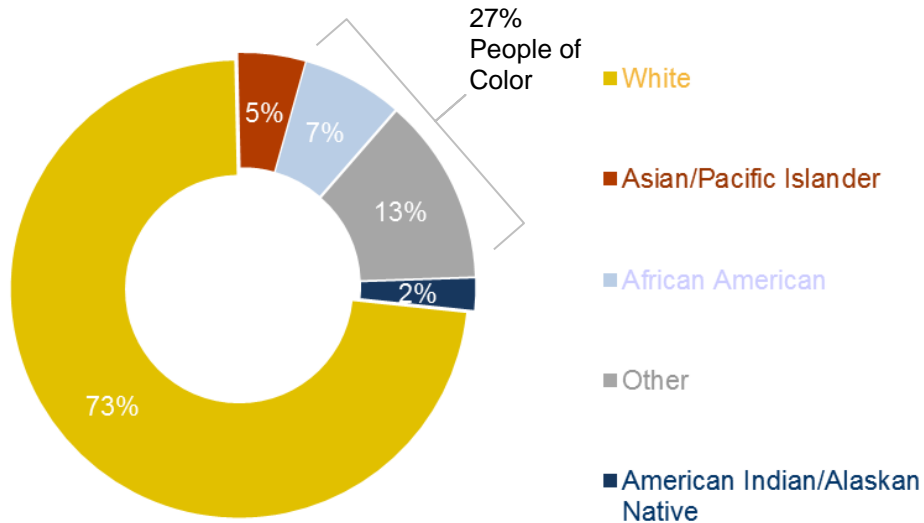
Exhibit 34 shows apprenticeship completions by occupation for King, Pierce, and Snohomish Counties, from 2009 to 2013. Electricians comprise the largest number of completions over the time period, with Carpenters second, and Laborers third. Electricians, Plumbers, Pipefitters, and Steamfitters, and Sheet Metal Workers are occupations in which the completion counts have generally increased over this period; Carpenter and Construction Laborer completion counts have generally decreased over this period.

Exhibit 34. Apprenticeship Completion Count in Construction Trades by Occupation, King, Pierce, and Snohomish Counties, 2009-2013

| SOC Code | Occupation | 2009 | 2010 | 2011 | 2012 | 2013 | Total |
|--------------|---|------------|------------|------------|------------|------------|--------------|
| 47-2132 | Insulation Workers, Mechanical | | | | | 1 | 1 |
| 47-2022 | Stonemasons | 1 | | | | 1 | 2 |
| 47-3013 | Helpers--Electricians | | 8 | | | | 8 |
| 47-2044 | Tile and Marble Setters | 3 | 1 | | 3 | 2 | 9 |
| 47-3011 | Helpers--Brickmasons, Blockmasons, Stonemasons, and Tile and Marble Setters | 2 | 4 | 1 | 3 | | 10 |
| 47-2161 | Plasterers and Stucco Masons Construction and Related | | 3 | 4 | 3 | 1 | 11 |
| 47-4099 | Workers, All Other | | 2 | 5 | 5 | 1 | 13 |
| 47-2151 | Pipelayers | 10 | | 6 | | | 16 |
| 47-2041 | Carpet Installers | 3 | 2 | 8 | 4 | | 17 |
| 47-2011 | Boilermakers | 2 | 7 | 7 | 10 | 1 | 27 |
| 47-2021 | Brickmasons and Blockmasons | 12 | 5 | 6 | 5 | 6 | 34 |
| 47-2082 | Tapers | 17 | 11 | 7 | 2 | | 37 |
| 47-2131 | Insulation Workers, Floor, Ceiling, and Wall | 16 | 10 | 7 | 5 | 2 | 40 |
| 47-2181 | Roofers | 9 | 11 | 16 | 13 | 12 | 61 |
| 47-2051 | Cement Masons and Concrete Finishers | 26 | 18 | 3 | 15 | 7 | 69 |
| 47-2141 | Painters, Construction and Maintenance | 31 | 14 | 18 | 7 | 6 | 76 |
| 47-2073 | Operating Engineers and Other Construction Equipment Operators | 25 | 15 | 19 | 18 | 8 | 85 |
| 47-2121 | Glaziers | 25 | 13 | 18 | 27 | 12 | 95 |
| 47-4021 | Elevator Installers and Repairers | 38 | 37 | 7 | 14 | 15 | 111 |
| 47-2081 | Drywall and Ceiling Tile Installers | 72 | 55 | 51 | 31 | 16 | 225 |
| 47-2211 | Sheet Metal Workers | 37 | 46 | 42 | 60 | 48 | 233 |
| 47-2221 | Workers | 59 | 42 | 46 | 77 | 30 | 254 |
| 47-2152 | Plumbers, Pipefitters, and Steamfitters | 56 | 42 | 63 | 69 | 63 | 293 |
| 47-2061 | Construction Laborers | 101 | 96 | 78 | 82 | 48 | 405 |
| 47-2031 | Carpenters | 148 | 166 | 158 | 114 | 42 | 628 |
| 47-2111 | Electricians | 136 | 121 | 171 | 173 | 187 | 788 |
| Total | | 829 | 729 | 741 | 740 | 509 | 3,548 |

Source: Washington Department of Labor & Industries, 2013.

Exhibit 35. Racial Composition of Apprenticeship Completers in Construction Occupations, King, Pierce and Snohomish Counties, 2012



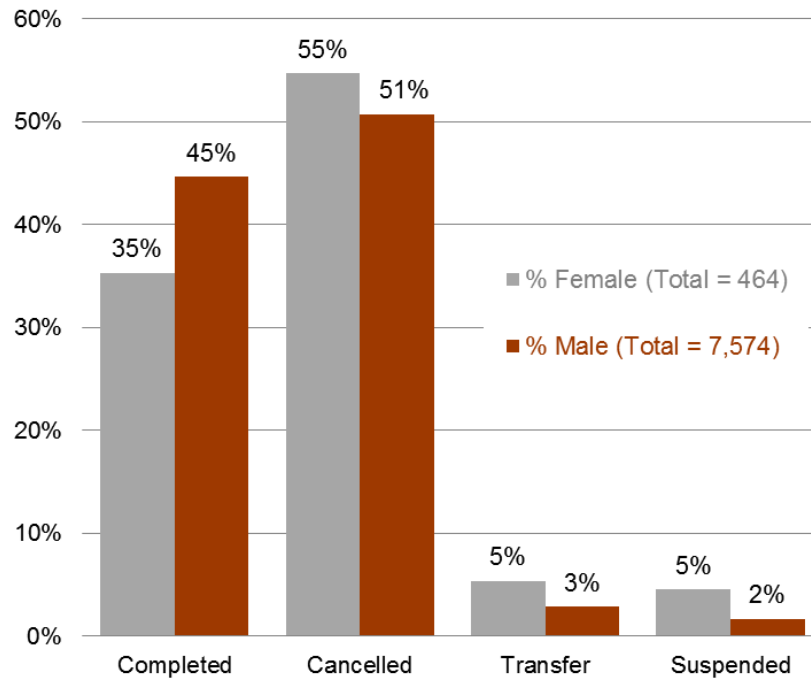
Source: Washington Department of Labor and Industries, 2013; Community Attributes, 2014. 'Other' includes Hispanic, Pacific Islander, More than one Race, and all others not listed.

Exhibit 35 maps the racial composition of apprenticeship completers in core Construction occupations in 2012. Compared with the racial composition of those completing educational programs which are suitable for Construction, those completing apprenticeships in the Construction workforce are less diverse (27% people of color, compared with 49% people of color in educational completions).

Apprenticeship Cancellations, Transfers, and Suspensions

Fewer people of color and women complete apprenticeship programs related to construction, and more cancel out of their apprenticeship programs. The subsequent exhibits examine this by sex and by race.

Exhibit 36. Construction Apprenticeship Status by Sex: King, Pierce and Snohomish Counties, 2009-2013

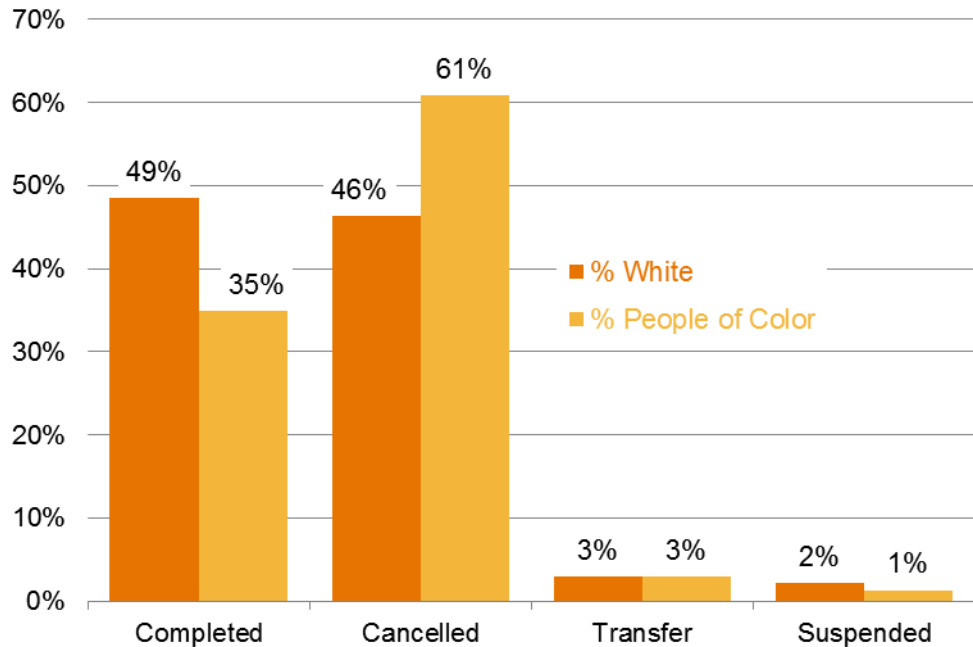


Source: Washington Department of Labor and Industries, 2013; Community Attributes, 2014.

Exhibit 36 is a count of all construction apprenticeships by sex and status of apprenticeship between 2009 and 2013. The subsequent Supply Summary shows the composition of males and females who completed their apprenticeships between 2009 and 2013.

Exhibit 37 is a deeper analysis into status of apprenticeship (not simply looking at completions) showing that in the three-counties from 2009-2013, fewer women attained journey-level status when compared to men. Among construction apprenticeships, females cancelled, transferred, or suspended their construction apprenticeship programs more than males. Females also completed their apprenticeship programs at lower rates than did males.

Exhibit 37. Construction Apprenticeship Status by Race: King, Pierce and Snohomish Counties, 2009-2013



Source: Washington Department of Labor and Industries, 2013; Community Attributes, 2014.

Exhibit 38 disaggregates the percentage of completions, cancellations, transfers, and suspensions by race in construction apprenticeships between 2009 and 2013 for the three-county area. African Americans and Hispanics had the highest percentage of cancellations, as well as the lowest percentage of completions.

Exhibit 38. Construction Apprenticeship Status by Disaggregated Race: King, Pierce and Snohomish Counties, 2009-2013

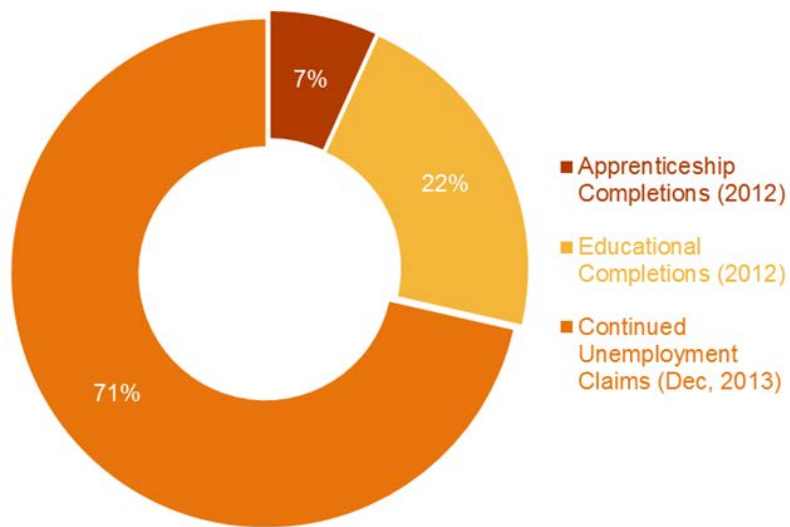
| | White | African American | Hispanic | Native American | More than one Race | Not Classified | Not Specified | Pacific Islander | Asian |
|-----------|-------|------------------|----------|-----------------|--------------------|----------------|---------------|------------------|-------|
| Completed | 49% | 31% | 33% | 35% | 36% | 39% | 48% | 39% | 50% |
| Cancelled | 46% | 65% | 64% | 59% | 61% | 48% | 45% | 54% | 46% |
| Transfer | 3% | 3% | 3% | 4% | 1% | 12% | 6% | 4% | 2% |
| Suspended | 2% | 2% | 1% | 2% | 2% | 0% | 0% | 3% | 1% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Washington Department of Labor and Industries, 2013; Community Attributes, 2014.

Supply Summary

Exhibit 39 combines the three components of Construction workforce supply for King, Pierce, and Snohomish counties. Unemployment Claims comprise over 70% of potential Construction workforce, though claims are highly seasonal. Educational completions account for nearly a quarter of potential supply, and apprenticeship completions account for a relatively small portion of potential supply (about 7%).

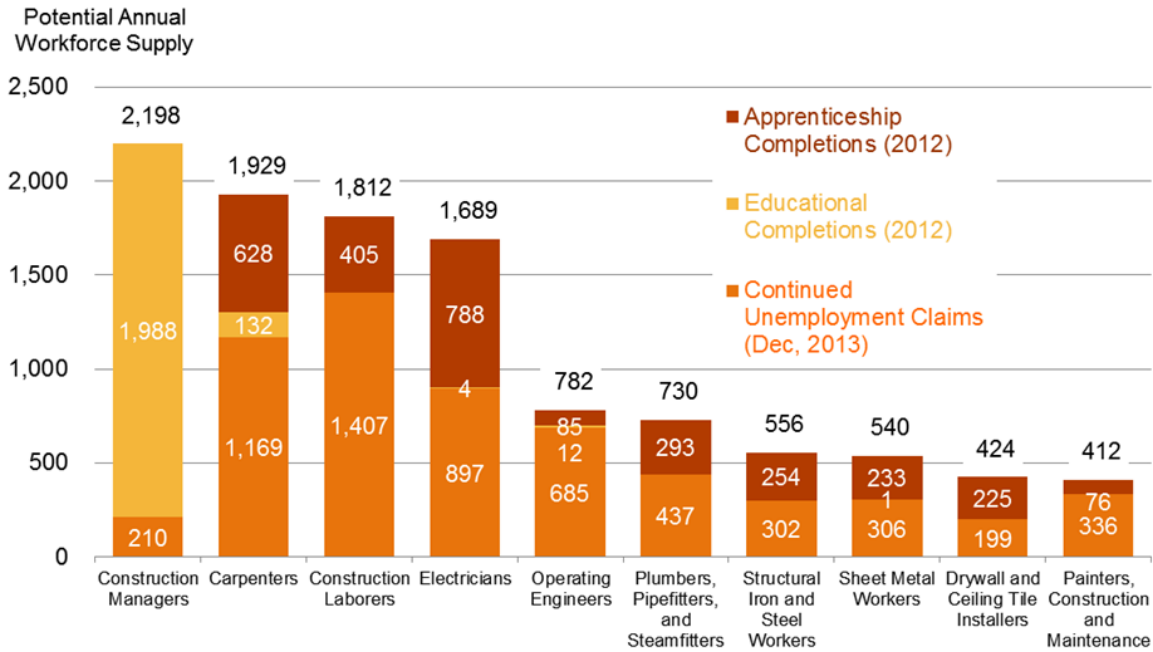
Exhibit 39. Potential Composition of Annual Entrants to the Construction Workforce



Sources: Washington Department of Labor and Industries, 2013; IPEDS, 2013; Washington State ESD, 2013; Community Attributes, 2014.

Exhibit 40 disaggregates the sources of supply by occupation, and ranks them by the ten most numerous. The most numerous occupations for potential supply include Construction Managers, Carpenters, Laborers, and Electricians.

Exhibit 40. Potential Composition of Annual Entrants to the Construction Workforce by Occupation: Ten Most Numerous Occupations



Sources: Washington Department of Labor and Industries, 2013; IPEDS, 2013; Washington State ESD, 2013; Community Attributes, 2014.

Exhibit 41. Summary of all Racial Profiles in this Analysis by Population and Geography

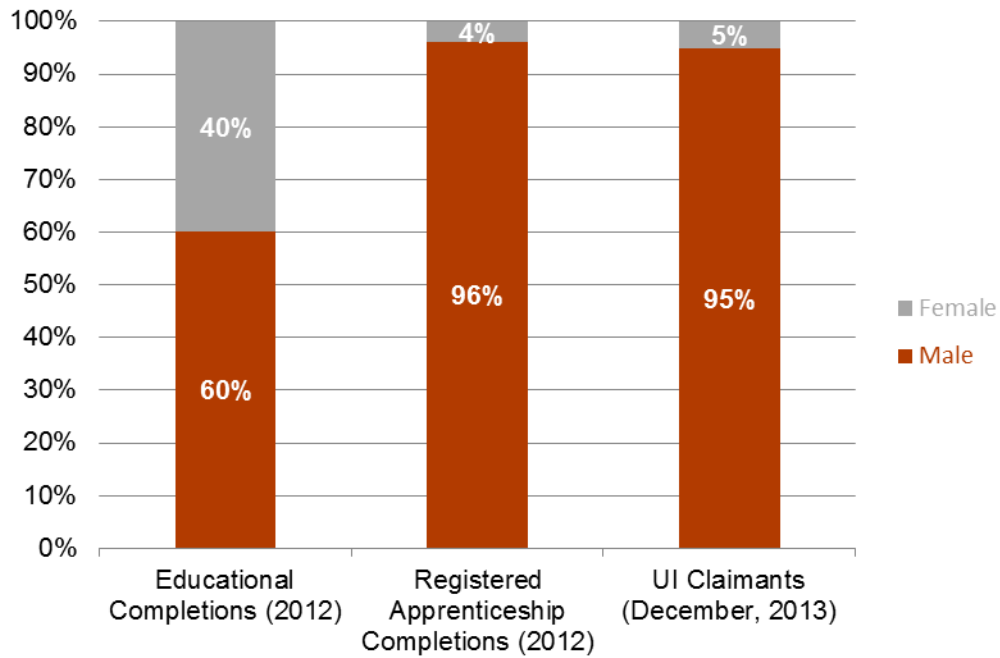
| Population | Geography | White | Asian/ Pacific Islander | African American | Other | American Indian/Alaska Native | Source |
|-------------------------------|-------------------------------------|-------|-------------------------------|---------------------|-------|-------------------------------------|--|
| General Population | King, Pierce, Snohomish Counties | 70% | 11% | 5% | 13% | 1% | U.S. Census Bureau, 2012 ACS 5-year estimates |
| General Population | City of Seattle | 70% | 14% | 8% | 7% | 1% | U.S. Census Bureau, 2010 Decennial Census |
| Construction Workers | King, Pierce, Snohomish Counties | 80% | 5% | 3% | 11% | 1% | 2006-2010 by Workplace Geography, 2013 |
| Construction Workers | City of Seattle | 74% | 10% | 5% | 11% | 1% | U.S. Census Bureau, 2012 ACS 5-year estimates |
| Construction UI Claimants | King, Pierce, Snohomish Counties | 77% | 3% | 4% | 14% | 2% | ESD, 2013 |
| Educational Completions | King, Pierce, Snohomish Counties | 51% | 11% | 4% | 33% | 1% | IPEDS, 2012 |
| Apprenticeship Completions | King, Pierce, Snohomish Counties | 73% | 5% | 7% | 13% | 2% | Washington Department of Labor and Industries, 2013 |

Source: Community Attributes, 2014. 'Other' includes Hispanic, Pacific Islander, More than one Race, and all others not listed.

Exhibit 41 summarizes all racial composition reported in this report by population and geography for ease of comparison, including the general population in the three-county area and the City of Seattle, construction workers in the three-county area and the City of Seattle, and the three sources of added supply to the Construction Industry.

Exhibit 42 charts gender composition of the three potential sources of Construction labor supply for the three-county area. In addition to being the most racially diverse source of supply, potential supply from educational completions also has the highest composition of females, with 40% of the total number of completions in courses of study suitable for the Construction industry being female. The other two potential supply sources reflect a more typically heavily male composition in the Construction industry.

Exhibit 42. Gender Composition of Potential Construction Workforce Supply, King, Pierce, and Snohomish Counties



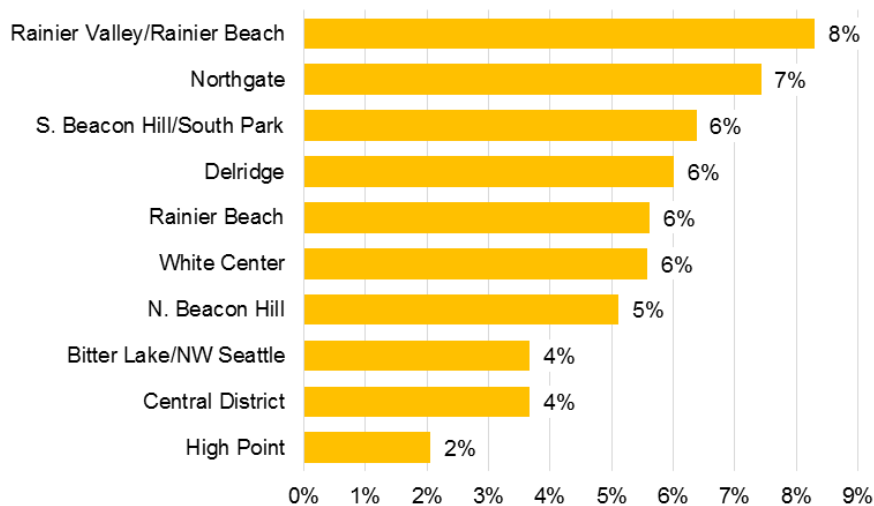
Sources: Washington Department of Labor and Industries, 2013; IPEDS, 2013; Washington State ESD, 2013; Community Attributes, 2014.

Targeting Potential Workers

In addition to the known supply of workers for the Construction industry, the City is also interested understanding and targeting the potential supply of workers who are qualified and motivated to work in Construction, but who are not engaged in any training pipeline. This section of the analysis explores this population, which is defined as those living in the City of Seattle who are people of color, who are living below 200% of the federal Poverty Line¹¹, and who are between the working ages of 18 and 64 years old.

The City of Seattle has developed a list of distressed zip codes intended for targeted recruiting on the Seawall Replacement Project based on the above criteria. The 15 zip codes in Seattle (with several extending outside the city limits) are home to approximately 43% of all construction workers living within Seattle; among women and people of color who are employed in Construction, 57% of those living in Seattle reside in these zip codes. The largest estimated number of Construction workers who are women or people of color in 2014 live in Rainier Valley/Rainier Beach (zip code 98118, 8% of all targeted demographic Construction workers), Northgate (zip code 98125, 7%), and South Beacon Hill/South Park (zip code 98108, 6%). **Exhibit 43** below presents the ten largest distressed zip codes by share of Seattle-based women and people of color employed in Construction in 2014 (estimated).

Exhibit 43. Ten Largest Distressed Zip Codes by Share of Total (Employed) Women and People of Color Construction Workers, 2014



Sources: U.S. Census Bureau American Community Survey, 2013; Puget Sound Regional Council, 2013; Community Attributes, 2014.

¹¹ For a family of two, the 200% 2014 poverty line is \$31,460.

Exhibits 44 and **45** map these criteria for the City of Seattle by acre for 2012. While those living under the 200% federal poverty line are dispersed across the city, people of color are more concentrated in the southern portion of Seattle. **Exhibit 46** combines both criteria into a single map of potential areas of targeted outreach. When combined, the map shows pockets of those who meet both criteria scattered across the city, as well as in South Seattle.

Exhibit 47 looks at the unemployed population in the city. Unemployment is another criterion for workers who are motivated to work in Construction. General unemployment is concentrated in Downtown Seattle. **Exhibit 48** maps only unemployment claims in the Construction Industry for 2013. Magnolia (zip code 98199) and Rainier Valley/Columbia City (98118) have the highest concentration of construction unemployment claims in the city. **Appendix E** contains these analyses on a per capita basis.

Exhibit 44. People Under 200% Poverty per Acre, City of Seattle 2012

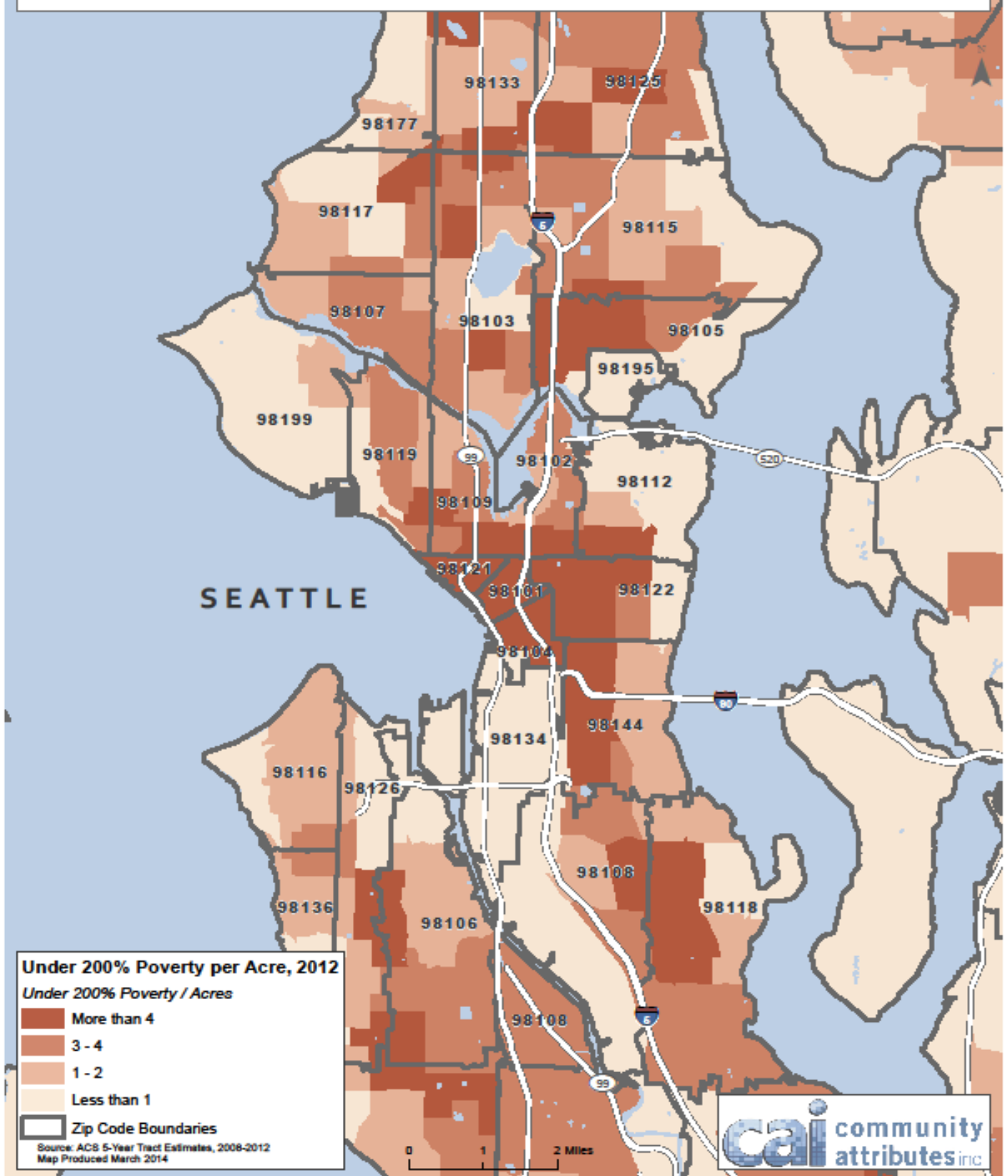


Exhibit 45. People of Color per Acre, City of Seattle 2012



Exhibit 46. People of Color and Poverty per Acre, City of Seattle 2012

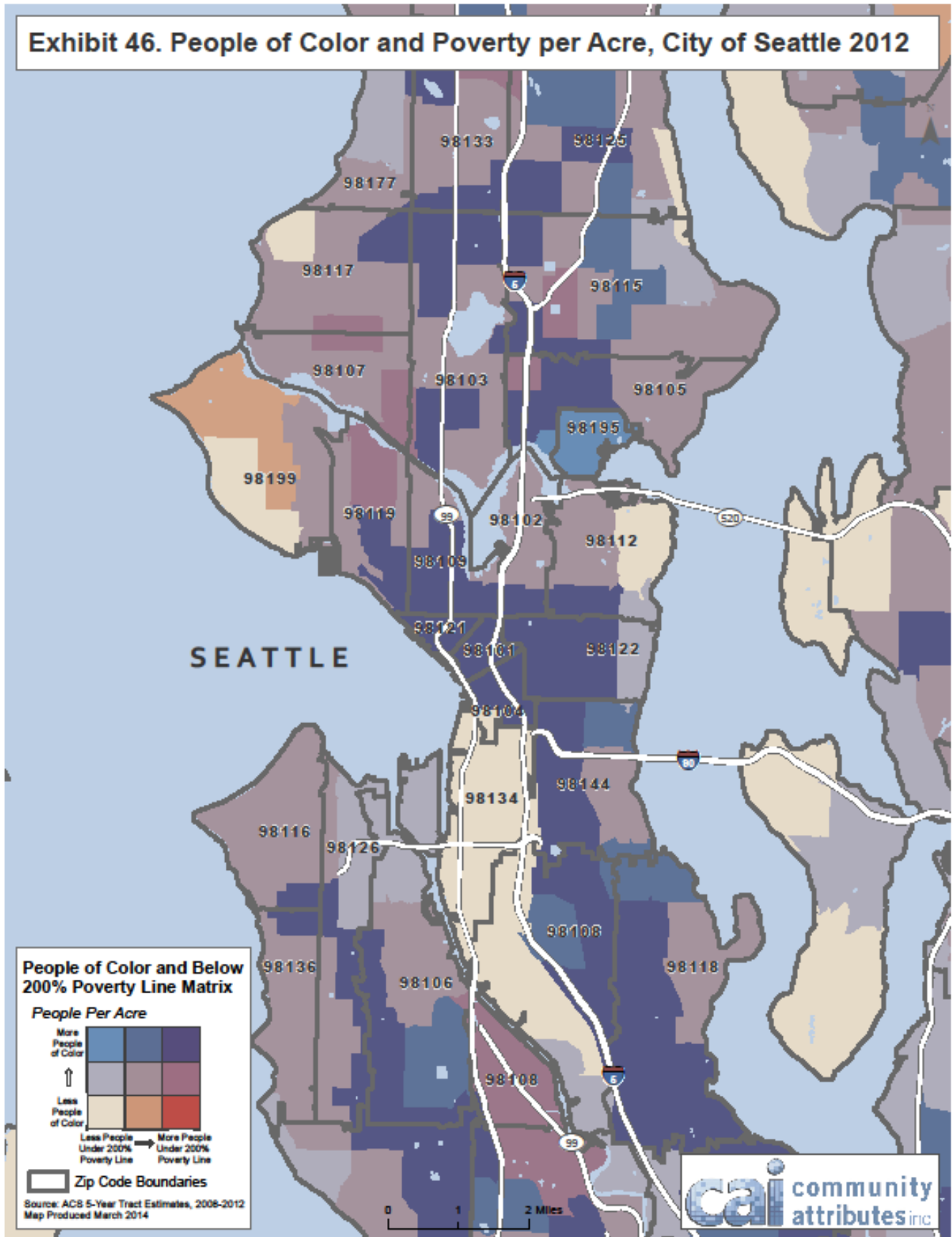


Exhibit 47. Unemployment per Acre, City of Seattle 2012

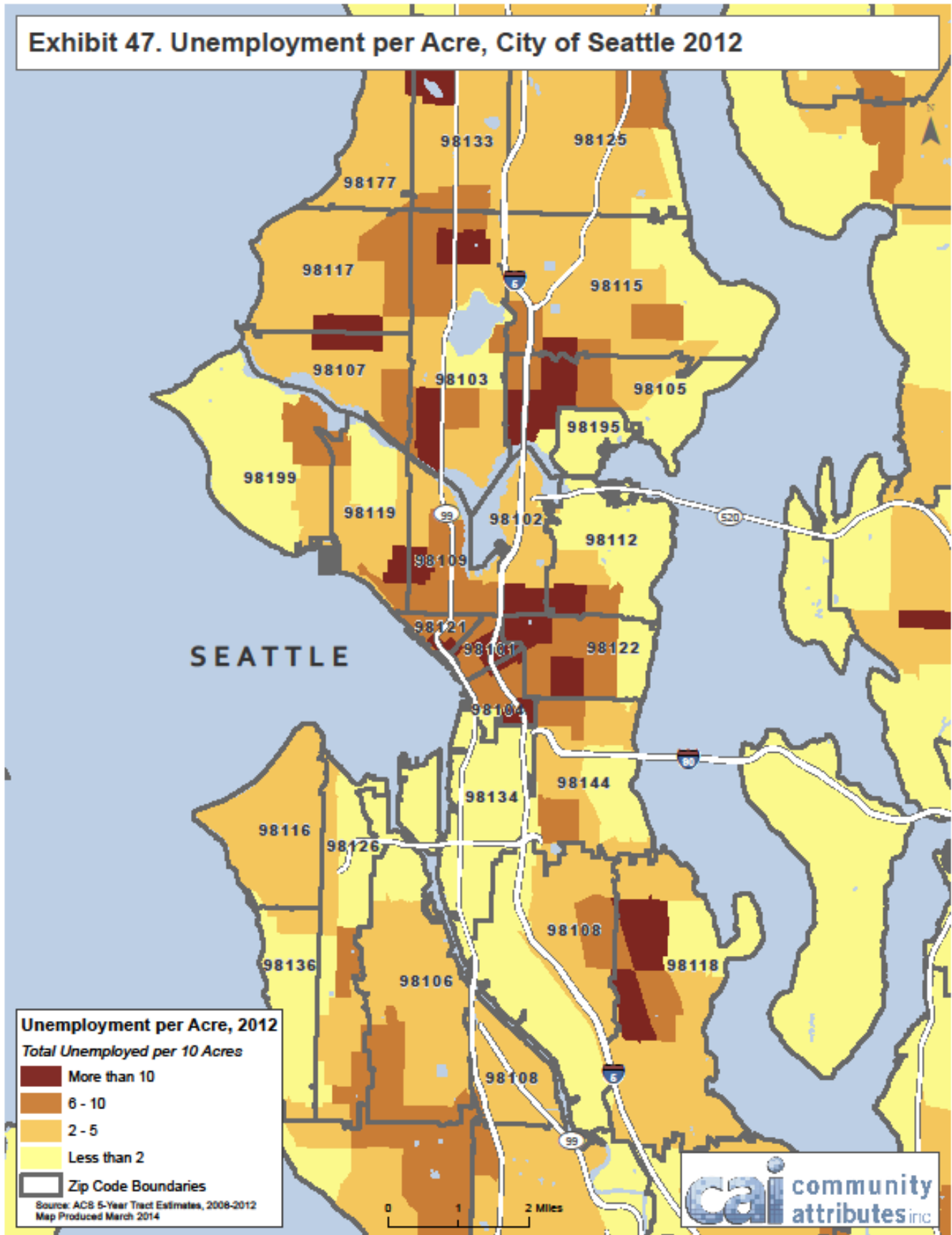


Exhibit 48. Construction Unemployment Claims by Women and People of Color, 2013



In 2013, an estimated 193,500 residents of the City of Seattle population were people of color, of which 63,200 were of low income status. Within this group, roughly two thirds (40,400 individuals) were between the working ages of 18 to 64, equal to 6.4% of the total City of Seattle population in 2013.

Broken out by zip code, the largest number of individuals that meet the above criteria are estimated to be in zip code 98118 (Rainier Valley, with 4,600 individuals). The seven largest zip codes by number of individuals meeting these criteria are presented in **Exhibit 49**.

Exhibit 49. Targeted Recruitment Demographic Population Citywide and by Zip Codes, City of Seattle, 2013

| | People of Color | People of Color AND Low Income | People of Color, Low Income, AND Appropriate Age | Share of Total Pop |
|--|-----------------|--------------------------------|--|--------------------|
| City-wide, 2013 | 193,500 | 63,200 | 40,400 | 6.4% |
| <i>By Zip Code (Top 7 by Targeted Group)</i> | | | | |
| 98118 | 21,300 | 8,400 | 4,600 | 14.1% |
| 98105 | 7,700 | 3,600 | 3,400 | 12.3% |
| 98178 | 12,500 | 4,700 | 2,600 | 14.0% |
| 98108 | 11,900 | 4,200 | 2,300 | 13.0% |
| 98122 | 7,500 | 2,700 | 2,100 | 9.5% |
| 98144 | 10,300 | 3,300 | 2,000 | 10.2% |
| 98133 | 10,300 | 3,200 | 2,000 | 6.1% |

Sources: American Community Survey, 2014; Community Attributes, 2014.

GAP ANALYSIS

Once supply and demand forecasts are derived, the two are compared each year to assess the relative surplus or deficit of regional workers needed to satisfy forecast construction employment. Two measures of the workforce are assessed:

- All construction employment, including workers in non-construction positions, such as administrative and accounting positions; and
- Only those workers in occupations deemed construction-specific, such as carpenters and framers.

In 2013, there were an estimated 95,400 construction jobs in the three-county region, compared with a total estimated workforce of 103,700 (**Exhibit 50**). The differences between the two—8,300 full-time equivalent (FTE) positions—was equal to 8.0% of total estimated labor supply, considered a labor surplus.¹² Over time, the difference between demand for jobs and available workforce will converge as demand for jobs increases, though in 2019 jobs demand are expected to grow slightly less than overall construction supply.

Exhibit 50. Gap Analysis for Construction Supply and Demand

| Segment of Labor Force | Measure | 2013 (est.) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------|-------------|---------|---------|---------|---------|---------|---------|
| Total Construction Employment | Demand | 95,400 | 97,800 | 100,200 | 102,700 | 105,200 | 107,800 | 110,500 |
| | Supply | 103,700 | 104,300 | 106,600 | 108,900 | 110,900 | 113,200 | 116,200 |
| | Difference | 8,300 | 6,500 | 6,400 | 6,200 | 5,700 | 5,400 | 5,700 |
| | Surplus | 8.0% | 6.2% | 6.0% | 5.7% | 5.1% | 4.8% | 4.9% |
| Construction Trades Only (non-baccalaureate) | Demand | 67,600 | 69,500 | 71,600 | 73,600 | 75,500 | 77,400 | 79,300 |
| | Supply | 74,600 | 74,900 | 76,800 | 78,700 | 80,200 | 82,000 | 84,200 |
| | Difference | 7,000 | 5,400 | 5,200 | 5,100 | 4,700 | 4,600 | 4,900 |
| | Surplus | 9.4% | 7.2% | 6.8% | 6.5% | 5.9% | 5.6% | 5.8% |

Sources: Puget Sound Regional Council, 2013; Conway Pedersen Economics, 2014; IPEDs, 2014; Washington State Employment Security Department, 2014; Washington State Department of Labor & Industries, 2014; Community Attributes, 2014.

¹² The surplus is not the same as an unemployment rate. The former measure, used in this analysis, counts all jobs as FTEs and compares FTEs utilized versus excess FTEs, and is thus different from the unemployment rate, which considers any work as employed. For reference, nationally in December 2013 the unemployment rate for construction and extraction workers was 12.1%. No similar measure at the county or state-level is made available.

OPPORTUNITIES FOR DISCUSSION

The hiring criteria set by the City of Seattle for Capital Improvement Program (CIP) projects can have implications for the pipeline of qualified workers to fill these positions. In 2013, an estimated 23% of the construction labor force were women and/or people of color. Among new entrants to the workforce, women and people of color composed 27% of apprenticeships and 34% of new completions from local two-year accredited educational institutions in construction-related programs.

A targeted hiring policy for the Capital Improvement Program would directly impact City construction employment positions. The City of Seattle is estimated to support the equivalent of 400 full time workers through CIP spending, but the City's leadership in hiring will have broader impacts to the labor force through expanding apprenticeships to satisfy these criteria. For example, in 2014, if the City of Seattle were to establish hiring criteria requiring that 50% of workers on CIP projects come from the target demographics, then the City would hire an additional 106 target workers more than the baseline scenario across the entire construction workforce. In other words, if 400 workers were randomly selected for CIP work, 94 workers in this group would be expected to be either female and/or people of color, requiring another 106 workers of the same demographic background to satisfy a hiring criteria of 50%.

These 106 workers would need to come from either the existing labor force, or through apprenticeship programs via targeted recruiting or expansion of existing programs. In 2014, an estimated 509 workers will complete construction sector apprenticeships. In the baseline scenario, an estimated 27% of apprenticeships each year are either female and/or people of color. If all these apprentices are employed in businesses that participate in Seattle CIP projects, then there would be no need to recruit additional workers. However, this would imply that the pool of businesses participating in CIP projects is not representative of the entire construction labor force.

