

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Apprenticeship Utilization Program – Adoption of Ordinance 588
DEPARTMENT:	City Manager's Office Public Works Department
PRESENTED BY:	Eric Bratton, CMO Management Analyst Mark Relph, Public Works Director

PROBLEM/ISSUE STATEMENT

Apprenticeship training programs are an important part of workforce development in Washington State, enabling individuals to gain work experience while learning a specialized skill. In order to address growing concerns over an aging workforce and the loss of skilled workers, starting in the early 1990s, some public entities in Washington began requiring contractors and subcontractors to use apprentices on certain public works projects allowing the apprentices to gain valuable work experience.

Councilmembers Eggen, Scott, and Roberts first brought the idea of including apprenticeship utilization requirements (AURs) in contracts for certain public works projects in June of this year when they submitted a proposed ordinance for Council consideration. Staff had a number of concerns with the proposed program and the ordinance as drafted. At the November 15 Council meeting, Councilmembers Hall and Winstead submitted a substitute ordinance for Council's consideration taking into consideration some of staff's concerns. It is the substitute ordinance that is now before Council.

Proposed Ordinance 588 would require contracts for City of Shoreline public works projects of \$1,000,000 or more to include AURs requiring no less than 15% of the total labor hours be performed by apprentices enrolled in state approved apprenticeship training programs.

RECOMMENDATION

Staff recommends adoption of Ordinance 588.

Approved By:

City Manager 

City Attorney 

BACKGROUND

Apprenticeship training programs provide individuals with the opportunity to learn specialized skills in a trade while earning a living. The training programs are sponsored jointly and separately by unions, individual employers and/or employer associations. Sponsors plan, administer, and pay for the program.

Public Entities with AURs for Public Works Projects

In 1993, the Port of Seattle became the first public entity in Washington to require AURs for its public works projects. It was followed by the City of Seattle in 1995, King County in 1997 and Sound Transit in 1999. In 2000, Governor Locke issued an executive order requiring that 10% of the total labor hours on state public works projects over \$2 million be performed by apprentices.

The Legislature passed Substitute Senate Bill 5097 in 2005 setting into statute Governor Locke's executive order. Washington became the first state in the country to statutorily require apprenticeship utilization on public works projects. Under the new law, all State public works projects (excluding WSDOT projects) over \$1 million would require no less than 15% of the labor hours to be performed by apprentices. Since then, the state AURs have expanded to include WSDOT programs over \$2 million, all school district projects over \$1 million and by 2012 all projects by four-year institutions of higher education over \$1 million.

A number of public entities around the state have followed the lead of governments in King County and the State and implemented AURs for their public works projects; however, most are larger entities with big projects.

Benefits of Apprenticeship Utilization Programs

Apprenticeship training programs are valuable workforce development tools that combine on-the-job training with classroom instruction enabling individuals to learn specialized skills while getting paid for their labor. As the current generation of journey level workers begin to retire, it is important to have a skilled workforce ready to step in and start working. Apprenticeship training programs provide young people the opportunity to learn valuable skills that will help launch their careers. It is essential for state and local economies to have a ready-trained workforce to compete in a global economy.

Minorities and women are often underrepresented in many of the trades currently covered by apprenticeship training programs. The Washington State Apprenticeship and Training Council (WSATC) has made the recruitment and retention of women and minorities a priority and actively works with its partners to share the best techniques for recruitment and retention.

Ordinance 588

Ordinance 588 will require all contracts for public works projects of \$1,000,000 or more to include AURs requiring 15% of the total labor hours to be performed by apprentices enrolled in an apprenticeship training program approved or recognized by the WSATC. The Public Works Director may waive the requirements or reduce the required hours for the following reasons:

- Apprenticeship requirement conflicts with state or federal funding conditions, or the conditions of any other grant funding program;
- An insufficient number of apprentices are available to meet requirements;
- Project involves high proportion of equipment and materials costs compared to anticipated labor hours;
- Contractor has used “best efforts” to meet established requirements, but remains unable to fulfill; or
- To meet requirement, contractor will be forced to displace members of its workforce.

