Priority Hire for Public Agencies

Building a Diverse Construction Workforce

City of Seattle

November 2024

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
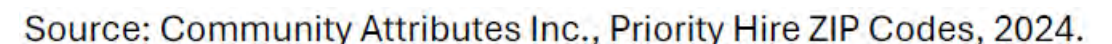
Why priority hire?

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

What is priority hire?

- Creates equitable access to construction training and employment
- Focuses on the entire worker development process
- On City projects of $5 million or more
  - Requires hours worked by:
    - Workers living in economically distressed ZIP codes in Seattle and King County
    - Registered apprentices and graduates of pre-apprenticeship
  - Sets goals for hours worked by:
    - Women
    - People of color

Source: Community Attributes Inc., Priority Hire ZIP Codes, 2024.

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%	**24%**
Apprentice Utilization	13%	12%	**16%**
Women	5%	6%	**9%**
People of Color	25%	24%	**33%**

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 2023, excluding public/private partnership projects.

Economic investment

Since late 2013, workers living in economically distressed communities earned

$100.9 million

This is **$46.9 million more** in wages than before Priority Hire

Economically distressed ZIP code wages from Nov. 2013 – Dec. 2023, including public/private partnership projects other than Seattle Asian Art Museum
Source: City of Seattle, 2024.

Prime contractor bidders

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

Years[1]	Priority Hire Projects (66 bids)	Non-Priority Hire Projects (556 projects)
2015-2022	3.5	3.5
2023	4.6	3.3
2015-2023	**3.7**	**3.5**

[1]Alternative delivery projects, such as GCCM, were excluded.
Source: City of Seattle, 2024.

Contractor diversity

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

Jan. 2014 – Dec. 2023	Total Spent	WMBE Utilization
Priority Hire Projects	$1,466,723,453	15%
Non-Priority Hire Projects	$1,425,794,471	20%
Total	**$2,892,517,925**	**18%**

Source: City of Seattle, 2024.

City of Seattle priority hire program

Best practices

- Engages all stakeholders
- Creates realistic Priority Hire goals
- Invests in outreach & recruitment efforts
- Engages contractors
- Educates stakeholders & communicate goals
- Invests in Pre-Apprenticeship Programs
- Supports job placement & retention
- Creates an active compliance system
- Success!

