



Photo courtesy of Seattle College's PACT program.



Seattle
Finance &
Administrative Services

2022 Priority Hire Annual Report

PURCHASING AND CONTRACTING

October 2023



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.

Cover: City of Seattle Mayor Bruce Harrell visiting Seattle Colleges' Pre-Apprenticeship Construction Training (PACT) program staff and students. The Priority Hire program partners with PACT to increase access to construction careers for underserved communities. PACT operates out of the Wood Technology Center in Seattle's Central District, making it easily accessible to students. During 2022, two-thirds of PACT's 66 students lived in economically distressed communities across the city and county. Photo courtesy of Seattle Colleges' PACT program.

Definitions

Acceptable Work Site

Contract provisions that set standards for acceptable behavior on City construction work sites. The provisions prohibit bullying, hazing and related behaviors — particularly those based upon race, immigration 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. The program intends to create equitable access to construction training and employment by focusing on the entire construction worker development process.

Priority Hire Worker

A worker who lives in an economically distressed ZIP code.

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 may 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.

Women- and Minority-Owned Businesses (WMBEs)

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

The City of Seattle’s Priority Hire program is a community-initiated effort that began over a decade ago. At that time, south Seattle residents saw public infrastructure projects being built in their communities — yet were unable to access jobs on those projects. They formed a coalition to bring a message to City leadership: Seattle’s struggling communities needed good jobs, and the City could help by investing in its own people when it invested in construction projects. From there, Priority Hire was born.

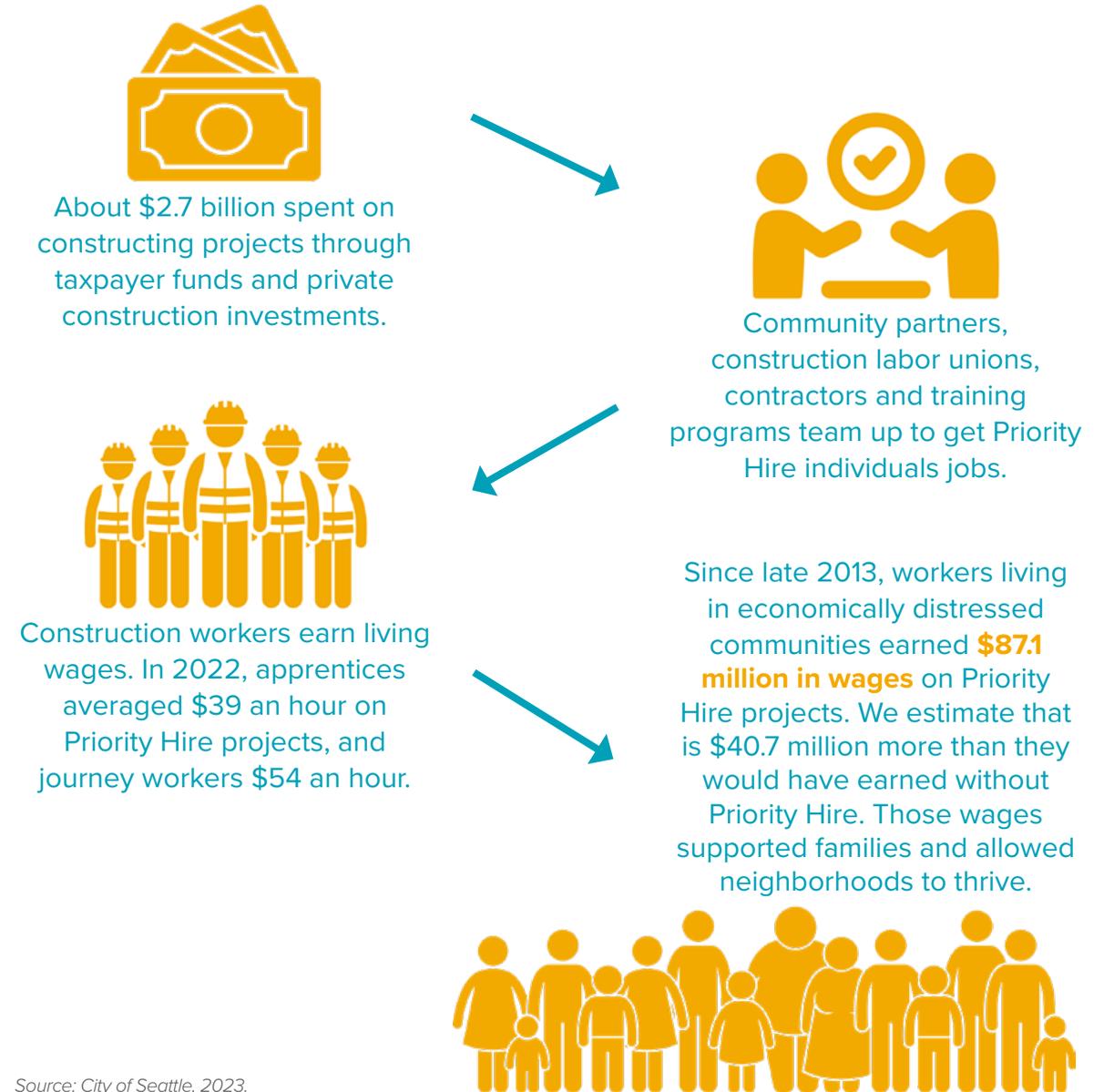
Priority Hire shares a goal among the City, community, labor unions, contractors and training programs to increase construction career opportunities for those living in economically distressed communities, people of color and women. In short, **Priority Hire ensures local residents receive a fair share of wealth-generating construction jobs and increases economic equity in our region.**

