

# PHAC

Priority Hire Advisory Committee

## 2022 ANNUAL REPORT

To: **Bruce Harrell, Mayor**

**Seattle City Council**



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## 2022 COMMITTEE MEMBERSHIP

<b>Claude Burfect</b>	Coalition of Black Trade Unionist (Community)
<b>Antonio Butler</b>	IBEW (Labor)
<b>Thom Butler</b>	KPG/PSOMAS's Contractor Group (Contractor)
<b>Gregory Davis</b>	Rainier Beach Action Coalition (Community)
<b>Karen Dove</b>	ANEW (Training Provider)
<b>James Faison</b>	Northwest Minority Builders Alliance (Contractor)
<b>Sonja Forster</b>	AGC (Contractor)
<b>Abdirahman Omar</b>	African Careers (Community)
<b>Jerry Jordan</b>	PACT (Training Provider)
<b>Marilyn Kennedy</b>	OPCMIA Local 528 (Labor)
<b>J.C. Maxie</b>	Urban League (Community)
<b>Jamal Middlebrooks</b>	PNWRCC (Labor)
<b>Andrea Ornelas</b>	Laborers Local 242 (Labor)
<b>Steven Petermann</b>	Washington State Department of Corrections (Training Provider)
<b>Jamie Stuart</b>	Valley Electric (Contractor)
<b>Halene Sigmund</b>	Construction Industry Training Council of Washington (Training Provider)

SUBMITTED BY:  
W. TALI HAIRSTON PHD, PRINCIPAL  
EQUITABLE DEVELOPMENT LLC

# EXECUTIVE SUMMARY

## Priority Hire and Affordable Housing

The 2nd and Mercer housing project pilot was intended to demonstrate improved labor equity outcomes in affordable housing and establish best practices for delivering those outcomes on a residential project funded by Office of Housing. PHAC was asked to review and discuss the Office of Housing preliminary report findings. PHAC discussed and recommended the following. The recommendation was not unanimous and according to the PHAC Charter the dissenting statement has been included, footnoted, and added to the appendix of the report.

1. Identify additional quantitative outcomes and policy objectives for qualified residents, continue to monitor labor equity concerns,
2. Develop a model of subsidizing affordable housing that also includes the added cost of paying workers commercial wages,
3. Continue to monitor applying CWA's for its impact on equitable outcomes for workers of color, women, and WMBE firms,
4. Assess how contractors successfully retain Priority Hire workers who move out of Priority Hire zip codes,
5. Share successful recruiting and retention strategies for affordable housing projects,
6. Locate additional housing dollars to help off-set any additional costs related to Priority Hire participation thus improving economic viability.

## RISE UP Program

Each year PHAC receives an annual update on the RISE UP program and provides recommendations. ANEW gave its 2022 presentation on the RISE UP program and PHAC recommended the following.

1. Advocate for Labor & Industry include RISE UP training in the core curriculum for apprentices and in continuing education for journey-level workers.
2. Tracking instrument to document the positive impacts of the RISE UP program.
3. Develop a preferred contractor status list for contractors that have successfully completed training.

## Workforce Development Strategies

Community Attributes Inc. presented on the construction workforce analysis commissioned by Sound Transit, King County, City of Seattle, WSDOT and the Port of Seattle. PHAC discussed what to apply from that data and recommended the following.

# PRIORITY HIRE COMMITTEE GOALS

### On the Job Compliance

**Goal:** Workers have an equitable opportunity to gain meaningful experience on job sites. Workers retained by contractor after project completion.

### Reaching Target

#### Populations of Priority Hire

**Goal:** Adequate/effective outreach and recruitment from Priority Hire ZIP codes.

### Regional Collaboration for Priority Hire

**Goal:** Collaborate regionally to diversity the construction workforce.

1. A user-friendly infographic that displays regional workforce needs.
2. Distribute the workforce analysis to all constituents.
3. Publicize the apprenticeship opportunities through a variety of platforms.
4. City staff to distribute the guidebook to schools and contractors. Utilize the QR code on the guidebook to increase awareness.
5. Find ways to incorporate CDL training and heavy equipment training.
6. Advocate for more trade days at more diverse high schools and colleges.
7. Learn from apprenticeship programs how they determine the number of new apprentices to enroll.
8. Implement additional job visits to increase apprentice retention and improve job site culture.

