

Priority Hire Legislative Updates SMC 20.37

Department of Finance and
Administrative Services



Presentation Overview

- Introductions
- What is Priority Hire?
- Proposed Legislative Changes



Photo: Na'Quelle has worked on two City Priority Hire projects and earlier this year moved from an apprentice role to a journey worker.

What is Priority Hire?

Recruiting
diverse workers

Training workers

Helping workers
get hired

Giving workers
ongoing support



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.

Priority Hire: Hiring Requirements

Sets workforce requirements and goals on construction projects of \$5 million and more.

Contractual Requirements

- Workers living in economically distressed ZIP codes
- Registered apprentices and graduates of pre-apprenticeship

Aspirational Goals

- Women
- People of color



Compare Results

Based on City of Seattle Project Hours	Pre-Priority Hire Performance on City Projects (2013)	2023 Priority Hire Project Performance
Workers from Economically Distressed ZIP Codes	12%	28%
Apprentices	13%	17%
Women	5%	7%
People of Color	25%	38%

Sources: City of Seattle, 2024. 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 in the 2023 Priority Hire Project Performance column reflect hours from 2023 on public works and public/private partnership projects.

Success: Priority Hire Impact

Since late 2013, workers living in economically distressed communities earned

\$100.9 million

This is projected to be \$46.9 million more in wages than they would have earned without Priority Hire.

Source: City of Seattle, 2024. Based on 61 active or completed projects from November 2013 through December 2023.



What legislative updates are we proposing?

SMC
20.37

Update Economically Distressed Area methodology

Allow potential for regional Priority Hire Implementation and Advisory Committee (PHAC)

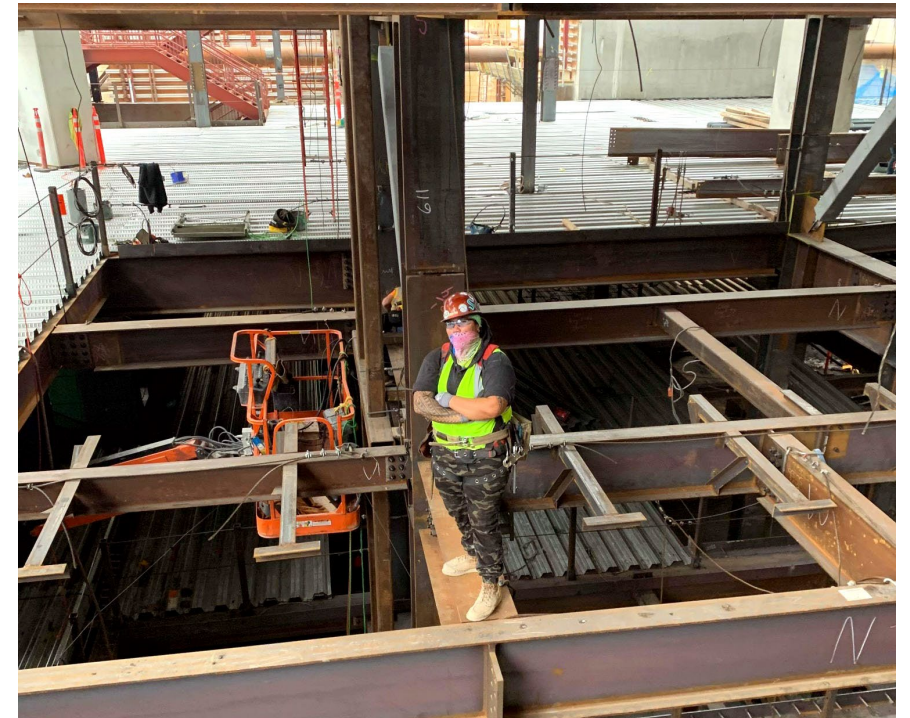


Photo: Emelia on Climate Pledge Arena in 2020. Emelia worked on several Priority Hire projects over her apprenticeship, and recently completed her training. She's now a journey-level ironworker.

What does PHAC recommend?