Priority Hire operates through a community workforce agreement (CWA), which is an agreement between the City and labor unions. The CWA provides workers access to construction jobs with good pay and access to free career training, health care and retirement plans. These benefit workers, their families and their neighborhoods.

This report details Priority Hire’s progress in addressing social and racial barriers that create wealth gaps in our region, highlighting both successes and challenges. Although our program increases economic opportunities for underserved communities, continued dialogue with our stakeholders is needed to achieve a fair and prosperous city for all.

Priority Hire: A Community Effort

Creating economic opportunities by investing tax dollars back into the city’s communities



Source: City of Seattle, 2023.

Working toward economic equity

Priority Hire 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, Seattle Public Schools and other public-private projects.

Our work includes the following strategies:

- **Partnering** with community-based organizations and pre-apprenticeship programs to increase awareness and access to construction apprenticeship.
- **Creating demand** for a diverse workforce by setting hiring goals and requirements on our construction projects, and hold contractors accountable to meet them. To do this, we use a community workforce agreement (CWA) on public works projects over \$5 million, and on large private projects with significant City investment. The CWA allows workers living in economically distressed communities to get access to jobs first.
- **Investing** in ongoing worker support by addressing personal and systemic barriers to working in construction.

Since Priority Hire started in 2013:



45 public works projects
5 public-private projects

50 total projects

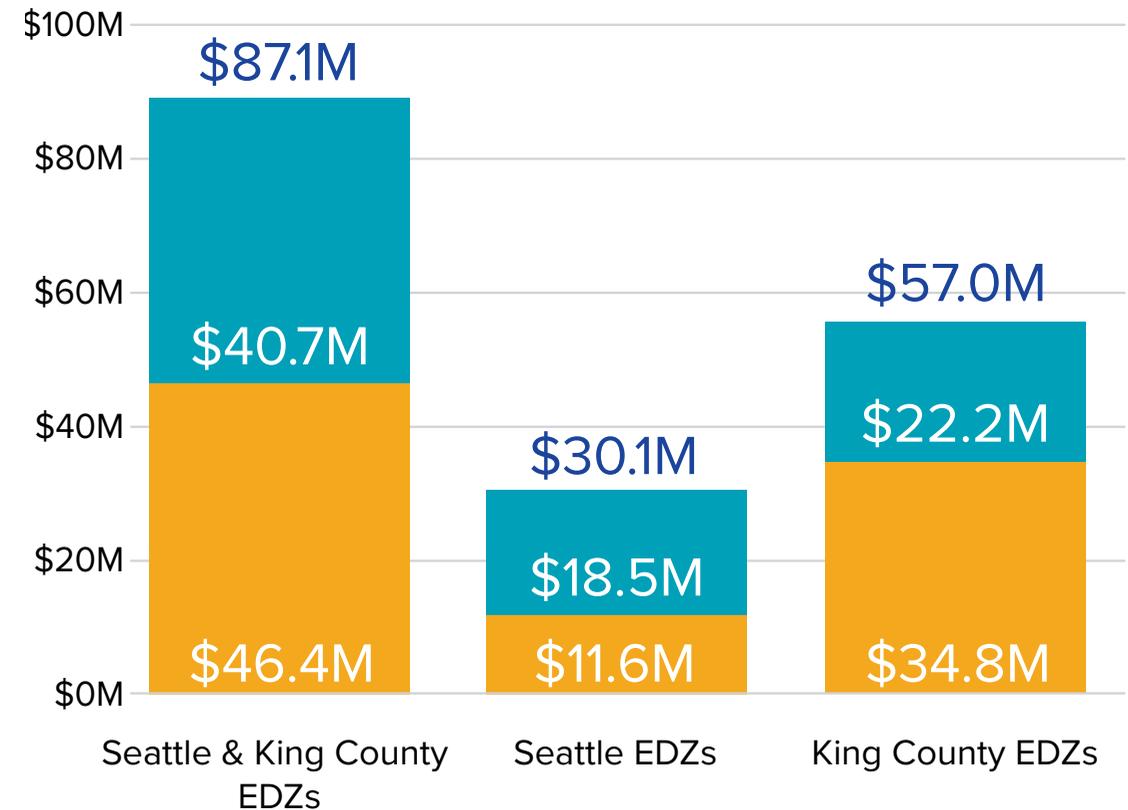


1,609,812,732 for public works covered
1,080,171,146 for public-private projects covered

2,689,983,878 total value covered by Priority Hire

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

November 2013-December 2022



