



**Seattle**  
Finance &  
Administrative Services

# 2021 Priority Hire Annual Report

PURCHASING AND CONTRACTING

June 2022



*This report is an annual programmatic review in response to the Priority Hire Ordinance (SMC 20.37) and Mayor's Office, City Council and other stakeholder interests. More information about Priority Hire can be found at [www.seattle.gov/priorityhire](http://www.seattle.gov/priorityhire).*

*Cover: Pati is an ANEW pre-apprenticeship graduate who worked as a sheet metal apprentice and trimble operator for Hermanson on Climate Pledge Arena. Having grown up in Seattle, Pati was excited to work on Climate Pledge Arena. From the first day on the project, she felt Mortenson's focus on safety and worker appreciation. She loved the experience — especially seeing many other women and people of color on the project; usually, she's the only one.*

# Definitions

## Acceptable Work Site

Contract provisions that set standards for acceptable behavior on City construction work sites. They prohibit bullying, hazing and related behaviors — particularly those based upon race, immigrant status, religious affiliation, gender identity or sexual orientation.

## Apprentice

A worker enrolled in a Washington State Apprenticeship and Training Council-approved training program.

## Community Workforce Agreement (CWA)

A comprehensive pre-hire collective bargaining agreement between the City and labor unions that sets the basic terms and conditions of employment for public works construction projects. CWA projects include Priority Hire requirements, which increase access to construction jobs for workers living in economically distressed ZIP codes in Seattle and King County.

## Dual Benefits Reimbursement

The City reimburses open-shop contractors on Priority Hire public works projects for payments into their existing benefits plans for workers on the project, as the CWA requires all workers to pay into union trusts.

## Economically Distressed ZIP Codes

City-identified ZIP codes in Seattle and King County that have high densities of people living under 200% of the federal poverty line, unemployment rates and those over 25 without a college degree.

## Journey Worker

A worker who is not enrolled in a Washington State Apprenticeship and Training Council-approved training program.

## Open-Shop Contractor

A contractor that is not signatory to a union.

## Pre-Apprentice

An individual who goes through a supportive and hands-on pre-apprenticeship training program that helps prepare people for entry and success in the building trades. These preparatory programs provide construction training and education, in addition to assisting with driver's licensing, transportation, child care, budgeting, etc.

## Prime Contractor

The business contracting with the City to complete a construction project. Prime contractors may have contracts with subcontractors to perform part of the work.

## Priority Hire

A program that increases the hiring of residents of economically distressed ZIP codes in Seattle and King County, women and people of color on City construction projects over \$5 million. It creates equitable access to construction training and employment by focusing on the entire construction worker development process.

## Priority Hire Advisory Committee (PHAC)

A committee that advises the City on Priority Hire implementation and effectiveness. Members are appointed by the Mayor and represent construction labor unions, training programs, contractors (including at least one women- or minority-owned contractor) and community.

## Public-Private Partnership Project

Private construction projects with significant City investment that include social and labor equity contract provisions, including Priority Hire, per Executive Order 2017-01.

## Purchasing and Contracting (PC)

The division in the City of Seattle's Department of Finance and Administrative Services that oversees and implements Priority Hire. The use of "we" throughout the report refers to PC.

## Women- and Minority-Owned Businesses (WMBEs)

Businesses that are at least 51% owned by women and/or minorities.

Our future depends on the work we do today to create economic parity for our residents. The work calls on us all — unions, businesses and our vibrant communities — to prepare young people and those left behind for the economic opportunities of tomorrow.

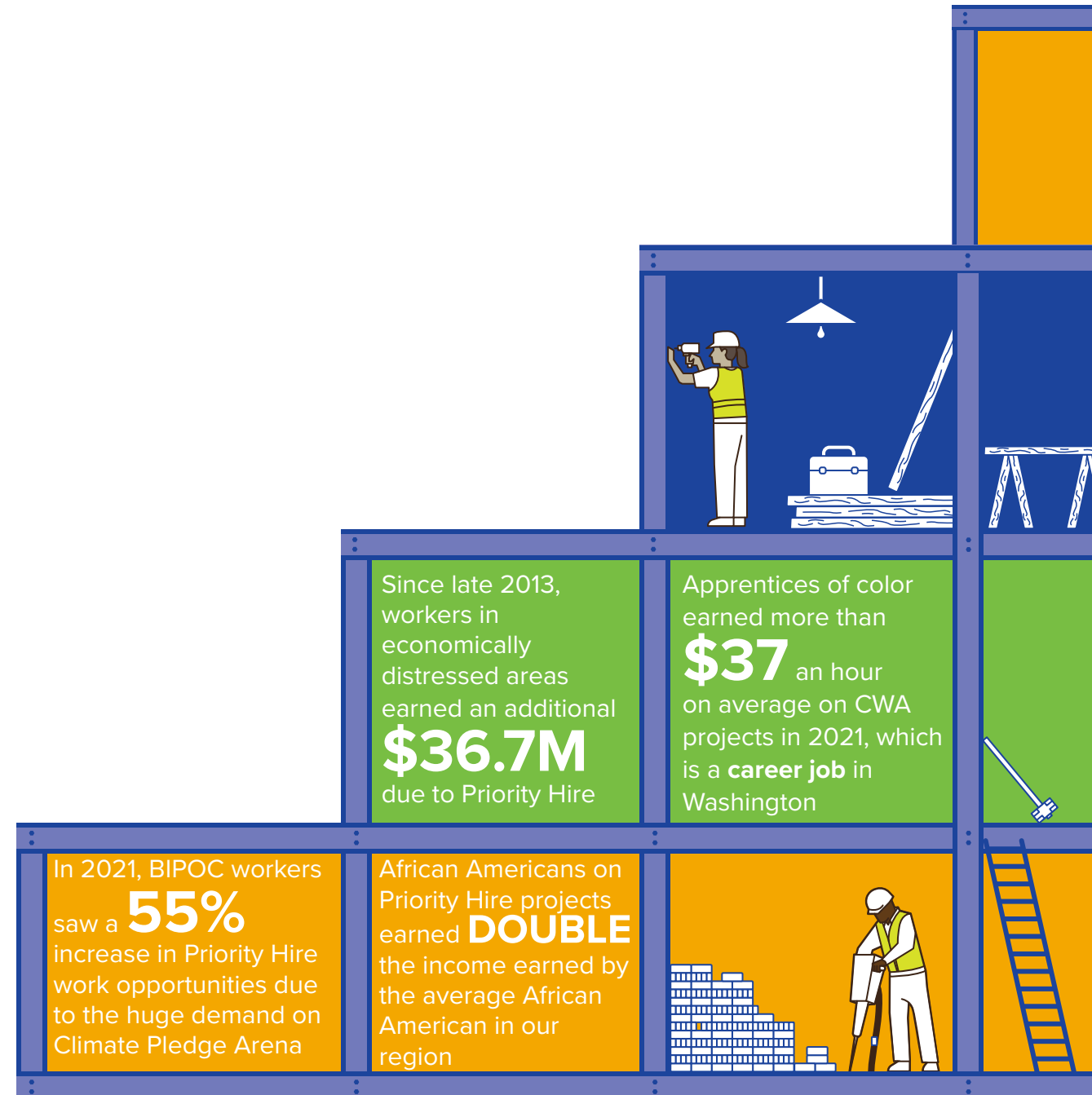
The City of Seattle plays a big role in addressing racism and economic inequality. One way we do that is through the Priority Hire program. **Priority Hire puts people living in economically distressed communities to work on the City’s construction projects and beyond.**

**Priority Hire invests in our communities when we invest in building public infrastructure like the Seattle waterfront, Ship Canal tunnel, roads and bridges.**

Construction in Seattle offers quality careers, which include living wages, benefits, [career advancement](#) and workplace safety. As Seattle’s economy recovers from the pandemic, there is a strong need for more workers.

