



Priority Hire Annual Report

CRUEDA, Feb. 28, 2017

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City of Seattle

Agenda

- **Background**
- **Successes**
- **Challenges**
- **Proposed Legislative Changes**
- **FAS Programmatic Changes**

Background

Shared mission: Diversify the construction workforce. Launched by Got Green, LELO, Councilmember O'Brien.

Shared solutions: King County Building Trades Labor Council, Carpenters, Operating Engineers.

2012: Pilot Community Workforce Agreement (CWA) on the Elliott Bay Seawall Project.

2015: Priority Hire's enabling ordinance.

2015: CWA executed between the City and labor unions.

CWA Projects
Elliott Bay Seawall
Blue Ridge Conduit Installation: Phase 1
Denny Substation
Fire Station 32
Buried Reservoir Seismic Retrofit: Maple Leaf & Myrtle
Denny Network
Fire Station 22

Successes: Worker Diversity

Priority Hire effectively and successfully increases diversity on City construction projects.

Share of labor hours performed	CWA Projects	Past Performance Prior to CWA*
Economically Distressed ZIP Codes in Seattle and King County	21%	12%
Women	12%	5%
People of Color	26%	25%
Apprentices	15%	13%
Apprentices of color	47%	32%
African American	9%	3%
Seattle Residents	12%	5%



*Past performance is based on hours from a sample of projects from 2009-2013.
Source: City of Seattle, 2016

Successes: Contractor Diversity

Women and minority (WMBE) contractors receive robust shares of work on CWA projects.

	WMBE Utilization
CWA Projects	15%
Non-CWA Projects	14%

*This data set combined two analyses and excludes a couple of payments made in 2015.
 Source: City of Seattle, January 2014 – September 2016

	WMBE Subcontracts As a numerical share of All Subcontracts	The number of unique WMBE Contractors As a share of All subcontractors
CWA Projects	40%	39%
Non-CWA Projects	30%	24%

Successes: Bid Prices and Competition

There is insufficient evidence to conclude the CWA reduces the number of prime contractors who bid on CWA projects and/or increases prime contractor bid prices.

	Non-CWA Projects Under \$5 Million	Non-CWA Projects Over \$5 Million	CWA Projects
Average Number of Prime Bidders	3.5	3.8	3.7

Source: City of Seattle, 2016

Analysis demonstrated no impact on prime contractor bid pricing, though data is limited and influenced by many variables that are difficult or impossible to untangle such as market conditions and project type.

Successes: Ordinance Decision Points

- Project value of \$5 million and above has proven reasonable.
- ZIP codes dispatch priorities correspond to priority demographics.
- Updated ZIP codes expand the reach into desired demographics.
- New ZIP codes in south King County.

Successes: Priority Hire Advisory Committee (PHAC)

Membership: Representatives from community, contractors, labor, WMBE firms, training providers, regional partners, black clergy. Expanding membership to ensure balanced voice from all perspectives.

PHAC submitted recommendations to the mayor and Council that prioritizes:

1. Reduction of core workers
2. Continued outreach
3. Pursue support services and training
4. Ensure accessible and equitable job assignment
5. Enforce contractor compliance
6. Pursue regional collaboration



Challenges

FAS has done surveys, data analysis, and discussions with stakeholders to identify potential improvements:

- Still need more workers going into pipeline to create density in diversity of the long-term workforce.
- Recruiting experienced workers who are willing to go into union training programs.
- Minimize administrative burdens.
- Getting open-shop apprentices into system.
- Ensuring a jobsite culture ready for the new diversity.
- Case management for pre-apprentice students.
- Best strategies for recruiting new workers.



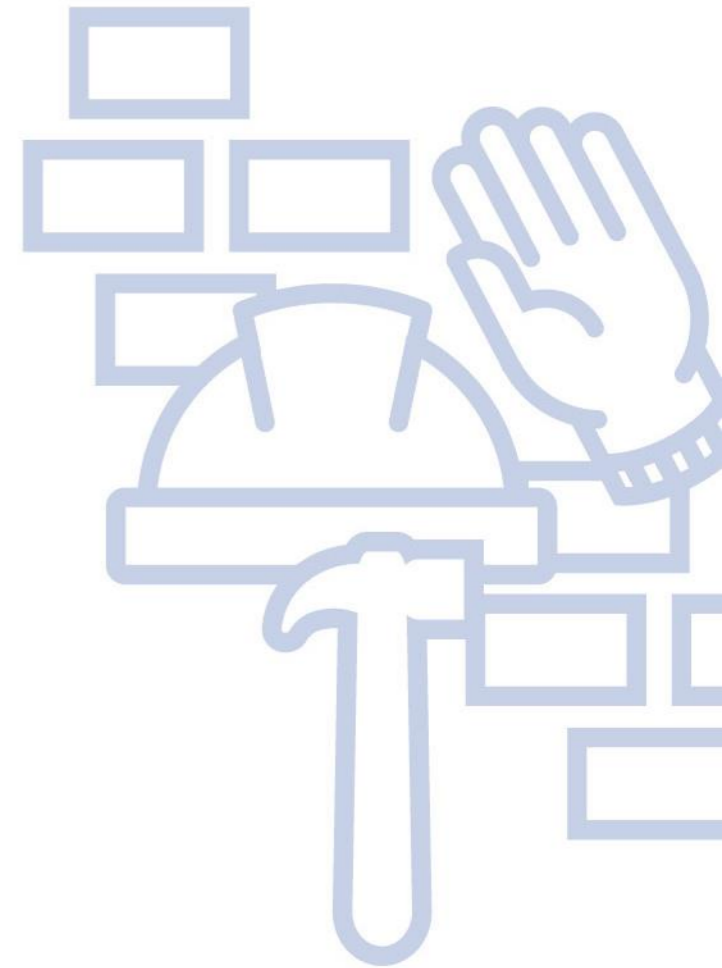
Mayor's Legislation: Core Worker Reduction

Core workers are long-standing employees of construction firms. The ordinance now allows contractors to bring up to as many as five employees to a project. Additional workers must come from union dispatch.

