



Port of Seattle Commission

Policy Directive on Priority Hire

**As Adopted
November 28, 2017**

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2 **SECTION 1. Purpose.**

3
4 The purpose of this policy directive is to provide good family-wage jobs to qualified
5 construction workers from economically distressed areas of King County by increasing access to
6 Port of Seattle covered projects. This leads to economic growth and job creation in areas of
7 King County that are experiencing economic distress. In addition, it will provide jobs to those
8 historically underrepresented in the construction industry, such as women and people of color.

9
10 To develop a priority hire program implemented through a project labor agreement (PLA) and
11 to foster closer cooperation with the Regional Public Owners Group to ensure uniform
12 application of priority hire terms and contractor and union compliance with priority hire
13 requirements. This supports the Port of Seattle’s continued efforts on workforce development.

14
15 **SECTION 2. Definitions.**

16
17 When used in this policy directive, the following words and phrases shall have the meanings
18 given below unless the context in which they are included clearly indicates otherwise:

19
20 “Apprentice” means a person who has signed a written apprenticeship agreement with and
21 enrolled in an active state-registered apprenticeship training program approved by the
22 Washington State Apprenticeship and Training Council.

23
24 “City” means City of Seattle.

25
26 ~~“Construction labor costs” means the labor cost component of the estimated construction~~
27 ~~budget for the project to be paid to contractors at time of the bid, or, if absent a bid, at the~~
28 ~~time of the contract award.~~

29
30 “Contractor” means any person, firm, partnership, owner operator, limited liability company,
31 corporation, joint venture, proprietorship, trust, association, or other legal entity that employs
32 individuals to perform work on covered projects, including general contractors, subcontractors
33 of all tiers, and both union and non-union entities.

34
35 “Core Employee” means an employee of an open-shop contractor that meets the core
36 employee criteria established under a PLA.

37
38 “Covered Project” means a Port of Seattle construction project under a PLA ~~with construction~~
39 ~~labor costs at or above \$5 million.~~

40
41 “Dispatch” means the process by which a union refers workers for employment to contractors
42 under the authority of a collective bargaining agreement. The process typically mandates the
43 distribution of work via a “first in, first out” priority but can be legally adjusted via special
44 agreements to allow for out-of-order dispatching and priority worker hiring.

45

46 “Economically Distressed Area” means a geographic area defined by zip code in King County
47 and found to have high population concentrations: 1) Living at or below 200 percent of the
48 federal poverty level, 2) Unemployed, 3) Those over 25 years of age without a college degree,
49 compared to other zip codes. King County zip codes with a high density per acre of at least two
50 out of the three criteria will be identified as Economically Distressed Areas. These zip codes are
51 updated and published by King County’s Finance and Business Operations Division.

52
53 “Jobs Coordinator” means either one of the following: a Port of Seattle employee, an employee
54 that is considered a shared resource between government agencies, or a third party entity that
55 facilitates the hiring of priority workers in collaboration with contractors and union dispatch.

56
57 “Journey-level” means an individual who has sufficient skills and knowledge of an occupation,
58 either through a formal apprentice training program or through practical on-the-job work
59 experience, to be recognized by a state or federal registration agency and/or an industry as
60 being qualified to perform the work of the occupation. Practical experience must be equal to or
61 greater than the term of apprenticeship.

62
63 “Labor hours” means hours performed on covered projects by workers who are subject to
64 prevailing wages.

65
66 “Open-shop contractor” means a contractor that is not a signatory to a collective bargaining
67 agreement with a union representing the trade(s) of the contractor’s workers, also known as
68 non-union contractors.

69
70 “Pre-apprentice” means a student enrolled in a construction pre-apprentice training program
71 recognized by the Washington State Apprenticeship and Training Council.

72
73 “Priority Hire Program” means a program on Port of Seattle major construction contracts that
74 focuses on recruitment, training and employment of workers who reside in Economically
75 Distressed Areas as defined by King County.

76
77 “Priority Worker(s)” means an individual prioritized for recruitment, training, and employment
78 opportunities because the individual is a resident in an Economically Distressed Area.

79
80 “Project Labor Agreement” means an agreement authorized under the National Labor Relations
81 Act (NRLA), 29 U.S.C., which provides a means for aligning interests of public owners such as
82 the Port with those of construction labor unions.

