



## M E M O R A N D U M

TO: Mayor and Council

FROM: Rolando Fernandez Jr., Capital Contracting Officer 

DATE: November 2, 2018

SUBJECT: Resolution 20180628-061 on Apprenticeship Requirement

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The purpose of this memorandum is to provide a response to Council Resolution 20180628-061 that in part, directed staff to:

*"...consider and develop a proposal that would require construction contractors to ensure that a minimum percentage of construction workers on **City projects with significant budgets** are graduates or current students of the Department of Labor's registered apprenticeship programs or the Department of Labor's certified bilingual training programs."*

The resolution asked City staff to explore five areas for program implementation, including:

1. Minimum 15% of workers on vertical construction projects
2. Develop and present program for horizontal construction projects
3. Provide extra consideration for achieving higher trainee percentages than the required minimum
4. Mechanisms to ensure contractor compliance
5. Develop a workforce development pipeline

**Background.** The Capital Contracting Office (CCO) administers the procurement and contracting for professional and construction services that support the City of Austin's Capital Improvement Program (CIP). CCO's standard form construction contract already allows for Apprentice and On the Job Trainees, and requires minimum prevailing wages be paid to employees as determined by the Department of Labor (DOL), and in accordance with Chapter 2258 of the Texas Government Code. Additionally, CCO enforces Austin Ordinance No. 2016324-015 which requires all laborers, workers and mechanics employed in connection with a City public improvement project to be paid no less than the City's minimum wage for its own full-time regular hourly employees in effect at the time the City issues the solicitation for the project. At this time, this means that construction workers on City contracts must be paid at least \$15.00 per hour.

1. **A minimum of 15% of workers on vertical construction projects are graduates or current students of the Department of Labor's (DOL) registered apprenticeship or bilingual training programs.** To implement a prescribed 15% requirement, CCO recommends defining "significant budgets" as projects with an estimated construction budget of \$10M or more. Furthermore, each

project will be evaluated for all opportunities available to achieve the 15% apprentice/graduate requirement, prior to solicitation or during contract negotiations, using the criteria in Charts A and B. The apprentices must be paid a percentage of the journeyman prevailing wage rate for each trade as specified in the apprenticeship program but may NOT be paid less than the City's approved minimum wage rate.

For projects below \$10M, CCO will use the criteria in Charts A and B to determine the number of "Pipeline" graduates. The Pipeline refers to graduates of organizations who provide pre-apprentice and apprentice readiness training as described in the Workforce Development Pipeline section of this memo. Once in the construction industry, Pipeline graduates may secure training through apprentice or OJT programs to further advance in the construction industry. This requirement will be subject to availability of Pipeline graduates.

Chart A

| Evaluation Criteria   |
|---|
| 1. Material cost vs labor cost  |
| 2. Scope of work  |
| 3. Schedule of values (a comprehensive list of work for a particular project) |
| 4. Project duration and schedule  |
| 5. Unique aspects of the project  |

Chart B

| Project Budget                  | Apprentice/ Graduate/ Pipeline Goal |
|---------------------------------|-------------------------------------|
| \$500K to \$2.5M                | 2 - Pipeline                        |
| Over \$2.5M to \$5M             | 4 - Pipeline                        |
| Over \$5M to \$10M              | 6 - Pipeline                        |
| Over \$10M (Significant Budget) | Apprentice/Graduate Minimum 15%     |

**2. Develop and present program for horizontal construction projects.** CCO would use an On-the-Job Training (OJT) program to train workers on City of Austin horizontal construction projects. The program requirements will be similar to those of the vertical construction program. Each project with an estimated construction budget larger than \$10M will be evaluated for all opportunities available to achieve the 15% trainee requirement. Additionally, Pipeline graduates will be required for each project below \$10M. This requirement will be subject to availability of Pipeline graduates.

**3. Provide extra consideration for achieving higher trainee percentages than the required minimum.** CCO administers the City's Contractor Performance Evaluation (CPE) program. Revisions to CPE would be made to include a performance measure to capture contractor compliance with the Apprenticeship and OJT program. A construction contractor's CPE scores are only used when the solicitation methodology allows the City to consider factors other than price (i.e. Competitive Sealed Proposal, Design-Build, and Construction Manager at Risk contracts).

**4. Mechanisms to ensure contractor compliance.** Given the 137 active construction projects currently monitored by staff, and the projected increased workload based on Departments' 5-year CIP budgets, CCO is concerned with operational impacts this new program will have on meeting the needs of administering the City's existing prevailing wage program. Because the DOL does not register workers for the OJT program, CCO will need to perform additional requirements, such as

administration of enrollment forms, tracking trainee hours, working with recruitment sources and issuing graduation certificates. Upon request of CCO staff, the contractor shall provide certified payrolls, training records, and graduation results to confirm the number of workers on a job. During program implementation, the existing wage team will assume these tasks and perform project site monitoring which includes interviewing trainees to validate the training curriculum and assuring that the correct wages are being paid. CCO will evaluate the overall workload demand and the impact to the City's prevailing wage program to determine if an FTE(s) is needed during the Fiscal Year 2019-2020 Budget.

**5. Workforce Development Pipeline.** CCO staff's recommendation for developing a workforce pipeline is to partner with community agencies who provide pre-apprentice and apprentice-readiness training. Graduates of these programs may be able to secure work on vertical and horizontal construction projects below \$10M. Through these initial opportunities, workers may pursue further training through apprentice or OJT programs. In addition, CCO will provide the training graduates' contact information to contractors working on City construction contracts to assist them in recruiting workers to achieve compliance of the apprenticeship and OJT programs. These partnerships include, but are not limited to, the following:

- Central Texas Regional Mobility Authority (CTMRA) Workforce Development Program
- Workforce Solutions
- Skillpoint Alliance
- Goodwill of Central Texas
- Austin Community College Continuing Education: Building Construction

**Program Implementation.** CCO will be deliberate in its program implementation taking 4-6 months to develop contract language, establish standard operating procedures, train staff, reengage community agencies who provide pre-apprentice and apprentice-readiness training, and provide contractor outreach. Subsequently, CCO would begin program evaluation on different types of projects through a two-phased approach. The first phase would encompass solicitation through contract development. A key focus under this phase is to determine all impacts to solicitation and contract processes given apprentice and OJT program requirements. The second phase would transpire after construction project completion and would determine program results. The City needs more high-quality contractors to meet current and future demands of a robust CIP. A deliberate implementation approach and continued partnership effort with contractors is needed to ensure apprentice and OJT programs and CIP delivery are a success.

I am available to discuss recommendations for this program with Council members at their earliest convenience. Please feel free to contact me at 512-974-7749 if you have any questions.

CC: Spencer Cronk, City Manager  
Elaine Hart, Deputy City Manager  
Greg Canally, Deputy Chief Financial Officer  
Rebecca Giello, Interim Director, Economic Development Department