Issue: Contractors typically bring three core workers. However, they may eventually hire 13 workers. WMBE firms are more likely to have core workers fitting Priority Hire criteria.

Proposal: Reduce the number of core workers an open-shop contractor can bring onto a project from five to three workers.

WMBE firms to continue with five core workers.



Mayor's Legislation: Core Worker Reduction

Data evidences greater Priority Hire outcomes by fewer core workers and more workers from union dispatch.

Contractor Type	Workers from Economically Distressed ZIP Codes	Women	People of Color
Open-Shop	20%	6%	23%
Union	26%	6%	25%

Source: City of Seattle, November 2013- September 2016

Mayor's Legislation: Core Worker Reduction

Maintain five core workers for open-shop WMBE contractors: Maximizes Priority Hire workforce results given their higher average share of Priority Hire workers, women and people of color.

CWA Project Data	Contractor Type	Workers from Economically Distressed ZIP Codes	Women	People of Color
	Open-Shop & WMBE	23%	10%	29%
	Open-Shop & Non-WMBE	17%	3%	17%

Source: City of Seattle, November 2015 – September 2016

Mayor's Legislation: Exempt Small Subcontracts

Proposal: Exempt subcontracts of \$100,000 or less from the CWA.

Goal: Alleviate administrative burdens given few labor hours (meetings, benefit and trust payments, and paperwork).

Subcontract Threshold	Share of Project Value	Share of All Project Hours
<\$100,000	6%	8%

Source: City of Seattle, 2016

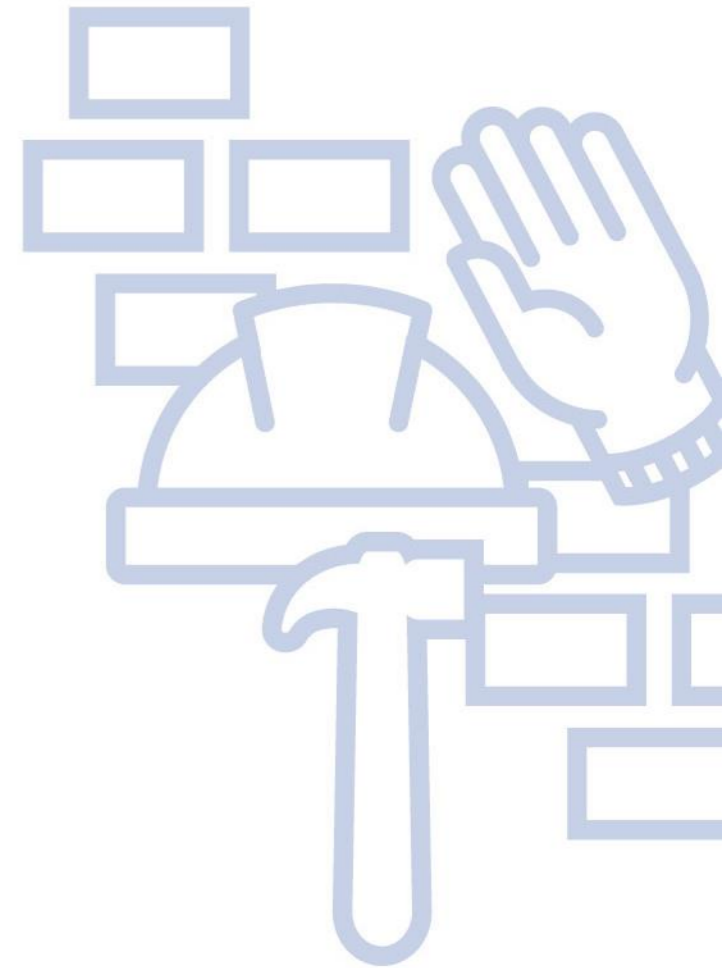
Programmatic changes: Imposing consequences

Current enforcement mechanisms include:

- Letters of concern.
- Withholding of payments.
- Deficient performance evaluation.
- Rejecting at time of bid for past failures.

New FAS Actions:

- Create liquidated damages.
- Monitor jobsite culture.
- Publishing performance in Daily Journal of Commerce.
- Pursuit of unique training program for in-the-field workers.



Programmatic changes: Pathways and Retention

Action: Reduce risk of cancellations and ensure continued apprentice hours.

New FAS Actions:

- Strategize solutions for temporary jobs for those waiting to enter apprenticeship.
- Strategize solutions to create faster and more effective pathways for experienced Priority Hire workers to access union construction jobs.
- Strategize solutions for case management and childcare.
- Consider apprentices as part of core worker placement options?



Thank you.