Priority Hire has successfully increased equity outcomes, dating back to the start in late 2013. Since then, construction workers living in economically distressed communities, most of whom are people of color, women and those just starting their career, have earned \$77.8 million in wages. We estimate this is **\$36.7 million more** than they would have earned without Priority Hire.

Priority Hire helps people from underserved communities get in apprenticeship — and stay in. Through a partnership with labor unions called a community workforce agreement (CWA), Priority Hire supports worker hiring and retention by requiring contractors to hire workers who live in economically distressed ZIP codes, with the goal to create opportunities for women and people of color.



Sources: American Community Survey, 2018; National Equity Atlas, Advancing Workforce Equity in Seattle, 2021; City of Seattle, 2022.

# Working toward economic equity

Priority Hire launched in late 2013, and was the first program of its kind in the region. Our successful partnership with community organizations, construction unions and contractors led to rapid expansion and new programs at King County, the Port of Seattle and Seattle Public Schools.

In addition to the City’s public works projects, the City applies Priority Hire to a number of public-private partnership projects. This expansion has resulted in a significant spike in contractor demand for a more diverse workforce.

## Since Priority Hire started in 2013:



**40** public works projects  
**5** public-private projects  


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**45** total projects



**1,404,467,585** for public works covered  
**1,072,289,142** for public-private projects covered  


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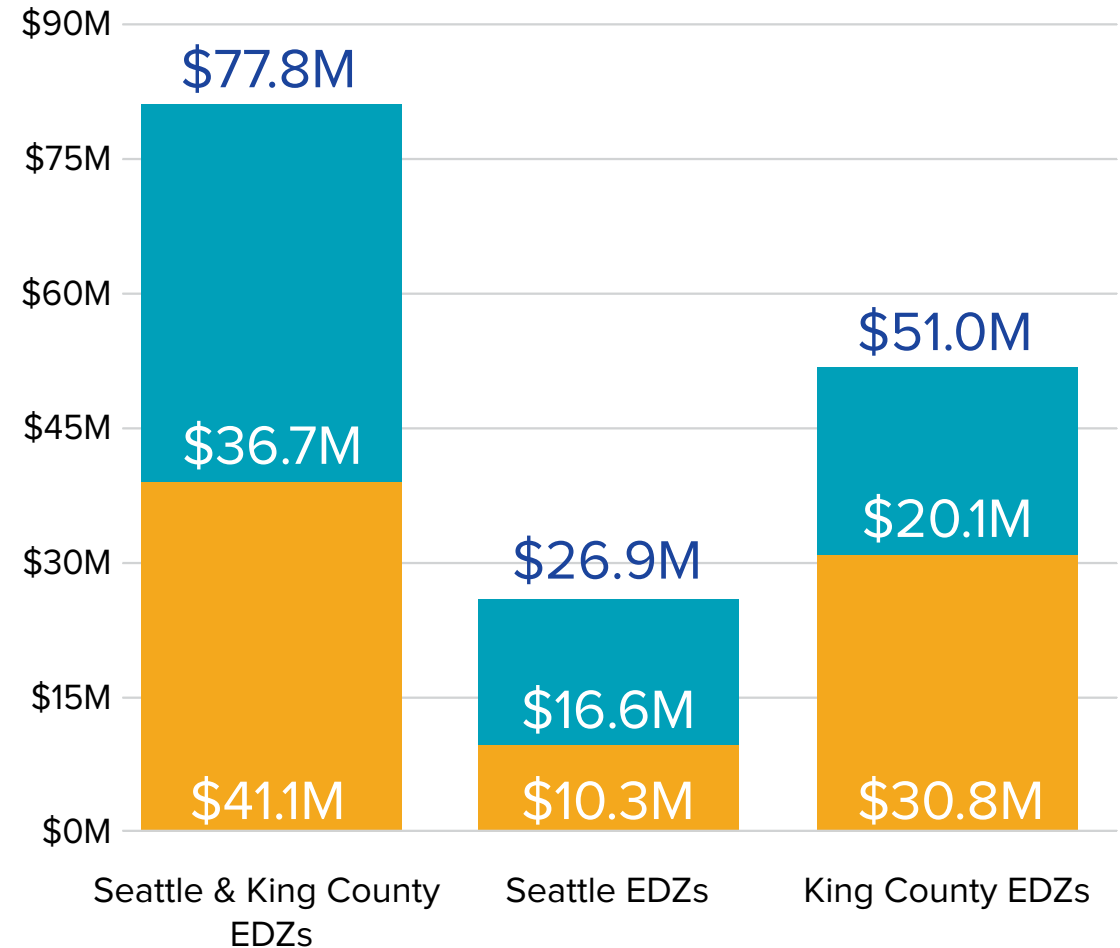
**2,476,756,727** total value covered by Priority Hire



**70% more hours** worked by those living in economically distressed communities in 2021 than in 2020

## How does Priority Hire impact economically distressed ZIP codes (EDZs)?

November 2013-December 2021



WAGES TYPICALLY EARNED BEFORE PRIORITY HIRE

ADDITIONAL WAGES EARNED DUE TO PRIORITY HIRE

Source: City of Seattle, 2022. Data reflects public works and public-private partnership projects. Amounts may not add up due to rounding.

# Working toward racial equity

In the midst of our country’s racial and civil rights reckoning, it’s our responsibility to examine our policies and leverage our program to undo racism.

The tri-county region, inclusive of King, Pierce and Snohomish counties, saw a 10% increase in the African American/Black population in 2010-2020.

During a similar time period, the City saw a **75% increase** in work given to African American/Black workers on Priority Hire projects. For example, Climate Pledge Arena resulted in a massive increase in work opportunities for BIPOC workers.

While the job opportunities for BIPOC workers has increased, the share for Asian, Latinx and Native American workers has not. Some of this may be due to reporting updates when the City began using an online certified payroll system in 2014. However, much is likely due to institutional barriers that make it difficult for BIPOC workers to access and retain higher paying construction careers.