City of Seattle priority hire tools

Resolution

Sept. 2013

Ordinance

Jan. 2015

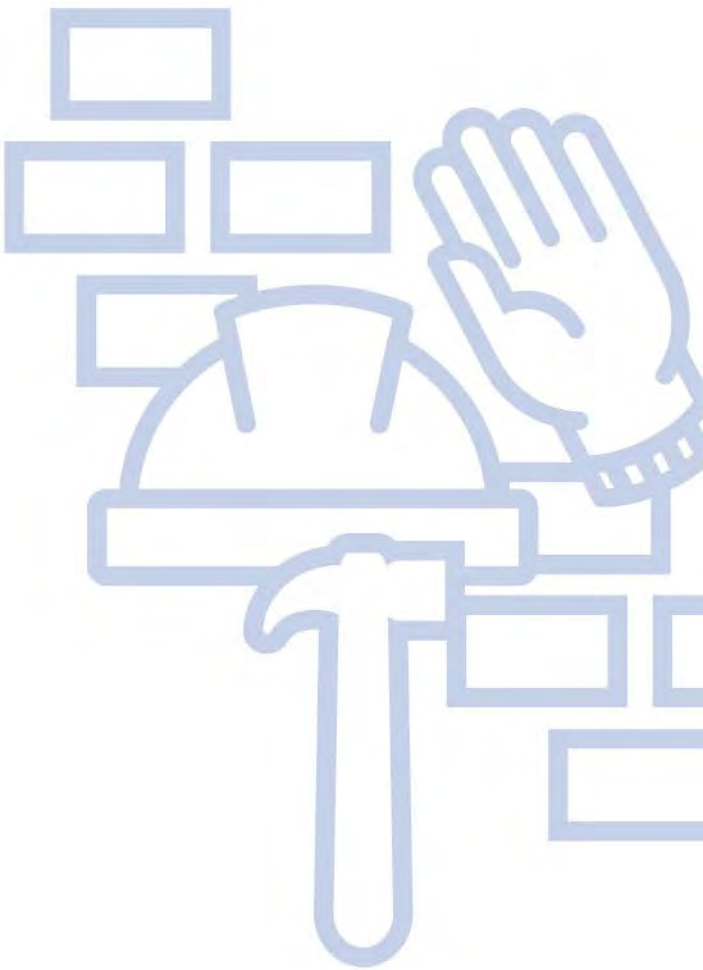**Community Workforce Agreement**
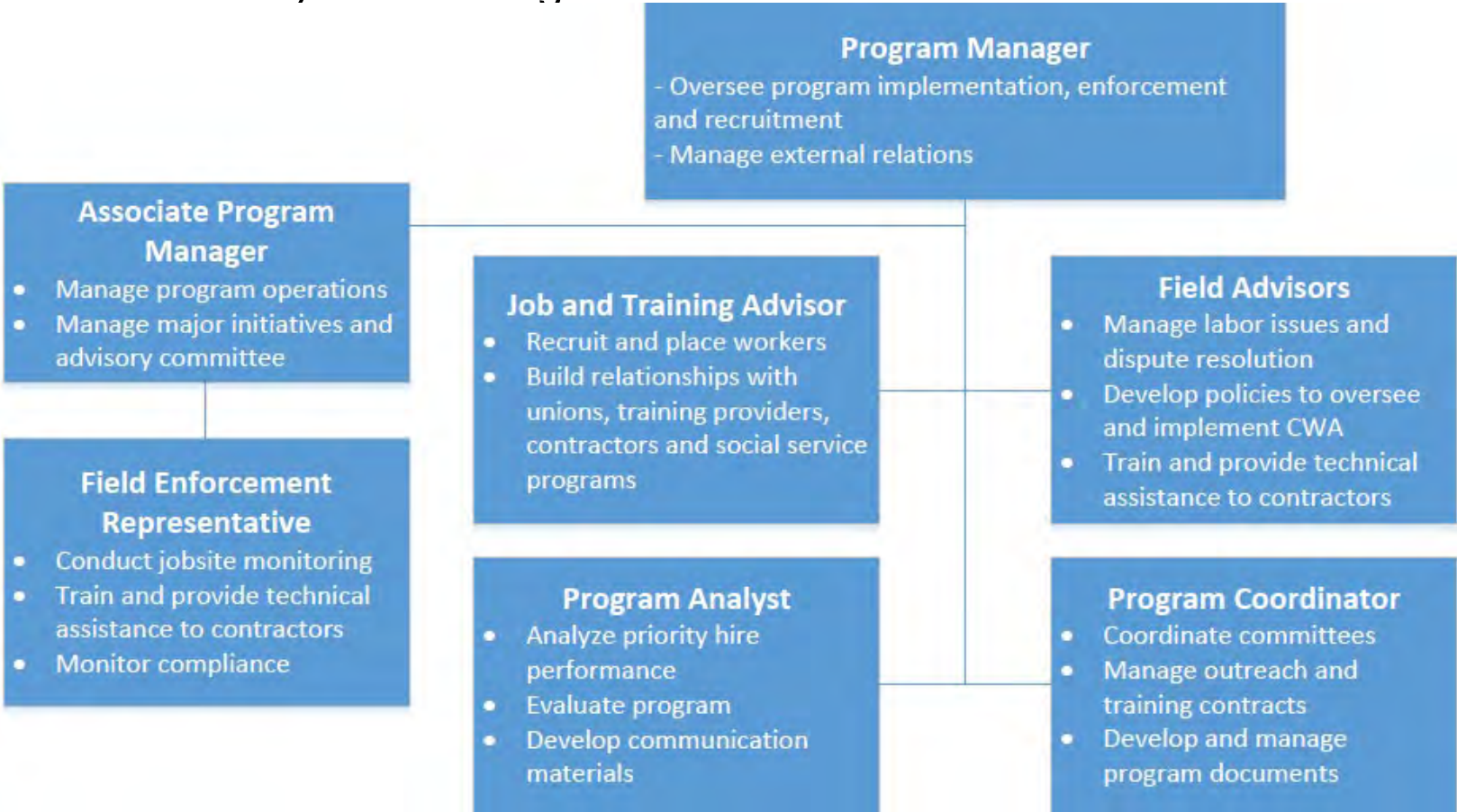
Apr. 2015