Forecasts of new apprentices vary from year to year. In 2017, new apprenticeships are expected grow to 895 positions. Assuming a 50% hiring criteria each year and a slight increase in the share of the target demographic in the overall labor supply, an additional 104 new female and/or non-white workers would be needed above the baseline, workforce-wide level. In this scenario, assuming all apprenticeship programs participate in City of Seattle CIP projects, either: 1) the recruitment of target workers into apprenticeship programs would need to increase from 27% to 38%; 2) apprenticeship programs would need to recruit an additional 104 women and/or people of color from the population at large; or 3) apprenticeship programs, with no change in the

baseline recruitment rate, would need to expand overall recruitment from 895 positions to at least 1,277 positions.

Over time, the size of the overall labor pool will increase due to construction demand throughout the economy. If the labor demand from City of Seattle CIP projects remains constant at 400 workers per year, then maintaining labor hiring criteria will require continual efforts to meet goals. However, while the annual number of new recruits may be small, the cumulative effect through 2019 can be substantial. For instance, in the baseline scenario (no policy intervention), an estimated 950 women and/or people of color would either be participating in or have completed a construction-related apprenticeship between 2014 and 2019. If the City of Seattle sustains hiring criteria of 50% women and/or people of color and pursues a targeted apprenticeship recruitment effort to achieve this level, the number of new targeted demographic apprentices would cumulatively sum to 1,580, representing an overall increase from 27% to 46% (**Exhibit 51**).

Exhibit 51. New Apprenticeships among Target Demographic, Baseline and 50% Hiring Criteria Scenario

| Targeted Demographic Apprenticeships | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Cumulative, '14-'19 |
|--|-------|-------|-------|-------|-------|-------|---------------------|
| Baseline | 140 | 90 | 160 | 240 | 160 | 160 | 950 |
| Total with intervention (50% hiring criteria) | 250 | 200 | 270 | 340 | 260 | 260 | 1,580 |
| All apprenticeships, no expansion of programs | 510 | 330 | 570 | 900 | 580 | 580 | 3,470 |
| New share of apprenticeships to targeted demographic | 49.1% | 61.0% | 47.0% | 38.0% | 45.1% | 45.1% | 45.5% |

Source: Community Attributes, 2014.

Note: cumulative amounts may not sum exactly due to rounding.

The net increase in apprenticeships necessary to satisfy hiring criteria will vary widely, based on the target level. If the City of Seattle maintains a hiring criteria of 35% through 2019 and supports apprenticeship programs as the sole source of new workers to satisfy this level, there would be a net increase of 280 new apprentices belonging to the target demographic. If the City sets the criteria at 75%, the cumulative net increase would reach 1,220 participants (**Exhibit 52**).

Exhibit 52. Additional Apprenticeships among Target Demographic above Baseline Scenario, 2014-2019

| City of Seattle Hiring Criteria | 2014 | 2019 | Cumulative, 2014-2019 |
|------------------------------------|------|------|--------------------------|
| 35% | 50 | 40 | 280 |
| 50% | 110 | 100 | 630 |
| 75% | 210 | 200 | 1,220 |

Source: Community Attributes, 2014.

Increasing Diversity in the Construction Industry

The baseline scenario established by this study projects that even with an absence of policy interventions, the infusion of new workers coming from apprenticeship and educational programs will change the existing demographic composition over time to a more racially diverse and more female workforce.

Among apprenticeship completions, demographic composition is already more racially diverse when compared with the existing Construction workforce (27% people of color completed Construction apprenticeships in 2012, in **Exhibit 33**, compared with 20% people of color in the 2012 existing Construction workforce, in **Exhibit 8**). However, the low percentage of women in apprenticeship completions (4%) mirrors that of the 2012 existing Construction workforce. Thus, there is room for improving female participation in Construction apprenticeships.

Apprenticeship completions have a relatively larger impact on labor supply in the Construction industry than do educational completions. Because of this, policy interventions focusing on increasing target worker participation in educational programs suitable for Construction trades may not be as impactful as those aimed at increasing target worker participation in apprenticeships.

NEXT STEPS

This report presents data and working draft analysis intended to frame on-going conversations about demographic hiring criteria for Seattle Capital Improvement Plan projects. The data suggest ample supply of workers exists to meet Construction demand in total. With that understanding, decision-makers might choose to focus on increasing the supply of trained workers, knowing they will enter a competitive labor market.

Additional analysis should include the following:

- Detailed review of the assumptions and City-owned data that drive the analysis in this draft report
- Discussions of strategies based on the theory that an overall labor shortage does not exist, but rather that trained workers will enter a competitive market
- Additional modeling of training programs, with more complete understanding of training available and program capacity
- Assessment of the City's ability to influence workforce training participation
- Examination into construction firm hiring practices to understand if increasing the diversity of the workforce does lead to increased worker hours on city projects, or if other hiring barriers exist

GLOSSARY

Covered Employment – all employees working in a firm and protected by the unemployment insurance system. Covered employment includes all employment except self-employed workers, unpaid family workers, workers in certain not-for-profit organizations, and several other small (primarily seasonal) worker categories. Roughly 90% of workers in Washington are classified as covered employment, though this percentage varies by industry sector. Source: U.S. Bureau of Labor Statistics.

CIP- stands for Capital Improvement Plan/Program. A Capital Improvement Plan or Program is a short-range plan which identifies capital projects and equipment purchases for a municipality.

Crosswalk – a reference table that identifies the kinds of occupations in different industry sector. Washington State Employment Security Department publishes an annual crosswalk by county.

Employment Security Department (ESD) – primary state agency for gathering employment data. ESD publishes four resources utilized in this study: 1) covered employment estimates, as reported in the Quarterly Census of Employment and Wages (QCEW) series; 2) current employment statistics, based on monthly surveys of employers; 3) occupational employment estimates by industry; and 4) occupational employment forecasts.

Full-Time Equivalent (FTE) – A full-time equivalent employee. This is the definition of a workload of an employed person to allow for comparison. In this analysis, an FTE is equated with 1,800 annual labor hours.

Non-Employer – A non-employer business is one that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in the Construction industries), and is subject to federal income taxes. The business may include more than one owner, working as partners. Source: US Census Bureau.

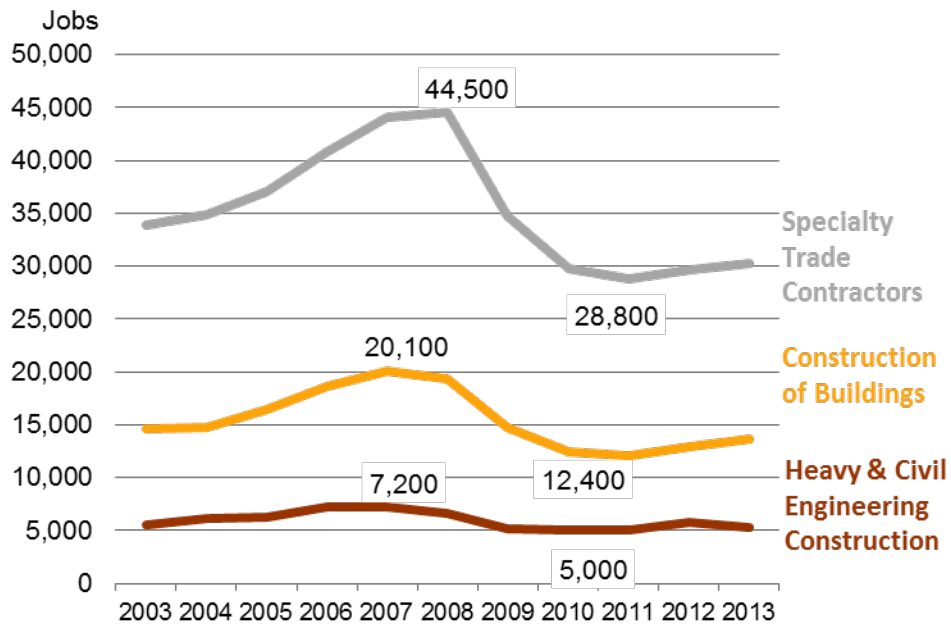
North American Industry Classification System (NAICS) – System of industry codes used to collect and organize important economic data, such as employment, number of businesses, and wages.

Standard Occupational Classification (SOC) – System of codes used to collect and organize employment and wage data by occupation.

APPENDIX A: CONSTRUCTION EMPLOYMENT BY COUNTY AND CONSTRUCTION SUBSECTOR

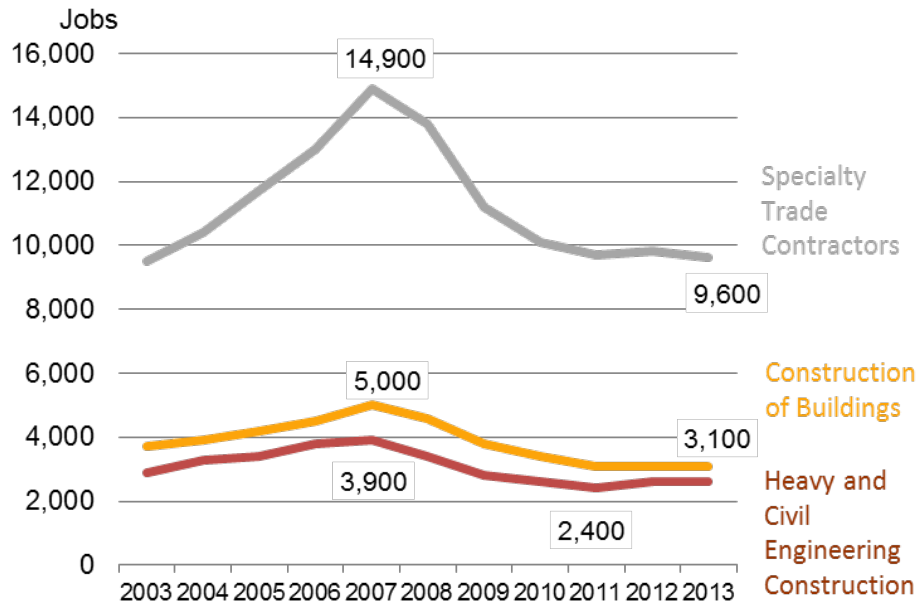
Appendix A contains employment data in the Construction sector, broken out by county, and by subsector of construction, and by source of data. Previously in the report, where employment totals are reported, they include both sources of employment (covered and non-employer counts). These exhibits disaggregate that total employment by source of data. **Exhibits A1** through **A3** show Construction jobs by subsector, and by county, for 2003 through 2013.

Exhibit A1. King County Construction Jobs by Subsector, 2003-2013



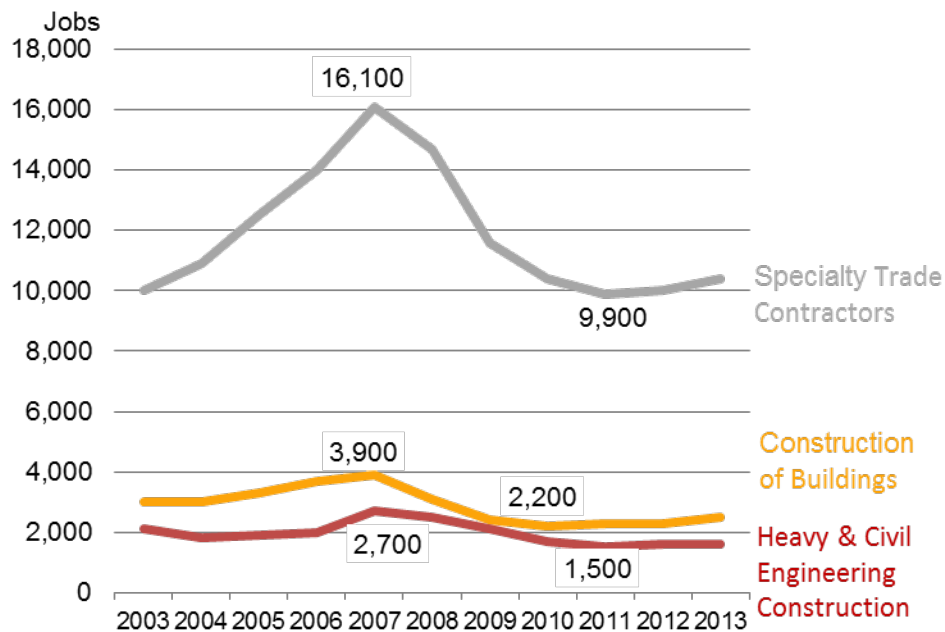
Source: WA Employment Security Department, QCEW, 2013; only includes covered jobs.

Exhibit A2. Pierce County Construction Jobs by Subsector, 2003-2013



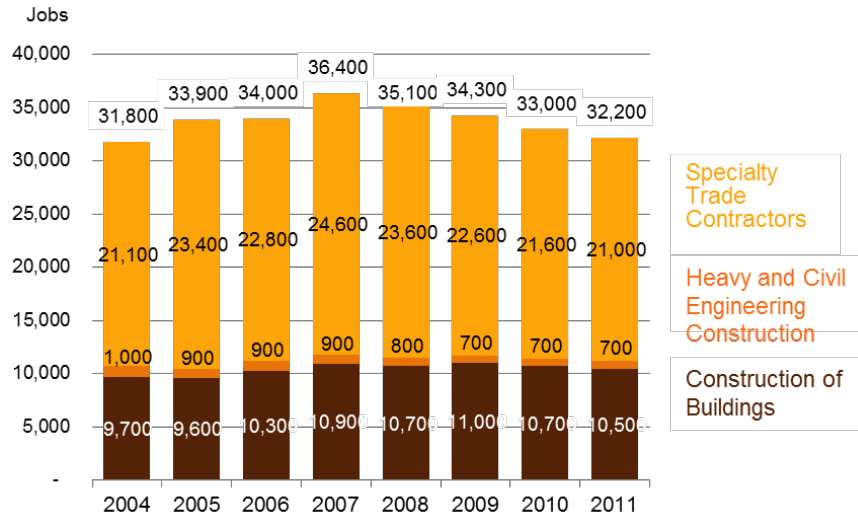
Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

Exhibit A3. Snohomish County Construction Jobs by Subsector, 2003-2013



Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

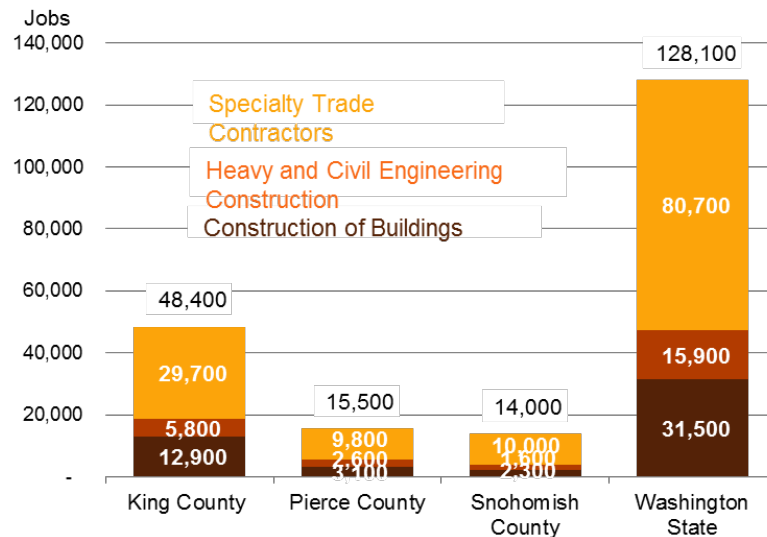
Exhibit A4. Washington State Non-employer Construction Employment by Construction Subsector, 2004-2011



Source: U.S. Census Bureau Non-employer Statistics, 2013; only includes non-employer jobs which are not eligible for unemployment insurance (non-covered jobs).

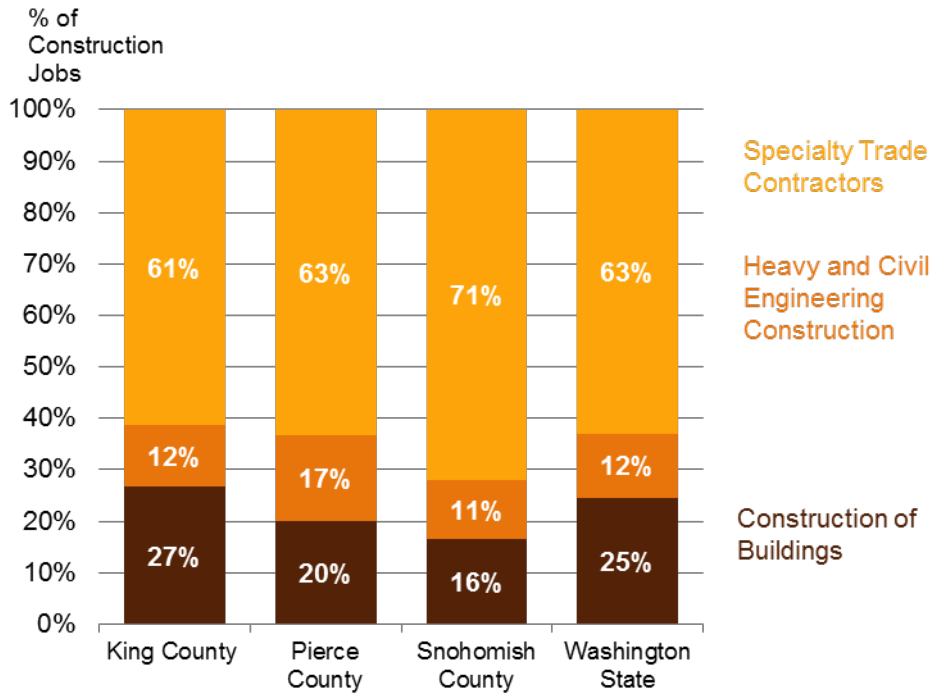
Exhibit A4 displays non-employer jobs in the Construction subsectors in Washington State, for 2004-2011. **Exhibit A5** is a snapshot of 2012 employment by the three-county region, and by Washington State for comparison. **Exhibit A6** shows the relative composition of each Construction subsector to the total Construction workforce, by county and by state.

Exhibit A5. Construction Jobs by Subsector, Three-County Region & WA State, 2012



Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

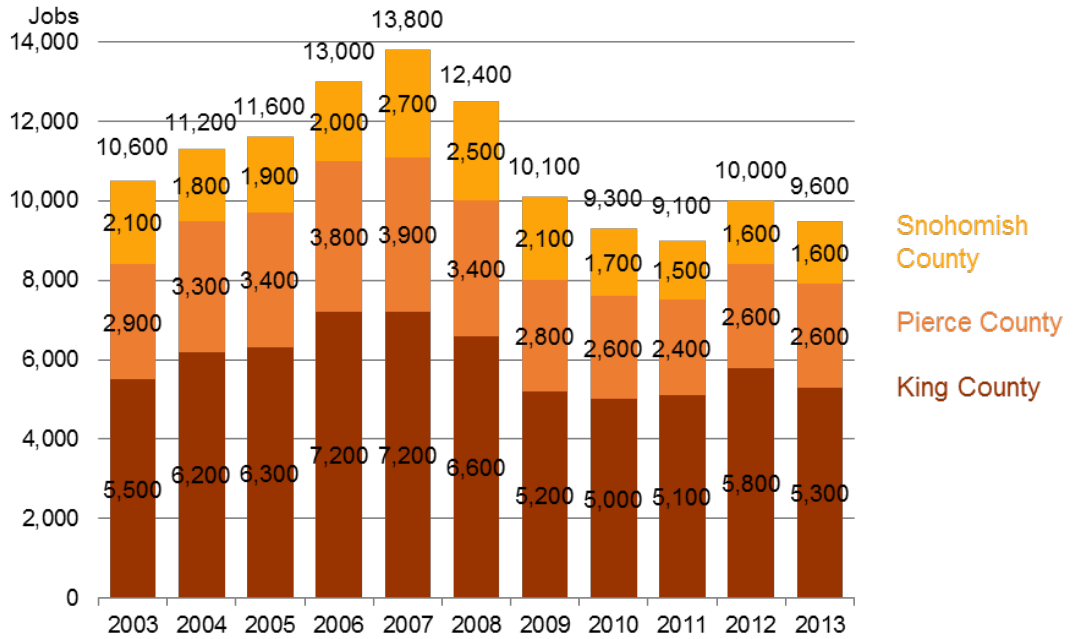
Exhibit A6. Construction Jobs by Subsector, 3-County Region & WA State, 2012



Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

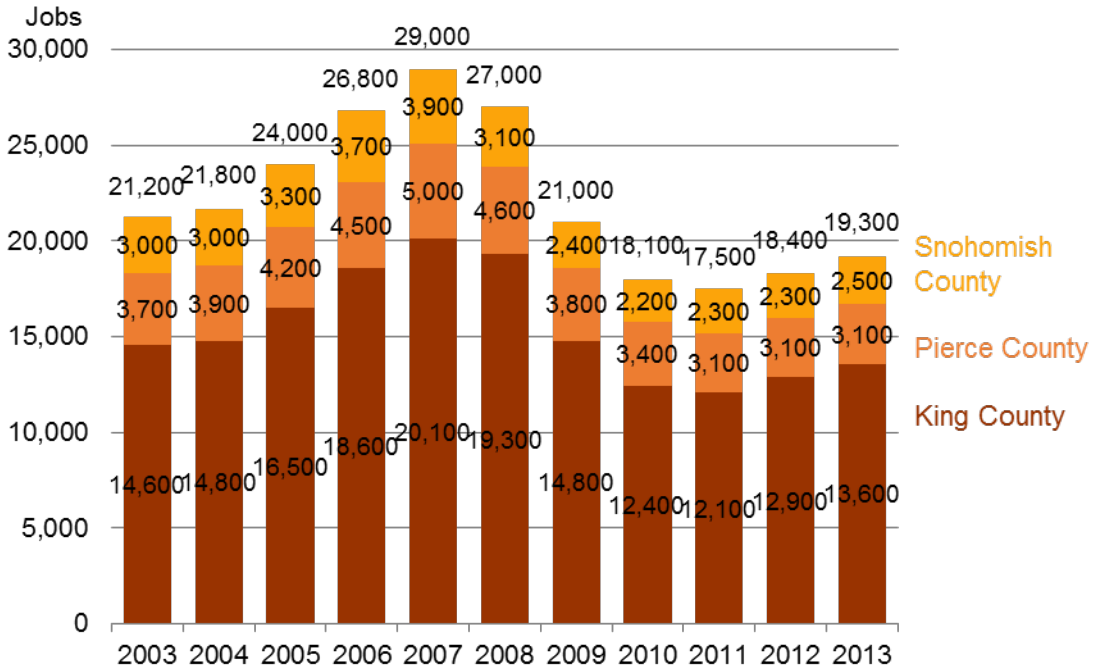
Exhibits A7, A8, and A9 show jobs in Construction by subsector and county for 2003-2013, for comparison. **Exhibits A10, A11, and A12** break out Construction subsectors by further subsector, for Washington State, from 2003-2012.

Exhibit A7. Heavy & Civil Engineering Employment, by County, 2003-2013



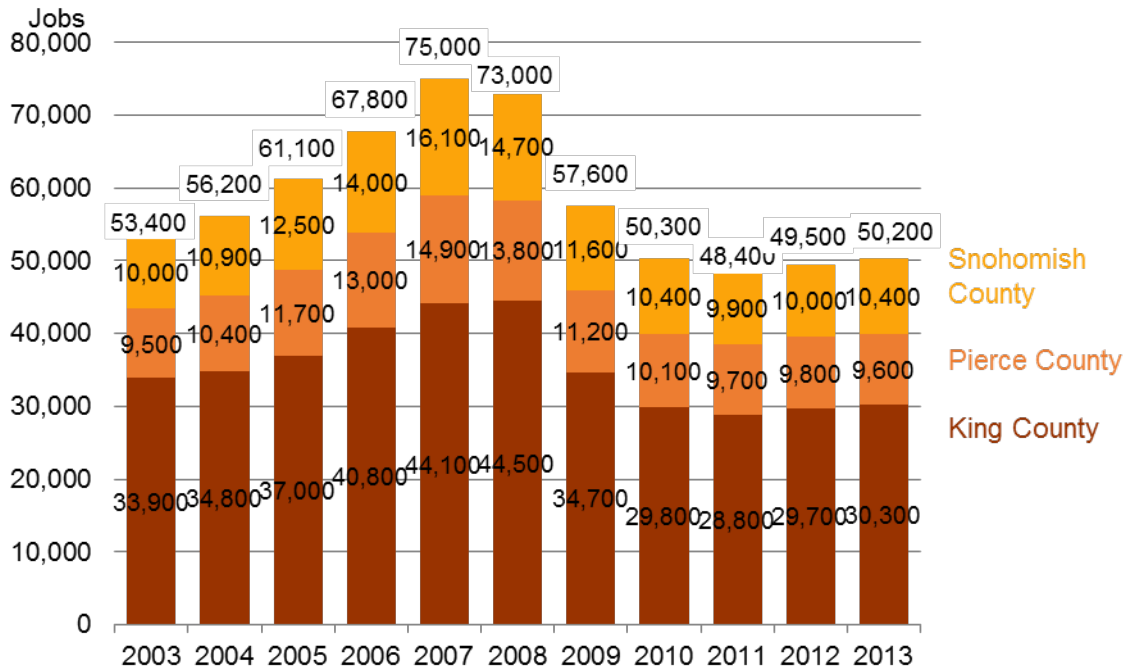
Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

Exhibit A8. Construction of Buildings, by County, 2003-2013



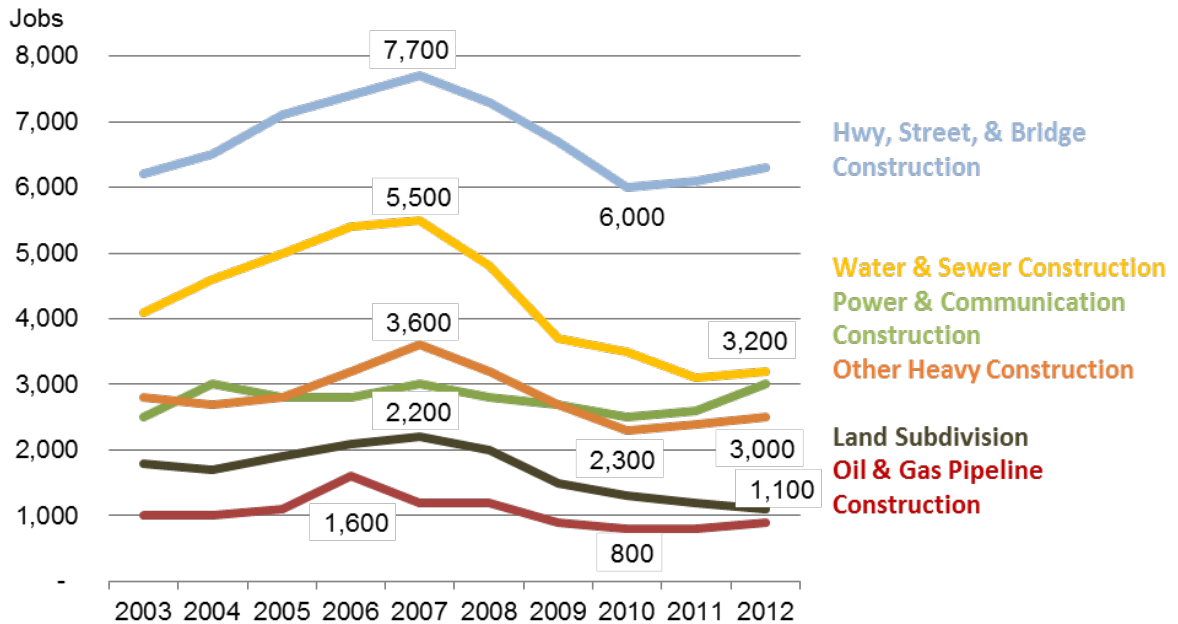
Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

Exhibit A9. Specialty Trade Contractor Jobs, by County, 2003-2013



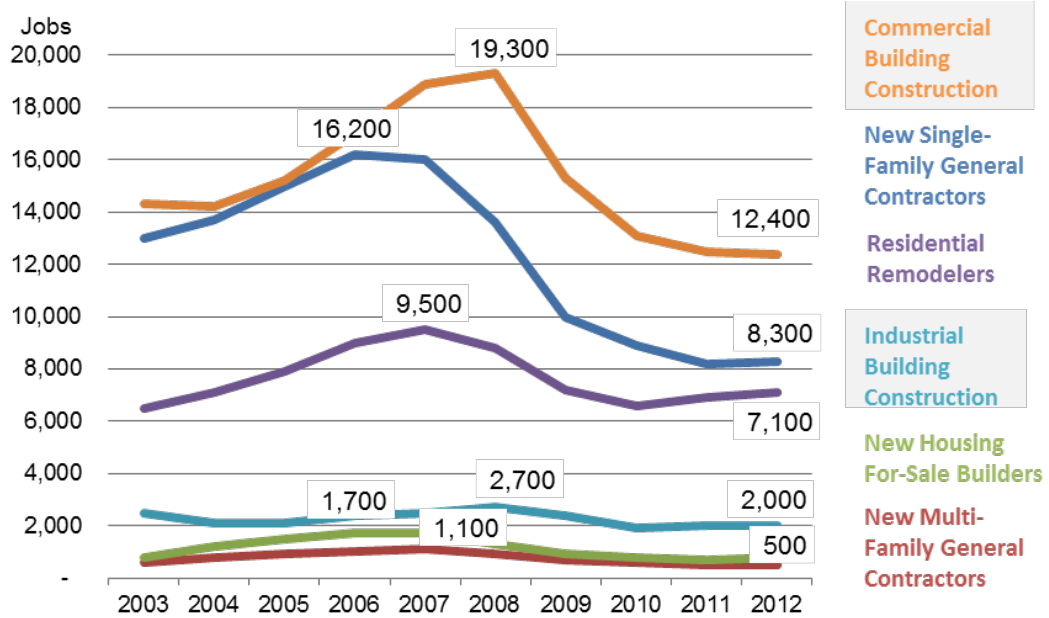
Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

Exhibit A10. WA State Construction Jobs in NAICS 237: Heavy & Civil Engineering Construction, 2003-2012



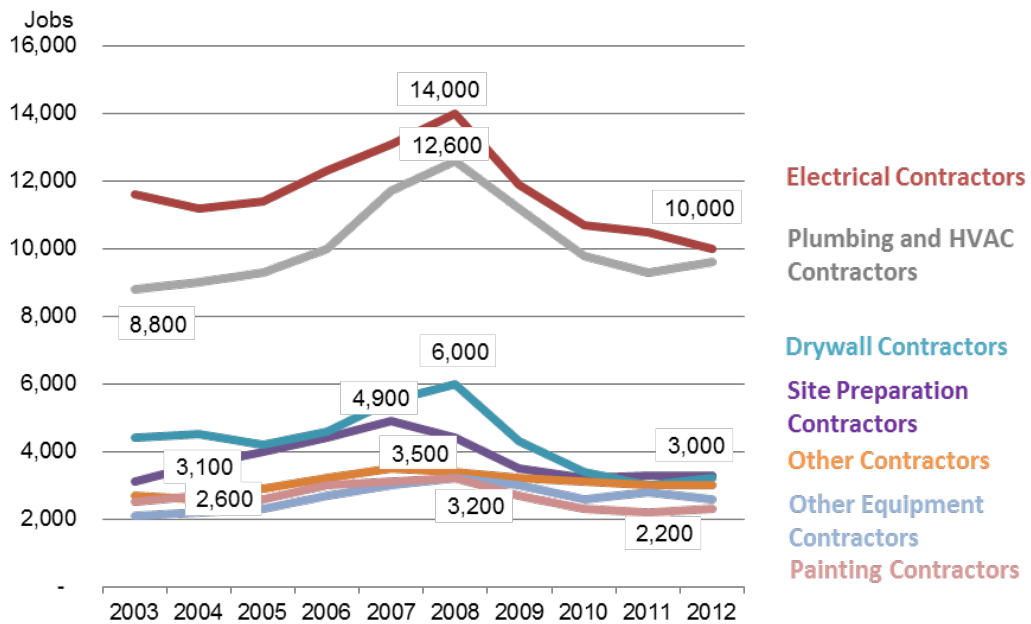
Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

Exhibit A11. WA State Construction Jobs in NAICS 236: Construction of Buildings, 2003-2012



Source: WA Employment Security Department QCEW, 2013; Sectors highlighted are those most relevant for CIP contracting; only includes covered jobs.

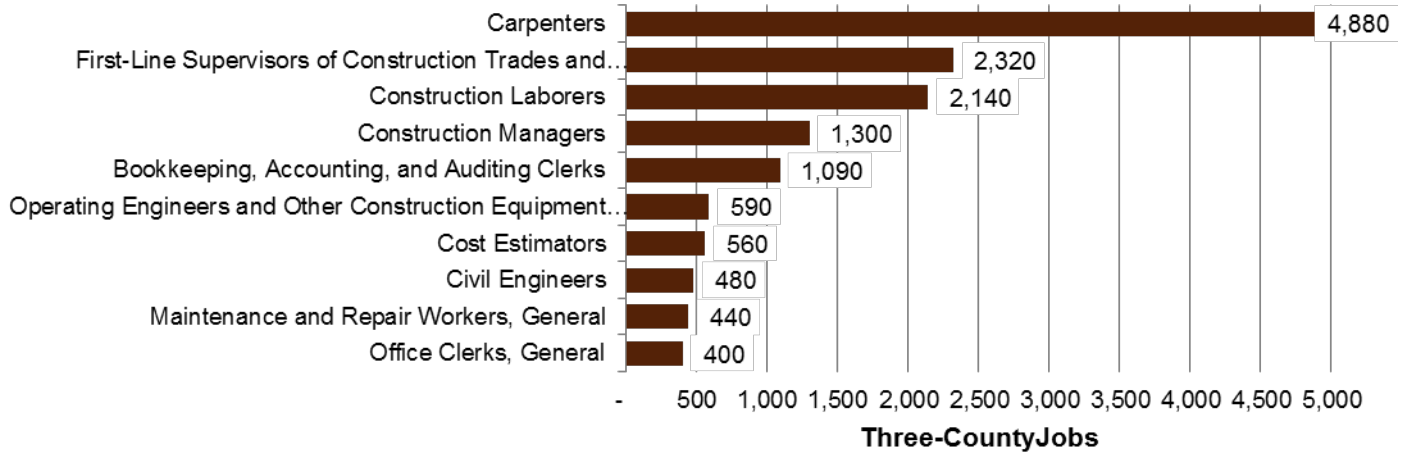
Exhibit A12. WA State Construction Jobs in NAICS 238: Selected Nonresidential Specialty Trade Contractors 2003-2012



Source: WA Employment Security Department QCEW, 2013; only includes covered jobs.

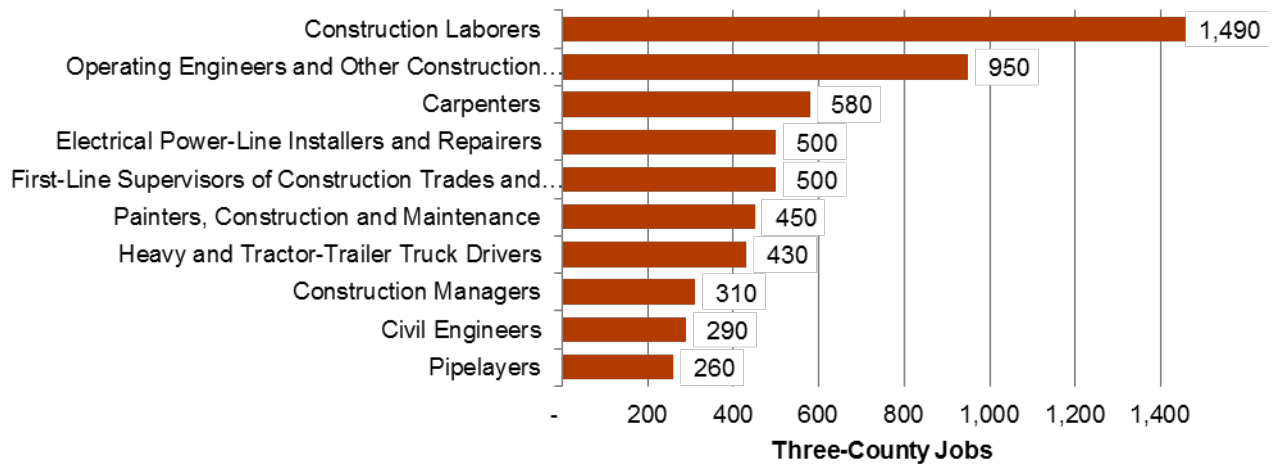
Exhibit A 13 shows the top ten occupations in each subsector of Construction for King, Pierce, and Snohomish counties in 2012. Each subsector of Construction has its own composition of occupations visible in these exhibits.

Exhibit A13. Top 10 Occupations Employed in NAICS 236- Construction of Buildings: King, Pierce and Snohomish Counties, 2012



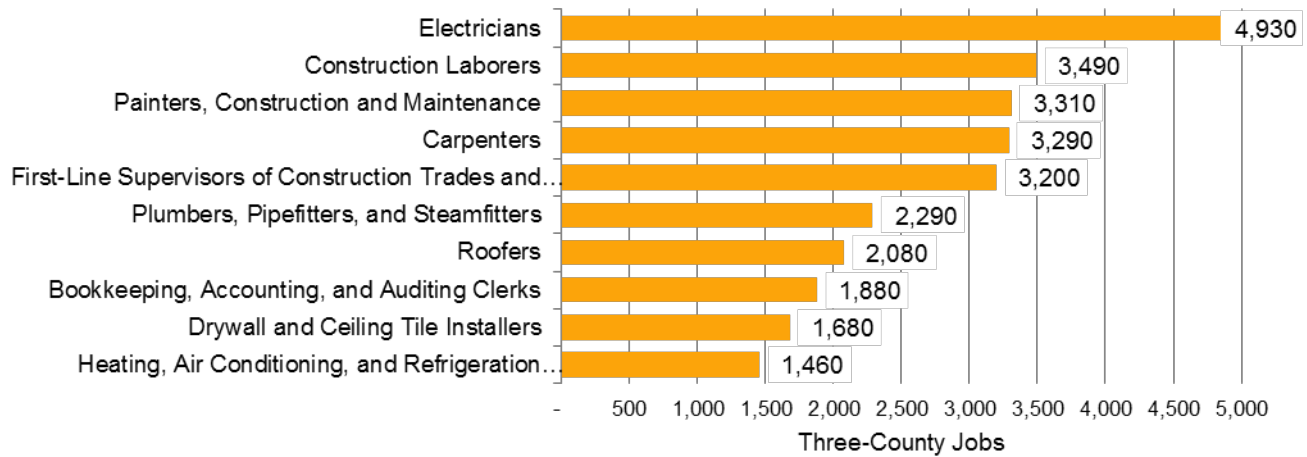
Source: ESD Occupations by NAICS Matrix, 2012; only includes covered jobs.

Exhibit A14. Top 10 Occupations Employed in NAICS 237- Heavy & Civil Engineering Construction: King, Pierce and Snohomish Counties, 2012



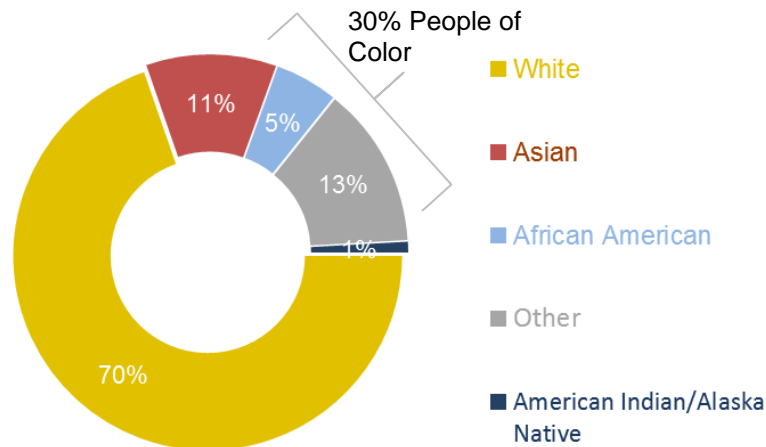
Source: ESD Occupations by NAICS Matrix, 2012; only includes covered jobs.

Exhibit A15. Top 10 Occupations Employed in NAICS 238- Specialty Trade Contractors: King, Pierce and Snohomish Counties, 2012



Source: ESD Occupations by NAICS Matrix, 2012; only includes covered jobs.

Exhibit A16. Composition of General Population by Race: King, Pierce, and Snohomish Counties, 2012



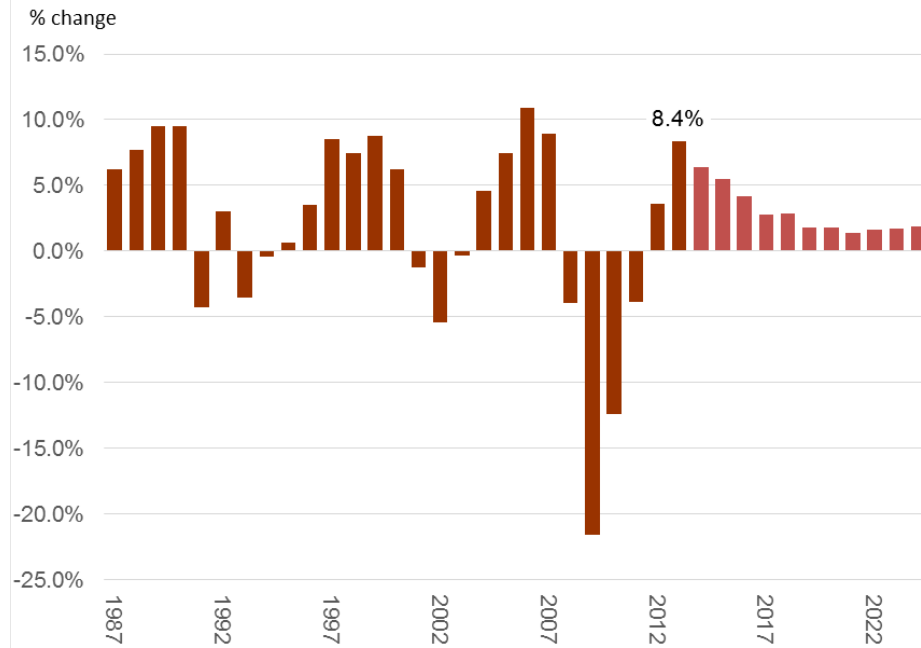
Source: U.S. Census Bureau, ACS 5-year estimates, 2012.