## How does Priority Hire affect workers by race/ethnicity?

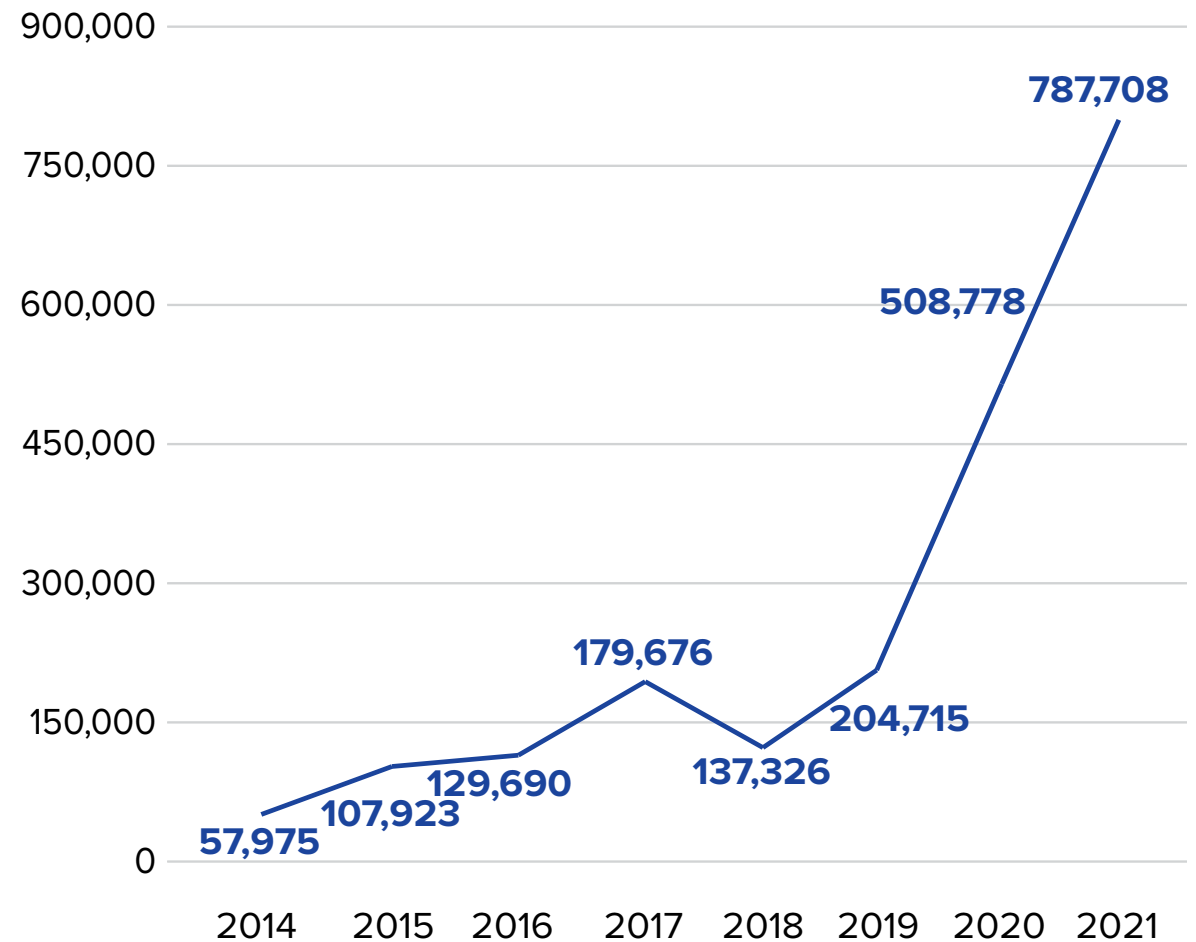
Race/Ethnicity	2021 Priority Hire Projects (2,480,682 hours)	Past Performance Before Priority Hire <sup>1</sup>
African American/Black	7%	4%
Asian	3%	3%
Latinx	15%	16%
Native American	2%	3%
Other	4%	N/A
White	56%	75%
Not Specified	12%	N/A
<b>All People of Color<sup>2</sup></b>	<b>32%</b>	<b>25%</b>

<sup>1</sup>Past performance is based on hours from a sample of projects from 2009-2013. There is no past performance data for Other or Not Specified.

<sup>2</sup>People of color exclude White and Not Specified.

Source: City of Seattle, 2022. Data includes public works and public-private partnership projects.

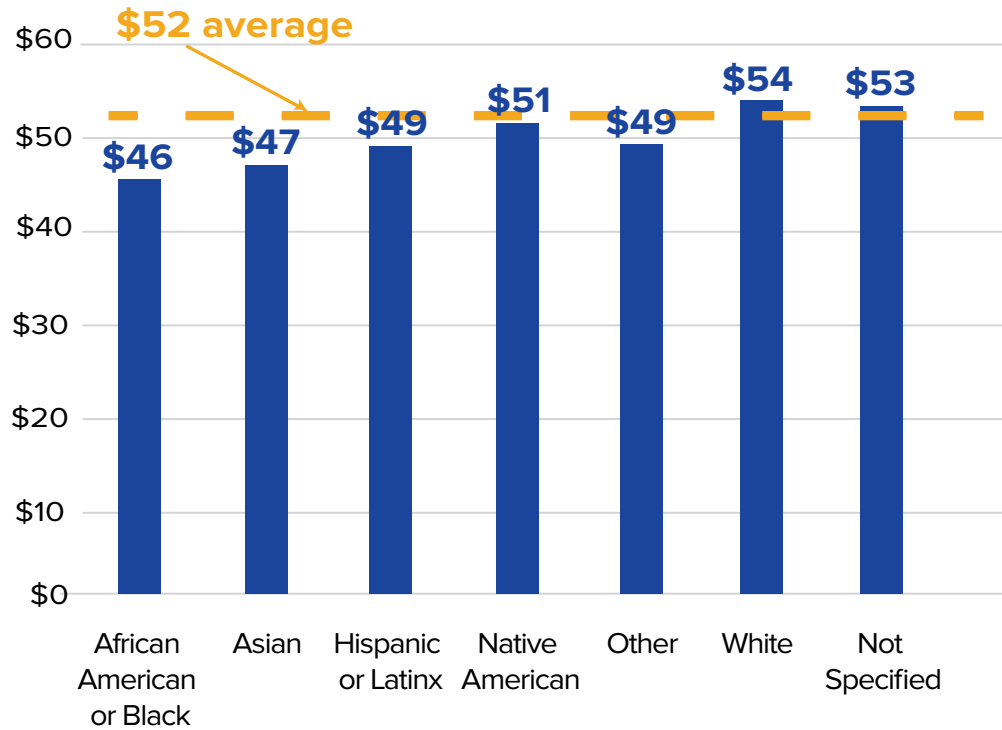
## How has demand for workers of color increased (by hours)?



Source: City of Seattle, 2022. Data reflects public works and public-private partnership projects.

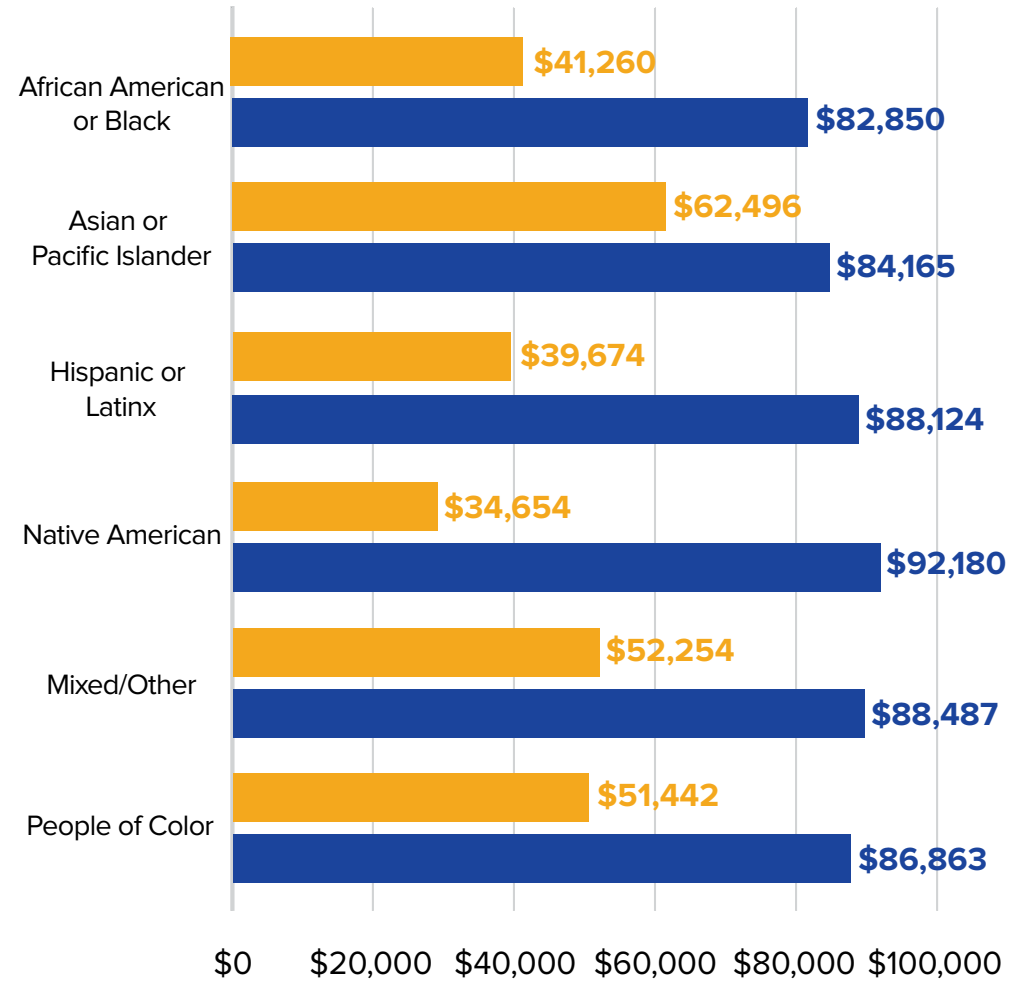
We have come a long way and still have a long way to go as a region to gain economic and racial parity. While African American and Black workers on Priority Hire projects are estimated to make double the average income for African American and Black individuals in the region, they make less on average per hour on our construction projects than do people of any other race. Again, this is likely due to institutional barriers that make it difficult for BIPOC workers to access and retain higher paying construction careers, such as less representation in higher-paying trades and challenging jobsite cultures.