WAGES TYPICALLY EARNED BEFORE PRIORITY HIRE

ADDITIONAL WAGES EARNED DUE TO PRIORITY HIRE

Source: City of Seattle, 2023. Data reflects public works and public-private partnership projects. Amounts may not add up due to rounding.

Working toward racial equity

Workers historically underrepresented in construction increased their share of hours in 2022, compared to the workforce before Priority Hire. For example, this translates into an estimated increase of \$1.1 million in direct wages in 2022 for African American and Black workers.

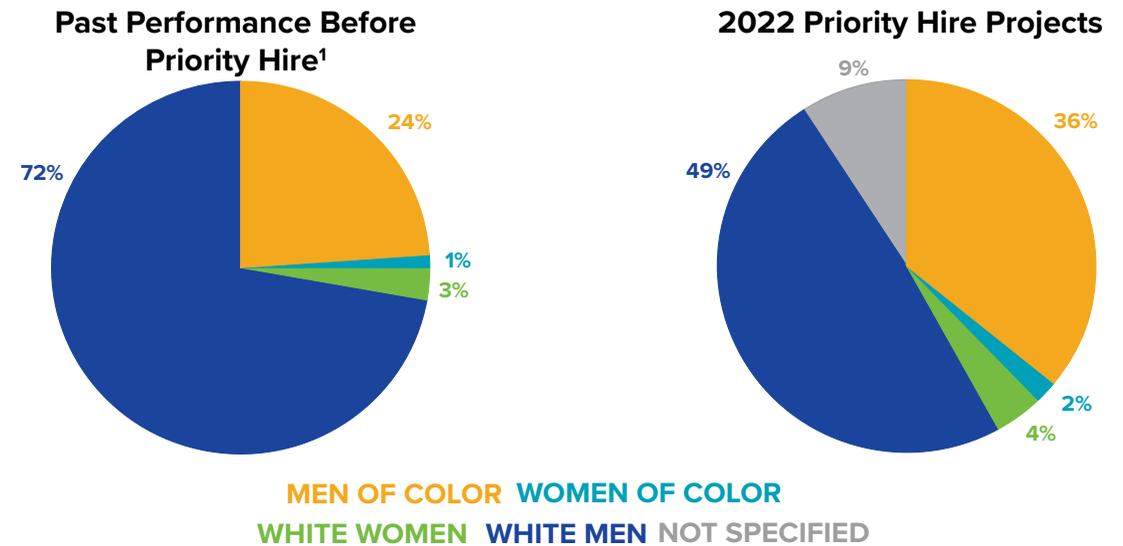
Also in 2022, the share of hours performed by Hispanic or Latino workers exceeded past performance for the first time since Priority Hire began, at 19% versus 16%.

These shifts indicate that the share of hours on our projects is becoming more representative of our larger community based on race/ethnicity. However, women of all races and ethnicities are still underrepresented in the industry.

There continue to be wage gaps within the industry. While construction overall provides living wages, white men are typically overrepresented in higher paying trades. For example, power equipment operators are common on Priority Hire projects and earn a higher than average wage in construction. However, workers of color only performed a small amount of operator work (28%) in comparison to the trades overall (38%). The operators performed 20% of work on Priority Hire projects in 2022, so their lower engagement with people of color and women directly impacted overall performance.

Priority Hire investments in recruitment, training and wraparound support aim to shift this trend by increasing the focus on higher-wage construction careers. See more information in the [investment](#) section.

How has the workforce changed on Priority Hire projects?



¹Past performance is based on hours from a sample of projects from 2009-2013. There is no past performance data for Not Specified. Source: City of Seattle, 2023. Data includes public works and public-private partnership projects. Percentages are based on share of hours and may not add to 100% due to rounding.

