



Priority Hire for Public Agencies

Building a Diverse Construction Workforce



City of Seattle

April 2020

This presentation walks through how public agencies can build a diverse construction workforce for public works projects. Priority hire was a data-driven and community-initiated effort, and the City of Seattle continues to work closely with stakeholders and other regional partners to sustain a successful program. For more information, go to www.seattle.gov/priorityhire.

Overview:

- Priority Hire Impacts
- City of Seattle priority hire program
- Design a construction workforce program

Why priority hire?

Shared mission

- Address projected worker shortage
- Provide contractors with access to trained workforce
- Build a diverse construction workforce
- Create economic growth in economically distressed areas
- Strengthen opportunities for communities to access living-wage construction careers

Timeline

- 2012: Pilot Community Workforce Agreement (CWA)
- 2013: Council Resolution 31485 to develop long-term program
- 2015: Priority Hire ordinance enacted
- 2015: Master CWA executed between the City and labor unions



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Priority hire impacts

Compare results

Based on City of Seattle Project Hours	Past Performance on City Projects	Voluntary Efforts Rainier Beach Community Center	Priority Hire Projects
Economically Distressed ZIP Codes	12%	3%	27%
Apprentice Utilization	13%	12%	17%
Women	5%	6%	10%
People of Color	25%	24%	30%

Sources: Past Performance on City Projects is based on hours from a sample of projects from 2009-2013. Sources are the Worker Profile in City of Seattle Construction Projects report and City of Seattle – Construction Workforce Diversity Report. Percentages listed under Rainier Beach Community Center reflect UCLA Labor Center analysis of employee data, 2014. Percentages listed in the Priority Hire Project column reflect hours through December 2019, excluding public/private partnership projects.

Economic investment

= **\$25.7M** in wages earned

This is **\$12 million** more in wages than before Priority Hire

Economically distressed ZIP code wages from Nov. 2013 – Dec. 2019, excluding public/private partnership projects
Source: City of Seattle, 2020.



Prime contractor bidders

Priority hire and non-priority hire projects have similar numbers of prime contractor bids

Years ¹	CWA Projects (33 bids)	Non-CWA Projects (351 projects)
2015-2018	3.6	3.4
2019	3.6	3.4
2015-2019	3.6	3.4

¹Alternative delivery projects, such as GCCM, were excluded.
Source: City of Seattle, 2020.

Contractor diversity

Women- and minority-owned contractors (WMBEs) and open-shop contractors receive robust shares of work on priority hire projects

Jan. 2014 – Dec. 2019	Total Spent	WMBE Utilization	MBE Utilization	WBE Utilization
Priority Hire Projects	\$698,966,716	16%	11%	5%
Non-Priority Hire Projects	\$891,352,171	18%	10%	8%
Total	\$1,590,318,887	17%	10%	7%

Source: City of Seattle, 2020.