### Priority Hire Zip Code Availability

PHAC recommends the City identify ways to increase contractor awareness of the Priority ZIP code list by adding the Priority Hire ZIP code list to the pre-job paperwork.

### Non-Manual Credit Option

The option is intended to extend Priority Hire to non-manual positions and offer an entry point to non-manual construction careers for those underrepresented in the industry.

The following changes to the Priority Hire Ordinance and Community Workforce Agreement will help utilization of the non-manual credit option:

1. Non-manual credit is available to all contractors. (Requires a change to the CWA.)
2. Non-manual credit hours count toward up to 10% credit of Priority Hire journey hours, or one FTE whichever is greater. (Requires a change to the Priority Hire Ordinance.)
3. Any additional non-manual Priority Hire hours will be counted toward good faith efforts and/or count toward Priority Hire requirements as approved by the Purchasing and Contracting Director. (Requires a change to the Priority Hire Ordinance.)
4. Rather than require a non-manual Priority Hire worker to stay in a fixed position for the duration of the contract, align non-manual positions with manual work hiring practices. (Requires a change to the Priority Hire Ordinance.)
5. Eligible workers will include Priority Hire construction workers on light duty work through Washington State's Stay at Work program.<sup>1</sup>

<sup>1</sup> [https://lni.wa.gov/claims/for-employers/employer-incentives/stay-at-work#:~:text=Stay%20at%20Work&text=Stay%20at%20Work%20\(WSAW\)%20is,for%20workers%20while%20they%20heal](https://lni.wa.gov/claims/for-employers/employer-incentives/stay-at-work#:~:text=Stay%20at%20Work&text=Stay%20at%20Work%20(WSAW)%20is,for%20workers%20while%20they%20heal).

## PRIORITY HIRE COMMITTEE GOALS

### Sufficient Training and Support Services

**Goal:** Sufficient pre-apprenticeship graduates to meet projected demand. Increased pre-apprentice/apprentice trainee retention. Service providers adequately connect people to training jobs and support services.

### Job Assignment

**Goal:** Culture change on the job site resulting in equitable treatment.

# ANNUAL REPORT INTRODUCTION

**The following is a brief overview of Priority Hire and a description of the program goals. The 2022 report is the sixth PHAC annual recommendations report since its inception in 2015. The Priority Hire Advisory Committee (PHAC) works to create a set of recommendations designed to enhance the implementation and development of Priority Hire. PHAC was defined in the Priority Hire Ordinance that aims to address workforce development by promoting construction training and career opportunities for residents in economically distressed areas in Seattle/King County.**

**The ordinance includes:**

- Prioritizing local construction workers living in economically distressed ZIP codes on City of Seattle public projects over \$5 million, creating access to training and employment within the construction workforce.
- Supporting women and communities of color to become part of the trained construction workforce, with opportunities for construction careers.
- Requiring a Community Workforce Agreement (CWA) to supersede union hiring procedures and create better work environments with safety protections, dispute resolution, and grievance processes.

# PHAC

## 2022 RECOMMENDATIONS

# 1

### Priority Hire and Affordable Housing

In 2018, Community Workforce Agreement (CWA) for all City-funded Public Works projects over \$5 million designed to achieve social equity, workforce diversity, and development of local workers in the construction industry, was amended to include provisions for Seattle's Office of Housing's (OH) 2nd and Mercer project. The 2nd and Mercer CWA pilot was intended to demonstrate improved labor equity outcomes in affordable housing and establish best practices for delivering those outcomes on a residential project funded by OH.

