

Making Development Work for Local Residents

Local Hire Programs and Implementation Strategies that Serve Low-Income Communities

Kathleen Mulligan-Hansel, PhD
The Partnership for Working Families

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THE  PARTNERSHIP
for Working Families

Below, left: Boston youth register for apprenticeships as part of Our Schools, Our Futures
Below, right: Community residents rally for good jobs and local hiring at Denver's Cherokee-Gates redevelopment.
Cover: East Palo Alto's Local Hire Ordinance helps local residents get construction work on redevelopment projects.



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Local residents, like this young women, got jobs at the new Four Seasons Hotel through East Palo Alto's first source hiring program.

EXECUTIVE SUMMARY

Over the past decade, the community benefits movement has emerged as a powerful mechanism for challenging the political and economic realities that undermine urban communities. Community benefits campaigns strive to build new political relationships among unlikely allies, uniting labor, community, environmental and faith-based groups behind broad-based agendas focused on economic development that prioritizes high-quality jobs, creates new career paths for low-income workers, marshals resources for environmental cleanup and sustainability, and avails residents of access to more affordable housing options.

In many cities where community benefits coalitions work, research has shown that, too often, new development fails to generate high quality jobs and career paths for residents of the poorest parts of the city. Local hire requirements are a critical component of the community benefits agenda because they create concrete mechanisms for ensuring that investment of public funds in economic development will direct resources into low-income neighborhoods. The point is not only to hire local residents, but to use local hire requirements to target opportunities to low-income residents and people of color who might otherwise not benefit from new development. Local hiring programs are on the strongest legal footing, and are likely to produce the most meaningful outcomes, when they are rooted in efforts to reduce poverty rather than merely to hire city residents.

Community benefits coalitions tend to stress the importance of bundling local hire requirements with job quality standards, affording low-income residents easier access to higher quality jobs that offer better wages and benefits packages than might historically have been available to them.

Community benefits coalitions have developed significant expertise in the organizing, research and policy analysis needed to negotiate strong agreements, but thus far they have advocated for local hire programs with little concrete data on whether or how they operate effectively. This report reviews nine efforts to develop and implement local hire programs, and provides an overview of what makes these programs work. The nature of the cases varies considerably, and they include programs with years of implementation experience as well as brand new programs; programs that cover hundreds of jobs and programs that cover dozens of jobs; and programs created through community benefits agreements (CBAs), ordinances, and project labor agreements (PLAs), as well as other innovative policy vehicles.

The research concludes that these local hire programs have developed effective mechanisms for helping low-income local residents find jobs at new development sites and have created job opportunities with existing employers that had previously been unavailable to many low-income workers. The best local hire programs create *first source referral systems* to coordinate worker recruitment and screening, liaise with developers and employers, refer workers and support them as they navigate the hiring process, and link workers with support services that can help them stay on the job. Strong policy language sets the stage for success by clearly articulating the responsibilities of all stakeholders: developers, employers, contractors and the first source referral system. Implementing a good program requires staffing both to create and maintain the first source referral system – which is effectively a service-provision role – and to monitor outcomes and maintain the political will required to address challenges that can arise.

Effective first source programs must be tailored to the realities of the industry sectors in which they aim to develop employment opportunities. Policy architects and implementation teams have tended to address the hiring challenges for construction jobs separately from the hiring challenges that pertain to the jobs offered by businesses that rent space in new developments: the service and retail sector jobs that are commonly referred to as end-user or permanent jobs. Differences in how these industries interact with the development process, and how they approach hiring and retention, abound. For example, whereas construction workers in any given trade might be on site for only a few weeks or months, retail establishments and service vendors, once opened, may maintain employees indefinitely. Further, whereas construction workers have to navigate a complicated hiring process that often includes establishing union membership before getting hired on by a contractor, the hiring process for permanent jobs is much more direct. Among the key findings in this report is the importance of addressing the policy language and implementation needs of permanent and construction jobs separately.

Regardless of the types of jobs they cover, local hire programs can bring concrete benefits to the table, making development projects better. Though many stakeholders, developers and employers included, initially resist local hire requirements, local hire programs ultimately help address the fragmentation inherent in the development process, establishing better communication among developers, employers, community organizations, local job training resources, and the workforce development system that can provide job readiness and job retention support services. Not only does this improved communication facilitate ease of hiring when new developments open, but the implementation teams that must be developed to make local hire programs function can also help address other development obstacles that arise. The costs and risks to developers of participating in local hire programs are minimal, while the pay-offs can be tremendous.

The Programs

Findings in this report are based on case studies of nine local hire programs that vary enormously according to scope of the development they affect, the types of jobs covered and progress toward implementation. The programs were all established through the efforts of organizations in the Partnership for Working Families network. Taken together, they demonstrate the range of policy approaches being tested and implemented through the community benefits movement. These programs are summarized briefly below.

- Los Angeles' **Hollywood and Highland** development required construction and permanent local hire programs; these requirements were incorporated into development agreements signed in 1999 and were implemented in 2000 and 2001.
- A community-labor coalition won local hire requirements as part of its community benefits campaign for the **North Hollywood Commons Mixed-Use development (NoHo)**. The CBA, signed in 2001, required local hire only for permanent jobs. The first round of hiring began in spring 2007.
- The CBA won in 2001 for **The L.A. Sports and Entertainment District (Staples)** required local hire for the permanent jobs associated with a district-wide development plan, including several hotels, food service and retail outlets. Implementation began in summer 2007.
- The CBA won in 2004 required local hiring as part of the **Los Angeles Airport modernization (LAX)**. The agreement covers a wide array of jobs at the airport, including approximately 300 retail and food service vendors, airline employees, service contractors, baggage handlers and other jobs on the tarmac. Local hire requirements are incorporated into all new lease and contract agreements, and will be applied to renewals as existing agreements expire. Implementation began late in 2006 and is ongoing.
- **The City of East Palo Alto** first established local hiring requirements for a major development project in 1996. Subsequently, those requirements were codified in a city ordinance passed in 2000 that covers all redevelopment that receives more than \$50,000 in city subsidy. The ordinance applies both to construction and permanent jobs. Implementation began immediately upon passage and is ongoing.
- The project labor agreement for Oakland's ports modernization (**MAPLA**) requires local hire for all construction work associated with a \$1.2 billion modernization program. The Port of Oakland, the general contractor, and signatory unions of the Building Trades Council signed the agreement in 2000 and implementation has been ongoing since then.
- Significant community-labor efforts led the Boston Public Schools to implement **Our Schools, Our Future**, a program that established a local hire pipeline for construction industry work related to summer school painting. The program has been implemented over two summers, 2006 and 2007.

- Community benefits won for Denver's **Cherokee-Gates Redevelopment** in 2006 include enhanced implementation of the city's existing local hire program for both permanent and construction jobs. Developers have yet to break ground for the project, so implementation has not formally begun, though stakeholders are in the process of establishing the infrastructure and relationships needed to implement the program.
- The CBA for **Ballpark Village**, in San Diego, requires local hire for permanent and construction jobs. The agreement was signed in 2005, but changes in the nature of the project have delayed groundbreaking. The current project design includes residential, retail and entertainment venues, and a major hotel. Stakeholders are now preparing the infrastructure in anticipation of groundbreaking sometime in the coming year.

The programs vary according to the types of jobs they cover, the size and scope of the development to which they are attached, and the length of the implementation period. This set of programs also showcases local hire requirements that are built into a wide variety of policy vehicles, including community benefits agreements, project labor agreements, public contracting processes, and the like.

Of the programs included in this report, four cover both the construction phase and the permanent jobs: Hollywood & Highland, East Palo Alto, Cherokee-Gates and Ballpark Village. Three cover only permanent jobs (NoHo, Staples and LAX) and two cover only construction jobs (MAPLA and BPS). Analysis of projects that include both will treat the construction and permanent jobs phases separately, because the issues surrounding implementation differ enormously.



The local hiring component of the Maritime and Aviation Project Labor Agreement helped hundreds of local residents get into construction industry jobs at the Port of Oakland.

Summary of Findings

A. Local Hire for Permanent Jobs

- **Local hire programs can be developed effectively to provide large-scale opportunities for employment.** The programs reviewed for this report consistently met or exceeded the percentage goals established in CBAs and other policy documents, serving workers and employers in a wide range of possible settings. Even preliminary outcomes already achieved are impressive, but some of the programs have further potential to implicate huge numbers of jobs.
- **Permanent jobs programs function most effectively by setting up a first source referral system, which is essentially a designated clearinghouse that provides job applicants to employers when they are ready to hire.** Employers commit to giving job applicants from this clearinghouse advance notice of the jobs, and refrain from hiring outside the system for the first few days or weeks of the hiring period.
- **Developers and employers initially participate in first source referral systems because they have to, but they quickly realize the systems provide them with a valuable amenity.** First source referral systems streamline recruitment and hiring processes and minimize some of the challenges posed by turnover.
- **In order to get the most job opportunities for low-income residents, policy language must to require developers and all eventual employers to participate.** Policy language should require employers both to use the first source referral system and to make a good faith effort to hire the job seekers it refers.
- **Behind the scenes, first source referral systems require a strong implementation team, including community-based organizations, the workforce development system, and any existing job training providers.** The implementation team needs a designated coordinator to staff the effort.

B. Construction Local Hire

- **The hiring process for construction careers is more complicated than for permanent jobs, requiring more extensive knowledge of the industry and the relationships between unions, contractors and developers, and thus requiring different policy language and program structure than for permanent jobs.** Community organizations and construction trades organizations need to work together to develop effective programs. Sometimes this is best accomplished by creating programs that pertain to all trades work on a particular project. Other effective programs target particular trades and establish pre-apprentice and apprenticeship pipelines to provide new workers for those specific construction jobs.

- **Construction local hire outcomes can be achieved by increasing the number of journeymen who are local residents, by increasing apprenticeship opportunities on site for local residents, or both.** Hiring local journeyman onto designated construction projects is usually accomplished through *zip-coding* or *name-calling*. Essentially, this means unions identify members that are already working and who live in the targeted local hire area and make sure they are employed on the site. Case studies in this report suggest that it is important to try to increase local residents' access to both types of construction employment.
- **Getting more low income workers and workers of color into union apprenticeships requires increasing union contractors' access to work.** Without new job opportunities, unions will not open up apprenticeship slots and contractors will not hire any new workers.
- **Like with permanent jobs programs, the implementation team behind the scenes is critical to getting people into jobs.** Successful implementation teams include pre-apprenticeship programs, community-based organizations that can recruit job seekers, and workforce development centers that can provide job readiness and retention services.
- **Programs work best when they are structured to help unions and contractors that already buy in to the importance of hiring locally, while also creating incentives (including rewards and penalties) for those that have not yet bought in to the benefits.**

C. All Local Hire Programs

- **All local hire programs require strong staff commitment.** Good staff can make or break the project. Staffing activities include coordinating the roles of the implementation team, monitoring outcomes and problem solving in real time as obstacles arise.
- **All local hire programs benefit from funding, not only to support staff coordination, but also to provide for job readiness services, orientation, and training.**
- **Monitor, monitor, monitor!** If the program is not being monitored, it will not work. Policy language must require regular reports. Public entities must be diligent about collecting reports. Staff and community benefits coalitions must assess reports to determine follow-up activities. All programs require periodic adjustment to address new needs and unforeseen circumstances. Making the right adjustments starts with good monitoring.

Jobs and Hiring Outcomes

The right approach to implementation can win significant new job opportunities for low-income residents. The community benefits movement is still in its youth, and few negotiated agreements have been in place long enough to establish a significant body of outcomes to consider. Development projects can take years to get off the ground even after formal negotiations have concluded; many agreements negotiated at the outset of this movement, in the late 1990s and early 2000s, are only now reaching implementation. The cases analyzed in this report include two that have a significant body of implementation experience: East Palo Alto's ordinance, passed in 2000 but with roots that go back to 1996, has been in place for eight years, and the Port of Oakland MAPLA, signed in 2000, has also covered almost eight years of work. Two of the programs reviewed – Gates Cherokee and Ballpark Village – have not yet reached the hiring stage. Analysis of these programs is limited to identifying crucial activities that must be undertaken between the time the agreement is signed and the point at which employment begins. Implementation periods for the other five programs range between 6 months and 3 years.

Even the preliminary outcomes already achieved are impressive, but some of the programs have further potential to implicate huge numbers of jobs. A first source referral system that has only completed its first round of major hire-ups may have placed a handful of workers, but over the course of a decade or more, the maturity of the system and the cumulative number of placements may have a significant effect on employment opportunities for local residents.

Tables 1 and 2 show hiring outcomes to date, alongside program characteristics that place these outcomes in proper context.¹

The local hire programs for permanent jobs have created hundreds of new job opportunities for low-income local residents. The programs reviewed for this report consistently met or exceeded the percentage goals established in CBAs and other policy documents, serving workers and employers in a wide range of possible settings. It is important to note that two of the projects pertained to single developments – Hollywood and Highland and NoHo Commons. The rest of the programs reviewed attached local hire requirements to permanent jobs associated with multiple construction sites and dozens of employers. The success of these programs suggests the applicability of permanent jobs local hire requirements across a broad range of sites and settings, and provides a glimpse of the massive scale of the new job opportunities that could be leveraged by such efforts.

¹ All non-confidential documents – including the text of local hire policy language and outcomes reports — are posted on the Partnership for Working Families website, www.communitybenefits.org. Some of the documentation of outcomes was provided personally to the author and is not available publicly. Contact the author at kmh@communitybenefits.org with questions.

