

Tacoma Community Workforce Advisory Committee Final Report

City of Tacoma | City Manager's Office

City Council Study Session

May 21, 2019

ITEM #2



MISSION



...[T]to review hiring of (1) residents who live in economically distressed areas of the City and (2) Women and Minority Business Enterprises (WMBE) in City public works projects and provide a recommendation as whether a Community Workforce Agreement (CWA)... would promote hiring from these two groups. The Advisory Committee will review a draft CWA and PHO developed by staff and offer recommendations on these draft documents. The Advisory Committee may consider and recommend other potential City actions as well.

MEMBERSHIP



- 18 members appointed by City Manager; 3 unable to participate
- 2 non-voting members added during process by individual City Council members
- Members represent unions; large and small public works contractors, both open shop and unionized; WMBE firms, open shop and unionized; community advocates; others



PROCESS AND TIMELINE



- Advisory Committee met 7 times, between December 2018 and March 2019
- Supported by City Staff and independent facilitator
- Report reviewed, edited, approved by Committee
- 3 minority statements

DATA REVIEWED



- Current City Programs: LEAP, SBE, public works procurement
- Griffin & Strong Study and supplemental memo on CWAs
- Seattle's CWA
- Information on other CWAs
- State Initiative I-200
- AGC unfair labor practice filing against WSDOT over CWA (filed 12/18)
- Workforce Central
- Draft CWA from City Attorney

● ● ● A CWA DEFINED



- A “project labor agreement” negotiated between the project owner and unions in advance of the issuance of project bids, incorporating community benefits and labor requirements, applicable to all future projects within a defined scope.
- More traditional single-project “Project Labor Agreements” have been around since the 1930s; negotiated with project owner, selected contractor and unions.
- Staff found 3 CWAs: Seattle, San Francisco, Santa Anna

● ● ● SEATTLE'S CWA EXPERIENCE



- Applicability: All Public Works over \$5m
- WMBE goals not included in CWA: these are addressed through separate requirements.
- WMBE inclusion plans must be submitted by contract bidders, meeting certain minimum terms
- CWA does not require bidders to be unionized, but winning bidders must pay union dues and benefit costs for all project employees.
- Seattle reimburses these dues and benefit costs at the contractor's internal benefit cost (which may be different than the union cost paid by the bidder)
- This is the so-called "dual benefits" issue

● ● ● SEATTLE'S CWA EXPERIENCE



- 21 projects to date subject to the CWA.
- Four of 14 general contractors selected are open shop firms (not unionized).
- Good results on priority hire goals
- Lower utilization of WMBEs than on other public works: City exploring options to address



LEAP AND SBE PROGRAMS

Local Employment and Apprenticeship Training	Small Business Enterprise Program
<p>Equivalent of a “priority hire” program Race and gender neutral</p> <p><u>Goals:</u></p> <ul style="list-style-type: none">• 15% total labor hours from residents of economically distressed areas (<i>Contracts >\$250K</i>)• 15% of apprentice labor hours from residents of economically distressed areas (<i>PW >\$1M</i>) <p><u>Challenges:</u></p> <ul style="list-style-type: none">• Staffing limitations: no direct services• Contractors report challenges in meeting apprenticeship goals but are generally meeting labor goals	<p>Promotes utilization of small businesses on City-funded projects Race and gender neutral</p> <p><u>Goals:</u></p> <ul style="list-style-type: none">• SBE use of up to 22% of contract amount on all City contracts over \$25K.• City defines use required for each type of contract, based on City SBE roster availability <p><u>Challenges:</u></p> <ul style="list-style-type: none">• Bidders must state SBE hiring goal, but that goal may be zero• Staffing limitations to expand roster• City goals not being met over all

●●● THA STRATEGY



- THA does not have a CWA. They use a different project-by-project approach
- Individual Projects: Salishan, Bay Terrace
- Alternative procurement process to tradition low bid: General Contractor/Construction Manager (GC/CM)
- Goals:
 - Hire residents of THA units, especially those displaced
 - MBE, WBE, DBE goals, and local labor goals
- Outcomes: successfully met goals.
- Keys to success: engagement and commitment of project owner and contractor, advance work with community and workforce agencies

DRAFT TACOMA CWA



- Applies to public works over \$5m
- 3 parties: AGC, Construction Trades Council, City
- Priority hire goals for labor, apprentices
- Commitment to outreach/ assistance to WMBEs; no specifics
- No union dues and benefit requirements for non-union contractors
- No limits on number of contractor's employees that may work job
- Contractors may secure apprentices from union hall or other state certified programs
- No workplace conditions requirements

RECOMMENDATIONS



- Priorities for assisting target labor and contractor groups (Table 3)
- Consensus points with respect to the City's dual goals (Figure 1)
- Preferences as between (1) Seattle CWA, (2) Draft Tacoma CWA, (3) other approaches (Table 4)
- Interest group priorities (Table 5):
 - Open shop contractors
 - WMBEs
 - Contractors
 - Advocates for residents of distressed communities and workforce agencies.
- Other Recommendations (Table 6)

EXECUTIVE SUMMARY EXCERPT



- We are not convinced that a dual purpose CWA can be constructed that will effectively promote both of the City’s goals. We are aware of no CWAs with an equivalently broad scope. Specifically, we are not convinced that open shop WMBE firms can effectively be placed on a level playing field with unionized firms under a CWA. Having looked at several potential CWA models, we identify four core structural challenges:
 - Implications for WMBEs of meeting union obligations—dual pay; core employee limits, and the sourcing of priority hires
 - Unionized contractors have collective bargaining agreements that may conflict with a CWA
 - Unions have foundational concerns that a CWA not disrupt their dispatch procedures from union hiring halls
 - Ideally, contractors should be a signatory to an agreement like this – as they are in a Project Labor Agreement (PLA) – but no one can represent and bind all potential contractors in advance