City of Seattle priority hire program

Best practices



City of Seattle priority hire tools

Resolution

Sept. 2013

Ordinance

Jan. 2015

**Community
Workforce
Agreement**

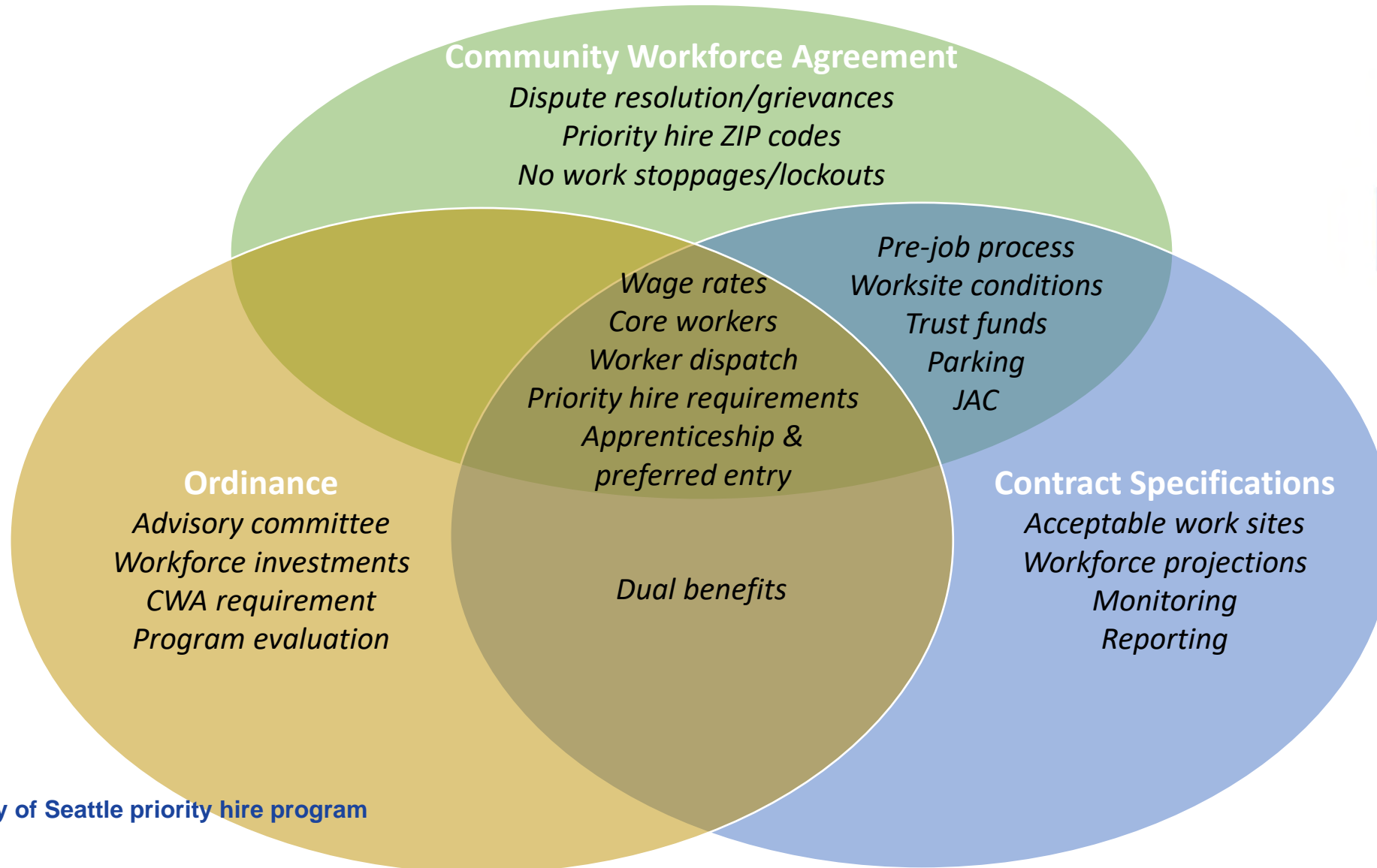
Apr. 2015

**Contract
Specifications**

May 2015

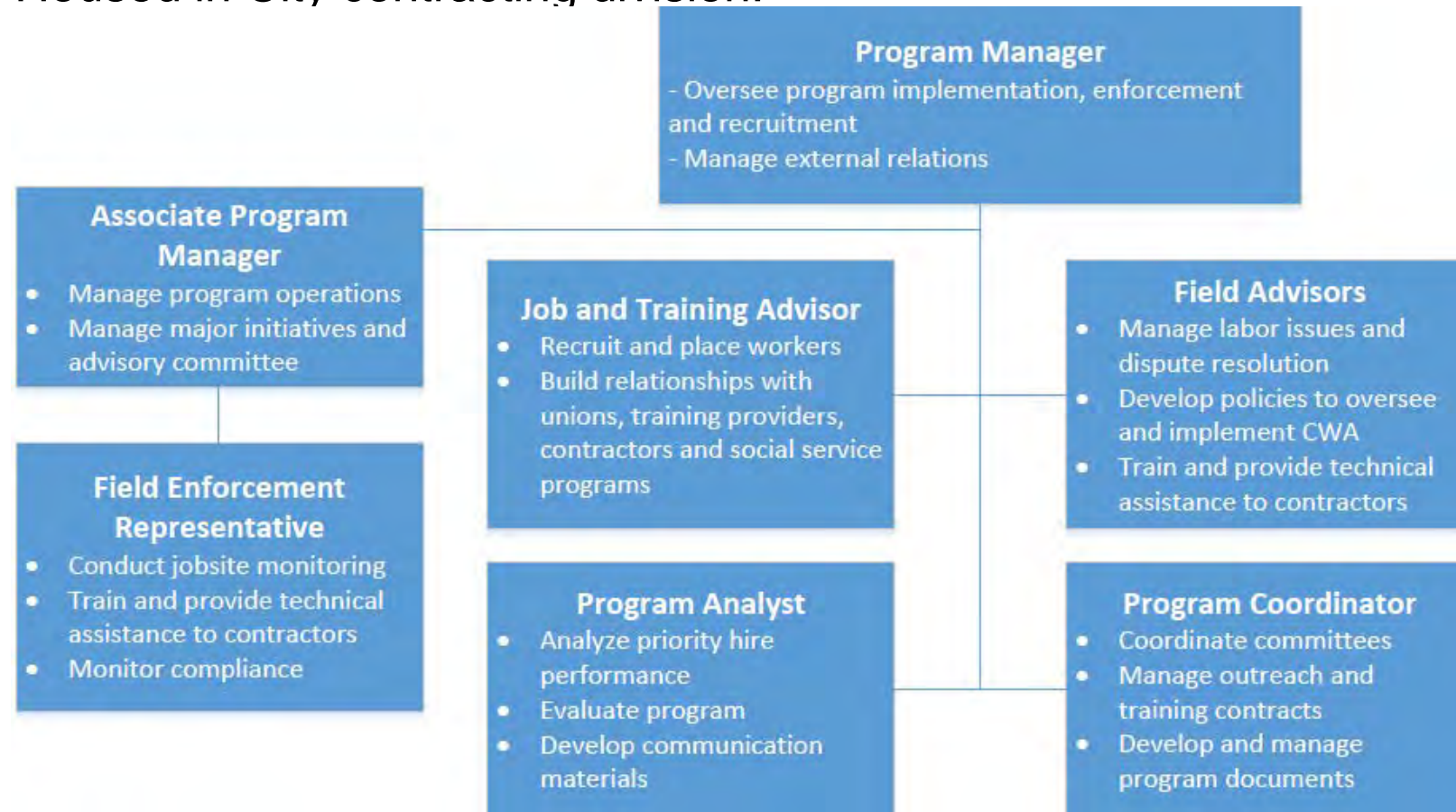


City of Seattle priority hire tools



Priority hire staff structure

Housed in City contracting division:





Design a construction workforce program

Convene advisory committee

- Convene diverse stakeholders to develop recommendations on strategies to improve access to public works projects and construction careers:
 - Develop permanent and durable policy
 - Support women- and minority-owned and small contractors
 - Support construction training programs
 - Protect competitive bidding process and reduce risk exposures
 - Work within agency resources
 - Build effective regional model
- Hire facilitator
- Commission data-driven studies

Develop report recommendations:

http://www.seattle.gov/Documents/Departments/FAS/PurchasingAndContracting/Labor/CCAC_073014_Report.pdf



Assess baseline worker demographics

Assess construction worker demographics on public works projects:

- Resident ZIP code (where workers come from)
- Race/ethnicity
- Gender
- Age
- Work level (apprentice vs journey)

Include common project types – worker demographics may vary depending on the type of work (e.g., roadway vs facility projects)

www.seattle.gov/Documents/Departments/FAS/PurchasingAndContracting/Labor/WorkerProfil.pdf



