

Whatcom County Business & Commerce Committee

1801 Roeder Avenue ■ Bellingham, WA 98225 ■ wcbcc@portofbellingham.com ■ (360) 715-5118

WCBCC January Meeting Minutes (1/13/25)

WCBCC Members Present

Casey Diggs, WCBCC Chair

Debbie Ahl, Healthcare Industry

Ryan Allsop, Other For-Profit

Pam Brady, Energy

Paul Burrill, Food Processing

Pete Dawson, Commercial Real Estate

Dan Dunne, Construction

Matthew Green, Higher Education

Mayor Greg Hansen

Gill Lund, Manufacturing

Mayor Kim Lund

Brad Rader, Agriculture

Sarah Rothenbuhler, Other For-Profit

Tyler Schroeder, Port of Bellingham

CJ Seitz, Higher Education

Russell (RB) Tewksbury, Internet Technology

Whatcom County Councilmember Mark Stremmer

Whatcom County Executive Satpal Sidhu

WCBCC Members Not Present

Clark Campbell, Recreation

Troy Muljat, Other For-Profit

Heather Steele, Public K-12 Education

Dana Wilson, Marine Trades

Non-Members/Public Present: Ann Beck, Port of Bellingham Commissioner Ken Bell, Billy (last name not provided), Malinda Bjlaand, Marissa Cahill, Andrew Calkins, Lance Calloway, Alan Chapman, Hugh Conroy, Craig Cooper, Anna Dealy, Andrea Doyle, Jessie Everson, Peter Frazier, Jenna Germand, Brady Gustafson, Elizabeth Hampton, Jenny Haseman, Brian Heinrich, Frank Imhof, Mauri Ingram, Lindsay Johnstone, Josh (last name not provided), Mayor Scott Korthuis, Tim Koetje, Rose Lathrop, Troy Lautenbach, Rob Lee, Ryan Likkel, Bellingham City Councilmember Michael Lilliquist, Derek Long, Forrest Longman, Kendall Nielsen, Guy Occhiogrosso, Kori Olsen, Hannah Ordos, Les Reardanz, Margaret Reich, Dann Mead Smith, Tara Sundin, Buck Tobb

Call to Order

WCBCC Chair Casey Diggs called the meeting to order at 11:00 a.m.

Approval of the Minutes

Paul Burrill moved, seconded by Dan Dunne, to adopt the meeting minutes from December 16, 2024.

Motion passed.

Review of Committee Positions

WCBCC Chair Casey Diggs reviewed open committee positions: Childcare open. Recreation, Agriculture, and Other-For-Profit will open end of January. Vice-chair position remains open.

Review County's draft Community Benefits Agreement (CBA) and Project Labor Agreement (PLA)

Pete Dawson, CEO of Dawson Construction + Lance Calloway, AGC Northern District Manager

Reviewed a Whatcom County Council proposed "Community Benefit Agreement (CBA) for Construction Projects" Ordinance for public works construction projects. Presenters discussed potential impacts, and unintended consequences + and offered recommendations for improvements.

Key Points Discussed

Representation of Associate General Contractors (AGC)

- AGC represents merit-shop and union contractors across the country, focusing on areas in Snohomish, Skagit, Island, and Whatcom Counties.
- The contractors primarily operate in heavy civil, commercial, and industrial sectors, excluding homebuilders unless working on large multifamily complexes.

Workforce and Contractor Background

- Whatcom County boasts a robust contractor base with approximately 87% non-union shops.
- Washington State has a higher-than-national average for unionized contractors (16.5% in 2023), though the overall construction workforce is predominantly non-union.
- Local contractors contribute significantly to the community by working on public infrastructure projects, serving on school boards, and contributing to other community organizations.

Concerns Raised Regarding Community Benefit Agreement (CBA) Ordinance

- **Lack of Outreach:** Labor unions met with council members regarding the proposed ordinance, while there was no early outreach to non-union. However, there was an initial meeting with local area contractors, three Whatcom County council members + three City of Bellingham council members to discuss the proposal on December 18, 2024.
- **Potential Impact on Local Workforce:** The proposed CBA aims to ensure community benefits, including workforce development, for public works projects over \$5 million. There is concern that this could impact local contractors who employ 85-95% of their workforce locally. The Community Benefits in regards to workforce development is already codified in the law with HB1050, which requires 15% utilization on all municipal projects currently at two million (to go down to one million in the next two years). The shared goal is to keep Whatcom County local contractors working locally because many contractors are currently traveling quite a distance to their job sites.
- **Unintended Consequences of the CBA:** Including private developers in the CBA could create obstacles for affordable housing development, potentially raising costs. A development agreement already exists to address these issues.

CBA includes language that incorporates private development from one into this language, but also codifies Project Labor Agreements (PLAs). When project labor agreements dictate, they are articulated by prevailed wage. There is an issue when you are mixing private sector and public sector work when it is in the same language of the document. Lance Calloway has recommended to Whatcom County Council that this be removed to eliminate the conflict.