Any contractor failing to comply with the apprenticeship requirements shall not be considered a responsible bidder on City public works projects for a period of two years. It will be the responsibility of the contractors to provide documentation showing compliance with the AURs through the term of the contract.

Council has stated that ensuring minorities and women are provided ample opportunities to participate in apprenticeship training programs is an important goal. Included in the recitals is language highlighting the City’s support of increased utilization and training of women and minorities in the trades, and the WSATCs efforts at recruiting and retaining minorities and women for apprenticeship training programs.

RECOMMENDATION

Staff recommends passing Ordinance 588.

ATTACHMENTS

Attachment A: Ordinance 588

Attachment B: November 15, 2010, staff report for apprenticeship utilization program

ORDINANCE NO. 588

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, ESTABLISHING APPRENTICESHIP UTILIZATION REQUIREMENTS FOR PUBLIC WORKS CONTRACTS OF \$1,000,000 OR MORE; AND AMENDING SMC 2.60.060

WHEREAS, a well-trained, diverse workforce is critical to the economic and social vitality of the region; and

WHEREAS, journey level construction workers are retiring in numbers greater than the number of applicants to replace them, creating shortages of skilled construction workers impacting the region's ability to expand the economy, decreasing competition for City construction projects and increasing bids; and

WHEREAS, apprenticeship programs are an effective means of providing training and experience to individuals seeking to enter or advance in the workforce, offering the unique opportunity to earn living wages and receive excellent benefits while acquiring valuable marketable skills; and

WHEREAS, the experience of other agencies and jurisdictions in the region has shown that apprenticeship programs are effective in providing training and experience to individuals seeking to enter or advance in the workforce; and

WHEREAS, the City of Shoreline supports and encourages increased training and utilization of women and minorities in the trades; and

WHEREAS, actions by the Washington State Apprenticeship and Training Council have made apprenticeships more widely available in the construction industry, and their program goals to attract women and minorities into their approved apprenticeship programs will provide greater opportunities for these workers on City public works projects; and

WHEREAS, requiring participation in apprenticeship programs will provide retraining and job opportunities for community members who have been laid off and will promote a viable workforce in the construction trades into the future; and

WHEREAS, the use of apprentices enrolled in an apprenticeship program approved by the Washington State Apprenticeship and Training Council ensures proper training and compliance with employment and wage regulation; and

WHEREAS, the City is committed to using training that is accepted industry-wide so that the resulting journey workers can enter the region's pool of skilled labor, fully qualified for the jobs throughout the industry; and

WHEREAS, the City is committed to promoting the use of apprentices; and

WHEREAS, the City of Shoreline is committed to providing regional leadership in the area of economic development; now, therefore,

**THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO
ORDAIN AS FOLLOWS:**

Section 1. Amendment. Shoreline Municipal Code section 2.60.060 *Public works projects* is amended to as follows:

.060 Public works projects.

. . . . [A-E unchanged]

F. Formal Competitive Bid.

1. For public works not using a small works roster, the formal competitive bid process of SMC 2.60.050(D)(2) through (6) shall be used; provided, the city manager may award contracts of less than the dollar threshold for small works as provided under RCW 39.04.155.

2. All contracts with an estimated cost in excess of one million dollars shall require that no less than fifteen percent of the labor hours performed by workers subject to prevailing wages employed by the contractor or its subcontractors be performed by apprentices enrolled in an apprenticeship training program approved or recognized by the Washington State Apprenticeship and Training Council. Contractor prevailing wage documentation shall be supplemented to monitor compliance with this requirement throughout the contract. The Public Works Director may waive the requirements for apprentices in bid documents under subsections (a) through (c) or reduce the apprenticeship hours during the contract under subsections (d) and (e) below:

a. The apprenticeship requirement conflicts with state or federal funding conditions, or the conditions of any other grant or funding program;

b. An insufficient number of apprentices are available to meet the contract requirements;

c. The project involves a high proportion of equipment and materials costs compared to the anticipated labor hour;

d. The contractor has demonstrated that it has utilized its "best efforts" to meet the established percentage requirement, but remains unable to fulfill the goal; or

e. In order to meet the requirement, the contractor will be forced to displace members of its workforce.

