



Seattle
Finance &
Administrative Services

2023 Priority Hire Annual Report

PURCHASING AND CONTRACTING

June 2024



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 staff and members of the Priority Hire Advisory Committee tour the Seattle Aquarium's Ocean Pavilion expansion. Turner Construction Company and the Seattle Aquarium gave the tour, showing attendees the community benefits from Priority Hire on a public-private partnership project. The Ocean Pavilion is a brand new, state-of-the-art exhibit showing a reef ecosystem from the Coral Triangle. The exhibit is scheduled to open in 2024.

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 increases the hiring of residents of economically distressed neighborhoods in Seattle and King County, women and people of color on City construction projects over \$5 million.

Priority Hire operates through a community workforce agreement (CWA), which is an agreement between the City and construction 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.

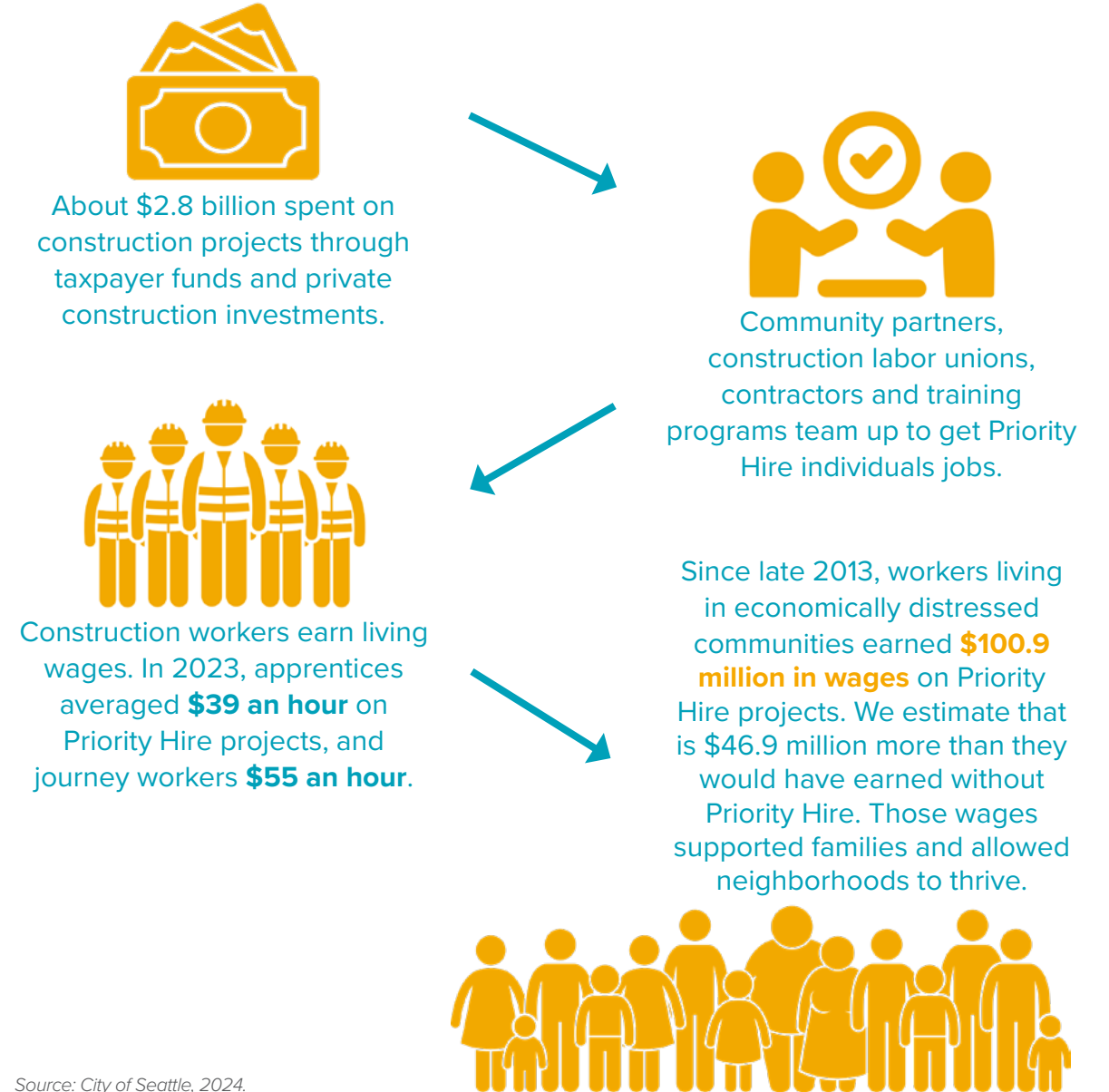
Priority Hire ensures local residents receive a fair share of wealth-generating construction jobs and increases economic equity in our region.