RECOMMENDED PRIORITIES



Group	Status Should be Confirmed By:	Recommended Tacoma Priorities
WMBE	State Certification	<i>For all three groups:</i> <u>First priority:</u> Those living or operating in Tacoma or economically distressed areas served by TPU <u>Second priority:</u> Those living or operating outside Tacoma but inside TPU service territory <u>Third priority:</u> Those living or operating outside Tacoma and TPU service territory
SBE	State Certification as a DBE or SEDBE	
Apprentices	State certified apprentice training program	

Note: This is presented at Table 3 in the Committee's Report

COMMITTEE CONSENSUS



- City dual policy goals to (1) provide more apprenticeship opportunities and employment for persons in disadvantaged zip codes, and (2) provide outreach, assistance and increased participation for WMBE firms.
- Pursuing these goals with race and gender conscious programs
- Any CWA should be limited in term (3-5 years) and should include specific metrics/goals, built-in mechanism for annually review/ adjustment
- Using state-certification criteria to define WMBE firms.
- Promoting hiring of veterans on city public works projects.
- More programs and specific commitments to support WMBE firms.
 - Explore set-asides for WMBE firms.

Committee Report: Figure 1



MEMBER PREFERENCES



<u>Option 1</u> Tacoma adopting a “Seattle-style” CWA*	<u>Option 2</u> Tacoma adopting the “Tacoma Draft CWA”*	<u>Option 3</u> Meeting the dual goals of the City by other means
<p style="text-align: center;">4</p> <ul style="list-style-type: none">• We need stronger, separate WMBE ordinances• The 3 party approach proposed in Tacoma Draft is probably unworkable	<p style="text-align: center;">1</p> <ul style="list-style-type: none">• subject to stronger provisions being included with respect to WMBEs	<p style="text-align: center;">9</p> <ul style="list-style-type: none">• Seek to meet goals through ordinance and policy• The Tacoma Draft CWA tries to do too much• Carve-outs in support of WMBEs in Tacoma Draft insufficient to create level playing field as compared to unionized firms
<p>Note: Tally taken from members attending Meetings 5 and 6; confirmed at Meeting 7</p>		

GROUP 1 - OPEN SHOP CONTRACTORS



- Must haves:
 - Clear rules for open shop contractors
 - Ability to recruit/hire apprentices from open-shop apprentice programs
- Strongly opposed to:
 - Terms requiring payment of union dues and benefits for any open shop employees
 - Union requirements that prevent union-signatory prime contractors from utilizing non-union contractors and key work limits
- Other:
 - Many open shops are WMBE firms. There is overlap in our interests with that group

GROUP 2 - CONTRACTORS (UNIONIZED AND LARGE FIRMS)



- Must haves:
 - Refinements to how the “low bid” is defined – a point system or hybrid of cost and points for social justice goals
- Strongly opposed to:
 - Language prescribing how we utilize our workforce—such as key worker limits
 - Requirements to wait days to get qualified priority hires
- Other:
 - Exempting open-shop WMBEs from CWA requirements doesn’t help; a unionized prime contractor cannot hire them without violating its union collective bargaining agreement

GROUP 3 – WMBEs



- Must haves:
 - Exempt certified WMBEs from the CWA requirements
 - Requirement that WMBEs are state certified
- Strongly opposed to:
 - Terms requiring payment of union dues and benefits for any open shop employees
 - Union shop requirements
- Other:
 - Pre-apprentice program requirements are not needed—we tend to hire these people now
 - We support the idea of priority hire, with a first preference to local hires and then others

GROUP 4 - ADVOCATES



- Must haves:
 - Public agencies (owners) want freedom to pursue their social justice goals.
 - Mechanisms to meaningfully increase the amount of work going to firms owned by women and minorities, and to increase the amount of work going to residents of disadvantaged areas.
 - Open doors to those traditionally locked out –women and minority firms, workers and apprentices—and ensure they receive a fair and equitable amount of tax dollars spent on public works.
 - Open shop apprentice programs want to retain their ability to dispatch apprentices to public works projects/contractors.
 - Improved linkage between pre-apprenticeship training and jobs. Clear entry, pathways and coordination to help people get jobs with benefits and a living wage.
 - Sanction companies that don't meet the goals.
 - A threshold for CWA projects lower than \$5M.



OTHER RECOMMENDATIONS



- 25 recommendations, 3 categories ; Not prioritized
- Category 1: Strategies to increase WMBE participation on City Projects
 - Support nearly all recommendations of Griffin & Strong Disparity Study
- Category 2: Strategies to Support Employment of Residents of Economically Distressed Areas on City Public Works Projects
- Category 3: Other

CONCLUSIONS



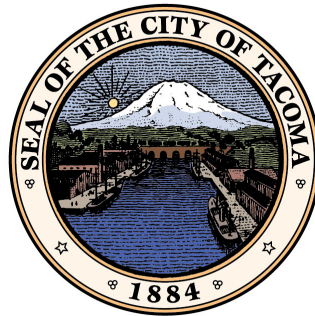
- Committee supports the City's dual goals
- The disagreement is about the means to reach those goals
- Support for race and gender conscious programs
- CWA draft and models reviewed overall do not present sufficient means to place WMBE firms on a level playing field with union firms
- Promote goals through ordinance and policy



MINORITY STATEMENTS



- Mark Martinez, co signed by 4 Committee Members
- Frank Lemos, National Minority Business Advisory Council
- Arti O'Brien, President, AGS



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