A contractor or subcontractor failing to comply with apprenticeship requirements of this section shall not be considered a responsible bidder on city public works projects for a period of two years from final acceptance of the contract in which noncompliance occurred.

Section 2. Effective Date and Publication. A summary of this ordinance consisting of the title shall be published in the official newspaper and the ordinance shall take effect 30 days after publication.

PASSED BY THE CITY COUNCIL ON _____.

Mayor Keith McGlashan

ATTEST:

APPROVED AS TO FORM:

Scott Passey
City Clerk

Ian Sievers
City Attorney

Date of Publication:

Effective Date:

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Apprenticeship Utilization Program
DEPARTMENT:	City Manager's Office Public Works Department
PRESENTED BY:	Eric Bratton, Management Analyst Mark Relph, Public Works Director

PROBLEM/ISSUE STATEMENT

Several Councilmembers asked that the attached resolution (**Attachment A**) regarding apprenticeship utilization requirements (AURs) for public works projects to be placed before the full Council for discussion and possible adoption. This item was first brought before the Council on June 7. No action was taken at that meeting and Council agreed to continue the discussion to a later date. This is a continuation of that discussion.

Apprenticeship training programs are an important part of workforce development in Washington State, enabling individuals to gain work experience while learning a specialized skill. In order to encourage the hiring of apprentices, thus allowing them to gain valuable work experience, starting in the early 1990s, some public entities in Washington began requiring contractors and subcontractors to use apprentices on public works projects above a certain dollar amount.

The proposed resolution would require contracts for City of Shoreline public works projects that exceed \$500,000 to include AURs requiring no less than 15% of the total labor hours per trade to be performed by apprentices in those trades. The resolution also establishes goals for women and minority apprentices.

RECOMMENDATION

No action is required at this time. Staff believes that the increase in administrative costs and staff time associated with implementing an AUR program here in Shoreline, as well as the potential increase in project costs and loss of bids from small- and mid-size bidders outweigh any benefits and does not recommend Council pursue an AUR program in Shoreline. However, if Council wishes to proceed with an AURs program, staff recommends making a number of changes to the proposed resolution to help mitigate adverse impacts.

Approved By: City Manager _____ City Attorney _____

BACKGROUND

Apprenticeship training programs provide individuals with the opportunity to learn specialized skills in a trade while earning a living. The training programs are sponsored jointly and separately by unions, individual employers and/or employer associations. Sponsors plan, administer, and pay for the program.

Apprenticeship training programs start with the formation of a committee made up of both business owners and workers. The committee develops a program that must then be approved by the Washington State Apprenticeship and Training Council (WSATC). The committee's proposal must outline the curriculum, the wages for apprentices, eligibility requirements, supervision methods, equal opportunity procedures and the number of apprentices that will be accepted into the program.

Once a program is approved and registered with WSATC, it can start accepting apprentices. If it is an employer-sponsored program, then the apprentices will work for the employer. If it is not an employer-sponsored program, then employers wishing to hire apprentices will become training agents. Training agents provide employment opportunities, but the apprenticeship program provides the training. Training agents will often need to pay administrative costs to the apprenticeship program. The vast majority of state-approved apprenticeship training programs are sponsored by unions and utilized by union contractors; however, programs must be open to both union and non-union contractors and apprentices.

In the first quarter of this year, there were 12,432 active apprentices in Washington state, of which 22% were minorities and 11% were female. These apprentices participated in over 250 different training programs covering over 550 different occupations. In King and Snohomish Counties, there are approximately 100 apprenticeship training programs covering over 500 occupations.

Public Entities With AURs for Public Works Projects

In 1993, the Port of Seattle became the first public entity in Washington to implement AURs for its public works projects. It was followed by the City of Seattle in 1995, King County in 1997 and Sound Transit in 1999. In 2000, Governor Locke issued an executive order requiring that 10% of the total labor hours on state public works projects over \$2 million be performed by apprentices.