Priority Hire has increased equity outcomes dating back to the start of its pilot project in late 2013. Since then, construction workers living in economically distressed communities have earned \$100.9 million in wages on Priority Hire projects. Most of these workers identify as people of color, women and those just starting their careers. We estimate this is **\$46.9 million more** than they would have earned without Priority Hire.

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 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, 2024.

Looking forward: moving the equity needle

How are we supporting workers in construction? Our work includes the following strategies:

- **Reaching more workers in economically distressed communities.** To close the pay gap among workers, stay committed to the underserved workforce and align with the City's [Racial and Social Equity Index](#), the City is seeking to update its Priority Hire ZIP codes. Priority Hire ZIP codes have high poverty, high unemployment and low educational attainment. These ZIP codes are used to prioritize how workers are hired on the City's large construction projects.
- **Creating more opportunities for youth and others starting construction careers.** We are working to increase opportunities for youth facing racial and economic barriers in partnership with contractors. Contractors can hire interns in non-manual, or office, positions. Contractors participating in this option would receive a credit toward their Priority Hire hiring requirements.
- **Helping contractors plan for Priority Hire.** While many factors impact performance on a given project, upfront planning is a key one. The City is identifying ways to assist contractors in planning for Priority Hire. One solution is to require contractors to provide plans on achieving Priority Hire requirements when they bid on a project. Contractors that submit viable plans would move forward with the bidding process.

Priority Hire success requires contractors to plan early. Some contractors are realizing too far into the project of the commitment and workforce needed to achieve Priority Hire requirements. Asking for Priority Hire plans at bid can increase early planning and set contractors up for success from the start of construction. It would also help the City hold contractors accountable, especially those that have not made effort in the past or don't have current workforces reflective of our community.

- **Diversifying our Priority Hire investments in clean energy jobs.** In late 2023, the City's Department of Finance and Administrative Services (FAS), Office of Sustainability and Office of Economic Development requested proposals that offer job training programs. The programs would equitably address the climate crisis by increasing access to living-wage clean energy jobs for underserved workers. These jobs focus on construction, including the installation, maintenance and operation of clean energy systems. Awarded proposals will start work in 2024.
- **Expanding Priority Hire to affordable housing projects.** FAS is partnering with the City's Office of Housing (OH) to apply Priority Hire on several affordable housing projects under construction in the coming years. FAS and OH will evaluate the effectiveness and impact of Priority Hire on those projects. The evaluation will help determine if and how Priority Hire is applied to other affordable housing projects in the future.

Priority Hire Advisory Committee: Legacy Acknowledgement

The following statement was developed and approved by the Priority Hire Advisory Committee to recognize the purpose and collective efforts that led to Priority Hire.

We uplift the original organizers and activists who initiated and led a community-driven effort leading to the establishment of Priority Hire on City of Seattle capital projects.

During the demolition and construction of the Rainier Beach Community Center in 2010, residents and experienced construction workers from Seattle's most racially diverse ZIP code 98118 uncovered the lack of contractor requirements to employ Seattle job seekers on city projects. These organizers and supporters formed a coalition of organizations, labor, and religious groups to remedy this industry-wide practice resulting in Seattle's historic Priority Hire Ordinance designed to expand economic opportunity and employment to racially diverse and economically disadvantaged Seattle area residents.

Working toward economic equity

Priority Hire is a community initiated effort that supports economic equity for racially diverse and economically disadvantaged Seattle-area residents. This background is captured in the Priority Hire Advisory Committee's [legacy acknowledgement](#).