TABLE 1 | Local Hire for Permanent Jobs, Programs and Outcomes

Program	Development	Implementation Period	Outcomes to Date		Anticipated expansion over time	Notes
Hollywood and Highland <i>Development Grant Agreement</i>	260,000 sq. ft. Kodak Theater	2000 - 2001	234.8 jobs filled by local residents; 36% of jobs created in the development		None; program has ended	Policy language did not specify process, only outcomes requirements
East Palo Alto <i>Local Hire Ordinance</i>	All redevelopment projects in the City that receive \$50,000 or more in subsidy	2000 to present	Q1 2007	381 positions; 43% of retail/service jobs in subsidized developments	Moderate	Currently ordinance covers 12 retail and service establishments including a total of 888 jobs; this number has been relatively stable over the last 3 years, but new redevelopment projects are on the horizon
			Q1 2006	368 positions; 41% of retail/service jobs in subsidized developments		
			Q1 – 2 2005	322 positions; 40% of retail/service jobs in subsidized developments		
North Hollywood Commons <i>Community Benefits Agreement</i>	60,000 sq. ft. retail & mixed-use development, including food service, retail and a bank branch	January 2007 to present	42 entry-level jobs and 3 upper-level jobs at Hows Market		Minimal	Policy language does not <i>require</i> participation by all permanent jobs employers; so far only one employer has utilized the system
LA Live <i>Community Benefits Agreement</i>	4 million sq. ft. retail and entertainment district adjacent to the Staples Center; will include Nokia Theater & Nokia Plaza as well as 2 hotels	September 2007 to present	338 workers placed Sept through Dec 2007		Tremendous growth potential	Only fraction of anticipated development has been completed. On the horizon: 6000 hotel jobs, hundreds of jobs at smaller food, entertainment and retail outlets
LAX <i>Community Benefits Agreement</i>	Over 300 vendors and contractors at LAX airport, including service, food & retail workers, baggage handlers; covers all non-construction jobs not covered by collective bargaining agreements	October 2006 to present	Estimated 125 positions filled with local residents to date		Tremendous growth potential	Currently working with 50 employers. Anticipate all 300 coming online over next few years. Program language requires all hiring to first go through first source referral for entry-level and management positions

Construction local hire outcomes are also impressive, especially in cases where the programs were established and negotiated with direct buy-in from building trades unions. In East Palo Alto, the outcomes reflect challenges that the program continues to face, including the unwillingness of trades unions to take ownership over the program's success. In the Oakland and Boston cases, however, where trades unions were directly involved in negotiations over the programs and where they have continued to support their implementation, the outcomes are much better.

Construction outcomes can be achieved through two different sets of requirements and practices. On the one hand, simply requiring a percentage of the workforce on any given construction project to reside in targeted neighborhoods is likely to result in journey-level workers who are already established in construction careers to get work on that project. There are clear benefits to this practice. Those workers may be out of work. Ensuring that they receive opportunities to use their skills and get hired onto a particular project not only gives them and their households income they might otherwise lack, but it can also leverage other benefits: relationships with new contractors who might hire them in the future, and access to additional work hours credits that can improve their standing in the field, among others. Simple percentage requirements, however, are unlikely to do much to create opportunities for new job seekers to get access to construction trades careers. In order to increase the likelihood that unemployed residents of low-income neighborhoods get into good jobs in the trades, construction local hire programs have to require utilization of apprentices on site and ensure that some or all of those apprentices will be residents of low-income neighborhoods.

Table 2 presents program characteristics and outcomes for the construction local hire programs reviewed in this report. Programs tended to be more successful at meeting journey-level workers requirements than new apprenticeship requirements. Nonetheless, these programs were successful in developing new job opportunities, through apprenticeships, for low-income local residents. The scope of the projects varies from a few dozen apprenticeships in Boston to hundreds of new job opportunities at the Port of Oakland modernization. Both approaches are probably needed and in both cases, program advocates developed structures and systems appropriate to the scope and scale of the projects.

TABLE 2 | Construction Local Hire Programs and Outcomes

Program	Development	Implementation Period	Jobs Outcomes		Expansion over time	Notes
Hollywood and Highland <i>Development Agreement</i>	Construction of Kodak Theater	2000-2001	19% worker hours completed by local residents; primarily achieved through zip-coding		None (construction complete)	Largely achieved through zip-coding
Port of Oakland <i>Project Labor Agreement</i>	\$1.2 billion planned modernization of Port of Oakland	July 2001 to present	Through September 2007: <ul style="list-style-type: none"> • Total of 3,144,954 hours worked; • 31% worked by local residents; • 12.8% completed by apprentices; • 6.2% completed by <i>local resident</i> apprentices; 		Minimal (construction winding down; agreement set to expire in December 2008)	Broad definition of local impact area, but all accounts suggest made profound progress in getting low-income local residents into construction jobs
East Palo Alto <i>Local Hire Ordinance</i>	All redevelopment projects that receive \$50,000 or more in subsidy	2000 to present	Q1 2007	84 jobs; 23% of construction hires	Moderate	Little to no buy-in from construction trades; lacks mechanism to get apprentices into the trades
			Q1 – 2 2006	24 jobs; 6.5% of construction hires		
			Q1 – 2 2005	40 jobs; 5% of construction hires		
Our Schools, Our Future <i>Boston Public Schools Summer school repainting program</i>	Summer school repainting overseen by Boston Public Schools; approx. \$2.5 million in work annually	Summer 2006 and 2007	Outcomes available from Summer 2006: <ul style="list-style-type: none"> • 44 total new apprentices recruited into Painter's apprenticeship program • 13 local resident/low-income apprentices worked on these projects • 30 total apprentices worked on these projects • 51 Boston residents worked on summer repainting 2006 		Minimal	Intention is to institutionalize program in the workforce development system; scope of annual work expected to remain stable for the foreseeable future

Conclusions

Generating real local hire outcomes requires real investment of effort, yet the case studies in this report show that with good policy language, a strong implementation team, and a committed, diligent staff coordinator, local hire programs can succeed in creating significant new job opportunities for low-income local residents.

Documenting the extent of unemployment and joblessness in urban areas, and the negative effects of the cycles of violence and poverty that undermine urban communities, is beyond the scope of this report. But its essential reality is at the heart of community benefits work, and inspires these coalitions to seek innovative methods for redirecting resources outside of the protected urban enclaves that continue to benefit from the back-to-the-city movement and expanded use of TIFs and other development subsidies.

Advocates of incorporating local hire requirements into development often meet with skepticism and unwillingness, not only on the parts of developers, but also from the elected officials who represent low-income urban communities. Some of that unwillingness stems from lack of concrete documentation that these programs can work: that they can operate effectively without scaring developers off nor unnecessarily complicating the development process, and that the low-income workers they recruit can meet the challenges of the jobs. This report provides strong evidence that they do.

Threaded throughout this report is the need for public institutions to take a leading role. To maximize the benefits to their communities, public entities, including elected and appointed officials and redevelopment administrations, should:

- Establish local hire requirements in their jurisdictions, especially for large-scale projects with strong public investment;
- Support community benefits coalitions' efforts to strike private agreements with developers to participate in first source referral systems;
- Ensure timely and regular collection of reports, and make them available to the community;
- Ensure that programs staffed by public employees are seen as a high priority, and work to maintain the political will needed to see them succeed.

Many cities and local governments maintain local hire policies, but it is unclear how effectively they have been staffed. This report focuses on programs that are connected to the Partnership for Working Families network, prohibiting an exhaustive review of all of the issues related to local government policies. But extrapolations can and should be made from the success of the programs profiled here. On the face of it, there seem to be no real reasons why these programs cannot be made to work.

INTRODUCTION

Over the past decade, the community benefits movement has emerged as a powerful mechanism for challenging the political and economic realities that undermine urban communities. Community benefits campaigns strive to build new political relationships among unlikely allies, uniting labor, community, environmental and faith-based groups behind broad-based agendas focused on economic development that prioritizes high-quality jobs, creates new career paths for low-income workers, marshals resources for environmental cleanup and sustainability, and avails residents of access to more affordable housing options.

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community organizations, local job training resources, and the workforce development system that can provide job readiness and job retention support services. Not only does this improved communication facilitate ease of hiring when new developments open, but the implementation teams that must be developed to make local hire programs function can also help address other development obstacles that arise. The costs and risks to developers of participating in local hire programs are minimal, while the pay-offs can be tremendous.

Section I of the report provides an overview of the programs reviewed. A summary of the findings can be found in Section II. Section III includes jobs and hiring outcomes that document program success. Section IV reviews the legal and program issues related to defining what counts as local. In Section V, the report provides an in-depth exploration of the implementation strategies that make local hire programs for permanent jobs function effectively, concluding with case studies of five programs. Section VI traces the issues of implementation that are specific to construction local hire efforts. The case studies that conclude Section VI include a detailed discussion of the 6-plus year effort to provide job opportunities to local residents as part of the modernization of the Port of Oakland. Section VII concludes the report with a summary and provides a glimpse of what is to come as local coalitions continue to seek innovative ways to incorporate local hiring into accountable economic development efforts.

I. Overview of the Programs

Findings in this report are based on case studies of nine local hire programs that vary enormously according to scope of the development they affect, the types of jobs covered and progress toward implementation. The programs were all established through the efforts of organizations in the Partnership for Working Families network. Taken together, they demonstrate the range of policy approaches being tested and implemented through the community benefits movement. These programs are summarized briefly below.

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- **The City of East Palo Alto** first established local hiring requirements for a major development project in 1996. Subsequently, those requirements were codified in a city ordinance passed in 2000 that covers all redevelopment that receives more than \$50,000 in city subsidy. The ordinance applies both to construction and permanent jobs. Implementation began immediately upon passage and is ongoing.
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- Community benefits won for **Denver's Cherokee-Gates Redevelopment** in 2006 include enhanced implementation of the city's existing local hire program for both permanent and construction jobs. Developers have yet to break ground for the project, so implementation has not formally begun, though stakeholders are in the process of establishing the infrastructure and relationships needed to implement the program.
- The CBA for **Ballpark Village**, in San Diego, requires local hire for permanent and construction jobs. The agreement was signed in 2005, but changes in the nature of the project have delayed groundbreaking. The current project design includes residential, retail and entertainment venues, and a major hotel. Stakeholders are now preparing the infrastructure in anticipation of groundbreaking sometime in the coming year.

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II. Summary of Findings

A. Local Hire for Permanent Jobs

- **Local hire programs can be developed effectively to provide large-scale opportunities for employment.** The programs reviewed for this report consistently met or exceeded the percentage goals established in CBAs and other policy documents, serving workers and employers in a wide range of possible settings. Even preliminary outcomes already achieved are impressive, but some of the programs have further potential to implicate huge numbers of jobs.
- **Permanent jobs programs function most effectively by setting up a first source referral system, which is essentially a designated clearinghouse that provides job applicants to employers when they are ready to hire.** Employers commit to giving job applicants from this clearinghouse advance notice of the jobs, and refrain from hiring outside the system for the first few days or weeks of the hiring period.
- **Developers and employers initially participate in first source referral systems because they have to, but they quickly realize the systems provide them with a valuable amenity.** First source referral systems streamline recruitment and hiring processes and minimize some of the challenges posed by turnover.

- **In order to get the most job opportunities for low-income residents, policy language must to require developers and all eventual employers to participate.** Policy language should require employers both to use the first source referral system and to make a good faith effort to hire the job seekers it refers.
- **Behind the scenes, first source referral systems require a strong implementation team, including community-based organizations, the workforce development system, and any existing job training providers.** The implementation team needs a designated coordinator to staff the effort.

B. Construction Local Hire

- **The hiring process for construction careers is more complicated than for permanent jobs, requiring more extensive knowledge of the industry and the relationships between unions, contractors and developers than, and thus requiring different policy language and program structure than for permanent jobs.** Community organizations and construction trades organizations need to work together to develop effective programs. Sometimes this is best accomplished by creating programs that pertain to all trades work on a particular project. Other effective programs target particular trades and establish pre-apprentice and apprenticeship pipelines to provide new workers for those specific construction jobs.
- **Construction local hire outcomes can be achieved by increasing the number of journeymen who are local residents, by increasing apprenticeship opportunities on site for local residents, or both.** Hiring local journeyman onto designated construction projects is usually accomplished through *zip-coding* or *name-calling*. Essentially, this means unions identify members that are already working and who live in the targeted local hire area and make sure they are employed on the site. Case studies in this report suggest that it is important to try to increase local residents' access to both types of construction employment.
- **Getting more low income workers and workers of color into union apprenticeships requires increasing union contractors' access to work.** Without new job opportunities, unions will not open up apprenticeship slots and contractors will not hire any new workers.
- **Like with permanent jobs programs, the implementation team behind the scenes is critical to getting people into jobs.** Successful implementation teams include pre-apprenticeship programs, community-based organizations that can recruit job seekers, and workforce development centers that can provide job readiness and retention services.
- **Programs work best when they are structured to help unions and contractors that already buy in to the importance of hiring locally, while also creating incentives (including rewards and penalties) for those that have not yet bought in to the benefits.**

C. All Local Hire Programs

- **All local hire programs require strong staff commitment.** Good staff can make or break the project. Staffing activities include coordinating the roles of the implementation team, monitoring outcomes and problem solving in real time as obstacles arise.
- **All local hire programs benefit from funding, not only to support staff coordination, but also to provide for job readiness services, orientation, and training.**
- **Monitor, monitor, monitor!** If the program is not being monitored, it will not work. Policy language must require regular reports. Public entities must be diligent about collecting reports. Staff and community benefits coalitions must assess reports to determine follow-up activities. All programs require periodic adjustment to address new needs and unforeseen circumstances. Making the right adjustments starts with good monitoring.

III. Jobs and Hiring Outcomes

The findings in this report are based on preliminary outcomes, but they clearly show that the right approach to implementation can win significant new job opportunities for low-income residents. The community benefits movement is still in its youth, and few negotiated agreements have been in place long enough to establish a significant body of outcomes to consider. Development projects can take years to get off the ground even after formal negotiations have concluded; many agreements negotiated at the outset of this movement, in the late 1990s and early 2000s, are only now reaching implementation. The cases analyzed in this report include two that have a significant body of implementation experience: East Palo Alto's ordinance, passed in 2000 but with roots that go back to 1996, has been in place for eight years, and the Port of Oakland MAPLA, signed in 2000, has also covered almost eight years of work. Two of the programs reviewed –Gates Cherokee and Ballpark Village – have not yet reached the hiring stage. Analysis of these programs is limited to identifying crucial activities that must be undertaken between the time the agreement is signed and the point at which employment begins. Implementation periods for the other five programs range between six months and three years.