APPENDIX B: CONSTRUCTION EMPLOYMENT FORECASTS

Appendix B contains employment forecasts for the Construction Industry in the Puget Sound Region, as well as in King, Pierce, and Snohomish counties.

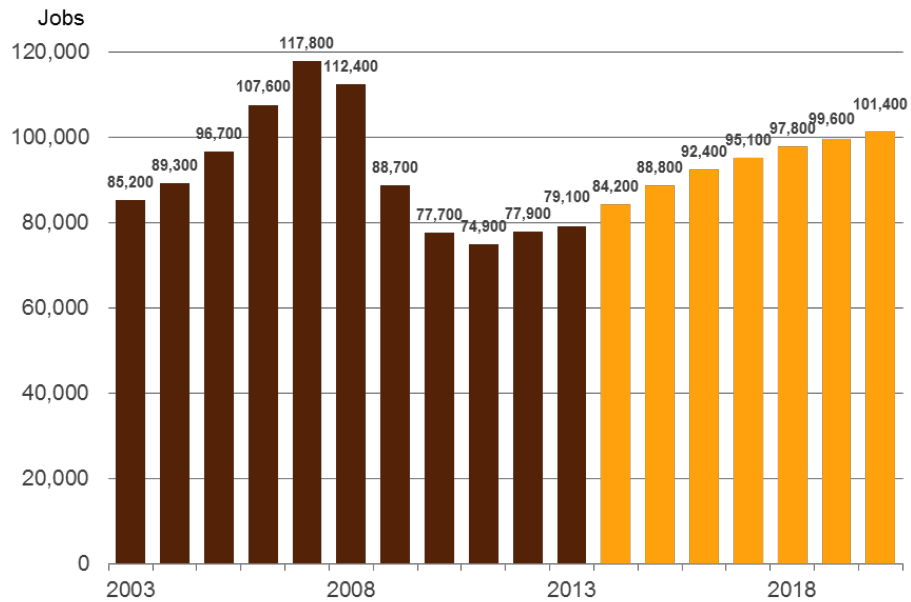
Exhibit B1 is from Conway Pedersen's Puget Sound forecast, and **Exhibit B2** shows observed (actual) and projected covered employment in the Construction industry to 2020.

Exhibit B1. Puget Sound Percent Change in Construction Jobs, 1987-2024



Source: Conway Pedersen, 2013.

Exhibit B2. Observed and Projected Growth in Employment in the Construction Sector, King, Pierce and Snohomish Counties, 2003-2020



Source: Puget Sound Regional Council, 2013; Conway Pedersen, 2013.

APPENDIX C: DATA SOURCES

Exhibit C1. Data Sources Used

| Type of Data Used | Source of Data |
|--|---|
| Covered job estimates | Washington State Employment Security Department |
| Occupational data; Wages by occupation | Bureau of Labor Statistics |
| Washington State Input-Output Table | Washington State Office of Financial Management |
| Non-employer job estimates | U.S. Census Bureau |
| Demographic data by occupation/industry | U.S. Census Bureau |
| Capital Improvement Program (CIP) Data | City of Seattle |
| Supply Model Data | Integrated Postsecondary Education Data System (for educational completions and demographic composition); Washington State Department of Labor & Industries (for apprenticeship completions and demographic composition); Washington State ESD (for unemployment claims and demographic composition); and the U.S. Census Bureau (for “workers likely to work”) |
| Construction Sector Forecasts | Conway Pedersen Economics, Inc. Regional Forecast; Puget Sound Regional Council long-term regional forecast |

Source: Community Attributes, Inc., 2014.

APPENDIX D: METHODS

The Construction sector is defined through a list of core industry codes (see **Exhibit 1** for the list of codes), which is then quantified in terms of historical and current jobs, by the three-county area of King, Snohomish, and Pierce counties. For a more detailed analysis, the sector is also analyzed as a collection of occupations which gives insight into how to view the supply of labor for the industry, and helps give more detail about workforce details, like wages. Data sources are outlined in **Exhibit C1**.

Demand

Demand forecasts represent filled jobs, which in economic theory represents the intersection of supply and theoretical demand for employment. Construction jobs moreover reflect other key drivers in the regional economy, such as the growth in economic activity resulting in demand for new commercial and retail space, or population growth putting upward pressure on the existing inventory of housing stock. Construction employment is thus largely a function of other key elements of the economy.

The forecast totals in this analysis are derived from the Puget Sound Regional Council's (PSRC) long-term economic forecast. Importantly, there is a much greater degree of independent contracting and self-employment in construction relative to other sectors of the economy. The PSRC's forecast does not include a forecast specific to construction; instead, totals are reported by county for "construction and resources." However, within this larger category, construction jobs constitute on average 94% of all covered jobs; in this analysis, the growth rate for this category is then applied to the historic estimates of total jobs (covered and self-employed) for the construction sector to arrive at forecast estimates for years 2014 through 2019.

Sources of Demand

Public sector construction employment demand is the key driver of private sector demand—the latter is the remainder once public sector employment demand is calculated, controlled to the PSRC-derived forecast totals for construction job. Several sources are utilized in this approach, including gross business income and employment data and the 2007 Washington State Input-Output Model.

First, the ratio of gross business income (GBI) to construction worker (covered and self-employed) was calculated statewide, the denominator derived from the 2007 Washington State Input-Output Model transactions table. This ratio—\$215,200 per worker—was the multiplied by the PSRC-provided estimates of

total construction employment in the three-county region, resulting in estimated regional contracts in 2012 of nearly \$20.1 billion.

Next, the Washington State Input-Output Model was used to distribute this contract value by source of demand. Within the model, two construction sectors are included with estimated sales by source of demand. These include: 1) intermediate purchases, i.e. sales to other businesses; 2) households, e.g., contractor renovations to homes; 3) private investment, of which a large share represent contract work for developers; 4) state and local government; 5) federal government; 6) sales outside of Washington state; and 7) foreign exports. Construction sector sales to the state, local, and federal government were calculated as a percentage of total sales (or output). This percentage was then applied to the estimated contract value for 2012 to arrive at total construction sales (or gross receipts) to each level of government. For example, according to the model, the two construction sectors included in the model, on a weighted average basis, sell 10.5% of total output by value to state and local governments, with another 3.6% to the federal government, while 46.2% goes to private investment (e.g., developers) and 3.7% to households.

Once the above contract value is distributed by source, the statewide ratio of gross business income (GBI) per worker is applied to these totals to arrive at employment needed to satisfy these sales. For example, because 10.5% of total construction demand by value comes from state and local governments (including counties and cities), an estimated \$2.1 billion in sales are estimated to this source of demand in 2012. Applying the statewide GBI per worker average results in a demand for 9,800 workers need in the three-county region; added to this are another 3,400 jobs needed to satisfy federal contracts. Importantly, while these results are reported as jobs, the same worker can work on both private sector and public sector projects—estimates thus reflect full-time equivalents.

To calculate City of Seattle public works demand, a four-year weighted average of CIP contract value per worker was calculated, based on City of Seattle Department of Finance and Administrative Services administrative records. These data include labor hours for all workers participating in CIP projects, including prime contractors and subcontractors, and total contract value. Based on conversions with the City, an annual estimate of \$200 million in CIP spending was applied for each year between 2014 and 2019, resulting in an average count of 400 workers per year supported by City of Seattle public works projects.

To further estimate additional jobs supported by municipality-level public works across the three-county region, a per capita measure was introduced and

applied—the ratio of CIP contract value in Seattle per worker divided by the sum of jobs and people in Seattle. This approach, when extrapolated to all cities, provides additional weight to regions that are both populous and employment centers, two major factors driving maintenance, repair, and new investments in infrastructure.

To account for changes in public sector demand over time, projected growth in the sum of population and employment was applied to total public works employment demand, state & county, and federal sources. City of Seattle public works employment demand was held constant at 400 workers, and remaining municipality-sourced demand was treated as the remainder after accounting for all other public sector sources. Lastly, private sector employment demand was treated as the remainder after accounting for all types of public sector demand.

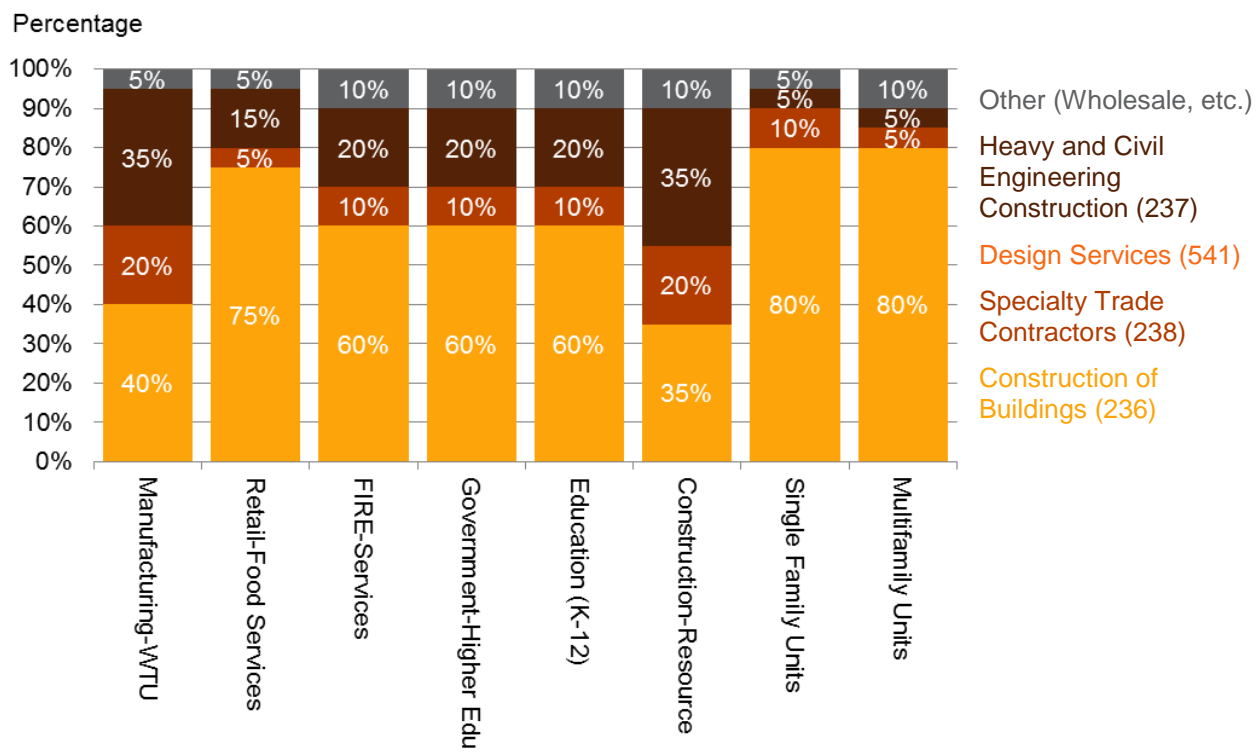
Alternative Approach to Forecasting Demand

In an alternative approach, private sector and public school-derived (higher education and K-12) demand is calculated by estimating demand for additional square footage needed to accommodate new workers by sector, and then priced out based on industry standards for cost per square foot by development type. To arrive at employment needed to satisfy project demand, the distribution of project costs by contractor type are then calculated and applied; estimated productivity per sector is then used to arrive at number of workers needed.¹³ The form of analysis also consults population forecasts, utilizing industry standards for single and multi-family housing square footage and costs calculated, and then used to estimate construction employment demand.

Exhibit D1 presents the estimated breakouts of contracts by value across construction and related sectors for different types of projects.

¹³ Costs represent those incurred by the developer, and are therefore below the actual retail sale price of a property denominated in square footage. Productivity in the construction sector is difficult to estimate due to the mobility of the construction workforce and due to seasonality. In this analysis, the Washington State Input-Output Model is used to develop such a measure.

Exhibit D1. Estimated Contract Value Distribution by Industry (NAICS Code) and Project Type



Source: *Community Attributes, 2014.*

Supply

Construction workforce supply includes both those who are currently employed in Construction and those actively seeking work in the Construction sector. The supply of Construction workers is defined as the sum of the following sources:

- Carry-over employed workers in Construction from the previous year, net of retirements, career changers, and out-migration—what is referred to as “churn and attrition”;
- Forecast unemployment claims made by Construction workers; and
- New entrants to the workforce, which includes new apprentices in Construction trades as well as the previous year’s graduates from Construction-specific post-secondary education programs from institutions within the three-county region.

Carry-over employed workers represent those workers who were employed the year before and remain in the construction employment base in the current year, while accounting for movement across businesses in the construction sector.

The Washington State Employment Security Department’s Occupation Employment Forecast is used to estimate the number of total openings per

occupation due net of growth. Each year, ESD projects total and growth-induced job openings per occupation. The difference between total and growth-induced openings represents openings created through attrition, which refers to out-migration, retirements, movement of workers from one employer to another, even if within the same industry, and other types of job separation. Among construction-specific occupations, this “churn and attrition” effect equals roughly 2.5% of total employment based on ESD occupational employment-industry crosswalks. Based on conversations with ESD and analysis of labor force ageing trends, half of this, or 1.25%, was applied as an estimate of job openings attributable to attrition, or labor force exiting. A retained, or carried-over, workforce is thus discounted by this attrition rate, which results in an annual retained workforce of employed workers of 98.75% of the projected total. These remaining workers represent participants in the labor force (i.e., supply) who remain employed. For each occupation, total forecast openings due to labor market exiting are allocated to the construction sector based on the share of total employment of each occupation in the construction sector, based on historic data.

Unemployment insurance claims represent those workers who remain in the construction labor force, are not employed, but are qualified and motivated to work in construction. Unemployment insurance claims are reported by sector and include initial claims, continued claims, and exhausted claims. The ratio of historic ratio of UI claims to total employment in construction and the regional unemployment rate are used to extrapolate forecast UI claims in construction into the future, using the forecast annual regional unemployment rates for years 2014 to 2019 by Conway Pedersen Economics.

New entrants to the workforce include accredited program completions in construction-related fields (e.g., construction management, community college programs related to construction) and new apprenticeships. For the latter, apprenticeship completions are treated as equivalent to new openings.

APPENDIX E: ADDITIONAL MAPS

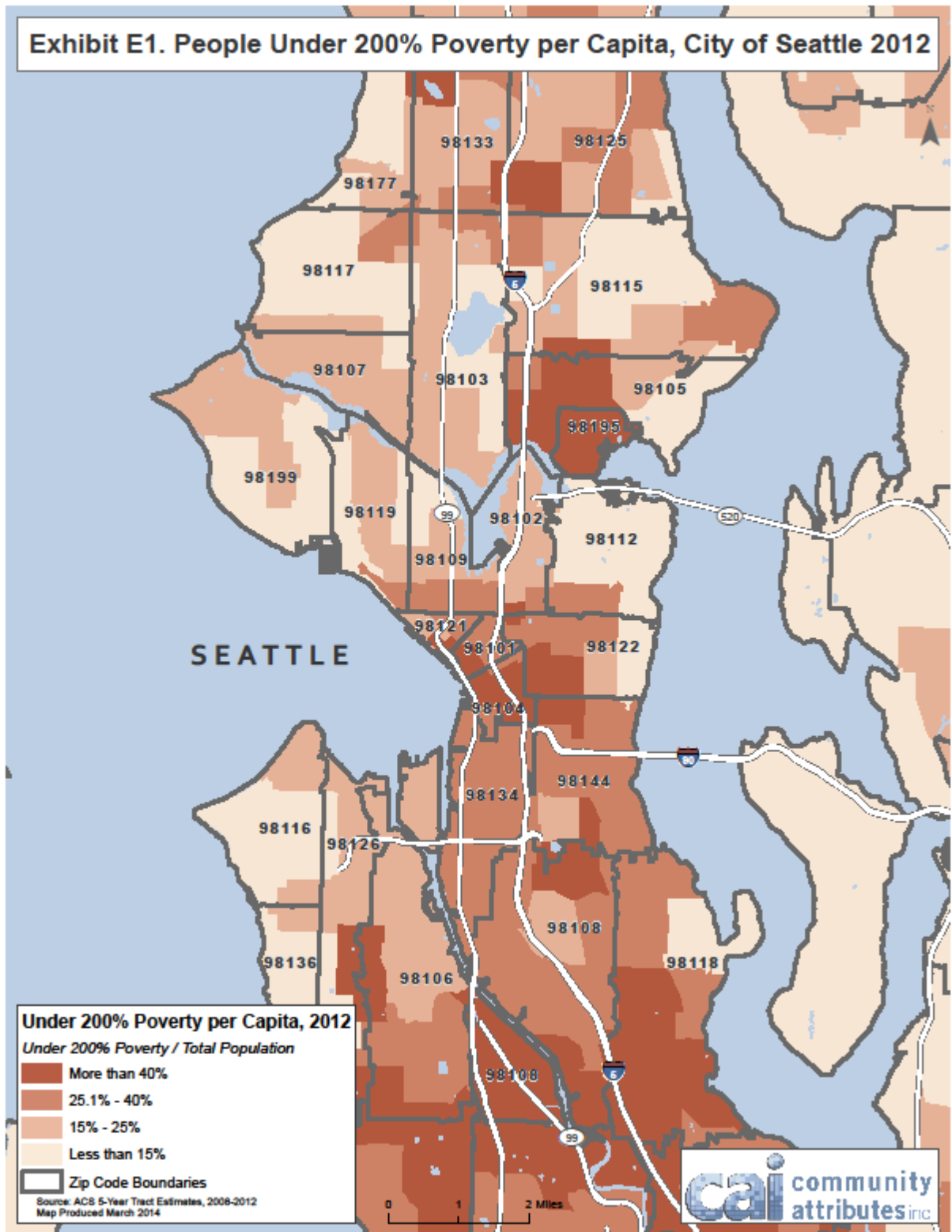


Exhibit E2. People of Color per Capita, City of Seattle 2012



Exhibit E3. People of Color and Poverty per Capita, City of Seattle 2012

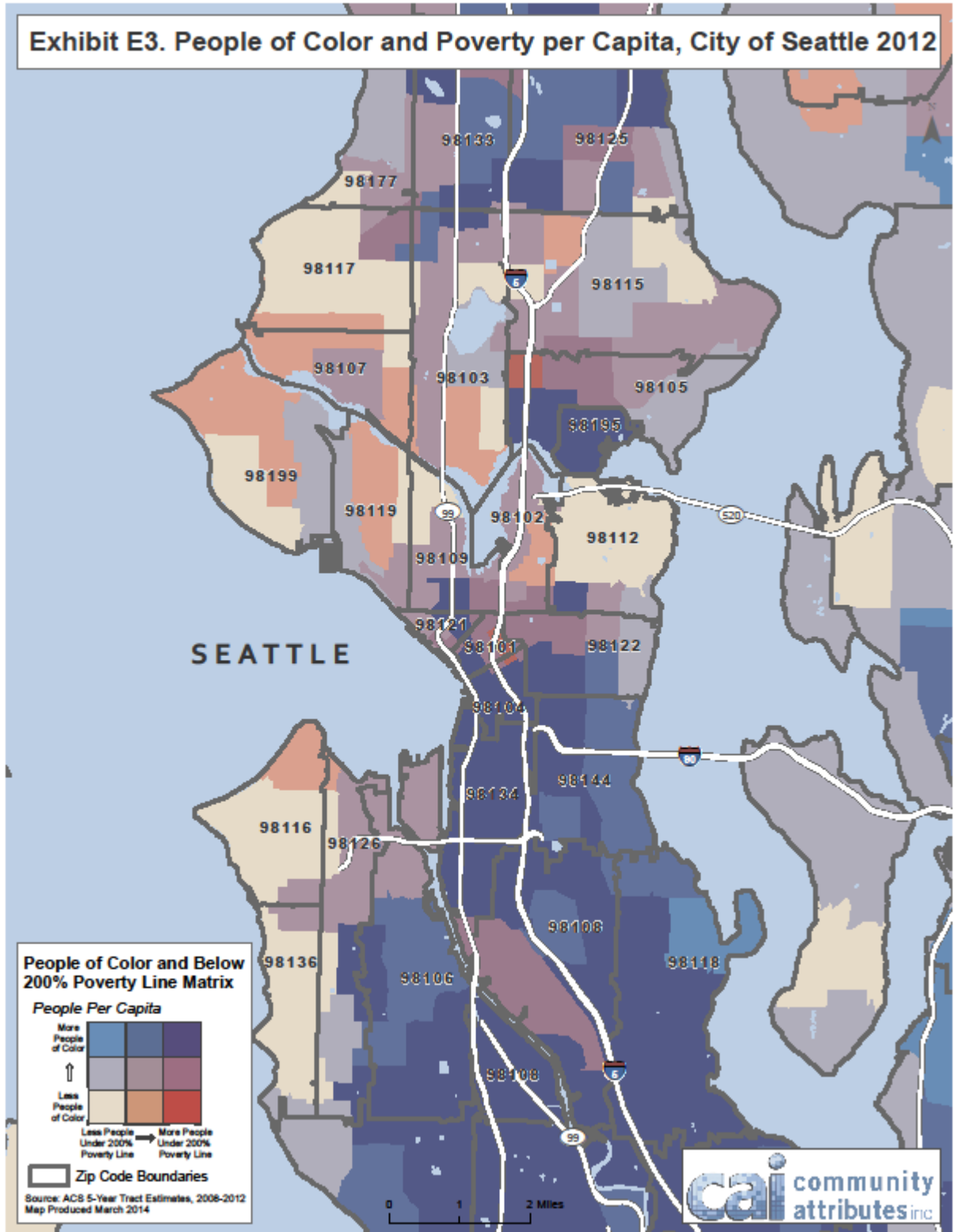
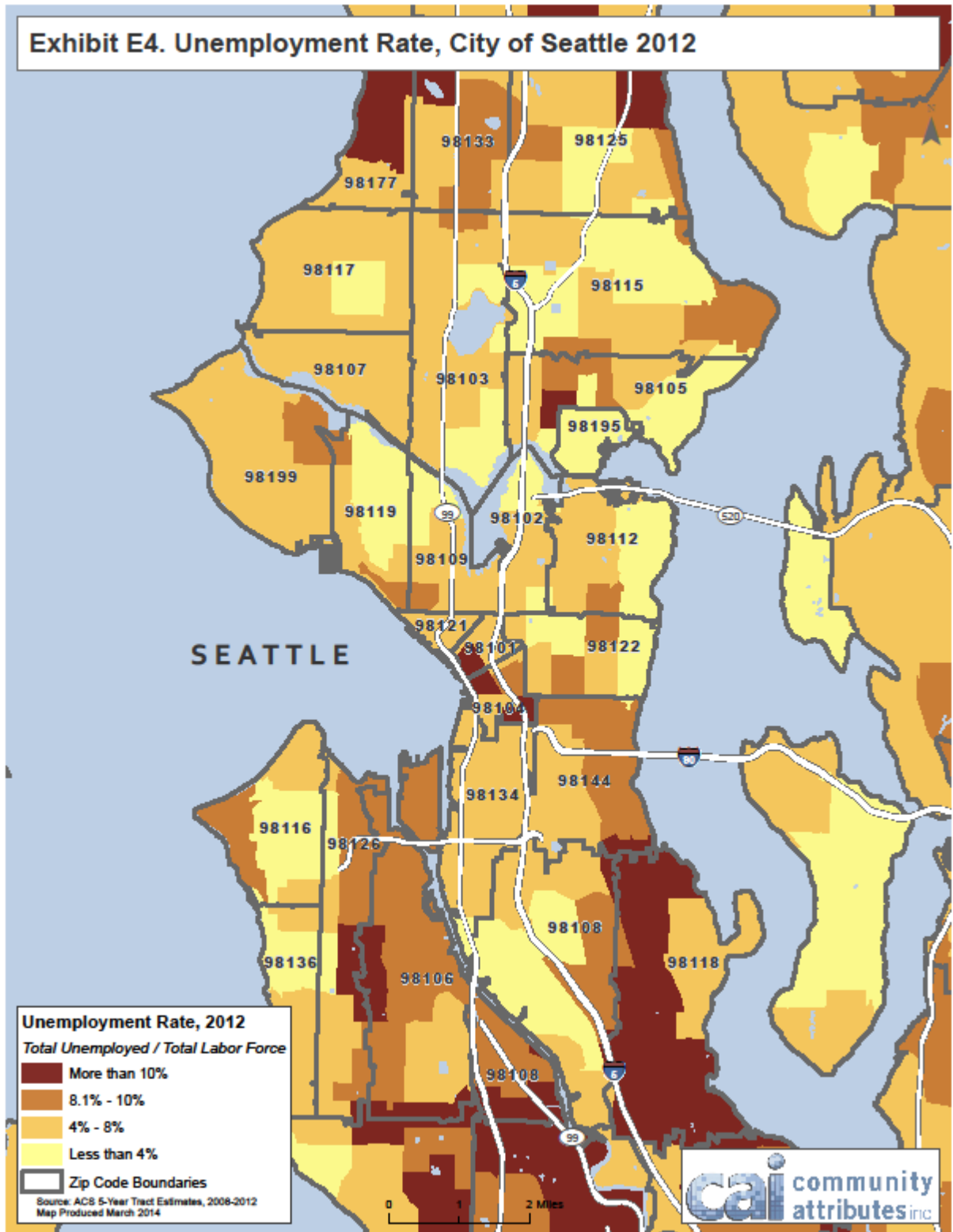
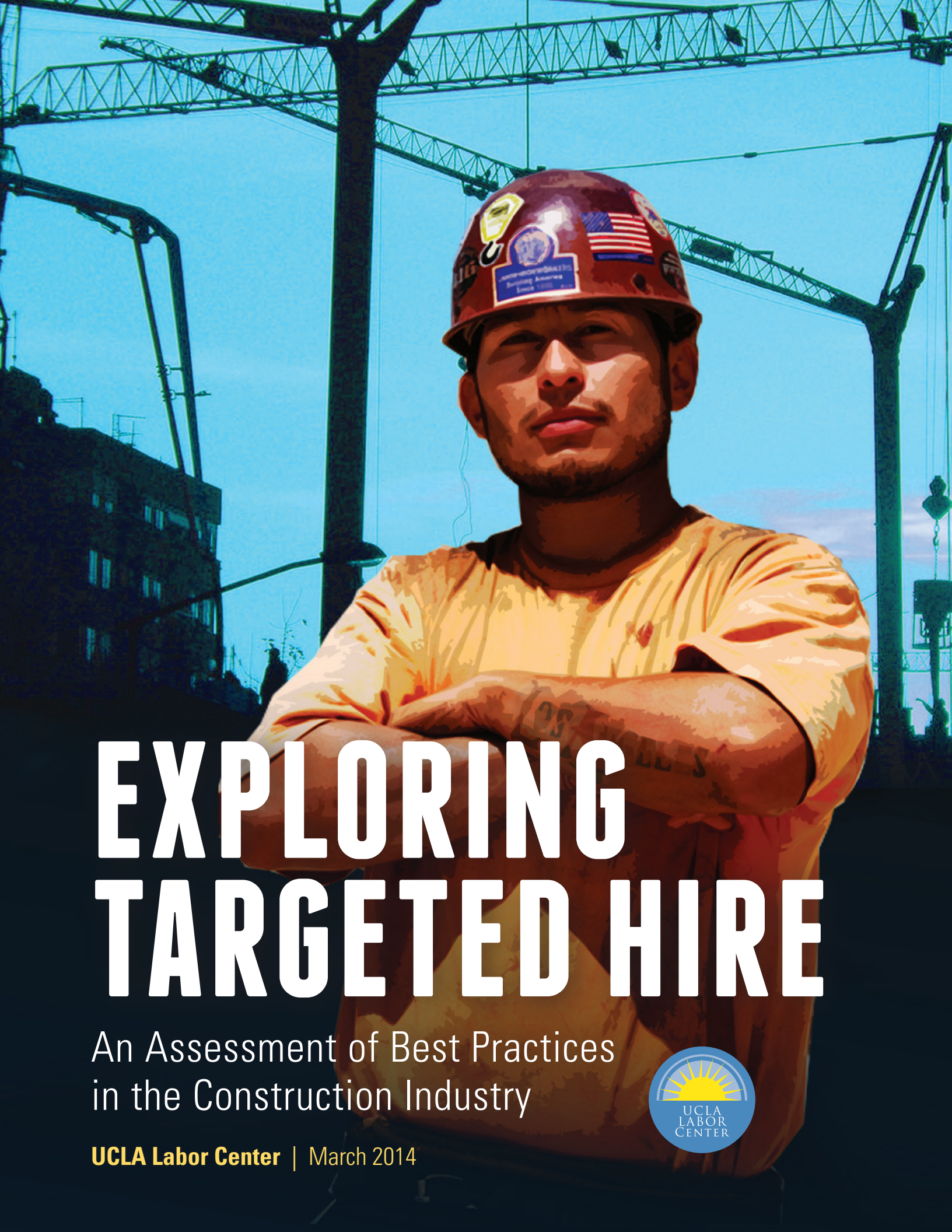


Exhibit E4. Unemployment Rate, City of Seattle 2012





EXPLORING TARGETED HIRE

An Assessment of Best Practices
in the Construction Industry

UCLA Labor Center | March 2014



EXPLORING TARGETED HIRE

An Assessment of Best Practices
in the Construction Industry

UCLA Labor Center | March 2014

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For almost fifty years, the UCLA Labor Center has created innovative programs that offer a range of educational, research, and public service activities within the university and in the broader community, especially among low-wage and immigrant workers. The Labor Center is a vital resource for research, education, and policy development to help create jobs that are good for workers and their communities, to improve the quality of existing jobs in the low-wage economy, and to strengthen the process of immigrant integration, especially among students and youth.

UCLA Downtown Labor Center
675 S Park View St
Los Angeles CA 9005
Tel: 213-480-4155
www.labor.ucla.edu

Report Authors

Lucero E. Herrera
Saba Waheed
Tia Koonse
Clarine Ovando-Lacroux

Infographic Design: Rosten Woo & Tiffanie Tran

Design: Design Action Collective

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EXECUTIVE SUMMARY

Public construction projects are an expenditure of public tax dollars; therefore, it is important to ensure that public agencies support policies for these projects to benefit taxpayers throughout the community with employment and business opportunities. Targeted hire initiatives create institutional mechanisms to increase the participation of socially and economically disadvantaged workers and businesses in public construction projects based on work availability. Many public agencies have used targeted hire to leverage their investment in construction into good jobs for those who need an economic boost. For communities that experience historic disinvestment and chronic un- and underemployment, such work can create lasting stability for families and are a pathway to revitalize the local economy.

To better understand the different targeted hire options available to municipalities, the City of Seattle Department of Finance and Administrative Services (FAS) commissioned the University of California, Los Angeles Labor Center to conduct a comparative study of targeted hire initiatives to determine their efficacy and examine the experiences of public agencies in developing and implementing them. The analysis is based on 14 in-depth case studies of project labor agreements and ordinances, as well as a scan of 20 examples of other targeted hire initiatives.

Types of Targeted Hire Tools

Each targeted hire program is unique, reflecting the specific needs of the different stakeholders involved. Public agencies can choose from an assortment of targeted hire tools to develop an initiative that works best for their projects. They can use contractual tools such as community benefits agreements, project labor agreements, and contract provisions, or institutional structures such as executive orders, resolutions, and ordinances. Another option is to set criteria through responsible contractor standards that contractors must meet in order to bid on public works projects. Lastly, public agencies can choose to leave hiring to the free market and not impose any specific requirement. This allows labor supply and demand trends to dictate employment outcomes. Targeted hire approaches can also be implemented through a combination of policy tools. **Figure 1** provides a brief description of each of the approaches, as well as an overview of their advantages and challenges.

Figure 1: Targeted Hire Approaches at a Glance

| Mechanism | Description | Advantages | Challenges |
|------------------------------|---|---|---|
| Community Benefits Agreement | A community benefits agreement is a legally-binding contract between a broad community coalition and a developer in which community members pledge support for a development in return for community benefits such as targeted hire, living wage jobs, or affordable housing. | <ul style="list-style-type: none"> • High level of community involvement. • Can have multiple stakeholders responsible for ensuring compliance. • Can include PLA-like provisions to help prevent work stoppages and establish dispute resolution mechanisms. • If modeled like a PLA, can influence union dispatch rules with fewer legal risks. | <ul style="list-style-type: none"> • Susceptible to coalition politics. • Can be highly localized, limiting its impact. • Requires community coalitions to have the financial resources to hire attorneys and experts to assist in the negotiation process. |
| Contract Provisions | Public agencies or project owners can adopt individual contract specifications or provisions within the contract language that include targeted hire criteria. | <ul style="list-style-type: none"> • Allows tailored boilerplate language. • Contractors are familiar with contract language. • Non-compliance can constitute breach. | <ul style="list-style-type: none"> • Can be labor intensive and less predictable, as they are individually negotiated each time and only last during the life of the contract. |
| Executive Order | The Mayor can issue an executive order directing targeted hire goals for public works or funding training programs. | <ul style="list-style-type: none"> • Simple and fast. • Can influence policy direction of City Council. • Can speed up the process of receiving federal funding. | <ul style="list-style-type: none"> • Can easily be overturned, modified or eliminated at any point. • Prone to politics - future administrations or change in political will can render the order meaningless. • Additional mechanisms needed to implement policy goals. • Can be difficult to enforce and monitor. • Can forego a stakeholder engagement process. |

| Mechanism | Description | Advantages | Challenges |
|--|---|--|---|
| Free Market | This option allows free market forces to direct hiring. Municipalities can elect not to impose any targeted hire policy or procedures and assume that supply and demand conditions will bring in targeted workers. | <ul style="list-style-type: none"> • Requires no additional action from public agency. • Firms can freely compete for contracts. • Does not interfere with hiring practices in place that have already benefited a number of women, people of color and other disadvantaged communities. | <ul style="list-style-type: none"> • Does not ensure recruitment of targeted workforce. • Does not have monitoring tools and would not require data collection on workforce. • Lacks compliance measures if hiring of targeted workers decrease or remain stagnant. |
| Ordinance | Municipality can pass an ordinance that creates targeted hire requirements for public works contracts, establishing goals or requirements for hire and placement of disadvantaged workers onto the projects. | <ul style="list-style-type: none"> • Gives municipality direct management of job inclusion/ placement onto its construction contracts. • It is durable and can endure changes in leadership. • Provides uniform criteria that are clear, transparent and consistent. | <ul style="list-style-type: none"> • May conflict with the union hiring hall dispatch system. • Their broad reach can also be a disadvantage, as it is difficult for a general ordinance to address the particular opportunities and constraints of individual developments and projects. • Very susceptible to legal challenges. • May require investment into administration of new programs. |
| Project Labor Agreements with Community Workforce Provisions | The project owner and labor unions negotiate a project labor agreement with community workforce provisions that include targeted hire and WMBE goals and exemptions that minimize the impact of a PLA on a WMBE or small firm. A PLA can be signed for a single or multiple projects, or can be agency or citywide. | <ul style="list-style-type: none"> • Can directly influence all hiring by labor union dispatch halls with less legal risk. • Offers increased control and coordination of different contractors and unions in large projects. • Encourages labor peace. • Offers a dispute resolution mechanism. | <ul style="list-style-type: none"> • Subject to the limitations of labor union national agreements. • May potentially increase barriers to small and WMBE firms to access public works projects. • May discourage participation of open-shop firms and workers. • May require significant investment into administration of new programs. |
| Resolution | A municipal resolution is a formal version of a motion, adopted in written form that generally states a formal expression of an opinion, intent or policy. | <ul style="list-style-type: none"> • Signals strong government support. • Opportunity for public comment and fact-finding. • Low risk because it lacks the force of law. | <ul style="list-style-type: none"> • No formalized enforcement structure. • Best for narrow issues with limited impact, and short-term solutions. |
| Responsible Contractor Standards | Government can issue a standard, policy or ordinance that includes criteria that contractors must follow. Standards can include targeted hire provisions. | <ul style="list-style-type: none"> • Contractors are already familiar with these tools. • Gives contractors flexibility on how to achieve goals. | <ul style="list-style-type: none"> • Difficult to enforce past the bidding and awarding phase. • Monitoring dependent on compliance support and resources. |

Best Practices of Targeted Hire

A targeted hire initiative, in itself, is not a guarantee that targeted hire goals will be met. Its success is largely dependent on design and implementation. Based on our analysis, we identified a set of best practices common among successful targeted hire initiatives across the U.S.:

- 1. Engage all stakeholders and facilitate collaboration:** A targeted hire initiative can bring unlikely allies into a new political relationship based on a shared agenda. Public agencies, unions, community-based organizations, training providers, and contractors must recognize the need for effective cooperation, communication and relationship building. A targeted hire initiative should adopt a broad strategy for stakeholder engagement and ensure that all parties commit to working together to achieve successful outcomes.
- 2. Create inclusive, equitable and realistic targeted hire goals that can be clearly communicated and measured:** A strong targeted hire initiative sets concrete goals that are strategic, politically feasible, legally defensible and measurable. Goals should impact the broadest possible range of disadvantaged and underrepresented community members; be responsive to the context and stakeholder needs; and be clearly defined in the policy's language.
- 3. Educate stakeholders and communicate goals:** Once a targeted hire program is designed, it is important to educate all stakeholders on the initiatives' goals and steps needed for its implementation, ensuring that all parties fully understand their roles and responsibilities.
- 4. Develop a strong system for contractor engagement and promote women- and minority-owned business (WMBE) participation:** A targeted hire initiative should consider the impact on contractors, particularly women- and minority-owned firms. It should anticipate needs and address barriers through programmatic support such as technical assistance and mentorship opportunities, and by promoting collaboration between large, small and WMBE contractors.
- 5. Create partnerships and secure funding to identify and recruit targeted workers:** A targeted hire initiative requires public agencies, contractors and other stakeholders to partner with community organizations, unions, and workforce development providers to reach and recruit new targeted workers. The initiative should allocate funding for targeted outreach and recruitment and for programs that adequately equip candidates with the necessary tools and skills.
- 6. Invest in pre-apprenticeship programs:** Pre-apprenticeship programs are key components of a targeted hire initiative, because they prepare new workers, particularly low-income individuals, women, and people of color, to enter the construction trades. A targeted hire program should dedicate funding for these pre-apprenticeships, promote collaboration with other industry partners, and facilitate the connection to registered apprenticeship programs through preferred or direct entry agreements.

7. Support registered apprenticeship programs: To ensure that training and employment opportunities are available to new workers, a targeted hire initiative should require contractors to engage with registered apprenticeships and include apprentice utilization goals. It should also support second- through fifth-year apprentices (and not just first-year placement) through contractor incentives and support services to ensure greater rates of apprentice completion and retention rates.

8. Support job placement and worker retention: It is important to improve the connection between training programs and employers by developing a well-defined referral system. This system would provide proper monitoring and oversight to place apprentices and journey-level workers into construction jobsites. The targeted hire initiative should include guidelines for monitoring workforce retention rates to ensure that workers are getting consistent employment and placements, while also improving jobsite conditions, through avenues such as cultural competency training, to increase worker retention.

9. Create, staff and fund a robust and active compliance system: A targeted hire initiative needs a robust compliance system with “teeth”; meaning that it has a system of clear workforce goals, strategies and expected outcomes that is connected to active monitoring, transparency, and consequences when there is a breach. It should include a multi-stakeholder advisory body, penalties and incentives, and dedicated funding, staffing and active compliance systems.

The potential impact of a targeted hire initiative is broad. It garners public support for projects; encourages working with new partners; has the potential to recruit more disadvantaged workers; creates workforce tracking and other compliance systems; and develops solutions to bidding and employment barriers. These initiatives can be extremely successful when designed and implemented effectively. Yet, concerns exist about the additional burdens that targeted hire initiatives may create. They can drive up construction costs and add complexity to the requirements that contractors must already comply with. This report is designed to provide specific data and information for assessing the advantages and challenges for each of the different targeted hire options and their feasibility in Seattle.

The report is separated into eight chapters. Chapter 1 provides a background on public works construction followed by Chapter 2 with an overview of targeted hire. Chapter 3 offers a detailed analysis of different targeted hire approaches, which are then compared in Chapter 4. Chapter 5 provides an analysis of the impact of targeted hire on women- and minority-owned businesses (WMBE) and Chapter 6 discusses the best practices for developing a targeted hire initiative. Chapter 7 discusses the existing legal framework within the City of Seattle as well as existing workforce development programs, and reviews lessons learned from the Port of Seattle and Sound Transit PLAs. Lastly, Chapter 8 explores the best practices and opportunities for the City of Seattle.