Recommendation 1: Update Economically Distressed Area methodology

- PHAC supports this recommendation

Recommendation 2: Allow potential for a regional PHAC

- PHAC supports collaboration and coordination across regional Priority Hire programs

Economically Distressed Area Methodology

Why

Better reflect the changing demographics

Reach the most people who meet ZIP code criteria

Include areas in the City's Racial and Social Equity Index

How

Change "high density" to "high concentration" to add areas with high density, numbers or rates of poverty, unemployment, low educational attainment

Impact

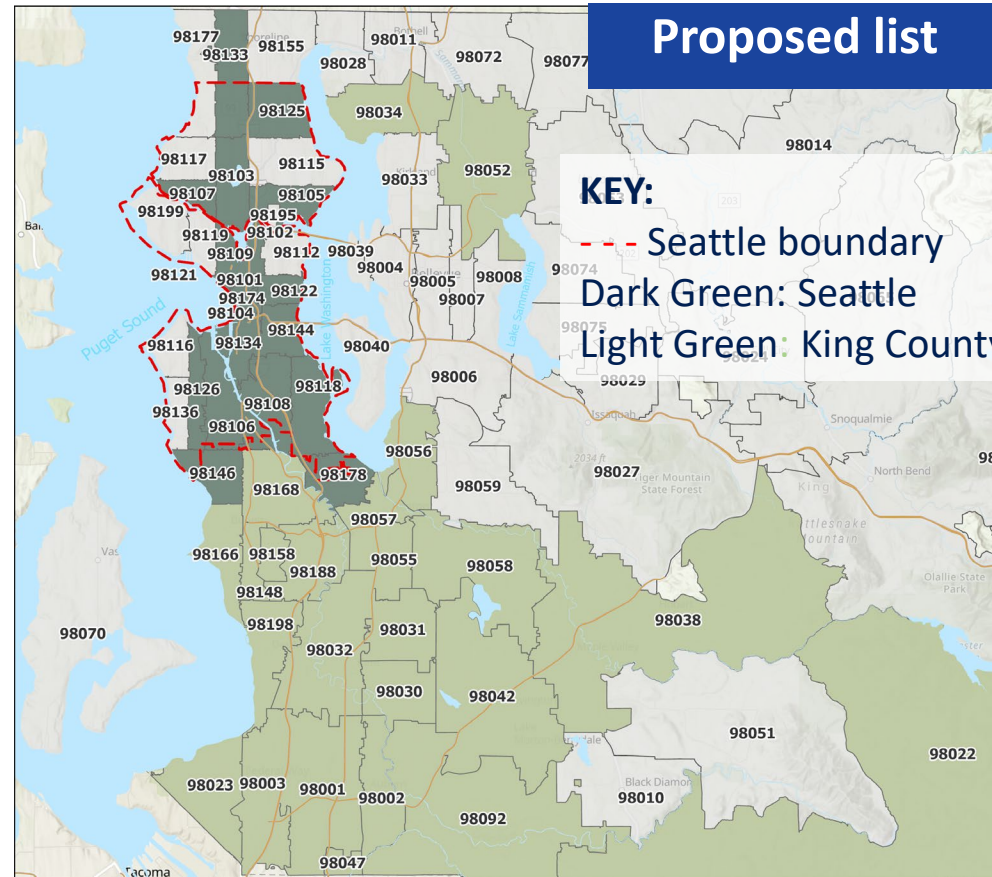
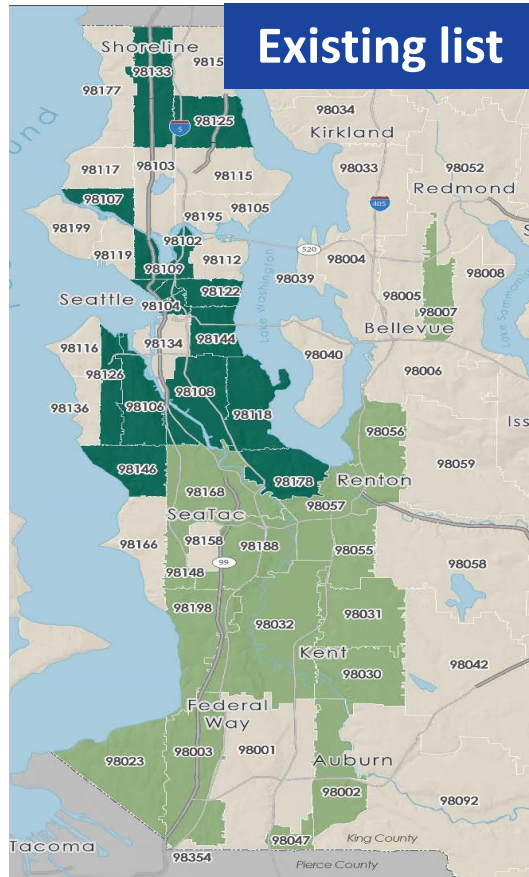
Increase number of people reached

Increase number of ZIP codes by 12

Increase contractor options for hiring workers



How would the list of Economically Distressed Areas change?