How does Priority Hire affect workers by race/ethnicity?

Race/Ethnicity	Past Performance Before Priority Hire ¹	2022 Priority Hire Projects (804,414 hours)
African American/Black	4%	7%
Asian	3%	2%
Hispanic/Latino	16%	19%
Native American	3%	3%
Other	N/A	6%
White	75%	53%
Not Specified	N/A	9%
All People of Color²	25%	38%

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

²People of color exclude White and Not Specified.

Source: City of Seattle, 2023. Data includes public works and public-private partnership projects.

Hiring women in construction

Women have long been underrepresented in construction. This became even more apparent during the pandemic. Discrimination and jobsite culture also play a role along with bullying, hazing and harassment, pushing women and other workers out of the industry.

In addition to discrimination and jobsite culture issues, economic downturns tend to impact people of color and women harder. Those with less experience are often let go first and don't gain enough experience to be promoted.

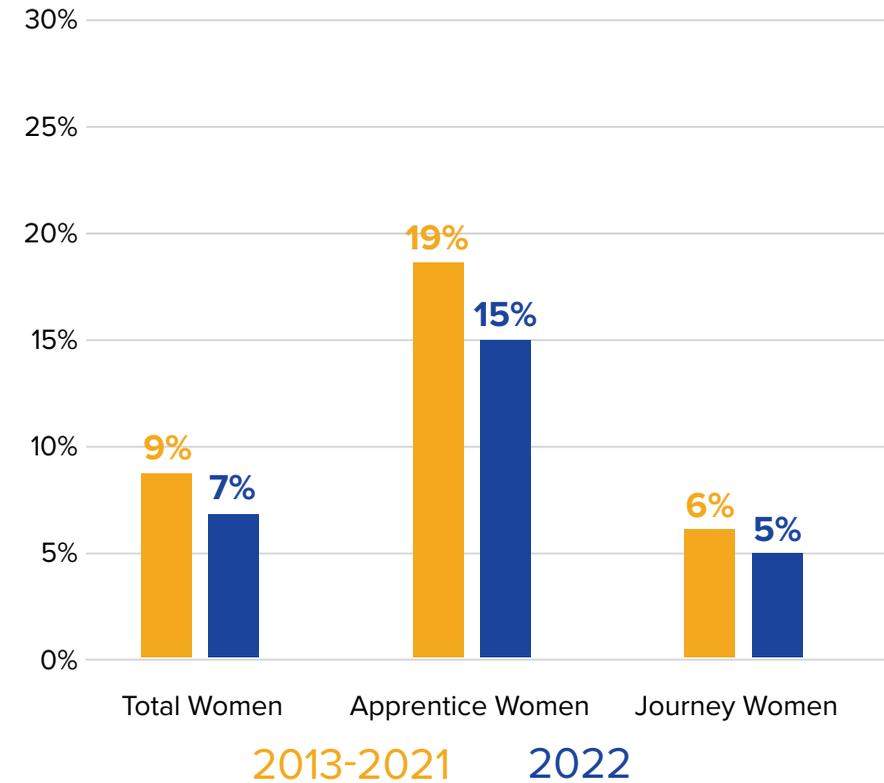
We've seen a decrease in the share of hours women worked on City projects over several years. In 2022, this trend was continued through low performance in key trades. For example, women only performed a small amount of power equipment operator work (4%) in comparison to the trades overall (7%).

In 2022, we made intentional investments to better support women entering and staying in construction. These investments included:

- Pre-apprenticeship training programs to train women. Those women made up 36% of the pre-apprenticeship graduates who entered apprenticeship.
- Development of a new mentorship program focused on women of color. The new program will lead with the understanding that when women of color thrive, their families and communities thrive as well.
- Wraparound support in the form of childcare assistance, gas, tools and work clothes.
- Jobsite training for leaders and workers to identify and respond to bullying, hazing and harassment.

These supports will continue into 2023, increasing living wage opportunities and economic equity for women in construction.

How did the share of hours worked by women on Priority Hire projects look in 2022 compared to prior years?