In 2019, Ordinance 125852 directed OH to complete an assessment of the 2nd and Mercer CWA, with the assessment to specifically include Priority Hire outcomes. According to OH's assessment report, "Construction of 2nd and Mercer and the three comparison projects happened either partially or almost entirely during COVID-19. COVID has had a significant impact on construction timelines and costs. COVID also had a significant impact on the very workers the CWA was intending to recruit-women and people of color - who reduced their participation in the workforce during the last few years as a result of childcare and other factors."<sup>2</sup>

Seattle's Office of Housing described the major considerations for further discussion in May 2022. PHAC discussed the related cost, the relationship to Priority Hire outcomes, WMBE utilization, and competitive bidding impacts. The City requested PHAC provide input on how to balance priorities in the event the City decides to apply Priority Hire to future affordable housing projects.

1. PHAC recommends the City identify additional quantitative outcomes and policy objectives for qualified residents moving into affordable housing projects. Quantitative outcomes and policy objectives include the opportunity for developers to set goals for workers to also be residents of the affordable housing project (e.g., building operations jobs).
2. The City should also continue to monitor labor equity concerns. The workforce goals for the 2nd and Mercer pilot project were set two percentage points higher than Office of Housing's historical performance for hiring Priority Hire apprentices, apprentices of color, women apprentices, journey workers of color, journey women, and Priority Hire workers. It is worth noting the CWA pilot cost per unit increased in comparison to similar projects by an average of approximately 20%. Increased costs may in part be due to reduced competition at bid time, and a myriad of administrative processes.
3. PHAC recommends the City develop a model of subsidizing affordable housing that also includes the added cost of paying workers commercial wages on residential affordable housing projects, so that a long-term benefit may be realized by communities.

**An Affordable Housing Recommendation Dissenting Statement was provided by PHAC member Sonja Forster on behalf of AGC of Washington (Appendix A).**

**The Labor representatives on PHAC provided their response as well. (Appendix B).**

2 2nd & Mercer Supportive Housing Project Community Workforce Agreement Assessment, October 2022, Seattle Office of Housing.

4. As the Office of Housing’s assessment compared projects in hiring people of color and women from Priority Hire ZIP codes without a CWA, an outcome of the pilot points to encouraging these projects to improve their goals for WMBE participation, and women workers. PHAC recommends the City continue to monitor applying CWA’s for its impact on equitable outcomes for workers of color, women, and WMBE firms.
5. In order to increase housing options for Priority Hire workers, the City should find ways to reward contractors whose Priority Hire workers attain consistent income over time (retention and advancement). The hope is that this incentivizes contractor performance.
6. Develop a questionnaire or survey to contractors (and subcontractors) who historically bid on affordable housing projects to better understand the strategies used to retain a diverse workforce. The City should understand and share successful recruiting and retention strategies for affordable housing projects.
7. Locate additional housing dollars to help off-set any additional costs related to Priority Hire participation, so that affordable housing projects are economically viable.

## 2 RISE UP Program

The City of Seattle partners with ANEW to implement the RISE UP program (respect, inclusion, safety, and equity in the construction trades). Founded in 1980, ANEW is the longest continuous running pre-apprenticeship program for women in the county and has a unique and successful reputation for assisting women into apprenticeship. RISE UP is a respectful workplace training campaign that seeks to shift the culture of construction.

Each year PHAC receives an annual update on the RISE UP program and provides recommendations. ANEW gave its 2022 presentation on the RISE UP program which is implemented under the City’s Acceptable Work Site contract provisions<sup>3</sup>. In response several recommendations were provided by PHAC.

1. Advocate for Labor & Industry include RISE UP training in the core curriculum for apprentices and in continuing education for journey-level workers to systematize the training.
2. Create a tracking instrument to document the positive impacts of the RISE UP program and provide it to PHAC upon occasion.
3. Develop a preferred contractor status list for contractors that have completed training and have shown evidence of a positive shift in jobsite culture due to RISE UP.

## 3 Workforce Development Strategies

Community Attributes Inc. presented on the construction workforce analysis commissioned by Sound Transit, King County, City of Seattle, WSDOT and the Port of Seattle. PHAC discussed what to apply from the presentation about workforce needs and provided the following recommendations:

1. Create a user-friendly infographic that displays regional workforce needs.
2. Distribute the workforce analysis to all stakeholders including apprenticeship and pre-apprenticeship programs.
3. Publicize apprenticeship opportunities through commercials and provide a website on the commercials for people to learn more.
4. City staff to distribute the guidebook to schools and contractors so that people in the trades can make presentations on construction opportunities in schools, and advocate for more presentations at increasingly diverse high schools and colleges for careers in construction. Utilize the QR code on the guidebook to increase awareness.