83
84 “Regional Public Owners Group” means the group including the City of Seattle, King County,
85 Port of Seattle, Sound Transit, the City of Tacoma, and the Washington State Department of
86 Transportation, focused on public agencies working together as regional partners to better
87 understand the workforce demand-supply gap for regional public infrastructure projects; to
88 enhance access opportunities and to increase the diversity of pre-apprentices, apprentices, and
89 journey-level workers entering into the trades workforce; to support retention programs for

90 current trades workers, especially women and people of color; and to improve performance
91 data and systems of reporting for monitoring regional goals and initiatives.

92
93 “Union” means a representative labor organization whose members collectively bargain with
94 employers to set the wages and working conditions in their respective trade or covered scope
95 of work.

96
97 **SECTION 3. Scope and Applicability.**

98
99 A. This Policy Directive pertains to covered project(s) for the remainder of this policy
100 directive.

101
102 **SECTION 4. Responsibilities.**

103
104 A. The Executive Director (1) will assign a designee (referred to as “designee” for the
105 remainder of the policy directive) and subsequent designated office to implement and
106 administer this policy directive, and (2) may, through the designee, develop and adopt rules
107 consistent with the requirements of this policy directive.

108
109 B. The designee, with the Executive Director’s written concurrence and upon notice to
110 the Port of Seattle Commission, may reduce or waive requirements or goals of this policy
111 directive when impractical for a covered project for one or more of the following reasons: when
112 required due to an emergency, when subject to limitations of a sole source, when requirements
113 or goals would be inconsistent with an agreement with a public agency, when requirements or
114 goals are inconsistent with federal funding or other funding sources, when the project is in a
115 remote location, when superseded by safety or other legal requirements, when other
116 conditions arise such as the goals become impractical, or absent an executed PLA.

117
118 C. The designee shall be responsible for identifying, monitoring, and mitigating risks
119 within his/her authority and propose mitigation actions to the Executive Director if additional
120 authority is required. The designee shall enforce the requirements in this policy directive and
121 may use actions as deemed appropriate.

122
123 D. As part of establishing a priority hire advisory committee to operate in an advisory
124 role to the Port of Seattle for implementation and effectiveness of this policy directive, the
125 designee shall participate in the previously established Regional Public Owners Group and may,
126 under an agreement with one or more other government entities with priority hire programs,
127 establish and participate in a regional priority hire advisory committee.

128
129 **SECTION 5. Policy.**

130
131 A. For covered projects that are not found impractical under Section 4(B), the designee
132 shall establish in the bid or other solicitation documents the following: (1) the required
133 percentage of labor hours to be performed by priority workers, and (2) the aspirational goal

134 percentage of labor hours to be performed by priority workers. Contractors and dispatch under
135 a PLA shall seek to first hire and dispatch priority workers so as to meet or exceed the required
136 and aspirational goal percentages. The designee shall establish the percentages separately for
137 apprentices and for journey-level workers.
138

139 B. For each covered project, the designee shall establish the greatest practicable
140 required percentage of labor hours to be performed by priority workers by considering
141 anticipated workforce availability and past utilization percentages on similar construction
142 projects from the most recent project previous calendar year, and shall establish the
143 percentage for the upcoming year. This shall be included in the PLA and other Port agreements
144 as appropriate and progress monitored by the designee. The designee shall adjust these
145 required percentages annually, based on performance and reasonably anticipated changes in
146 worker availability.
147

148 C. In order to achieve the intended impact in economically distressed areas, the
149 designee shall set project-specific requirements and an aspirational goal percentage of no less
150 than 20 percent for all labor hours performed annually by priority workers on the total of
151 covered projects for the year. Annual percentage rates will be measured January 1 – December
152 31 of each applicable year.
153

154 D. In order to meet the percentage of labor hours to be performed by priority workers,
155 the designee shall require contractors and dispatch under a PLA to seek to employ a priority
156 worker who is a resident of an economically distressed area in King County, and then workers
157 from any other economically distressed areas as needed to meet the percentage labor hours to
158 be performed by priority workers. The specific process by which contractors, dispatch, and the
159 Port of Seattle Jobs Coordinator(s) will collaborate in order to facilitate the hiring of priority
160 workers shall be established by the designee.
161

162 E. For covered projects, the designee shall ensure the availability of a Jobs
163 Coordinator(s) to perform the following functions: maintain a database of pre-qualified priority
164 workers for referral to work on a covered project; network with various work source centers,
165 community, non-profit, and faith-based organizations to facilitate the identification of priority
166 workers; and facilitate referral and coordination around training and employment of priority
167 workers between contractors, unions, and training programs. In addition, the designee shall
168 explore development of a third party to manage regional priority hire efforts.
169

170 F. Per the Construction Labor Practices Policy Directive for Projects Located on Port of
171 Seattle Property (adopted by Resolution 3725), contracts \$1 million in value or greater require
172 apprenticeship utilization goals. The goal is no less than 15 percent of all contract labor hours
173 are to be performed by apprentices.
174

175 (1) For individual projects, the designee will determine the apprenticeship utilization
176 goal and may consider such factors as project size, project duration, labor hours

177 anticipated for the project, skills required, the likely crafts required for the
178 project, historic utilization rates, and apprentice availability.