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

In 2023, **the City had more active Priority Hire projects than ever before** — 21 public works projects and one public-private partnership project. Together, they make up a third of total Priority Hire projects.

Since Priority Hire started in 2013:



56 public works projects
5 public-private projects

61 total projects

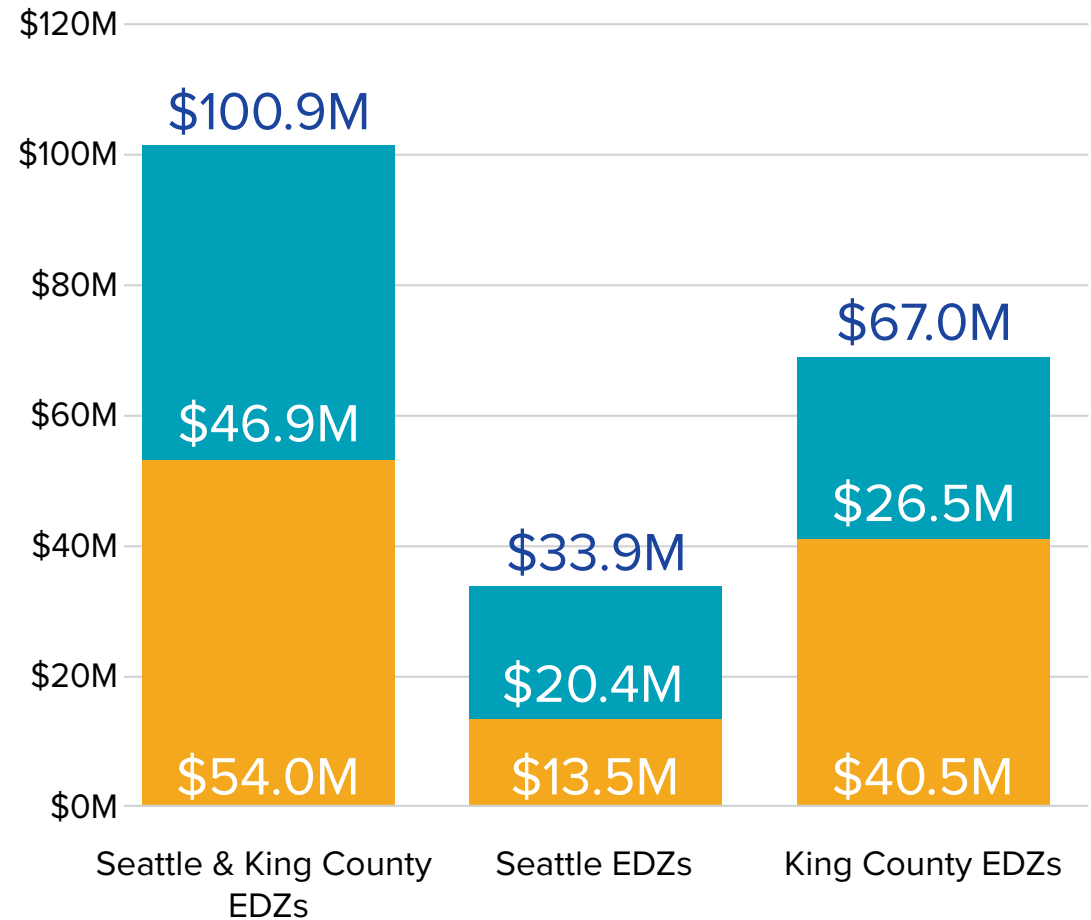


1,698,872,366 for public works covered
1,080,171,146 for public-private projects covered

2,779,043,512 total value covered by Priority Hire

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

November 2013-December 2023



WAGES TYPICALLY EARNED BEFORE PRIORITY HIRE
 ADDITIONAL WAGES EARNED DUE TO PRIORITY HIRE

Source: City of Seattle, 2024. Data reflects public works and public-private partnership projects.

