

## CITY COUNCIL REGULAR SESSION

An Ordinance amending Bellevue City Code Chapter 4.28 to establish apprenticeship utilization requirements for certain city public works projects, providing and establishing an effective date.

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## EXECUTIVE SUMMARY

As directed by Council on April 17, 2023, this Ordinance amends Bellevue City Code Chapter 4.28 to establish apprenticeship utilization requirements for certain public works projects.

## RECOMMENDATION

Move to adopt Ordinance No. 6741

## BACKGROUND/ANALYSIS

### Background

During the February 27 study session, staff presented a draft apprenticeship utilization program to Council. Council asked staff to perform additional stakeholder outreach to inform development of program elements before returning with an updated draft ordinance for Council's review.

Staff conducted additional outreach through an online survey, two focus group meetings with stakeholders, and two smaller listening sessions. During the April 17 study session, staff presented to Council these outreach efforts, the feedback received, and recommendations for a proposed apprenticeship utilization program. Staff also explained the then-pending House and Senate versions of House Bill 1050 (HB 1050), either of which would expand the state's existing apprenticeship utilization requirement (codified in RCW 39.04.320) to apply to all municipalities in the state, including Bellevue. Staff explained that the state law will require monetary incentives and penalties as an enforcement mechanism rather than disbarment, and that the State Department of Labor and Industries (L&I) and the Municipal Research and Services Center (MRSC) will be providing training and technical assistance on implementation of the new law.

Council directed staff to prepare an ordinance amending Bellevue City Code Chapter 4.28 to establish apprenticeship utilization requirements that incorporates state law provisions, but without a specified enforcement provision, for Council action following the Governor's decision on HB 1050. HB 1050 was signed into law by the Governor on May 9, 2023, and will apply to certain public works contracts advertised for bid by municipalities beginning July 1, 2024.

## **Overview of Ordinance**

The proposed ordinance will add a new section to Chapter 4.28 of the Bellevue City Code establishing Public Works Apprentice Requirements. This ordinance requires all public works contracts advertised for bid beginning September 1, 2023, with an estimated cost of \$2 million or more to include a requirement that no less than fifteen percent (15%) of all labor hours be performed by apprentices enrolled in an apprenticeship program approved or recognized by the Washington State Apprenticeship and Training Council.

The version of HB 1050 that passed the legislature has a phased in threshold dollar amount for contracts that trigger the apprenticeship utilization requirements. In conformance with HB 1050, the threshold in the proposed ordinance for the fifteen percent (15%) apprenticeship labor hour requirements to apply will decrease over time. It will apply to public works contracts advertised for bid with an estimated cost of \$1.5 million or more beginning July 1, 2026, and then to Public Works contracts advertised for bid with an estimated cost of \$1 million or more beginning July 1, 2028.

The ordinance also includes the reduction and waiver criteria consistent with HB 1050 and allows the Director of Finance and Asset Management (FAM) to reduce or waive the required apprenticeship utilization hours based on those criteria.

In addition, the FAM Director will be responsible for administering the City's apprenticeship utilization requirements, including developing procedures for implementation, monitoring contractor compliance, annual reporting to Council, and establishing and maintaining contract specifications.

The ordinance has a delayed effective date, becoming effective September 1, 2023, to provide time for staff and contractors to prepare for these new requirements.

## **Next Steps**

Following adoption, staff will follow up with our contractor community to inform them that the ordinance has been adopted and will become effective on September 1. Staff will also continue developing the administrative documents, policies, and procedures to implement the new requirements in alignment with the recommendations that were shared with Council during the April 17 study session.

There is currently no enforcement provision in the ordinance, pursuant to Council's direction at its April 17 meeting. However, as of July 1, 2024, state law requires all contracts subject to apprenticeship utilization goals to include monetary incentives for meeting the goals and monetary penalties for not meeting the goals. HB 1050 requires L&I and MRSC to provide guidance to assist municipalities with compliance with the state apprenticeship utilization requirements, including these enforcement provisions. Pending such guidance, staff will return to Council at a later date with proposed amendments to the code to add the required incentive and penalty program, in time to meet the July 1, 2024, deadline.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

The City's procurement code (BCC Chapter 4.28) and procurement policies are intended to ensure the City's contracting processes are open, fair, transparent, competitive and provide the best value for citizens. This combination of law and policy is intended to support the City in the execution of its

mission through continued adherence to best practices in procurement to ensure appropriate oversight and competitive pricing.

RCW 39.04.320 implements apprenticeship utilization requirements for public works projects awarded by the state, school districts, and state four-year institutions of higher education. This statute does not presently apply to contracts awarded by local municipalities, but under HB 1050, will apply to certain municipal public works contracts advertised for bid after July 1, 2024.

### **Fiscal Impact**

The City's Adopted 2023-2024 budget includes funding to implement and manage an apprenticeship utilization program as well as authority to hire a full-time employee to administer the program.

Though there is no direct fiscal impact related with the adoption of the proposed ordinance, the approval of the apprenticeship utilization requirement will not be cost neutral to the City. Contractors will pass the costs of hiring apprentices onto the City. These costs are likely to vary from project to project based on the specific circumstances, however for most projects this additional cost is not anticipated to be significant.

### **OPTIONS**

1. Adopt the Ordinance amending Bellevue City Code Chapter 4.28 to establish apprenticeship utilization requirements for certain city public works projects, providing and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

### **ATTACHMENTS**

Proposed Ordinance No. 6741

### **AVAILABLE IN COUNCIL LIBRARY**

N/A