

Tacoma Community Workforce Advisory Committee

Meeting Summary from January 30, 2019

Action items are underlined; follow up tasks are noted in ***bold font italicized text***.

MEETING ATTENDANCE					
Advisory Committee Members:					
Tim Attebery	✓	Frank Lemos	✓	Billie Otto	✓
Yolanda Brooks	✓	Mark Martinez		Loren Pease	
Martha Cerna		Michael Mirra	✓	Lyle Quasim	
James Faison	✓	Marilynn Moch	✓	Justin Satiacum	
Eric Frank		Korbett Moseley	✓	Halene Sigmund	
Nathaniel Lawver	✓	Doug Sibert (Alt.)	✓	Michael Tucci	
Staff and Others:					
Tadd Wille	✓	Steve Victor	✓	Reid Bennion	✓
Jeff Jenkins	✓	Martha Lantz	✓	Nick Anderson	✓
Daniel Murillo	✓	Clifford Armstrong	✓	Karen Reed	✓
Terry Ryan	✓	Patsy Best	✓	Linda Nguyen	✓
Eric Alozie	✓				

Welcome, Introductions Co-Chair Tim Attebery convened the meeting at 9:33 AM.

Facilitator Karen Reed reviewed the agenda. Mark Martinez is unable to attend today so his presentations and Tim’s will be deferred to the next meeting.

Panel Presentation & Discussion /Q&A: Seattle Experience With Community Workforce Agreements/Project Labor Agreements. Presenters: Liz Alzeer, Director, City of Seattle Purchasing and Contracting Services; Anna Pavlik, Labor Equity Program Manager, Purchasing and Contracting Services

Liz came to the City 7 years ago. Anna has been running the Purchasing and Contracting Services program for 5.5 years. Anna led the presentation, acknowledging that several members of the Committee have helped put together Seattle’s programs. Points included in her presentation:

- Priority Hire has been in place in Seattle for 5 years.
- It was launched after a pilot program for the City Seawall repairs.
- Projects covered by the City’s Community Workforce Agreement (CWA) have included 21 projects since inception, all public works projects over \$5 million. Remote City Light projects are excluded. Federally funded projects are excluded.
- The City utilizes underserved ZIP codes to target hiring targets, some outside of City boundaries.

- Some aspirational goals for women and hours worked by persons of color.
- The City provides technical assistance to contractors to help them through the process.
- Non-union members still have to go to the Union Hall in order to be dispatched to work on projects.
- Apprentice hiring has helped increase hiring of persons of color.
- Estimate \$9 million in wages go to underserved ZIP codes.
- Mayor Durkan has also applied priority hire goals on select private projects where the City has leverage, including Key Arena renovation.
- City has invested \$2.8M in recruitment and support services.
- The City has published a guidebook for apprenticeship programs sponsored by City of Seattle.

Results of CWA:

- WMBE hiring has declined slightly—from 18% to 16%-- but there is a higher percentage of businesses owned by persons of color.
- Half of subcontracts have gone to Non-Union shops.
- 4 of 14 general contractors are Non-Union.
- Financial breakdown on the size of these projects not known; the non-union shops tend to be on the smaller projects.
- Larger projects tend to be awarded to Union shop general contractors.
- All workers pay into Union trust funds. City reimburses contractors who have private retirement/other benefits through 2017 that was \$154k (.04% of project costs).

Q & A following the presentation included:

Q: Are taxpayers paying for City to reimburse contractors for benefit costs? A: Yes.

Comment: Your estimate of \$157K in dual benefits cost reimbursement seems very low given the size of the projects (\$373 million) and health care costs.

Q: Is an outside auditor looking at CWA Ordinance? A: Private consultants have looked at some aspects of the data, including ZIP codes.

Q: Can you send 2018 annual report on CWA when it is prepared? A: It will not be available for 2-3 months but yes.

Q: How did focus groups go for annual reporting? A: Common response is that admin efforts in advance with unions are challenging; open shops are concerned about how many of their employees are eligible to work on projects.

Q: Can you provide the data on the percent of workers getting access to benefits and a breakdown on the demographics of those employees? A: No. The union has this data but will not release it.

Q: What do you do to help increase subcontracting of WMBEs? A: We analyze each project type past performance actuals for the prior 3 years and that becomes the aspirational goal for a new project of that type. Bidders must submit an “inclusion plan” with 3 parts (1) firm guarantees of hiring of WMBEs; (2) aspirational goals for hiring of WMBEs, and (3) description of business strategies they will use to hire WMBEs. This is a “pass/fail” test in the RFP; there are a maximum of 16 points possible and to qualify a bidder must get at least 10 points.

Q: Is this approach legal? A: Seattle has not been challenged.