Even the preliminary outcomes already achieved are impressive, but some of the programs have further potential to implicate huge numbers of jobs. A first source referral system that has only completed its first round of major hire-ups may have placed a handful of workers, but over the course of a decade or more, the maturity of the system and the cumulative number of placements may have a significant effect on employment opportunities for local residents.

Tables 1 and 2 show hiring outcomes to date, alongside program characteristics that place these outcomes in proper context.²

The local hire programs for permanent jobs have created hundreds of new job opportunities for low-income local residents. The programs reviewed for this report consistently met or exceeded the percentage goals established in CBAs and other policy documents, serving workers and employers in a wide range of possible settings. It is important to note that two of the projects pertained to single developments – Hollywood and Highland and NoHo Commons. The rest of the programs reviewed attached local hire requirements to permanent jobs associated with multiple construction sites and dozens of employers. The success of these programs suggests the applicability of permanent jobs local hire requirements across a broad range of sites and settings, and provides a glimpse of the massive scale of the new job opportunities that could be leveraged by such efforts.

Construction local hire outcomes are also impressive, especially in cases where the programs were established and negotiated with direct buy-in from building trades unions. In East Palo Alto, the outcomes reflect challenges that the program continues to face, including the unwillingness of trades unions to take ownership over the program's success. In the Oakland and Boston cases, however, where trades unions were directly involved in negotiations over the programs and where they have continued to support their implementation, the outcomes are much better.

Construction outcomes can be achieved through two different sets of requirements and practices. On the one hand, simply requiring a percentage of the workforce on any given construction project to reside in targeted neighborhoods is likely to result in journey-level workers who are already established in construction careers to get work on that project. There are clear benefits to this practice. Those workers may be out of work. Ensuring that they receive opportunities to use their skills and get hired onto a particular project not only gives them and their households income they might otherwise lack, but it can also leverage other benefits: relationships with new contractors who might hire them in the future, and access to additional work hours credits that can improve their standing in the field, among others. Simple percentage requirements, however, are unlikely to do much to create opportunities for new job seekers to get access to construction trades careers. In order to increase the likelihood that unemployed residents of low-income neighborhoods get into good jobs in the trades, construction local hire programs have to require utilization of apprentices on site and ensure that some or all of those apprentices will be residents of low-income neighborhoods.

Table 2 presents program characteristics and outcomes for the construction local hire programs reviewed in this report. Programs tended to be more successful at meeting journey-level workers requirements than new apprenticeship requirements. Nonetheless, these programs were successful in developing new job opportunities, through apprenticeships, for low-income local residents. The scope of the projects varies from a few dozen apprenticeships in Boston to hundreds of new job opportunities at the Port of Oakland modernization. Both approaches are probably needed and in both cases, program advocates developed structures and systems appropriate to the scope and scale of the projects.

² All non-confidential documents — including the text of local hire policy language and outcomes reports — are posted on the Partnership for Working Families website, www.communitybenefits.org. Some of the documentation of outcomes was provided personally to the author and is not available publicly. Contact the author at kmh@communitybenefits.org with questions.

TABLE 1 | Local Hire for Permanent Jobs, Programs and Outcomes

Program	Development	Implementation Period	Outcomes to Date		Anticipated expansion over time	Notes
Hollywood and Highland <i>Development Grant Agreement</i>	260,000 sq. ft. Kodak Theater	2000 - 2001	234.8 jobs filled by local residents; 36% of jobs created in the development		None; program has ended	Policy language did not specify process, only outcomes requirements
East Palo Alto <i>Local Hire Ordinance</i>	All redevelopment projects in the City that receive \$50,000 or more in subsidy	2000 to present	Q1 2007	381 positions; 43% of retail/service jobs in subsidized developments	Moderate	Currently ordinance covers 12 retail and service establishments including a total of 888 jobs; this number has been relatively stable over the last 3 years, but new redevelopment projects are on the horizon
			Q1 2006	368 positions; 41% of retail/service jobs in subsidized developments		
			Q1 – 2 2005	322 positions; 40% of retail/service jobs in subsidized developments		
North Hollywood Commons <i>Community Benefits Agreement</i>	60,000 sq. ft. retail & mixed-use development, including food service, retail and a bank branch	January 2007 to present	42 entry-level jobs and 3 upper-level jobs at Hows Market		Minimal	Policy language does not <i>require</i> participation by all permanent jobs employers; so far only one employer has utilized the system
LA Live <i>Community Benefits Agreement</i>	4 million sq. ft. retail and entertainment district adjacent to the Staples Center; will include Nokia Theater & Nokia Plaza as well as 2 hotels	September 2007 to present	338 workers placed Sept through Dec 2007		Tremendous growth potential	Only fraction of anticipated development has been completed. On the horizon: 6000 hotel jobs, hundreds of jobs at smaller food, entertainment and retail outlets
LAX <i>Community Benefits Agreement</i>	Over 300 vendors and contractors at LAX airport, including service, food & retail workers, baggage handlers; covers all non-construction jobs not covered by collective bargaining agreements	October 2006 to present	Estimated 125 positions filled with local residents to date		Tremendous growth potential	Currently working with 50 employers. Anticipate all 300 coming online over next few years. Program language requires all hiring to first go through first source referral for entry-level and management positions

TABLE 2 | Construction Local Hire Programs and Outcomes

Program	Development	Implementation Period	Jobs Outcomes		Expansion over time	Notes
Hollywood and Highland <i>Development Agreement</i>	Construction of Kodak Theater	2000-2001	19% worker hours completed by local residents; primarily achieved through zip-coding		None (construction complete)	Largely achieved through zip-coding
Port of Oakland <i>Project Labor Agreement</i>	\$1.2 billion planned modernization of Port of Oakland	July 2001 to present	Through September 2007: <ul style="list-style-type: none"> • Total of 3,144,954 hours worked; • 31% worked by local residents; • 12.8% completed by apprentices; • 6.2% completed by <i>local resident</i> apprentices; 		Moderate (construction winding down; agreement set to expire in December 2008)	Broad definition of local impact area, but all accounts suggest made profound progress in getting low-income local residents into construction jobs
East Palo Alto <i>Local Hire Ordinance</i>	All redevelopment projects that receive \$50,000 or more in subsidy	2000 to present	Q1 2007	84 jobs; 23% of construction hires	Medium	Little to no buy-in from construction trades; lacks mechanism to get apprentices into the trades
			Q1 – 2 2006	24 jobs; 6.5% of construction hires		
			Q1 – 2 2005	40 jobs; 5% of construction hires		
Our Schools, Our Future <i>Boston Public Schools Summer school repainting program</i>	Summer school repainting overseen by Boston Public Schools; approx. \$2.5 million in work annually	Summer 2006 and 2007	Outcomes available from Summer 2006: <ul style="list-style-type: none"> • 44 total new apprentices recruited into Painter's apprenticeship program • 13 local resident/low-income apprentices worked on these projects • 30 total apprentices worked on these projects • 51 Boston residents worked on summer repainting 2006 		Minimal	Intention is to institutionalize program in the workforce development system; scope of annual work expected to remain stable for the foreseeable future

IV. Who Benefits? Policy and Legal Issues Involved in Defining What's Local

To make for good policies and outcomes, community benefits coalitions, developers, and elected and appointed officials have to grapple with defining what counts as local.

Community benefits coalitions make demands for local hiring as a way of targeting scarce resources to low-income urban communities. The goal of these local hire programs is not to preference any city resident over any resident from outside the city. Though some elected officials see that option as politically preferable, in fact policies that create hiring preferences for city residents are on shaky ground, legally and programmatically. On the legal side, ordinances and policies that establish hiring preferences must contribute to meeting clearly defined policy goals, for example addressing high rates of unemployment and poverty. City-wide local hire policies rarely meet that test (though among the cases reviewed in this report East Palo Alto's city-wide ordinance does).

On the programmatic side, establishing city-wide hiring preferences fails to target the positive impacts of development in the communities and neighborhoods where they are most desperately needed. Research has shown that new development tends to be less of a force for combating urban inequality than many policymakers might hope. When public subsidies provide the engine for new development, there are strong arguments for ensuring that their deepest impact is in the communities that have been most devastated by decades of disinvestment in urban areas.

The programs reviewed here use a variety of methods of defining the target population meant to benefit from local hire programs. The programs typically identify a "target applicant pool," using one or a combination of the following parameters:

- Workers who lost their jobs and/or neighborhood residents who were displaced as a result of the development;
- Residents living within three miles of the development site;
- Residents of low-income households;³
- Residents of particular census tracts, neighborhoods or zip codes that can be defined as low-income based on census data or other economic indicators, including those that have poverty rates or unemployment rates that exceed the state's rates by a specified amount;
- Residents of the Local Impact Area (applies most directly to development or modernization efforts that may have distinct and measurable negative impacts on the immediate neighborhoods, either as a result of noise or air pollution or other cause).

How local hire programs ultimately define the target applicant pool depends on a process of a negotiation that takes into account both political and programmatic concerns. A narrower definition is likely to have

³ Definitions of low-income also vary. Many advocacy and organizing entities define low income households as having incomes lower than twice the federal poverty rate (expressed as 200% FPL).

a more targeted impact. A broader definition may make it easier for employers and developers to meet the target, but may not actually lift up the workers and neighborhoods whose needs inspired the program in the first place.

The coalitions in this report handled this challenge in a variety of ways. Many of the permanent jobs programs set up tiers of targeted applicant pools, giving higher priority to more narrowly defined neighborhoods where poverty is concentrated but including residents of low-income neighborhoods and



Youth apprentices paint a school in Boston.

households throughout the city in lower priority tiers. East Palo Alto's ordinance applies to the entire city, essentially because of high concentrations of poverty throughout.

The MAPLA, which made huge progress in getting local residents into construction jobs, targeted an extremely broad applicant pool that included the cities of Oakland, Alameda, San Leandro and Emeryville. In practice, the organizations involved in developing the pipeline of low-income workers for new apprenticeships tended to serve low-income communities, and the policy language clearly stated the purpose of the local hiring program: to serve

historically disadvantaged individuals. The Boston Public Schools program, on the other hand, worked directly with local community organizations to recruit low-income youth who were incorporated into apprenticeships repainting schools in the summer.

Good policy language is important. Without a clear, targeted definition, low-income workers and workers of color are unlikely to receive any added benefit. Even with a clear, appropriately targeted definition, success depends on engaging the right communities and community-based organizations, and creating a pipeline of job seekers who are ready and willing to do the work. The rest of this report addresses the question of how to do that.

V. Designing and Implementing Local Hire For Permanent Jobs

A. Creating the Right Mechanism: Structuring First Source Referral Systems

Community-labor coalitions tend to be deeply concerned with ensuring that major development projects – especially those that receive significant public funding – provide job opportunities for low-income residents. Local hire requirements function as a way of ensuring that the resources invested in discrete projects flow to undercapitalized neighborhoods, distributing the benefits of new development more broadly. Typically, community-labor coalitions find themselves advancing demands for local hire requirements in opposition to developers. On the face of it, that opposition seems to stem from fear that the requirements will constrain recruitment of tenant businesses, or that developers will themselves be subject to penalties for non-compliance.

What makes local hiring seem so difficult? The biggest obstacle to hiring local residents is the fragmented nature of the development process. Identifying and realizing job opportunities for low-income people requires cooperation and coordination among multiple players throughout the process, yet the different entities involved in new development play very distinct roles and tend to operate separately from one another.

Local hire requirements function as a way of ensuring that the resources invested in discrete projects flow to undercapitalized neighborhoods, distributing the benefits of new development more broadly.

For many of the programs reviewed here, local hire outcomes were achieved by developing a first source referral system and requiring developers and employers to participate. First source referral systems bridge the communication gaps and connect the different players in the development and hiring processes – to each other, and to the range of organizations and institutions already in place to help low-income job-seekers find work.

Policy language in these programs focuses on key stakeholders' roles in developing and implementing a hiring process that provides low-income people with advance knowledge of job opportunities, access to interview preparation assistance, and early consideration for job openings. Though they prioritize participation in a clearly articulated hiring process, some of these agreements also specify numerical targets, which establish a baseline for presuming employers to be in compliance. Sometimes referred to as a safe harbor provision, these target thresholds establish the minimum local hiring outcome required to shield employers and developers from having to provide documentary evidence of their participation in the first source referral system.

Emphasizing participation in the process rather than simply meeting numerical targets provides many benefits. Numerical targets alone do little to solve the problems in the workforce development system that make it difficult for low-income residents to get jobs, a fact that is well-documented.⁴ Establishing the appropriate numerical target is incredibly challenging. Setting the number too high can set even good developers and willing employers up to fail, and can rob community organizations of the credibility

⁴ See Rubin, Kate and Doug Slater. *Winning Construction Jobs for Local Residents: A User's Guide for Community Organizing Campaigns*. Brennan Center for Justice at NYU School of Law, July 2005, pg. 13; Okagaki, Alan. *Developing a Public Policy Agenda on Jobs*. Center for Community Change, 1997, p. 22-25; Hernandez, Georgiana and Tiana Wertheim. *First in Line: An Evaluation of San Francisco's First Source Hiring Program*. San Francisco Urban Institute and San Francisco State University, August 2004.

they need to get a foot in the door with recalcitrant employers. Setting the number too low yields too few opportunities for local residents in dire need of jobs. Observers are well aware of the propensity for numerical targets to establish a ceiling rather than a floor: job sites where 20% local hire is required might never hire 20% plus one if the number is the focus of the program. Moreover, focusing on numerical outcomes, and then allowing employers to essentially opt-out of the system by incurring a penalty for failing to meet them, provides limited leverage for advancing the needs of low-income job seekers.

