



Date: July 11, 2017

To: City of Seattle Councilmembers, CRUEDA committee

From: Nancy Locke, City Purchasing and Contracting Services Director, Finance and Administrative Services

Subject: Priority Hire Advisory Committee Recommendations on Proposed Priority Hire Legislation

On Feb. 8, 2017, the Department of Finance and Administrative Services (FAS) issued to the Mayor and City Council a 2016 Priority Hire Annual Report, which included recommendations for proposed legislation to improve the authorizing code (SMC 20.37). An adjoining report from the Priority Hire Advisory Committee (PHAC) also recommended certain changes. Mayor Murray considered those recommendations and transmitted legislation to the City Council on Feb. 14, 2017. Some of the legislative changes require careful consideration of the impacts and unintended consequences for the many complex stakeholders. Public comment made during City Council committee meetings on the legislation again emphasized the challenge of ensuring changes had the impacts intended without undue consequences on others. At the request of Committee Chair Herbold, FAS convened PHAC to clarify the issues and to confirm or modify its recommendations accordingly.

PHAC's meeting on June 7, 2017, resulted in the following recommendations. FAS concurs with PHAC's recommendations and supports the legislation being modified as follows:

Problem Statement 1: The current ordinance allows contractors to bring up to five core workers, and then any additional workers are dispatched through the union halls. This core worker allowance is greater than most public agency labor agreements permit, and reduces work that might be available for employment of priority hire workers who are available through union dispatch. Both the PHAC and FAS reports recommended a reduction in core workers. The Mayor's legislation shall continue to propose a reduction in the number of journey-level core workers from five to three.

- a. On average, open-shop women- and minority-owned (WMBE) contractors' workforces are more diverse than any other type of contractor. If they are restricted to bringing fewer of their workers, the overall priority hire performance may be negatively impacted. **PHAC was asked: do you support the proposed legislation to continue to allow open-shop WMBE contractors to bring five core workers?**

Resolution: PHAC did not support the proposal to allow a unique exemption of five core workers for open-shop WMBE contractors; instead the committee favored consistent application of three core workers across all open-shop contractors (10 support removing the unique exemption, four wished to retain the unique exemption).

Discussion: The members who voted in the majority discussed institutionalizing priority hire, building WMBE capacity to succeed in a community workforce agreement (CWA) environment and keeping the same standards for all contractors. Those who voted in the minority discussed maintaining flexibility on how contractors meet priority hire worker requirements through both core workers and union hall hiring.

The group discussed an alternative suggestion to allow WMBE contractors up to two additional journey-level core workers if these workers meet Priority Hire categories (i.e., woman, person of color or resident of a priority hire ZIP code).

- b. The current CWA core worker definition is limited to journey-level workers, which in effect excludes open-shop registered apprentices from working on CWA projects. This reduces the pool of priority hire apprentices available to work on City projects. **PHAC was asked: do you support an exemption that allows a contractor to bring up to two additional workers as part of their core, if those two are registered apprentices in priority hire categories (i.e., women, person of color, or resident of a priority hire ZIP code)?**

Resolution: PHAC recommends that the legislation also allow open-shop contractors up to two additional core workers (up to five total) if they are registered apprentices from priority hire ZIP codes, women and/or people of color (14 yes, full consensus).

Problem Statement 2: The CWA imposes responsibilities such as pre-job meetings, core worker requirements, trust fund payments, and similar. Though critical overall, these requirements outweigh the benefits if a contractor is only performing a small share of work. Contractors report that this adds undue cost and reduces their likelihood to bid. To balance the administrative requirements with the need for project efficiency, the Mayor’s legislation continues to exempt subcontracts that are small in total value from the CWA, while retaining the project’s priority hire work hour requirements.

With that in mind, the committee was asked to consider the appropriate contract value for exemption from the CWA in order to maximize the amount of the overall project that is covered while also providing reasonable efficiencies. **PHAC was asked: should subcontracts below \$100,000, \$50,000 or \$25,000 be exempted from the CWA requirements, while retaining overall labor hours within Priority Hire requirements?**

Resolution: PHAC does not recommend any exemption for small contracts (12 yes, one no and two ‘acceptable with reservations’ votes).

Discussion: Members who voted with the majority discussed having the City help contractors grow and be competitive long-term in lieu of exemptions and deal directly with the unintended consequences and negative perceptions instead of setting a blanket threshold. Members who voted in the minority mentioned an exemption could encourage small subcontractors to work on CWA projects and that workers on small contracts may not work enough hours to receive the benefits associated with union dues.

PHAC Member Attendees*

Group	Name	Company/Organization
Community	Augustine Cita	Urban League of Metropolitan Seattle
	Tali Hairston	Seattle Pacific University – John Perkins Center
	Ray Hall	Regional Area Youth Development Organization (RAYDO)
	Michael Woo	Founder of Got Green
Contractors	Sonja Forster	Associated General Contractors (AGC) of Washington
	Rory Olson	MacDonald-Miller Facility Solutions
	Jon Green	Metro Painting (<i>WMBE business</i>)
Training Providers	Greg Christiansen	Ironworkers Management Progressive Action Cooperative Trust
	Karen Dove	Apprenticeship & Non-Traditional Employment for Women (ANEW)
	Halene Sigmund	Construction Industry Council of Washington (CITC)

	Lawrence Willis	Seattle Vocational Institute (SVI) Pre-Apprenticeship Construction Training (PACT)
Labor	Monty Anderson	Seattle Building Trades Council
	Leanne Guier	Plumbers & Pipefitters Local 32
	Marge Newgent	Operating Engineers Local 302
	Sam Hem	Sheet Metal Workers Local 66
Technical Advisors	Andra Kranzler	Seattle City Councilmember Lisa Herbold's Office

**Two members were not in attendance: Tom Peterson (Contractor) and Gary Schmitt (Technical Advisor).*

Meeting notes approved by PHAC are available here: <http://www.seattle.gov/city-purchasing-and-contracting/labor-equity/priority-hire-advisory-committee>