Determine the priority hire tool

Mechanism	Description	City of Seattle
Community Benefits Agreement (CBA)	Legally binding contract between community coalition and developer in which community supports development in return for community benefits, such as jobs.	
Community Workforce Agreement (CWA)	Agency and construction labor unions negotiate contract to bring priority workers to defined projects. Allows priority workers to be dispatched to projects ahead of non-priority workers.	X
Contract Provisions	Agencies adopt individual contract specifications that include priority hire.	X
Executive Order or Resolution	Mayor or Council directs priority hire goals on defined projects. Are prone to politics and can be changed by new administrations.	X
Free Market	No intervention – assumes supply/demand conditions will bring priority workers.	
Ordinance	Agency creates priority hire requirements for defined projects. Ordinances are durable, long-lasting and create transparency.	X

Source: Adapted from *Exploring Targeted Hire*, UCLA Labor Center, March 2014, www.seattle.gov/Documents/Departments/FAS/PurchasingAndContracting/Labor/TargetedHire.pdf.

Analyze construction labor market

Perform a construction labor market assessment:

- Evaluate construction industry workforce
- Identify supply and demand
- Determine workforce availability and barriers for hiring priority workers
- Include baseline scenario for existing labor pool absent policy intervention

http://www.seattle.gov/Documents/Departments/FAS/PurchasingAndContracting/Labor/CAI_Study2014.pdf



Identify Economically Distressed ZIP Codes

Economically distressed ZIP codes are based on ZIP codes with high densities in at least two of the three following indicators:

- Unemployment rate
- Those over 25 without a college degree
- People living under 200% of the federal poverty line

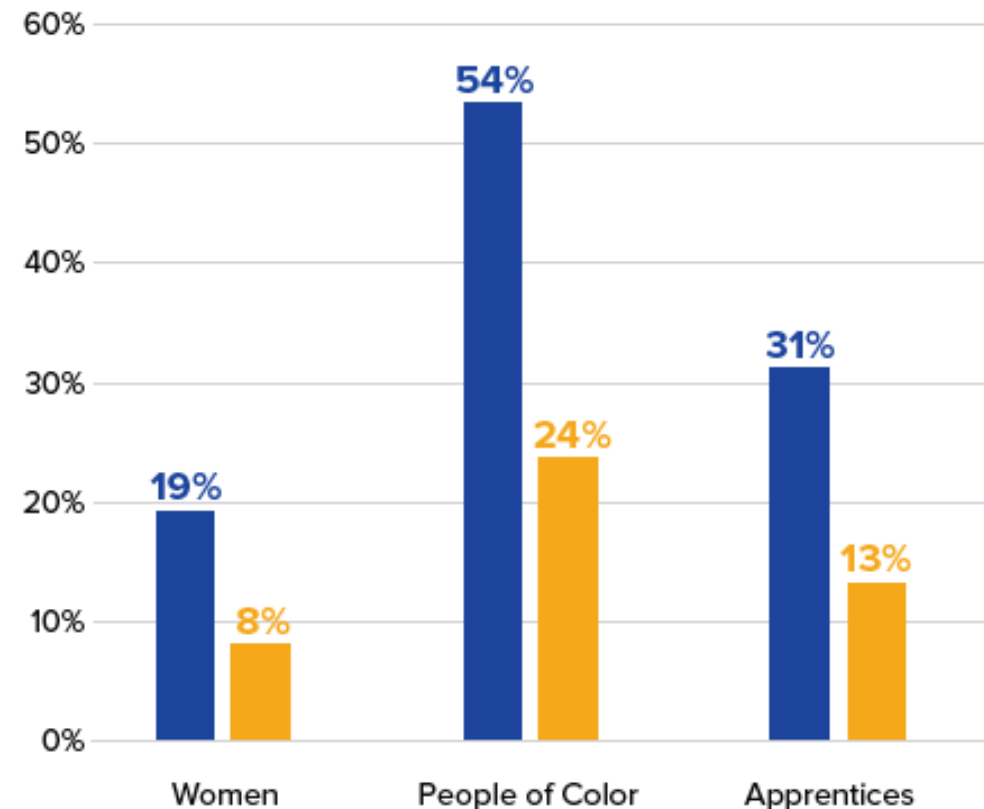
Tier 1 ZIP codes are in city of Seattle

Tier 2 ZIP codes are elsewhere in King County

www.seattle.gov/Documents/Departments/FAS/PurchasingAndContracting/Labor/CAI-Priority-Hire-2016.pdf

How does worker diversity (by percent of hours) in economically distressed ZIP codes compare to other ZIP codes on Priority Hire projects?