Requiring participation in a process alongside numerical targets alleviates some of these problems and helps develop the relationships needed to make local hiring actually happen on the ground. Establishing flexibility around the numerical outcomes but holding developers and employers firmly to a set of actions should yield better opportunities for low-income job-seekers. For example, East Palo Alto's citywide ordinance requires participation in a first source referral system for all subsidized development. Entities that can show they have filled 30% or more of their positions with local residents have met the safe harbor threshold and do not have to submit documentation that they have used the first source referral system. But

Employers who participate have access to a screened, oriented, and sometimes trained pool of job seekers, which minimizes the staff investment employers have to make in their hiring process.

because the system is set up to require maximum utilization of the first source referral system, covered employers regularly recruit 40% of their workers from targeted communities.

At the same time, focus on participation in a first source referral system and on the mechanisms and relationships it establishes can help address the challenges of local hiring. For example, when developers, employers and construction contractors fail to meet established numerical goals but can show conscientious participation in the first source referral process, all stakeholders have access to better information about where problems arose and how they

can be fixed. Further, experience has demonstrated that efforts to enforce local hiring quotas have failed as a result of inadequate communication between community groups and developers and the resulting lack of sufficient follow-up needed to ensure that the hiring process syncs up with the value placed on hiring locally.

Because of this emphasis on building relationships and developing a new hiring process, implementing a first source referral process requires significant investment of coalition staff time. While these programs operate with varying levels of designated staff time, none of them are low-maintenance. Monitoring participation in a process is much more time consuming and labor intensive than monitoring numerical outcomes alone.

For permanent jobs, creating and implementing local hiring programs ensures coordination and communications among key stakeholders in the development and hiring process. In a typical process, these stakeholders may have limited communication. The developer oversees project design and financing, public approvals, architecture and construction, and recruits tenant businesses. Once leases are signed, tenant businesses focus on opening their doors. They may or may not be connected to each other, informally or

formally. They may or may not have any understanding of what commitments the developer has made, nor are they necessarily aware of the community-based organizations operating in the region or the workforce development programs available to their new employees. In preparation for major new hire-ups, tenant businesses often hold job fairs or other major hiring events. In urban areas across the country, thousands of job-seekers sometimes show up at job fairs or initial hiring events when new retailers open their doors. However, if job-seekers do not have good information in advance about the skills requirements, hours and pay of the available jobs, or key aspects of the work, they may wait in line for hours to apply for jobs that they are either not actually interested in or for which they are patently unqualified. These hiring events strain the capacities of new employers' human resources departments, and can create ill-will among the community when only a handful of job-seekers receive employment offers.

Alternatively, local hire programs that include strong first source referral systems can resolve these problems. First source referral systems for permanent jobs benefit employers by streamlining the hiring process. Employers who participate have access to a screened, oriented, and sometimes trained pool of job seekers, which minimizes the staff investment employers have to make in their hiring process. At the same time, low-income workers that are hired through first source referral systems are typically already connected to the workforce development system, which means they have access to whatever job supports – transportation, childcare assistance, job access loans and the like – are available locally. Finally, when employers and developers participate in first source referral systems, they develop ongoing and usually positive relationships with community organizations, unions and advocacy groups which can be a boon on unexpected levels.

Strong policy language sets the stage for a local hire program to be effective. Creating a first source referral system encourages and requires developers and employers to work with each other and to develop new relationships with community-based partners. A good implementation team builds relationships among the different parties and encourages them to find new ways to communicate and work together. Committed, diligent and knowledgeable coordinating staff keep all the parties connected, work to address problems as they arise, and identify key moments when enforcement decisions must be rendered.

For permanent jobs local hire programs to work, the first source referral system must regularly and reliably refer qualified workers to employers with job openings, and employers must make every effort to hire them. The successful first source referral systems reviewed here suggest three elements of program design and implementation are needed to make this happen: strong policy language, an effective implementation team, and a committed, expert, paid staff coordinator. The best programs have all three, but a strong staff coordinator can help make up for deficiencies in other areas.

1. Policy Language

The best programs establish a requirement to participate in the first source referral system, outline its structure and operation, identify clear standards for determining compliance and reporting requirements, and articulate the penalties for non-compliance. All of these elements have their roots in strong policy language.

Responsibilities. Good policy language should clearly describe the responsibilities of each key player. Developers' responsibilities start with informing tenant businesses of their obligation to participate in the first source referral system. Ideally, developers include language referencing the system in lease agreements. They are also typically required to designate a liaison to the first source referral system and commit to helping to problem-solve and facilitate communication between the first source referral system and tenant employers when issues arise. In some cases, community benefits coalitions have also succeeded in negotiating for space on-site for the first source referral program and/or seed money from the developer to help fund the system.

Employers' most basic responsibility is to make every effort to hire workers referred by the first source referral system. Among the activities that demonstrate such effort (further described below) are: timely notification to the system of upcoming job availability, including number and descriptions of the jobs, skills required, hours, salary and benefits; adherence to interview and hire first source referrals for a specified time period; agreement to interview all job seekers identified by the system; good faith effort to hire those candidates; documentation of reasons for failure to hire; designation of a liaison to the system; and filing regular reports that show outcomes.

Structure of the System. Good policy language requires developers and all employers to participate in the first source referral system. The developer and employer liaisons work closely with the system to ensure advance knowledge of upcoming job opportunities. The first source coordinator alerts job-seekers when job opportunities arise, and screens and recruits them to apply for those positions. Employers provide a hiring window during which time they agree not to hire from outside the referral process. Many of these agreements specify a two to three week hiring window in advance of the employer opening their doors, while hiring to address vacancies and turnover observe a three to five day hiring window. At any time, employers can typically interview any applicant, but they commit not to hire anyone from outside the system until the hiring window has elapsed.

Compliance and Enforcement. Policy language should clearly define compliance. Employers should be required to participate in the first source referral system and the hiring process rooted in it, as well as make a good faith effort to hire job seekers referred by the system.

Monitoring and enforcement of compliance can be established by producing documentation showing timely notification of the system when jobs become available, efforts to recruit and interview referrals or target applicants, and reasons for not hiring targeted job seekers. Some agreements also include a numerical goal that functions as a safe harbor provision. This provision enables employers to be deemed in compliance

if they can show that a substantial percentage of hires are from the targeted pool, and allows the employer to circumvent the requirement to provide substantial documentary evidence of adequate participation in the process.

Good policy language requires regular reports to be filed with the first source coordinator, the redevelopment body, or some other appropriate local government entity. Reporting requirements may be quarterly or semi-annually (twice a year), and should include total number of jobs, number of hires from the target applicant pool, explanation for any low numbers of hires, and any anticipated changes in the number and types of jobs available in future reporting periods. Ideally, much of this information is already available on an informal basis as a result of ongoing collaboration between developers, employers and the first source referral system, but regular reporting ensures that the system can make any necessary adjustments and establishes an authoritative basis for making longer-term evaluations of outcomes. Quarterly and semi-annual reporting requirements can also trigger heightened monitoring and efforts to increase compliance.

Penalties for Non-Compliance. Penalties for non-compliance are essential, but ideally problems with compliance are detected and remedied long before penalties are incurred. The threat of incurring a penalty can create external incentives that bring developers and employers to the table, but in order for local residents to get value from development projects, job opportunities have to come to fruition. The best outcome is for all parties to collaborate to make the system work, so that more low-income people get jobs. In the experiences reviewed for this report, collaboration over time created trust among key stakeholders and enabled the implementation team to identify and address most compliance problems before they became intractable. Pursuing a penalty for non-compliance is sometimes necessary, but it is better to actually get residents of low-income neighborhoods hired into jobs. Nonetheless, outlining clear penalties may be essential to get parties to the table in the first place, and in one particular case – East Palo Alto – levying penalties has seemed necessary at times to make developers and employers take the program requirements seriously.

The nature of the penalty depends, in part, on the vehicle in which the first source referral system is articulated. For example, community benefits agreements establish contractual relationships between developers and community/labor coalitions, which may establish standing for coalitions to seek injunctive relief in case of non-compliance. Injunctive relief means that a court would order developers and employers to fix problems identified in case of legal action as a result of non-compliance. To date, none of the CBAs highlighted in this report have experienced compliance problems significant enough to merit legal action.

Alternatively, East Palo Alto's ordinance gives the City authority to send non-compliance matters to binding arbitration, pursue legal action, withhold funds, suspend occupancy permits and/or declare the entity ineligible for future public works contracts or redevelopment projects. Further, the East Palo Alto ordinance specifies liquidated damages for noncompliance, and directs that any damages collected be used for job training for local residents.

Further, programs that are created or ratified in development agreements would hypothetically have access to another level of penalty levied by the development authority. Those penalties might include repaying any public subsidy with interest and/or debarring the developer from seeking subsidy or public approval for future redevelopment projects. Alternatively, local government could withhold approval or suspend occupancy permits for permanent jobs employers if progress toward local hire outcomes is insufficient.

2. Building and Sustaining an Implementation Team

Building a strong implementation team is critical to breaking down the communication barriers and fragmented systems that make it harder for low-income and un- and under-employed residents to find jobs. The implementation team, led by the designated first source coordinator, facilitates communication

between the developer, employers, community residents, and workforce development professionals.

The implementation team should include a designated coordinating agency, a network of community-based and neighborhood organizations with experience working directly with low-income job-seekers, and representatives from the workforce development system.

The implementation team should include a designated coordinating agency, a network of community-based and neighborhood organizations with experience working directly with low-income job-seekers, and representatives from the workforce development system. The designated coordinator can come from any one of a variety of sectors – community organizations, city government, technical or vocational colleges, or even the local workforce development board. The key is for the agency to have the capacity to carry out ongoing coordination, liaise with developers and employers, and convene the implementation team as needed to create a pipeline of workers.

Community-based partners are critical both for understanding how to make jobs accessible to un- and under-employed workers and for developing effective recruitment strategies. With good information about the nature of available jobs, community-based organizations can recruit job seekers and create a pool of prospective workers.

Having workforce development agencies at the table facilitates connecting job seekers to existing resources designed to help them become job ready, as well as support services they may need to get and keep a job. Job readiness programs include resume preparation, interview skills development and other soft skills. Support services include transportation, childcare assistance, and help acquiring a professional wardrobe or tools and the like. Moreover, organizations that specialize in job training have the opportunity to work with employers directly to create short- or long-term customized training programs to instill in job-seekers desired skills.

Finally, workers have the chance to evaluate employment opportunities before they invest time waiting in line at a job fair or major hiring event. Ongoing collaboration among these groups builds stronger relationships, helps develop trust and clarifies each group's self-interest, all of which facilitates timely and strategic problem solving.

Members of the implementation team work together to create a pipeline that can ensure regular supply of workers for the jobs. Steps in the process include:

- **Recruiting** un- and under-employed workers who might be interested in anticipated job openings.
- **Developing and delivering orientation** to the jobs including clear explanation of the nature of the jobs available, schedules, work hours, the nature of the work, expected pay and benefits. Screening ensures that workers indicate interest in these specific jobs before they enter into the hiring process.
- **Developing and delivering training** appropriate to the anticipated job openings. Training can include specific job skills like customer service training, or computer skills required for bank and office jobs, or soft skills like interview preparation and workplace orientation. Ensuring that job applicants have basic skills required to compete for and fill job openings is essential, not only to establish the credibility of the first source system with employers, but also to respect the time investment of job seekers.
- **Referring workers to employers and creating a hiring process** that gives first source referrals early opportunity to apply for and get jobs. The hiring process could be a job fair or other hiring event, but referrals' applications should be indicated as such and referred applicants should be evaluated first.
- **Following up** with employers and job-seekers to get good information on which job-seekers got hired and why, what complaints employers have about the system and what concerns job-seekers have about the system or the worksite. Follow up is essential not only to address kinks in the first source system, but to keep employers at the table, to support workers who do get hired, and to help workers who do not get hired to improve their applications or better target future job openings.

3. Staffing

There is no way to operate an effective first source referral system without a strong staff coordinator. Dedicated, expert and committed staff who are assigned to coordinate and troubleshoot local hire efforts can help maximize the gains made by good policy language and a strong implementation team, and can offset deficiencies in either of these areas. Coordinating staff needs to have substantial time to establish good communication throughout the network, liaise with all stakeholders, identify and evaluate outcomes, and make prompt decisions around enforcement when outcomes disappoint.

Good staff buy into the value of the program and prioritize problem solving over penalties. As bumps in the road arise, staff coordinators need to recognize that getting low income local residents into jobs is the highest priority. While penalties may be necessary, levying penalties does not in and of itself get job-seekers hired. Developing relationships and helping to address the barriers that can make local hire programs work has to be job one for staff coordinators.

Designated staff can be housed in any of a wide variety of institutions. The case studies in this report include staff who are based institutionally in a technical college, a community-based organization, a city redevelopment authority, and airport and ports administrative offices, as well as a private job development consultant. There are advantages and disadvantages to any of these choices: for example, community-based organizations generally have deeper connections to the neighborhoods from which they recruit job seekers, and a better understanding of the service needs of unemployed workers, while city and ports administrative staff may have more resources and stronger enforcement powers. Nonetheless, the key is to designate a staff coordinator whose personal and institutional allegiances support the development and effectiveness of the first source system.

B. Case Studies

Hollywood and Highland

Hollywood and Highland	Permanent Jobs Component
Policy Vehicle	Development Agreement
Development	Construction & permanent jobs associated with development of the Kodak Theater in L.A.'s Hollywood and Highland Complex
Implementation Period	2000–2001
Jobs Outcomes	234.8 jobs filled by local residents; 36% of jobs created in the development
Potential for Growth	None Development is complete and program has concluded

Implementation of the local hire requirements attached to the Hollywood and Highland redevelopment demonstrates the importance of a strong implementation process, and the way a strong implementation coordinator can enhance the program to provide unexpected benefits.