179
180 (2) The designee shall establish aspirational percentage goals for apprentices who
181 are women and people of color using similar factors. Contractors may be allowed
182 to offer utilization below the aspirational percentage goals by substituting other
183 efforts to meet the intent of building a trained construction workforce for a
184 portion of the utilization percentages for women and people of color.

185
186 G. When determining whether the percentage of priority hire requirements has been
187 achieved, the designee shall exclude from the calculation labor hours performed by residents of
188 states other than the state of Washington. The designee shall track labor hours performed by
189 residents of states other than the state of Washington and shall review this percentage
190 annually with the previously established Regional Public Owners Group and any future regional
191 priority hire advisory committee that may be established under an agreement with one or more
192 other government entities with priority hire programs.

193
194 H. Per the Construction Labor Practices Policy Directive for Projects Located on Port of
195 Seattle Property (adopted by Resolution 3725), the designee shall support the inclusion of
196 priority hire provisions in the PLA standard language to be approved by the Commission
197 Projects and Procurement Committee. In furthering the Construction Labor Practices Policy
198 Directive for Projects Located on Port of Seattle Property, Port staff will seek an agreement with
199 regional partners to develop a framework to achieve operational efficiencies through uniform
200 priority hire requirements and by sharing priority hire resources and data and advancing
201 workforce development efforts.

202
203 I. The Port shall review and recommend how the intent of priority hire can be
204 implemented throughout the Port beyond the covered projects, including future leases,
205 concession agreements, and procurement contracts by September 1, 2018.

206
207 **SECTION 6. Program Evaluation.**

208
209 A. The designee shall establish benchmarks and metrics to evaluate the program, such
210 as project costs, completion times, workplace safety, utilization rates and graduation rates of
211 priority workers, women and people of color from pre-apprentice and apprentice training
212 programs, and changes in the amount of contracting dollars paid to small business and Women
213 and Minority Business Enterprises (WMBE) firms working on covered projects and the number
214 of small business and WMBE firms under contract.

215
216 B. Port efforts in pursuit of the objectives of this policy directive will be incorporated
217 into the Port's long range plan (LRP) to the fullest extent reasonable, including incorporation
218 into the LRP scorecards, reports, and LRP updates. Further, the designee shall prepare and
219 publish an annual report each year titled Apprenticeship and Priority Hire Annual Report.

220

221 The report shall include, but not be limited to, the following:
222

223 (1) The number and kinds of construction projects and contracts on which
224 apprenticeship and priority hire requirements were established;

225 (2) The percentage of labor hours actually worked by apprentices and priority
226 workers on each such project and the total number of labor hours on each
227 project;

228
229 (3) The number of apprentices and priority workers by contractor broken down by
230 trade and craft category, the wages paid by category of work or trade, the
231 number and percentage of women and people of color utilized as apprentices
232 and priority workers, and the degree of compliance with the percentage
233 requirements and aspirational goals to be established under this policy directive;
234

235 (4) The number of apprentices and priority workers per Port dollar spent on the
236 program;

237
238 (5) A description of problems encountered in the implementation of the program;
239

240 (6) A description of barriers encountered by participating apprentices and priority
241 workers and steps taken to resolve those problems and to ensure their
242 continued participation in the program;
243

244 C. The Port of Seattle Commission, Executive Director, and designee will review
245 program results annually as part of the LRP update to determine if the program should be
246 expanded or amended by increasing or decreasing requirements and aspirational goals.
247

248 **SECTION 7. Fiscal Implications.**

249
250 This policy directive has fiscal implications as funding and staffing requirements will be needed
251 to implement the priority hire program. Fiscal implications will be reviewed by the designee
252 annually, at a minimum, to determine if additional funding and/or resources are required and
253 shall submit a budget request, as appropriate.
254

255 **SECTION 8. Research Findings**

256
257 Based on studies commissioned by the City of Seattle and King County and their
258 implementation of priority hire programs and numerous public discussions, the Port of Seattle
259 Commission finds that it is in the Port's and the public's best interest to increase the supply of
260 qualified construction workers, particularly those historically underrepresented in the
261 construction industry, including those who live in economically distressed areas in King County
262 and also within that group, women and people of color.
263

264 A. In January 2015, following the positive results of a pilot program on the Elliott Bay
265 Seawall project, the City of Seattle adopted Ordinance No. 124690, an ordinance relating to
266 establishing a priority hire policy to ensure better access to training programs and well-paying
267 construction jobs for local workers, as well as to increase the diversity of the workforce on city
268 projects.