The Legislature passed Substitute Senate Bill 5097 in 2005 setting into statute Governor Locke's executive order. Washington became the first state in the country to statutorily require apprenticeship utilization on public works projects. Under the new law, all State public works projects (excluding WSDOT projects) over \$1 million would require no less than 15% of the labor hours to be performed by apprentices. Since then, the state AURs have expanded to include WSDOT programs over \$2 million, all school district projects over \$1 million and by 2012 all projects by four-year institutions of higher education over \$1 million.

A number of public entities around the state have followed the lead of governments in King County and the State and implemented AURs for their public works projects. The attached table (**Attachment B**) shows some of the public entities around the State that

have implemented AURs, and contains a brief explanation about their programs. Having AURs for public works projects is still the exception rather than the norm throughout the State. While a few cities smaller than Shoreline have AURs, the large majority of entities that have AURs are large cities (Seattle, Tacoma, Vancouver), counties, ports, and the State. These public entities have large public works projects and the resources needed to effectively implement an AUR program. They have also set higher thresholds for when AURs would be required, with most setting them at \$1 million.

DISCUSSION

Proposed Resolution

The proposed resolution (**Attachment A**) calls for the City to implement an apprenticeship utilization program for certain public works projects. The objective is to increase the number of skilled laborers in the workforce through proven training methods. Below is an explanation of the three main sections of the resolution.

Section 1. Apprenticeship Utilization Program.

All public works projects with estimated costs exceeding \$500,000 will require fifteen percent (15%) of the labor hours per trade to be performed by apprentices enrolled in State-approved apprenticeship-training programs. Labor hours means the total hours of workers receiving an hourly wage and that are directly employed on the project by contractors and subcontractors. It does not include hours worked by foremen, superintendents, owners and workers not subject to prevailing wage requirements.

Included in the proposed resolution is a goal of having 21% of the apprentice hours being performed by minorities and 20% by women. This is a goal, not a requirement, which would be illegal after passage of I-200 in 1998.

Under the proposed resolution, contractors would be required to use apprentices to perform at least 15% of the labor hours *per trade*. This means that for every trade involved in a project, whether used by a contractor or a subcontractor, 15% of the labor hours for that trade must be performed by an apprentice in that trade.

Section 2. Compliance and Enforcement

The resolution also requires contractors to show compliance before they are even considered for a contract. All contractors and subcontractors will be required to submit all relevant documentation showing compliance with the AURs upon request.

If a contractor fails to meet the AURs, it would be considered a breach of contract, entitling the City to liquidated damages. In addition, contractors that knowingly fail to comply with AURs or refuse to cooperate with the City in monitoring for compliance with AURs may be disqualified from bidding on future contracts with the City.

Section 3. Emergencies

The City may waive AURs in the event of an emergency. An emergency is defined as unforeseen circumstances beyond the control of the City that either present an immediate threat to the proper performance of essential functions or will likely result in material loss or damage to property, bodily injury or loss of life if immediate action is not taken.

Benefits of Apprenticeship Utilization Programs

Apprenticeship training programs are valuable workforce development tools that combine on-the-job training with classroom instruction and enable individuals to learn specialized skills while getting paid for their labor. As the current generation of journey level workers begin to retire, it is important to have a skilled workforce ready to step in and start working. Apprenticeship training programs provide young people the opportunity to learn valuable skills that will help launch their careers. It is essential for state and local economies to have a ready-trained workforce to compete in a global economy.

For many firms, hiring apprentices can provide real benefits. For one, apprentices are paid a lower wage rate than journey level workers. Any extra costs that might be incurred by a contractor that starts its own apprenticeship training program or becomes a training agent can be recouped through the payment of lower wages. Firms that help train apprentices will also have a ready supply of skilled labor that understands their operations.