1. INTRODUCTION TO PUBLIC WORKS CONSTRUCTION

Overview of the Construction Industry

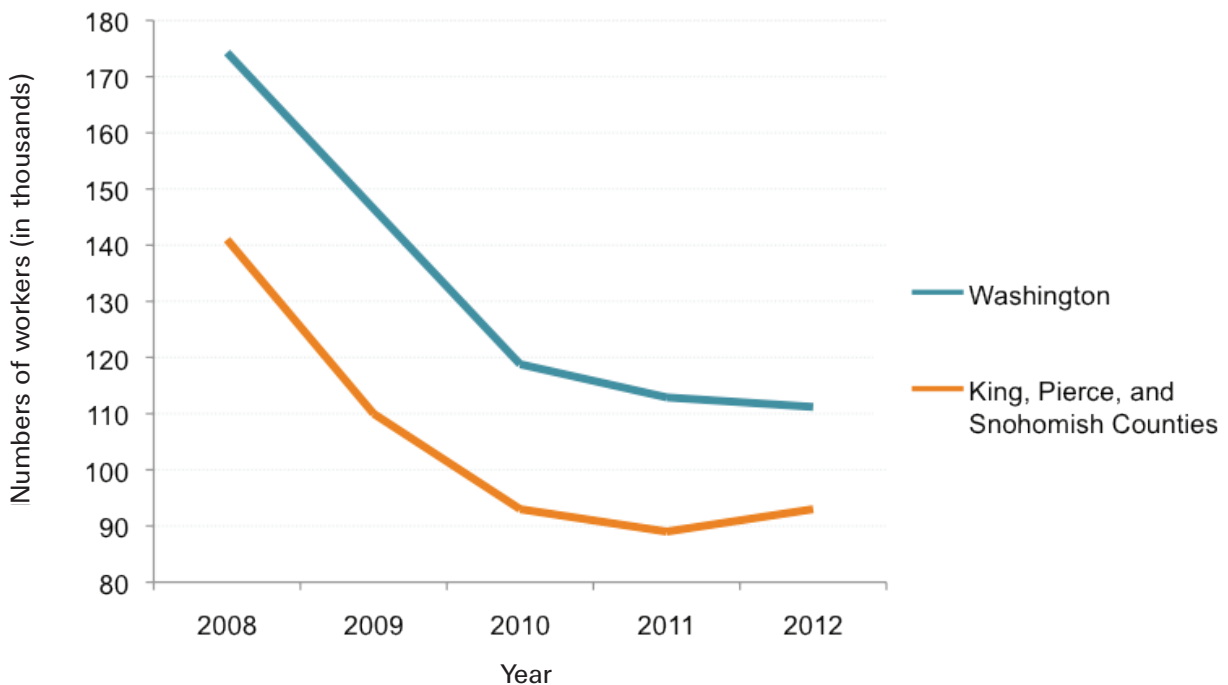
City of Seattle Public Works

Overview of the Construction Industry

The construction industry constitutes one of the largest sectors of the U.S. economy. In 2013, the total estimated value of construction work in the U.S. amounted to \$942 billion with close to \$275 billion in public construction projects.¹ The industry is comprised of more than 729,000 businesses² employing 6.5 million workers, in addition to 2.5 million self-employed workers.³ Several distinct but related sectors make up the construction industry; these are the residential, commercial, industrial and public sectors. The industry also includes utility construction, transportation, and other infrastructure projects. Construction is a core economic industry in every municipality that allows for the development of infrastructure, such as railroads and bridges, and the shaping of the built environment with homes, factories, offices, and parks.

Over the last decade, the burst of the financial and housing bubble and the resulting recession took a significant toll on construction projects and jobs. Nationally, total employment in the construction industry fell by 1.8 million between 2008 and 2012.⁴ The recession deeply impacted the construction industry in Washington State and Seattle. It experienced more job loss than any other part of the state's economy. Between 2008 and 2012, construction jobs decreased by 36 percent in Washington State and by the end of 2010, the sector had lost over 63,000 jobs.⁵ In King, Pierce, and Snohomish counties, construction employment decreased by 34 percent during the same time period, with a net loss of 47,800 jobs, as shown in **Figure 2** below.⁶

Figure 2: Number of Employed Construction Workers in Washington State and King, Pierce, and Snohomish Counties 2008-2012



Sources: Washington State, Employment Security Department, Washington Employment Estimates and King County Data Tables and Community Attributes Report.

As the construction industry slowly rebounds, some of those jobs will return. In the tri-county region, construction jobs are estimated to have increased from 93,200 in 2012 to 95,400 in 2013, and long-term projections indicate construction employment may reach 110,500 workers by 2019.⁷ These forecasts are not projected to come close to the 141,000-worker peak of 2008.⁸

City of Seattle Public Works

The construction sector is an important source of employment and can provide a pathway to middle class careers for workers. The City of Seattle has devoted resources toward developing strategies that advance social and economic equity within city-funded construction projects to increase the meaningful employment of women, people of color, and socially and economically disadvantaged workers.

The Department of Finance and Administrative Services (FAS), through the City Purchasing and Contracting Services, issue all City public works contracts. Between 2010 and 2013, City of Seattle public works payments averaged approximately \$200 million per year, adjusted to 2013 dollars. Each worker was associated with \$530,000 in contract value.⁹ City public works projects generate approximately 1.2 to 2.0 jobs per \$1 million spent, depending on the project type (based upon the actual work hours reported by dollars spent). In 2012, public work expenditures created the equivalent work hours of 1.2 construction jobs per million dollars in construction project spent, comparable to 322 full time construction jobs during that year.¹⁰ Assuming the City of Seattle maintains its \$200 million average on public works expenditure between 2014 and 2019, this spending would create 400 full time construction jobs annually, based on 1800 labor hours per year.¹¹

Because workers do not work full-time and year-round on projects, the number of workers employed is higher. A recent UCLA study, based on a sample of City of Seattle public works projects over a three-year period that accounted for 26 percent of all project hours, found that City of Seattle projects provided employment to 2,635 unique workers.¹²

In terms of hiring diversity, people of colorⁱ performed approximately 25 percent of all hours worked on City of Seattle public works projects between 2009 and 2013.¹³ This is lower than the number of people of color hired on all construction projects nationally at 32 percent.¹⁴

Figure 3 presents City of Seattle hiring outcomes in comparison with other select public works departments across the country. These data illustrate that the City of Seattle has many positive hiring practices that extend to its diverse communities. However, findings from a UCLA study indicate that a majority of workers hired reside outside of Seattle and King County.¹⁵ Fourteen percent of the sample workers are economically disadvantaged and live in King County.ⁱⁱ These findings suggest that the City of Seattle could increase employment and training opportunities to

i People of color comprise Latino, African-American, Native American, Asian and Pacific Islander workers.

ii Defined as individuals residing in zip codes with a high density of residents living at 200% of the Federal Poverty Level or below, are unemployed, and/or do not have a college degree.

target more workers within the county and from disadvantaged areas. In addition, all the projects show low rates of employment of women. These rates are lower than the national average of 9 percent for female participation in all construction.¹⁶

Figure 3: Women, Minorities and Apprentices in Public Works Construction in Selected Geographies

| | Seattle, WA* | Milwaukee, WI**17 | Cleveland, OH***18 | Boston, MA****19 |
|-----------------|---------------------|--------------------------|---------------------------|-------------------------|
| Women | 4.5% | 1.5% | 4% | 6% |
| People of Color | 25% | 25% | 24% | 36% |
| Apprentices | 13% | Not available | 7% | Not available |

**Data for 2009 - 2013*

*** Data for 2012*

****Data for active projects as of February 2014*

*****Data for November 2013 to February 2014*

The City of Seattle, through the centralized function operated by the Department of Finance and Administrative Services, under City Purchasing and Contracting Services, recently introduced several noteworthy best practices in its public works contracting services. These include greater enforcement mechanisms, compliance monitoring, a new on-line payroll reporting system, and a pilot project labor agreement with community workforce provisions for the Elliott Bay Seawall Project. The Seawall community workforce agreement, in particular, has integrated a number of progressive features and best practices, including clear goals, advanced stakeholder involvement, improved clarity of roles and responsibilities, and strong goals for women and people of color as well as local workers from socially and economically disadvantaged zip codes (see Chapter 8). This experience, coupled with ongoing collaborations with stakeholders, position the City of Seattle with the knowledge and capacity to successfully implement any targeted hire program it chooses.

In addition, Resolution 31485, supported by Seattle Mayor McGinn and adopted by City Council in September 2013, led to the creation of an ad hoc Construction Careers Advisory Committee (CCAC). The committee is comprised of general contractors, women- and minority-owned contractors, labor leaders, workforce training providers, community leaders and a policy expert. The CCAC will develop recommendations to the Mayor and City Council for creating and implementing strategies and mechanisms that can improve construction career opportunities for targeted individuals, including Seattle residents.



2. INTRODUCTION TO TARGETED HIRE

What is Targeted Hire?

Who is Included in Targeted Hire?

Targeted Hire versus Local Hire

Who is Involved in Creating a Targeted Hire Initiative?

What are the Benefits of Targeted Hire?

What are the Challenges of Targeted Hire?

What are the Different Targeted Hire Approaches?

What is Targeted Hire?

“Targeted hire” is a policy initiative aimed at increasing employment opportunities for disadvantaged workers, who often experience difficulty accessing the construction workforce pipeline. The value of targeted hire is that it creates institutional mechanisms to increase the availability and accessibility of opportunities for these workers. For example, it can recommend that a percentage of the total hours in a project are performed by apprentices, women, or disadvantaged workers. A targeted hire program benefits from the robust training programs that exist in the construction industry, that are tied to available work. Because workers can learn construction skills on the job, it is one of the few industries where a person who has little formal education or who has previously faced employment barriers can enter the field and be trained while earning a living wage and good benefits. A targeted hire initiative can develop a fresh, previously untapped workforce and create new pipelines for workers to get into construction careers.

Many of the targeted hire tools lay out strategies for advancing hiring goals, establish a mechanism for implementing the program, and define a process for monitoring and enforcement. Certain targeted hire tools are designed to support workers at all levels of the workforce pipeline by including recruitment, support services (i.e. GED classes, childcare support, and funding for tools), training programs, and job placement. These components aim to address structural barriers workers face in accessing work. To provide this type of assistance, some targeted hire initiatives include strategies for funding programs and support services.

Who is Included in Targeted Hire?

Targeted hire focuses on disadvantaged individuals, who are underserved or have faced historical or other barriers to employment. This can include:

- Long-term unemployed workers, formerly incarcerated individuals, single parents, workers on public assistance, workers with a history of homelessness, and at-risk youth.
- Individuals residing in areas that have high poverty rates, high unemployment rates, or other markers of economic distress.ⁱ
- Underrepresented groups of people such as women, people of color, and veterans. In Seattle, even with I-200, targeted hire can include aspirational goals for women and people of color, who are also more likely to be included under other economic criteria as well (see discussion on I-200 in Chapter 7).
- Pre-apprentices, graduates of apprenticeship programs, or graduates of other targeted training and hiring programs.

Each targeted hire program is unique, reflecting the specific needs of the different stakeholders involved. Target criteria vary and depend on a range of factors such as project type, local laws and

ⁱ Legal decisions are supportive of such economic markers, even if other criteria (specifically geographic limits) are legally more difficult to impose.

policies, community needs, and past discrimination or exclusion of a group of workers. Public agencies should take all these factors into consideration in order to formulate the appropriate targeted hire goals that will create a balanced approach to the opportunities generated by their expenditures.

Figure 4 below showcases two examples of targeted hire criteria, illustrating the different factors used to determine what targeted populations benefit from these programs.

Figure 4: Examples of Targeted Hire Criteria

| Los Angeles County Metropolitan Transit Authority Project Labor Agreement | San Francisco Local Hire Ordinance |
|---|--|
| <ol style="list-style-type: none"> 1. Individuals residing within: <ol style="list-style-type: none"> a. Economical Disadvantaged Areas (zip codes with annual median income less than \$40,00 per year), or b. Extremely Economically Disadvantaged Area (zip codes with annual median income less than \$32,000 per year) 2. Disadvantaged workers who reside in these areas and face at least two barriers to employment: <ol style="list-style-type: none"> a. Being homeless b. Being a custodial single parent c. Receiving public assistance d. Lacking GED or High School Diploma e. Having a criminal record f. Suffering from chronic unemployment g. Emancipated from foster care h. Being a veteran of the Iraq, Afghan war, or i. Being an apprentice with less than 15% of the hours required to graduate to journey level | <ol style="list-style-type: none"> 1. Disadvantaged workers who reside in San Francisco, and: <ol style="list-style-type: none"> a. Reside in a census tract within the City with a rate of unemployment in excess of 150%, or b. Have a household income of less than 80% of the annual median income, or 2. Face at least one of the following: <ol style="list-style-type: none"> a. Being homeless b. Being a custodial single parent c. Receiving public assistance d. Lacking GED or high school diploma e. Participating in a vocational English as a second language program, or f. Having a criminal record or any other involvement with the criminal justice system |

Source: Los Angeles County Metropolitan Authority Project Labor Agreement, and San Francisco Local Hire Ordinance.

Targeted Hire versus Local Hire

There is significant overlap between “targeted hire” and “local hire” as the two are sometimes used interchangeably, but a distinction must be made between these terms. Local hire primarily refers to programs that require direct hiring of residents of specific local areas. Targeted hire refers to hiring requirements for target groups, such as minorities, women, or low-income workers. In other words, local hire is tied solely to a specific geographic region, while targeted hire is broader, encompassing different segments of the population across geographic regions. For instance, while a targeted hire initiative might require hiring workers from an economically disadvantaged zip code, a local hire program might require hiring workers who live within five miles of the construction project.

Also important to consider is that local hire is sometimes local to the city or local to the county, which means that even established workers who are already in the industry count. Targeted hire, on the other hand, targets workers who are traditionally been underserved and underrepresented in the

industry, including both those who are new and those who are struggling to stay on a career track in construction. As industry researcher Kathleen Mulligan-Hansel indicated, “We’re more interested in thinking about how to target workers who need a boost, who are new to the industry, or who are unlikely to get into a construction apprenticeship or journeyman job without the targeting.”²⁰

Projects can define local as a certain number of zip codes near a project site, within city limits, within a school district or in another type of geographic boundary that the regulatory language pre-determines. Local hire may not always be an option depending on specific state or local laws, or when attached to certain funding sources. For example, projects that receive federal funding cannot include local hire provisions, since federal dollars must serve the country without geographic bias. Many public agencies have adopted initiatives containing elements of both, (i.e. local targeted hire), such as the cities of San Francisco or Cleveland, which require hiring local residents while also hiring a percent of workers that face employment barriers or are low-income.

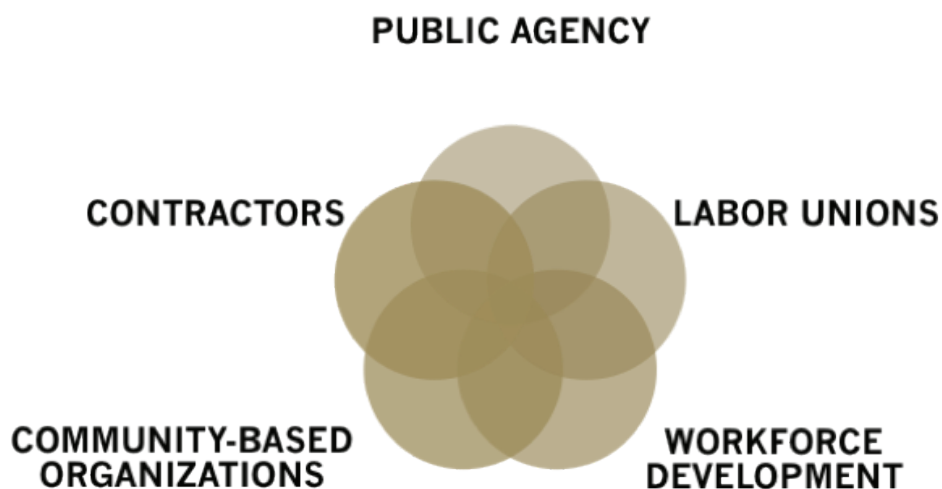
For the purposes of this report, we review several local hiring ordinances that have provisions for the inclusion of targeted disadvantaged workers. Our intention is to evaluate the tool and its effectiveness in getting targeted populations, whether local or disadvantaged, on to public agency job sites.

Who is Involved in Creating a Targeted Hire Initiative?

Developing a targeted hire initiative requires bringing different stakeholders with diverse needs to the table. Stakeholders represent public agencies, labor unions, contractors, including women-and minority-owned contractors, community organizations, and workforce development agencies such as apprentice or pre-apprenticeship training programs.

The diversity of stakeholders and relationships can prove very fruitful in establishing targeted hire, as it creates a unique space to engage in dialogue, establish trust, and create meaningful and committed partnerships. At the beginning, it is important to establish a common understanding of each stakeholder’s needs and expectations, the value they bring to the program, and what they need from each other. **Figure 5** below illustrates the different stakeholders involved in developing a targeted hire initiative.

Figure 5: Key Stakeholders in Targeted Hire



Source: Green for All. "High Road Agreements: A Practice Brief by Green for All.

What are the Benefits of Targeted Hire?

The impact of a targeted hire initiative can be extensive. It encourages:

- **Employment opportunities for socially and economically disadvantaged individuals:**

Targeted hire provisions improve economic opportunities for underserved communities and increase employment access for underrepresented workers. Since these jobs provide family-sustaining wages and benefits, as well as workforce development training, targeted hire initiatives can greatly increase workers' earning potential, both short and long term.

- **Economic development:** A targeted hire initiative helps ensure public work investments promote local and regional economic growth. More jobs in an area lead to increased purchasing power and tax contributions. Individuals are able to invest more in their communities and gain a sense of shared ownership over the infrastructure. Municipalities also have greater resources to provide services throughout the community. In Los Angeles County, data from the Los Angeles Unified School District certified payroll system reported that work generated by their targeted hire program resulted in approximately \$1.02 billion in wages for Los Angeles County residents between 2004 and 2011.²¹

- **Educational opportunities:** A targeted hire initiative creates opportunities for a diverse pool of new workers by establishing goals to hire and place apprentices on projects while fostering a collaborative pipeline between pre-apprenticeships, apprenticeships, and efficient job referral systems. Targeted hire also ensures that new workers get the training and experience needed to achieve journey-level status. Workers who complete an apprenticeship make an average of \$240,037 more over their lifetimes than those who do not participate in apprenticeships.²²

- **A skilled workforce:** Targeted hire initiatives connect contractors with a pool of workers that are prepared for construction jobs and can deliver high quality work. Good training and employee benefits reduce worker turnover, and in turn, increase employer stability and competitiveness. For instance, in San Francisco, contractors can use the construction employment referral services of CityBuild. CityBuild matches the contractors' request for skills and qualifications with eligible skilled San Francisco workers.²³
- **Participation of small and women- and minority-owned businesses (WMBEs):** Targeted hire can create prospects for small and women- and minority-owned businesses (WMBEs) by setting goals for their participation and creating infrastructure to build their capacity. The Los Angeles Unified School District project labor agreement, for example, initiated various small business development and contract procurement strategies, such as trainings and technical assistance, to ensure that barriers to entry for small businesses were minimized (see Chapter 5).²⁴
- **Collaboration and stakeholder engagement:** The success of a targeted hire initiative depends on the ability of stakeholders to effectively work with each other in achieving program goals. This affords the opportunity to cultivate networks and collaborative initiatives while addressing a wide array of interests and needs. A targeted hire initiative can build and strengthen this institutional infrastructure and create the foundation for future collaborations. Even if the interests of stakeholders diverge, if enough collaboration and commitment to program success is cemented earlier on, parties can make an effort to overcome differences and agree to the terms set forth by the initiative.

What are the Challenges of Targeted Hire?

There are potential barriers and challenges when implementing a targeted hire initiative:

- **Legal constraints:** Targeted hire programs continually face legal challenges regarding the constitutionality of requiring contractors to hire specific workers, particularly for local hire requirements and when determining whether union collective bargaining agreement can be superseded. Thus far, most approaches have withstood legal scrutiny (see legal section in Chapters 3 and 7).
- **Cost increases:** There are concerns that targeted hire initiatives increase project costs. Contractors may need to submit higher bids in response to the risk of target goals and/or account for compliance resources. Public agencies may also accrue additional costs related to the oversight and monitoring of the targeted hire initiatives.
- **Diversity of workforce:** Compared to other cities, Seattle construction projects currently have similar workforce diversity in terms of people of color and women. Any targeted hire approach should build on these goals and not create barriers that could reverse the existing diversity.

- **Complexity:** Targeted hire adds to the complexity of requirements that a contractor must comply with. This can pose barriers for contractors, particularly small prime contractors and small subcontractors.
- **Barriers to WMBE utilization:** Imposing additional requirements on contractors through targeted hire initiatives could discourage WMBE participation. WMBE firms are more likely to hire minority workers, and anecdotal discussion confirms that WMBE firms are committed to a close-knit group of skilled workers who are unlikely to be part of a union hiring hall dispatch system.²⁵ Also, since many WMBEs are open-shop, targeted hire initiatives requiring union procedures pose an additional obstacle as WMBE firms must adapt to working within a union environment for the duration of the project (see Chapter 5).

What are the Different Targeted Hire Approaches?

Public agencies have many policy options to implement targeted hire. We will explore these tools in greater depth in Chapter 3. The following are common targeted hire mechanisms:

1. **Community Benefits Agreement:** A community benefits agreement is a legally binding contract between a broad community coalition and a developer (and in some cases other signatories such as public agencies and unions), that establish community benefits, such as targeted hire goals.
2. **Contract Provisions:** Public agencies or project owners can adopt individual contract specifications or provisions within the contract language that include targeted hire criteria.
3. **Executive Order:** An executive order is a directive or suggestion issued by the leader of the executive branch (such as a mayor, governor or president) to staff and officials in the executive branch of government. A targeted hire executive order can direct public agencies, municipalities and departments within the executive's control to employ targeted workers, increase the participation of WMBE firms, or fund construction training programs.
4. **Free-Market:** A free market targeted hire approach refers to allowing existing labor supply and demand trends to dictate the outcomes for employment in the construction industry.
5. **Ordinance:** A municipality can pass an ordinance that creates standards that can apply to a municipality or public agency, such as all public works contracts or a community college district. These standards can include targeted hire goals.
6. **Project Labor Agreement (PLA) with Community Workforce Provisions:** A project owner or managing entity and a consortium of labor unions negotiate an agreement that establishes safe working conditions and rules, project execution and accountability on the job, and protocols for resolving labor disputes. Community workforce provisions can be part of a PLA and include targeted hire goals.

7. **Resolutions:** A resolution expresses the policy, official position, or intent of a legislative or public body. They provide guidance and are not legislative acts intended to become law. A municipality can adopt a resolution to express its intent and purpose in promoting targeted hire practice.

8. **Responsible Contractor Standards:** A responsible contractor policy is a set of enforceable specifications adopted by a governing entity and incorporated into a construction bid as a condition for performing work on public work contracts.

Targeted hire approaches can also be implemented through a combination of policy tools. For example, an ordinance can establish responsible contractor requirements that include targeted hire goals on projects and other provisions such as worksite safety, worker benefits, and compliance. Another example is a resolution calling for a project labor agreement with community workforce agreements. More hybrid approaches are discussed in Chapter 3.

What Is Targeted Hire?

Targeted hire is a program or policy aimed at increasing meaningful employment and training opportunities for disadvantaged and underrepresented workers.

How does targeted hire work?

Public agencies have different options to change or strengthen their hiring practices, such as: Project Labor Agreements, Ordinances, Executive Orders, Contract Provisions, etc.

A **PLA** is a contract between a project owner or prime contractor and labor unions that establishes:

- Working conditions
- Dispute resolution
- Community workforce hiring provisions

PLAs can apply to all projects within a public agency or can be negotiated on a project-by-project basis.

An **Ordinance** is legislation that mandates certain standards for public construction projects that are under the authority of the municipality.

These can include:

- targeted hiring goals
- use of construction employment referral programs
- support of apprenticeships and training programs.

Who does targeted hire affect?

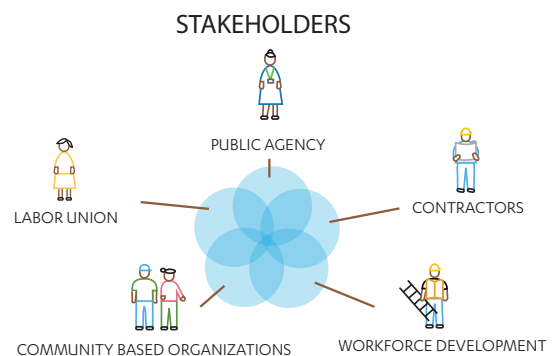
Targeted hire criteria can include Women, Minorities, Veterans, Economically disadvantaged individuals, & Individuals facing barriers to work: homeless, single parents, those without High School or GED, formerly incarcerated, etc.

What are the benefits?

- **Economic Development:** Bringing growth to local and regional economies through hiring provisions and support of small businesses enterprises. More jobs in an area leads to more money back to the community and local businesses.
- **Employment Opportunities:** Increasing job access for low-income workers, women, veterans, and workers of color, and other disadvantaged workers.
- **Educational Opportunities:** Using a training focused model that connects workers with job training.
- **Skilled Workforce:** Providing contractors with access to a trained, qualified workforce.
- **Small Business Participation:** Increasing the capacity of small minority and women owned businesses to compete and participate in public works contracts.

Who develops a Targeted Hire Program?

Developing a comprehensive targeted hire program entails bringing together different stakeholders with diverse needs, expectations, and levels of expertise. To ensure that all perspectives are represented, stakeholders need to recognize their mutual benefits and interests so they can create the engagement and commitment necessary to achieve successful outcomes.





3. TARGETED HIRE APPROACHES

Project Labor Agreements with Community Workforce Provisions

Targeted Hire Ordinances

Targeted Additional Hire Approaches

Hybrid Targeted Hire Approaches

This chapter begins with an in-depth review of project labor agreements and targeted hire ordinances. We focus on these two approaches because they are the most commonly used and studied. We provide background on each of the tools, their benefits and challenges, and review the goals and outcomes of the cases reviewed. We then provide an overview of other targeted hire tools to the level of detail available and the advantages and challenges of each approach.

PROJECT LABOR AGREEMENTS WITH COMMUNITY WORKFORCE PROVISIONS

What is a project labor agreement?

A Project Labor Agreement (PLA) is a comprehensive contract between a consortium of labor unions and the owner or managing entity of a construction project.²⁶ It operates as a “job-site constitution,” establishing safe working conditions and rules, project execution and accountability on the job, and protocols for resolving labor disputes without resorting to strikes and lockouts.²⁷ Contractors and subcontractors on the project must abide by the policies contained within it. Because they are specifically tailored to the needs of particular projects, PLAs give project owners, building contractors, and trade unions standardized expectations while creating a unique opportunity to anticipate and avoid potential problems that might otherwise arise and possibly impede project progress.

PLAs can vary in scope; they can cover an individual project, multiple related projects or an entire construction program. Project-specific PLAs are uniform agreements covering all the crafts on a project, and lasting only as long as the project. Agency-wide PLAs apply to multiple projects undertaken by a public agency. A citywide or master PLA can require that PLAs are negotiated and set in place for all public works projects within a municipality or based on a particular threshold project size (see Figure 12 for threshold examples). PLAs can be classified according to the parties signatory to the agreement:

- **Owner-Negotiated Project Labor Agreements:** Project owners negotiate the terms of the PLA and are signatory parties to the agreement. In Seattle, Sound Transit and the Port of Seattle are two of such examples;

or

- **Owner-Directed Project Labor Agreements:** Project owners may direct that a winning contractor must negotiate a PLA with labor unions, where the owner is not a party to the agreement itself.

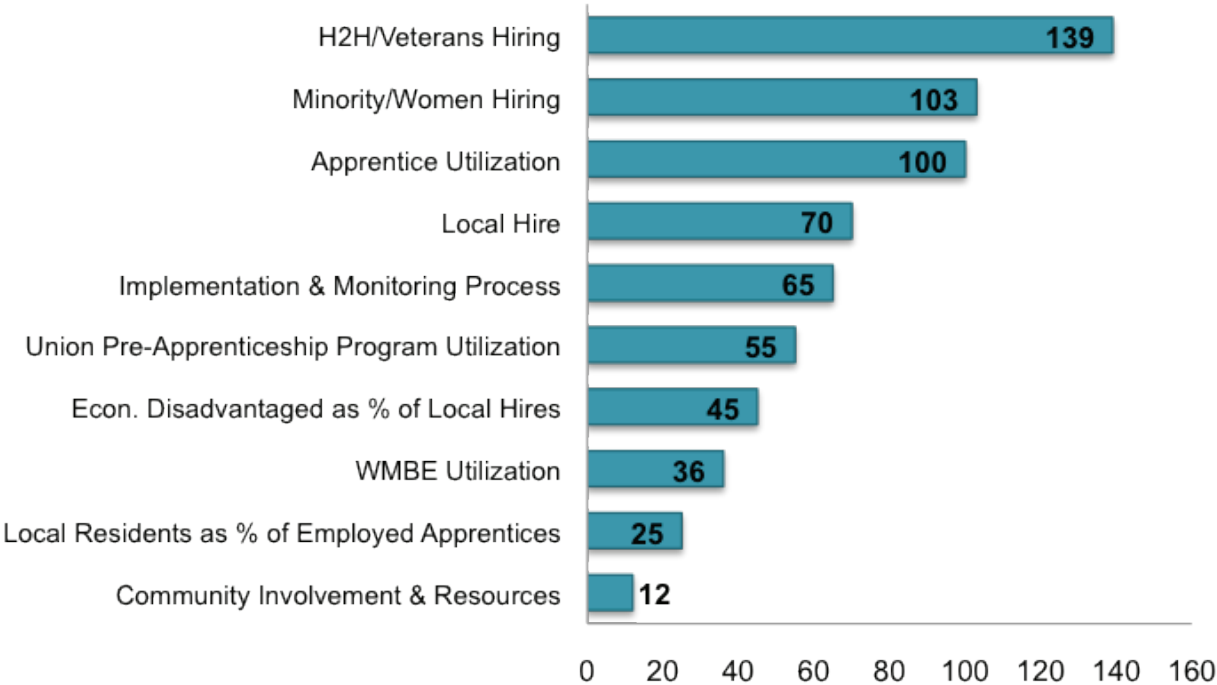
In 2002, the King County Council directed the winning contractor to negotiate a PLA for the Harborview Medical Center, though an oversight committee commissioned by the County determined the scope, form, nature, and content of the PLA.²⁸ Similarly, in 2009, the Washington State Department of Transportation (WSDOT) directed labor unions and the winning contractors to negotiate and sign a PLA for the SR 520 Pontoon construction project.²⁹ It is important to note that

contractor negotiated PLAs in the public sector are rare,ⁱ as the public owner typically negotiates the agreements with the labor unions directly.³⁰

Another distinctive aspect of PLAs is whether or not they include community workforce provisions that deal specifically with targeted hire. A PLA with community workforce provisions has been referred to as a Community Workforce Agreement (CWA), though the City of Seattle is working towards using a more common nomenclature such as a PLA with community workforce provisions. The building trades initiated CWAs in the 1990s to increase access to jobs for community residents,³¹ and in response to community concern that they were being excluded from construction jobs.³² Now, CWA provisions have become a powerful advocacy tool for community and labor to expand construction employment opportunities to those that may have faced barriers accessing jobs.³³

Though a great number of PLAs increasingly include community workforce provisions, it is important to note that not all PLAs have them. Community workforce provisions can vary in scope and extent, depending on the local characteristics and the needs of the project. A recent study by Cornell University’s School of Industrial Relations analyzed 185 PLAs and found that over 100 of the agreements included different community workforce provisions.³⁴ The most common workforce provisions included in these PLAs are shown in **Figure 6** below.

Figure 6: Community Workforce Provisions in Project Labor Agreements*

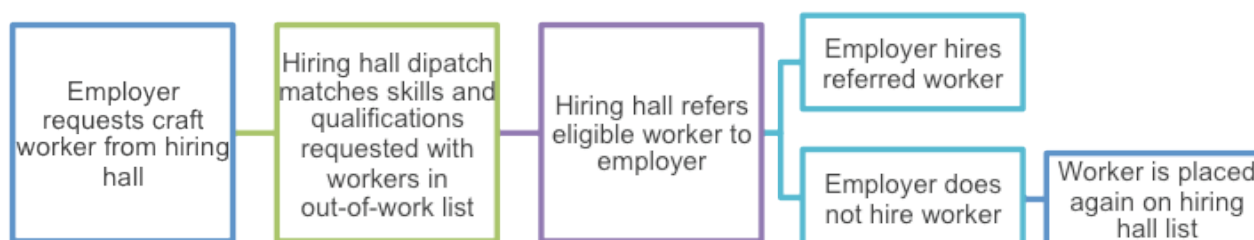


**Based on an analysis of 185 PLAs from across the U.S. adopted and implemented from 1995 to 2010.
Source: Cornell University, School of Industrial Relations, “Community Workforce Provisions in Project Labor Agreements.”*

ⁱ In the private sector, it is more common for the owner to ask the contractor to negotiate the project labor agreement.

PLAs require that contractors hire through union hiring halls, which are union-operated placement centers. Contractors call union halls to request a specific number of workers, with specific skillsets, for a specific amount of time. This way, contractors know there will be workers available with a consistent level of skills for the work they need to complete, and they only keep these workers on their payrolls until the work is done. Union hiring halls deploy workers by matching the contractors' requests to their own list of available workers, selecting workers based on an out-of-work listⁱⁱ and the skill types and levels requested.³⁵ Union hiring halls can also refer apprentices from joint labor-management apprenticeship programs.³⁶ **Figure 7** illustrates the hiring hall process.

Figure 7: The Union Hiring Hall Process



PLAs with community workforce provisions direct hiring halls to dispatch targeted workers to the jobs. Since PLAs supersede the unions' collective bargaining agreements, hiring halls may refer journey-level workers and apprentices based on selected conditions, such as the zip code in which the individual resides or whether they are first-year apprentices.

In cases where unions are unable to meet the request for targeted workers and where qualified workers are unavailable, PLAs usually have a provision that gives contractors the option of using alternative hiring sources. As Kathleen Mulligan-Hansel indicates, "Some CWAs allow people to be hired directly from the community if the hiring halls cannot provide qualified targeted workers according to requirements. This is an important provision that ensures that "we don't have any workers' isn't used as an excuse to circumvent the targeted hire provisions."³⁷

Though PLAs often require the exclusive use of hiring halls, there are some limited exemptions for open-shop contractors to use their workforce, referred to as "core" workers. For instance, the Los Angeles Unified School District PLA allows contractors to hire up to five core workers, while the Seawall CWA allows up to two. Criteria used to identify who is a core worker depend on the PLA, but generally include:³⁸

- Working a certain total number of hours (1,000 to 3,000 hours) for the employer in the designated construction craft classification;
- Appearing in the contractor's active payroll for a certain number of hours or days over a given number of months prior to the project;

ii Workers are placed on an out-of-work list prioritized according to how long workers have been job hunting.

- Meeting the minimum journey-level qualifications for the craft they are performing,³⁹ and
- Possessing any federal or state license required to perform project work.

Similarly, non-union workers can participate in PLA-covered work if they pay and maintain as current their union representation fees during their time on the project. To do so, they must register with the hiring hall and verify that they meet the core worker requirements. The hiring hall places them on the out-of-work list to be referred to work.

PLAs with community workforce provisions also include criteria and resources for training and placing new workers into the industry. They can include a “preferred entry agreement,” which allows targeted workers in pre-training programs to enter into apprenticeship programs (see Chapter 6). Because many workforce provisions also require the hiring of apprentices, new workers are likely to begin working and earning right away. The Seawall Community Workforce agreement provides preferred entry for graduates of approved pre-apprenticeship program, setting a goal of one direct entry placement for every five apprentices on the project.⁴⁰

PLAs can also include funding for pre-apprenticeship programs. This ensures resources for training as well as placement (see Chapter 6). PLAs with community workforce provisions also require significant funding for monitoring, enforcement, and evaluation of outcomes to ensure that stakeholders are compliant and targeted goals are being met.

Key Advantages of Project Labor Agreements with Community Workforce Provisions

PLAs allow public agencies to leverage large scale construction projects for high quality jobs, “establishing standards for wages, benefits, safety and skills training that ensure community members hired under its terms get access to a real [construction] career.”⁴¹

Secondly, PLAs are one of the few tools available to legally circumvent regular union dispatch hiring hall processes, because they supersede existing unions’ master agreements. As such, within a PLA, hiring halls can prioritize targeted disadvantaged individuals over the order of the out-of-work list.⁴² By superseding local collective bargaining agreements, a PLA can also reconcile conflicting provisions of the local labor agreements between different contractors and unions.

In addition, PLAs encourage labor peace, since parties agree to no lockouts, no strikes, and no work stoppages. PLAs also have a clear grievance procedure to solve disputes among stakeholders. In regards to cost, an extensive body of research has documented the benefits of PLAs, stating that they create efficiencies and coordination to ensure projects are completed on time and on budget.⁴³ Moreover, PLA proponents claim that increased training and skill levels usually translate into safer job performance and lower maintenance and injury-related costs.⁴⁴ We also note that there are dueling studies that report the contrary,⁴⁵ with different stakeholders presenting diverging opinions on the matter.

Main Challenges of Project Labor Agreements with Community Workforce Provisions

Labor unions and the project owner or contractors are the only parties signatory to PLAs. Other stakeholders can influence the process so that their needs are incorporated into targeted hire goals, but this is not an institutional role. Influencing the negotiations can be a challenge for those stakeholders who do not have enough financial or political resources.

Another concern is that PLAs limit the number of core workers because contractors are required to hire the majority of workers from the hiring hall. PLAs may potentially discourage open-shop contractors, including open-shop WMBEs, from bidding in public works projects. In Seattle, WMBE firms have expressed concern over the effects of PLAs on WMBE utilization, noting that PLAs and the union dispatch system do not fit their business model, and pose additional challenges for their participation (see Chapter 5).⁴⁶ Many of the Associated General Contractors of Washington's non-union members, including WMBE firms, do not bid on PLA projects as union work rules included within the PLA make it difficult for them to be competitive.⁴⁷

Though we did not find studies or reports from public agencies utilizing PLAs to assess whether or not PLAs decrease open-shop businesses' participation, a recent Port of Oakland progress report states that "Unions continue to work successfully with non-Union Contractors working under the PLA to ensure that those Contractors are able to use both their 'core' employees and skilled Union members from the hiring halls on their work crews."⁴⁸ Similarly, under the Los Angeles Unified School District PLA, small contractors, open-shop and union, received close to \$4.2 billion in contract dollar awards, or 48 percent of total contract dollars awarded between 2003 and 2011.⁴⁹ Small Business Program representatives have stated that, "there were many non-signatory contractors that participated in the bidding process [...] Some of these contractors became signatory (union) contractors after being exposed to the union hiring halls and apprenticeship programs. Others did not become signatory, but still were satisfied to bid repeatedly on later LAUSD projects."⁵⁰

There is also concern that a PLA requirement may potentially reduce the pool of available bidders, leading to a lack of competition and increased project costs.⁵¹ However, an analysis of bids before and after PLAs were negotiated for infrastructure projects in the City of Los Angeles, found that bids submitted under a PLA were closer to the engineers' estimates, while those without a PLA tended to run higher.⁵²

Project Labor Agreements in Seattle

Regionally, the King County area has extensive and lengthy experience with PLAs. Project labor agreements governed approximately \$1.5 billion in public works projects, including the blanket PLAs from Sound Transit and the Port of Seattle, and project specific PLAs such as:

- Harborview Medical Center Seismic Stabilization and Critical Care Expansion, completed in 2008;

- The Seattle Central Library, completed in 2004;
- The Seattle Seahawks Football Stadium, completed in 2002;
- The Seattle Public Utilities Tolt Treatment Facilities, completed in 1999;
- Safeco Field, completed in 1999;
- Port of Seattle Pier 66, completed in 1999; and
- City of Seattle Civic Center (City Hall, Municipal Court and Justice Center), completed in in 2003.

Although the Seawall PLA is the first PLA lead by the City in over 10 years, the City has had experience with at least three PLAs in the past.

Project Labor Agreements Reviewed

Findings in this report are based on the following seven project labor agreements (see descriptions in Appendix C: Targeted Hire Programs Reviewed):

Project-Specific

- The Port of Oakland Maritime and Aviation PLA (MAPLA), signed in 2000.

Multiple Projects

- The Los Angeles Unified School District (LAUSD) PLA, signed in 2003.

Public Agency-Wide

- The Hayward Unified School District PLA, signed in 2009.
- The Los Angeles County Metropolitan Transportation Authority (LACMTA) PLA, approved in 2012.
- The City of Los Angeles Department of Public Works PLA, signed in 2010.

Seattle PLAs:

- The Port of Seattle master PLA, signed in 1999.
- Sound Transit PLA for the construction of Sounder Commuter and Link Light Rail Projects, signed in 1999.

As shown in **Figure 8**, all of the PLAs reviewed (excluding Seattle) have had positive targeted hire outcomes, and where applicable, increased apprentice utilization rates. In our review of the literature surrounding these PLAs, we were unable to locate data on targeted workers and apprenticeship participation rates before these programs were implemented. We believe the tracking of workers pre-PLA was often not in place. Many of these targeted hire approaches have tried to address this concern by establishing clear reporting mechanisms (see Chapter 6).