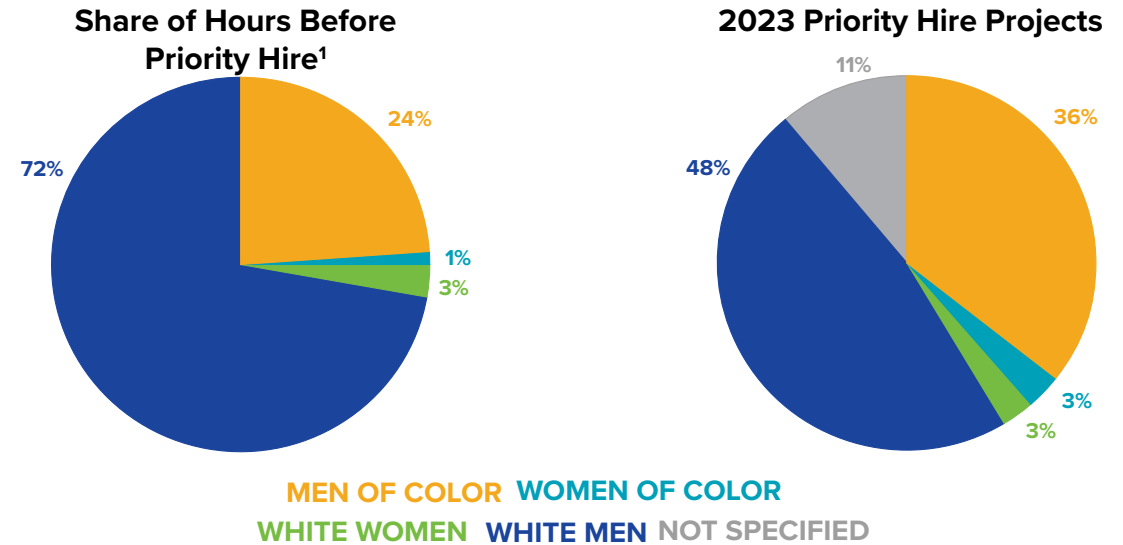
Working toward racial equity

Black, Indigenous and people of color (BIPOC) workers, particularly those who are men, continue to benefit from Priority Hire. With over a million construction hours performed in 2023, men of color worked 38% of those hours. This is a 50% increase from before Priority Hire, when men of color worked 24% of total hours.

By ethnicity and race, Hispanic/Latino and African American/Black workers increased their share of hours from before Priority Hire. Latinx workers increased their share of hours by 31% (16% to 21%), and African American/Black workers by 75% (4% to 7%).

While these shifts indicate that the share of hours is becoming more representative of our larger community, there is still work to be done, particularly with inclusion. One strategy we're using is [Acceptable Work Site](#) training. This is a required training for prime contractors on Priority Hire projects. It aims to eliminate hazing, harassment and bullying on our projects as a way to create a more inclusive and culturally competent environment for all workers.

How has the workforce changed on Priority Hire projects?



¹Share of hours before Priority Hire is based on hours from a sample of projects from 2009-2013. There is no prior data for Not Specified. Source: City of Seattle, 2024. 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	Share of Hours Before Priority Hire ¹	2023 Priority Hire Projects (1,076,898 hours)
African American/Black	4%	7%
Asian	3%	3%
Hispanic/Latino	16%	21%
Native American	3%	2%
Other	N/A	5%
White	75%	51%
Not Specified	N/A	11%
All People of Color²	25%	38%

¹Share of hours before Priority Hire is based on hours from a sample of projects from 2009-2013. There is no prior data for Other or Not Specified.

²People of color exclude White and Not Specified.

Source: City of Seattle, 2024. 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.

Hiring women in construction

The share of hours performed by women continued to decrease in 2023. Women have long been underrepresented in construction. Discrimination, jobsite culture issues and economic downturns tend to push women out of the industry. Those with less experience are often let go first and don't gain enough experience to be promoted.