January 2019-December 2019



2019 ECONOMICALLY DISTRESSED ZIP CODES 2019 NON-ECONOMICALLY DISTRESSED ZIP CODES

Source: City of Seattle, 2020.

Set workforce requirements and goals

2020 Priority Hire Requirements and Goals	Facility	Roadway	Underground
Requirements			
Apprentice Utilization	20%	20%	17%
Apprentice – Preferred Entry	1:5	1:5	1:5
Priority Workers – Apprentice	10%	12%	9%
Priority Workers – Journey	22%	22%	24%
Aspirational Goals			
Apprentices			
Women	20%	30%	17%
People of Color	44%	56%	57%
Journey Workers			
Women	7%	10%	11%
People of Color	29%	30%	23%



Enforce workforce requirements

Examples of Contract Enforcement Tools	Consequence
Require prime contractors bidding on project meet responsibility requirements	Rejection of future bids from prime contractor deemed not responsible
Withhold payment until prime contractor in compliance	Delayed payment
Issue prime contractor deficient performance rating at project close-out	Three deficiencies can trigger debarment
Assess liquidated damages at end of project	Contractors would pay damages based on formula determined at beginning of contract

The City of Seattle reviews responsible bidder requirements, can withhold pay and may issue deficient contractor performances.



Invest in the worker pipeline

Since 2016, the City invested

\$3.2 million

**in recruitment, training
and support services**

for workers living in economically distressed
ZIP codes, women and people of color

\$946K 247 Priority Hire individuals recruited and placed
into construction by community organizations

\$1.73M 566 trained pre-apprentices and Priority Hire
clients placed in construction

\$372K 167 individuals obtained or regained their
driver's licenses

\$271K worker retention through Acceptable Work Site
training development



Develop ongoing collaboration

Priority Hire Advisory Committee (PHAC)

- Reviews and advises the City of Seattle on priority hire implementation
- PHAC goals:
 - Institutionalize priority hire
 - Place and retain priority hire workers
 - Ensure priority hire projects are efficient, effective and meet their budgets
 - Create a priority hire model
- Representatives are appointed by the Mayor:
 - Community
 - Contractors (at least one women- and minority-owned business)
 - Construction labor unions
 - Construction training programs (pre-apprenticeship and apprenticeship)



Develop ongoing collaboration

Regional Pre-Apprenticeship Collaborative

- Strengthens the worker pipeline for priority hire individuals
- Builds the quality, capacity and sustainability of pre-apprenticeship training programs
- Consists of training programs, unions, public owners and community-based organizations

Regional Public Owners

- Develops regional solutions to align efforts that build a skilled and diverse construction workforce
- Consists of several regional public agencies with shared interests