Figure 8: Project Labor Agreements - Targeted Hire Goals and Outcomes

| | Workforce Profile Pre-PLA | Workforce Goals | Workforce Outcomes | Apprentice Participation Pre-PLA | Apprentices Goals | Apprentices Outcomes |
|-----------------|----------------------------------|---|---|---|--|--|
| Los Angeles DPW | Not Available | 30% local residents in designated zip codes, 10% disadvantaged workers | From 2010-2012 33% local residents, 22% disadvantaged workers ⁵³ | Not available | 20% apprentices | From 2010-2012 23% apprentices |
| LAUSD | Not Available | 50% local residents in LAUSD zip codes | From 2004-2011 41% LAUSD district residents, 68% local residents (within LA County) ⁵⁴ | Not available | 30% apprentices in each craft; of this 40% first-year apprentices | From 2004-2011 32% of all workers were apprentices, 42% of all apprentices were first-year apprentices |
| Hayward USD | Not Available | 30% local residents | From 2010-2011 42% local residents ⁵⁵ | Not available | 1 Hayward resident apprentice per \$5 M; No more than 2 entry-level apprentices for each craft | Not available |
| LACMTA | Not Available | 40% residents in zip codes where median income is \$40,000 or less, 10% disadvantaged workers | As of 2014, ⁵⁶ 54% workers residing in economically disadvantaged areas, 14% disadvantaged workers ⁵⁷ | Not available | 20% apprentices | Not available. ⁱⁱⁱ |
| Port of Oakland | Not Available | 50% local residents ^{iv} | From 2012-2013 54% local residents ⁵⁸ | Not available | 20% apprentices | From 2012-2013 14% apprentices |
| Port of Seattle | Not Available | None | None | Not available | 20% apprentices, 50% first-year apprentice hours to be worked by women, people of color, disadvantaged and under-represented apprentices | For Q3 2010, 16% apprentices, 25% women and people of color, 7% first-year women and people of color apprentices ⁵⁹ |

iii The Westside Subway Extension Exploratory Shaft Project was exempted from apprenticeship requirements.

iv Local refers to Local Impact Area, defined as Alameda, Emeryville, Oakland, and San Leandro) and Local Business Area, defined as Alameda and Contra Costa counties.

| | Workforce Profile Pre-PLA | Workforce Goals | Workforce Outcomes | Apprentice Participation Pre-PLA | Apprentices Goals | Apprentices Outcomes |
|---------------|----------------------------------|--|--|---|---|--|
| Sound Transit | Not Available | 33% low-income workers, 21% people of color, 12% women | For completed Central and Airport Link projects: 26% people of color, 7% women ⁶⁰ | Not Available | 20% apprentices; 33% women and people of color apprentices; 50% first-year women, people of color apprentices | For completed Central and Airport Link projects: 14% apprentices, 14% women apprentices; ⁶¹ 36% people of color apprentices ⁶² |

Although each agreement is different, with provisions reflecting the unique needs and conditions of the project and the stakeholders involved, we identified a set of best practices based on the experiences found in the selected PLAs. These will be discussed in Chapter 6.

Legal Implications of Project Labor Agreements

Courts have widely upheld the use of PLAs on public works projects for more than twenty years.⁶³ Carefully drafted PLA policies that make clear local governments are acting as market participants seeking the best value for their money have withstood legal scrutiny, or avoided challenges altogether.

The National Labor Relations Act (NLRA) governs labor organizing and the relationship between unions and employers. As a federal law, the NLRA supersedes any local law that contradicts it. The NLRA forbids state regulation of activities that the Act protects or prohibits, or that Congress intends to be left unregulated to facilitate the “free play of economic forces.”⁶⁴ Some have argued that PLAs are preempted by the NLRA because they regulate labor relations or interfere with the free market of construction labor.

These arguments have failed. In a 1999 decision called “Boston Harbor,” all nine Supreme Court justices decided unanimously that state and local governments were free to require PLAs as “market participants” acting in their own best interests and that of the taxpayers.⁶⁵ Laws requiring PLAs are not “state regulation” at all, according to the Supreme Court, but rather local governments bargaining for what’s best for their jurisdictions. The substantial benefits of PLAs for local communities and the project delivery process justifies their use, time and again. PLA policies have been continually upheld as a decision of a market participant obtaining maximum value.

The market participant exception for local governments to require PLAs does not give carte blanche to local governments to require PLAs for every project in the City.⁶⁶ One exception may be private projects that receive favorable tax treatment, but not direct funding from the City. Another exception may be requiring that all contractors participate in apprenticeship programs that meet specific standards

imposed by the City, although this requirement has survived at least one challenge in a Ninth Circuit court.⁶⁷ Yet another may be if receiving federal dollars, where the federal agency withholds approval of a PLA for the project.

TARGETED HIRE ORDINANCES

What is a Targeted Hire Ordinance?

Targeted hire ordinances, also known as priority hiring ordinances, are legislation requiring that contractors hire targeted workers in public construction projects. Such ordinances create standards that apply to all construction projects covered by it. An ordinance can include various requirements such as hiring a percentage of disadvantaged workers, participating in registered apprenticeship programs, providing health and safety training, and supporting pre-apprenticeships and other training programs that reach out and service disadvantaged communities.

Targeted hire ordinances define the disadvantaged worker criteria. For example, in Cleveland, the targeted hire ordinance identifies disadvantaged individuals as low-income persons,⁶⁸ while in Milwaukee, targeted populations are defined as unemployed and underemployed residents.⁶⁹ In some instances, ordinances identify geographic areas such as census tracts or zip codes with high rates of poverty and/or unemployment, or other markers of economic distress to locate targeted populations. These census tracts or zip codes are then used to identify and prioritize access to construction employment and training opportunities. Disadvantaged workers can also include a single parent, formerly incarcerated, lacking a GED or High School diploma, or any other recognized barriers to employment. These criteria are designed to bring economic benefits to underserved communities. They offer a pathway for socially and economically disadvantaged individuals to access quality jobs with family-sustaining wages and benefits.

Targeted hire ordinances can also require that contractors use first source hiring programs or other construction employment referral systems for new hires on public construction projects. First source hiring refers to a process by which eligible individuals are given priority consideration for jobs, before the position is opened to other workers. Contractors first notify a designated clearinghouse—generally operated by a public agency or an assigned non-profit—when jobs become available, and the clearinghouse then refers eligible qualified targeted workers to the contractor.⁷⁰ In the case of other employee referral services, eligible workers register with the designated clearinghouse. When employers need assistance in filling job vacancies or meeting targeted hire goals, they submit requests to the employee referral system, and receive worker referrals that match their requested skills and qualifications.

CityBuild, the agency charged with overseeing and enforcing the Local Hire Ordinance in San Francisco, screens workers and verifies their residency, before placing them on an “Employer

Networking Eligibility” list.⁷¹ When a job becomes available, contractors submit a job notification to CityBuild, and the agency refers workers to contractors by name. Contractors then select workers based on their needs and request their dispatch from unions.^v Many collective bargaining agreements allow contractors to request workers by name from the union hiring hall, and dispatch them even if they are not at the top of the out-of-work list. According to Pat Mulligan, CityBuild Director, and Ken Nim, Workforce Compliance Manager, this is one of the ways by which the agency assists contractors to meet their targeted hire requirements.⁷²

Figure 9: San Francisco CityBuild Referral Process



While CityBuild requires that workers be union members in good standing in order to be included on the “Employer Networking Eligibility” list,⁷³ other hiring referral programs assist union and non-union workers alike. In Milwaukee, for instance, the Resident Preference Program (RPP) maintains an active list of individuals who have been laid off for at least 30 days and/or have worked less than 1,200 hours in the preceding months.⁷⁴ Contractors requiring assistance place requests to any of the three agencies that provide RPP certification, and based on the qualifications needed, workers are referred to the worksite. Oakland’s Local Construction Employment Referral Program banks job seekers’ name, contact information and skill level in a database, and refers workers to open-shop contractors seeking skilled or unskilled workers.⁷⁵ In cases where unions do not have available Oakland residents to dispatch, union contractors can use the Local Employment Referral data bank to meet their targeted hire goals.⁷⁶

Key Advantages of Targeted Hire Ordinances

Targeted hire ordinances can create standards that ensure good jobs, incorporate training and require targeted hire goals. Those standards then apply to all bids for public contracts, and only those contractors that abide by the requirements qualify for contract awards. Furthermore, once the city establishes targeted hire requirements and adopts an ordinance, the terms remain consistent and in effect indefinitely without needing to develop new requirements with each project. According to community advocates, this represents a key advantage as community coalitions and other stakeholders may not always have the financial and other resources needed to negotiate the terms of project specific agreements, as it is the case with many PLAs.⁷⁷ An ordinance ensures the durability and uniformity of targeted hire goals.

v Over 95% of CityBuild referrals are union workers.

Because the ordinance is an institutional tool, adopted by city council and not any singular stakeholder group, it creates a level playing field for all stakeholder engagement, though participation can vary depending on access, capacity and resources of different stakeholders. Targeted hire ordinances can also provide resources for monitoring and enforcement structures, as well as hiring and training programs. Most ordinances reviewed in this report clearly define the responsibilities of each stakeholder, which in turn facilitates compliance with the targeted hire requirements. Additionally, a targeted hire ordinance can create strong opportunities for WMBE contractor inclusion, whereas a PLA may add requirements that are not normally accounted for by WMBEs in their bidding practices.

Main Challenges of Targeted Hire Ordinances

Unlike project labor agreements, targeted hire ordinances cannot influence or change the union hiring hall priority referral system, and therefore depend on union buy-in to meet targeted hire goals. In the case of East Palo Alto's First Source Hiring Ordinance, the lack of union participation and buy-in posed numerous challenges, leading to poor targeted hire outcomes.⁷⁸ Unions continued to dispatch workers based on seniority, and not by residency as the initiative requires.⁷⁹ Cleveland's Resident Employment Law, on the contrary, is fully supported by the unions, who actively dispatch workers that meet Cleveland's targeted hire goals.⁸⁰

In addition, unlike PLAs, ordinances do not include certain jobsite and workforce guidelines. First, they do not specify work conditions, which are set by City contract provisions or union agreements. Second, they cannot include provisions for no lockouts and no strikes since these are under the protection of the National Labor Relations Act. They also do not include dispute resolution mechanisms, which are generally set through City contract provisions or union agreements (see additional discussion on the differences between PLAs and ordinances in Chapter 4).

Ordinances Reviewed

Findings on this report are based on the following six targeted hire ordinances:

- City of San Francisco **Local Hiring Ordinance**, adopted in 2010.
- The **Milwaukee Opportunities for Restoring Employment** ordinance of 2009.
- City of Richmond **Local Employment Ordinance**, adopted in 2006.
- The **Fannie M. Lewis Cleveland Resident Employment Law** of 2003.
- East Palo Alto's **First Source Hiring Ordinance**, adopted in 1996.
- City of Oakland **Local Employment (LEP) and Local Construction Employment Referral Programs** ordinance, adopted in 2001.

These ordinances have so far yielded different outcomes based on the types of jobs they cover, the targeted hire goals they set, and the hiring processes used to meet these goals. They also differ in terms of their built-in enforcement mechanisms, and the varying levels of community involvement and oversight. These will be discussed in Chapter 4. **Figure 10** summarizes the targeted hire goals and outcomes of these ordinances. We were only able to locate data on targeted worker participation before ordinances were adopted in the cities of San Francisco and Milwaukee.

In San Francisco, a study conducted by the Chinese Affirmative Action and Brightline Defense analyzed data from 29 public infrastructure projects and found that San Francisco residents performed 24 percent of the total project hours.⁸¹ Upon the adoption of the targeted hire ordinance, participation of local workers increased to 32 percent in 2012. In Milwaukee, the M.O.R.E. ordinance increased the targeted hire requirements of the Resident Preference Program (RPP) from 25 to 40 percent. According to a 2008 report, a year before they adopted the ordinance, they estimated targeted resident participation at 30 percent.⁸² Targeted resident participation increased to 46 percent in 2012.⁸³

Figure 10: Ordinances - Targeted Hire Goals and Outcomes

| | Workforce Profile before Ordinance | Workforce Goals | Workforce Outcomes after Ordinance | Apprentice Participation before Ordinance | Apprentice Goals | Apprentice Outcomes after Ordinance |
|------------------------|---|--|---|--|--|--|
| City of San Francisco | From 2003- 2010 24% local residents ⁸⁴ | 25% local residents, 25% disadvantaged workers | In 2012, 32% local residents ⁸⁵ | From 2003-2010, 18% apprentices | 50% local residents, 25% disadvantaged workers | In 2012, 56% apprentices are SF residents |
| City of Milwaukee | In 2008, 30% local residents ⁸⁶ | 40% local residents | In 2012, 46% local residents ⁸⁷ | Not available | No set aside | Not available |
| City of Richmond | Not available | 20% local residents | 27% local residents | Not available | Not available | Not available |
| City of Cleveland | Not available | 20% local residents, 4% low-income workers | In 11/2013, 21% local residents, 11% low-income workers ⁸⁸ | Not available | 30% apprentices | For currently active projects 7% |
| City of East Palo Alto | Not available | 30% local residents | In 2007, 23% local residents ⁸⁹ | Not available | Not available | Not available |
| City of Oakland | Not available | 50% local residents, 50% new hires must be local residents | In 2013, 40% local residents* | Not available | 15% apprentices | In 2013, 11% apprentices |

**According to Jonothan Dumas - Local Employment Program Supervisor at the City of Oakland, the 10% shortage accounts for contractors that have provided employment in non-city projects or were given waivers due to lack of local worker availability.*

Legal Implications of Targeted Hire Ordinances

Pre-emption by the National Labor Relations Act (NLRA): Interfering with Collective Bargaining

The National Labor Relations Act (NLRA) governs labor organizing and the relationship between unions and employers. As a federal law, it supersedes any local law that contradicts it. The NLRA forbids state regulation of labor practices and activities that the Act protects or prohibits, or that Congress intends to be left unregulated to facilitate the “free play of economic forces.”⁹¹

To steer clear of legal challenges under the NLRA, targeted hire ordinances should avoid directly interfering with collective bargaining agreements. The “safest” targeted hire ordinance will not require a union employer to hire targeted individuals from outside the hiring hall or to interfere with the priority referral system in order to meet targeted hire goals, unless the collective bargaining agreement contains provisions permitting this. Such requirements unilaterally change the hiring hall procedure designated in the collective bargaining agreement, and may be considered an unfair labor practice prohibited by the NLRA.⁹²

Targeted hire ordinances are likely to survive legal challenges when they respect existing collective bargaining agreements. This can be accomplished through more modest requirements, like good faith efforts to recruit and retain targeted hires, or goals that increase in stages.

Violation of the Privileges and Immunities Clause: Discriminating Against Non-Residents in Local Hire Ordinances

No local government may discriminate against non-residents simply because they are non-residents. Local hire ordinances must demonstrate a “substantial reason” for the difference in treatment between residents and non-residents to avoid violating the Privileges and Immunities Clause of Article IV of the U.S. Constitution.

Many local hire ordinances have survived scrutiny by justifying the preference for local residents. Justifications that amount to “substantial reasons” to discriminate against non-residents include, for example: high unemployment rates, the cost of unemployment to the local jurisdiction, and that the cost of higher unemployment rates and welfare benefits paid to unemployed local workers outweighs the benefits of hiring nonresident workers.⁹³

Local hire ordinances are constitutional when data proves that the ordinance is designed to counteract high rates of unemployment and poverty.

Violation of the Equal Protection Clause of the 14th Amendment: Targeted Hire Ordinances that Preference Women and Minorities

Targeted hire measures that preference race, ethnicity or gender (through mandatory requirements as opposed to aspirational goals or good faith efforts) must be narrowly tailored and show that such measures are the last resort and necessary to counteract past discrimination in the specific location and industry at hand.⁹⁴

Per the Ninth Circuit, a city that implements targeted hire with preferences based upon race, ethnicity or gender must conduct a disparity study demonstrating past discrimination that proves a “compelling interest,” and must demonstrate that the targeted hire measure is “narrowly tailored” so as to remedy past discrimination with minimal current discrimination. Perhaps because this standard is so high, few targeted hire measures contain such preferences.⁹⁵

The City of Seattle, Sound Transit and the Port of Seattle do not have a Disparity Study of workers from which to rely upon. None of these agencies have placed mandates into their targeted hire program.

Targeted hire ordinances that preference local residents or disadvantaged groups identified through means other than race or gender can survive Equal Protection challenges. These ordinances need to show that the measures are reasonably calculated to achieve a legitimate government interest, such as remedying poverty and unemployment.⁹⁶ That said, in Washington State this standard itself is a very high bar. Merely improving the region’s employment was found insufficient to merit a legitimate government interest.⁹⁷

ADDITIONAL TARGETED HIRE APPROACHES

While our study primarily evaluates ordinances or project labor agreements, there are also other targeted hire approaches available to public agencies.

COMMUNITY BENEFITS AGREEMENTS

What is a Community Benefits Agreement?

A community benefits agreement is a legally binding contract between a broad community coalition and a developer. It seeks to address a wide range of community needs, such as job access, living wages or community infrastructure, and can include targeted hire provisions to increase hiring diversity.⁹⁸ In some cases, a community benefits agreement can have other signatories like public agencies, unions, and training providers. Since their introduction for the first time in Los Angeles in the early 2000s, community benefits agreements have evolved to encompass a variety of unique public and private agreements.⁹⁹

Community benefits agreements have traditionally been negotiated for commercial and residential developments, in return for economic benefits, or in cases when there is a proposed land use change.¹⁰⁰ However, recent trends show that these agreements are increasingly used by local governments and becoming more institutionalized, as it is the case of Portland, Oregon.¹⁰¹

Advantages of Community Benefits Agreements

The negotiation of community benefits agreements requires meaningful collaboration between all parties involved and can provide a platform for community coalitions, public agencies, and contractors

to outline commitments and to draft agreement language together. The process also allows for joint monitoring (between all stakeholders) and enforcement of targeted hire commitments.

Since, in some cases, community benefits agreements have evolved to include PLA-like provisions and unions can become signatory to the agreements, community benefits agreements can influence union dispatch rules and establish contributions for training funds. They can also direct contractors to partner with community-based organizations to conduct outreach and recruitment in targeted communities.

Challenges Associated with Community Benefits Agreements

Community benefits agreements can shift traditional power dynamics, as new coalitions form to advance community benefits. Their success is therefore largely dependent on strong partnerships and collaborations between all stakeholders involved.

Because community benefit agreements are highly localized in nature, the redistributive benefits and regulatory protections associated with the agreement only apply to a limited number of residents and employees.¹⁰² In other words, hyper localized community benefits agreements exclude large numbers of urban residents who could otherwise benefit from citywide policies with similar targeted hire objectives. Furthermore, the associated costs of such localized community benefits agreements are levied on a small pool of contractors as opposed to cost levied on all contractors citywide.¹⁰³

Another challenge associated with community benefits agreements is that community coalitions need to invest a great deal of resources, such as attorneys and experts, to assist them in the negotiation of the agreement. The monitoring of community benefits agreements outcomes also requires the expenditure of significant resources by all stakeholders involved.¹⁰⁴

Example of Community Benefits Agreements: Seattle Dearborn Goodwill project and Community High-Road Agreement

In Seattle, the first community benefits agreement was signed in 2008 for the Dearborn Goodwill project, a \$300-million retail and housing project.¹⁰⁵ Aside from commitments to build affordable housing and funding contributions for the construction of a community center, the agreement also stipulates a 15 percent apprentice utilization goal, the hiring of local residents through pre-apprenticeship programs, and contractor participation in WMBE business programs.¹⁰⁶

Similarly, in 2010, Seattle adopted a Community High-Road Agreement for its \$100 million home energy upgrade program.¹⁰⁷ The agreement—negotiated between contractors, union, community-based organizations, training providers, public agencies, and financial institutions—established a set of sustainable contracting standards and community benefits. It included a 33 percent targeted hire goal for disadvantaged workers; a small business participation goal of 80 to 100 percent; a 30 percent participation goal for minority-owned firms and 10 percent for women-owned firms; and finally, increased participation for local and veteran-owned businesses.¹⁰⁸

Example of Community Benefits Agreement: City of Portland Community Benefits Agreement

In 2012, the City of Portland passed Resolution No. 36954 adopting a community benefits agreement template^{vi} to be used as a basis to negotiate agreements on large-scale public works projects.¹⁰⁹ The resolution was presented in response to a 2009 City Disparity Study that showed statistically significant underutilization of minority-owned prime contractors on City Projects.¹¹⁰ The City, in collaboration with the Metropolitan Alliance for Workforce Equity (MAWE)—a historic partnership between community, labor, workforce training partners and other stakeholders— drafted a community benefits agreement template to use as the basis for future negotiations. The template agreement includes provisions to:¹¹¹

- Increase the utilization of disadvantaged workers (18 percent of hours worked by minorities, and 9 percent by women), apprentices (20 percent of total work hours) and certified WMBE firms (20 percent of the hard construction costs);
- Establish funds to support outreach, training, oversight and technical assistance for disadvantaged contractors; and
- Ensure continuous oversight and improvement of the agreement through a Labor-Management-Community Committee that is representative of all the stakeholders.

In addition, many of the provisions in Portland’s community benefits agreement template are modeled after PLAs; they require contractors to use hiring halls to obtain workers, provide grievance and dispute resolution mechanisms, and include a no lockout, no strike guarantee. The community benefits agreement template also includes special provisions for WMBEs (see Chapter 5).

The City is currently piloting the agreement on two Water Bureau projects totaling \$100 million. Initial reports on the two pilot projects indicate that targeted hire goals have been surpassed. In the Interstate Maintenance Facility Renovation project, minorities performed 24 percent of the hours during October 2013 and women performed 10 percent. In the Kelly Butte Reservoir project, minorities performed 31 percent of the hours worked, and women 10 percent.¹¹²

Currently, the City is analyzing outcomes from these two pilot projects, and gathering input from additional stakeholders to inform the negotiation of future community benefits agreements for specific major public works projects, anticipated to total \$15 million.¹¹³

One of the challenges associated with Portland’s template community benefits agreement policy is that it does not ensure that targeted hire goals will remain constant across project-specific agreements. However, efforts are underway to address this issue.¹¹⁴

vi We refer to the Portland community benefits agreement as a “template” as it is currently only being piloted on two projects and is still in the process of being fine-tuned before it is negotiated on other major public works projects.

CONTRACT PROVISIONS

What are Contract Provisions?

Contract provisions are a set of standards that can be incorporated into agency contracts. Some contract provisions are requirements of local, state or federal law, such as anti-discrimination language. Contract provisions can include jobsite and workplace provisions including scope of work, dispute resolution, and labor standards. Contract provisions can stand on their own or can be written into the language of a PLA or an ordinance. Public agencies or city contracting departments can create a boilerplate contract that includes all provisions, which are then included in all contracts.

A public agency can set contract provisions specific to targeted hire goals. Provisions can include workforce and apprenticeship goals, instructions on hiring, training programs and WMBE participation. These provisions would then be included in all public works contracts.

Advantages of Contract Provisions

Contract provisions allow governments or agencies to develop flexible and tailored boilerplate language that can be applied to all contracts under their purview. Contractors are already familiar with the use of contract provisions, and may therefore prefer that targeted hire goals be implemented through them.¹¹⁵ Another advantage of contract provisions is that they establish a direct relationship between the public agency and the contractor, and both parties must adhere to the contractual obligations agreed on.

Depending on how targeted hire goals are articulated in the contract, non-compliance with the targeted hire goals can constitute a breach in the agreement and public agencies may withhold payment and/or assess liquidated damages.

Challenges Associated with Contract Provisions

Contract provisions serve as guidelines and are not enforceable until each project contract is signed. In this way, they are individually negotiated on a project-by-project basis and only last over the lifetime of the contract. There is also very little community involvement, as the negotiations take place between contractors and the public agency.

Example of Contract Provisions: Indiana Office of Community and Rural Affairs

The State of Indiana establishes basic targeted hire contract provisions for federal construction contracts under the Community Development Block Grant Program (CDBG). The specific contract

provision for minority business participation requires that contractors and subcontractors maintain documentation supporting their best efforts to achieve the stated goal of 10 percent WMBE participation. Only those businesses registered on the Indiana Department of Administration's Minority and Women's Business Enterprises List may be counted toward the 10 percent goal.¹¹⁶ In addition, the general contract provisions, unless precluded by a valid bargaining agreement, ask that contractors conduct direct recruitment through public and private employee referral sources likely to yield qualified minority group applicants.^{viii} Section 3 of the contract also requires that recipients of U.S. Department of Housing and Urban Development (HUD) funds, and their contractors and subcontractors provide jobs and other economic opportunities to low-income individuals from within the CDBG project service area. Similarly, the provision also requires the use of local businesses owned by low-income persons within those project areas.¹¹⁷

Example of Contract Provisions: Oregon Department of Transportation - Special Provisions for Highway Construction

In 2013, the Oregon Department of Transportation (ODOT) issued a series of specifications, contract provisions and special provisions for highway construction bids. The contract provisions include targeted hire goals aimed at ensuring the adequate representation and utilization of minorities, by craft and trade, throughout the construction of the project. These include:

- Assisting in locating, qualifying, and increasing the skills of minorities and women who are applicants for employment or current employees;
- Providing opportunities aimed at developing full journey-level status employees in the type of trade or job classification involved;
- Encouraging eligible employees to apply for trainings and promotions;
- Providing documentation of data related to the number of minorities hired and the hours worked; and
- Developing on the job training opportunities or participate in training programs for the areas which expressly include minorities and women.¹¹⁸

The contract provisions also include on-site workforce affirmative action requirements for women and minorities on federal-aid contracts and subcontracts in excess of \$10,000, in compliance with Executive Order 11246 and the regulations in 41 CFR Part 60-4. These include goals for female and minority utilization designated by geographical area (6.9 percent statewide for female utilization and between 2.9 percent and 4.5 percent for minority utilization by county). ODOT also encourages the compliance with Aspirational Diversity Targets on all federally funded projects that ask for 14

viii If the contractor has a valid bargaining agreement providing for exclusive hall referrals, the contractor is expected to observe the provisions of that agreement to the extent that the system permits the contractor's compliance with EEO contract provisions.

percent women and 14 or 20 percent minority utilization, depending on the region. Contractors and subcontractors are under no obligation to meet these aspirational diversity targets.¹¹⁹

EXECUTIVE ORDERS

What is an Executive Order?

An executive order is a directive or suggestion issued by the leader of the executive branch to staff and officials in the executive branch of government. Federal and state constitutions define the powers of all three branches of government—the executive, legislative, and judicial—and designate the control over certain agencies to the executive. In a city government, the executive is the mayor of the city. The executive branch of government includes any department designated by the city charter as under political control, usually by power of appointment, of the mayor.

Issued by the leader of the executive branch, executive orders are directives that “function as legal, policy, and political tools” and are used for a variety of purposes by the President, governors, and mayors.¹²⁰ The structure of executive orders provides the leader of the executive branch with the liberty to issue a directive for purposes that range from establishing state holidays, to appointing cabinet members or heads of departments, to broader policy decisions. For example, Seattle Mayor Ed Murray, recently issued an executive order to increase the minimum wage for all city employees.¹²¹ As such, executive orders allow elected leaders to administer their basic responsibilities, but they also hold significant potential to influence policy on a broader scale.¹²²

Once issued, executive orders may be overturned or modified by the issuing executive, subsequent executives, or the other two branches of government. The state or U.S. Supreme Court can nullify an executive order if a case challenging that order appears before it, and the legislature or city council can pass legislation that conflicts with the order or defunds it.

A targeted hire executive order can direct public agencies, municipalities and departments within the executive’s control to employ targeted hire strategies and to increase the participation of WMBE firms. It can also include an enforcement body and compliance measures for stakeholders who fail to meet targeted hire standards.

Advantages of Executive Orders

Executive orders can be enacted unilaterally and quickly, greatly simplifying the policy-making process. They can influence or circumnavigate the legislative branch, so long as they affect agencies and actors solely reserved to the executive. Executive orders can also speed up the process of receiving federal funding by aligning themselves with targeted hire provisions set forth by higher government officials (e.g. federal guidelines with regard to expenditure of funds from the American Recovery and Reinvestment Act necessitates the implementation of specific targeted hire provisions).

Challenges associated with Executive Orders

Executive orders lack the stability of legislation. They may be overturned at any time if the issuing executive has a change of heart, or by subsequent executives, without deliberation, notice or public comment. This risk of being modified or eliminated at any time means executive orders can easily and quickly become meaningless.¹²³ Furthermore, this type of unilateral policy making method can polarize different stakeholders, exasperate party politics and increase factions within parties.¹²⁴

Executive orders are also disadvantaged due to the ambiguity of an executive's authority. The role of the executive evolves continually by statute, constitutional amendment, and accepted practice. For example, governors may locate their authority to issue an executive order in the state constitution; others, a state statute or federal law; still others an "implied" power of the executive branch.¹²⁵ This ambiguity invites lawsuits to challenge the authority of an executive to issue an executive order. It may also result in an unenforceable executive order. Executive orders without clear funding and enforcement power are little more than "forceful proclamations."¹²⁶

Example of Executive Order: New Jersey's Executive Order 34

New Jersey Executive Order 34, which created the Division of Minority and Women Business Development in 2004, has dramatically increased the percentage of public works contracts awarded to WMBEs. Executive Order 34 was enacted as a direct response to a disparity study conducted in 2004, which showed that while 48 percent of all small businesses in New Jersey in 2004 were WMBEs, just 2 percent of state procurement contracts were awarded to them. The executive order directed the state to achieve the following objectives:

- Develop MWBE utilization improvement goals and monitor procurement activity for all agencies and organizations;
- Establish standards and procedures to better enable agencies and organizations to meet their improvement goals;
- Obtain quarterly reports from each State department, agency, authority, college, and university relating to their purchasing and procurement activities;
- Create and maintain an electronic MWBE supplier database;
- Provide an annual report to the Governor; and
- Convene the Minority and Women's Business Development Advisory Council.

Executive Order 34 produced a steady increase in WMBE contracting. In 2008, WMBEs combined received 8.5 percent of all payments on prime contracts with State agencies in 2008, which includes 3.5 percent minority vendors (\$106.9 million) and 5 percent women vendors (\$152.1 million).¹²⁷

Example of Executive Order: City of Detroit Executive Order No. 2007-1

As part of the economic revitalization initiatives, the Mayor of Detroit issued Executive Order No. 2007-1, effective November 15, 2007, directing City departments and agencies to implement specific resident requirements on all construction projects funded in whole or in part by the City.¹²⁸ As such, Detroit residents are to perform at least 51 percent of the work hours, and must constitute 51 percent of the workforce. The residency requirements are valid for a range of job categories including officials, managers, service workers and apprentices.¹²⁹ The directive also applies to projects funded by state or federal funds, to the extent permitted by law.

Failure to meet the targeted hire requirements is considered a breach of contract and can result in monthly financial penalties of 3, 7, 10, and 15 percent based on the percentage of Detroit resident hours utilized on the project. The contract may also be terminated and, at the option of the City of Detroit, any firm, ranging from the developer and general contractor to the sub-contractor or lower-tier contractor, may be barred from doing business with the City of Detroit for one year.¹³⁰

FREE MARKET

What is a Free Market Approach to Targeted Hire?

A free market approach to targeted hire refers implies that existing labor supply and demand trends should dictate the construction industry employment outcomes. As such, all construction labor market participants—contractors and workers— can freely broker their needs and services, without outside intervention from a public agency. Under the free market approach, the participation of WMBE firms and the number of disadvantaged workers employed is reliant on contractor demand, and contractors can choose to voluntarily hire these workers regardless of goals or quotas.

Advantages of a Free Market Approach

A free market approach requires no further action from the public agency or contractors. Proponents against government-imposed targeted hire approaches, especially project labor agreements, state that interfering with the free market impedes on the competitive bidding environment and provides preferential treatment to unionized contractors and union tradespeople over merit shop businesses and employees.¹³¹ Under a free market approach, no firms are excluded from the bidding process, and all workers can freely compete for job opportunities. Also, since no requirements are imposed and no documentation is needed, contractors do not have to invest resources to document and track targeted hire outcomes.

Challenges Associated with a Free Market Approach

Many of the other targeted hire approaches reviewed here include monitoring and enforcement provisions that require reporting of targeted hire outcomes. Since a free market approach does not require additional intervention from a public agency or from contractors, it is unlikely that either stakeholder would compile data on the number of disadvantaged workers hired, nor would they be able to identify gaps in the construction careers pipeline. A free market approach does not ensure the recruitment, hiring or retention of targeted workers. It also lacks compliance measures to address decreased or stagnant levels of targeted hire.

Example of a Free Market Approach

We were unable to provide examples of municipalities that do not use any form of targeted hire tools. Data on the effectiveness of a free market approach is rather scant, as the majority of municipalities in the country use some sort of targeted hire tool or have requirements in place for the use of apprentices. Furthermore, it should be noted that, as a part of contracting with the federal government, contracts over \$10,000 automatically assume certain targeted hire obligations.^{ix} In this case, every public agency that receives federal dollars is subject to some form of targeted hire provisions on federally funded projects.

RESOLUTIONS

What is a Resolution?

A resolution expresses the policy, official position, or intent of a legislative or public body. Municipal governments, including cities and counties, take official action by two means: resolutions and ordinances. Municipal agencies, such as water districts, ports and public utilities, may also issue resolutions. Whereas ordinances become law in a city's municipal code, resolutions provide guidance and are not legislative acts intended to become law. They may suggest penalties for violations, but generally address issues of narrow scope and/or temporary nature, and lack the enforcement mechanisms available to laws. Frequently, resolutions serve as separate evidentiary documents or delineate necessary procedures before a formal policy is developed. As one Washington court explained, "The term 'resolution' [...] ordinarily denotes something less solemn or formal than the term 'ordinance,' and, generally speaking, is simply an expression of the opinion or mind of the official body concerning some particular item of business or matter of administration coming within its official cognizance."¹³²

In Seattle, either the Mayor or a member of Council can propose a resolution, which follows the committee process as a proposed ordinance would. However, Seattle's City Charter requires that every legislative act take place by ordinance.¹³³

^{ix} There are three sets of regulations that apply to contractors: Executive Order 11246, Section 503 of the Rehabilitation Act and Vietnam Era Veteran's Readjustment Assistance Act (VEVRAA).

A municipality may consider adopting a resolution to express its intent and purpose in promoting targeted hire practice. Such a targeted hire resolution, as an interim measure, can serve three purposes. First, a municipality can present basic evidence of hiring and income disparities between the target and the general population, a necessary predicate to ensure that a formal policy does not violate the Privileges and Immunities and Equal Protection clauses of the Constitution. Second, a resolution can recognize the need for further study to identify best practices of targeted hire approaches. Lastly, it can designate a timeline and responsible entities to develop a formal policy enacted by an ordinance.

Advantages of Targeted Hire Resolutions

A targeted hire resolution can have profound long-term impact by signaling strong government support for increased diversity within the workforce and preferred approaches to achieve it. Where a resolution contains clear guidelines, roles, and expectations and enjoys great political support from the executive and the public, it may achieve its objective without further action and last into the foreseeable future. In Seattle, the process of adopting such a resolution provides opportunity for public comment and fact-finding to improve the policy language. Finally, resolutions pose little risk of Constitutional or other legal challenge because they lack the force of law.

Challenges Associated with Targeted Hire Resolutions

The primary disadvantage of resolutions is their unenforceability. In addition, resolutions may be unsuitable for controversial issues that require a broad scope and promise great impact, or for which the city and the public intend permanent solutions.¹³⁴

Example of Public Agency Targeted Hire Resolution: San Francisco Unified School District Resolution 1212-11A3

In March 2013, the San Francisco Unified School District Resolution 1212-11A3 “Creating an Equitable Pathway to Community Contracting and Hiring” was approved by the Board of Education. The San Francisco Unified School District and a coalition of community advocates, organized labor representatives, local contractors, and San Francisco city officials backed the resolution, requesting that local disadvantaged communities be given greater access to good paying jobs on school district construction projects.¹³⁵ The resolution called on the Superintendent and his staff to draft and submit for Board approval a local hire policy that represents the commitment of the District to contract with San Francisco-based businesses, to hire local residents and to create pathways for District students to access good paying jobs in the building trades through a comprehensive internship program. The proposed Local Hire Policy suggests a minimum of 25 percent of total construction worker hours to be performed by local residents, and a minimum of 50 percent of the total apprentice hours be performed by local residents. Prime contractors would have to sponsor two internships for every \$2.5 million in construction contract value through the District’s Construction Internship Program. In addition, the proposed local hiring policy

includes targeted goals for women (20%) and minorities (70%). For businesses, it outlines goals for local business participation (30%), minority business participation (35%), and women business participation (10%) for overall construction and non-construction services.¹³⁶

RESPONSIBLE CONTRACTOR STANDARDS

What are Responsible Contractor Standards?

A responsible contractor policy is a set of enforceable specifications adopted by a governing entity and incorporated into a construction bid as a condition for performing work on public work contracts. These specifications can be standards for wages and benefits, evidence of compliance with certain laws, or specific standards set by the awarding agency such as apprenticeship training or targeted hire. Responsible contractor standards are intended to supplement existing contractor qualification and performance standards required by law, public policy or contracting documents.¹³⁷ Responsible contracting policies allow governing entities to select bidders not only based on the lowest bid but the lowest “responsible bid,” based on quality criteria and previous history.¹³⁸ Responsible contractor standards can be established for a single, large-scale project, or can be established as a matter of public policy, so that all construction projects undertaken by that agency are covered by responsible contractor standards.

Advantages of Responsible Contractor Standards

Responsible contracting standards maximize contractor accountability and encourage a prudent and fair contracting process that can lead to better quality services and reduce hidden costs that can arise when workers do not receive living wages and benefits.¹³⁹ The standards also create increased competition between responsible contractors and provide incentives for contractors to perform successfully on project delivery in terms of quality, schedule and cooperation, as their performance can determine opportunities for future jobs.¹⁴⁰

Challenges Associated with Responsible Contractor Standards

Responsible contractor standards may limit the available contractor pool by excluding smaller contractors due to technical error in prior performance, or providing advantages to larger contractors who can more easily navigate certain barriers. Furthermore, the compliance mechanism is built into the bidding and award stage and is difficult to enforce during the project.

Example of Responsible Contractor Standards: City of Oregon, OH

The City of Oregon, OH, evaluates prospective bidders based on their integrity, work history, experience, and staffing capabilities, among other criteria. In addition, contractors proposing to

submit bids on any City of Oregon public construction project must include a statement of good faith estimate of the percentage of their workforce that resides in the City of Oregon, Northwest Ohio and/or Southeast Michigan.

Example of Responsible Contractor Standards: Denver Metro Area

In November 2004, City of Denver taxpayers voted to invest in FasTracks, a mass transit expansion. A coalition of community, business, environmental advocates, and labor representatives spearheaded by FRESA: Good Jobs - Strong Communities, proposed that the Regional Transit District incorporate targeted hire and apprentice utilization language into the Request For Proposal. The proposal included the following standards:

- Thirty percent of total work hours to be performed by local residents and 10 percent by disadvantaged workers;
- Fifteen percent of total hours to be performed by apprentices; and
- Fifty percent of total apprentice hours to be completed by county residents.¹⁴¹

As a result of the FasTracks project and a \$500,000 grant awarded in 2011,¹⁴² the Workforce Initiative Now (WIN) was to ensure that local residents are provided with opportunities to work on FasTracks. WIN's training program is regarded as an effective initiative, especially given its high success rate. About 50% of WIN workers originate "from zip codes adjacent to FasTracks corridor construction," and the job retention rate for WIN trainees is estimated at 94% percent.¹⁴³

HYBRID TARGETED HIRE APPROACHES

Targeted hire approaches can also be implemented through a combination of policy tools. The following are a few examples of hybrid approaches:

- **Ordinance Mandating the use of Project Labor Agreements with Community Workforce Provisions:** A public agency can enact an ordinance requiring the use of PLAs in different projects, setting criteria to determine what projects are to be covered by the PLA requirement. In 2014, the County of Sonoma, CA, approved a PLA ordinance mandating the adoption of project labor agreements in all federal and non-federal projects over \$10 million dollars.¹⁴⁴ The County set forth a template PLA to be adapted to each project, although a hiring requirement of 70 percent local workers is to remain constant in all agreements. The PLA Ordinance also sets forth requirements for pre-apprenticeships and technical workforce training programs for local workers.^x Other examples includes ordinances passed in the City of Watsonville, CA, requiring PLAs in projects at or above \$600,000,¹⁴⁵ and in the Town of Merrillville, IN, requiring PLAs for all construction projects receiving tax increment financing or properties granted tax abatements.¹⁴⁶

x Local Workers are defined as those living in Sonoma, Napa, Marin, and Mendocino counties.