Seattle ZIP codes added:

- 98103 Aurora
- 98105 University District
- 98134 Industrial District

No Seattle ZIP codes are removed.

10 King County ZIP codes are added, and one is removed.

Expands Priority Hire opportunities to nearly 14,000 more workers.

Source: Community Attributes Inc., 2024.

Why do we need regional collaboration?

Priority Hire Implementation and Advisory Committee: Advise on the effectiveness and implementation of Priority Hire

Address
regional
challenges

Insufficient supply of Priority Hire workers

Worker retention challenges

Align
programs

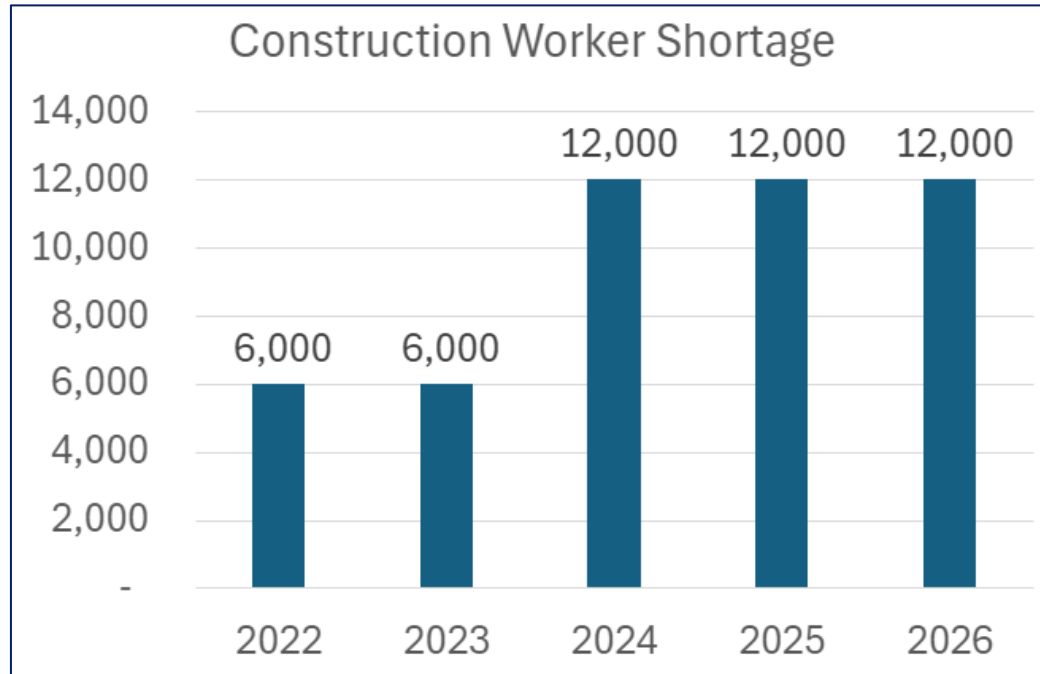
Variable practices/processes make worker navigation and contractor compliance difficult

Systems not working together



Worker Shortages Average 5.6% Annually

Projected Construction Employment Worker Shortage, King, Pierce and Snohomish Counties, 2022-2026



- **Regional demand** for construction workers is projected at about 159,000 workers per year on average between 2022 and 2026, with **shortages ranging from 6,000 to 12,000 workers**.
- Region-wide construction **supply is projected to fall short of demand** from 2022 through 2026 by an average of 5.6%.

Sources: Washington State Employment Security Department, 2022; NCES IPEDS, 2022; Community Attributes Inc., 2022. Note: Supply and demand estimates include workers across residential, industrial, and commercial construction. The projected construction employment demand for the region does not include spending that will be generated by the federal infrastructure bill signed into law in late 2021 and Washington's transportation budget adopted earlier this year.

Thank you

- Kiersten Grove, Acting FAS Director
- Presley Palmer, Purchasing and Contracting Division Director
- Jeanne Fulcher, Labor Equity Program Manager

Photo: Anita is a Priority Hire worker and journey carpenter. She worked on the City's first Priority Hire affordable housing project, 2nd and Mercer Supportive Housing.