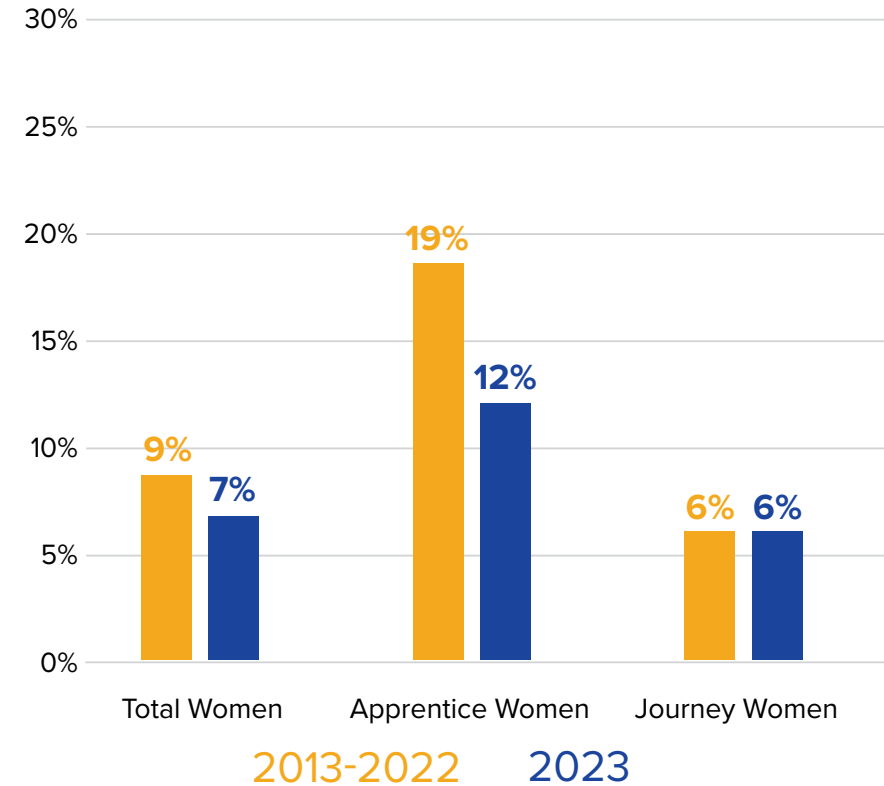
In 2023, women worked 7% of all construction hours. This is a 22% decrease (9% to 7%) from what we've typically seen in past years. Among women apprentices, the disparity is greater. The decreasing trend of women apprentices in construction should be a warning to all stakeholders of the future success of women in the trades.

The City will continue to do its part by investing in strategies that support women entering and staying in construction. These investments included:

- Pre-apprenticeship training programs to train women. Those women made up 32% 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 2024, 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 2023 compared to prior years?



Source: City of Seattle, 2024. Data includes public works and public-private partnership projects.