### How do hourly wages on Priority Hire projects compare by race/ethnicity?



Source: City of Seattle, 2022. Hourly wage income on all Priority Hire projects is based on 2021 wages divided by hours.

### How do construction wages impact communities of color?



### AVERAGE ANNUAL INCOME IN SEATTLE METROPOLITAN REGION (2018)

### ESTIMATED AVERAGE ANNUAL INCOME ON PRIORITY HIRE PROJECTS (2021)

Sources: National Equity Atlas, Advancing Workforce Equity in Seattle, 2021; City of Seattle, 2022. The estimated average annual income on all Priority Hire projects is based on 2021 wages divided by hours, multiplied by the 1,800 hours a construction worker is likely to perform in a year.

What is the City of Seattle doing to level the playing field?

- **Educate contractors about hiring best practices** to prepare them for the project and set contractors up for success with our union partners.
- **Monitor contractor compliance** to ensure contractors are meeting our expectations for Priority Hire and worker treatment.
- **Partner with community organizations** to increase awareness, training and access in priority communities. For example, the [City, Sound Transit and Port of Seattle jointly invested \\$1.75 million](#) in 2021 and 2022 to provide long-lasting construction careers for historically underserved communities, with room for upward growth.
- **Work with union, apprenticeship and contractor partners** to increase access to all trades for Priority Hire workers and ensure their success on every project.
- **Provide training on and enforce [Acceptable Work Site](#) standards** to prevent workplace harassment, with the goal retaining workers of color and women.

Since 2016, the City invested  
**\$4.8 million**  
in recruitment, training  
and support services

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

**299** Priority Hire individuals recruited and placed into construction by community organizations

**718** Trained pre-apprentices and Priority Hire clients placed in construction

**432** Priority Hire individuals received targeted retention support

**190** Individuals obtained or regained their driver's licenses

**1,597** Acceptable Work Site trainings to prevent bullying, hazing and harrassment



### A laborer's experience

Aaron is a laborer apprentice and member of the Skokomish Tribe. He's worked on some of Priority Hire's largest projects, including Climate Pledge Arena, the Ship Canal Tunnel and the Seattle Waterfront.

Before Aaron's apprenticeship, he completed the Seattle Conservation Corps, a year-long pre-apprenticeship program at the City that helps prepare people experiencing homelessness for construction careers. While

working on Climate Pledge Arena, Aaron found a mentor in his foreman, Jamien, who was a very good teacher with high expectations. Jamien would teach Aaron what he needed to know, and gave him the independence to succeed. Aaron's experience on the Arena and other Priority Hire projects set him up for a successful apprenticeship and long-term construction career.



# Do Priority Hire ZIP codes work?

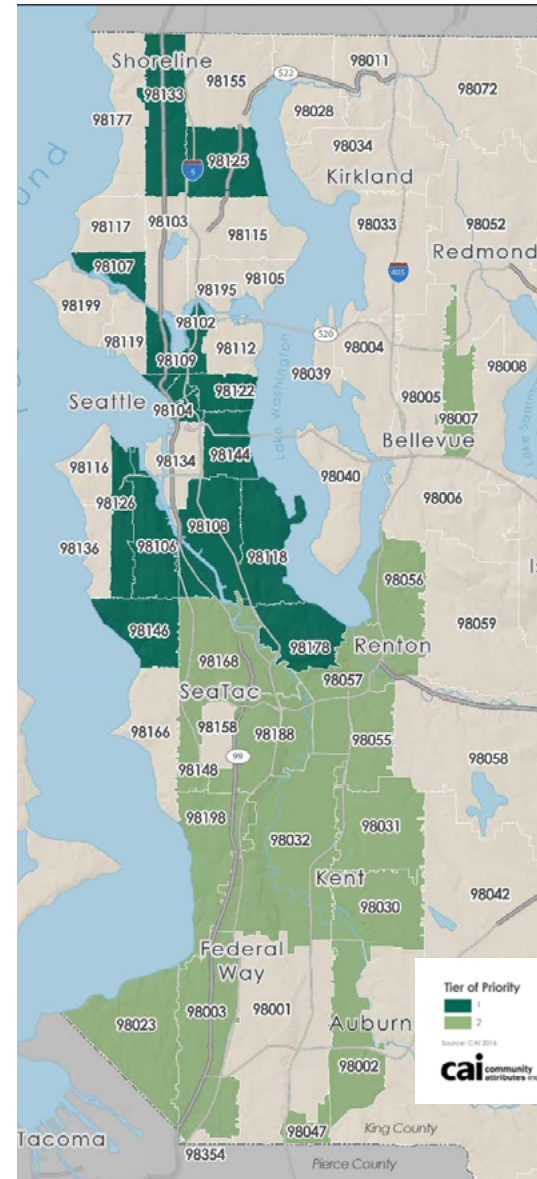
Gentrification has a huge negative impact on affordability in our city and region. Many people have asked if Priority Hire’s economically distressed ZIP codes are having the intended effect of increasing work opportunities for those underrepresented in construction. The answer is yes.

On Priority Hire projects, the population of workers who live in economically distressed ZIP codes are more diverse than in other ZIP codes. In addition, the share of work performed by BIPOC workers living in economically distressed ZIP codes has maintained similar levels over time. We will continue to monitor ZIP code hiring and consult with the Priority Hire Advisory Committee to determine when an update to the ZIP code list is warranted.