269
270 B. The City of Seattle implemented the priority hire ordinance through a community
271 workforce agreement (CWA) between the city and the building trade labor unions, and that
272 agreement requires that prime contractors on city public works construction projects of
273 \$5 million or more, must ensure that a certain percent of project labor hours are performed by
274 workers living in economically distressed areas of Seattle and King County.

275
276 C. In May 2016, the King County Executive directed county agencies to implement a
277 priority hire pilot program that prioritized economically disadvantaged local workers for
278 inclusion on large King County capital construction projects. King County is considering a
279 permanent priority hire program implemented through a CWA.

280
281 D. Based on studies commissioned by the City of Seattle and King County and their
282 implementation of priority hire programs, and numerous public discussions, the Port of Seattle
283 Commission finds that it is in the Port's and the public's best interest to increase the supply of
284 qualified construction workers, particularly those historically underrepresented in the
285 construction industry, including women, racial minorities, and those who live in economically
286 distressed areas of Seattle and King County.

287
288 E. King County completed a study in January 2016 documenting a widening gap
289 between the demand for construction labor and the supply of skilled trade workers in the
290 regional labor market for King County and other public entities. The gap reinforces the urgent
291 need for developing a strategy to address the current and projected workforce shortages. The
292 study also used economic data involving poverty levels, employment, and educational
293 attainment to determine economically distressed areas, which are identified by zip code.

294
295 F. King County completed the Construction Workforce Analysis in December 2016 and
296 found that the county may reasonably anticipate a reduced surplus of qualified labor and
297 possible labor shortages in certain construction trades by 2020. That is the result of a projected
298 shortfall forecast between demand and supply of 4,630 workers by 2020. The county is
299 concerned that these labor shortages will increase reliance on out-of-state construction
300 workers and that the demand for new construction workers may increase construction costs on
301 the county's public works projects unless the county supports efforts to increase the supply of
302 trained apprentices and journey level workers for local public works projects.

303
304 The analysis also found that 81 percent of the construction workforce in King County in 2016
305 were white males, while 19 percent were people of color and women. Representation of
306 women and people of color is higher among new entrants to the labor force through
307 apprenticeships and accredited certificates of completion, such as those received for

308 completing a pre-apprenticeship program. However, according to the analysis, women and
309 people of color also have lower rates of apprenticeship completion than do their white male
310 counterparts.

311
312 G. The City of Seattle commissioned the Construction Industry Labor Market
313 Assessment, which found that women, irrespective of race, are underrepresented in the
314 construction industry. Between 2009 and 2013, 10 percent fewer women finished their
315 apprentice training program than males. The assessment also found that between 2009 and
316 2013, 14 percent fewer racial minority apprentices finished their apprentice training program
317 than white apprentices. In addition, it also found that underrepresented workers face barriers
318 to completing apprentice training. Between 2009 and 2013, 65 percent of the racial minorities
319 exiting apprenticeships did not complete the programs compared to 51 percent of the white
320 apprentices who failed to complete the program. During that same time period, 65 percent of
321 all women, irrespective of race, failed to complete their programs compared to 55 percent of all
322 men.

323
324 H. The City of Seattle has found that priority hire effectively and successfully increases
325 diversity on city construction projects. The share of labor hours between November 2013 and
326 April 2017 saw an increase of 233 percent in rate of hours performed by workers living in
327 Seattle's economically distressed zones. In addition, it saw an over 300-percent increase in rate
328 of hours performed by apprentice women and 200-percent increase in rate of hours performed
329 by African-Americans.

330
331 I. A PLA is an effective tool to manage public works projects when reducing the risk of
332 project delays and reducing the potential of labor disruptions and labor shortages.

333
334 J. Priority hire is an effective tool to create local jobs, enhance workforce diversity, and
335 improve overall working conditions.

336

337

Revision History

338

339 November 28, 2017

Resolution 3736, establishing the Priority Hire Policy Directive, was adopted.

340

341