- **Master Project Labor Agreement with Community Workforce Provisions:** A Master Project Labor Agreement is a PLA that applies to all projects within a public agency. A master PLA can function like an ordinance, but with the addition of a union workforce, worksite rules and targeted hire goals. A master PLA is negotiated once and applies to all projects under the purview of a public agency, such as the departmental PLA signed by the City of Los Angeles Department of Public Works. The PLA covers all construction contracts awarded by the agency's Board, and includes targeted hire provisions for local disadvantaged residents and apprentices.¹⁴⁷
- **Resolutions or Executive Orders Calling for Project Labor Agreements with Community Workforce Agreements:** The federal government, the State of Washington, the Port of Seattle and Puget Sound Transit have all issued directives to support project labor agreements. In 1996, Washington State Governor Mike Lowry issued an executive order directing all state entities to consider project labor agreements for each public works project, along with a set of criteria to assist officials in deciding whether to adopt PLAs.¹⁴⁸ In 2009, President Barack Obama issued a similar executive order for federally funded public works projects.¹⁴⁹ In the Seattle regional area, many municipal bodies, including the Port of Seattle and Sound Transit, have adopted resolutions calling for the use of PLAs in projects whose budgets exceed a set figure.¹⁵⁰ In 2013, King County issued a directive that all county agencies with construction projects over \$25 million consider using a PLA on a project-by-project basis.¹⁵¹ The directive required that specific elements were included every PLA, such as prohibiting discrimination in job referrals and hiring practices and conformity to the voluntary apprentice utilization guidelines contained in the King County Code.¹⁵²
- **Ordinance Mandating Pre-Apprenticeship and Apprenticeship Training Program Investment and Goals:** Public agencies can enact ordinances that support the utilization of pre-apprentices and apprentices in public works projects by setting goals and/or by dedicating funding streams. For instance, the City of Madison, WI, requires contractors to participate in approved Trade Training programs for every trade they employ on a project.¹⁵³ Snohomish County requires the utilization of apprentices on all public works construction.¹⁵⁴ King County's Apprenticeship Ordinance requires that contractors, on selected projects, have an apprenticeship training program in place, and devote at least 15 percent of their labor hours to apprentices.¹⁵⁵ Similarly, Seattle's municipal code requires that apprentices in training programs approved by the Washington State Apprenticeship and Training Council, perform up to 15 percent of contract labor on public works contracts of \$1 million or more.¹⁵⁶ The City of Seattle could choose to adopt a more robust ordinance, incorporating hiring requirements for pre-apprenticeship program graduates and/or lifting the 15 percent cap.
- **Ordinance with Responsible Contractor Requirements:** Public agencies can also enact ordinances that require targeted hire goals on projects, while also including contractor parameters such as worksite safety, worker benefits, and compliance. An example of this approach is the City of Worcester's, MA,¹⁵⁷ Responsible Employer Ordinance of 2008, which requires that contractors participate in a recognized apprentice training program and abide by the apprentice

to journeyman ratio permitted by law. Contractors must submit the appropriate documentation verifying apprenticeship participation as part of their bid proposal. The ordinance also requires that contractors pay prevailing wage, provide accident insurance and safety training, designate proper classification of workers, and abide by other responsible contracting practices.¹⁵⁸



Dawn Jones Oregon Tradeswomen

4. COMPARISON OF TARGETED HIRE APPROACHES

Flexibility

Uniformity

Duration

Community Participation

Jobsite and Workforce Guidelines

Hiring and Workforce

Scope and Size

Comparison of Select Targeted Hire Initiatives

COMPARISON OF TARGETED HIRE TOOLS

As reviewed in the last chapter, public agencies have many tools at their disposition to implement targeted hire initiatives. The implementation of each tool is unique and presents its own set of advantages and challenges.

Flexibility

Project labor agreements, community benefits agreements, and contract provisions tend to offer greater flexibility because parties to the agreement negotiate their terms on a case-by-case basis. This allows contractors and unions to avoid fixed provisions that interfere with their business models or hiring hall procedures. On the other hand, this flexibility can also be a burden for certain stakeholders who need to spend resources on the negotiation of each agreement.

Uniformity

Ordinances, executive orders and resolutions (where implemented) achieve consistency across all projects. Public agencies negotiate mandates only once and provide the infrastructure for negotiation or reviewing targeted hire outcomes. This dramatically reduces the time, effort and expense that each stakeholder needs to put in.

“Master” or “Blanket” project labor agreements and community benefits agreements can be set up so that the terms apply across a municipality, agency or multiple projects. For example, the City of Los Angeles’ L.I.G.H.T. Program requires the use of 30/20/10 (30 percent local hire, 20 percent apprentice utilization, and 10 percent disadvantaged workers) on all its PLAs.

Duration

An ordinance becomes law and remains in effect, unless a sunset provision ends it at a fixed date. An executive order can also last through time, though it can be revoked by future executives, overruled or modified by courts, or defunded by the legislature or city council. PLAs, community benefits agreements and contracts have durations limited to the scope of the project or based on a specific time period (e.g.: 3 years, 5 years, etc.). These contracts can be extended or expanded.

Community Participation

Of all the approaches reviewed here, community representatives or organizations can only be signatories to a community benefits agreement. Nonetheless, there are some opportunities for community participation in the other approaches reviewed. Community members can provide input, advocate, and apply political pressure to ensure that their targeted hire priorities are included in

ordinances and resolutions. In PLAs, community organizations can collaborate with or, if needed, exert pressure on project owners and labor unions (as well as contractors if owner-directed) to include their targeted hire priorities. Community organizations may be also signatories to agreements ancillary to the PLA, and may be involved in assisting the PLA implementation.¹⁵⁹ In any of the targeted hire approaches, public agencies can also create formal structures, such as joint task forces or oversight committees to include the community as a stakeholder with decision-making power.

Jobsite and Workforce Guidelines

Project labor agreements provide uniform labor management that allows for methodical project planning and scheduling. A project labor agreement can be especially beneficial on a large-scale project. Parties agree to wage rates, benefits, work rules, safety provisions, scheduling, dispute resolution, and communication strategies before the bid process. PLAs supersede existing labor agreements that could otherwise conflict with targeted hire requirements, permitting unions to prioritize worker dispatch to address the project needs. These provisions are not typically part of ordinances, although they can be included in other tools such as contract provisions.

Worker Referral and Hiring

PLAs require contractors to hire most workers through the union hiring hall process (see Chapter 3 on union hiring halls), but do not prohibit non-union contractors and workers from participating on a project. However, non-union contractors arguably and reportedly find a PLA environment difficult because it requires them to adjust their established work practices and utilize a blended workforce they may not be familiar with. Ordinances have more flexibility, allowing contractors to choose their own method for hiring through First Source Programs or other referral programs. As such, under an ordinance, contractors may still choose to hire from union hiring halls. Legally, ordinances should not override the union hall dispatch process, but unions can adapt their dispatch process to facilitate an ordinance's success. For example, priority can be given to targeted workers such that they can be dispatched ahead of a non-disadvantaged worker when a job opens up. Depending on the union, contractors may be able to request targeted workers by name regardless of their position on the out-of-work list, and/or can request workers for a specific skill or criteria. In this way, an ordinance's efficacy often depends upon union buy-in.

Scope and Size

The scope and size of a public agency's construction projects are key in assessing what targeted hire approach works best. For instance, LAUSD, the second largest school district in the country, has multiple projects that are covered under their PLA. One Master PLA for all projects allows increased coordination, and the consolidation of monitoring and enforcement efforts, and guarantees that no project will be delayed as a result of work stoppages or lockouts by those signatory to the agreement.

Figure 11: Average Construction Spending of Selected Reviewed Public Agencies and Municipalities

| | Annual Spending Estimate:ⁱ |
|---------------|--|
| LAUSD PLA | \$1.8 billion |
| San Francisco | \$343 million |
| Cleveland | \$298 million ¹⁶⁰ |
| Seattle | \$200 million |
| Milwaukee | \$51 million ¹⁶¹ |

Another important factor in developing a targeted hire initiative is determining what projects will be covered. For example, an initiative can apply to all contracts, or only to those exceeding a given contract award amount.

Figure 12: Contract Amount of Projects Covered in Selected Targeted Hire Initiatives

| | Minimum Contract Amount |
|--------------------------------|---------------------------------------|
| LAUSD PLA | \$125,000 ⁱⁱ |
| Port of Oakland PLA | \$50,000 |
| LACMTA PLA | All contracts |
| Sound Transit PLA | All contracts |
| San Francisco | \$400,000 |
| Cleveland | \$100,000 |
| Richmond | \$100,000 |
| Oakland | \$50,000 |
| King County | \$25 million |
| Port of Seattle ¹⁶² | No set contract amount ⁱⁱⁱ |

i Since the LAUSD PLA reported construction spending total to date, we calculated annual estimates by dividing these amounts by the number of years the PLA had been in effect at the time of the report (8 years).

ii Minimum contract size over which the LAUSD PLA rules apply is \$20,000 for specialty craft contractors and \$125,000 for general contractors.

iii The Port of Seattle performs an analysis to determine whether a construction contract would have a PLA. Size is a factor, but there is not a fixed threshold. As of March 2014, about 10% of the Port's regular construction contracts are under PLAs, but they constitute some 70% of the total construction contract dollars. (Figures are approximate.)

COMPARISON OF SELECT TARGETED HIRE INITIATIVES

KEY

- Yes
- No
- No Requirement, N/A
- No Data Available

| | City of Los Angeles | LAUSD | LACMTA - Metro | Hayward Unified School District | Port of Oakland |
|---|---------------------|---------------------|---------------------|---------------------------------|---------------------|
| Type | PLA | PLA | PLA | PLA | PLA |
| Date | Different | 2003 | 2012 | 2009 | 2000 |
| GOALS | | | | | |
| Hours vs. Workers | Hours | Workers | Hours | Hours | Hours |
| Mandatory vs. Good Faith | Good Faith | Mandatory | Mandatory | Good Faith | Mandatory |
| Targeted Hire Goals | Yes | Yes | Yes | Yes | Yes |
| Apprenticeship Utilization Goals | Yes | Yes | Yes | Yes | Yes |
| Small and WMBE Business Utilization Goals | No Requirement, N/A | Yes | Yes | No Requirement, N/A | No Requirement, N/A |
| OUTCOMES | | | | | |
| Met Targeted Goals | Yes | Yes | Yes | Yes | Yes |
| Met Apprenticeship Goals | Yes | Yes | No Data Available | No Data Available | No |
| Met Small and WMBE Contracting Goals | No Requirement, N/A | Yes | No Data Available | No Requirement, N/A | Yes |
| Workforce Development | | | | | |
| Dedicated fund for workforce training and outreach | No Requirement, N/A | Yes | No Data Available | No Data Available | Yes |
| Hiring and Recruitment | | | | | |
| Union Hiring Hall | Yes | Yes | Yes | Yes | No Requirement, N/A |
| First Source or other referral system | No | No Requirement, N/A | No Requirement, N/A | No Requirement, N/A | No Requirement, N/A |
| Limited number of core workers allowed | Yes | Yes | Yes | Yes | Yes |
| Contractor Engagement | | | | | |
| Conference/training on targeted hire requirements | Yes | Yes | Yes | Yes | Yes |
| Ongoing technical support and assistance | Yes | Yes | Yes | No Data Available | Yes |
| Promote partnerships with small and WMBE firms | Yes | Yes | Yes | No Data Available | No Data Available |
| Monitoring and Compliance | | | | | |
| Incentives/Penalties | Yes | Yes | Yes | Yes | Yes |
| Dedicate funding for compliance | No Data Available | Yes | No Data Available | No Data Available | Yes |
| Third-Party (Jobs Coordinator or Project Labor Coordinator) | Yes | Yes | Yes | No Requirement, N/A | Yes |
| Labor Management Committee | Yes | Yes | Yes | Yes | Yes |
| Agency monitoring | Yes | Yes | Yes | Yes | Yes |
| Multi-stakeholder oversight/advisory committee | No | No Requirement, N/A | No Requirement, N/A | No Requirement, N/A | Yes |
| Monitoring database | No Requirement, N/A | Yes | Yes | No Data Available | Yes |
| Data publicly available | Yes | Yes | No Data Available | Yes | Yes |



5. IMPACT OF TARGETED HIRE ON WOMEN- AND MINORITY- OWNED BUSINESSES

WMBEs in Seattle

Challenges for WMBE Participation

WMBEs and Targeted Hire

A major concern in implementing a targeted hire initiative is the effect that new contracting procedures and requirements may have on construction firms owned by women and minorities. This section provides an overview of the landscape of women- and minority-owned business (WMBEs) in Seattle, their utilization in public works projects, and some of their challenges in successfully participating in public works projects. The chapter also provides a brief analysis of how other public agencies across the country have addressed WMBE utilization through targeted hire initiatives.

WMBEs in Seattle

Seattle Municipal Code defines Minority and Women Business (WMBEs) for purposes of the city's own WMBE program as those in which at least 51 percent of the business is owned by a woman or minority.¹⁶³ The State of Washington further requires that for state or federal funded projects, the net worth of state-certified WMBEs not exceed \$750,000. Firms do not need to be State certified to meet the City's WMBE definition when bidding on non-federally funded public works projects.

In 2011, the City of Seattle through the Purchasing and Contracting Services Division, adopted an Inclusion Plan, replacing its 2002 Outreach Plan. The WMBE Inclusion Plan requires that contractors bidding on City of Seattle projectsⁱ greater than \$300,000 submit a plan detailing how they will include WMBE firms with the projects.¹⁶⁴ Each inclusion plan establishes a set of WMBE utilization aspirational goals that are not mandatory, contractually or legally binding, but are based on the contractors' good faith effort.ⁱⁱ Once the contractor volunteers the aspirational goals within the WMBE Inclusion Plan, these goals become binding as a contractually obligated definition of good faith effort by the contractor.

The Inclusion Plan functions through a scoring system that determines good faith efforts, and bidders can earn a maximum of 16 points. The bidder must earn a minimum of 10 points in order to be considered as an eligible bidder.ⁱⁱⁱ Six points can be awarded to bidders who volunteer guarantees commitments to particular WMBE firms. Utilization of WMBE firms under the WMBE guarantee becomes mandatory if the bidder receives the contract award. The scoring system also encourages bidders to show aspirational intent to hire rarely used or underutilized WMBE firms. Primes are also expected to help underutilized firms overcome various barriers to entering the construction pipeline by assisting them in areas such as estimating, pricing, mobilizing payments, and insurance.¹⁶⁵

An innovative feature of within the Inclusion Plan is the requirement to use a WMBE expert for Public Works projects over \$2 million. The WMBE expert provides prime contractors with expertise on social equity requirements and assists with the recruitment and utilization of WMBEs to comply

i Projects with federal funding exempt.

ii Failure to achieve the aspirational goals set in the Inclusion Plan does not constitute a material breach of the contract.

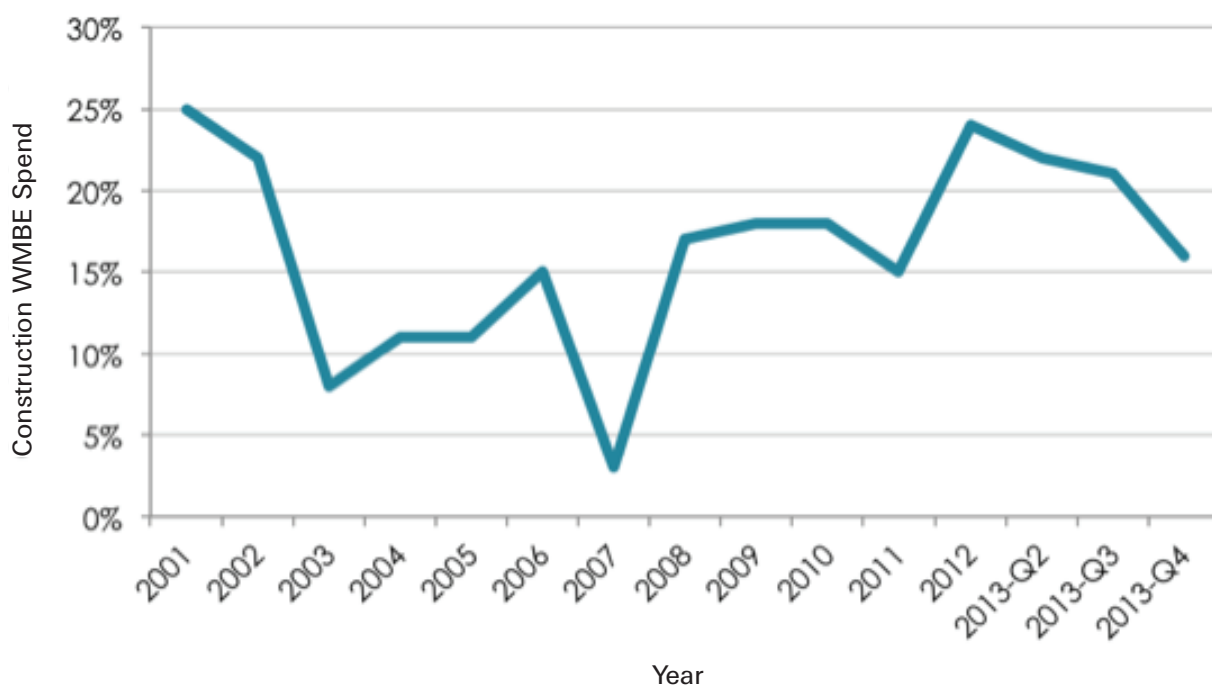
iii Discretionary self-performed work by a WMBE bidder can be tabulated as part of their aspirational goal. If the prime contractor is a WMBE, they must include only self-performance they intend to complete above the 30% minimum requirement.

with utilization goals and good faith efforts. The City maintains a consultant roster of experts that contractors can access. To be placed in that roster, individuals or companies can fill in an application form showing their proficiency and experience recruiting and working with WMBE firms in the construction industry. Some prime contractors will already have an expert on their team, who specializes in such work.

Before closeout and throughout the project, prime contractors are required to provide reports and documents that show evidence of WMBE utilization. While the goals set forth in the Inclusion Plan are aspirational, the good faith efforts are mandatory and the City may withhold progress payments from contractors and subcontractors who fail to submit reports tracking WMBE utilization or fail to document good faith efforts.¹⁶⁶

Data from over the past 10-15 years show that the Inclusion Plan has brought positive results in terms of increased WMBE participation in Public Works projects. The chart in **Figure 13** shows an extreme drop in WMBE utilization between 2001 and 2003, attributed to the impacts of I-200 (described in Chapter 7). From that point on, however, the city initiated several efforts to work with WMBEs, and promoted an overall “cultural shift”¹⁶⁷ through a series of actions. These include executive orders addressing institutional racism and inclusion, race and social justice initiatives for contracting practices, and the appointment of designated in-house staff to ensure the inclusion of minorities.

Figure 13: Construction WMBE Utilization in City of Seattle Public Works Projects 2001-2013¹⁶⁸



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

As can be seen in **Figure 13**, WMBE participation increased between 2011 and 2012, and remained above the 15 percent threshold.^{iv} It should be noted that in 2012, \$8.3 million dollars or 60 percent of all payments made to WMBEs, went to WMBE primes.¹⁶⁹ This illustrates the City's commitment to increasing contracting opportunities not only for WMBE subcontractors, but at the prime contractor level as well. The drop seen in 2013 reflects several large projects that were completed that year, but had pre-dated the WMBE Inclusion Plan. If we look at contracts only subject to the WMBE Inclusion Plan, we see a pattern of increased WMBE utilization.

Also important to note is that the Inclusion Plan does not apply to federally funded projects, as these must comply with federal requirements that specify the use of disadvantaged businesses (DBE) (see definition in Appendix D: Glossary). For projects that receive federal transportation dollars, project owners must also produce "disparity reports" that specifically justify their goals for minority and women-owned contractors.¹⁷⁰

Challenges for WMBE Participation

Despite the recent increased participation of WMBEs in Public Works projects in Seattle, there still exists a number a barriers that prevent WMBE firms from successfully bidding and participating on publicly funded projects.

Representatives from WMBE firms indicated that one of the main challenges to participation is late payment from the City or prime contractors for work already performed.¹⁷¹ WMBE businesses are generally small and late or nonpayment produces significant cash flow issues, which large firms are unlikely to experience. Many WMBE firms do not have the cash reserves or access to capital that would allow them to maintain their business operations in cases of late payments. To address this issue, the City recently launched a new prompt-pay contract provision that requires all contractors to pay subcontractors within 30 days of completed work, regardless of owner payment. The City continues to study and roll out contract changes that will further mitigate this impact on WMBE firms.

Another big challenge is the difficulty to meet insurance and bonding requirements, which is often a result of cash flow uncertainties.¹⁷² WMBE representatives indicated difficulty accessing capital,¹⁷³ and are more likely to encounter higher borrowing costs, smaller loan amounts, and see their loan applications rejected often.¹⁷⁴

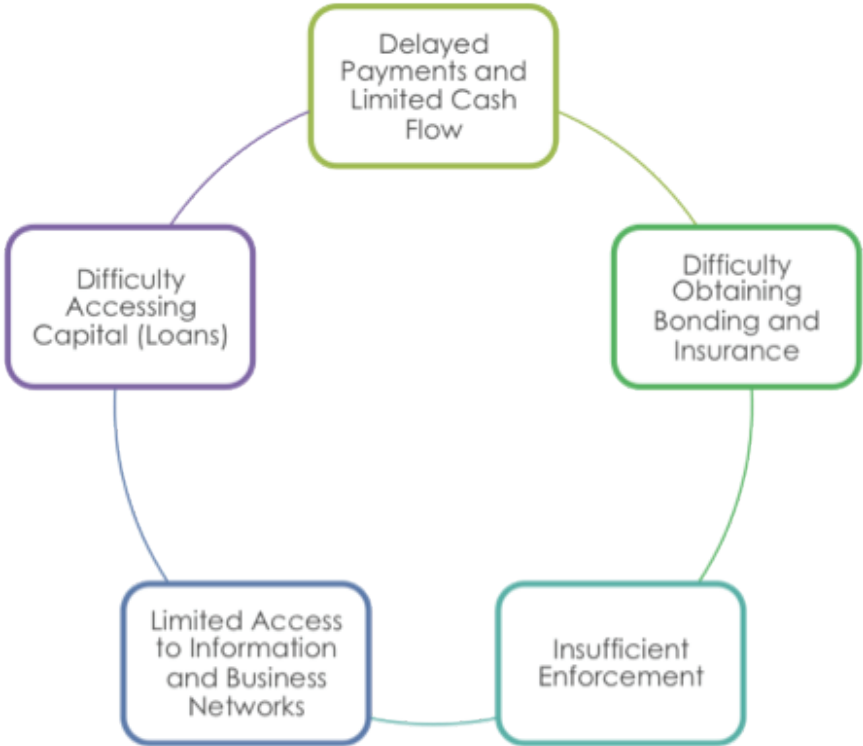
WMBE representatives also indicated limited access to sufficient information needed to prepare successful bids.¹⁷⁵ This is particularly relevant for newer and underutilized WMBEs, who may not have enough experience navigating the bidding process. City data evidences that prime contractors routinely select the same WMBE subcontractors on different projects.¹⁷⁶ This in turn limits the opportunities for new WMBE firms to receive mentoring and access to the construction pipeline.

^{iv} 2013 Q4 data include the South Transfer Station - \$46 million project (13% WMBE) and the S. Spokane St Viaduct - \$23 million project (17% WMBE).

WMBE firms interviewed for this study also reported a lack of follow-up on the part of prime contractors to engage and extend business opportunities to WMBEs.¹⁷⁷

Though the Inclusion Plan has increased the utilization of WMBE firms in public works projects, there is still ample room for improvement monitoring and enforcement mechanisms to hold prime contractors accountable. The only monitoring tool currently in place allows the City to issue deficient ratings to prime contractors if WMBE underutilization falls materially below commitments made. These ratings affect the firm's responsibility on future bids.¹⁷⁸ Insufficient monitoring and enforcement also allows firms to easily represent themselves as WMBE firms without consequences for misrepresentation. At present, to be recognized as a WMBE, contractors register on the City's Online Business Directory as self-identified WMBEs.^v

Figure 14: Challenges for WMBE Participation in Public Works Projects



The City has put in place a number of tools and mechanisms that ensure WMBE awareness of opportunities and requirements and encourage prime contractors to fairly and equitably include WMBE firms in their sub-bid competitions. The City has used outside consultant firms to assist in conducting outreach, recruitment and capacity building of WMBE firms for City projects.¹⁷⁹ City of Seattle staff also plays a key role in facilitating WMBE inclusion, providing outreach and assistance to WMBE firms and guidance on how to do work with the City.¹⁸⁰ A member of Washington State Procurement Technical Assistance Center (PTAC) is also housed within City Hall as a shared resource. Moreover,

^v Contractors and subcontractors do not need to be State certified to meet the City's WMBE definition. Projects that are federally funded transportation projects require a Disadvantaged Business Enterprise program and therefore need to be certified by the Washington State Office for Minority and Women Business Enterprises.

Mayor Murray plans to support an initiative to further develop technical assistance resources for small and WMBE firms that the City Purchasing and Contracting Services will develop in the coming year.

WMBEs and Targeted Hire

Healthy WMBE businesses are a vital component of strong, sustainable communities, as they generate job opportunities for residents and underrepresented individuals. Research shows that minority-owned firms hire greater percentages of minority employees than majority-owned firms.¹⁸¹ In Seattle, a recent UCLA study on Public Works hiring trends from 2009 to 2013^{vi} found that WMBEs hired close to 42 percent of people of color, whereas non-WMBE firms hired 25 percent of people of color.¹⁸² Hiring of women was slightly less among WMBE firms at 3.5 percent, compared to 5 percent for non-WMBE firms. The City recently launched LCPtracker software, which will soon generate additional data concerning the hiring rates of targeted individuals by WMBE and non-WMBE firms. This software requirement is so new that the city does not have any data to rely on at this time.

In selecting a targeted hire approach it is important to consider the effects it may have on WMBE firms and how their participation rate on public works projects might change. The following section provides an analysis of how each targeted hire approach could potentially affect WMBE firms, drawing from the case studies reviewed.

Community Benefits Agreements:

Community benefits agreements may affect WMBE firms by including goals for their utilization. The City of Portland community benefits agreement template contains a goal of 22 percent WMBE utilization. The agreement is currently being piloted on two projects, and only preliminary progress reports exist at this time. One of the projects, Kelly Butte, surpasses this goal with 30 percent WMBE utilization. The other Interstate MTCE, falls short at just 19 percent WMBE utilization.¹⁸³ Both these figures show a dramatic increase from the 2009 8 percent WMBE utilization average.¹⁸⁴

Also, since the Portland community benefits agreement includes PLA-like provisions, such as the exclusive use of union hiring halls for worker referrals, it has the potential to impact open-shop contractors, including WMBE firms. For WMBE firms certified as Disadvantaged Business Enterprises (DBEs) there is no limit to the use of core workers and no requirements to pay union benefits.¹⁸⁵ This carve out contains steep penalties for contractors who violate the agreement and worker prevailing wage requirements. For non-certified DBEs, the agreement allows up to 50 percent of the workforce plus one worker to be core employees.¹⁸⁶

The Portland community benefits agreement template also includes provisions that encourage partnerships between WMBEs and disadvantaged business, and prime “opportunity contractors.” These ventures are eligible for bid discounts up to 5 percent.¹⁸⁷ The agreement also includes a provision sanctioning a technical assistance fund, in which the project owner agrees to dedicate

vi The study analyzed payroll data for 136 contractors (primes and subs), 45 of which were identified as WMBEs.

a one-time amount of .50 percent for each million dollars in total project cost. The fund is used to assist WMBEs and disadvantaged business to secure bonding and necessary technical support to successfully complete a contract.¹⁸⁸

Contract Provisions:

Contract provisions may require potential bidders to exert a diligent effort to engage WMBEs and include them in their bid proposal, as it is the case with the Inclusion Plan in Seattle. While being attentive to I-200, the City of Seattle nevertheless has found and enacted effective requirements for WMBE utilization and other contract requirements that create a more effective contracting environment for WMBE firms and small businesses to participate more fully in city contracts. These include such things as the City's recent prompt payment requirement.

Through contract provisions, a municipality can demand that: 1) agencies utilize directories that only feature WMBEs for future construction projects, and 2) agencies work to allocate a percentage of construction work to WMBE firms. Due to I-200, the City of Seattle is currently constrained from using these tools, however they may be available to other jurisdictions. In the East Baltimore Development project, in addition to ensuring that agencies reference WMBEs first, the contract provisions also include a participation goals for WMBEs set at 35 percent—27 percent for minority-owned businesses and 8 percent for women-owned ones. However, no progress reports are available to measure compliance with WMBE goals.

Executive Orders:

Through executive orders, a municipality can ensure that a "good faith" effort is exerted to engage WMBEs. The City of Seattle has used executive orders extensively to ensure citywide commitment to WMBE utilization, such as Executive Order 2010-05 directing outreach and increased contracting opportunities for women- and minority-owned businesses.¹⁸⁹ Another example is the State of New Jersey, where multiple sections of Executive Order 151 are dedicated to outlining/demonstrating what actions must be taken by reporting agencies in order for their efforts towards integrating WMBEs to qualify as "good faith" efforts. The executive order asserts that reporting agencies must contact the Division of Minority and Women Business Development about future contracting opportunities, reference certified WMBEs, and report to the Division on their efforts to engage WMBEs.

Free Market:

Since a free market approach to targeted hire refers to allowing existing labor supply and demand trends to dictate the outcomes for employment in the construction industry, WMBE participation and engagement is likely to remain as is.

Ordinance:

As mentioned in Chapter 3, targeted hire ordinances do not mandate the exclusive use of union hiring halls, and thus may offer a more inclusive contracting process for open-shop WMBEs. As long as they comply with targeted hire goals and document good-faith efforts, contractors can use their core workforce with no limitations. If WMBEs, and other contractors cannot meet the targeted hire

requirements, some ordinances such as San Francisco's and Milwaukee's encourage contractors to use city-sanctioned employee referral programs like CityBuild in the case of San Francisco,¹⁹⁰ or the First Source Employment Program (FSEP) in Milwaukee.¹⁹¹

Of the ordinances reviewed, only Milwaukee's M.O.R.E. ordinance include goals for WMBE or small business participation, which covers both the Resident Preference Program (RPP) and the Emerging Business Enterprise Program (EBE). The Milwaukee ordinance sets a utilization goal of 25 percent for emerging and small business participation, and mentor-protégé relationships between these business and large established firms.¹⁹²

Other cities rely instead on WMBE provisions contained elsewhere in the City code or Federal WMBE requirements. In the City of Cleveland, WMBE provisions are covered by the Cleveland Area Business Code, which encourages joint ventures with WMBE firms, provides bid discounts for proposals received by WMBEs, and establishes annual WMBE utilization goals set by the Director of the Office of Equal Opportunity.¹⁹³ In 2011, the city set a 30 percent goal for small and WMBE firms, which was surpassed, reaching 49 percent.¹⁹⁴ WMBE firms won about 20 percent of all city contracts.¹⁹⁵

A targeted hire ordinance can minimize negative impacts on WMBEs by exempting WMBE firms from certain requirements. Though none of the ordinances analyzed here took this approach, the City of Richmond's ordinance includes certain targeted hire requirement exemptions for small business.¹⁹⁶

Project Labor Agreements with Community Workforce Provisions:

PLAs affect contractor hiring practices, as they require workers to be referred through union hiring halls. For WMBE firms that are signatory to union collective bargaining agreements, no additional requirements are imposed as they already obtain their workforce from unions. However, for open-shop WMBE firms, PLAs may dramatically affect their hiring practices since they are required to work within union structures and have to limit the number of core workers they can use on projects covered by the agreement.

Representatives of WMBE firms indicated that this poses a substantial challenge for their business. WMBE firms tend to already have an established core workforce, many of whom would have to be rotated out and replaced with union workers under a PLA.¹⁹⁷ For example, if a small contractor has a workforce of 10 employees and is required to sign a PLA, the contractor could be forced to only bring 2 of his own employees to the jobsite. This makes it difficult for contractors to keep the remaining 8 workers if they do not have multiple projects going on at the same time. The majority of PLAs reviewed here allow up to 5 core workers, with the exception of the City of Los Angeles Department of Public Works PLA, which allows up to 10, and the Seawall agreement, which allows 2 core workers. Hence, open-shop WMBE contractors that participate in PLA projects perceive union hiring hall requirements and limits on core workforce utilization as a disadvantage to their business practices. For this reason, many opt out from participating in PLA covered projects altogether.

PLAs can offset the challenges experienced by WMBEs by including specific recruitment goals for women- and minority-owned business. Many PLAs either set aside goals for small business participation or the inclusion of other disadvantaged businesses, which can include women-, and

minority-owned firms. They can also promote partnerships between small/disadvantaged businesses and larger majority contractors. Of the PLAs reviewed here, two include utilization goals for small and/or local businesses, though neither directly addresses WMBE participation. Scant data limits the ability of this study to adequately measure the impact of PLAs with community workforce provisions on WMBEs, however, because most WMBE firms tend to be small businesses, we can use small/local/disadvantaged business enterprises as a proxy.

Two of the PLAs analyzed included utilization goals for small businesses. The Los Angeles Unified School District PLA sets a goal of 25 percent for small businesses, while the Los Angeles Community College PLA sets forth a 28 percent goal for small, local, emerging, and disabled-veteran business enterprises. These goals were exceeded in both cases. From 2003 to 2011, LAUSD awarded 48 percent of all construction contract awards to small business enterprises, and achieved 44 percent small business participation at the prime contractor level.¹⁹⁸ Similarly, the Los Angeles Community College District awarded 54 percent of PLA covered construction dollars to WMBEs and small businesses during the 2003 to 2010 period.¹⁹⁹ Though the Port of Oakland PLA does not include a specific goal for small or local business participation, progress reports indicate that they awarded 90 percent of contracts to locally-owned businesses to date.²⁰⁰

Resolutions:

As resolutions are not regulatory and rarely include enforceable mechanisms, it is unlikely that they have any effect on WMBE participation.



6. BEST PRACTICES TO STRATEGICALLY DEVELOP TARGETED HIRE INITIATIVES

Engage All Stakeholders and Facilitate Collaboration

Create Inclusive, Equitable and Realistic Targeted Hire Goals that can be Clearly Communicated and Measured

Educate Stakeholders and Communicate Goals

Develop a Strong System for Contractor Engagement and Promote WMBE Participation

Create Partnerships and Secure Funding to Identify and Recruit Targeted Workers

Invest in Pre-Apprenticeship Programs

Support Registered Apprenticeship Programs

Support Job Placement and Worker Retention

Create, Staff, and Fund a Robust and Active Compliance System

Map to a Strong Targeted Hire Initiative

Targeted hire initiatives can increase economic opportunities and create career pathways for target communities and businesses. Regardless of the policy tool used, the following are critical components that make a targeted hire program successful.

Engage all stakeholders

Engaging all stakeholders builds stronger, more collaborative initiatives, and cements commitment to produce better results over time.

Create realistic targeted hire goals

To be effective, these goals should also produce specific and measurable outcomes that can be evaluated objectively.

Invest in outreach and recruitment efforts.

Partner with community organizations, unions, and workforce development providers to recruit targeted workers.

Develop contractor engagement

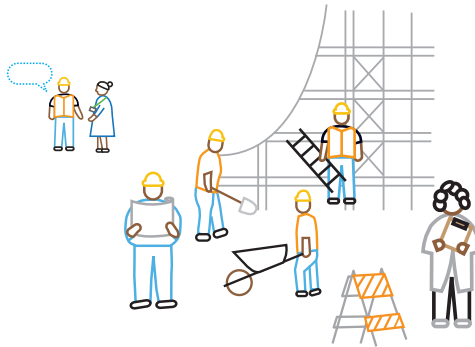
Anticipate contractors' needs and promote the participation of women- and minority-owned businesses. This makes it easier to implement targeted hire and diversify the contractor pool.

Educate stakeholders and communicate goals

Educate all stakeholders about their roles in achieving successful targeted hire outcomes.

Invest in Pre-Apprenticeship and Apprenticeship Programs

Comprehensive training programs are the key entryway for new workers into the construction industry.



Support job placement and retention

Develop a well-defined referral and tracking system for apprentices and workers, and improve jobsite conditions to retain them.

Create an active compliance system

This creates a level playing field in which contractors can compete and grow while meeting the targeted hire requirements. It also allows stakeholders to track performance and make necessary adjustments over time.

SUCCEED

Positive outcomes with jobs for the community, increased collaboration, investment in the community, infrastructure, money that goes back into the community, middle class jobs with benefits.

In reviewing the different targeted hire approaches, we set out to assess which would best apply to the City of Seattle in its efforts to increase employment opportunities for women, people of color, and disadvantaged workers, with a priority for local residents. As we conducted our analysis, our research revealed a number of common best practices found across targeted hire initiatives that led to positive outcomes. The following section outlines each of these best practices, highlighting examples found in our case studies:

1. ENGAGE ALL STAKEHOLDERS AND FACILITATE COLLABORATION

The successful drafting, adoption and implementation of targeted hire policies rely on strong leadership and support from all stakeholders involved. A targeted hire initiative can bring unlikely allies into a new political relationship based on a shared agenda. It is therefore important to adopt a broad strategy for stakeholder engagement that can be measured in terms of its effectiveness in building constructive and inclusive working relationships and that span the entire life of a project.

Solicit stakeholder input and participation

Though signed between a municipality and a consortium of labor unions, PLAs can offer other stakeholders spaces for negotiation, input and participation. Community and labor relations may not have been smooth historically, but communities can seek to integrate benefits in the PLAs that reflect their needs. According to Lanita Morris, Project Coordinator at the Los Angeles Black Worker Center (BWC), workers were regularly asked to present testimonies about their challenges accessing jobs on PLA projects in Los Angeles.²⁰¹ As a result of the increased collaboration between community and labor, the Los Angeles County Metropolitan Transportation Authority PLA “includes stronger language in support of diversity, stronger research-based disadvantaged worker criteria, and federal civil rights and equal opportunity language.”²⁰²

Ordinances also allow for such spaces of multi-stakeholder participation, as they often rely on strong political will within the city government, as well as support from community, labor unions, contractors, and other organizations. The public agency can solicit input through public hearings where stakeholders can voice their concerns and grievances, and/or can establish a multi-stakeholder advisory committee to review the design and implementation of a targeted hire initiative.

Assess and address stakeholders’ concerns

Stakeholders should also consider existing conditions and concerns that may impact the implementation of the targeted hire initiative and reflect these in the policy language. For instance, in Richmond, CA, contractors were concerned that residency requirements would “obligate the hiring or firing of workers depending on the location of each public work contract.”²⁰³ The City of Richmond Local Employment Ordinance tried to address this by including a “Non-City Project Hiring” clause.²⁰⁴

The clause states that “an employer who can adequately document the New Hire of a Richmond resident on any non-City project within one of the nine Bay Area counties [...] shall be entitled to credit the hours of that Richmond hire towards meeting the New Hire goals of this ordinance.”²⁰⁵ As such, contractors may bank-in the number of hours worked by Richmond residents elsewhere in the region and use those to fulfill the City’s goals. The cities of San Francisco and Oakland have also included similar provisions to address the fluid and regional nature of the construction industry in the Bay Area.²⁰⁶

Facilitate collaboration and partnerships

To develop an effective targeted hire initiative and secure stakeholder commitment, public agencies, unions, community organizations, faith-based groups, and contractors alike must acknowledge each other’s needs and interests, and recognize the necessity for cooperation and communication. Each partner needs to find common ground, and ensure they have flexibility to adjust and support the broader goal. Because establishing meaningful relationships takes time, it is important to start engaging with stakeholders as early on in the process as possible. Stakeholder engagement should be structured, and driven by well-defined strategies that lay out core objectives, a timeline and the allocation of roles and responsibilities.

In Milwaukee, WI, the M.O.R.E. ordinance was spearheaded by a coalition of city officials and community advocates. The strong partnership that formed between labor unions, workforce development agencies, and community organizations led to collaborative efforts to design and implement an ordinance that would strengthen the Resident Preference Program (RPP) and the Emerging Business Enterprise Program (EBE). In 2011, a State executive order and State legislation in 2012 suspended or barred several collective bargaining and workforce development provisions, including targeted hires for apprentices on state-funded projects. Pre-established stakeholder relations facilitated the creation of a coalition between the city, unions, community organizations and other stakeholders to review the ordinance and design a new initiative. Union leaders note that, “this collaboration would not have been possible 20 years ago, and trust across these stakeholders continues to grow.”²⁰⁷

In Portland, community organizations, labor, workforce training partners and other stakeholders have been working together to establish a targeted hire model. Though the negotiation has been challenging and tense at times, different stakeholders have had the opportunity to build stronger relationships with each other and cement their commitment to the targeted hire policy, which has served as a touchstone over the years.²⁰⁸ The City recently adopted a community benefits agreement policy with targeted hire provisions, and stakeholders continue to work together on the implementation and enforcement phases of the two pilot agreements.

2. CREATE INCLUSIVE, EQUITABLE AND REALISTIC TARGETED HIRE GOALS THAT CAN BE CLEARLY COMMUNICATED AND MEASURED

A strong targeted hire initiative sets clear and concrete goals that are strategic, politically feasible, and legally defensible. These must be clearly defined in the policy's language, and should be responsive to the context and to stakeholder needs. Both PLAs and ordinances offer a platform to include a diverse set of targeted hire goals. The following best practices assist in goal setting and apply to any approach:

Research target communities and industry conditions

Targeted hire goals can vary and depend on local conditions. It is important to understand which communities face barriers to accessing work or are impacted by the construction project. Therefore, before setting goals, public agencies should gather information about the demographics of the workforce, define areas that have high concentrations of poverty and under- and unemployment, and meet with community members and organizations to understand their needs. Appropriate goals are well researched and factor in workforce availability, demographics, and stakeholder input.

For instance, during the initial stages of the LAUSD PLA and the design of its We Build program, project coordinators worked with a research organization to compile data on the community. They gathered information on the number of workers in the area that could work on the construction project and gained a better understanding of who was in the construction pipeline.²⁰⁹ Researchers found that less than two percent of African Americans were in the building program although they accounted for 11 percent of community, according to the 2004 census.²¹⁰ They found similar results for women and other underrepresented communities. As a result of this research, LAUSD's We Build program was able to shape outreach and recruitment efforts to increase the participation of targeted communities.