## What’s the criteria for an economically distressed ZIP code?

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

## Economically distressed ZIP codes in Seattle and King County



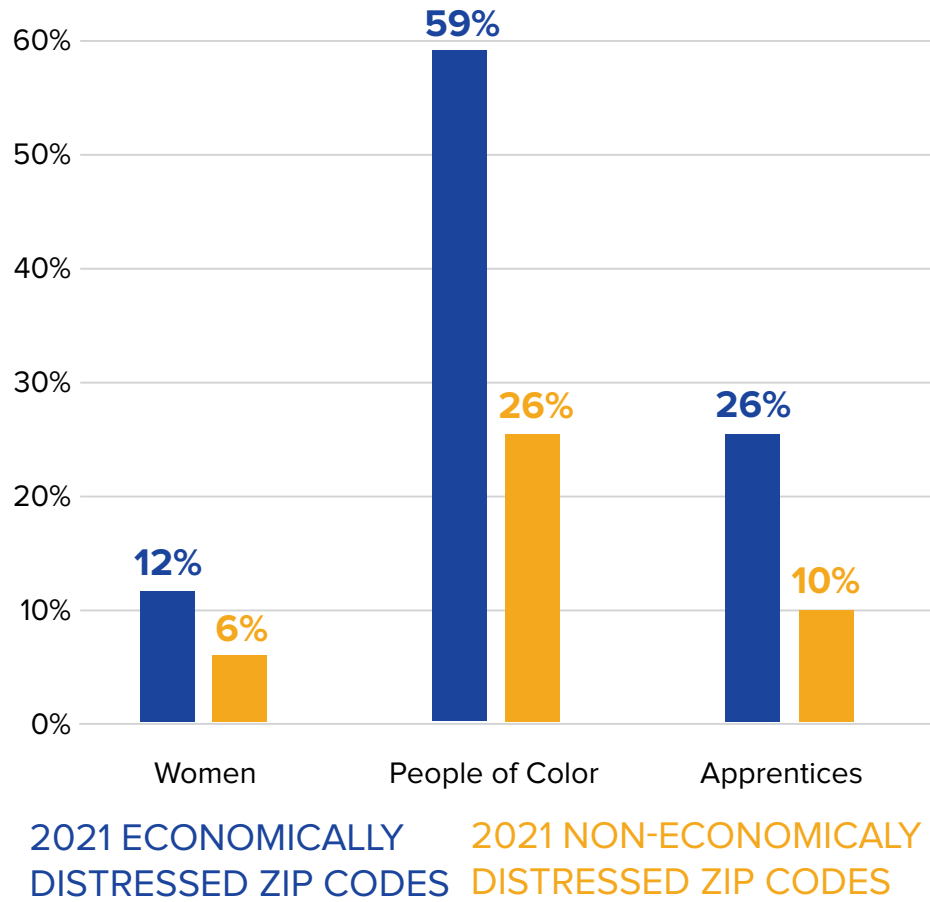
Tier 1	Seattle Neighborhood	ZIP Code
Tier 1	Downtown	98101
Tier 1	Capitol Hill/Eastlake	98102
Tier 1	Downtown/ID	98104
Tier 1	Delridge	98106
Tier 1	Ballard	98107
Tier 1	S. Beacon Hill/South Park	98108
Tier 1	Interbay/Queen Anne	98109
Tier 1	Rainier Valley/Rainier Beach	98118
Tier 1	Belltown	98121
Tier 1	Central District	98122
Tier 1	Lake City/Northgate	98125
Tier 1	Delridge/High Point	98126
Tier 1	Bitter Lake/NW Seattle	98133
Tier 1	N. Beacon Hill	98144
Tier 1	White Center	98146
Tier 1	Rainier Beach/Skyway	98178

Tier 2	King County Neighborhood	ZIP Code
Tier 2	Kent/Auburn	98002
Tier 2	Federal Way	98003
Tier 2	Bellevue	98007
Tier 2	Federal Way	98023
Tier 2	East Kent	98030
Tier 2	Northeast Kent	98031
Tier 2	West Kent	98032
Tier 2	Pacific	98047
Tier 2	South Renton	98055
Tier 2	Northeast Renton	98056
Tier 2	Central Renton	98057
Tier 2	Burien	98148
Tier 2	Boulevard Park/Tukwila	98168
Tier 2	SeaTac/Tukwila	98188
Tier 2	Des Moines	98198

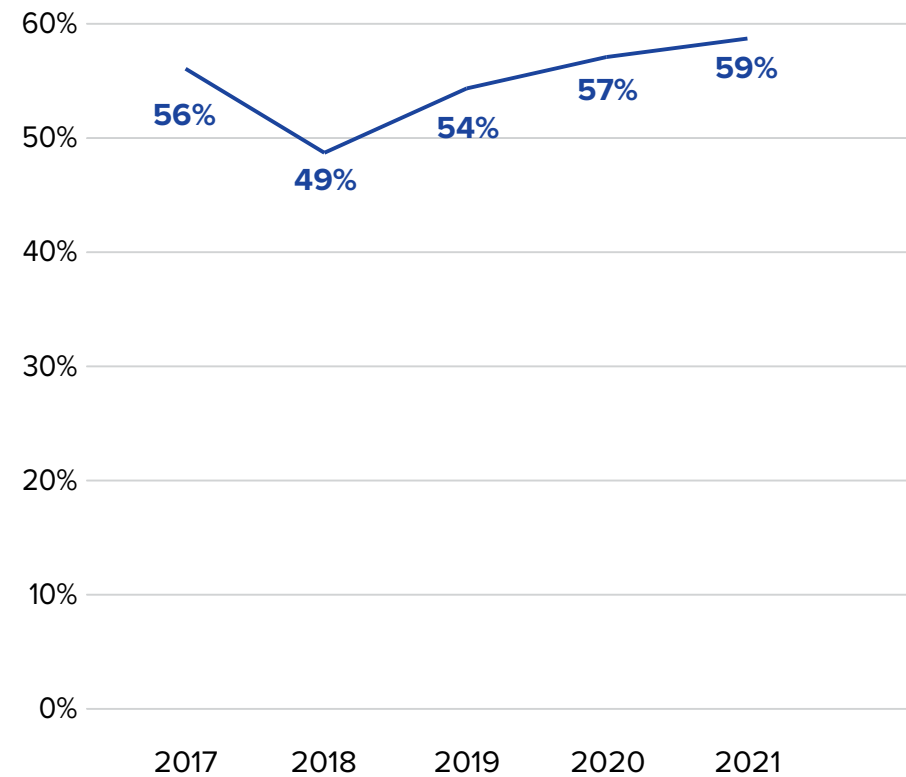
Source: Community Attributes Inc., Priority ZIP Codes, 2016. Updated January 2017

### Are workers living in economically distressed ZIP codes more diverse?

January 2021-December 2021



### What are the share of BIPOC hours within economically distressed ZIP codes over time?



Source: City of Seattle, 2022. Data reflects public works projects only.

Source: City of Seattle, 2022. Data reflects public works projects only.