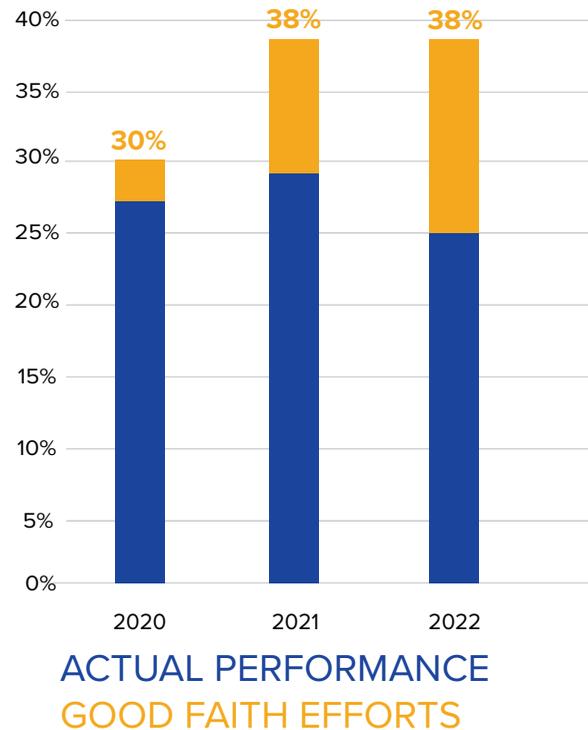
Source: City of Seattle, 2023. Data includes public works and public-private partnership projects.

Increasing Priority Hire

In 2015, the City set a goal of 40% of all labor hours to be performed by Priority Hire workers, or those living in economically distressed communities, on projects covered by a CWA by 2025. We are not on track to meet that goal. The increased demand for Priority Hire workers on projects across the region may affect contractors' ability to find and hire them on our projects. This impacts our performance on labor hours and our ability to meet the 40% goal by 2025.

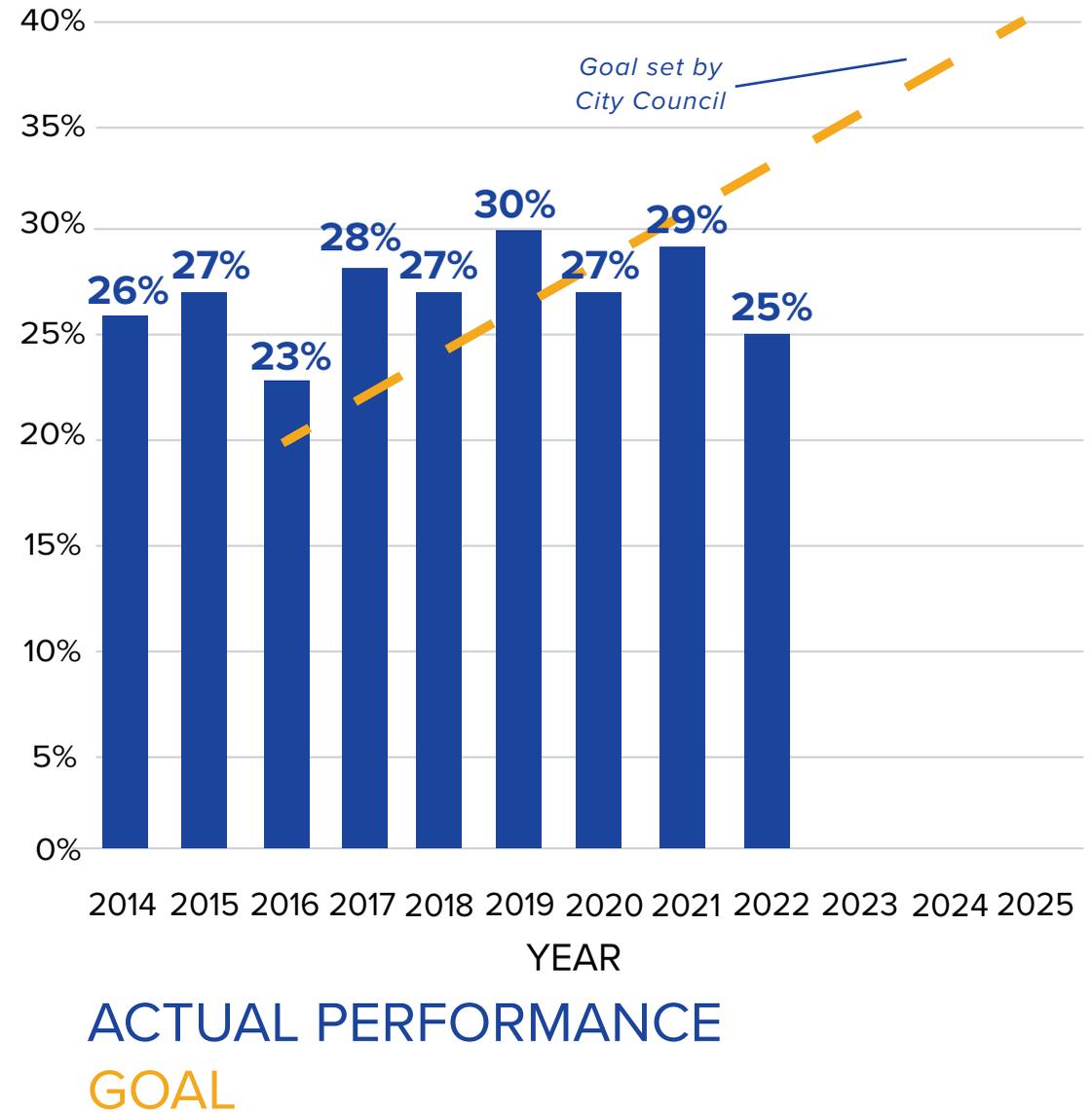
Knowing this, we take into account contractors' efforts to recruit Priority Hire workers from the union halls even if none are available. These good faith efforts have increased over time, showing the need for increased efforts across the region to bring more Priority Hire workers into construction. If contractors were able to hire a Priority Hire worker every time they needed one, we'd be at 38%, on track to meet the 40% goal.