Comment (F. Lemos): I am not convinced that Seattle’s program is legal because it allows businesses to self-identify as WMBEs—no proof is required. Most bidders are already union, some are very large, and many claiming to be WMBEs are not state certified. There is a state disparity study coming out soon. Title 6 trumps I-200, which would result in the vetted WMBE certification program being used—Seattle may need to go down a disparity study route in the future. The Seattle program creates barriers for firms trying to hire black men. Black owned firms hire many more people of color than white owned firms.

Anna noted that the City is concerned about adverse impacts on WMBEs from the CWA and is seeking to address those.

Q: Would Seattle’s CWA run afoul of Sections 7, 8 of the National Labor Relations Act (NLRA)? How did Seattle deal with NLRA? A: The CWA was thoroughly vetted by Seattle’s legal department in Advance. Sound Transit, King County the Port of Seattle all do PLAs, and have for decades. Seattle was one of the last to adopt project labor agreements.

Comment (T. Attebury): The AGC believes CWAs conflict with the NLRA.

Q: Excluding small WMBE firms, how many apprentices of color are actually successfully finishing their apprenticeships with general contractors who are not minority owned? A: Over 1,000 apprentices have been engaged on CWA projects, but Seattle does not have longitudinal data tracking systems in place on the retention of these individuals.

Q: State law (RCW 39.04.350) requires that all public works firms go through Labor and Industries prevailing wage training as a pre-requisite to bid on a public works by June of this year. Is Seattle doing outreach to firms that need to do this? A: Yes. We are posting this requirement and reaching out to firms on our lists.

Q: Are firms self-identifying under Seattle’s CWA as WMBEs? Frank Lemos responded yes they are and some are claiming to be things they are not.

Q: Are the CWA results as you expected? Did it do what the City wanted? A: Yes, it met or exceeded the Council’s expectations.

Q: Workers worry about longevity and retention. Are there programs for those workers? A: Yes, there are some options, but good economy has been good for workers overall so causation is difficult to confirm. There are several partnerships (Urban League and Others) City helps refer workers to.

Q: What are the lessons learned for Seattle? A: The best practices are:

- Engage all stakeholders
- Create realistic hiring goals
- Educate stakeholders, and communicate your goals with all general and subcontractors
- Engage contractors in the program
- Invest in outreach and recruitment
- Invest in pre-apprenticeship programs
- Support job placement and retention
- Create an active compliance system and tracking program

Comment (M. Moch): Unions need to contribute to workforce retention and really help on this issue and they aren't.

Comment (N. Lawver): All local unions have hiring hall rules. These differ from union to union but may address this issue.

As the Seattle staff needed to leave for another meeting, Karen suggested that if Committee members have follow up questions, write them on note cards for staff and we will follow up.

The Committee members gave Liz and Anna a round of applause and thanked them for their presentation.

Standing items

- **Approval of Meeting Summaries.** The meeting summaries from December 21 were and January 9 were unanimously approved.
- **Response to Committee Member Questions from Meetings 1 & 2.** Staff briefly outlined responses to questions from the committee, written up in the meeting packets.
 - **Zip codes of LEAP participants, trends over time.** Clifford Armstrong noted the 2 zip codes with largest participation are from South Tacoma. In response to a question, Clifford confirmed the city doesn't track what happens to LEAP participants over time.
 - **Seattle's "Point System."** Patsy Best noted that this was addressed in the Seattle presentation: the "inclusion plan" ratings are pass/fail, not essential to award.
 - **Best Value procurement.** Patsy noted this is not specifically authorized in WA.
 - **Tacoma Public Schools WMBE hiring.** Terry Ryan noted that the District writes goals into contracts, and uses an RFP process to achieve goals.

Other Jurisdictions with CWAs: Information from Telephone Interviews San Francisco, Cleveland Martha Lantz and Clifford summarized what they heard from these two jurisdictions. San Francisco has just adopted their CWA so there are no results yet. Cleveland's program only

applies if the City has granted or loaned money to a developer. Cleveland has implemented about 240 projects that are subject to priority hire programs in this way. Also, the hiring is done through a third party workforce agency, rather than Unions. Take away is that there is coordination among different levels of government.

Linda Nguyen suggests looking into Louisville, KY's CWA. Staff will continue to try to connect with Los Angeles and Santa Anna on their CWAs and hopefully report out at Meeting 4.

Advisory Committee Member Presentations/Q&A: Tacoma Housing Authority. Tacoma Housing Authority (THA) Executive Director Michael Mirra spoke to how his agency met local hire goals on two large housing projects built recently: Salishan, and Bay Terrace. Michael noted that THA is mission-focused and seeks to “spend a dollar twice.” They want to hire people that are displaced when they renovate housing projects and others housed in THA projects. THA sought to hire 50% of labor from those groups they ended up at 90%. Project dollar local spending: 37% in Tacoma, 46% in Pierce County.

The Salishan project cost \$200 M. All parts of the project came in on time and on or under budget. There was federal money in the project so the goals THA set were from HUD guidance, which gives more flexibility than I-200. The project was General Contractor (GC)/Construction Manager form of procurement. The GC was engaged through an RFP process.