Washington State has been a leader when it comes to developing strong apprenticeship training programs. Over the past several years, there has been a significant increase in the number of individuals participating in apprenticeship training programs. Between January 2005 and January 2009, there was a 75% increase in the number of active apprentices in the state. This can most likely be attributed to the State requiring AURs in most of its public works contracts, including WSDOT projects, and in all school district construction projects. Due to the recession, there has been a decrease in the number of active apprentices, but the numbers are still very high compared to what they were before 2005.

Minorities and women are often underrepresented in many of the trades currently covered by apprenticeship training programs. Setting goals for the number of labor hours performed by minority and women apprentices is an important way of drawing attention to the need to close this gap. There have been mixed results with the goals for minorities and women set by public entities in King County. According to L&I statistics, apprenticeship training programs in King County have met or exceeded the goals for minorities. However, there are still few women entering the trades. Meeting utilization goals for women has fallen short.

Most of the public entities that staff spoke with that have AURs have had positive results in implementing their programs. AURs, particularly the State's, have proven to be an effective way of increasing the number of apprentices entering apprenticeship training programs.

Possible Negative Impacts

While apprenticeship training programs provide a benefit to individuals trying to learn new, specialized skills, and are an essential part of workforce development in the region, staff are concerned that, for a city the size of Shoreline, AURs may have adverse impacts. Because of the types of capital projects the City has had over the past several years, and will have into the foreseeable future, AURs may have a negative impact on the City's ability to attract bids, decrease the competitiveness of bids and

increase project costs. The costs for staff administration of projects would also increase, particularly if the resolution remains as drafted. **Attachment C** is a summary of the impacts identified by Public Works to implement the proposed AURs.

Currently, the City's budget is tight and staff are stretched thin. Implementation of an apprenticeship utilization program will require staff time and money to review and revise its bidder responsibility criteria and the process for awarding contracts once implemented. Staff will then need to verify that each bidder on a project that has AURs has a plan for ensuring compliance before accepting bids. This would add time and resources to the bid/award process.

Once a contractor is selected, staff will need to monitor the contractors' and all subcontractors' payroll to ensure compliance. Currently, the City does not track this type of information, except for projects with federal funding requirements. On those projects, reviewing documents for compliance is labor-intensive and requires a significant amount of staff time. Tracking and reporting the labor hours per trade and tracking goals established for minority and women apprentices will require an even deeper analysis of payroll, again adding to staff workloads.

Another problem with implementing our own apprentice utilization program is that the proposed goals and requirements may not be in alignment with goals and requirements of funding partners, possibly requiring duplicative efforts in tracking and reporting. Some funding partners will not reimburse costs associated with apprenticeship training programs. Trying to separate and/or define the additional costs associated with a training program could be difficult.

The City will be subject to audit costs related to the AUR policy. Annually, the State Auditor's Office audits compliance with federal and state laws and City policy. This will be another policy in which staff will be expected to provide adequate documentation to the auditor to determine compliance with City policy.

Apprenticeship utilization programs have worked well for larger public entities, such as the State, King County, the Port of Seattle, and the City of Seattle because they are large enough to absorb the costs of additional staff and resources needed to implement such a program. They have also created programs that are flexible, enabling the requirements for individual projects to be modified to increase bids and make the project more feasible. Finally, the contractors that work on the large projects that meet the AURs are able to absorb the costs associated with implementation of apprentice utilization programs.

The administrative costs to the City that would be associated with implementation of an apprenticeship utilization program in Shoreline, along with the potential loss of bids or the increase project costs, outweigh the limited benefits that would be gained by the apprentice hours worked on the City's public works projects.

Recommended Changes to the Resolution

If Council wishes to pursue implementation of AURs on some of the City's public works projects, staff recommends making the following changes to the proposed resolution to help mitigate possible adverse impacts.

1. Provide Public Works Director with More Discretion in Implementation

All of the public entities with AURs that staff reviewed allow more flexibility in implementation. If the AURs cannot be met for a variety of defined reasons, such as insufficient number of apprentices in the geographic area or trade to fulfill requirements, the director or project administrator in these public entities has the discretion to modify the requirements or exempt projects from the requirements altogether. The proposed resolution only allows for exemptions if there is an emergency. The Public Works Director should be granted broader authority to modify AURs or exempt certain projects from AURs altogether if it is deemed necessary in order to complete a project in the most cost-efficient manner possible.