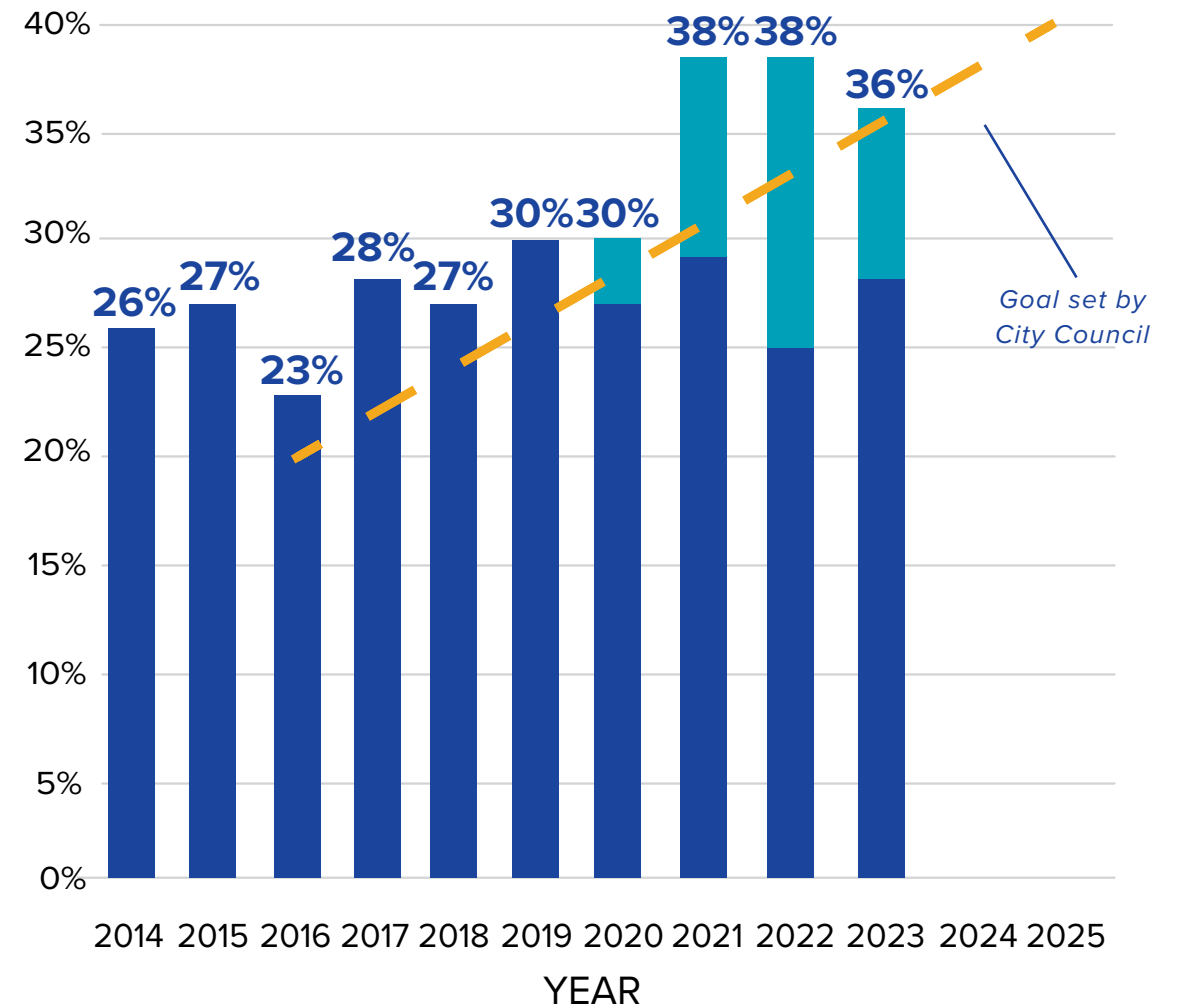
Increasing Priority Hire

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 only on track to meet that goal with good faith efforts, which we started tracking in 2020. Good faith efforts are when a contractor asks the union halls for a worker living in an economically distressed ZIP code, and none are available. Several factors are driving the good faith effort trend:

- Decreased supply of Priority Hire workers due to a number of factors, such as reduced apprenticeship enrollment during the COVID-19 pandemic.
- Increased demand for Priority Hire workers as regional public agencies such as King County, the Port of Seattle and Seattle Public Schools adopt Priority Hire programs.
- A small number of prime contractors showing a lack of effort to meet Priority Hire requirements on some of the City's larger projects.

Good faith efforts show the need for increased efforts across the region to bring more Priority Hire workers into construction.

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



ACTUAL PERFORMANCE
GOAL GOOD FAITH EFFORTS

Source: City of Seattle, 2024. 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. The City started tracking good faith efforts in 2020.

Supporting construction workers

Priority Hire removes barriers for people to enter and succeed in construction. We invest in and partner with community organizations to recruit workers, provide training with tools and construction math, and offer financial support. We also:

- **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 expectations for Priority Hire and worker treatment.
- **Partner with community organizations** to increase awareness, training and access in priority communities.
- **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
\$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 harassment

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

Investing in retention works

The City, in partnership with the Port of Seattle and Sound Transit, has invested in apprentice retention strategies since 2021. Apprentices who received these retention services through community partners were more likely to stay in construction than workers who did not receive similar services.