3 <https://www.seattle.gov/documents/Departments/FAS/PurchasingAndContracting/WMBE/AWS-contract-provisions.pdf>

5. With high interest in immigrant communities for commercial driver licensure (CDL), the City should find ways to incorporate CDL training and heavy equipment training.
6. Advocate for more trade days at more diverse high schools and colleges.
7. Learn from apprenticeship programs how they determine the number of new apprentices to enroll.
8. Implement additional job visits to increase apprentice retention and improve jobsite culture (e.g., more retention specialists like those currently employed by the City of Seattle).
9. The City should review and adopt language like Engrossed Substitute Senate Bill 5258<sup>4</sup>, a Washington State law addressing sexual harassment of isolated workers in particular industries. This may be helpful in addressing job site culture in the construction industry.

## 4 Priority Hire Zip Code Availability

PHAC recommends the City identify ways to increase contractor awareness of the Priority ZIP code list by adding the Priority Hire ZIP code list to the pre-job paperwork (filled out by every contractor prior to starting work) and add a question to the pre-job paperwork to confirm the contractor has received the ZIP code list.

## 5 Create a Functional Non-Manual Credit Option

The Priority Hire Ordinance and Community Workforce Agreement (CWA) offer a non-manual position credit option. However, the non-manual credit option is currently not being used by employers. The option is intended to extend Priority Hire to non-manual positions and offer an entry point to non-manual construction careers for those underrepresented in the industry. Non-manual positions offer a unique opportunity to improve the effectiveness of the Priority Hire program by expanding opportunities in non-manual positions such as such as administration, human resources, project management, and engineering.

By modifying the current program, employers will be incentivized with Priority Hire credit to hire non-manual workers & trainees, and new non-manual Priority Hire workers will get enough employment hours to gain meaningful experience as they build a career in construction. In most cases the current policy does not allow enough non-manual Priority Hire credit hours for an employer to hire even one full time employee for the duration of a project. The non-manual status can carry-over to future projects.

The following changes to the Priority Hire Ordinance and Community Workforce Agreement will help utilization of the non-manual credit option:

1. Non-manual credit is available to all contractors. (Requires a change to the CWA.)
2. Non-manual credit hours count toward up to 10% credit of Priority Hire journey hours, or one FTE whichever is greater. (Requires a change to the Priority Hire Ordinance.)
3. Any additional non-manual Priority Hire hours will be counted toward good faith efforts and/or count toward Priority Hire requirements as approved by the Purchasing and Contracting Director. (Requires a change to the Priority Hire Ordinance.)
4. Rather than require a non-manual Priority Hire worker to stay in a fixed position for the duration of the contract, align non-manual positions with manual work hiring practices. (Requires a change to the Priority Hire Ordinance.)
5. Eligible workers will include Priority Hire construction workers on light duty work through Washington State's Stay at Work program<sup>5</sup>.

With these changes, the City will move the Priority Hire program in the direction of expanding equity and opportunity in our communities of greatest need.

<sup>4</sup> <https://lawfilesexternal.wa.gov/biennium/2019-20/Pdf/Bills/Senate%20Passed%20Legislature/5258-5.PL.pdf#page=1>

<sup>5</sup> [https://lni.wa.gov/claims/for-employers/employer-incentives/stay-at-work#:~:text=Stay%20at%20Work&text=Stay%20at%20Work%20\(WSAW\)%20is,for%20workers%20while%20they%20heal.](https://lni.wa.gov/claims/for-employers/employer-incentives/stay-at-work#:~:text=Stay%20at%20Work&text=Stay%20at%20Work%20(WSAW)%20is,for%20workers%20while%20they%20heal.)

# APPENDIX A

## **Affordable Housing Recommendation Dissenting Opinion**

This dissenting opinion is from AGC of Washington representative and PHAC member Sonja Forster. The contractor constituency could not give a joint dissenting opinion because the timeline to establish consensus was not sufficient.