Some reasons used in other jurisdictions for exceptions and waivers include:

- Contractor used best efforts to meet requirements;
- Disproportionately high ratio of material and equipment costs compared to anticipated labor hours;
- Contract requirements make AURs infeasible;
- Insufficient number of apprentices in geographic area or trade;
- Small size of workforce for project makes compliance impractical;
- To meet requirements, contractor forced to displace part of its workforce;
- Exempt federally funded projects from AURs; and
- Director's discretion.

Limiting waiver of AURs to just emergencies could prove to be extremely restrictive and could make effective implementation of the program very difficult, especially if it prevents some capital projects from ever being started.

2. Change Requirement from Total Hours Per Trade to Total Project Hours

Applying AURs to each trade would place a significant burden on contractors and staff. The only AUR policy reviewed by staff that has a per trade requirement is the City of Longview, which just moved to such a requirement during the fourth quarter of last year and has had, since then, only one project that has AURs associated with it. The City of Longview has been unable to assess the full impacts of such a requirement. All other AUR policies reviewed by staff require AURs to be based on total project hours. Requiring AURs to be based on hours worked per trade would place a greater administrative burden on the contractor and the City in ensuring compliance. In addition, it is not even feasible to meet such a requirement for a number of different trades due to the small number of training programs and apprentices available. Managers of Seattle's apprenticeship utilization program believe that such a requirement would be very difficult to reach on their projects and felt that imposing AURs on total project hours was more realistic.

There are two primary concerns with having AURs for each trade. First, some trades have extensive apprenticeship training programs and could easily meet AURs on certain projects. However, other trades have very few training programs associated with them or none at all. For example, there is only one approved landscaping program in the entire state. Looking back over the past six years, many of our capital projects were

parks related and involved extensive landscaping work. Imposing a 15% requirement per trade on our past parks projects would have been infeasible.

Second, even with a \$500,000 contract, several of the subcontracts could be for less than \$50,000, yet the subcontractors would still be required to use apprentices for each trade, even where a job only requires the services of a single journey-level worker in a particular trade to complete. As an example, let's say a paving contractor had a \$50,000 subcontract in a \$650,000 project. The contractor's work requires one laborer and one equipment operator. If the contractor doesn't have any apprentices already, it will need to become a training agent for both the laborer and the equipment operator and pay the fees associated with each program. It will then need to hire two additional workers, making a two-person job a four-person job. This would be a significant burden for the subcontractor.

AURs should be based on total project hours. This would allow the utilization requirements to be spread throughout the project and those trades that have an extensive number of training programs could exceed the 15% threshold while those that do not have extensive programs and could not meet the requirements could provide less.

3. Lower Percentage of Labor Hours Requirement

Because many trades have a limited number of apprenticeship training programs associated with them, some public works projects are better able to meet AURs than others. For trades involved in facility construction, such as electricians, plumbers and carpenters, there are many apprenticeship training programs and it could be relatively easy to meet a 15% threshold. Other projects, however, might have few if any apprenticeship training programs available for the trades involved, such as parks and storm water projects. As stated earlier, there is currently only one landscaping apprentice training program in the entire state.

Staff recommends lowering or eliminating the percentage requirement depending on the project type. For facilities construction it could remain at 15%. For roads projects it could be reduced to 10% or 5%, and for parks projects it could be eliminated altogether.

4. Raise Project Dollar Amount to \$1 Million

A \$500,000 project might be a small project for a big firm that can absorb the costs of an apprenticeship training program. However, a \$500,000 project might be a very large project for a small firm that would have trouble absorbing the additional costs. The City often receives bids from small firms for projects between \$500,000 and \$1,000,000. Imposing AURs on these contracts could discourage smaller firms from bidding on projects.