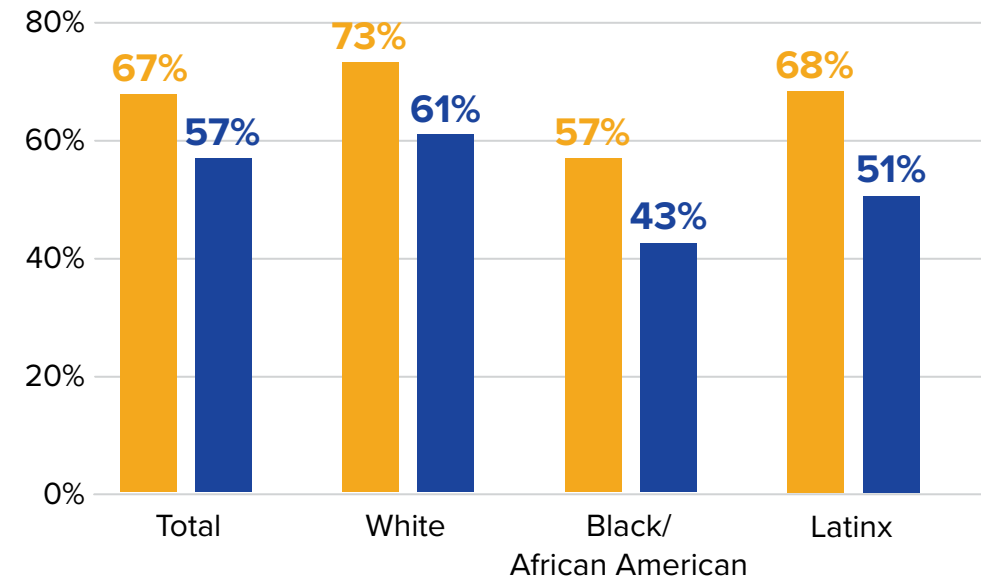
Retention services included employment navigation, case management and financial support services. Community providers worked with apprentices to identify and overcome existing and upcoming barriers to staying in apprenticeship. This could be anything from assistance with driver's relicensing, childcare, transportation, stable and safe housing and drug and mental health conditions.

This success continued across race/ethnicities. Of Black/African American apprentices who enrolled in a regional construction apprenticeship program between 2018 and 2022 and received City-funded retention services, 56% were still active in or had completed their training by March 2024.

Conversely, only 47% of Black/African American apprentices who did not receive City-funded retention services were still active in or had completed their training in the same time period. That means that **over half of the Black/African American apprentices who did not receive services left the construction industry.** Continued investments are needed to close this gap through retention support and increased inclusion in the industry.

Did City-funded retention services help apprentices stay in construction?

Active or Completed Apprentices



APPRENTICES WHO RECEIVED SERVICES
APPRENTICES WHO DIDN'T RECEIVE SERVICES

Sources: Washington Department of Labor and Industries, 2024; City of Seattle, 2024. Data is based on regional construction apprentices who enrolled in their programs between January 2018 and December 2022, with the total and three most commonly identified races shown. There were 329 apprentices who received City-funded retention services, and 16,407 who did not. Active and completed statuses are as of March 2024.

Additional project information

Prime Contractor Bids

The number of prime contractor bids were higher on Priority Hire than non-Priority Hire projects in 2023. This was in part due to several Priority Hire roadway projects receiving about 10 bids each.

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

	Priority Hire Projects (66 bid openings)	Non-Priority Hire Projects (556 bid openings)
2015-2022	3.5	3.5
2023	4.6	3.3
2015-2023	3.7	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, 2024.

Safety and Project Timelines

There were 12 reportable injuries on public works Priority Hire projects in 2023. Two projects completed construction; one finished early and the other 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.

How much do dual benefit reimbursements cost?

November 2013-December 2023

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

Source: City of Seattle, 2024. Data reflects public works projects only.

Photo: Construction of Overlook Walk on the Seattle waterfront. Many of the projects on the waterfront are covered by Priority Hire, creating wealth-generating career opportunities that span years. The first project was the Elliott Bay Seawall Project in 2013, and expanded into public-private partnership projects with the Seattle Aquarium Ocean Pavilion, with many other projects in between.



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.

Between 2020 and 2022, WMBE performance on Priority Hire projects decreased while performance on non-Priority Hire projects increased. It is unclear what drove this trend. However, in 2023, WMBE performance increased on all projects, reaching a 10-year high. This equated to WMBEs earning \$72 million on all projects in 2023, split nearly evenly between Priority Hire and non-Priority Hire projects.

What share of payments did WMBEs earn in 2023?

