

First Source Local Hiring: Overview & History of Denver's First Source Policy

OVERVIEW

What is First Source:

- A written agreement, law or policy requiring businesses to make an effort to hire local residents first, before hiring others for open positions.
- Usually triggered by some form of “economic development” assistance, subsidy, loan, grant, etc.
- “First Source” typically establishes a *process* by which residents are given the first opportunity for jobs, as opposed to a Local Hiring requirement which mandates a particular *outcome*, such as a percentage of positions or work hours that must be filled by local residents
- Depending on the policy, First Source could apply to hiring of construction and/or permanent employees

The promise of First Source:

- Maximize job opportunities for disadvantaged residents
- Maximize the outcome of public investments – better connect workforce development and economic development goals to be mutually reinforcing
- Provide a valuable service to businesses by helping to deliver a pool of qualified candidates
- For cities that have prevailing wage or living wage policies on the projects where First Source applies, an explicit goal of the First Source policies is to connect residents to high quality “living wage” or “prevailing wage jobs” that will help them live self-sufficiently
- Where First Source policies are targeted to hiring of residents from smaller geographic areas surrounding a project, the policy has the potential to uplift a community, rather than distributing new jobs throughout a larger area and diluting the impact of those jobs on any one particular community

History Nationally:

- First policy in Portland in late 1970's, spread to many other cities over the next 15 years
- From the beginning, but increasing over time, communities expressed concern that policies were not being implemented successfully, that policies were “lost” in city bureaucracies and “just on paper”
- In the late 1990s, a renewed focus on effectiveness resulted in deep analysis in several cities, emergence of site-specific “community benefit agreements” intended to work out the kinks on a pilot-project basis, to pave the way for better results and better policy approaches
- Over last 5-10 years, a resurgence in new policies and reform of existing ones based on lessons learned

HISTORY OF DENVER'S FIRST SOURCE POLICY

1995 - under community pressure from ACORN, 9to5 and other community groups, the Denver Urban Renewal Authority adopted a policy calling for First Source hiring on projects funded with Tax Increment Financing (the policy has not been formally amended since)

2002-3 - members of the Campaign for Responsible Development (CRD) and community based job providers expressed concern that the policy was not being implemented, there was a lack of communication with CBOs and other stakeholders, and the results were largely untracked

2002 - CRD suggests revamped First Source as a component of a community benefits agreement for the Cherokee-Gates redevelopment project, including an early proposal of \$50,000 in funding from the developer for city/contractor staff to implement the revamped program

2003 - Mayor Hickenlooper elected, Cec Ortiz appointed as head of workforce development, Cec Ortiz hired a contractor Liz Alkire to research and evaluate First Source and whether Denver should adopt the policy more widely than just on DURA's TIF projects

2003-2005 - at the request of CRD leaders (including 9to5 and community job providers such as the Denver Inner City Parish), FRESC engages in nation-wide best practices research and interviews, sharing results with city contractor as acquired

2003-2005 - Liz Alkire, with assistance of NEDLC, engages in nation-wide best practice research and develops pilot policy for the justice center parking garage; city discusses possibilities for city-wide First Source policy reform but does not have consensus among cabinet members (the Development Council) to move forward

2005 – Cherokee, the CRD and Denver discuss whether or not to revamp the First Source policy for Cherokee and/or for all future TIF projects; Cherokee raises serious questions regarding the city's preparedness to deliver a smooth First Source system to help it meet its obligations and make the program a value-add *if* it were to commit to it; FRESC commits to help maintain communication with community stakeholders about the program and to work with all parties to help make the program a success through all phases of planning and implementation

Late 2005 – DURA decides it will use the existing DURA policy (rather than a reformed policy), with enhanced implementation efforts from Workforce Development; city assures all parties that it has the resources to staff the program within its existing staff and structure, and Cherokee agrees to provide \$5,000 (as opposed to the CRD-proposed \$50,000) for the program, which will go to a CBO located in the neighborhood; Denver enters into a MOU with Mi Casa Resource Center to help implement First Source to job seekers from the neighborhoods surrounding Gates

2006 – 2007- Implementation efforts proceed;

- several staff changes take place in the OED policy team which had provided policy development leadership on the policy;
- a new BDR supervisor becomes involved in implementation;
- flow charts and procedures are developed, but not implemented or used after staff changes;
- a database is developed where front line staff can track openings posted, workers referred and workers hired via Division of Workforce Development (but no mechanism to track Denver residents hired outside of referrals through Workforce Development)
- in spite of several draft forms developed early-on by OED Policy team members and later-on by a consultant to the developer, there is still no form that developers are required to fill out to report their local hiring activity;

- the original policy was not well-written to address the construction industry or its hiring practices, so stakeholders worked to develop implementation plans and to educate construction contractors of how to fulfill the policy's intent;
- a single front-line staff person is primarily responsible for policy development, outreach to employers, outreach to the community, posting job openings, and screening/referring individuals to fill them
- Mi Casa expresses its concerns that it cannot perform the level of First Source service desired for only \$5,000

2007 – Mayor launches “Grow Your Own Initiative” reopening the question of whether more of Denver’s projects should utilize a First Source local hiring approach; DURA announces formation of an Advisory Committee that will look at its First Source Policy following review of several other DURA policies (pending as of Jan. 2008, no explicit goals behind the examination have been discussed publicly)

2008 – Two-three new TIF projects are slated to move forward that would be subject to First Source (Dahlia Square, Alameda Square, Union Station)

BEST PRACTICES AND LESSONS LEARNED FROM NEDLC SURVEY

- Majority of policies include a resident hiring goal (percentage of project employees or hours worked), some are “good faith/aspirational” – others are binding – **policies with goals show a higher rate of success than those without goals**
- Nearly all policies covered all city departments that award contracts or provided public subsidies to private entities
- First Source agreements and **implementation is generally centralized** in a specific department or staff person – even when the policy applies to multiple city departments or agencies
- Cities that have not tied their First Source program implementation to a workforce system have not been successful
- **Construction phases and permanent job phases are different** and benefit from unique training programs and approaches
- Some policies require regular reports by government staff to other bodies (WIB, Council, Board, etc.), employer reporting varies from monthly to quarterly – **some form of reporting is required for everyone involved in implementing First Source**
- In most cases it is the First Source implementation staff that **monitors compliance**, because they are in the best position to know whether the employer has been complying, and they in turn can notify the appropriate contracting agency if there is an issue of non-compliance
- An **effective tracking** system is essential, many cities also conduct reviews, on-site visits and follow-up on job referrals

- The cities that have had the most success have enforcement mechanisms in their agreements, the cities without any enforcement mechanisms have also been the cities with the least success
- Many First Source agreements are combined with approaches and funding for training to help prepare residents for the jobs
- Low staffing levels correlate with low success rates