Policy language associated with this project was actually quite limited. As part of the public subsidy package allocated to TrizecHahn (the developer), Los Angeles' Community Redevelopment Agency (CRA) provided \$4.25 million in federal funds allocated by the U.S. Department of Housing and Urban Development (HUD) through the Urban Development Action Grant program (UDAG). A 2002 agreement codifies TrizecHahn's responsibilities with respect to that allocation, and includes a requirement to "use best efforts to cause three hundred and twenty-three (323) full-time equivalent employment opportunities relating to the Theater to be created. Developer further agrees to use best efforts to assure that one hundred and sixty-five (165) of the jobs will be available to Low and Moderate Income persons as such term is defined in Section 570.3 of 24 C.F.R. Part 570. The Developer shall use best efforts to achieve the job generation goal within thirty-six (36) months following the date of the Grant Agreement."⁵

⁵ "Agreement re: Urban Development Action Grant," entered into between Community Redevelopment Agency of the City of Los Angeles and TrizecHahn Hollywood LLC, January 30, 2002.

Aside from a clear reporting requirement, the language of the agreement establishes no process-based requirements that would lay out the steps necessary to achieve substantial local hire. Nonetheless, Jean Marie Hance, a private consultant with many years' experience working in planning and workforce development arenas, took on the challenge of working with the developer, the tenant businesses and community agencies to create a process to recruit and hire local residents. She convened an implementation team that included workforce centers, community-based organizations, and the tenant businesses. Community-based organizations recruited job seekers; workforce centers did initial pre-screening and identified workers for the jobs, and then referred those workers to employers.

Through Ms. Hance's efforts, TrizecHahn succeeded in creating a total of 655.8 full-time equivalent positions, with 234.8 filled by low and moderate income (LMI) workers.⁶ Ultimately, Hance and TrizecHahn created more total job opportunities for LMI workers, even though the percentage of total jobs created – 35.7% – was lower than the 51% required by the agreement.

Pre-screening and orientation was critical to making the project a success. Many organizations were already trying to refer job-seekers to job openings, but there was little emphasis on real pre-screening that would ensure that job seekers fit the positions available. "I learned at Hollywood and Highland," Hance said, "that there are some organizations who get money based on placement. The people that work for them are under pressure to match people to jobs, so they just send large numbers of people instead of screening. The employer looks at them and says these are not professional candidates. You are sending me 20 people I don't need instead of three people that meet the criteria I gave you. You get what you pay for – if you are going to have to take [employers'] time to use a local job training agency, you have to understand what it takes to run a business and provide them with appropriate candidates."⁷ Too often, she concluded, community-based organizations and retailers do not understand each other and do not respond well to each others' needs. The program she put into place created mechanisms for documenting employers' needs and ensuring that community based organizations could anticipate and respond to those needs.

Hance worked with tenant businesses throughout the project to maximize opportunities for low-income local residents to get employed. Though the UDAG agreement specifically attached to jobs at the Kodak Theater, Hance went beyond the theater, seeking other ways to help LMI workers get jobs at the site. She organized a job fair for retailers, a hotel that was being renovated in conjunction with the development, and a movie theater, as well as the Kodak Theater. She noted, "I got huge appreciation from retailers when we did the job fair because many were just opening up their stores. People were flying in and didn't know what sort of applicants they would get. We worked very closely with local job training agencies to ensure that our candidates got in line for those retailers and were prepared through pre-interviews and training to get the jobs."⁸ Over 4000 applicants attended, competing for only a few hundred available positions. She also worked with the human resources department of the Hollywood Renaissance Hotel to increase job opportunities available there.

⁶ Kodak Theater Job Creation Summary; provided by Jean Marie Hance.

⁷ Interview with Jean Marie Hance, October 4, 2007.

⁸ Interview with Jean Marie Hance, October 4, 2007.

The Hollywood and Highland local hire experience attests to how these programs can provide a starting point for building career ladders in service and retail industries, and ultimately create an amenity for employers. Hance's local hire efforts included a training program that helped workers advance into management positions, demonstrating that good local hire programs can help entry-level workers move into better jobs that pay more and offer a better benefits package. After holding a job fair for retailers, Hance organized a customer service and sales training, with the goal of helping employees get promotions at their current place of employment. She felt this program offered benefits across the board. "Retailers thought this was a great benefit. They got free training for their employees and an investment in local people to do their job better at a local place."⁹

The ultimate benefit to employers cannot be underestimated. Though many were reluctant to participate initially, employers in several of these case studies came to see the system as an advantage to them as they worked to scale up a new operation.

East Palo Alto's First Source Hiring Ordinance

East Palo Alto First Source Hiring Ordinance		Permanent Jobs Component
Policy Vehicle	Ordinance	
Development	All redevelopment projects that receive \$50,000 or more in subsidy	
Implementation Period	2000 – present	
Jobs Outcomes	381 jobs	
Q1 2007	43% of retail/service jobs in subsidized developments	
Potential for Growth	Moderate Outcomes have been stable over last three years but new development projects underway now will add to the total number of covered jobs.	

Development projects subject to a local hire requirement under East Palo Alto's first source hire ordinance have consistently met or exceeded the 30% safe harbor threshold. In the first half of 2007, over 360 jobs were filled by low or moderate income East Palo Alto residents as a result of efforts associated with the ordinance.¹⁰ East Palo Alto's experience attests to the successful combination of strong policy language that clearly lays out the steps an employer would take to honestly attempt to hire local residents, and a strong staff coordinator who marshals all the resources at her disposal to encourage and require compliance.

East Palo Alto city leaders passed the ordinance in 2000 to recapture the value of investment in new economic development, basing the ordinance on successful case-by-case local hire efforts that had first been incorporated in redevelopment projects in 1996. The ordinance covers the activities of East Palo Alto's redevelopment agency and requires any development projects receiving a subsidy of \$50,000 or more to participate in a first source referral system. Concern over high un- and under-employment rates

⁹ Interview with Jean Marie Hance, October 4, 2007.

¹⁰ Marie McKenzie and Carlos Martinez. "First Source Hiring and Local Business Enterprise Report." Submitted to the Honorable Mayor and Council Members of the City of East Palo Alto, August 17, 2006.

in East Palo Alto and rising land values fuelled passage of the ordinance, which lays out first source hire requirements for both construction and permanent jobs. Both developers and end-use employers are required to participate in the first source program, with a compliance threshold of filling 30% of available jobs with residents of East Palo Alto. The ordinance requires employers to engage fully in the first source referral system by alerting the Redevelopment Agency of upcoming job openings, hiring only from the local resident pool during the first six weeks of initial hire-up and first ten days of hiring for ongoing positions, and filing quarterly reports.

By the end of June 2006, Four Seasons had hired 287 workers, 63 of them local residents, for a total of 22% local hire.

Marie McKenzie, Redevelopment Project Manager, oversees implementation of the ordinance. She estimates that she spends 10% of her time on activities associated with the ordinance, but her efforts are clearly integral to its effectiveness.

In part because the ordinance requires ongoing efforts to address the hiring needs of a broad range of employers, McKenzie does not convene an implementation team on a regular basis. Instead, she conducts direct worker recruitment through a database maintained by the city, and organizes ad hoc orientation and training sessions as major development projects come on-line.

Review of staff reports shows that the permanent jobs program regularly fills more than 30% of new job openings with local residents. In the second quarter of 2007, almost 42% of permanent jobs were filled by local residents, for a total of 364 positions. Some individual employers fall short of the 30% threshold for presumed compliance, but the system as a whole has regularly boasted outcomes near 40%.

In 2005 and 2006, McKenzie's efforts focused on recruiting and referring workers for the opening of the new Four Seasons Hotel development, among others. As she typically does with new development projects, McKenzie met early and often with Four Seasons' management team to orient them to the first source referral requirements and ensure they understood the seriousness with which the city approaches this requirement. The Four Seasons expected to hire 300 staff. If they met the requirements articulated in the city's ordinance, at least 90 of those positions would go to residents of East Palo Alto. McKenzie's office recruited over 1400 residents to participate in the initial hiring event for the Four Seasons. The city provided space for a job fair, and Four Seasons agreed that for the first three days of the job fair, they would hire only local residents. McKenzie conducted extensive outreach, posting flyers and banners, mailing to her worker database, and contacting workers who lost their jobs when Ricky's Hyatt, which had filled 41% of its jobs with local residents, closed in June 2005.

By the end of June 2006, Four Seasons had hired 287 workers, 63 of them local residents, for a total of 22% local hire. When IKEA opened the year before, East Palo Alto residents comprised 130 of their 350 employees, for a total of 37%. McKenzie felt that one reason Four Seasons achieved a lower local hire percentage was that its upscale nature is out of sync with the realities of many workers who live in East Palo Alto. Workers with experience in high-end customer service were able to succeed in that environment, she believed, while

workers who were new to hotel work or working in their first job had more difficulty.¹¹ Though the local hire requirements pertain only to subsidized redevelopment projects within East Palo Alto, McKenzie also worked to connect 61 aspiring hotel workers to job opportunities at other hotels in the region.¹²

What makes East Palo Alto's program so effective? Part of the answer is strong enforcement language, which authorizes McKenzie to shut down construction sites and revoke or suspend occupancy permits for violation of the local hire ordinance. Another key component is McKenzie's dogged determination to see the program succeed by emphasizing compliance up front when a new development is first planned, and invoking enforcement powers as needed. She meets with new managers before their operations commence. Over the course of a one-hour orientation to the program, she highlights the requirements of first source participation. "I make it clear that this is the policy. It is not their Human Resources department's problem. It is the top manager's job to know the policy. When out hiring people," McKenzie tells them, "make sure your team is ready to meet these requirements."¹³

McKenzie is dismissive of employers who claim that it is too difficult to comply, or that they should be able to negotiate local hire participation on a case-by-case basis. "At the time of you making the decision that you want to come here, you will know that it is 30% that is expected. It is not 10%. It can't be negotiated," she explains. "That is it, and that's not all. That is the minimum you will do [for] community benefit."¹⁴

McKenzie's personal commitment to the program is clear. When asked why the City is so committed to this policy, she gave an eloquent explanation. "We are committed because of the level of unemployment in our city," she said. "It is a cancer. The situation is so difficult for us. If we didn't have this in place in 2007, I am sad to say [local hiring] would not happen. It just would not happen. It never dawns on the retailer or person coming into a redevelopment area. ... We have a behemoth 297,000 square foot IKEA and we don't have grocery stores, stop signs, after school programs. We don't have parks. We are just trudging away building regional power centers and community members say, 'I don't shop there. We gave up 14 acres for a giant regional power center that doesn't serve me at all.' If you want things to continue to move forward in terms of our city staying alive, residents need to get supported to get jobs, training and education. If first source wasn't in place none of that would happen."¹⁵

McKenzie has worked to maximize her enforcement powers, even shutting down job sites and threatening to revoke occupancy permits in an effort to deepen compliance. She believes a city ordinance is the most effective vehicle for creating enforcement powers, because a non-profit organization will never have the same ability to force compliance when employers are reluctant. "Enforcement is harder when it is a non-profit. It works really well when a City employee comes to the site and says 'There are no local workers and you're not even trying to do it, not even showing good faith effort.' I can say, 'I'm going to pick a day this week when you will be shut down and we will work on why you are not able to pull together the first source hiring program.' When it is in really crucial phases it really needs to be a city person."

¹¹ Interview with Marie McKenzie, September 7, 2007.

¹² Marie McKenzie and Carlos Martinez, August 17, 2006.

¹³ Interview, Marie McKenzie, September 7, 2007.

¹⁴ Interview, Marie McKenzie, September 7, 2007.

¹⁵ Interview, Marie McKenzie, September 7, 2007.

North Hollywood Commons

North Hollywood Commons		Permanent Jobs
Policy Vehicle	Community Benefits Agreement	
Development	60,000 sq. ft. retail & mixed-use development, including food service, retail and a bank branch	
Implementation Period	January 2007 to present	
Jobs Outcomes	42 entry-level jobs and 3 upper-level jobs at Hows Market	
Potential for Growth	Minimal Policy language does not require participation in the first source referral system and thus far only one employer has taken advantage.	

The first source referral system developed for the NoHo Commons project in Los Angeles was implemented through the job training division of LA Valley College (LAVC). Staff at the college had been involved in the community benefits campaign around the NoHo Commons project. Their strong investment in generating local hire outcomes combined with a large body of expertise in developing short-term customized job training made them an obvious choice to coordinate and convene the implementation team. The experience of this first source referral program demonstrates the value to employers of having access to job training resources that might otherwise go unused. At the same time, the policy language that governs participation in this program does not establish mandatory participation for all permanent jobs employers. Not surprisingly, employer participation is limited, a fact that attests to the importance of using both carrots and sticks to get employers to the table.

The NoHo Commons redevelopment plan, which got the green light after a community benefits agreement was signed in 2001, consisted of significant housing, retail and office space to be constructed above a transit station. Though the project underwent some delays as the broad project plan was shaped into specific phases of construction and development, ultimately permanent job opportunities emerged as grocery, food service, retail and banking outlets opened on the site.

The LA Valley College's Job Training Program assumed responsibility for developing and implementing the first source referral program. As with other programs detailed in this report, LAVC's director, Lenny Ciufro, convened a broad based implementation team that included five worksource centers in the San Fernando Valley as well as neighborhood and community organizations. Additionally, LAVC won a \$600,000 grant from HUD to provide customized job training and operate the first source system. The Los Angeles Alliance for a New Economy (LAANE) submitted a letter of support for the project, and believes that one of the reasons for the grant award was the assurance that training would lead directly to good jobs being created in the development.¹⁶

¹⁶ Email communication, Roxana Tynan, April 1, 2008.

As is typical with development projects of this scale, the master developer modified the project over time in response to challenges that arose after the project was approved. Among those challenges was the loss of the anchor tenant. But over the course of the community benefits negotiations, the developer worked closely with coalition partners, including LAANE and the United Food and Commercial Workers. Those entities helped the developer recruit a new anchor tenant: Hows Market, an upscale grocery store chain.