Also important is forecasting the demand that public works projects will create in the future. For example, with the recent adoption of the Community Benefits Agreement, the City of Cleveland committed to fund and conduct a Demand Driven Workforce Study to determine both the near- and long- term demand for construction tradespersons (by trade discipline), construction administration and technology personnel (e.g. construction office, secretarial, accounting, safety, CAD, and support), and facilities maintenance personnel. This study will provide the basis for future workforce development initiatives.

Define targeted workers

Goals should include the broadest possible range of socially and economically disadvantaged workers, but also within the limits of what is achievable. Target populations can be selected based on different criteria such as:

- Individuals residing in a census tract with a rate of unemployment in excess of certain percent (i.e. 150%) of the city or county unemployment rate;

- Having a household income of less than a certain percent (i.e. 80%) of the annual median income for the area;
- People of Color;
- Women;
- Veterans;
- Individuals facing one or two of the following barriers to employment:
 - Homeless
 - A custodial single parent
 - Receiving public assistance
 - Lacking a GED or high school diploma
 - Participating in a vocational English as a second language program
 - Has a criminal record or other involvement with the criminal justice system
 - Youth emancipated from foster care

These criteria can apply to established workers in the industry (i.e. journey-level) and/or can apply to new workers entering through apprenticeship programs. To ensure that training and employment opportunities are afforded to new workers, a targeted hire initiative can also include apprentice utilization goals, such as:

- Percent of hours to be allocated to apprentices;
- Requirement that a certain percent of apprentices be first year apprentices;
- A subset of apprenticeship hours to be performed by a disadvantaged group (e.g. women, minority, low-income, etc.);
- Direct entry agreements for eligible pre-apprenticeship graduates.

Establish a clear system to identify and track worker eligibility

Once targeted workers are clearly defined, there should be a system to identify and track worker eligibility. The targeted hire initiative should establish the type of documentation workers need to provide (if any) to verify applicable targeted status criteria, and assign responsibility for the oversight of the verification process. Also important is to define how long this certification is valid.

In Cleveland, the Resident Employment Law includes hiring goals for low-income workers, defined as individuals whose family incomes do not exceed 50 percent of the median family income for the

area in which they reside.²¹¹ Low-income residents can verify their eligibility by filling out a form and submitting income documentation to the City of Cleveland Office of Equal Opportunity (OEO).²¹² Workers may retain their low-income status for a continuous five years provided: 1) they remain employed by the same employer who hired them as low-income workers; and 2) they remain Cleveland residents during the five year period.²¹³

The Los Angeles County MTA PLA requires prime contractors to designate a Jobs Coordinator, responsible for screening and certifying the disadvantaged status of workers. The Jobs Coordinator is also tasked with maintaining a database of pre-qualified targeted workers and refers them to work on a project and/or enroll in a registered apprenticeship program.²¹⁴

In Milwaukee, three community organizations and workforce development partners collaborate with the City to identify and certify eligible workers for the Resident Preference Program (RPP).²¹⁵ To get certified, individuals are required to provide income documentation and proof of address, and must have been laid off for 30 days and/or have worked less than 1,200 hours in the preceding 12 months. The certification is valid for 5 years assuming the individual resides in the same address during those years. To meet targeted hire goals, contractors must hire individuals who are RPP certified to perform work on covered projects.²¹⁶

Set goals for hours worked rather than for number of workers

Most of the targeted hire approaches reviewed defined workforce and apprenticeship goals as a percentage of total hours worked, rather than as a percentage of the total number of workers. Hours worked is a better indicator of worker retention as opposed to number of workers employed.²¹⁷ For instance, a worker may be hired to work on a project, but is only kept on the job for a short amount of time. That worker would count toward the targeted hire goals for number of workers, though the worker is not actually obtaining consistent, ongoing work. Workforce utilization goals should specify the percent of total hours performed by targeted workers. The oversight body can then compare these outcomes to the number of workers employed to document patterns of worker retention.²¹⁸ In the Los Angeles Unified School District PLA, local workers represented 38 percent of the total workforce and completed 41 percent of project hours worked. These numbers indicate that the workers remained employed in the project for a significant amount of time.²¹⁹ Similarly, in the Los Angeles Department of Public Works PLA, local workers comprised 28 percent of the total workforce and performed 33 percent of the total hours worked.²²⁰

Set realistic and achievable targeted hire goals

It is important that the goals agreed upon are realistic and achievable. Since each municipality is different, and local work availability may change, each public agency has to study and consider what goals would be appropriate for their targeted hire initiative. In San Francisco, community advocates sought a 50 percent targeted hire goal.²²¹ As a compromise, “stakeholders landed on a progression

of increasing the local hire goal.”²²² The new ordinance was therefore designed with incremental goals: 20 percent in 2011, increasing by 5 percent every year until a 50 percent targeted hire is reached in 2017.²²³ On the other hand, in Milwaukee, the City along with a coalition of community, workforce training, and labor partners noted that targeted hire goals had been consistently exceeded in previous years and supported the strengthening of these mandates. As a result, the 2009 Milwaukee Opportunities for Restoring Employment Ordinance increased the Resident Preference Program (RPP) goals from 25 percent to 40 percent.²²⁴ Targeted hire goals may also depend on the type of work a project entails and certain goals, like those for direct entry, may not be appropriate for highly specialized work.

Develop clear policy language

To facilitate compliance, unions and contractors should be clear on whether the targeted hire goals are aspirational—requiring “good faith” efforts—or mandatory. For “good faith” efforts to work, they must be clearly defined and should outline concrete steps for recruiting targeted communities. For example, the City of Los Angeles Department of Public Works PLA requires contractors to demonstrate that they: 1) adhere to their Employment Hiring Plan; 2) show proof of request to unions; 3) document contact with the Jobs Coordinator; and 4) provide other accurate records documenting compliance.²²⁵ Barring any legal constraints, mandatory requirements may be needed in areas where good faith efforts continually fall short of meeting targeted goals.

Of the PLAs reviewed here, only the LAUSD and Los Angeles County MTA PLAs set mandatory goals, while the remaining four operated as “good faith” effort programs. Amongst the ordinances, Richmond, Oakland, East Palo Alto, and Milwaukee operate as “good faith” programs, while the San Francisco and Cleveland ordinances clearly stipulate “mandatory” goals. Local hire advocates in San Francisco pushed for mandatory hiring requirements because they found that previous good faith efforts continually fell short in meeting targeted goals.²²⁶

3. EDUCATE STAKEHOLDERS AND COMMUNICATE GOALS

Once the targeted hire initiative is designed, it is important to educate all stakeholders on the initiatives’ goals and steps needed for its implementation. In many of the cases studied here, key stakeholders highlighted the importance of increasing awareness of the benefits and responsibilities of the program to achieve successful outcomes. The following are a range of practices used by public agencies to effectively communicate with and educate stakeholders.

Hold a pre-bidding conference and create educational tools for stakeholders

Before bidding for a project begins, the public agency can hold a conference or a workshop that goes over the terms of the targeted hire initiative, the role of each stakeholder, and the mechanisms and resources available to ensure compliance. Almost all of the PLAs and ordinances reviewed in this study require pre-bidding conferences. These conferences also ensure that contractors have the necessary information to share with their staff, and can plan accordingly in order to submit successful bids. In addition, the public agency may require a meeting with the winning contractors to review targeted hire guidelines and jointly create strategies to meet goals. In Oakland, prior to receiving notice to proceed, contractors are required to meet with Local Employment Program staff to review goals and the process for requesting job dispatches from the City's referral system.²²⁷ Other stakeholders may attend such meetings as well.

Public agencies can also create educational tools that inform contractors about targeted hire requirements and resources available to assist them, while at the same time connect them with community and workforce development partners. These educational tools can help educate community members about the benefits of the targeted hire program, and the procedures necessary to access trainings and employment opportunities afforded by the targeted hire initiative. In San Francisco, public agencies conduct outreach events and information sessions to educate contractors and subcontractors about the local hire requirements and worker referral services provided by City Build.²²⁸ The San Francisco Office of Economic & Workforce Development also hosts a local hire website where the public can access the ordinance itself, implementation plans, progress reports, presentation materials, and other materials relevant to the City's local hire initiative.

Pre-bidding conferences and other educational materials ensure that stakeholders have access to information and necessary tools to achieve positive targeted hire outcomes. According to the Los Angeles Department of Public Works, the most successful contractors make sure that their entire staff, from the payroll administrators to the project administrators, have a good understanding of and a willingness to meet the targeted hire goals, and are aware of the resources available to them.²²⁹

Similarly, Anabel Barragan, former We Build Program Manager, stated that "Through constant communication at quarterly labor management meetings, attendance at pre-construction, job start and weekly on-site project meetings [...] awareness and support for the We Build Program and its graduates [has increased]. Focused training sessions, sponsored by general contractors with their subcontractors, has ensured that all key players understand the District's goals and that local district residents are sponsored into union apprenticeship programs."²³⁰

Share targeted hire goals within the public agency

Public agencies should also develop a plan to educate their staff on the targeted hire initiative. For instance, LAUSD and We Build organized internal workshops for program managers to ensure that the leadership within the large organization understood the PLA and its goals, as well as its impact on the organization's work. This created a culture of awareness and compliance within the organization that has proven key in achieving targeted hire goals.²³¹ In San Francisco, all City departments impacted by the Local Hire Ordinance worked together to review new requirements and develop a plan to carry them out. This included establishing sub-committees to: 1) develop new contract language to be included in bid specifications; 2) create a system of financial and non-financial incentives and penalties for non-compliance; and 3) create strategies to engage and educate different stakeholders.²³² Through this collaboration, City departments and their staff shared key information about the ordinance and developed a clear plan for its implementation.

Require an employment hiring plan

To ensure that contractors and subcontractors understand the targeted hire requirements and actively engage with other stakeholders, public agencies may require them to submit an employment hiring plan. In it, contractors describe strategies to increase job access and meaningfully engage with hiring halls or alternative referral programs. This is an important tool to identify workforce needs, anticipate future challenges, and identify resources available to assist contractors to meet hiring goals. These resources may include employee referral services, or connecting contractors to apprenticeship and pre-apprenticeship programs.

The Los Angeles Department of Public Works PLA requires contractors to submit this plan prior to starting work. The Bureau of Contracting Administration then reviews the plan and determines whether it is approved.²³³ In Milwaukee, contractors are required to submit to the City a resident utilization plan, detailing how goals will be achieved.²³⁴ In Portland, the community benefits agreement template requires contractors and unions to provide a detailed recruitment and retention strategy, outlining anticipated project workforce needs, and a plan to meet targeted hire goals.²³⁵

Hire a Jobs Coordinator or provide similar management mechanisms

Some of the initiatives reviewed use a Jobs Coordinator to provide a variety of functions: outreach, coordination between multiple stakeholders, and support to job seekers and workers. A Jobs Coordinator is a third-party individual, entity, or employee responsible for facilitating the implementation of targeted hire requirements. Most of the public agencies studied highly encourage the use of a Jobs Coordinator or a similar management mechanism. In some cases, having one can constitute proof of good faith efforts for compliance in cases where contractors are unable to meet targeted hire goals.²³⁶

The Cleveland Resident Employment Law requires contractors to designate a principal officer in their firm to be responsible for the resident hiring requirements.²³⁷ Similarly, the Los Angeles County MTA PLA requires contractors to hire an approved Jobs Coordinator.²³⁸ The Jobs Coordinator must be able to demonstrate experience and qualifications necessary to identify and recruit targeted workers, and provide referrals as appropriate to comply with targeted hire requirements. Miguel Cabral, Director of Economic Development Initiatives and Workforce Compliance, observed that a Jobs Coordinator addresses “issues with the prime [contractor] not knowing what to do or having the capacity to do what the PLA requires.”²³⁹ To assist contractors, LACMTA maintains a registry of pre-approved Job Coordinators that contractors can easily access.

Engage and educate community partners

Community organizations provide an organized voice on behalf of the targeted communities and can support workers entering the construction pipeline. A targeted hire initiative can connect with community operated employment resource centers, as seen in the Oakland Army Base PLA.²⁴⁰ It can also establish community project oversight through multi-stakeholder committees. For example, the Port of Oakland’s Joint Administrative Committee created a Social Justice Subcommittee, consisting of community members, contractors, the project manager, the PLA administrator, and union representatives that monitor and oversee the project.

4. DEVELOP A STRONG SYSTEM FOR CONTRACTOR ENGAGEMENT AND PROMOTE WMBE PARTICIPATION

A targeted hire policy that anticipates and addresses the needs of contractors, with a special emphasis on WMBE firms, can be successful in improving targeted hire outcomes and increasing contractor participation. Trainings and ongoing technical assistance can address contractors’ needs as well as connecting small contractors with larger or prime contractors. Though the following best practices are not exclusive to targeted hire, since they can exist separately, they can increase the participation of WMBEs and underrepresented firms, and increase contractor commitment to implement targeted hire.

Develop contractor training programs

Resources for workshops and trainings are needed to disseminate program information and increase the capacity of contractors and WMBE firms to successfully compete for projects. For instance, LAUSD organizes a Small Business Boot Camp where small contractors receive the training necessary to successfully compete for bids in such areas as certification and bonding, pre-qualification, safety plan development, estimating and labor compliance.²⁴¹ LAUSD also offers a Contractor Money Works training, which is a free five-session seminar program in which participants receive financial information and fiscal training. These trainings have yielded positive outcomes for small business:

from 2003 to 2011, LAUSD awarded small business firms \$4.2 billion in construction contracts.²⁴² This amounts to 48 percent of total construction contract dollars during that period.²⁴³

Other public agencies also offer training programs to contractors, especially since many have adopted new workforce compliance monitoring technologies. In Cleveland, contractors can take free B2GNow and LCPtracker classes every other week, and can also access these online.²⁴⁴ In Milwaukee, the City has implemented a Business Capacity Building Program for small businesses, and it organizes networking events, information sessions, B2GNow software training, and conference presentations.²⁴⁵

Provide technical assistance

Municipalities can provide ongoing technical assistance to ensure that contractors get the support they need to compete and complete the project. The Port of Oakland PLA includes provisions for the PLA administrator to meet with contractors experiencing difficulty in meeting local hire goals to design and develop strategies to successfully meet them.²⁴⁶ In Portland, the community benefits agreement template also includes a dedicated fund to provide contractors with technical assistance.²⁴⁷ As such, the project owner provides a one-time contribution of .50% for each \$1 million for a Technical Assistance Fund, used to assist WMBE firms to secure bonding and access business support.²⁴⁸ Seattle WMBE representatives indicated that the City could increase WMBE participation by offering classes on how to prepare successful bids, build a prime, and secure insurance and bonding.²⁴⁹ Some WMBEs even indicated that receiving feedback when failing to secure contracts would be helpful for future biddings.²⁵⁰

Create mentorship and networking opportunities between large and small contractors

Public agencies can facilitate opportunities for large contractors to work with and support small contractors. For instance, LAUSD hosts a series of job fairs and “Meet the Prime Contractor” events to increase networking and collaboration amongst different contractors.²⁵¹ The cities of Cleveland and Oakland have mentor-protégé initiatives that encourage partnerships between prime contractors and small or disadvantage businesses.²⁵² The City of Oakland gives a 5 percent bid preference for Mentor Protégé teams. The City of Seattle has a mentor-protégé initiative underway for the City Public Works Alternative Delivery contracts.

5. CREATE PARTNERSHIPS AND SECURE FUNDING TO IDENTIFY AND RECRUIT TARGETED WORKERS

Many community organizations, unions, and workforce development providers actively recruit candidates for training or placements in construction jobsites. The following are some of the

strategies public agencies use to facilitate partnerships between these stakeholders with contractors to outreach and recruit workers.

Connect outreach and recruitment partners with contractors

The Port of Oakland PLA requires that meetings are held between PLA administrators, trade unions, apprenticeship and pre-apprenticeship coordinators, and community-based organizations to collectively design strategies that engage local residents in PLA project work.²⁵³ Informational workshops and targeted marketing campaigns are some of the strategies used to connect individuals with training programs.²⁵⁴ The Portland community benefits agreement template requires stakeholders to develop a plan to recruit minorities, women, and low-income individuals into a pool of pre-qualified applicants that may be referred for immediate employment. The Economic Opportunity Initiative, “a project of the City of Portland and Construction and Apprenticeship and Workforce Solutions, a workforce intermediary led by the local workforce board,” each play a role in funding and coordinating the work of various program providers to facilitate targeted outreach and serve Portland’s low-income populations.²⁵⁵

Provide recruits with necessary support services

Some of the initiatives reviewed in this report use community-based organizations and/or construction training programs as sources for recruitment, referral and support services. These programs provide participants with valuable skills assessments, identify participants’ needs and coordinate support services to ensure they get the best start. Many targeted hire programs however, still lack adequate program support to provide funding and resources needed to conduct outreach and provide recruits with necessary support services. A targeted hire initiative could establish agreements with support service providers, so new recruits can use them for essential services such as childcare or transportation subsidies.

For instance, the City of Oakland has established partnerships with pre-apprenticeship programs and a network of over 35 community-based organizations to serve different constituencies and provide them with the necessary support to enter the construction trades.²⁵⁶ The City has also considered the establishment of a revolving loan/grant fund to assist new workers with the purchase of tools, clothing, and to cover other costs associated with the initiation fees for registered apprenticeship programs and union labor organizations.²⁵⁷

In San Francisco, recruitment and support services are provided through many of the City’s community-based workforce development programs, which refer new workers to CityBuild Academy. These community partners are known as “Comprehensive and Neighborhood Access Points,” and provide job seekers with a wide range of supportive services, such as career planning and exploration, job preparation, access to resources like computers and printers, childcare and transportation,

and unemployment information.²⁵⁸ These access points are strategically distributed in different neighborhoods to ensure enough coverage around the city.

Provide funding and resources for outreach and recruitment

Community organizations, training providers, and other stakeholders actively outreach in target communities and disseminate information about education and employment opportunities. To do so, they need financial resources that a targeted hire initiative may provide. For example, Portland's community benefits agreement template dedicates 1.5 percent of the total construction project budget to a fund that supports outreach and training for women and people of color and provides technical assistance and support to contractors of color and women contractors.²⁵⁹ The fund also sets aside resources for the monitoring and enforcement of the agreement itself.

The Port of Oakland's Social Justice Trust Fund requires contractors to make a contribution of 15 cents per craft hour.²⁶⁰ The funds are used to reduce employment barriers for historically disadvantaged local area residents, primarily by funding the costs of the Social Justice Program. The Trustees of the Fund, upon the recommendation of the Social Justice Subcommittee, give out grants on an annual basis. In 2011, a grant of \$10,000 was awarded to the Oakland Workforce Collaborative, a collaborative of multiple community-based organizations who identify and retain Oakland-based apprentices.²⁶¹ Since the inception of the Social Justice Trust Fund, about 16 grants have been awarded for a total of \$382,000. Unfortunately no grants have been given out since 2011 given the low levels of work under the PLA over the past few years.²⁶² This illustrates the idea that the availability of work is the main driving force behind the demand for training.

The City of Oakland has also considered allocating funding secured from development agreements.²⁶³ Development agreements often include monetary contributions from socially responsible developers that can be used for training or outreach programs.²⁶⁴ City of Oakland Local Employment Program staff commented that, "given the reduction in [...] revenues available to assist with workforce development, the inclusion of greater private sector support is needed to address the ever increasing need for such resources. It can be argued that [developers and contractors] benefit from this provision [...] by improving the economic health of the community in which [construction] is occurring."²⁶⁵

6. INVEST IN PRE-APPRENTICESHIP PROGRAMS

Pre-apprenticeships are workforce development programs that prepare people, particularly low-income individuals and non-traditional construction workers such as women and people of color, to enter the construction trades. These programs bring significant value to the construction industry; they conduct the initial outreach, recruitment, and screening of potential employees, and provide contractors with a workforce that is prepared with the necessary skills and knowledge for entry-level work. Since pre-apprenticeship programs provide training and services for targeted individuals and are portals to

diversity hires that help contractors meet hiring goals, any targeted initiative should invest in these programs and facilitate resources for their success. The following are some of the best practices to support and fund pre-apprenticeship programs.

Facilitate networking opportunities for pre-apprenticeship programs and key stakeholders

In order to ensure the provision of meaningful construction career opportunities and to maintain their relevance in the industry, pre-apprenticeship programs must develop and maintain strong relationships with construction contractors, apprenticeship programs, trade associations, unions, and other community-based partners and agencies. Aside for networking opportunities, these relationships help pre-apprenticeships forecast industry demand and skills needed, so they can adjust their programs accordingly and train participants to successfully enter registered apprenticeships.

In Portland's community benefits agreement, through the work of the coalition and the establishment of a labor-management-community committee, pre-apprenticeship providers are able to build on the relationships they have established with unions and other stakeholders over the years.²⁶⁶ As Connie Ashbrook, Executive Director of Oregon Tradeswomen Inc., commented, "contractors, owners and other interested parties are at the table planning in real time as the issues emerge and then we can solve them right away instead of after the project is built."²⁶⁷

The workforce intermediary tasked with centralizing recruitment, pre-apprenticeship training, and job referrals in Milwaukee, the Wisconsin Regional Training Partnership/BIG STEP (WRTP/BIG STEP), has built a strong partnership with local unions, apprenticeship programs, industry associations, and contractors.²⁶⁸ Working alongside these stakeholders to meet the Resident Preference Program goals has further increased this collaboration and improved real time feedback on current industry trends.²⁶⁹

Dedicate funding for pre-apprenticeship programs

Pre-apprenticeship programs can also benefit from increased and diversified funding sources. Funds for outreach, recruitment and service provision are often very limited. Hence, increased funding would directly translate into more opportunities and programing for women, people of color, and disadvantaged individuals.

In Portland, with the adoption of the community benefits agreement, the City committed to increasing and strengthening existing pre-apprenticeship and high school-to-registered- apprenticeship programs. The Portland community benefits agreement template also stipulates the creation of a Project Specific Community Construction Training Fund that gives grants to approved pre-apprenticeship programs and community-based organizations to provide training opportunities for community members. The fund consists of a one-time amount of 0.75 percent for each \$1 million dollars in total project cost.

The Port of Oakland PLA requires contractors to contribute \$0.15 per hour worked to a Social Justice Trust Fund used to support local pre-apprenticeship programs.²⁷⁰ Sound Transit in its PLA also established an agency contribution of no less than \$0.05 per hour worked to a Pre-Apprenticeship Training Program Fund (see Chapter 7).²⁷¹

Develop direct entry agreements or similar provisions to place pre-apprenticeship graduates on apprenticeships and jobsites

A targeted hire policy can help shape successful pre-apprenticeship outcomes by establishing a direct-entry system for pre-apprenticeship graduates. This means that apprenticeship programs “agree to reserve a percentage of their available apprenticeship slots to qualified workers who also fit into a targeted hire category.”²⁷² Graduates of these programs that meet entry qualifications do not have to wait for open enrollment to start and instead go right into apprenticeships.²⁷³ This allows them to “go to work sooner and means they are less likely to lose motivation or pursue other opportunities.”²⁷⁴ Though the direct agreement approach is still in a stage of innovation, many apprenticeships and pre-apprenticeships in several cities have established direct entry opportunities.²⁷⁵ For instance, the Carpenter Training Committee for Northern California has established a direct entry agreement with CityBuild in San Francisco²⁷⁶ and the Cypress Mandela Training Center in Oakland.²⁷⁷ In Seattle, the Seawall CWA also provides direct entry for pre-apprenticeship graduates, with a goal of one direct entry placement for each five apprentices on the project.²⁷⁸

7. SUPPORT REGISTERED APPRENTICESHIP PROGRAMS

Most new entrants into construction careers enter through apprenticeship programs. These programs allow individuals to “earn while they learn,” by combining related technical and classroom instruction with paid on-the-job training. Registered apprenticeships help shape the construction industry as they help contractors meet their demand for skilled workers, raise overall productivity, improve worker safety and increase retention rates. They also play a major role in providing disadvantaged workers, women and people of color access to construction jobs.²⁷⁹ The following are some of the ways in which a targeted hire initiative can support registered apprenticeships.

Set apprentice utilization goals

Targeted hire initiatives may require that every contractor on a covered project participate in a registered apprenticeship program, and that they hire apprentices to work on the project at the maximum ratios allowed by state and federal law.²⁸⁰ Moreover, they can also require that apprentices perform a certain percent of the hours worked on a project; thus, maximizing on-the-job training opportunities for apprentices.

Most of the programs we reviewed included apprentice utilization goals. The LAUSD PLA states that up to 30 percent of the workforce for each craft may be apprentices, of which 40 percent must be first year apprentices.²⁸¹ The Portland community benefits agreement template also sets a 20 percent apprentice utilization requirement, and of the hours performed by apprentices, 18 percent must be performed by people of color, and 9 percent by women.²⁸² The Los Angeles Department of Public Works PLA also includes a 20 percent apprentice utilization goal. In these three cases, apprentice utilization goals have been met and these programs have been successful in maximizing opportunities for apprentices (see Chapter 3).

Incentivize the retention of apprentices in their 2nd through 5th year of apprenticeship

While apprenticeship programs can offer quality education, training and placement opportunities, apprentice retention can be a concern. Apprentices can drop out of registered apprenticeship programs for multiple reasons including personal issues, performance problems on the job or in the classroom, or gaining craft certificates before program completion. A targeted hire initiative can increase apprenticeship retention by establishing a formal mentoring program that “provides apprentices with ongoing attention and regular evaluation.”²⁸³ It can also direct increased oversight of apprentices’ job rotation to ensure that apprentices get enough opportunities to complete the required on-the-job hours to journey-out.

Promote contractors’ engagement with apprentices

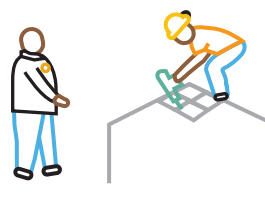
Aside from requiring a certain percent of the work to be completed by apprentices, a targeted hire initiative can allow hiring of apprentices to meet targeted hire goals. For instance, in Oakland, utilization of Oakland apprentices count toward the 50 percent new hires and 50 percent local workforce goals.²⁸⁴ In Milwaukee and Cleveland, contractors may use hours worked by apprentices in recognized programs to achieve targeted hire goals.²⁸⁵

Pathway to Construction Careers



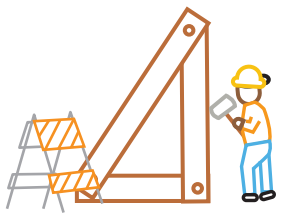
5. Career Advancement

Additional training and added job experience increase workers' wages and leadership skills, and can offer new career opportunities such as management or business ownership.



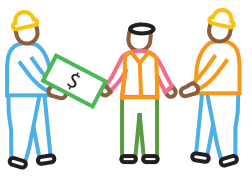
4. Continuing Education

Workers continue to learn through continuing education programs that train on new technologies and tools in the industry



3. Work

Once trained, workers can begin to work in various types of construction jobs and earn higher journey-level wages.



2. Apprenticeship

Registered apprenticeships allow individuals to "earn while they learn," combining related technical or classroom instruction with structured and paid on-the-job training.



1. Pre-Apprenticeship

Pre-apprenticeships offer basic skills training to prepare new workers to enter the construction trades. They also provide support services such as tools, safety equipment, and transportation subsidies.

Apprentice graduates in Washington state earn approximately \$225,000 more over the course of their lifetime than comparable job seekers.

8. SUPPORT JOB PLACEMENT AND WORKER RETENTION

A targeted hire initiative should identify mechanisms for referring targeted workers and apprentices to work on projects, and ensure that they get consistent, ongoing work whenever possible. The following are some of the mechanisms established by some of the targeted hire initiatives reviewed in this report to support job placement and promote worker retention.

Develop a referral system to place apprentices and journey-level workers on jobsites

By establishing a well-defined referral system, with proper monitoring and oversight, stakeholders can take on clear roles and can work together to attain targeted hire goals. As discussed in Chapter 3, union hiring halls are the system to refer apprentices and journey-level workers in PLAs. In cases where union hiring halls do not have workers who meet targeted hire eligibility to dispatch, PLAs allow contractors to recruit workers from alternative sources. In the case of LAUSD, We Build assists contractors to find targeted workers, and in the Los Angeles County MTA PLA, the Jobs Coordinator maintains a list of pre-screened targeted individuals ready to work.²⁸⁶ In Cleveland, San Francisco, Oakland, and Milwaukee, union and non-union contractors alike use First Source Referral Systems to meet targeted hire goals (see Chapter 3).

In Cleveland, contractors needing assistance fill out a Job Order form, which is sent to Employment Connection. This is a collaborative workforce system of the City of Cleveland and Cuyahoga County that helps match employers' needs with workers.²⁸⁷ In Oakland, the Local Construction Referral Program maintains a registry of eligible workers to assist contractors in meeting hiring goals.²⁸⁸

Improve jobsite conditions to increase worker retention

The Portland community benefits agreement template includes several initiatives designed to improve jobsite working conditions, particularly for women and people of color. These include: cultural competency trainings, workshops with women and people of color workers to enlist them as recruiters, pre-construction reviews using the Wider Opportunities for Women Harassment-Free Workplace checklist, and assigning mentors to workers who may need additional support.²⁸⁹ According to Connie Ashbrook, Executive Director of Oregon Tradeswomen, Inc., "for this round of community benefits agreements that we've negotiated locally, there's not only hiring goals for apprentices and journey-level people of color and women, but also jobsite environment goals. It requires jobsite supervisors to get cultural competency training, to monitor the bathrooms and make sure that there isn't any negative or racist graffiti and a variety of other quality of work life conditions that can really make it better for people of color and women on the job."²⁹⁰

9. CREATE, STAFF, AND FUND A ROBUST AND ACTIVE COMPLIANCE SYSTEM

A targeted hire initiative is only as strong as its compliance; it should include a system of clear workforce goals connected to robust compliance monitoring and outcome evaluation. It is imperative to fund compliance and enforcement, and to give the targeted hire initiative “teeth” so that there are accountability procedures in place when contractors fail to meet the outlined requirements. All of the tools reviewed include different active compliance mechanisms.

Establish an advisory body

A targeted hire initiative should clearly define who is responsible for monitoring and enforcement. In many cases, a public agency establishes a public advisory board. They can monitor projects by reviewing certified payroll records, which are analyzed by public staff on a monthly or quarterly basis.²⁹¹ The board should have the authority to confront non-compliant contractors and/or hiring halls to explain poor outcomes.

The advisory board should also have the power to require remedial action to address problems, and the ability to recommend penalties.²⁹² It is important that monitoring starts early on in the project. Once a project is underway or almost completed, it becomes harder to remedy non-compliance and obtain positive targeted hire outcomes.

If contractors fail to meet targeted hire goals, the advisory board should work with contractors to remedy the situation, rather than immediately jump to penalties. Together, the contractor and the monitoring body can develop potential strategies to identify and overcome challenges and barriers. LAUSD has used this approach. Non-compliant contractors are required to meet with LAUSD Deputy Director of Contracts to discuss their local hire resident labor recovery plan in person. The LAUSD PLA also has a Labor Management Committee to oversee the enforcement of hiring requirements.

Include multiple stakeholders on advisory board or on a shared sub-committee to oversee compliance

Public accountability is key in ensuring a targeted hire policy brings maximum benefits to targeted communities. This can be achieved by increasing community oversight, asking community representatives to participate in monitoring mechanisms, regularly updating progress reports, and making data readily available to the public. Although all of the PLAs reviewed in this report address community participation, particularly in the areas of outreach, recruitment, and education, only two explicitly include community oversight provisions: the Port of Oakland PLA and the Portland community benefits agreement template. We should note that the Seattle Seawall PLA also includes a Joint Administrative Committee (JAC) Subcommittee structure, “established as a forum for non-signatory stakeholders (such as community representatives, minority sub-

contractors, etc.).”²⁹³ The committee also includes one Seattle Department of Transportation Project representative, one Labor representative and representatives from stakeholder groups including community and WMBE associations.

The Port of Oakland PLA mandates the creation of a Social Justice Committee (SJC) to oversee the implementation and monitoring of the Port Social Justice Program, which contains the targeted hire provisions.²⁹⁴ Through this committee, the PLA has a built-in enforcement mechanism exclusively dedicated to ensuring that the goals for economic and social justice development are met. The SJC reviews reports, refers complaints for violations, and makes program and funding recommendations in areas such as workforce development, childcare, mentoring and transportation.²⁹⁵

The Portland community benefits agreement template establishes a Labor-Management-Community Oversight Committee in charge of ensuring cooperation and collaboration between all parties, and preventing disputes and misunderstandings.²⁹⁶ The committee is comprised of an equal number of city, labor, prime contractor and community organization representatives that have experience serving ethnic minorities, women and low-income people. The community benefits agreement template also stipulates the creation of a Compliance Monitoring Subcommittee responsible for monitoring contractors’ and subcontractors’ compliance with apprenticeship, workforce, and hire goals.²⁹⁷ The Subcommittee includes at least one representative from the project owner, the Building Trades, Majority Contractors, Pre-Apprenticeship programs, M/W/DBEs, and community-based organizations.

Lead compliance efforts

For best results, it is ideal that the municipality or the public agency takes responsibility for compliance as opposed to delegating it to contractors. Though public agencies may have different levels of involvement in overseeing compliance, the most successful programs are the ones where the agency is actively overseeing program outcomes. Some agencies hire a third party administrator to coordinate different stakeholders and oversee compliance with targeted hire requirements, but compliance nevertheless remains under the purview of the awarding agency.

For example, in the case of the LAUSD PLA, the labor compliance program is housed within the district. LAUSD hired a third party administrator charged with overseeing compliance and monitoring. This administrator actively engages with contractors and unions alike, providing assistance and support to ensure that targeted hire goals are met.²⁹⁸

In the case of the Los Angeles Department of Public Works PLA, compliance and monitoring falls under the purview of the Los Angeles Bureau of Contract Administration. The Bureau’s Lifting Individuals Giving Hope Today (L.I.G.H.T.) Program works to direct and educate contractors and employers on targeted hire goals.²⁹⁹ The program ensures the monitoring of contractor data, provides monthly reports that detail contractors’ efforts in achieving goals, and facilitates and tracks apprentice hiring on all City administered construction projects.³⁰⁰

For ordinances, it is typically a department within the city that oversees monitoring. In Cleveland, the Office of Equal Opportunity is charged with monitoring and enforcement, although the law also calls for each contractor to designate a “Resident Employment Law Officer” charged with ensuring that the provisions of the ordinance are met.³⁰¹ In San Francisco, the Office of Economic and Workforce Development (OEWD) is responsible for the implementation and oversight of the ordinance. The department provides overall administrative guidance and is responsible for providing annual reports.

Penalize non-compliance and incentivize compliance

Monitoring systems that include explicit sanctions for contractors that fail to reach targeted hire goals are also very effective in facilitating compliance. Non-compliant contractors can be re-classified as non-qualified bidders on future projects. The Portland community benefits agreement template states that non-compliance can also constitute a breach of the agreement and the owner may withhold progress payments until the breach is remedied.³⁰² Similarly, the Los Angeles County MTA PLA contains liquidated damages clauses.³⁰³ In cases of non-compliance, prime contractors must pay liquidated damages equal to the average journey person project wage for each hour the project fell short on targeted hire, or \$500 per day, whichever is greater.³⁰⁴ To address the issue, prime contractors must develop a plan for compliance, and the agency only withholds liquidated damages until the prime is found to be in compliance. If the project is terminated or completed before the prime contractor is found to be in compliance, LACMTA’s CEO may assess liquidated damages to be withheld from the contractor’s retention.

The San Francisco ordinance also has penalties in the amount of a worker’s hourly prevailing wage for each hour the contractor falls short of the requirement.³⁰⁵ In Cleveland, a penalty of 0.125 percent of total cost of construction contract is assessed for each percentage by which goals are not achieved.³⁰⁶ In December 2012, the City of Cleveland’s Office of Equal Opportunity reported a total \$133,830 in collected penalties since 2009.³⁰⁷

In addition to clear and concrete penalties, some PLAs also include incentives for contractors to meet targeted hire goals and to encourage greater engagement with local and disadvantaged workers. For example, an agency can create a “preferred employer list” for employers who adopt practices that promote compliance. The Port of Oakland PLA rewards program administrators financially.³⁰⁸ These incentives are not awarded based on performance outcomes, but on program-based activities such as engaging with contractors and subcontractors in designing strategies to meet local hire goals, documenting community outreach efforts, actively engaging with unions and community partners to strengthen workforce development of targeted populations, and mediating tensions between unions and contractors.³⁰⁹

The San Francisco Local Hire Ordinance authorizes “financial and non-financial incentives for contractors and subcontractors who exceed local hiring requirements, including financial incentives

that comply with applicable law and do not exceed one percent of the estimated cost of the contract and non-financial incentives by OEWD regulation.”³¹⁰

Dedicate funding and resources for compliance

Funding for compliance staff ensures that there is a dedicated team to carry out monitoring, evaluation, and compliance efforts, and that outreach, recruitment and training programs run successfully. The Portland Community Benefits Agreement template established a dedicated fund, financed through a one-time amount of 0.25 percent for each \$1 million in total project cost, to support the operations of the Compliance Monitoring Subcommittee.³¹¹ The Port of Oakland PLA also requires contractors to make a contribution of 15 cents per craft hour to the Social Justice Trust Fund that supports the audit of contractor compliance.³¹²

Adopt reporting technologies

Municipalities should adopt reporting technologies to facilitate compliance and monitoring efforts. Investing in these technologies allows for the centralizing of information and the streamlining of targeted hire reporting. For instance, LAUSD’s We Build Program developed their own searchable database system to track and monitor data on all past and present workers.³¹³ The Port of Oakland adopted a Web Access Monitoring System (referred to as WAMS) to monitor contractor compliance with the Federal Davis Bacon Act and State prevailing wage laws.³¹⁴

San Francisco upgraded its Payroll Reporting System (PRS) used by City contractors to report weekly payroll and worker residency information.³¹⁵ New features allow contractors working on projects covered by the Local Hiring Policy to submit compliance forms and to receive progress reports online. These improvements also allow OEWD to efficiently track worker demographics and provide more reliable data.³¹⁶ Cleveland adopted B2GNow Compliance Software to monitor compliance, verify payments, and tighten internal controls.³¹⁷ Similarly, the City of Seattle recently adopted LCPtracker and B2GNow systems.



7. TARGETED HIRE AND SEATTLE

Legal Context: I 200

Workforce Development in Seattle

Targeted Hire in Seattle: Lessons Learned from Sound Transit and the Port of Seattle PLAs

King, Pierce, and Snohomish counties will gain a projected 15,100 construction jobs between 2013 and 2019. This growth is positive and begins to fill the gap created by the jobs lost during the recession. The jobs provide opportunities to address growing income inequalities for socioeconomically disadvantaged populations, women and communities of color. The following section briefly outlines the legal context for implementing a targeted hire initiative in Seattle, provides an overview of existing workforce development programs that can be incorporated into the policy and reviews two PLA case studies.

Legal Context: I-200

Efforts to improve employment outcomes for women and people of color can comply with state law established by Washington Initiative 200, "I-200."³¹⁸ I-200 prohibits preferential treatment based on race or gender in public contracting, but permits voluntary, aspirational workforce diversity goals. Public entities can demand "good faith efforts" to reach workforce diversity goals, and good faith efforts can be structured in a measurable and enforceable way. A popular approach adopts socio-economic criteria, like unemployment and poverty thresholds, or targets specific communities like single parents, transition-aged foster youth, and returning veterans. These approaches avoid challenges under I-200 as well as the U.S. Constitution, which prohibits discrimination on the basis of race, gender and residency in other states or municipalities.³¹⁹ As this report has documented, Los Angeles, Oakland, and San Francisco have avoided legal challenges using such targeted hire criteria.

Workforce Development in Seattle

Registered Apprenticeships in King County

The Washington State Apprenticeship and Training Council (WSATC) recognizes 30 Registered Apprenticeship programs in King County offering training in over 50 different occupations.³²⁰ Unions sponsor 21 of these apprenticeship programs. Labor unions often develop and fund apprenticeship programs in partnership with contractors, who agree to invest in jointly administered apprenticeship programs that offer industry-wide skills training. The collective bargaining process develops the details of each joint labor-management apprenticeship program. Details may include the exact dollar amount (usually a few cents for every hour worked) that goes toward a fund for apprentice trainings and ongoing education for mid-career workers to refresh or update their skills, as building methods and materials change over time.

The other nine apprenticeship programs are sponsored by non-union institutions that include the Construction Industry Training Council and the Western Masonry Apprenticeship Committee. The Construction Industry Training Council of Washington (CITC) is a non-joint, multi-employer state registered apprenticeship and training program that offers seven state approved construction apprenticeship programs. CITC employers pay contributions to a training trust that enables apprentices to enroll in CITC without tuition fees and to receive support services and case management as

necessary.³²¹ CITC is one of the few open-shop apprenticeship programs in the region, and continuously works to educate contractors on the benefits of apprenticeship programs.³²² This model is particularly interesting for non-union contractors who may choose to not engage with joint labor-management or union apprenticeship programs.