Michael shared that he believes the following strategies made their success possible:

- Owner made it a priority, communicated this priority to contractors.
- Owner was prepared to pay more to accomplish the project than would be the case if they didn't have these goals.
- Other efforts included:
 - The Housing authority inventoried people in THA buildings to understand their skills and interests and then referred them to the general contractor, Walsh.
 - THA provided job readiness training.
 - THA let people know we were focused on these goals
 - Chose great contractors – Walsh and Absher.

Michael noted that Walsh did a number of things on their end that were also important to success:

- Communicated goals down to subcontractors.
- Funded mentoring for smaller firms
- Paid smaller contractors more frequently
- Helped smaller contractors with insurance coverage
- Didn't require bonding of smaller contractors.

Eric Alozie, an MBE, spoke to his work on the Salishan project for which he provided communications and outreach. He noted that Walsh's owner is very proud of Salishan. Eric believes that for these goals to become a reality, leadership has to come from the top.

Michael described the second project: Bay Terrace, which had similar goals. They didn't quite meet their apprenticeship goals but exceeded their WBE and Section 3 goals. Absher was the general contractor; Billie Otto spoke to their work on the Bay Terrace Project. Absher has a long-term investment approach to these goals. Community outreach was critical to success. The company has an employee dedicated to outreach to WMBEs and disadvantaged employees; it is not a project cost. Absher does not track long term employment of the apprentices they bring on. Billie noted it is more difficult to mentor employees when you have to go through the Union Hall to hire them, but your apprenticeship goals are easier to meet when you go through a Union Hall.

The Bay Terrace project also included hiring of disadvantaged high school students.

THA doesn't track the long-term trajectory of employees on these projects, but Absher has anecdotal information that an estimated 50% of apprentices continued employment with their company after completion of the Bay Terrace project.

Maryilyn Moch complimented THA, Walsh and Absher's values, structure and commitment to making this work, and said one cannot legislate a values structure.

Hand-outs & Homework: Challenge/Opportunity Examples and Outline of CWA Issues & Options

Karen described a short homework assignment for the Committee designed to get their feedback on a set of core challenges and opportunities identified by staff.

Steve Victor circulated copies of a draft CWA and a summary comparison of the draft CWA to the Seattle CWA. Steve noted that the draft incorporates his thought, not others. He is trying to address the two co-equal goals of the Council, which are to increase WMBE hiring and to increase hiring of residents of disadvantaged communities. We won't get there through imitating other agencies, this needs to be original to Tacoma. Steve emphasized that the draft CWA is "not baked" –we are looking for Committee input.

Steve further noted that PLAs have been around since the 1930s and are entered into with the involvement of the contractors. CWAs are rare by contrast. They're much broader than a typical PLA.

The draft Steve has prepared is unique in two respects: (1) contractors are invited to be signatory to the document, and (2) there is no requirement to use unions. Unions get card check neutrality under this draft and can come on site and organize (without interference in work). There is no limit on the number of employees a firm can place on the job. There is no requirement for temporary union membership on the part of project employees. There is a section without detail on contract outreach—we need Committee ideas on how that might best be accomplished, what strategies should be used.

Follow on Q&A included the following:

Q: Concept sounds great, good with open/closed shop concept. Have you considered how one hires open-shop subcontractors when the Prime is a Union shop? A: The City cannot insert itself into that Prime-Subcontractor relationship.

Comment (F. Lemos): Is the Council's priority is for minority hiring or incentivize Unions to create apprenticeship programs? You can't have both. The Black Chamber of Commerce Testified in opposition to PLAs—they send too much work to union ships. So you need to pick – are you creating careers or advancing WMBE hiring? If you leave this to labor and contractors, you won't get the WMBE outcomes you are looking for. Only state certified WMBEs should be allowed. Use the NAICS codes. Helping minority businesses to grow is the best way to increase minority hiring. PLAs and CWEAs are a barrier to this.

Q: How do all three parties – City, labor, contractors-- get together to create one of these? A: We don't really know. We're looking for your thoughts.

Comment (K. Moseley): We have seen positive outcomes on both WMBE hiring and hiring of persons of color with the Seattle CDWA. I don't think they're all bad. What is your opposition based on?

Comment (M. Moch): Seattle's data showed a reduction in WMBE hires, and larger companies are the ones benefitting from the CWA.

Comment (N. Lawver): Tacoma's vision is for workforce readiness, more and better paying jobs and reducing poverty.

Clifford clarified that size of business is important variable to consider. City wants to support small and large WMBEs, not just any WMBE. This is the tension we need to be concerned about. Long Term apprentice work is not ensured unless you have businesses committed to that.

Karen reminded the group the next meeting date and time: Wednesday February 13, 9:30-noon, same location. The agenda will include review and discussion of Draft CWA for Tacoma and Committee homework responses, as well as the presentations from Mark and Tim and additional information from jurisdictions with CWAs.

The meeting was adjourned at 12:03 PM.