Two years before the store opened, Ciufro began working with the owners of Hows Market to create a customized job training program that would prepare workers for customer service jobs. Hows management provided job descriptions, minimum required qualifications, the rate of pay and anticipated work schedules. Using that information, LAVC Job Training worked with community organizations and worksorce centers to recruit 120 workers who came to a one-day orientation interview. Ciufro explained, “What you don’t want is for someone to come to the job interview and say, ‘Oh, this is a grocery store?’ We prepare them for the interview, explain the rate of pay, the nature of the jobs, the schedule they might work, etc.” Ciufro estimates that 70 of these job-seekers were invited to enroll in a two-week, full-time, unpaid customized job training program. Ultimately, 45 graduates of the program got jobs during Hows’ initial hire-up, most in entry-level positions, but also including the floral manager and two meat and seafood employees.¹⁷

Eva Clayton, who works at the Van Nuys Worksource center, said this local hire project was one of the best programs in which she has participated.¹⁸ As part of the implementation team convened by Ciufro, Clayton recruited workers and then oversaw some of the pre-screening and orientation process. Eleven of the workers Clayton recruited into the training program were hired, and four of them were subsequently promoted to managerial positions.¹⁹

In a September 2007 interview, Ciufro credited the community benefits negotiating process with helping him forge necessary relationships with Hows market. He explained that without community benefits coalition partners, who had established relationships with the developer, it was unlikely he would have found employers willing to work with him. Initially, he said, “Hows was totally skeptical. We told them what we do. We invited them to come watch. But if it comes from me, it looks like I’m promoting myself. If the connection to our program comes from the developer, or from a coalition partner, then it is a referral from someone you already believe in and that’s stronger than if I’m promoting myself.”²⁰ Despite this initial skepticism, Ciufro pointed out, every one of the principal owners of Hows Market came to the graduation ceremony, and offered jobs to 45 workers from the program.

Nonetheless, Ciufro lamented, other employers at the development have yet to take advantage of the first source program. Part of the problem may stem from the policy language in the community benefits agreement, which establishes the first source system but says only that employers may participate, not that they are required to participate. As a result, Ciufro’s job is harder as he has to convince each employer individually to participate in the system. Roxana Tynan, LAANE’s Deputy Director, concurred that more work was needed to ensure other employers participated in the system LAVC established.²¹

¹⁷ Shelly Garcia. “Colleges’ Program Boosts New Market.” San Fernando Valley Business Journal May 28, 2007. Available on the web at http://www.lavc.edu/jobtraining/newsbusinessjournal5_28.htm

¹⁸ Interview with Eva Clayton, September 13, 2007.

¹⁹ These workers were a subset of the total 45 reported above, not in addition to those 45.

²⁰ Interview with Lenny Ciufro, September 6, 2007.

²¹ Email communication with Roxana Tynan, August 31, 2007.

LA Sports and Entertainment District

LA Live	Permanent Jobs
Policy Vehicle	Community Benefits Agreement
Development	4 million sq. ft. retail and entertainment district adjacent to the Staples Center; will include Nokia Theater & Nokia Plaza as well as 2 hotels
Implementation Period	September 2007 to present
Jobs Outcomes	338 workers placed Sept through Dec 2007
Potential for Growth	Tremendous Only fraction of anticipated development has been completed. On the horizon: 6000 hotel jobs, hundreds of jobs at smaller food, entertainment and retail outlets

While the Valley Jobs Coalition was working toward community benefits at NoHo, another coalition across town waged a campaign for community benefits for the LA Sports and Entertainment District adjacent to the Staples Center. The Figueroa Corridor Coalition for Economic Justice, led by Strategic Actions for a Just Economy (SAJE), won a community benefits agreement in 2001 that included, among other things, mandatory participation in a first source referral system for employers in the anticipated 4 million square feet of entertainment, hotel, service and retail development. Developers of the Staples Center itself had already agreed to a local hire and living wage agreement when that complex was built. Additionally, the terms of another agreement required the developer to pay construction workers prevailing wages.

Implementation of the community benefits agreement for the Sports and Entertainment District showcases how strong first source referral policy language, an effective and broad-based implementation team, and a strong staff coordinator together can get real results. The story of this first source referral program sheds light on some of the issues that can arise around job quality, and shows that relationships developed to help build an effective first source referral system can also provide a channel for communication around improving job quality.

Though the developer, AEG, and the Figueroa Coalition signed the community benefits agreement in 2001, AEG did not break ground on the project until late in 2006. Language in the CBA requires participation in a first source referral system, itemizes the developer's, employers' and referral system's responsibilities, and establishes a bold safe harbor threshold of 50%. Employers that do not fill 50% of available jobs in any six month period with workers from the targeted applicant pool can still be deemed in compliance as long as they document their efforts to hire local residents.

SAJE took on the task of developing the hiring infrastructure and coordinating the implementation team. A dedicated staff person at SAJE, Samantha Quintero, convened the Figueroa Corridor Jobs Committee that included local community-based organizations as well as the area workforce development agency, and developed a plan for recruitment, orientation and screening. When AEG held its first job fair in September

2007, over 3000 job-seekers showed up to apply for 600 job openings. Approximately 200 of those applicants had been recruited through the first source referral system and were given a fast-pass at the job fair that enabled them to bypass the lengthy lines. Subsequently, managers of the Nokia Theater requested help filling another 150 positions, and SAJE worked to refer additional job-seekers.

SAJE also oversees the local hire program negotiated for the staffing of the Staples Center itself. Though the two local hire programs were negotiated at different times and through separate initiatives, SAJE implements them as one program. From the first hiring event in September 2007 through December 2007, SAJE placed 338 local workers at the Staples Center and the Nokia Theater, largely in events-related positions including ticket-takers, concessions workers and ushers.²²

Quintero believes the collaborative aspect of the project has been its greatest asset. “It was great that SAJE was able to implement the project,” Quintero said. “But to get the number of folks needed we had to dig deep into the community. Each organization referred people so we had a real community feel and that’s what it should be. It shouldn’t be just one organization. We have regular meetings, talk about strategies – what might work for one base might not work for another.”²³ SAJE plans to continue operating the first source program as additional waves of hiring come to fruition. The Sports and Entertainment District promises many more job opportunities for local workers. Quintero characterized this first effort as a good test run of how to set up processes for the future.

Quintero also expressed some concern about the hiring requirements, and the nature of the jobs offered. She explained that the better paying positions required a high school diploma, which rendered some of their referrals ineligible to apply. One of the organizations on the implementation team works with emancipated youth and youth aging out of foster care. Some of these youth do not have high school diplomas but it is essential for them to have an income. On the other hand, many of the employers required strict background checks and rejected applicants based on criminal records or bad credit. Many job seekers have bad credit, in part because of lack of financial literacy. For some of the local residents served by SAJE, these requirements proved prohibitive. Additionally, Quintero noted that many of the jobs available in the corridor were almost full time, but at 33 – 34 hours per week, did not meet the threshold required for workers to get benefits. Further, she felt that sometimes it was difficult to sell local residents on the value of the jobs, because the job descriptions emphasized the events-driven nature of the work. Job seekers might not see the potential for a career path, though she felt the jobs offered decent wages, ranging from \$10.86 to \$13.85/hour.²⁴

Finally, Quintero expressed confidence about the Jobs Committee’s ability to maintain the first source referral system. “So far the partnership has been really positive,” she said. “In a sense this is a test for them [employers] to measure our capacity and what we’re able to produce. We did a really good job and presented very strong candidates. In the future we will be able to define the system in a way so that they don’t have

²² Email communication, Samantha Quintero, April 1, 2008.

²³ Interview with Samantha Quintero, September 18, 2007.

²⁴ The community benefits agreement includes a clause that requires the developer to make reasonable efforts to maximize the number of living wage jobs in the project, with a goal of 70% of the jobs paying a living wage. In 2008, Los Angeles’ living wage was defined as \$7.72/hour with health insurance or \$8.97/hour without health insurance.

to do so much mass outreach. They said our worksource center candidates were really strong and presented themselves really well. They have been open and receptive to criticism and suggestions of how to find more effective measures for day-of events and hiring processes.”²⁵

Quintero felt that the early hiring experiences were helping to build trust with human resources departments, so that they might rethink hiring requirements, particularly with respect to the high school diploma requirement.

With two hotels opening up in the next two years and a myriad of smaller food, entertainment and retail outlets anticipated, there should be many more opportunities for SAJE to hone its first source referral system. At least 6000 jobs will be made available by the hotels alone. SAJE is well positioned to ensure that local residents have opportunities to benefit.

Los Angeles International Airport (LAX)

LAX Airport Modernization		Permanent Jobs
Policy Vehicle	Community Benefits Agreement	
Development	Over 300 vendors and contractors at LAX airport, including service, retail, food, baggage handlers; all non-construction jobs	
Implementation Period	October 2006 – present	
Jobs Outcomes	Approximately 125 positions filled Approximately 50 employers currently participating	
Potential for Growth	Tremendous Currently working with 50 employers. Anticipate all 300 coming online over next few years. Program language requires all hiring to first go through first source referral for entry-level as well as management positions	

Program staff estimate that 125 positions at LAX have been filled by local residents since October 2006, when the Federal Aviation Administration green lighted the first source hiring program established as part of a community benefits agreement that governs LAX modernization.²⁶ Los Angeles World Airports (LAWA) signed the community benefits agreement in December 2004 to address economic and quality of life issues related to the planned \$11 billion modernization of LAX. The CBA addresses a wide variety of issues, including environmental and health hazards associated with planes and vehicles operating on the tarmac, and noise pollution, as well as job training funds for airport and aviation jobs, and a local hire program to give priority for jobs at LAX to local residents and low-income and special-needs individuals.

The process of establishing an effective first source program for LAX speaks to the potential to scale up these programs. The first source hiring program at LAX has already engaged almost 50 different employers at the airport, with the goal of bringing all 300 airport contractors and vendors into the system

²⁵ Interview with Samantha Quintero, September 18, 2007.

²⁶ Interview with Joyce Sloss, March 6, 2008.

as existing leases and contracts come up for renewal. Hundreds of jobs are at stake, including entry-level and management-level positions. Additionally, the story of the LAX program provides insight into the challenges of developing first source for ongoing business operations rather than new development. Finally, the particular complexities of airport employment demonstrate how these systems can provide a distinct amenity to employers, a theme that runs throughout this report.

The LAX first source hiring program covers hiring for all airport jobs, excluding construction, that are not otherwise covered by a collective bargaining agreement, including vendors, contractors, baggage handlers and other jobs on the tarmac. The agreement requires that hiring for all jobs be first vetted through the first source referral system, which is charged with referring qualified low-income job-seekers. Employers

commit to hiring only members of the target applicant pool for first two weeks of initial hiring events, and to provide a five-day advance hiring window for targeted applicants for any hiring after the commencement of operations. The CBA further requires LAWA to allocate \$300,000 annually for staffing and operations of the system, which it oversees. According to LAWA staff, the local hire program is gearing up to serve employers' needs not only for entry-level applicants, but also to fill management positions at the airport.²⁷

In order to be effective, the first source system has to engage employers throughout the airport. According to the terms of the CBA, a requirement to participate in the program must be included in any new contracts and leases, and inserted into all existing contracts and leases as they come up for renewal. But inserting new legal language into those agreements does not, on its own, engage employers in the program.²⁸

One of the biggest challenges has been dealing with the large number of vendors, and making sure that the airport authority conducts outreach so vendors know what they are required to do.

Getting to scale requires growth on several levels. The first source office has worked to develop a pipeline of workers, engaging worksorce centers and community organizations in recruitment and creating strong pre-screening and orientation programs that can help them target applicants to jobs for which they are likely to qualify and in which they are interested. At the same time, LAWA's staff have conducted extensive outreach to airport employers both to educate them about the system and participation requirements and to get better information on employers' needs, the types of jobs they offer and the basic qualifications applicants need.

Flor Barajas-Tena, a staff member at LAANE, tracks the implementation of the CBA for the community benefits coalition that negotiated it. She explained the challenge of ensuring that contractors understand their obligations to the system. "It is a big challenge to tackle all of the different contracts affected by the CBA," she said. "We expect that the contractors themselves will not pay close attention to the language. Hardly any contractor will pay attention unless you make an effort to educate them. If it is a new lease, maybe, but if it is a renewal, they are assuming the language is the same and won't necessarily pay attention to the local hire requirement. One of the biggest challenges has been dealing with the large number of vendors, and making sure that the airport authority conducts outreach so vendors know what they are required to do."²⁹

²⁷ Interview with Joyce Sloss, March 6, 2008.

²⁸ Interview with Joyce Sloss and Clarence Espinoza, March 6, 2008.

²⁹ Interview with Flor Barajas-Tena, September 13, 2007.

LAWA staff have worked to develop relationships with existing organizations that can help create a pipeline of job seekers. They seek information on available jobs, then work with worksorce centers, community organizations, faith-based organizations and employment development departments to recruit job-seekers. They also work directly with those organizations to ensure that they understand the unique needs of airport employers and can refer appropriate job-seekers to the first source system. They also serve job-seekers who come into the office without first being screened by another organization.

In the case of airport employment, outreach and pre-screening are particularly important. As Clarence Espinoza, First Source Hiring Manager at LAWA, explained, working at the airport, even in retail and service positions, is not like working at a mall. “You have to park in the next zip code and take a shuttle in, go through the security process, and still have time to get to work on time. In theory that could be an extra hour before your job actually starts. There is also the possibility of working second or third shift rather than regular nine to five. The last flight comes in and leaves at 2 am. The airport is open 24/7. This is a non-traditional working environment.”³⁰ Additionally, airport employees have to pass federally-mandated background and screening and receive security clearance to work at the airport. By screening to identify potential employees that can handle the additional complexity of airport jobs, and who are able to pass the rigorous security clearance process, the first source program provides a clear amenity to airport employers.