Concerns Raised Regarding CBA Ordinance (Cont'd)

Project Labor Agreements ties the labor workforce for these public works agreements into labor unions. It does not require open shop contractors to become unionized, but their workforce does become unionized when they work on these individual projects. Technically what happens is a contractor is able to put four of their core employees on the job as they're employed, but the rest of their employees they have to put into the union hall to be hired out of the hall based on the hall's priority and seniority.

Project Labor Agreements (PLAs): The ordinance proposes including PLAs, which could add 13-21% to project costs. This would reduce competition for local contractors, particularly non-union businesses, leading to higher overall costs.

Unintended Consequences of the Ordinance as Drafted

By Adding Private Developers into the CBA:

- Adds additional obstacles to the development of additional + affordable housing for private developers.
- Mixes public works objectives with private development policies, which are typically not compatible.
- Creates a redundant tool for working with developers. There is already a tool in place for private developers to work with planning departments, called the "Development Agreement."

Unnecessary Cost Impacts as Drafted:

- Implementation as a mandated blanket requirement will have higher costs vs. implementation on a cost-benefit basis at the project level.
- Cost impacts to current County budget and staffing to implement, communicate, audit, enforce, and then report, including increasing FTEs to carry out the work set forth in the ordinance.

Recommendations

- **Utilize a project-level tool already in place in the contracting community:** Instead of having a blanket Community Benefit Agreement, bring it to a project level and implement it on the projects that make sense.
- **Remove private development from CBA:** Including private developers would add unnecessary layers of complexity and cost to development, especially for affordable housing.
- **Project-specific implementation:** Instead of implementing blanket CBA requirements across all projects, recommend focusing on a project-by-project basis to ensure that community benefits align with the specific needs of each project.
- **Remove PLAs from the Ordinance:** PLAs could drive up costs and limit competition. Suggest removing any requirements that would push all contractors to unionize, as this could exclude local businesses and reduce bidding participation.
- **Pro-choice approach for contractors:** Contractors should not be required to exclusively hire union subcontractors. They should have the flexibility to hire both union and non-union workers based on the needs of the project.

Recommendations (Cont'd)

- **Workforce Development and Apprenticeship:** AGC emphasized that Washington State already has workforce development requirements in place, including apprenticeship programs and prevailing wage laws, which ensure fair and equitable training for workers.

Results of Incorporating Project Labor Agreements (PLAs) with Unions

- Costly to the public and to the workers
- Reduces work opportunities for local, minority, and small businesses
- Eliminates choices for local workers
- Impacts local tax base

Unintended Consequences of Project Labor Agreements (PLA)s

- **Higher costs for public projects:** PLAs increase project costs by 13-21%, reducing the competitiveness of local, non-union contractors.
- **Negative impact on small businesses:** Small, non-union contractors and minority-owned businesses are particularly impacted, as they would have to comply with union requirements and could face financial instability as a result. The Women and Minority Owned Business Enterprises (WMBE) community has 97% non-union contractors and a lot of public works projects require their participation, making it very challenging to meet those requirements, particularly with the PLAs because these companies have very small cash reserves or they have a small line of credit. A minority WMBE contractor that signs on to a PLA automatically has the union trust benefits removed from their account as part of that agreement, often putting those companies into a financial risk or potential bankruptcy.
- **Eliminates choice for local workers** PLA mandates who contractors can employ vs. allowing a choice. Whatcom County currently favors allowing employees the choice of whether they want to be in the union or not. With the implementation of PLAs, workers would have to join a union for a year and a half or two-year project and would have to pay in to union dues and would not vest within that same amount of time, so the money paid in for pension and vacation would not be available if they do not remain in the union beyond the project timeline. This creates a loss of investment to the employee, roughly around \$49,000 annually.

Closing Remarks and Q&A

- AGC reiterated a desire for fair and open contracting, highlighting that both union and non-union contractors contribute to the success of local projects.
- Over 50 local firms representing 4,100 local workers are opposed to Project Labor Agreements in response collection time-period of five days.
- Recommendations were made to incorporate flexibility into the CBA, removing unnecessary mandates for union involvement and adjusting the implementation of community benefits to better align with individual project needs.
- The group also raised concerns about how the CBA could disproportionately affect the local workforce, particularly non-union workers, and suggested that a more nuanced approach be considered.

Summary of Recommendations

- Remove reference to private development
- Remove reference to PLAs
- Add to CBA: "Contractors may not discriminate between Union and Open Shop Contractors + Employees
- Utilize AGC redline version of Ordinance
- Implement CBAs at a project level vs. at a mandated level

Conclusion

The meeting concluded with the agreement that further discussion was needed to address the concerns raised. AGC representatives suggested refining the CBA to avoid unintended consequences, including high project costs, reduced competition, and limited opportunities for small businesses. They offered a set of recommendations, including focusing on project-level benefits and removing PLAs from the ordinance, to ensure a fair and equitable approach for all contractors in the region.

Councilmember Galloway to present to the Council as a whole at the last meeting of the month.

Motion

Casey Diggs moved, seconded by RB Tewksbury, to appoint Pete Dawson to write a letter highlighting recommendations related to the Community Benefits Agreement Ordinance + PLAs as presented in the January 2025 Whatcom County Business and Commerce Committee meeting to Whatcom County Council. Motion passed.

Adjournment

With no further business, the meeting adjourned at 12:18 p.m.