Contract Specifications

May 2015

City of Seattle priority hire tools

Community Workforce Agreement
Dispute resolution/grievances
Priority hire ZIP codes
No work stoppages/lockouts

Pre-job process
Worksite conditions
Trust funds
Parking
JAC

Wage rates
Core workers
Worker dispatch
Priority hire requirements
Apprenticeship &
preferred entry

Ordinance
Advisory committee
Workforce investments
CWA requirement
Program evaluation

Dual benefits

Contract Specifications
Acceptable work sites
Workforce projections
Monitoring
Reporting

Priority hire staff structure

Housed in City contracting division:

Program Manager
- Oversee program implementation, enforcement and recruitment
- Manage external relations

Associate Program Manager
- Manage program operations
- Manage major initiatives and advisory committee

Job and Training Advisor
- Recruit and place workers
- Build relationships with unions, training providers, contractors and social service programs

Field Advisors
- Manage labor issues and dispute resolution
- Develop policies to oversee and implement CWA
- Train and provide technical assistance to contractors

Field Enforcement Representative
- Conduct jobsite monitoring
- Train and provide technical assistance to contractors
- Monitor compliance

Program Analyst
- Analyze priority hire performance
- Evaluate program
- Develop communication materials

Program Coordinator
- Coordinate committees
- Manage outreach and training contracts
- Develop and manage program documents

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 concentrations 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

https://seattle.gov/documents/Departments/FAS/PurchasingAndContracting/Labor/CAI.City%20of%20Seattle%20Priority%20Hire%202024%20Update.2024%200610.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

	Women	People of Color	Apprentices
2019 Economically Distressed ZIP Codes	19%	54%	31%
2019 Non-Economically Distressed ZIP Codes	8%	24%	13%
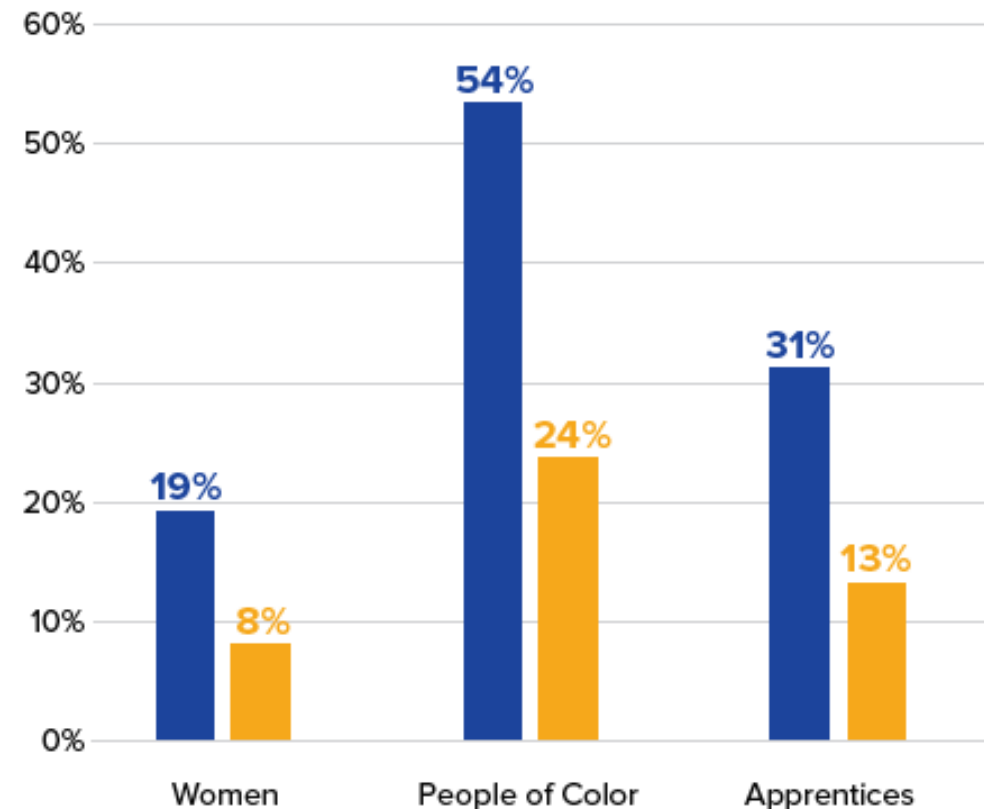
2019 ECONOMICALLY DISTRESSED ZIP CODES