LAWA staff are currently overseeing two major projects to improve implementation of the system. First, the office has designed a survey that will be sent out to all employers, soliciting information on the types of jobs they typically have available, the basic qualifications they seek, and how they typically recruit job-seekers. The survey will enable the LAWA office to improve its screening and recruitment processes, while also helping increase the profile of the program among airport employers. Second, the office seeks to develop a database and tracking system that will facilitate the hiring process and allow the office to collect data on hiring and retention.

LAWA staff consciously endeavor to promote the program as an amenity to airport employers. Joyce Sloss, director of the first source program, explained that the office has been able to recruit employers to work the system even before their contract renewals mandate it, because the benefits are so clear. “Once companies see what we do, and see the benefit,” she said, “they are willing to work with us. We meet with initial resistance because they don’t understand. They see the legal language and think it is a hassle. Sometimes their lawyers get concerned. But once we have an opportunity to talk with them, we explain how this is a win-win for them and for the community, then they actually start seeing decent candidates coming their way. It is easier for them than other ways they might recruit workers. We do our best to get as good of candidates as possible for the positions. Because we have conducted outreach and developed the program in that way, we are now starting to get requests for applicants for management positions.”³¹

Espinoza elaborated on the benefits to employers, reflecting on how the question of *badgeability* – a job applicant’s potential to pass the security clearance process – creates hurdles for employers that need to fill vacant positions immediately. “We explain to folks,” he said, “that your HR manager is going to go

³⁰ Interview with Clarence Espinoza, March 6, 2008.

³¹ Interview with Joyce Sloss, March 6, 2008.

through 50 resumes to get one person who can do the job and be badgeable. If we can cut that down from 50 resumes to ten resumes, or refer five job-seekers that are badgeable and qualified, then we cut down the time it takes to hire. Keep in mind, it takes two weeks from the date of offer to go through the badge process. If the person doesn't pass badging, then you have to start all over again. So now, for that job opening, you have another month before you can get a person in the door. We are trying to cut all that down. From an economic standpoint for the business, it is huge if we can get you someone who is already qualified, wants to do the job, and understands the back story before they get in the door.”³²

The language of the CBA emphasizes participation in the process, requiring airport employers to attempt to fill every position by first engaging with the first source referral system. The decision to forego a target percentage of local hires was deliberate, according to Barajas-Tena, and helps to sell the program as an amenity rather than a burden. “There are penalties if the contractor doesn't comply with the contractor language of interviewing and attempting to hire people. ... We know [numerical goals] don't mean anything if you don't have these systems in place because it is hard to do. Businesses always claim people aren't qualified. On the community side, people say [they] never even know about these job opportunities. It is more important to create that system – the pipeline of getting people into these jobs.”³³

The LAX first source referral system has the potential to avail low-income local residents of hundreds of job opportunities, ranging across a variety of industry sectors and skill levels. While the badging process establishes a high bar for basic qualifications for many of these jobs, the first source program is also working with employers that are willing to hire former felons and job-seekers with less established employment histories. Already, the system has worked to connect job-seekers with driving positions available with one of the shuttle services. Because these employees never have to enter the airport, they do not have to meet the highest security standards. At the same time, staff hope to develop more relationships that can also yield management opportunities. The CBA extends through 2015, which means employers must commit to working with the system for at least seven more years. LAWA invests significant institutional resources in developing the hiring infrastructure and pipeline needed to make this program real. It is clear that the LAX program has benefited from lessons LAANE staff learned in the implementation of other programs.

³² Interview with Joyce Sloss, March 6, 2008.

³³ Interview with Flor Barajas-Tena, September 13, 2007.

C. Conclusions

The experiences of these programs clearly show that first source referral systems increase the likelihood that low-income local residents get jobs on major urban development projects. Though each of the programs continues to evolve as obstacles arise, they create an effective infrastructure that changes how the hiring process operates by building relationships and institutionalizing communication among all stakeholders: developers, employers, community-based organizations, job training entities, community labor coalitions, and workers.

Staffing requirements to maintain these programs are significant, although none of these programs, aside from LAX, has a dedicated full-time staff person. In most cases, staff are juggling first source referral coordination among a wide range of other tasks. At times, the demands on staff time are quite intense while there are also periods in which the demands are fairly minimal, including long stretches of inactivity caused by delays in the development process. Staff spend considerable effort convening the implementation team, facilitating regular communication, developing the hiring process and ensuring that designated actors and agencies refer qualified candidates for jobs. It is doubtful that any of these programs could succeed without aggressive monitoring and oversight. The community benefits coalitions that helped win these agreements also devote some staff time to maintaining relationships with all stakeholders and ensuring the political will needed to solve problems aggressively as they arise.

A lack of staff support can doom even a good program. If staff coordinators see first source referral systems as a headache rather than an opportunity, they may not take the time to engage new employers up front. They may fail to scrutinize quarterly reports to see which employers are having difficulty. They may be afraid to use enforcement powers available to them.

Additionally, and in part because of staff time needed, first source referral programs work best with some source of funding. Among these case studies:

- The developer of the Hollywood and Highland project established a \$100,000 job training fund; Jean Marie Hance accessed \$30,000 from that fund to organize advanced customer service training to help move entry-level retail workers into management positions.
- LAVTC won a \$600,000 federal HUD grant for job training; a portion of the grant paid for the customized job training program LAVC provided for NoHo Commons.
- The airport authority, LAWA, allocates \$300,000/year for staffing and project costs associated with the LAX first source referral system.
- East Palo Alto's redevelopment agency seeks ad hoc sources of funds for job readiness and job training services to prepare workers for interviews and employment.

The programs engaged different tactics to address the challenge of getting employers to come to the table and participate in building a system that they will then be bound to use. Some programs use negative incentives, like the threat of penalty, while others use positive incentives, like the benefit of free customized training. Either approach provides a starting point for forging the relationships needed to make the programs work. Ideal programs establish a variety of incentives both positive and negative, which is why it is important to have good policy language on compliance in addition to a strong implementation team that engages developers and employers in program design and effectively tackles challenges as they arise.

Approaching local hire outcomes from the perspective of building stronger relationships among stakeholders can also deliver other benefits. In these case studies, the teams that forged the first source referral systems also helped recruit anchor tenants and established lines of communication necessary to address interview criteria that seemed out of step with the demands of the job. A credible system that takes developers' and employers' needs seriously and addresses problems strategically also develops relationships among the community partners who know the workers and the human resources departments who are asked to hire them. Together, these entities can engage in powerful collaborations to find ways around major barriers to extending job offers to local residents.

VI. Designing and Implementing Systems for Construction Local Hire

A. The Challenge

Community organizations and advocates have a strong stake in helping low-income people and people of color find new opportunities for construction-oriented careers, in part because job quality across the construction trades tends to be higher than for in much of the retail and service sectors. Construction first source referral systems rely on established local hire requirements for particular projects to create demand for new workers. Behind the scenes, implementation teams must recruit job seekers and help them navigate union membership and hiring, to create the supply of new workers needed.

Creating a first source referral system that creates new pathways to construction careers is much more difficult than for permanent jobs, for a variety of reasons. The nature of the construction industry itself poses unique challenges. Work is concentrated in one location for only a short time – e.g., in any given development, the electricians are only on-site until the electrical work is completed and then they move elsewhere. Some crafts may be on-site for a longer period of time than others, but ultimately workers move on to the next project. Not only does this aspect of construction require workers with the flexibility to travel from one site to the next, or to cope with periodic bouts of unemployment, but it also requires that new development always be on the horizon to ensure that newly recruited workers will continue to have job opportunities. Major developments create opportunities for new workers to get jobs, at least in the short term, but sustaining those workers in construction careers requires an infusion of ongoing construction in the area.

Community benefits coalitions tend to work with unions to develop better mechanisms for getting historically exclude workers into the trades rather than focusing on the non-union contractors, because of the distinct advantages to workers. Union contractors provide the lion's share of training. Completion of union apprenticeship programs confers on workers a recognized, portable credential that they can take anywhere. Moreover, completing an apprenticeship opens the door to a construction career with better pay and benefits than the non-union sector, and a clearly defined process of advancement.³⁴

Working with the union construction trades requires engaging a hiring pipeline and process that is much more complex than for permanent jobs. Workers seeking apprenticeship or journey-level positions must first gain membership in the union's apprenticeship program, then get hired by a contractor. Meanwhile, contractors and sub-contractors must bid on the available projects and can only hire workers as they succeed in winning new contracts. Ultimately, the contractors control hiring, but they draw from the pool of workers who have gained union membership.

³⁴ For a good overview of the literature supporting this perspective, see Delugach, Sharon and Raahi Reddy. "Helping LA Grow Together: Why the Community Redevelopment Agency Should Adopt the Construction Careers Policy." Center for Labor Research and Education, UCLA Labor Center: February 2008, pg. 11.

From a new worker's perspective, the maze of skills and relationships required to succeed can seem daunting. An un- or under-employed worker seeking union construction work must first identify which trade to enter. Every construction craft has its own requirements and timeline for opening up membership to new entrants. Some unions allow new workers to apply for the apprenticeship program every month. Others open up the apprenticeship gates once a year, or even less frequently. Union membership provides opportunities to get hired, but does not guarantee a new apprentice will get hired onto a job. Apprenticeship requirements vary by trade but typically it takes several years to complete an apprenticeship program – which includes classroom training as well as paid on-the-job work. Some contractors prefer to hire apprentices because they receive lower hourly pay rates, while other contractors eschew apprentices on site because they prefer the efficiency and quality advantages of employing journeyman workers.

In addition to all of the challenges posed by the structure of the industry, characteristics of the day-to-day experience of the job can be intensely challenging for any worker. New construction workers need long-term support to succeed in the industry. Construction contractors are notoriously unforgiving of even minor violations of start-time or work-site safety policies. Construction worksites tend to be rigidly hierarchical, a characteristic that lends itself to concern with safety and quality outcomes and that can also be a tool for disempowerment. Because of the history of racial exclusion in some trades, workers of color may find little support at best. Finally, the inconsistency of the volume and stability of work poses a particular challenge to low-income people who may not be able to weather periods of no work, and to undereducated workers who lack budgeting and financial literacy skills.

Despite the obstacles to increasing construction job opportunities for low-income people and people of color, the cases reviewed for this report provide compelling evidence of progress and point the way toward promising collaborations that can create effective first source referral systems for construction careers.

B. Elements of Strong Programs

Effective first source referral systems that endeavor to get low-income workers into construction jobs have to engage with the complexity of this landscape. Simple numerical requirements that are not backed up by concrete and well-developed policy language, or that are applied in the absence of substantial efforts to create a workforce development infrastructure that recruits, trains, and supports new construction workers are unlikely to yield meaningful gains.

To succeed in apprenticeship and establish construction careers, low-income local residents need support even after they have been hired.

Creating new opportunities for low-income local residents to access construction careers involves working with the existing system at two levels.³⁵ The first facet addresses the goal of getting more residents of low-income residents who are already journey level workers into jobs. Local hire requirements allow construction contractors to ask union hiring halls to refer journey-level workers who are local residents off the out-of-work lists.

³⁵ See Rubin, Kate and Doug Slater. *Winning Construction Jobs for Local Residents: A User's Guide for Community Organizing Campaigns*. Brennan Center for Justice at NYU School of Law, July 2005.

Hiring halls are typically required to refer first the workers who are highest ranked on the list, i.e., who have been waiting the longest for work. But when projects require local residents, many hiring halls will identify their workers' residence by zip-code, and then refer workers who meet the local hiring requirement, even if they are not at the top of the waiting list. This practice is commonly referred to as zip-coding or name-calling. Zip-coding and name-calling make it more likely that local residents who have already achieved journey-level status will get hired at all, and that they can work near their homes, rather than having to travel long distances for work. This practice is a particular benefit to low-income workers, who might have difficulty getting hired by a contractor because of structural racism, or may lack transportation or the flexibility to travel long distances for work.

The second aspect of helping new workers get access to construction careers through local hire programs is creating opportunities for apprentices to work on construction sites and then facilitating low-income local residents' access to those apprenticeship slots. Policymakers can increase apprenticeship opportunities by requiring contractors to use the maximum allowed ratio of apprentices to journeymen on a particular project or by specifying a particular percentage of apprentices to be trained on the job. Facilitating low-income residents' access to those slots requires efforts to recruit new workers, prepare them for apprenticeship qualification, and then connect them to the application process. To succeed in apprenticeship and establish construction careers, low-income local residents need support even after they have been hired.

Efforts to institutionalize first source referral systems into construction hiring are still in their infancy. The precise contours of the programs differ, in part as a result of variations in the political strength and market density of union trades, historical openness of particular trades to people of color, and the size and shape of the particular development projects, among other things. Nonetheless, the programs reviewed in this report use a diverse array of models, all designed to solve the same complex of challenges. Each program employs some combination of seven core components:

- Strong pre-apprenticeship screening and training that can enable targeted job-seekers to become members of specific trades unions;
- Intensive work with designated trades to facilitate incorporation of newly qualified workers into apprenticeship programs;
- Mechanisms that increase union contractors' access to new construction projects, thereby creating opportunities for more workers to get off the out-of-work list and onto worksites;
- Clear requirements for local hiring and apprenticeship utilization on major development projects that enable trades crafts to bring local workers onto the job site even if they are ranked lower on the out-of-work list, and create greater demand for apprentices;
- Case management strategies that connect new construction workers with support services designed to help them cope with career challenges;

- Remediation with recalcitrant contractors and unions to address insufficient information or lack of will that might undermine local hire outcomes;
- Penalties levied, where appropriate, to create incentives for contractors and unions to participate more fully in first source referral programs.

While the models vary, the best programs develop and/or appeal to building trades unions' identified self-interest in advancing a local hire agenda, and balance concrete and positive external incentives for participation with judicious use of penalties against building trades unions and contractors that are clearly unwilling. Positive external incentives generally mean giving unions and union contractors access to construction projects that they might otherwise lose to non-union contractors, while making access to substantial numbers of new projects contingent on participation in first source referral. Penalties can include fines, de-barring contractors from future work, and shutting down worksites, among other things.