Starting its own apprenticeship training program, especially for each trade, would be prohibitively high. These firms could become training agents and use apprentices from already established programs. But again, if there is a utilization requirement per trade, then these small firms would have to hire and pay fees for a multitude of apprentices. This also might require them to let go of some of their regular workers in order to hire all of the necessary apprentices in each trade. In addition, during these hard economic times when there are fewer funded projects, many contractors want to keep their long-

term, experienced workers on the job rather than let them go in order to utilize apprentices or trainees.

Costs for a contractor to participate in an apprenticeship training program vary program to program and trade to trade; however, there will be some costs associated with participation. Proponents of AURs argue that any costs incurred will be offset by savings from using an apprentice at a lower wage than a journey level worker. For large contractors on large projects, there may very well be savings. However, a small or mid size firm may have to hire additional workers in order to meet the AURs, raising their costs and the City's costs. For example, if a small firm is contracted to do just a small part of a project and it only requires the work of two journey level workers in two trades to do the work in two days, the contractor under the proposed resolution will now need to hire two additional workers (apprentices) to do 15% of the labor for each trade. This would add the cost of the additional laborers, their training fees and the administrative costs to document compliance to the subcontractors and City's overall costs.

By raising the limit to \$1 million, there is a better chance that those firms wishing to bid on projects will be better situated to absorb any additional costs associated with an apprenticeship utilization program.

5. Staff Monitoring

Ensuring compliance of the requirements could place a significant burden on staff, especially if a 15% requirement applies to each trade. Staff would need to obtain and review all certified payroll from the prime contractor and all subcontractors, verify that apprentices are enrolled in approved apprenticeship training programs, and possibly interview individual apprentices to verify their wages and hours worked. These tasks would be very labor intensive.

One possible alternative would be to rely on the apprenticeship training programs to monitor the use of their apprentices and use the Fair Contracting Foundation (FCF) to help ensure compliance. FCF is a non-profit organization that ensures fairness in public works contracting and compliance with prevailing wage laws. It monitors certified payrolls on public works projects and investigates complaints for non-compliance. It could also monitor AURs periodically and investigate complaints of noncompliance.

If FCF or any other outside organization or individual finds proof of a contractor failing to meet the City's AURs, staff would then conduct a thorough review of the offending contractors' payroll to verify the accusation. However, this would not relieve the City of its fiduciary and legal responsibility to verify compliance with its own purchasing and contracting regulations, and could raise the potential for adverse findings from the State Auditor.

6. Penalties

A liquidated damages clause could drive costs higher as contractors include allowances for such financial penalties in their contracts. Calculating the City's liquidated damages for a failure to meet AURs could also prove difficult.

Adding a liquidated damages clause will also require modifying our standard specifications to make it clear and enforceable. Such modifications may not be

approved by WSDOT on federally funded projects. Such projects require Shoreline's standard specifications to match WSDOT's. Adding AURs that don't match the State's will bring our specifications out of line with WSDOT's and could impact our federally funded projects.

Disbarment from bidding on City contracts for a specified period of time would be an effective penalty that would most likely not add costs to a project as a liquidated damages clause might.

SUMMARY

While apprenticeship training programs are a valuable workforce development tool and large public entities that have utilized AURs have done so successfully, the potential added costs and staff time required to implement such a program in Shoreline would not be worth the limited benefits that would be gained from the apprentices working on our small number of projects that would meet the \$500,000 threshold.

RECOMMENDATION

No action is required at this time. Staff believes that the high administrative costs and staff time associated with implementing an AUR program here in Shoreline, as well as the potential increase in project costs and loss of bids from small- and mid-size bidders, outweigh any benefits and does not recommend Council pursue an AUR program in Shoreline. However, if Council wishes to proceed with an AURs program, staff recommends making a number of changes to the proposed resolution to help mitigate adverse impacts.

ATTACHMENTS

Attachment A: Proposed Resolution from Councilmembers Eggen, Roberts and Scott

Attachment B: Table of Public Entities with AURs

Attachment C: Impacts of Implementation of the Proposed Apprenticeship Utilization Program

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