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



Source: City of Seattle, 2023. 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.

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



Source: City of Seattle, 2023. Data reflects public works projects only.

Do Priority Hire ZIP codes work?

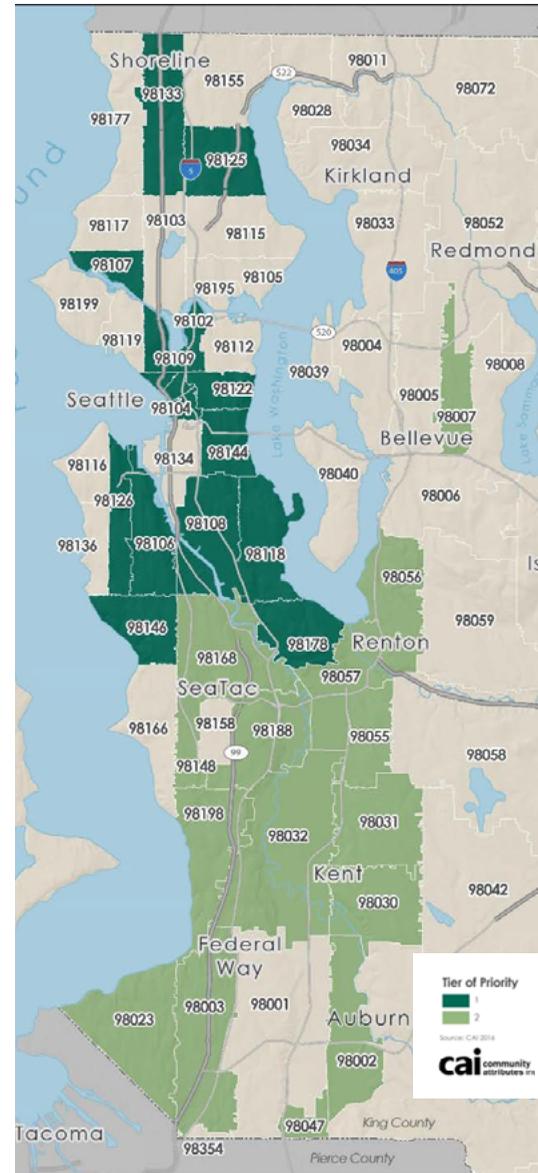
Based on the data available, Priority Hire is having the intended effect of increasing work opportunities for those underrepresented in construction. On Priority Hire projects, the population of workers who live in economically distressed ZIP codes are more diverse than in other ZIP codes. In addition, the share of work performed by people of color living in economically distressed ZIP codes has maintained similar levels over time.

In 2023, we are working with our Priority Hire Advisory Committee to evaluate the ZIP code list and make updates as needed. The evaluation will review how to best reach the communities who meet the ZIP code criteria (see below). We anticipate rolling out updates to the list in 2024.

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

Supporting construction workers

The City of Seattle is working to bring in and support more Priority Hire workers, people of color and women in construction. Our work includes:

- **Educating contractors about hiring best practices** to prepare them for the project and set contractors up for success with our union partners.
- **Monitoring contractor compliance** to ensure contractors are meeting our expectations for Priority Hire and worker treatment.
- **Partnering with community organizations** to increase awareness, training and access in priority communities.
 - With Sound Transit and the Port of Seattle, we jointly invested \$2.6 million from 2021 through 2023 to provide long-lasting construction careers for historically underserved communities, with room for upward growth.
 - We partnered with the City’s Office of Sustainability and Environment in 2022 to invest \$1.8 million in construction and clean energy job training. This partnership stems from the City’s [Equitable Communities Initiative](#) and [Green New Deal](#). The Green New Deal aims to advance policies and programs that improve health, create good jobs and reduce pollution. Many of the clean energy jobs needed are for the construction, installation, maintenance and operation of systems that reduce pollution.
 - With the help of federal pandemic-recovery funds, we invested in new mentorship programs to support apprentices staying in construction. Mentorship can help apprentices address how to navigate jobsite culture; balance career and personal commitments; and find resources to address barriers to maintaining construction careers.
- **Working with union, apprenticeship and contractor partners** to increase access to all trades for Priority Hire workers and ensure their success on every project.
- **Providing 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

\$6.5 million

in recruitment, training
and support services

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

-
- 326** People recruited and placed into construction by community organizations
 - 776** Trained pre-apprentices and Priority Hire clients placed in construction
 - 671** People received targeted retention support
 - 199** People obtained or regained their driver’s licenses
 - 696** People received Acceptable Work Site training in 2022 to prevent bullying, hazing and harassment

Where do we go from here?

The City's focus areas in 2023 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 workforce investments in clean energy licensed trades in partnership with the City's Office of Sustainability and Environment, with a focus on reaching Black and Brown communities. Ensure access to various construction trades, including those with higher wages.
- **Updating the Priority Hire ZIP code list:** Work with our Priority Hire Advisory Committee to evaluate the ZIP code list and make updates as needed. The evaluation will review how to best reach the communities that meet the ZIP code criteria. We anticipate rolling out updates to the list in 2024.
- **WMBE support:** Continue to increase technical supports available to WMBE contractors. These supports include recruiting WMBEs new to doing business with the City, navigating contract processes and increasing capacity.



Photo by Ryan J. Lane Photography and courtesy of NWCI.

Training new carpenters

The Northwest Carpenter's Institute (NWCI) offers month-long pre-apprenticeship training to those new to construction. It includes craft-specific skills that mirror the work of a new apprentice, so they'll be prepared to start work as soon as they complete training.

Through Priority Hire's funding partnership with the City's Green New Deal, NWCI is including green building techniques, weatherization, building envelope concepts, basic solar installation techniques and work on wind and turbine projects in their training. Forty students will be trained in 2023 and 2024, and all graduates will immediately start the apprenticeship program, earning a living wage while they continue learning.

Electrifying the job market

Sphere Solar Energy (SSE) is a construction contractor that is committed to making the clean energy industry more accessible to our communities. SSE has multiple interests – including training the next generation of workers to help electrify the grid and respond to climate change.

SSE offers internships to community members that are tailored to individual interests. They can become electricians or prepare for work in contractor offices doing marketing, project management, sales and more.

While in the program, interns learn about clean energy technologies, trends and skill sets. They also have project-based assignments in energy modeling, solar feasibility assessments and system sizing.



Photo courtesy of Sphere Solar Energy.

Additional project information

Prime Contractor Bids

The number of prime contractor bids was the same between Priority Hire and non-Priority Hire projects; both types of projects had three bids on average in 2022.

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

	Priority Hire Projects (52 bid openings)	Non-Priority Hire Projects (515 bid openings)
2015-2021	3.6	3.6
2022	3.0	3.0
2015-2022	3.5	3.5

Data begins in 2015 to align with the Priority Hire Ordinance and CWA. Prior to 2015, only the Priority Hire pilot, an alternative delivery project, was under construction. Alternative delivery contracts were excluded. Data reflects public works projects only. Source: City of Seattle, 2023.

Safety and Project Timelines

There were 15 reportable injuries on public works Priority Hire projects in 2022. One project finished on time, and three 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.

Dual Benefit Reimbursements

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 2022

Dual Benefit Reimbursement Paid (11 projects)	Priority Hire Project Spend (45 projects)	Share of Project Payments	Number of Workers Affected
\$540,619	\$1,270,150,719	.04%	108

Source: City of Seattle, 2023. Data reflects public works projects only.

Powering up Ironworkers

The Ironworkers Apprenticeship offers a month-long pre-apprenticeship program to provide people interested in the trade hands-on experience before they start



apprenticeship. Students learn basic knowledge of ironwork, including common terms, safety, measuring, tools, rigging, crane signaling and cutting and welding.

Over the course of the month, students learn the physicality required to be an ironworker, and practice correctly carrying heavy rebar needed to form buildings, bridges and other structures.

The picture to the left shows a graduation of a class jointly funded by the City, Sound Transit and the Port of Seattle. These graduates immediately went to work as apprentices, earning just over \$30 an hour, plus benefits.