# Where do we go from here?

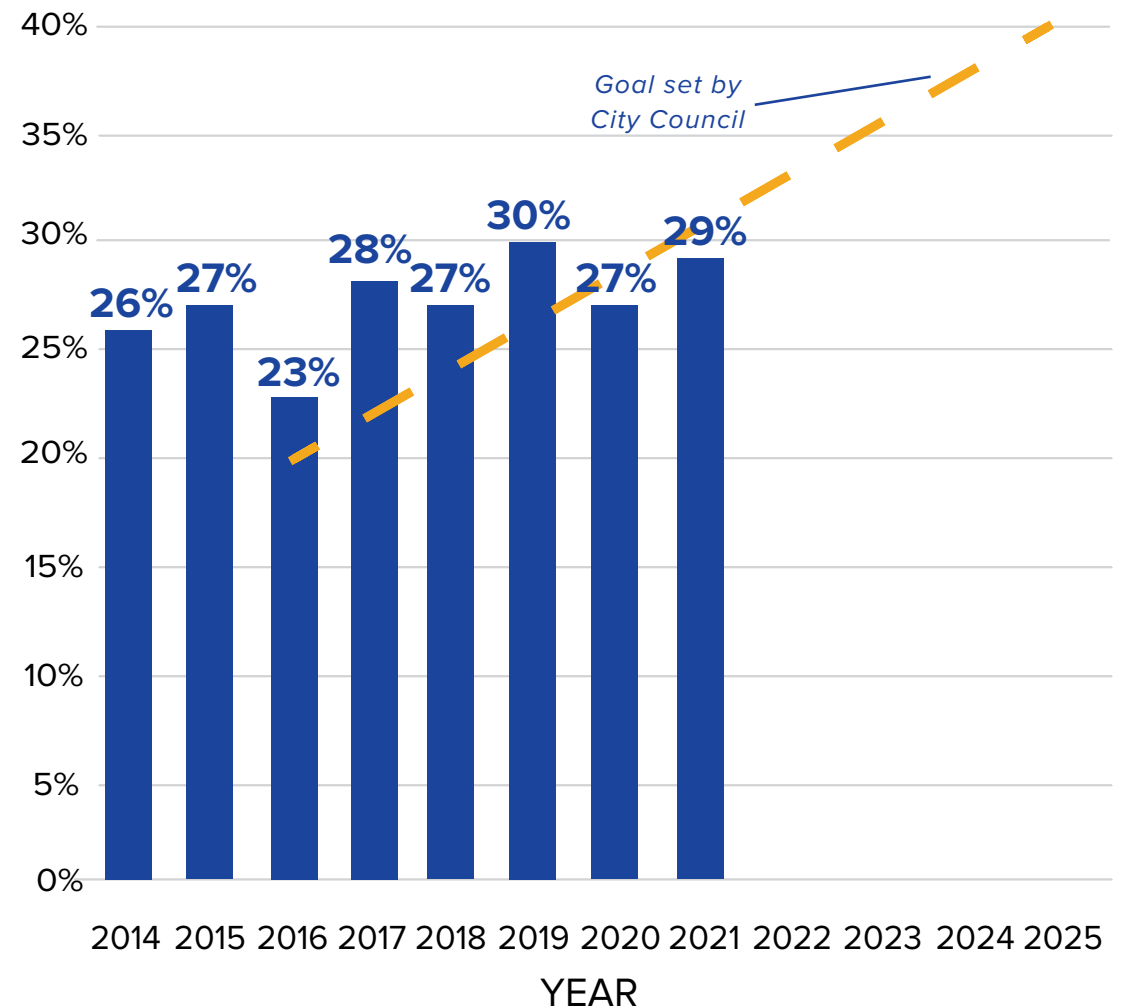
The City’s focus areas in 2022 include:

- **More community hiring:** Add Priority Hire requirements to more public-private partnership construction, federally funded projects and affordable housing projects.
- **Worker retention:** Make additional investments to help workers feel welcome, gain financial stability and develop leadership skills. Expand [Acceptable Work Site](#) training to more projects so all workers have bystander intervention awareness and understand the City’s expectations.
- **Equitable access for Black and Brown workers:** Make additional investments in clean energy licensed trades in partnership with the City’s Office of Sustainability and the Environment. Ensure access to various construction trades, including those with higher wages.

In 2015, City Council set a stretch goal of 40% of all labor hours to be performed by Priority Hire workers on projects covered by a CWA by 2025. In 2021, we missed the goal by 2%, with 29% of hours performed by Priority Hire workers versus the goal of 31%. Until we see more of a long-term impact from our collective efforts to diversify the construction workforce, the increased demand for Priority Hire workers across multiple public agencies may affect contractors’ ability to find and hire them on our projects.

The pandemic has further impacted worker availability, by exacerbating existing challenges such as access to childcare and transportation. It has also resulted in fewer training opportunities as programs adjust to smaller and hybrid in-person/online classes to maintain social distancing.

**How is Priority Hire tracking toward Seattle City Council’s 2025 goal of 40%?**



**ACTUAL PERFORMANCE**  
**GOAL**

Source: City of Seattle, 2022. Data reflects public works projects only.

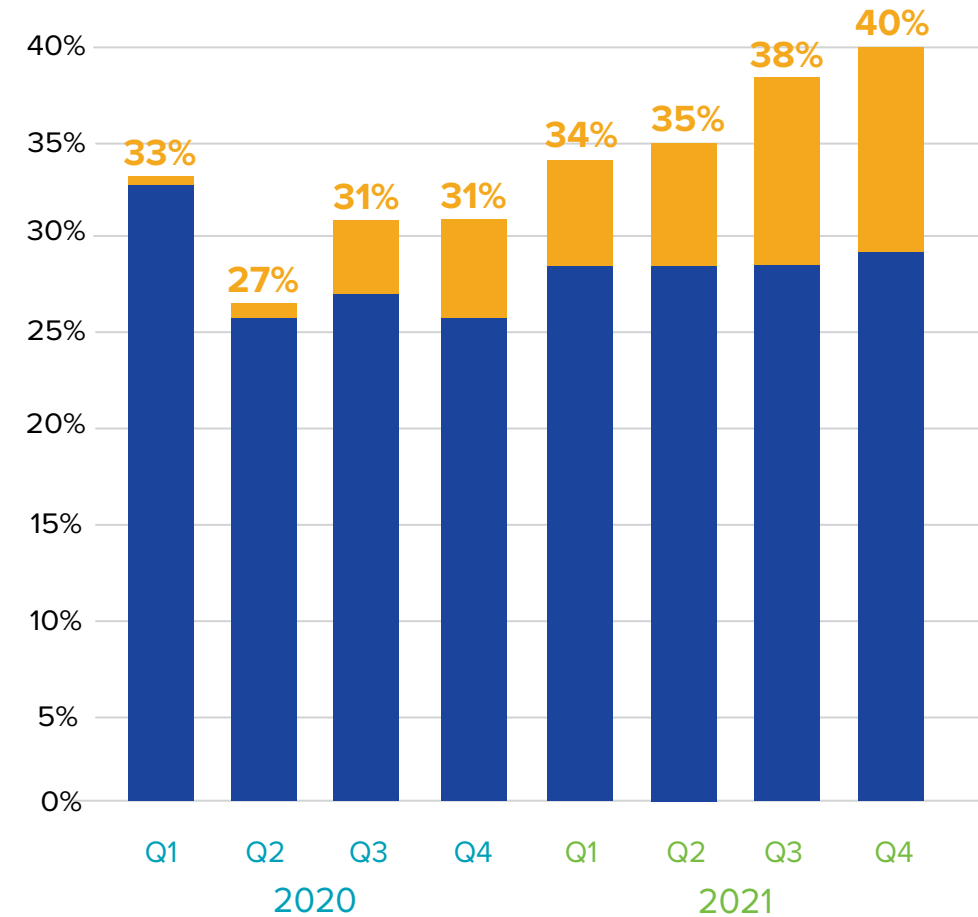
The City allows for contractors to obtain good faith credit when they make documented efforts to hire Priority Hire workers from the union halls, but none are available for hire. If all the contractors' requests for Priority Hire workers were filled in 2021, we estimate a Priority Hire performance of 37%, which would have far exceeded the 2021 goal of 31%. Unfortunately, not enough Priority Hire workers were available in the union halls or hired by contractors to meet the goal.

At the same time as more agencies adopt Priority Hire programs, industry partners have identified challenges with enrolling enough diverse apprentices and retaining them in the industry. Since 2018, the Cement Masons and Ironworkers bring in the highest share of apprentices from economically distressed ZIP codes, and the Operating Engineers the least. Many trades saw a major decline in apprentices living in economically distressed ZIP codes in 2020, which was likely due to the overall limited slots available during the pandemic.

Contractors on Priority Hire projects are required to hire apprentices who live in economically distressed ZIP codes, and they also have goals for hiring BIPOC and women apprentices. Apprentices working on Priority Hire projects are more diverse than their journey counterparts within their trade. Also, much greater shares of work are given to laborers and cement masons who are BIPOC, and electricians and operating engineers are more likely to be white.