Job and Training Advisor

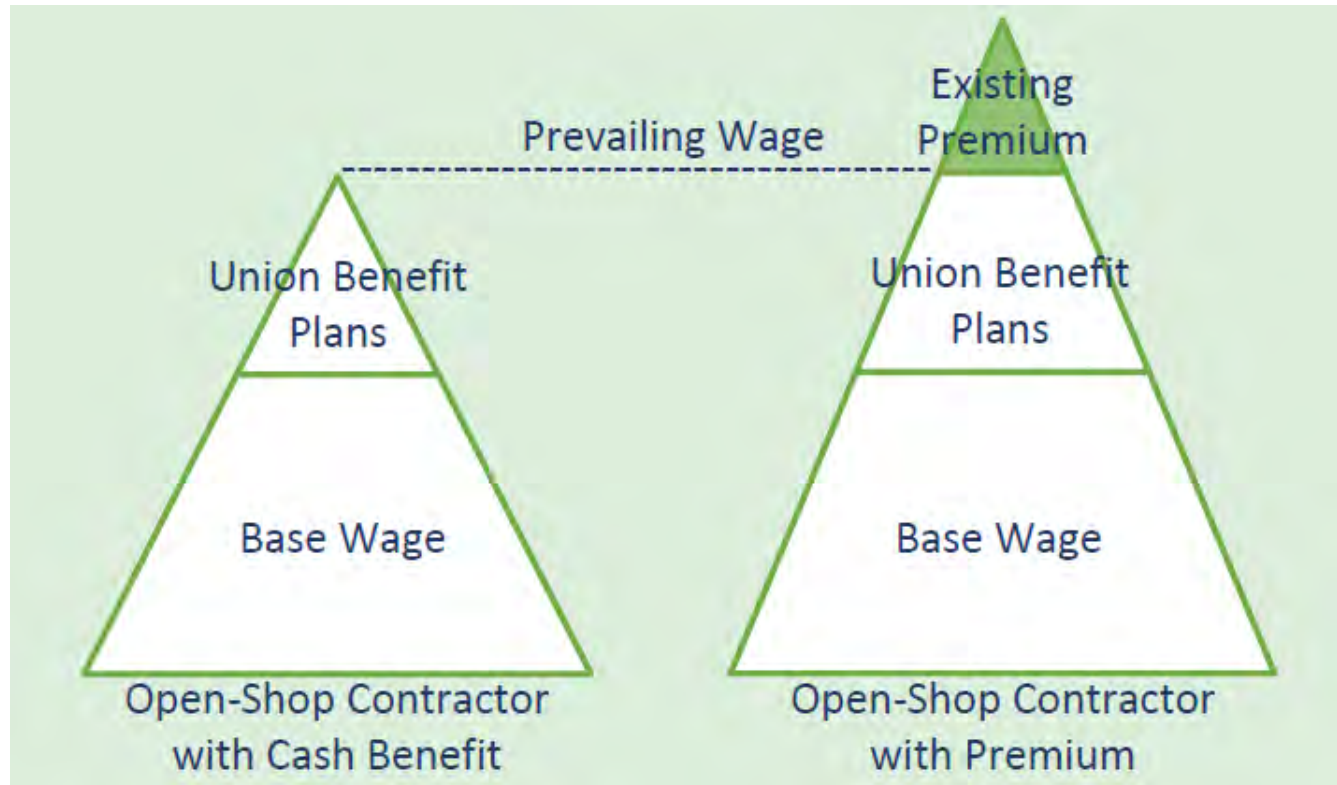
Works with community partners and pre-apprenticeship programs to:

- Outreach to support consultants (schools, prisons, city and labor partnerships)
- Refer preferred entry candidates to contractors on priority hire projects
- Support preferred entry workers on priority hire projects to retain a diverse workforce
- Connect jobseekers and workers to case management and other supports
- Lead and participate in Regional Pre-Apprenticeship Collaborative



Dual benefit reimbursement

Open-shop contractors with existing employer-sponsored benefit plans may apply for a reimbursement for the hours worked on priority hire projects



Dual benefit payments

Dual benefit reimbursements have minimal impact on project costs

November 2013 – December 2019

Dual Benefit Reimbursement Paid (6 projects)	Priority Hire Project Value (29 projects)	Share of Project Payments	Number of Workers Affected
\$286,067	\$922,509,315	.03%	77

Source: City of Seattle, 2020.

Program evaluation

Overall priority hire performance and impacts are reviewed annually, including:

- Project costs
- Project completion times
- Workplace safety
- Workforce utilization (residents of economically distressed ZIP codes, women, people of color and pre-apprentice training graduates)
- Women- and minority-owned contractor utilization

See annual reports online at www.seattle.gov/priorityhire



Thank you

Anna Pavlik

Labor Equity Program Manager

206-386-1122

Anna.Pavlik@seattle.gov

www.seattle.gov/priorityhire