The PHAC recommendation regarding CWA's on affordable housing projects contains fair warning about applying the CWA to these projects going forward. However, it also contains several statements which AGC of Washington does not agree with including the softening of language around the devastating outcomes on social equity, workforce diversity and the development of local workers in the construction industry seen in the Office of Housing CWA pilot project at 2nd and Mercer.

To clarify, the 2nd and Mercer CWA pilot outcomes for diversity and Priority Hire workers are as follows: Apprentices of Color 8.6 percent lower than historical Office of Housing performance and participation by Journey Workers of Color 7.6 percent lower. Priority Hire workers were all together 11 percent lower on the pilot while the share of work given to white workers was 14 percent higher. These results do not support the application of CWA's on affordable housing projects.

The recommendation asking the City to locate additional housing dollars to absorb the additional cost of CWA's runs contrary stated purpose of Priority Hire; to achieve better social equity workforce diversity and develop a local workforce in construction. As of this annual report, we know Priority Hire on affordable housing projects cause social inequity and reduces the number of people of color able to work on these projects. If the City acts toward supporting CWA's on affordable housing based on the 2nd and Mercer CWA pilot, it will be acting to support institutional discrimination. AGC of Washington is allied with minority contractors and their workforces across the state such as NW Minority Builders Alliance & National Minority Contractors Association and others. In addition, 13 percent of AGC of Washington members are OMWBE certified firms, and large numbers of their prime contractors strive to help build capacity among their certified business trade partners on a continual basis. As a principled member of PHAC who works to guide the City of Seattle toward better social equity and workforce diversity outcomes for Priority Hire, AGC of Washington cannot support a recommendation that increases public dollars spent on racial inequity.

The recommendation asking the City to subsidize affordable housing to pay commercial wages is irresponsible and likewise discriminatory toward MWBE firms. The State of Washington supports prevailing wages on affordable housing and conducts detailed wage surveys to assign fair living wage rates to these projects. Prevailing wages on affordable housing set by Washington State's Labor and Industries not only works to preserve housing affordability, but they also keep total project costs lower – lowering barriers for minority and women owned businesses; two examples include exaggerated insurance requirements and cash flow problems.

Any recommendation to fund or subsidize CWA's on affordable housing projects should wait until there is certainty projects with CWA's can achieve equity and diversity outcomes above historical performance. There are several more pilot projects scheduled in the coming year.

# APPENDIX B

## Labor Stakeholder Group Response

As Affordable Housing becomes a priority in our state and as public money, (2016 Seattle Housing Levy), is provided in partnership with community-based organizations, (Rainer Valley Affordable Homeownership Initiative), it is important that these projects operate under a Community Workforce Agreement. The use of PLA/CWA agreements are effective tool for creating good value on taxpayer-funded projects, ensuring workers earn fair wages and good benefits, and increasing job access for workers from all walks of life, especially women and workers of color.

PLAs and CWAs can also help build a pipeline of qualified workers by requiring apprentices to complete a certain proportion of the hours on the project, giving workers new to the construction trades valuable on-the-job experience and helping achieve other job quality and equity metrics.

Washington State has high-quality workforce development programs, including registered apprenticeships with supportive services to train, place, and retain workers. Making sure that these great job opportunities go to people in distressed zip codes, people of color, and women should continue to be a priority of the City of Seattle.

The 2nd and Mercer CWA pilot outcomes for diversity and Priority Hire Workers are proof that CWA works. The project had:

- The highest number of women at 6.1% on the project and exceeded the goal of 3%.
- Office of Housing projects at same time not covered under CWA were at 1.6% and 3.2% women.
- The highest number of apprentices utilized on the CWA project at 20.5%.
- Projects not covered under CWA at Office of Housing were 3.5% and 7.6%.
- Women and Minority Owned Business utilization was 19.68% which was higher than the other projects not covered under a CWA at the Office of Housing.

**Now, more than ever we need to invest in the community by offering more, not less opportunities for entry into construction careers. Remember, Apprenticeship is the original 4 year degree!**