Our partnerships with the unions, apprenticeship programs, contractors, community-based organizations and other public agencies are the key to continuing to our shared success and making improvements. Construction careers have transformed many lives for the better, and the City is committed to stepping up, leaning in and challenging ourselves and each other to create more equitable development for our community.

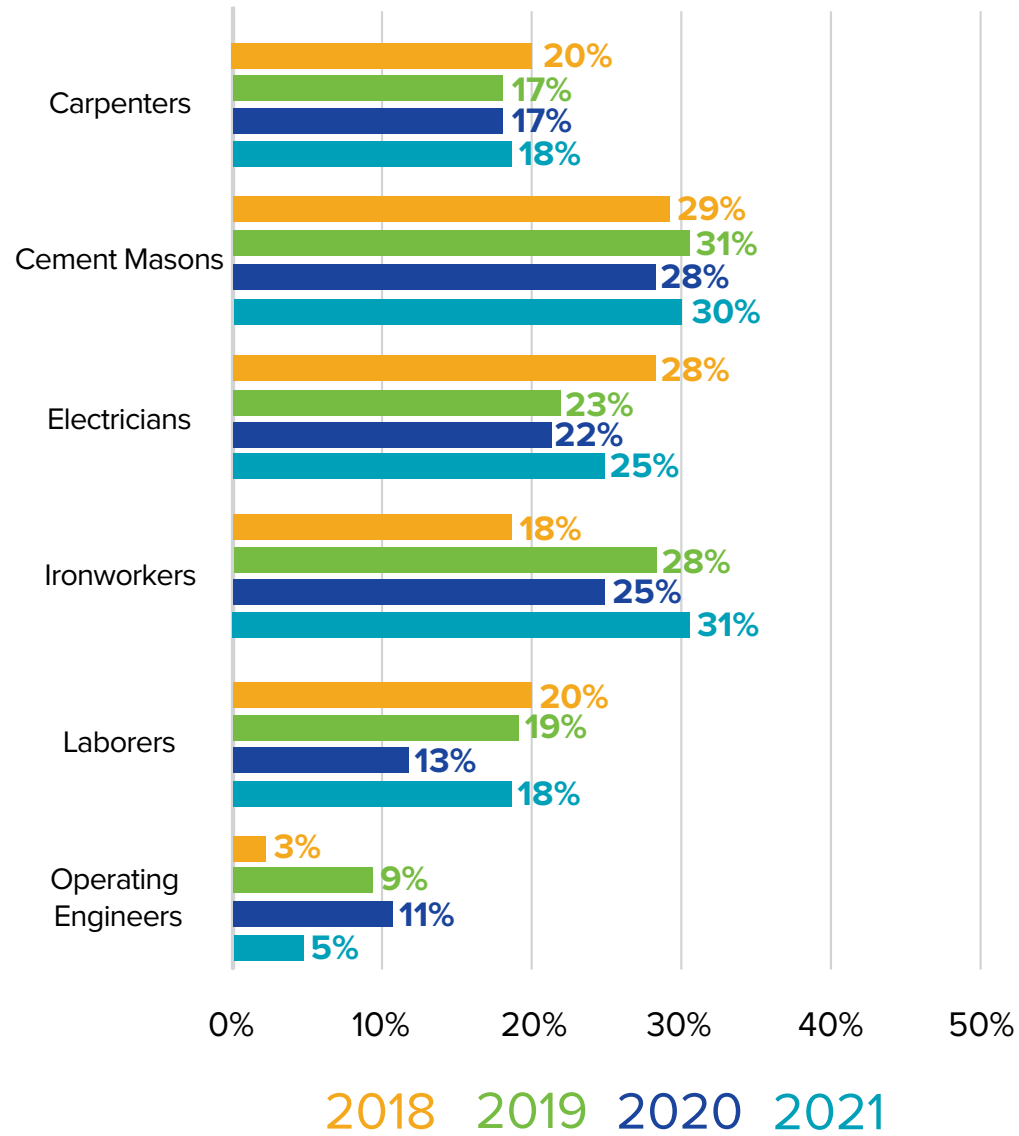
## How did the share of hours performed by workers living in economically distressed ZIP codes compare to good faith efforts?



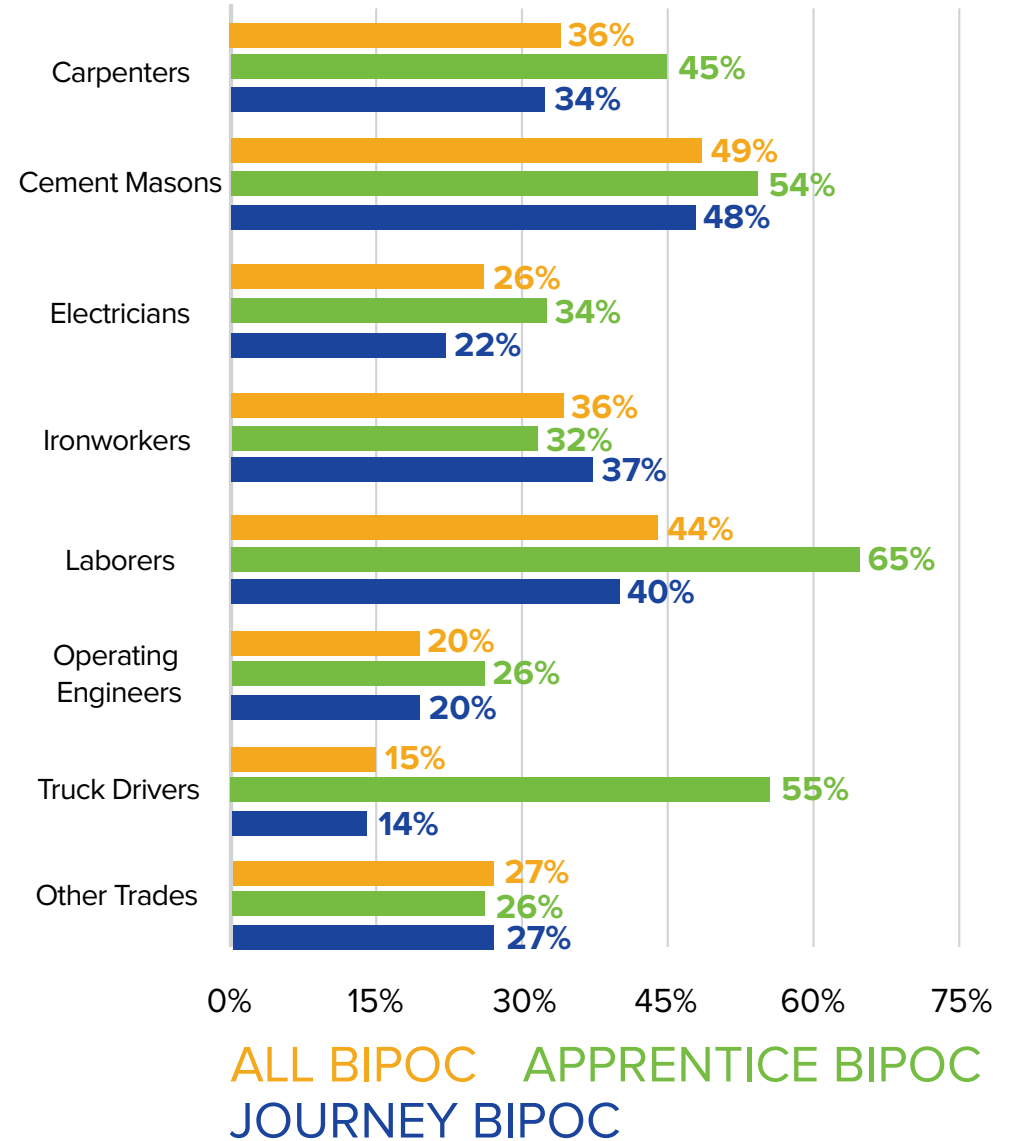
**ACTUAL PERFORMANCE**  
**GOOD FAITH EFFORTS**

*Source: City of Seattle, 2022. Data reflects public works projects only. Good faith efforts are when a contractor asked for a worker from an economically distressed ZIP code, but did not receive one.*

### What share of Priority Hire apprentices register each year?



### What was the share of BIPOC hours by trade? January 2021-December 2021



Source: Washington Department of Labor and Industries, 2022; City of Seattle, 2022. Only six trades are featured here, as they made up over 80% of all hours on Priority Hire projects between 2018 and 2021. Other trades have apprenticeship programs and partner with the City as well.