You'll see the work ironworker apprentices do all around the City – and on Priority Hire projects such as the Seattle Aquarium Ocean Pavilion and West Seattle Bridge.

Supporting women- and minority-owned contractors

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.

It is unclear why the gap between WMBE performance on Priority Hire and non-Priority Hire projects has been widening since 2020. We are conducting further analysis to share with stakeholders to help determine the role of project size and type, as well as contracting requirements.

What share of payments did WMBEs earn in 2022?

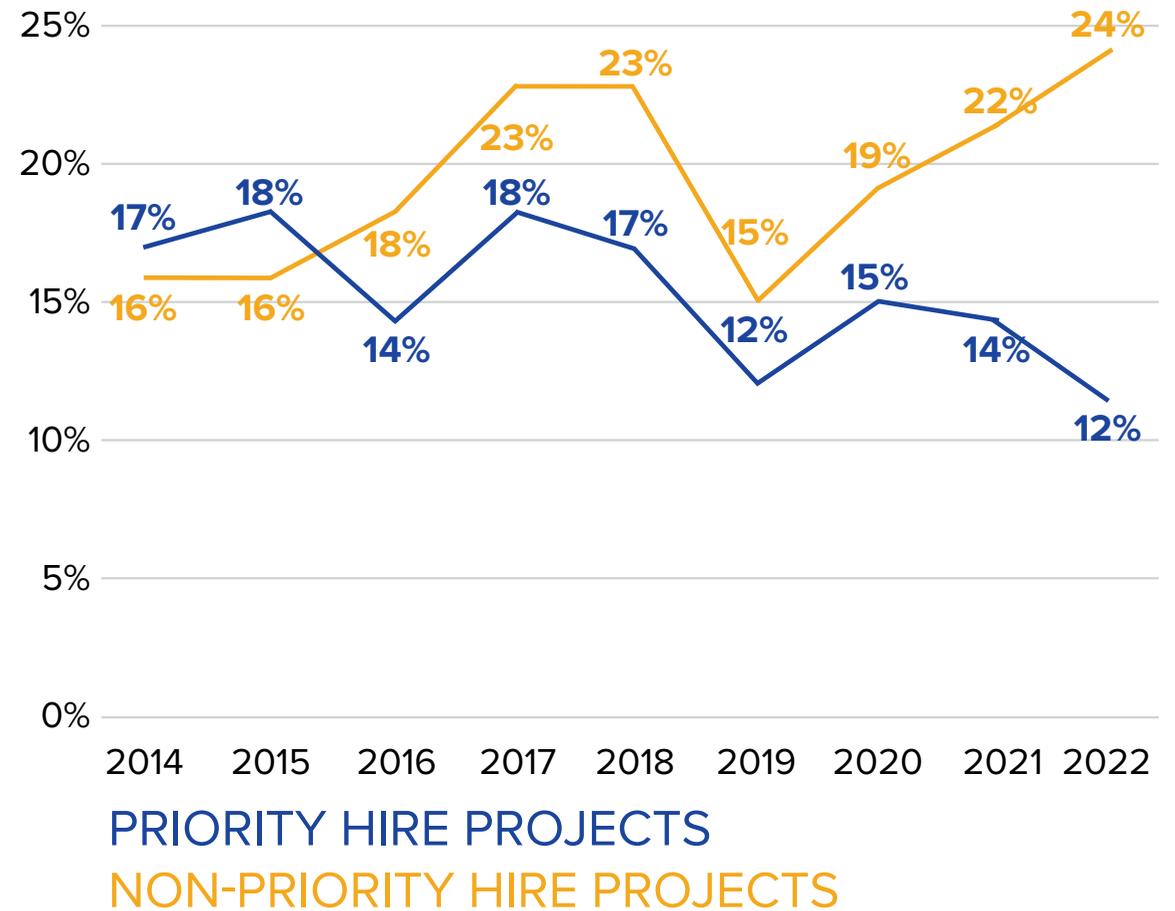
Project Type	Total Spent	Estimated Aspirational WMBE Goal for Projects with Payments in 2022 ¹	WMBE Utilization	MBE ² Utilization	WBE ² Utilization
Priority Hire Projects	\$174,733,657	8%	12%	6%	6%
Non-Priority Hire Projects	\$149,822,649	12%	24%	15%	9%
Total	\$324,556,306	10%	18%	10%	7%

¹Estimated 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%).

²Minority-owned contractors are MBEs and women-owned contractors are WBEs.

Source: City of Seattle, 2023. Data reflects public works projects only.

What is the WMBE trend over years?



Source: City of Seattle, 2023. Data reflects public works projects only.