City of Seattle Apprenticeship Goals

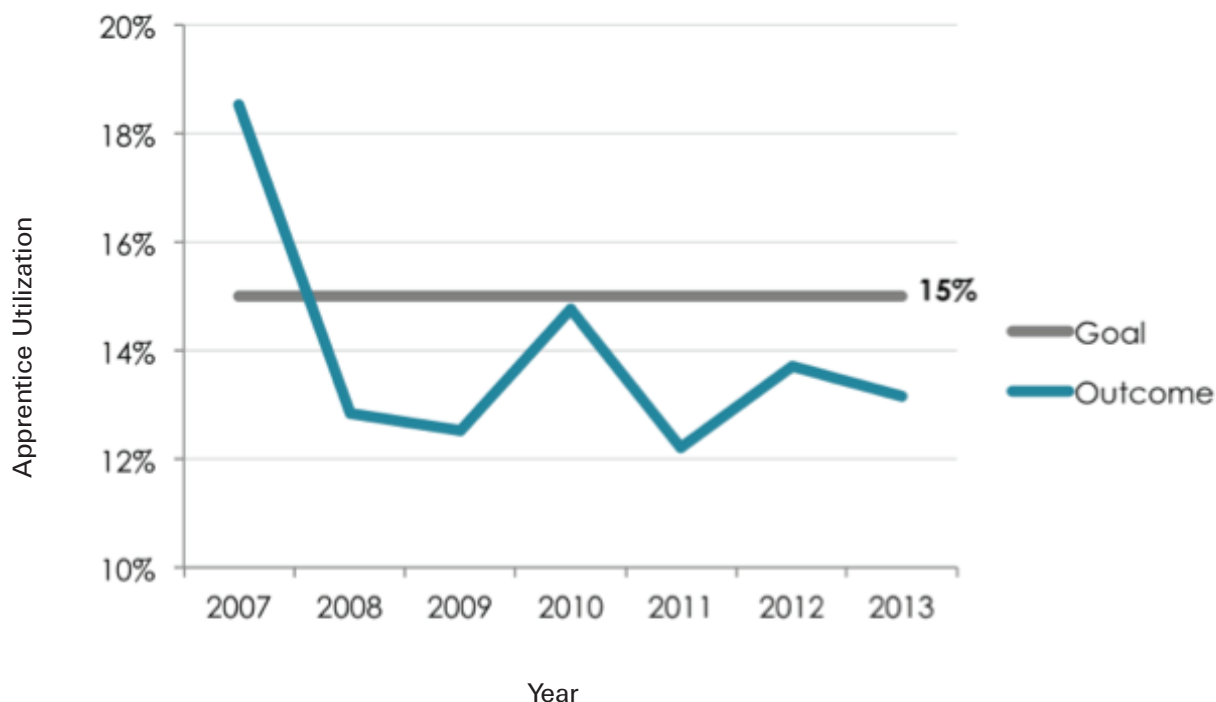
The City of Seattle requires apprentices enrolled in training programs approved or recognized by the Washington State Apprenticeship and Training Council to perform up to 15 percent of all project labor hours on public works contracts greater than \$1 million.³²³ These contracts must contain a goal that minorities perform 21 percent of the apprentice labor hours and women perform 20 percent of the apprentice labor hours. These apprentice utilization requirements, along with quarterly workforce utilization reporting requirements, are incorporated into the general provisions of the construction contracts and are monitored by the Department of Finance and Administrative Services. Its director may change the specific requirements from time to time.³²⁴

During the pre-construction meeting, each contractor is required to submit an Apprentice Utilization Plan, outlining how it will meet the requirements. Contractors are also required to submit EEO/ Apprentice Utilization Forms quarterly and at the end of the project. The compliance team at the Department of Finance and Administrative Services reviews quarterly reports, conducts onsite interviews, and reviews certified payrolls. In cases of non-compliance, it works with contractors and directs them to available resources for hiring apprentices.

Apprenticeship Outcomes

Seattle has had mixed success meeting its apprenticeship goals. Data from 2007 to 2013 indicate that apprentice utilization in City of Seattle Public Works projects hovered between 12 and 15 percent except for one year, 2007, when apprentices completed 18.5 percent of total workforce hours.³²⁵ Apprentice hours completed by minorities dramatically exceeded the 21 percent goal. Female apprentices fared worse, falling continually short of the 20 percent goal.

Figure 15: Apprentice Utilization in City of Seattle Public Works Projects* 2007-2013



**Not including federally-funded projects. Source: City of Seattle, Construction Workforce Diversity, EEO/ Apprentice Utilization Report Summary For All Projects, 2007 - 2013*

These figures reflect larger patterns in the industry and the area. In King County, fewer people of color and women complete construction apprenticeship programs, and more cancel out of their apprenticeship programs than their white counterparts.³²⁶ Six of every ten apprentices of color (61%) cancelled their apprenticeship; just 35 percent completed their apprenticeship program.³²⁷ Females completed the program less frequently than their male counterparts, and cancelled, transferred, or suspended their apprenticeship programs more than males.³²⁸ The rate of apprentices achieving journey-level status was also lower among women than men.³²⁹ Pre-apprenticeship preparation programs often improve apprenticeship success and workforce utilization rates.

Pre-Apprenticeship Opportunities in Seattle

Two pre-apprenticeship programs in Seattle are formally recognized by the Washington State Apprenticeship and Training Council (WSATC): Apprenticeship and Nontraditional Employment for Women (ANEW), and the Pre-Apprenticeship Construction Training at Seattle Vocational Institute (SVI).³³⁰

Both ANEW and SVI offer an entryway for disadvantaged individuals to the trades. These organizations conduct outreach and recruitment directly in targeted communities and help entrants navigate the system. Both provide basic math, safety and skills training, as well as comprehensive support services to reduce barriers to success. Services include case management, mentorship, career counseling and interviewing skills, as well as referrals to assistance for food, housing, and childcare.³³¹ Both provide

students with financial assistance for work clothes and boots, hard hats, safety gear, tools to use while in the program, and union initiation fees and dues.³³²

ANEW is the oldest pre-apprenticeship for women in the nation, offering a free 14-week training program.³³³ ANEW partners with many registered apprenticeship programs in the Seattle area, and these training partners explain their industry, teach technical and math-related lessons, and expose students to the inner workings of construction.³³⁴ In 1994, ANEW and Port Jobs initiated the Apprenticeship Opportunities Project (AOP) as part of a community-wide effort to increase access to the trades careers for King County and Seattle residents who would not ordinarily have access to these opportunities, particularly women, people of color, and economically disadvantaged individuals.³³⁵ In 2012, AOP enrolled 212 individuals and provided support services to 35 recipients, for a total of 247 individuals served.³³⁶ Of the individuals served by AOP, 91 percent were low income, 33 percent were women, and 50 percent were minorities.³³⁷ Since its creation in 1994, AOP has successfully placed nearly 2,000 individuals in apprenticeships and construction jobs.³³⁸

The Pre-Apprenticeship Construction Training program at SVI consists of two quarters of instruction.³³⁹ Students can receive financial assistance to cover tuition expenses, such as grants and scholarships. About 99 percent of students do not pay for their training.³⁴⁰ About 85 percent of participants complete the apprenticeship, and of those, 75 percent successfully enter apprenticeship programs. All students qualify as low-income; 15 percent are women, and 93 percent are people of color.³⁴¹ Fifty-five percent are formerly incarcerated.³⁴²

Targeted Hire in Seattle: Lessons Learned from Sound Transit and the Port of Seattle PLAs

In this report we examine two hallmark master project labor agreements for projects owned by municipal agencies in Seattle to assess their success in increasing access to construction employment for women, minorities and other excluded groups. We review the goals and the outcomes of these agreements in Chapter 3. Here, we analyze three key components of these PLAs so that readers can draw from Seattle's own experience with targeted hire.

1) Community engagement

In the Sound Transit PLA, community had strong participation. A coalition comprised of community and labor organizations representing residents, workers, and job seekers from Seattle's low-income communities called Fairness and Access to Sound Transit Jobs (FAST) were able to play a key role in the design of the PLA. Leading up to the negotiations, FAST organized community and testified before the Sound Transit board. Its demand was community participation in the bidding and contract negotiation with a focus on low-income communities, as well as fixed procedures for getting women and people of color into jobs and apprenticeships.³⁴³ The Sound Transit PLA gave FAST a direct role in monitoring compliance and recruiting and retaining apprentices, women and people of color. By

contrast, the Port of Seattle PLA contained no clear role for community participation in monitoring or implementation other than pre-apprenticeship and apprenticeship program support.

2) Training and job placement

The Sound Transit and Port of Seattle PLA allocate funding to pre-apprenticeship programs and support services for workers. Until 2010, the Port of Seattle's master PLA required contractors to contribute twenty cents (\$0.20) per hour worked to the AOP to be administered centrally by ANEW, but the Port has subsequently contributed the funds directly.³⁴⁴ Sound Transit's master PLA created RAPID, the Regional Apprenticeship Preparation Integrated Delivery System, and required Sound Transit to contribute no less than five cents (\$.05) per hour worked to the RAPID fund.³⁴⁵ Labor, FAST, and Sound Transit administer the funds to compensate service providers and community-based organizations involved in RAPID. Like AOP, RAPID provides case management, Individual Work Plans (IWP), career counseling, drug testing and rehabilitation, and other support services; unlike AOP, services are decentralized and administered by community-based organizations SVI, ANEW, and Helmets to Hardhats.

Sound Transit's RAPID adopted a three-tiered pre-apprentice and apprentice approach. Like Port of Seattle's AOP, tier one provides pre-apprenticeship training, case management, Individual Work Plan (IWP), career counseling, drug testing and rehabilitation, and other support services. Tier two places successful candidates in approved pre-apprenticeship programs and provides ongoing industry-specific training and education, work experience, and mentoring. The third tier includes a "Direct Entry" program to recruit minorities, women, and disadvantaged workers from certain zip codes in the Central Area, Rainier Valley, and Burien-White Center. Direct Entries are entered in a pool administered by Sound Transit; when a contractor needs an entry-level apprentice, Sound Transit forwards three randomly drawn names to the contractor. The selected candidate skips other apprentices in line and joins the workforce as soon as they receive their apprentice certification.³⁴⁶ In 2011, nearly 94 percent of the 224 beneficiaries of Direct Entry were people of color, although only 12 were women.³⁴⁷ Important to note is that community members raised concerns about job placement and retention on Sound Transit. FAST representatives reported that unions failed to dispatch them off the waiting list; that they experienced "turn-arounds" in which contractors returned them to hiring halls shortly after they were dispatched; and that Sound Transit failed to protect workers from discriminatory practices of contractors and union dispatches.³⁴⁸

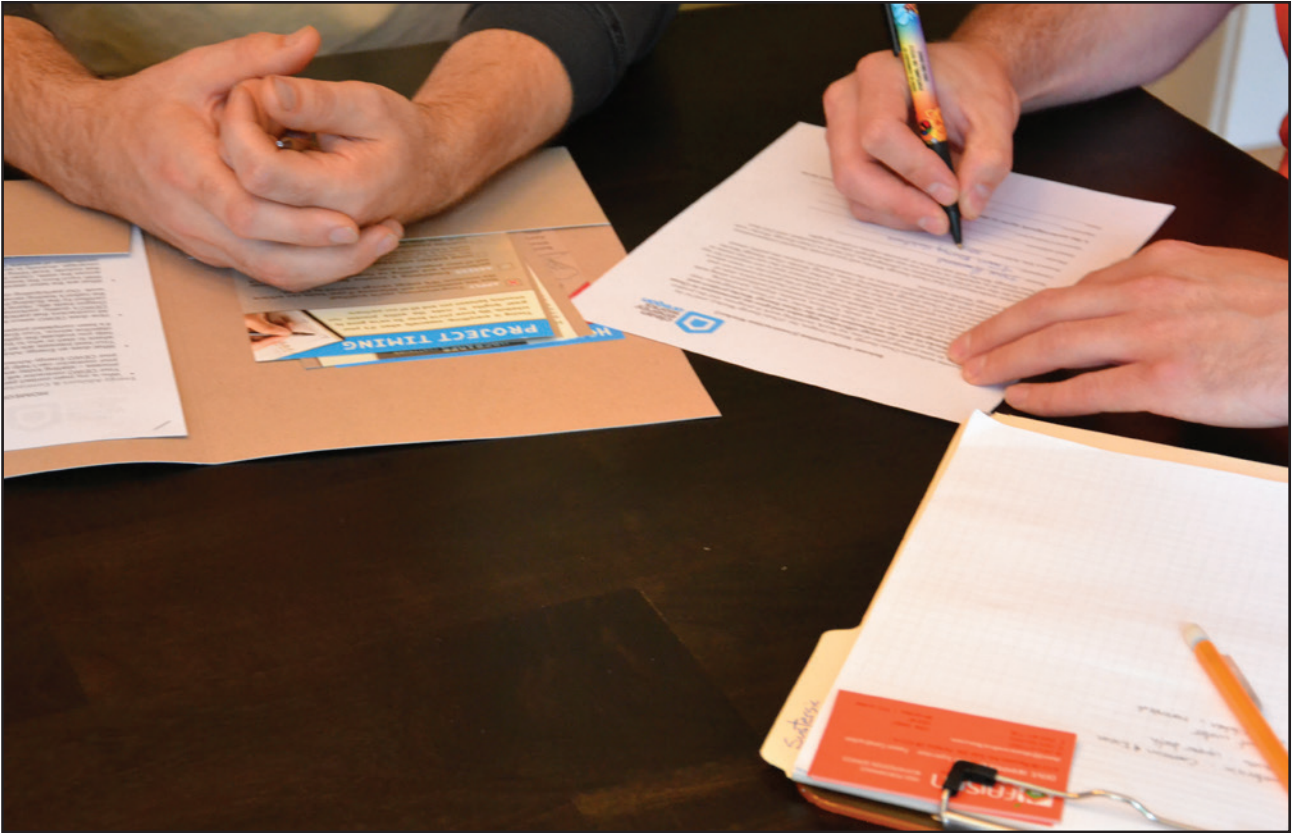
3) Compliance monitoring and enforcement

Both Sound Transit and Port of Seattle PLAs require contractors to submit monthly reports documenting apprentice hours to the Joint Administrative Committee (JAC). Sound Transit allows the JAC to recommend the agency withhold progress payments to the contractor if the contractor fails to meet the workforce and apprenticeship goals and shows a lack of good faith effort to do so; a mechanism used by the City of Seattle's Finance and Administrative Services to enforce contractor compliance with material aspects of social equity performance.

Both the Port of Seattle and Sound Transit PLAs substantially revised their monitoring and enforcement provisions. The Port of Seattle's new PLA unit, established in April of 2009, received praise from unions and pre-apprenticeship partners.³⁴⁹ Three full-time Port staff began on-site monitoring, interviews and investigation, as well as regular meetings with contractors and unions to problem-solve shortcomings and compliance issues.³⁵⁰ The unit gathers and reports data about apprentice utilization using an automated system called the Contractor Data System (CDS). The unit has made this information available in part to the public on the Port's website, and intends to make it fully available going forward.³⁵¹

At Sound Transit, FAST representatives reported barriers to their monitoring, compliance and community participation.³⁵² Of the 25 FAST representatives and 10 agents trained during the initial stages of the PLA, only five were hired on a project.³⁵³ Those five FAST representatives reported that the jobsites were simply too large to monitor alone, that there were no representatives on their off shifts, and that contractors were not receptive to them and did not use them as a resource for their minority workers.³⁵⁴

FAST representatives observed that, "Sound Transit policies reduce the effectiveness of monitoring, compliance, and community participation, as outlined in the PLA."³⁵⁵ Furthermore, community groups report that without funding of any kind, community-led enforcement is unrealistic.³⁵⁶ Unions report that FAST community groups lack a clear role and leadership, as well as a useful understanding of the union dispatch process.³⁵⁷ Union leaders felt the FAST model perpetuated divisions between union membership and community, and failed to acknowledge that unions, too, comprise community.³⁵⁸



8. CONCLUSION: A TARGETED HIRE INITIATIVE FOR THE CITY OF SEATTLE

City of Seattle Best Practices

Incorporating Best Practices into New Projects

The City of Seattle, through the centralized function operated by the City Purchasing and Contracting Services, recently introduced several noteworthy best practices in its public works contracting, including funding and resources for enforcement and compliance monitoring, new on-line payroll reporting systems, and greater emphasis on clearly defining stakeholder roles. Taken together, these innovations position Seattle to implement any targeted hire program it chooses.

Seattle benefits from a diverse and concerted effort by a wide-ranging group of stakeholders to promote targeted hire tools that increase employment and economic opportunities for historically underserved communities. This section examines Seattle's current capacity to adopt a targeted hire policy, including recent best practices adopted by the City in its public works contracting.

City of Seattle Best Practices

As this report has documented, public works projects by other public agencies in the King County region experienced difficulty monitoring and enforcing workforce diversity goals, owing in no small part to confusion regarding the roles of various stakeholders.

Automated, Real-Time Compliance Monitoring

The Department of Finance and Administrative Services (City Purchasing and Contracting Services) recently purchased and implemented software to automate real-time workforce, prevailing wage and WMBE utilization data. Contractors and subcontractors are required to regularly update data into the system. To do so, they receive intensive training on how to use the software as well as 24-hour access to software support. This offers a vast improvement over the City's original manual paper reporting system, which made data analysis difficult.

Creation of the Construction Careers Advisory Committee

In September 2013, Seattle City Council and Mayor established a 15-member ad hoc Construction Careers Advisory Committee to recommend strategies to improve access to construction jobs on public works projects for disadvantaged workers. The Committee is comprised of contractors, labor leaders, workforce training providers and members of the community. The Committee is expected to sunset March 31, 2014, unless renewed by a City Council resolution.

The Construction Careers Resolution that led to the creation of the Committee, recognized that community leaders and contractors, including general contractors and women and minority owned businesses, provide company strength and economic stability with economic investment to Seattle; union and labor leaders as well as training providers, support these policies and social needs while representing the employment practices that support all their members.

Gathering Key Research About the Industry and Workforce

City Purchasing and Contracting Services commissioned several studies to assess workforce demographics, hiring practices and opportunities for creating a targeted hire initiative. As directed by

the Resolution, researchers are presenting the findings to the Construction Careers Advisory Committee. These research studies provide crucial information to understand the current climate and workforce conditions in the City of Seattle, and can inform any targeted hire initiative the City chooses to adopt.

Incorporating Best Practices into New Projects

The Seawall CWA contains multiple innovative provisions designed to clarify roles and improve enforcement. While the Seawall CWA is relatively small (an estimated \$300 million in construction work), it is the first agreement the City itself has entered in a decade. The Seawall CWA contains several interesting provisions geared towards enhanced transparency, clarity of stakeholder roles, and strict enforcement.

- **Engaging Stakeholders:** The Seawall CWA allows an unlimited number of community representatives to attend the Joint Advisory Committee (JAC) meetings. This is a positive step in engaging stakeholders, though the agreement excludes direct community representation on the JAC or the establishment of an alternative community oversight model. To address this issue, the City Purchasing and Contracting Services Division recently developed a JAC Sub-Committee structure to provide a forum for non-signatory stakeholders such as community representatives to provide input to the JAC.
- **Job Placement:** Another interesting component is that contractors must consider the City's worker recruitment and referral service when unions cannot fulfill a contractor's workforce request. By doing so, the City is taking responsibility for ensuring that targeted workers are being placed on the project. The design and implementation of this provision is currently underway and is to be performed through a third party non-profit.
- **Contractor engagement:** To address the concern that PLAs exclude non-union contractors, the City and unions must provide training and assistance to open shop contractors about working under Collective Bargaining Agreements.
- **Veteran Recruitment:** The Seawall agreement also contains specific elements that support veterans. Unions and contractors must coordinate with Helmets to Hardhats to create and maintain an integrated database of veterans interested in working on the Seawall project, and increase apprenticeship and employment opportunities for veterans on the project. Unions are also asked to eliminate barriers to apprenticeship and journeying-out by giving credit to veterans for bona fide, provable past work experience.
- **Compliance:** The Seawall CWA requires that the City commit dedicated staff to enforce its provisions, given the absence of a third party enforcement body. The City provides monthly utilization reports to the JAC, and makes redacted copies of certified payroll and daily worker sign-in sheets available to the public by request. The agreement also establishes a subcommittee for stakeholders and community members to discuss issues, receive information on reports, ask questions and submit issues to the JAC for consideration. However, community advocates have indicated that the CWA falls short in allowing for community involvement in the monitoring and enforcement process.³⁵⁹

This past year has proven remarkable for the City of Seattle's public works contracting. The Construction Careers Committee commenced in September; automated real-time workforce utilization monitoring began in October; the Seawall project broke ground in November and key research presentations took place throughout the winter. Building off these initial opportunities, the City of Seattle can now lay the groundwork for a comprehensive targeted hire initiative that integrates best practices outlined in this report and lessons learned from the Sound Transit and Port of Seattle experiences.

APPENDIX A: LIST OF INTERVIEWS CONDUCTED

In Seattle, WA

1. Bob Armstead, President – National Association of Minority Contractors NAMC Washington Chapter
2. Diane Davies, Program Administrator - Seattle Vocational Institute – Pre-Apprenticeship Construction Training SVI - PACT
3. Jerry Dinndorf, Seattle District Manager - the Associated General Contractors AGC of Washington
4. Nicole Ferrer, Executive Director at the Apprenticeships & Nontraditional Employment for Women ANEW
5. Ralph Graves, Managing Director - Capital Development, Port of Seattle
6. Andra Kranzler, Attorney - Columbia Legal Services
7. Frank Lemos, Founder and CEO - LDC, Inc. – The Civil Engineering Group
8. Todd Mitchell, Liaison – Helmets to Hardhats
9. Lee Newgent, Executive Secretary – Seattle Building & Construction Trades
10. Marge Newgent, Field Representative – International Union of Operating Engineers IUOE 302
11. Garry Owens, Member - FAST Jobs Coalition and of LELO
12. Martha Ramos, Organizer - FAST Jobs Coalition and LELO
13. Gus Sestrap, Operations Manager - Turner Construction Company
14. Halene Sigmund, President – Construction Industry Training Council CITC
15. Frederick Simmons, Member - IBEW Local 46, Coalition of Black Trade Unionists, and LELO Board
16. Michael Woo, Organizer – Got Green

In Los Angeles, CA:

17. Anabel Barragan, Former Program Director – Los Angeles Unified School District We Build Program

18. Miguel Cabral, Director – Economic Development Initiatives & Workforce Compliance
Los Angeles County Metropolitan Transportation Authority
19. Tim Gutierrez, President – Surety Mechanical Inc.
20. Lanita Morris, Project Coordinator – Black Workers Center, Los Angeles
21. Uyen Le, Compliance & Outreach Officer International Brotherhood of Electrical
Workers IBEW 11

In Cleveland, OH:

22. Natoya Walker-Minor, Chief of Public Affairs & Director – Office of Equal Opportunity,
City of Cleveland
23. David Wondolowski, Executive Secretary - Cleveland Building Trades

In Milwaukee, WI:

24. Kathleen Mulligan-Hansel, Deputy Director – Partnership for Working Families
25. Barbara Tribble, Contract Administration – Department of Public Works Administrative Services

In San Francisco, CA:

26. Benita Benavides, Community Advocate – Chinese for Affirmative Action
27. Jenny Lam, Director of Programs – Chinese for Affirmative Action
28. Michael Theriault, Secretary-Treasurer – San Francisco Building Trades
29. Pat Mulligan, Director - City Build
30. Ken Nim, Workforce Compliance Manager - CityBuild

In Alameda County, CA:

31. Andreas Cluver, Secretary-Treasurer – Alameda County Building Trades

In Oakland, CA:

32. Ben Beach, Legal Director - Partnership for Working Families PWF
33. Jonothan Dumas, Local Employment Program Supervisor - City of Oakland
34. Jake Sloan, Port of Oakland Maritime and Aviation Project Labor Agreement Administrator - Davillier-Sloan, Inc.

In Portland, OR:

35. Connie Ashbrook, Executive Director – Oregon Tradeswomen Inc.

In Washington D.C.:

36. Art Lujan, Special Assistant to the President – National Building and Trades & Construction, AFL-CIO

APPENDIX B: METHODOLOGY

We conducted an extensive literature review and examined written reports and policies associated with targeted hire. In researching targeted hire approaches, our team reviewed 14 case studies of programs operated by public agencies and municipalities across the country, and examined 20 additional examples of alternative targeted hire approaches. For the case studies, we reviewed the written project labor agreements and ordinances of each of the programs, as well as existing progress reports, city council minutes, and internal agency communications when available. We also collected extensive literature by academics and other industry stakeholders on targeted hire approaches.

We conducted 36 phone interviews with key stakeholders throughout the country, with a diverse range of perspectives on hiring practices in the construction industry. This included city officials, public agency staff, labor union leaders, contractors, community organizations, industry researchers and workforce development staff.

In assessing outcomes of apprenticeship programs in King County, we analyzed primary data provided by the Washington Department of Labor and Industries for active apprentices during the 2008-2013 period.

In addition, the UCLA Labor Center conducted a 21-question online survey among four women- and minority-owned business' representatives, on key information regarding their workforce composition, hiring practices, and public works participation.

APPENDIX C: TARGETED HIRE PROGRAMS REVIEWED

PLAs Reviewed

Findings in this report are based on case studies of seven project labor agreements implemented by different agencies across the country. These PLAs are summarized briefly below:

Project-Specific

The Board of Port Commissioners adopted The Port of Oakland Maritime and Aviation PLA (MAPLA) in 2000 to cover the Capital Improvement Program for the Port's Aviation and Maritime areas. Although it was initially adopted for five years, the PLA has been extended four times, and it is expected to run through June 2015. The agreement sets hiring goals that give priority preference to residents of Oakland and next preference to residents of their nearby cities, including San Leandro, Alameda and Emeryville.

Multiple Projects

The Los Angeles Unified School District (LAUSD), as part of its labor plan and strategy, signed a project labor agreement with the local building and construction unions in 2003. The PLA covers \$20 billion in projects, including repairs and modernization of existing schools, as well as construction of new ones.

Public Agency-Wide

The Hayward Unified School District Board approved a project labor agreement with the Alameda Building Trades Council for its \$205 million school construction and renovation bond. This PLA sets goals for local resident hiring, and gives priority to the District's former students and recent graduates.

The Los Angeles County Metropolitan Transportation Authority (LACMTA) approved a project labor agreement in January 2012. LACMTA negotiated with the Los Angeles/Orange County Building Trades Council to help increase the number of workers from disadvantaged areas who are hired on the agency's transit and road projects.

Following the passing of the Public Infrastructure Stabilization Ordinance in 2010, and under its Lifting Individuals Giving Hope Today L.I.G.H.T. Program, the City of Los Angeles adopted a departmental PLA to cover all Public Works construction by the Department of Public Works (DPW).ⁱ The Los Angeles DPW PLA covers approximately 98 Public Works construction projects with an estimated value of more than \$2 billion.³⁶⁰

Seattle PLAs:

In 1999, the Port of Seattle signed a master PLA with national and local building and construction trades, local affiliated unions, and the prime contractor for all contracts to complete an estimated \$2.6

ⁱ In addition, the City of Los Angeles has other three departmental PLAs in place: 2) The Port of Los Angeles (POLA) PLA. The City had already two other departmental agreements adopted by the Los Angeles World Airports (LAWA) and The Los Angeles Community Redevelopment Agency (CRA/LA).

billion of necessary facility improvements at Seattle-Tacoma International Airport. In 2010, the Port of Seattle reevaluated how to best utilize their PLA to further airport modernization.

Sound Transit mandated PLAs on all Link light rail construction and Sounder commuter rail station contracts in July 1999. That December, Sound Transit entered a master PLA with national and local building and construction trades for all light rail and commuter rail station contracts. As of 2011, the Seattle Sound Transit PLA had covered 8 projects with a total of 5.7 million hours worked.

Ordinances Reviewed

Findings on this report are based on case studies of six ordinances implemented by different municipalities across the country. These targeted hire ordinances are summarized briefly below:

- On December 25, 2010, San Francisco passed its landmark **Local Hiring Ordinance**, which went into effect on March 25, 2011. The ordinance is expected to cover about \$27 billion in public works and improvement contracts over the first 10 years of the law, generating tens of thousands of construction jobs.
- In March 2009, the City of Milwaukee passed **Milwaukee Opportunities for Restoring Employment**, known locally as the M.O.R.E. Ordinance. The M.O.R.E. Ordinance extends provisions of the City's existent targeted hire initiatives, namely the Resident Preference Program (RPP) and Emerging Business Enterprise Program (EBE), by establishing a set of requirements that developers must meet to be considered for development subsidies or assistance. Among these mandates is a prevailing wage requirement, as well as increased apprenticeship training and job opportunities for residents of Milwaukee's poorest neighborhoods.
- In 2006, the City of Richmond signed into law the **Local Employment Ordinance**. The ordinance applies to public works or service contracts with the City of \$100,000 or more, and it requires that Richmond residents receive preference for employment in these projects.
- The City of Cleveland passed the **Fannie M. Lewis Cleveland Resident Employment Law** in 2003, which established a public works jobs guarantee for local and low-income workers. It was challenged not long after its adoption, but the 2007 case of Cleveland vs. Ohio upheld the law against constitutional concerns, making it a model legislation for other municipalities across the country. The legislation applies to City contracts in excess of \$100,000. More recently, Cleveland also approved a Community Benefits Agreement in an effort to increase the scope and strength of its targeted hire initiatives and increase direct benefits to local residents and businesses.
- In 1996, the City of East Palo Alto, CA passed its **First Source Hiring Ordinance**, requiring all redevelopment projects that receive \$50,000 or more in subsidies to hire local residents in each trade, as well as participating in a first source referral system.

- Oakland adopted its local hire program in 1993, which established the **Local Employment (LEP)** and **Local Construction Employment Referral Programs (LCERP)**. Both programs were codified in an ordinance in 2001. LEP requires that all Oakland public works and subsidized construction projects of \$50,000 or more hire Oakland residents, while the LCERP provides hiring referral guidelines for union shop and open shop employers.

Community Benefits Agreements Reviewed

- In 2012, the City of Portland adopted a citywide **Community Benefits Agreement** template, establishing equity goals to be implemented in city funded projects, and dedicating funds to support women and minority workers and businesses. The City is currently piloting the agreement on two Water Bureau projects totaling \$100 million.

APPENDIX D: GLOSSARY

Community Benefits Agreements: are legally binding contracts signed by a developer and a coalition of community representatives that address a wide range of community needs. Community benefits agreements can also include additional signatories like unions and training providers.

Community Workforce Agreement: are a part of project labor agreements that include targeted hire provisions.

Direct or preferred entry: refers to an agreement in which graduates of a named pre-training program (or programs) who meet apprenticeship eligibility criteria have a direct route into an apprenticeship program. Typically, pre-training programs that are selected for a direct entry relationship serve low-income workers and workers of color, and they have a proven track record for producing highly qualified graduates who can succeed on the job. Aspiring construction workers who graduate from these programs skip the list and go right into apprenticeship after demonstrating they meet the entry qualifications.

Disadvantaged Business Enterprise (DBE): The Washington State Office of Minority and Women Business Enterprises (OMWBE) defines a DBE as a firm owned and controlled by 51 percent or more eligible people. Eligible people are defined as minority, women, or socially and economically disadvantaged business owners.

Disadvantaged workers: are a broad category used to refer to workers that have been underrepresented in the construction industry, and/or have faced systematic barriers to employment. These are some of the criteria used to identify disadvantaged workers:

- Zip code with income criteria such as:
 - Residing in a census tract with a rate of unemployment in excess of 150 percent of the city or county unemployment rate
 - Having a household income of less than 80 percent of the annual median income for the area
- Minority / Women
- Veterans
- Facing one or two of the following barriers to employment such as:
 - Homeless
 - A custodial single parent
 - Receiving public assistance
 - Lacking a GED or high school diploma

- Participating in a vocational English as a second language program
- Having a criminal record or other involvement with the criminal justice system
- Experiencing long term / chronic unemployment
- Youth emancipated from foster care

First Source Referral: is a system operated by a public agency or non-profit organization to identify and refer eligible workers to construction jobs. First source referral systems bank eligible worker information and skills on a database and when a contractor places a request for a job vacancy, the agency identifies what individuals match the contractors' needs. The agency then refers eligible workers to the job site.

Ordinance: is legislation requiring project owners and contractors to hire targeted workers for public works construction projects. Such ordinances create a set of standards that can apply to a municipality or public agency and it applies to all projects it covers.

Pre-apprenticeships: are workforce development programs that prepare people, particularly low-income individuals and non-traditional construction workers such as women and minorities, to enter the construction trades.

Project Labor Agreements: are contracts negotiated between the owner of a construction project and applicable labor unions that establish an agreement for a union workforce at least through the duration of the project. PLAs include rules for worksite conditions, project execution, and protocol to resolve labor disputes without resorting to strikes and lockouts.

Targeted Hire: is a commitment that will be enacted through some form of policy and/or program to increase employment opportunities for disadvantaged workers, who often have difficulty accessing the construction workforce pipeline. Targeted hire creates institutional mechanisms to create opportunities and pathways for these workers and it links with other policies to ensure the provision of quality jobs, prevailing wages, and benefits packages. A targeted hire policy also provides training opportunities so that new workers can enter the industry while learning the skills necessary to move up in the construction career ladder.

Underutilized firm: is defined as a firm that meets the following criteria: 1) WMBE firm in business for at least one year at the time of a bid as evidenced by a City of Seattle Business License and/or a State of Washington UBI; and 2) has not been paid by the Bidder in the most recent 12 months; except that 3) once the Bidder pays such a firm for City work, the WMBE retains underutilized status and may be on future Inclusion Plan Forms as a "Spread The Work" firm for that Bidder for as long as 36 months.

Union hiring hall or dispatch hall: is a union-operated placement center where jobs from various employers are allotted to registered applicants. Contractors call union halls to request specific numbers of workers, with specific skill levels/types, for a specific amount of time. Union hiring halls

are able to go through their existing lists in order to specifically target workers that meet the PLA hiring criteria and dispatch those workers to the jobsite. In the event that union hiring halls are unable to provide adequate referrals, usually within 48 hours, contractors and subcontractors can then hire from a different employment referral source.

Women- and Minority-Owned Business Enterprise (WMBE): The City of Seattle defines WMBE firms as at least 51 percent owned by women and/or minorities.

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- 333 Apprenticeship & Non-Traditional Employment for Women, "Pre-apprenticeship Trades Rotation Program (Training)," accessed December 7, 2013, <http://anewaop.org/programs/pre-apprenticeship-trades-rotation-training-program/>.
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- 340 Davies, interview.
- 341 Ibid.
- 342 Partnership for Working Families, *Construction Careers Handbook*, 21.
- 343 Woo, interview.
- 344 Ralph Graves, phone interview with authors, November 25, 2013.
- 345 Sound Transit, *Project Labor Agreement*, 15.
- 346 Agreement Dynamics, *Sound Transit Project Labor Agreement Study*, 63.
- 347 Ibid., 68.
- 348 Garry Owens (Member, FAST Jobs Coalition and LELO), Martha Ramos (Staff, FAST Jobs Coalition and LELO), and Frederick Simmons (Member, IBEW Local 46 and Coalition of Black Trade Unionists CBTU), phone interview, February 27, 2014.
- 349 Todd Mitchell (Liason, Helmets to Hardhats), phone interview with authors, November 21, 2013; Marge Newgent (Field Representative, International Union of Operating Engineers IUOE 302), phone interview with authors, November 21, 2013.
- 350 Lee Newgent (Executive Secretary, Seattle Building and Construction Trades), phone interview with authors, November 21, 2013.
- 351 Graves, interview.
- 352 Owens, Ramos, and Simmons interview.
- 353 Agreement Dynamics, *Sound Transit Project Labor Agreement Study*, 123.
- 354 Ibid.
- 355 Owens, Ramos, and Simmons interview.
- 356 Woo, interview.
- 357 L. Newgent, interview.
- 358 M. Newgent, interview.

8. Conclusion: A Targeted Hire Initiative for the City of Seattle

- 359 Andra Kranzler (Attorney, Columbia Legal Services), phone interview with authors, November 22, 2013.

Appendix C: Targeted Hire Programs Reviewed

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Appendix F

Tally Sheet for Consensus



TALLY SHEET FOR CONSENSUS

During the CCAC barriers discussion, members suggested “Use the best practices for recruiting and hiring the target group as well as one common set of standards that could be applied to all public contracts.” Then CCAC was asked what those best practices were and a follow-up poll was sent to learn if CCAC members agreed or disagreed with the responses received.

Eleven CCAC members responded (73% of CCAC) as follows: 3 labor responses, 2 contractor responses, 1 community response, 3 trainer responses, 1 minority-WMBE response and 1 expert response. The results are below.

| Suggested Best Practices from CCAC Members | Do you Agree or Disagree with this statement? |
|---|---|
| The single best tool is to start at a young age at the high school level. Industrial Arts programs (which unfortunately many school districts have eliminated) are the logical starting point for Construction Career recruitment. | 6 agree; 4 disagree; I said “this is important, but only one part of a comprehensive outreach/ workforce plan.” |
| Add an “Engage and Educate Partners” section to the UCLA Best Practices. The city should provide a community based organization with funding for the community partner components. The community partners will be vital in implementing job coordination, engaging the community, connecting underrepresented workers to the contractors, and establishing a clear system to identifying and certifying underrepresented workers. | 5 agree; 4 disagree; I said “Neutral. Too many factors affect this. It is not a given.” I said “Not sure, needs accountability to city.” |
| The funding for the community partner should come from both the city budget, as identified in the "FAS Estimated Project Funding Needs" and by developing a dedicated fund account that requires project owners to set aside .75% for each million dollars in total project costs. A portion of these funds should be given to the community that will support recruitment, promote, train, and hire a diverse and qualified workforce. | 3 agree; 2 disagree; 4 said “Agree” with the first sentence, “disagree” with the second sentence” I said: “Neutral. assumes that the community partner outreach effort will be the one chosen.” I said: “Concerns: This seems like too much money for the fund.” |
| In addition, the monitoring and enforcement aspects of recruitment should be funded by a dedicated fund that requires .25% for each million dollars in total project cost to finance the operation of the city’s labor compliance committee. | 6 agree; 4 disagree; I said “Monitoring and enforcement is critical for the success of the agreement, but again, this statement makes many assumptions.” |
| Targeted hire percentages must be requirements not goals. | 7 agree; 4 disagree |

One CCAC member suggested querying CCAC on the Best Practices from the UCLA report presented on 4/2/14. Do you agree or disagree with these best practices?

| Suggested Best Practices from UCLA Report | Do you Agree or Disagree with this statement? |
|--|--|
| 1. Engage stakeholders and facilitate collaboration. | Unanimous CCAC Support |
| 2. Create inclusive, equitable and realistic targeted hire goals that can be clearly communicated and measured. | Unanimous CCAC Support |
| 3. Educate stakeholders and communicate goals. | Unanimous CCAC Support |
| 4. Develop a strong system for contractor engagement and promote WMBE participation. | Unanimous CCAC Support |
| 5. Create partnerships and secure funding to identify | Unanimous CCAC Support |

| | |
|--|--|
| and recruit target workers. | |
| 6. Invest in pre-apprenticeship programs. | Unanimous CCAC Support |
| 7. Support registered apprenticeship programs. | Unanimous CCAC Support |
| 8. Support job placement and worker retention. | Unanimous CCAC Support |
| 9. Create, staff and fund a robust and active compliance system. | 7 agree; 3 disagree; I said "Does the cost of the staff outweigh the benefits? Is compliance fair or does it deter subcontractor bidders?" |

One CCAC member provided suggestions for a common set of standards to be applied to all public contracts. Do you agree or disagree with these standards?

| Suggested Common Set of Standards to be Applied to All Public Contracts | Do you Agree or Disagree with this statement? |
|---|--|
| 1. Mandatory requirement for total work hours performed on the project by underrepresented workers | 2 agree; 9 disagree |
| 2. Hiring of underrepresented apprentices in their 2nd through 5th year | 4 agree; 7 disagree |
| 3. Provide opportunity for underrepresented workers to "test-in" to apprenticeship/journey-level positions | 8 agree; 3 disagree |
| 4. Requirements for hiring pre-apprentices through preferred entry | 8 agree; 3 disagree |
| 5. To ensure Small women/minority contractors can successfully bid and perform on city public works projects (see 5a, 5b below) | 3 agree; 8 disagree |
| 5a. unbundle contracts | |
| 5b. if PLA, special requirements to help small women/minority business perform | 3 agree; 8 disagree |
| 6. Incentives for contractors (see 6a, 6b, 6c below) | Unanimous CCAC Support |
| 6a. get credit for hiring administrative/construction management if they meet the definition for underrepresented worker | |
| 6b. get credit for hiring underrepresented worker for non-craft positions i.e. shop steward, foreman, safety team, trainers, or leads | 7 agree; 4 disagree |
| 6c. get credit for hiring underrepresented recent apprentice graduate | 7 agree; 4 disagree; |
| 7. Monitoring and enforcement (see 7a, 7b, 7c, 7d, 7e below) | |
| 7a. requirements | 7 agree; 2 disagree; 1 blank; I said "Concerns about being overly enforced. At what point do subs stop bidding?" |
| 7b. real time penalties | 7 agree; 2 disagree; 1 blank; I said "Concerns about being overly enforced. At what point do subs stop bidding?" |
| 7c. on-site monitoring of compliance and real time review of certified payroll | 7 agree; 2 disagree; 1 blank; I said "Concerns about being overly enforced. At what point do subs stop bidding?" |
| 7d. community review and recommendation powers for penalties | 4 agree; 5 disagree; 1 blank; I said "Concerns about being overly enforced. At what point do subs stop bidding?" |
| 7e. funding for oversight, monitoring, and enforcement | 7 agree; 2 disagree; 1 blank; I said "Concerns about being overly enforced. At what point do subs stop bidding?" |