

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to City public works and the priority hire program; modifying the methodology for determining which zip codes are Economically Distressed Areas; authorizing the creation of a regional Priority Hire Implementation and Advisory Committee; and amending Sections 20.37.010 and 20.37.040 of the Seattle Municipal Code.

Summary and Background of the Legislation:

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 had limited access to 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 through City leadership’s development of the Priority Hire Ordinance. 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.

The Department of Finance and Administrative Services (FAS) is providing proposed updates to the Priority Hire Ordinance (Seattle Municipal Code [20.37](#)). The ZIP code update is responsive to a Priority Hire Implementation and Advisory Committee (PHAC) recommendation.

Proposed updates involve the following:

- Economically Distressed Area methodology
- Potential for regional PHAC

Seattle City Council passed the Priority Hire Ordinance in January 2015 and amended it in 2017.

The Priority Hire program has evolved over the years, by identifying and applying best practices in implementation; strengthening regional partnerships as other agencies began their own Priority Hire programs; and responding to community needs to maximize community benefit. The Priority Hire program has reached a point in which continued improvements require legislative updates.

FAS received stakeholder input and support for the proposed updates.

Legislative Update	Reason
Expand the Economically Distressed Areas methodology to include areas with lower density that have large numbers or rates of people living in economic distress	<ul style="list-style-type: none"> • Respond to the region’s changing demographics. • Reach the most people who live in communities with high poverty, high unemployment and low educational attainment. • Ensure inclusion of priority areas identified by the City’s Racial and Social Equity Index. • Support Seattle-area residents in accessing living-wage construction jobs and bringing that money back to their communities.
Allow a regional committee option for PHAC	<ul style="list-style-type: none"> • Create better alignment with King County, the Port of Seattle and Seattle Public Schools, who began Priority Hire programs after the City. • Address regional issues outside the City’s span of control. • Streamline how we solicit feedback from stakeholders on topics of interest.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? Yes No

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

N/A

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

N/A

Please describe any financial costs or other impacts of *not* implementing the legislation. FAS does not anticipate any financial costs to the City of Seattle if the Priority Hire ordinance updates are not made. However, there is a huge financial benefit to construction workers and their families living in the newly added Economically Distressed Areas, which include the University district and parts of South King County. Construction contractors working on City

construction projects will be incentivized to hire more workers living in low-income neighborhoods and create generational wealth building career opportunities.

Additionally, the new allowance for developing a region-wide Priority Hire Advisory Committee creates opportunities to solve regional issues and standardize services across the three agencies: the City, King County and the Port of Seattle. If this legislation is not implemented, the City will continue to convene our own committee with potential for duplication with other agencies and limited authority to implement regional advisory committee recommendations from the existing committee.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

The Priority Hire ordinance applies to capital departments with public works projects \$5 million and above. Expanding the definition of Economically Distressed Areas will make it easier for construction contractors to hire workers who will help the general contractor meet the contractual hiring requirements for Priority Hire.

The Office of Sustainability and Environment (OSE) and the Office of Economic Development (OED) partner with FAS on Priority Hire workforce development for construction and the clean energy workforce more generally. Expanding Economically Distressed Areas will increase opportunities for Seattle-area workers and employers to benefit from community-based workforce training funded across FAS, OSE and OED.

The allowance for a regional PHAC will not affect any departments.

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

N/A

c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

- i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**

Priority Hire is a key social and racial equity program for the City of Seattle. The proposed Economically Distressed Area legislative change increases investment in and opportunities for underserved communities by increasing job access for people who meet the criteria of high poverty, high unemployment and lack of college degree by age 25. Construction contractors will be required to employ more workers living in historically disadvantaged communities and/or give them longer work assignments. Plus, City-funded community-based organizations and construction training programs will focus outreach efforts in expanded Economically Distressed Areas.

The expansion of Economically Distressed Areas includes priority areas identified in the City's Racial and Social Justice Index. It also supports Seattle-area residents in accessing living-wage construction jobs and bringing that money back to their communities.

The allowance of a regional advisory committee, instead of each agency convening their own, improves our ability to address regional issues of inequity collectively instead of in silos. No one jurisdiction can address racism on their own.

- ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

Economically Distressed Areas are race neutral. They focus on areas of high poverty, high unemployment and low educational attainment.

Data on construction workers living in current Economically Distressed Areas show that they are more diverse than workers coming from other ZIP codes. In 2023, Black, Indigenous and People of Color (BIPOC) workers performed 61% of the hours from Economically Distressed Areas, compared to 30% of hours from other areas.

- iii. What is the Language Access Plan for any communications to the public?**

FAS will notify capital departments and prime contractors who are working on current projects affected by the change. We do not anticipate any language access needs for this communication. Construction contractors and unions will communicate the updates to their employees and members, respectively and City staff who are bilingual in Spanish will be available to answer questions from contractors and construction workers in Spanish. City staff will use LanguageLine if encountering construction contractors and/or workers who speak other languages.

d. Climate Change Implications

- i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

The goal is to continue to increase expectations via public works contractual requirements for construction contractors to hire workers living in or near Seattle so they have shorter commute times and less emissions from commuting to City construction sites. Many construction workers live outside King County and Priority Hire's list of Economically Distressed Areas sets expectations that contractors hire workers living in high poverty areas of Seattle and King County.

- ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

The expansion of Economically Distressed Areas into additional historically disadvantaged neighborhoods greatly expands the number of people living in these communities to clean energy construction training which will help Seattle have a larger pool of trained workers who can build more energy efficient infrastructure.

- e. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?**

In 2015, City Council set an aspirational goal in the Priority Hire ordinance (SMC 20.37.040.C.) for 40% of all labor hours on Priority Hire covered projects to be performed by construction workers living in Economically Distressed Areas by 2025. This legislation will help achieve the program goal to address the changing demographics of our region and get closer to meeting the 40% goal.

The City uses a labor compliance software called LCPtracker to collect payroll data on a weekly basis and FAS reports to capital departments and prime contractors on a bi-weekly and monthly basis about their individual project performance. FAS also submits a Priority Hire annual report to Mayor and Council outlining performance and will report on outcomes for this legislative change, should it be approved by Council.

5. CHECKLIST

- Is a public hearing required?**
- Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
- If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**

- Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

6. ATTACHMENTS

Summary Attachments: None.