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.
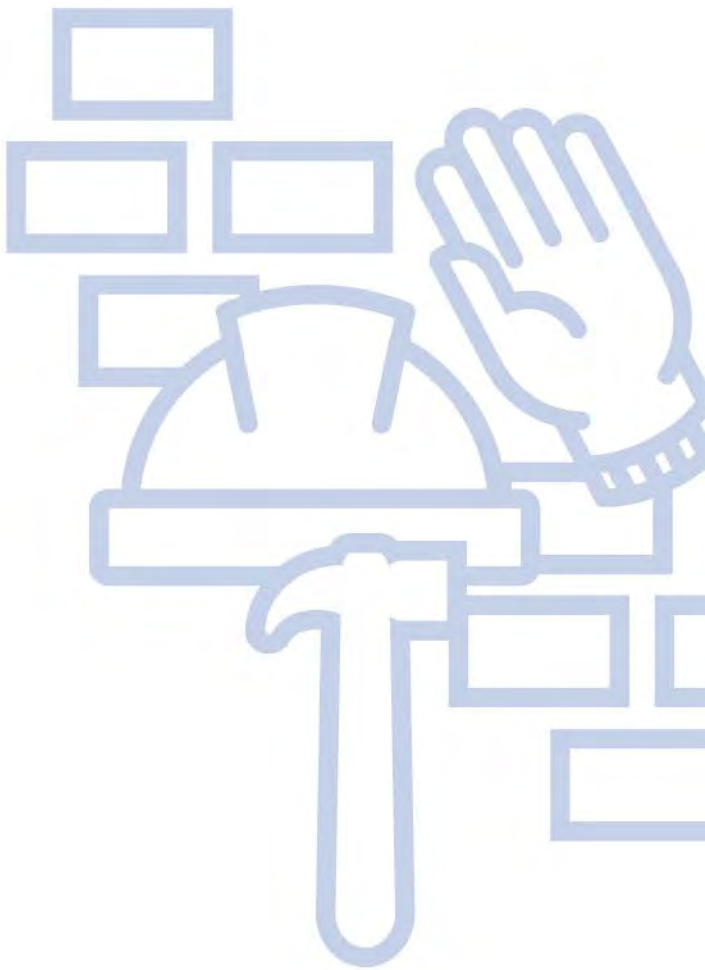
Invest in the worker pipeline

Since 2016, the City invested

$7.0 million

in recruitment, training and support services

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

354 People recruited and placed into construction by community organizations

867 Trained pre-apprentices and Priority Hire clients placed in construction

219 67% (219 of 329) apprentices enrolled for retention services since 2019 were still active or had completed their program by early 2024, compared to 57% of apprentices who did not receive City-funded services

200 People obtained or regained their driver's licenses

80+ Construction leaders received Acceptable Work Site training in 2023 to prevent bullying, hazing and harrassment

Source: City of Seattle, 2024. Data includes outcomes from partnershipships with the Office of Sustainability and Environment, the Port of Seattle and Sound Transit.