Source: City of Seattle, 2022. Data reflects public works and public-private partnership projects.

# Additional project information

The number of prime contractor bids were slightly lower on Priority Hire projects in 2021 compared to previous years. However, in total there was no difference between the two types of projects.

## How do the number of prime contractor bids compare across projects?

	Priority Hire Projects (44 bids)	Non-Priority Hire Projects (477 bids)
2015-2020	3.6	3.5
2021	3.3	4.0
<b>2015-2021</b>	<b>3.6</b>	<b>3.6</b>

*Data begins in 2015 to align with the Priority Hire Ordinance and CWA. Prior to 2015, only the Priority Hire pilot, a GCCM project, was under construction. Alternative delivery contracts, such as GCCM, were excluded. Data reflects public works projects only. Source: City of Seattle, 2022.*

There were 11 reportable injuries on public works Priority Hire projects in 2021. Five projects finished on time, and two finished late due to circumstances unrelated to the CWA. There is insufficient data to measure the direct impact of the CWA on either safety or project timelines.

We offer dual benefits reimbursements to open-shop contractors on Priority Hire projects. The CWA requires that contractors pay into union trusts for usual benefits on behalf of their workers on Priority Hire projects. This can be an extra cost for open-shop contractors that have existing benefits plans for their workers. We reimburse open-shop contractors for workers on those projects. Women- and minority-owned contractors have made 60% of the dual benefits reimbursement requests.

## How much do dual benefit reimbursements cost?

November 2013-December 2021

Dual Benefit Reimbursement Paid (11 projects)	Priority Hire Project Spend (40 projects)	Share of Project Payments	Number of Workers Affected
\$540,619	\$1,115,402,640	.05%	108

*Source: City of Seattle, 2022. Data reflects public works projects only.*

Women- and minority-owned (WMBE) contractors bring necessary skills and scopes to City work sites, and employ diverse workforces. The Priority Hire program works with [FAS' WMBE program](#) to ensure that WMBE contractors have opportunity and success on public works projects.

The City requires prime contractors bidding on public works projects over \$300,000 to develop a plan on how they'll include WMBE contractors and suppliers. This plan requires the contractor to include an aspirational goal for the percentage of the contract amount that will go to WMBEs.

### What share of payments did WMBEs earn in 2021?

Project Type	Total Spent	Estimated Aspirational WMBE Goal for Projects with Payments in 2021 <sup>1</sup>	WMBE Utilization	MBE <sup>2</sup> Utilization	WBE <sup>2</sup> Utilization
Priority Hire Projects	\$214,524,055	8%	14%	7%	7%
Non-Priority Hire Projects	\$116,941,916	11%	22%	12%	10%
<b>Total</b>	<b>\$331,465,971</b>	<b>9%</b>	<b>17%</b>	<b>9%</b>	<b>8%</b>

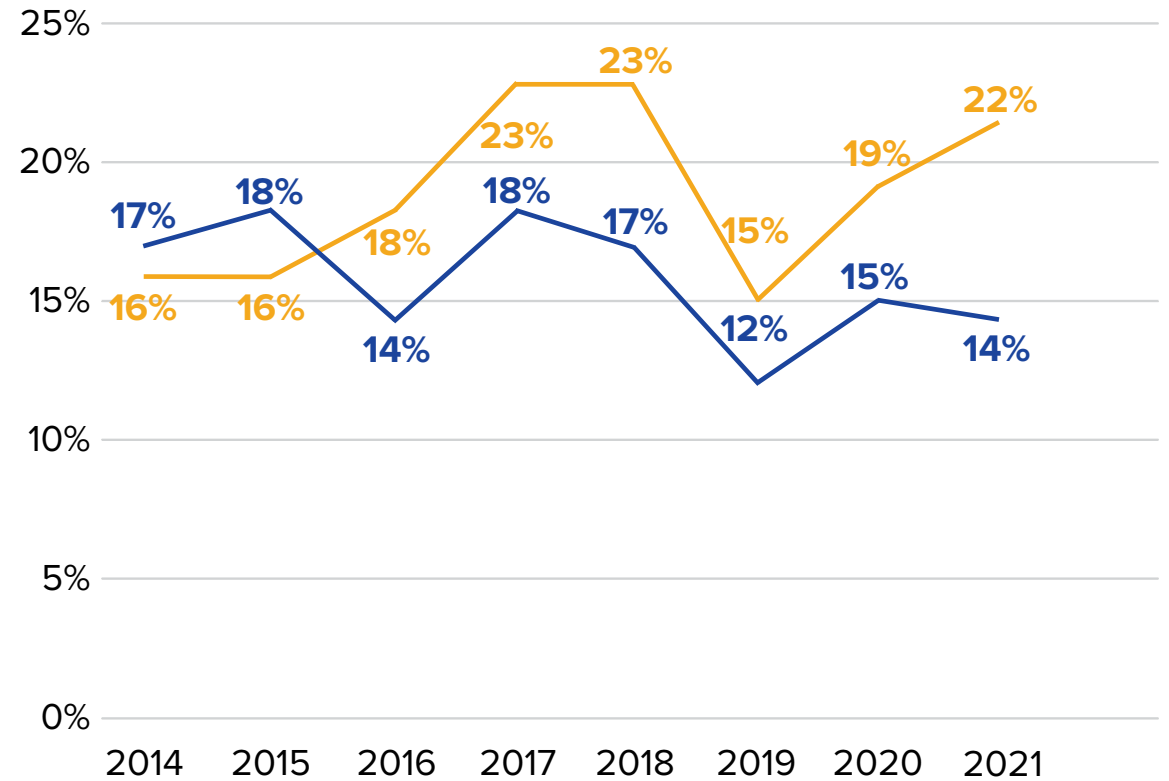
<sup>1</sup>Estimated aspirational WMBE goals were calculated by multiplying each projects' unique goal to their total contract amount, adding both up, and dividing to get the percentage. For example, if Project A was \$1 million with a 10% WMBE goal, we'd anticipate WMBEs earning \$100,000. If Project B was \$4 million with a 15% WMBE goal, we'd anticipate WMBEs earning \$600,000. When put together, you'd have an overall estimated aspirational WMBE goal of 14% (\$700,000/\$5,000,000=14%).

<sup>2</sup>Minority-owned contractors are MBEs and women-owned contractors are WBEs.

Source: City of Seattle, 2022. Data reflects public works projects only.

The share of project spend earned by MBEs in 2021 was lower on Priority Hire projects compared to prior years. This may be due to a few select projects including the Ship Canal Water Quality Project, which made up 30% of Priority Hire public works spend in 2021, but only has a 4% disadvantaged business goal due to its funding source.

### What is the WMBE trend over years?



**PRIORITY HIRE PROJECTS**  
**NON-PRIORITY HIRE PROJECTS**

Source: City of Seattle, 2022. Data reflects public works projects only.