



May 7, 2019

Dear Whatcom County Council Members:

The Building Industry Association of Whatcom County (BIAWC) appreciates the opportunity to comment on AB2019-285. BIAWC represents 400 Whatcom County businesses engaged in all aspects of home construction and is the champion of housing affordability and availability in Washington State. BIAWC is dedicated to ensuring and enhancing the vitality of the building industry so members can meet the housing needs of Whatcom County citizens.

BIAWC supports apprenticeships, fair and open competition on project bidding, and workforce development. The shortage of skilled labor with a teachable attitude and work ethic is one of our main industry concerns, and this contributes directly to high construction costs in Whatcom County.

We reviewed the most recent version of the LEAP ordinance #AB2019-285, now titled *Ordinance Amending WCC Title 3*. It appears the intent of the AB2019-285 Apprenticeship ordinance is to attract more young people into the trades, with apprentices having a clear pathway to reach journeymen status. We agree Whatcom County is facing a labor shortage and talent acquisition problem. However, this ordinance is not a solution to the problem.

Some of our concerns with the May 7th proposed ordinance are:

1. As written May 7, 2019 it does not fully address the underlying talent acquisition issue of getting younger workers, women, and minorities interested in working in the trades as a career path.
2. While diversity is stated as an objective in the resolution, it appears the diversity language was stripped from the ordinance section (p.5).

3. We appreciate the removal of the punitive financial penalties written into a previous draft. However, the new language about consequences is vague and doesn't have specifics regarding what can happen if a contractor falls short of ordinance requirements. This ambiguity is not helpful to our industry. Please clarify.

Furthermore, we are concerned about the implications in the *Remedies* section on page 7. Failure to comply impacts future awards of public works contracts and thus an ongoing business relationship. There could be many factors involved—including a lack of interest in construction trades as a career path—in not reaching utilization goals. Additionally, the language about remedies *under law for breach of contract* sounds just as punitive as fee/ fine schedule previously proposed, if not worse.

4. It appears the County resolution is now pushing the City of Bellingham to adopt a uniform ordinance. Required apprenticeship is not necessarily appropriate for COB Public Works contracts either.

Negatives:

AB2019-285 inadvertently creates challenges for our BIAWC open shop contractors. We estimate the business of over 50% of our builder members will be negatively impacted because they bid on Public Works projects.

The apprenticeship ordinance will increase the cost of doing business. There will be decreased competition at the subcontractor level, which may happen due to companies choosing not to participate in county projects because of the stringent apprentice requirements.

For example, if five subs typically bid on each scope, then this is reduced to one to two subs bidding on each scope that can make a big cost difference. If a BIAWC member has to call subcontractors to beg them to quote a project because everybody else has decided not to, the preferred sub is going to charge a premium price.

Furthermore, tracking the apprentice percentage across all labor types is expensive and cumbersome. One company will track up to 10 different labor types across 30 different subs on the larger jobs, trying to make sure everybody is hitting the 15% by 2023. This requires extra administrative staff costs to track apprentices and report that a family owned business cannot afford.

We are concerned AB2019-285 will increase the likelihood of county projects going to contractors who reside outside of the area instead of remaining with local family businesses run by Whatcom County residents. According to the Washington State Department of Labor & Industries, we have 2,317 registered contractors in Whatcom County, most of which are family businesses. Large companies operating regionally can absorb the additional costs of implementing the ordinance and thus bid on projects that 2,317 open shops cannot afford to. Thus, AB2019-285 is an economic stimulus for King County companies and workers, not our own.

In their nearly-comprehensive review of the academic literature on the effect of land use and government regulations on prices, economists Joseph Gyourko and Raven Molloy (2015) conclude, "The vast majority of studies have found that locations with more regulations have higher prices and less construction." Ordinance AB2019-285 is yet another demand placed on the construction industry that increases our cost of doing business here at home.

This ordinance does not fully address the talent acquisition problem in Whatcom County. It does not keep bids for local companies with local labor and dollars within our own community. It imposes more challenges for the open shop contractors in an already heavily regulated industry. BIAWC proposes the following:

Proposed Solutions to the Talent Acquisition Problem in Whatcom County:

1. PACT: Pre-Apprenticeship Certificate Training

BIAWC possesses a comprehensive curriculum to prepare students for the building and construction trades. It is a Pre-Apprenticeship Certificate Training appropriate for high school age and older. PACT is ideally suited for school-based instruction and covers 13 units ranging from construction math, carpentry, green building, electrical, plumbing, and more. PACT is designed to provide an understanding of the fundamental practices and applications of the building and construction trades.

BIAWC is in communication with the Bellingham School District about introducing PACT into high school curriculum. County support for implementing such a PACT program in secondary schools would address the talent acquisition issue at an earlier age and allow our open-shop contractors to hire locally trained workers out of high school seeking full apprenticeship.

2. **WA State Legislative Fix:** BIAWC is of the opinion that WA State legislation needs to change in order to allow youth age 16 onto the job site for hands-on work experience. Currently it is age 18. Modifying the law to allow capable young workers onto a jobsite is part of our legislative agenda for 2020.
3. **Tool Box Lunch Box Lessons** for Whatcom County Middle Schools. This program involves General Contractors taking a lunch break to offer tool box lessons at local middle schools. Kids ages 11-14 complete small projects that apply math and science in a hands-on way, and are exposed to the trades as a career path. Lessons are 45-55 minutes.
4. **Job Site Tours:** Recently Tiger Construction hosted a group of Ferndale High School Students to take a tour of a jobsite. After the tour a new apprentice met and talked with the students about his high school experience, how he got into the construction trades, what his job was like

and most importantly, how much he got paid. It was helpful for the students to have somebody who was relatable (close to their age) to them explain how he got a job as a construction worker. Offer incentives or credits for such efforts.

5. **Incentivize v Regulate:** Regarding AB2019-285 it would be better to request open shop bidders include 1-2 paragraphs on the bid about how local employees are trained, including efforts to cultivate a skilled workforce such as what Tiger does. *Incentivize* the open-shop businesses to engage in workforce development.
6. **Apprenticeship Funding:** Please consider, in many other parts of the country any requirement for an apprentice placement on public works projects comes with increased funding from local government to cover the costs. This is not written into AB2019-285. Furthermore, I encourage the Council to do due diligence in exploring E2SHB 2158 Workforce Education Investment—which is expected to be signed into law 5/21/19—for funding ideas.

To summarize, a better approach to the talent acquisition problem is to incentivize open shop contractors to engage in workforce development, rather than regulate them via a forced apprenticeship ordinance with punitive legal or financial consequences.

Thank you for your consideration.

Respectfully,

Jacquelyn Styrna

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BIAWC