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
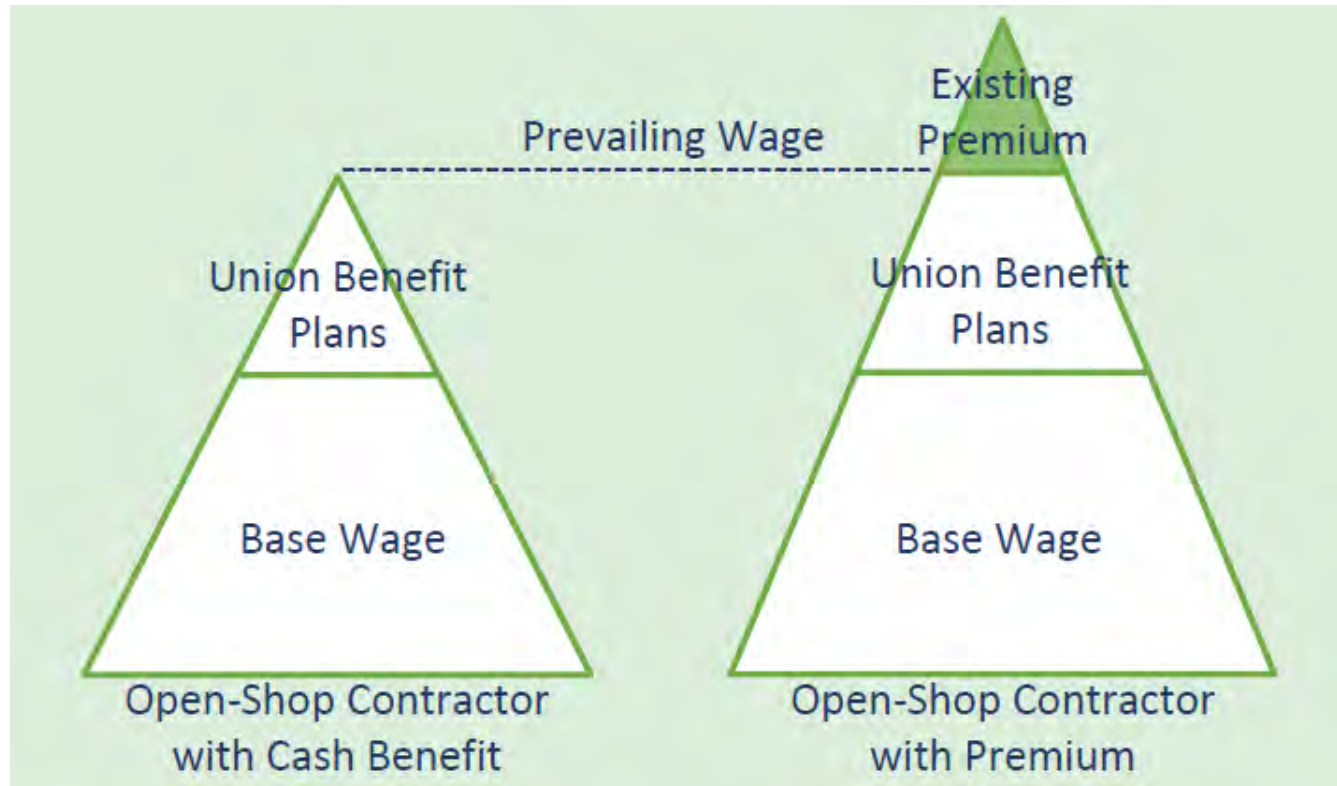
Dual benefit payments

Dual benefit reimbursements have minimal impact on project costs

November 2013 – December 2023

Dual Benefit Reimbursement Paid (12 projects)	Priority Hire Project Value (56 projects)	Share of Project Payments	Number of Workers Affected
$601,405	$1,480,041,468	.04%	145

Source: City of Seattle, 2024.

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

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www.seattle.gov/priorityhire