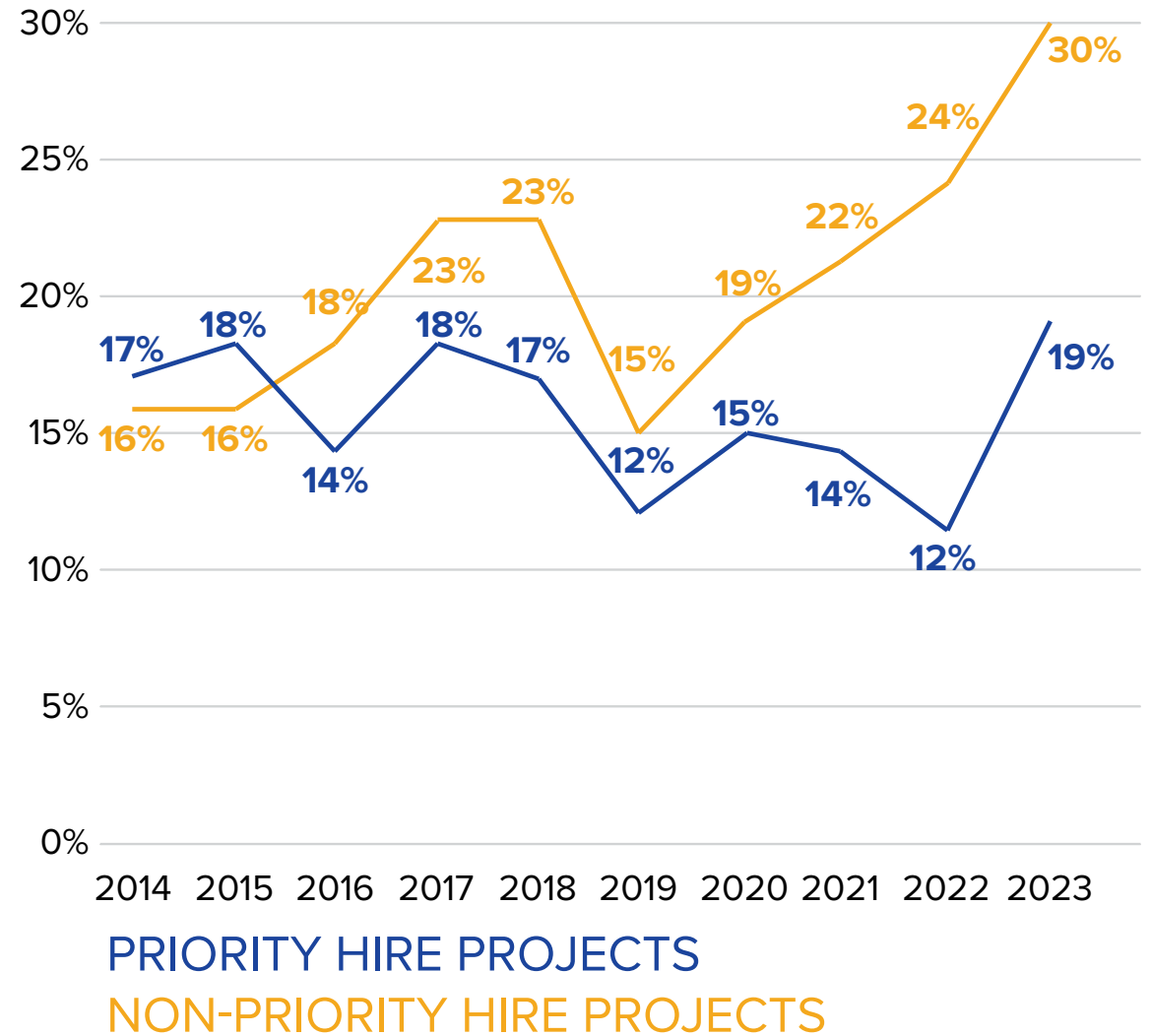
Project Type	Total Spent	Estimated Aspirational WMBE Goal for Projects with Payments in 2023 ¹	WMBE Utilization	MBE ² Utilization	WBE ² Utilization
Priority Hire Projects	\$176,587,156	8%	19%	10%	9%
Non-Priority Hire Projects	\$129,704,171	14%	30%	14%	16%
Total	\$306,291,327	10%	23%	12%	12%

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, 2024. Data reflects public works projects only. Percentages may not add up due to rounding.

What is the WMBE trend over years?



Source: City of Seattle, 2024. Data reflects public works projects only.