Local hire programs should also clearly identify the roles and responsibilities of the developer, the contractor and any sub-contractors, as well as the first source referral program. Because of the challenges involved in getting all of these entities to work together to maximize opportunities for local employment, policy language for construction local hire should clearly articulate what it means to make a good faith effort to hire local residents. Julian Gross, Director of the Community Benefits Law Center and author of the legal language for several of these agreements, explained why good faith effort needs to be clearly articulated. "The point is to figure out what steps developers and employers would be taking if they were actually trying to hire people in the targeted applicant pool. When employers claim they've made every effort, they should be able to show that they've taken these steps. When employers fail to show significant local hire outcomes, the policy language should help us distinguish between those that are trying but are failing to get results and those employers that are simply not making appropriate efforts."³⁶

Despite the perceived difficulty of implementing construction first source referral, unions have a strong stake in producing real local hire outcomes. Overall, the building trades workforce is aging, and there is a need to develop new workers to replace retiring baby boomers. Beyond this concrete self-interest, union leaders interviewed for this report expressed deep personal commitments to finding ways to make construction first source referral programs function effectively.

As with local hire and first source referral systems geared toward permanent jobs, relationship building is as important as program language and design.

The models reviewed here have made significant progress toward assembling the elements required to make a construction local hire program maximally effective through a first source referral system, and they have local hiring outcomes to show for it. The most comprehensive program, implemented through the Oakland ports modernization PLA (MAPLA), succeeded in generating substantial job opportunities for new construction workers. This PLA provides a real road map for community-labor coalitions seeking to build on successful models, but all of these case studies help advance our understanding of how to assemble the elements needed to make construction local hire work.

³⁶ Interview with Julian Gross, January 4, 2008.

C. Construction Local Hire Case Studies

Hollywood and Highland

Hollywood & Highland Construction		Jobs Component
Policy Vehicle	Development Agreement	
Development	Construction & Permanent Jobs Associated with development of the Kodak Theater in L.A.'s Hollywood and Highland Complex	
Implementation Period	2000-2001	
Jobs Outcomes	19% worker hours completed by local residents; primarily achieved through zip-coding	
Potential for Growth	None – development is complete and program has concluded	

Alongside its requirement that the Hollywood and Highland development create job opportunities for low- and moderate-income local residents, Los Angeles' Community Redevelopment Agency signed off on a lengthy plan to incorporate local hire into the construction phase of the project. The First Source Hiring Plan for Construction required the developer and prime contractor to make commercially reasonable efforts to ensure that 30% of all new hires were local residents.

As with the permanent jobs local hire program, the developer relied on Jean Marie Hance to implement a program to get local residents into construction jobs at the site. Hance worked directly with the union hiring halls, educating the dispatchers about the local hiring requirement and working to overcome obstacles posed by the unions' standard operating procedures. Hance also established a pre-apprenticeship outreach referral system that included banners and publicity as well as an on-site location where local residents interested in construction jobs could get information and be referred to appropriate support programs if they were not already involved in the construction trades.

With minimal policy language, and without establishing the kind of multi-year, multi-level system described above, the program achieved surprisingly good outcomes. Ultimately, low- and moderate-income local residents completed 19% of total hours worked on the site.³⁷ This outcome largely reflects zip-coding efforts to establish the residency of existing union members, and refer local residents to the site. It is less clear that the project made any real headway in getting new apprentices into the trades, but this experience was an important learning experience for LAANE about what would be required to tackle apprenticeship and open up more doors in subsequent agreements.

³⁷ Personal communication, Roxana Tynan, February 21, 2008.

The Modernization and Aviation Project Labor Agreement for the Port of Oakland

Port of Oakland Modernization		Construction Jobs
Policy Vehicle	Project Labor Agreement	
Development	\$1.2 billion planned modernization of maritime and aviation port (actual development smaller in scale)	
Implementation Period	2001 – present	
Jobs Outcomes	2001 – 2007 <ul style="list-style-type: none"> • 31% of all hours worked by local residents • 12.8% completed by apprentices • 6.2% completed by local resident apprentices 	
Potential for Growth	Moderate The agreement has been extended twice, but is likely to conclude in the next year. Totals will increase but the overall percentage of hours worked by local residents will only increase slightly.	

Over the course of its first six years, the local hire program established through the Port of Oakland’s Maritime and Aviation Project Labor Agreement (MAPLA) succeeded in hiring residents of the designated local impact area for 31% of the total hours worked on the project. Moreover, 12.8% of worker hours were completed by apprentices, and a total of 6.2% of worker hours were completed by apprentices from the local impact area (LIA).³⁸

The MAPLA notched considerable achievements in getting local residents jobs on the site. With 3.1 million total hours worked between July 2001 and September 2007, the local hire outcomes amount to approximately 472 full-time equivalent positions (FTEs) of journey-level work, and 94 FTEs of apprentice-level work.³⁹ A provision in the MAPLA language allows contractors to get partial credit on local hire requirements by documenting use of residents of the local impact area in other work. Up through May 2007, contractors working on MAPLA projects reported approximately 4623.5 hours of work off-site – 2.2 FTE – that was completed by residents of the local impact area. Port staff believe that this number under represents the total off-site work impacted by the PLA.⁴⁰

It is important to place these outcomes in the context of the high expectations established when the MAPLA was signed. The agreement set out even more ambitious goals: 50% of all worker hours should be completed by residents of a designated local impact area; 20% of all positions were to be reserved for apprentices, all of whom were to come from the local impact area.⁴¹ The local impact area, which includes the communities of Oakland, Emeryville and San Leandro, is much broader than are the communities targeted by other local hire agreements evaluated in this report.

Analysis of changes over time in the local hire outcomes suggests that the process established to facilitate implementation had a significant effect on getting local workers jobs. A recent staff report summarizes improvements in local hire outcomes over the lifetime of the agreement: “In 2000, when MAPLA was just

³⁸ Unpublished summary tables, October 2007, provided by Port of Oakland Staff.

³⁹ Calculations of full time equivalents are included to provide a sense of the scope of the project and its outcomes.

⁴⁰ May 2007 report from the Port.

⁴¹ Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA), entered into between Davillier-Sloan, Inc./Parsons Constructors, Inc. and the Building and Construction Trades Council of Alameda County, AFL-CIO.

getting underway, LIA participation was under approximately 9%; it is three-and-one-half times that level in the reporting period and as a cumulative average. Similarly, apprentice utilization has gone up from 9% in 2003 to 13% at the end of this period, a nearly 50% increase; and LIA apprentices utilization has gone up from 4% in 2000 to 6.87% through the period, a 70% increase in LIA apprentice utilization... These increases and stabilization reflect the combined hard work of the Community, the MAPLA team, Contractors, Turner and the Unions.”⁴²

The MAPLA experience sheds considerable light on what it takes to make local hire work in major construction development. The agreement contains strong policy language with clearly articulated goals and real enforcement powers. Key components of this language include:

- A goal that residents of the LIA will perform 50% of all hours worked.
- A goal that 20% of the work be performed by apprentices, all of whom should reside in the Local Impact Area.
- Definition of the Local Impact Area to include Alameda, Emeryville, Oakland and San Leandro.
- A provision that allows employers to employ workers who live in the Local Business Area, which includes Alameda and Contra Costa Counties, if the LIA cannot provide a sufficient and qualified workforce.
- A provision that allows employers to get credit for half of the apprenticeship utilization requirement by employing workers from the LIA on other jobs.
- Creation of the Social Justice Committee, which gathered representatives of all interested segments of the community to “assess the obstacles to success of achieving inclusion of disadvantaged workers in the construction opportunities and shall make recommendations for a program to overcome some of those obstacles.”⁴³ The Social Justice Committee is an inclusive body that receives reports on the progress toward meeting social justice goals, and is empowered to refer to the Social Justice Subcommittee any cases in which compliance is in question.
- The Social Justice Subcommittee is established as a body of the Joint Administrative Committee. The Social Justice Subcommittee has very narrowly defined membership, including four community representatives, one of whom should be involved in pre-apprenticeship training, three union representatives, three contractor representatives, one representative from the general contractor overseeing the entire project, and one representative from the Building Trades Council. “The subcommittee’s purpose shall be to promote and support on an ongoing basis the utilization on this Project, to the maximum extent possible, of Oakland-based small and historically disadvantaged businesses and the training, placement and retention of LIA residents, especially applicants who reside in Oakland and who are members of groups that have been historically disadvantaged in construction industry employment opportunities. To that end, it will administer with the concurrence of the Joint Administrative Committee, funds received under Article XI, Section 3, to fund a Social Justice Program.”⁴⁴

⁴² Port of Oakland. “Maritime and Aviation Project Labor Agreement: Progress Report; July 1 2006 through December 31, 2006.” May 2007.

⁴³ MAPLA, Article III, page 10.

⁴⁴ MAPLA Article IV, Section 3, page 13.

- The Social Justice Subcommittee collects and administers the Social Justice Trust Fund. Contractors that receive work on Ports modernization projects pay 15 cents per worker hour into the Trust Fund. The Social Justice Subcommittee then allocates money out of the Trust Fund to address job readiness needs of workers in the LIA.

The program utilizes a two-track approach: get more local residents into apprenticeships at the Port, and name-call journey-level workers off the out-of-work lists for Port construction jobs. Name-calling journey-level workers who live in the LIA has produced substantial outcomes. Getting new local residents into apprenticeships has proved a bigger challenge, however. Lower-than-hoped-for outcomes around local apprenticeship utilization are due to both insufficient use of apprentices across the board and insufficient utilization of local apprentices.

The Port has invested considerable effort in addressing the challenges of getting new workers into apprenticeship programs. The Port of Oakland's Social Responsibility Division has overseen implementation of the agreement. Among the biggest challenges, according to Employee Resources Development Program Supervisor, Jo Ann Yoshioka, is educating community members about how the trades work, and helping prospective workers navigate the maze of requirements to gain entry into unions.

In the beginning, she said, even the Port staff were ignorant of the complexities of the trades. "We didn't understand the trades. We thought you could pluck someone off the street and put them into a construction job, which was totally wrong. We ended up doing lots of education around building trades and how to get in. ... We had to educate people around the fact that you pick a trade and then see if you meet all the qualifications just to apply to join the union. People didn't have any idea about that."⁴⁵

Early on in the program, Port staff played an educational role, helping spread the word in the community, and then recruiting and working with job seekers to help them identify opportunities with specific trades. Through a federal grant under the Workforce Investment Act, the Port hired a part-time staff person dedicated to this effort.

To address job readiness issues, the Social Justice Subcommittee has tapped into the Social Justice Trust Fund and made grants to non-profit organizations to do intensive outreach, recruitment and pre-screening. As of May 2007, over \$300,000 was granted to a broad array of community organizations with expertise in workforce development for the construction industry.⁴⁶

In order to establish compliance, contractors submit monthly certified payroll reports to the Port's Social Responsibility Division. The Social Justice Committee reviews the reports and refers non-compliant contractors to the Social Justice Subcommittee, which then hears the contractor's case and works to resolve compliance problems informally before resorting to penalties.

⁴⁵ Interview with Jo Ann Yoshioka, September 12, 2007.

⁴⁶ MAPLA Progress Report, May 2007, page. 20.

The Social Justice Committee has become a key arena for addressing deficiencies in the system. The Committee reviews compliance reports and tries to work with non-compliant contractors to help them identify ways to improve outcomes. In some cases, non-compliance seems to have stemmed from a legitimate lack of knowledge about local pre-apprenticeship programs and other resources that would help contractors hire local residents. In other cases, the nature of the work was so dangerous that contractors were unable to use apprentices. At other times, the contractors failed to comply because they did not understand how seriously the Port and the unions would enforce the local hire provisions of the MAPLA.

Contractors who failed to convince the Social Justice Committee of their efforts to hire local residents were referred to the Social Justice Subcommittee of the Joint Administrative Committee, which could then send the case into binding arbitration. Through December 2006, 17 contractors were called before the Subcommittee.

The Social Justice Committee endeavors to work directly with contractors to increase compliance, but ultimately payment can be withheld for failure to meet local hire goals. John Brauer, who has long worked to help low-income people and people of color get into the construction industry, has served on the Social Justice Subcommittee for several years. He explained that the Subcommittee emphasizes problem solving over penalizing. “What that body has tended to do, together with the community based organizations, the Port staff and the prime contractor, is look at contractors who are behind. We set early warning signals for each job, and then we review after they have completed 500 hours on the job. We check to see how they are meeting hiring goals. That’s the place we bring folks into. When we bring them in, we also invite the business agent for their craft and the apprenticeship coordinators to make sure they are all in on the same conversation. That way, the contractor can’t just say the hiring hall didn’t send anybody over. The focus is not to penalize, it is to get them to agree either on existing work or to hire folks off-site.”⁴⁷

Yoshioka of the Port’s staff echoed this approach. She explained that while financial penalties were levied infrequently, the threat of penalty gave the Social Justice Subcommittee power to insist on compliance. “I don’t know if these contractors would be open to hiring locally if there were not some kind of sanction. We had monthly reports on who’s working so we could see if they were not hiring locally. If they were not meeting the goal, we would give them a chance, with a certain amount of time to bring their numbers up. If they didn’t do so, they had to come before the social justice committee and tell us why they weren’t hiring locally. If they didn’t ultimately comply we could withhold money. That was the key thing. If we didn’t have any financial consequences, I don’t know if they would be doing it.”⁴⁸

Brauer concurred, saying, “The Social Justice Subcommittee has the power to send contractors to arbitration. They have only done that a couple of times, early on in the agreement. One guy in the first year was made an example of, so since then everyone else has come to the table.”⁴⁹

Moreover, working with contractors through the Social Justice Committee has won new converts. Brauer mentioned one contractor who was called before the committee because initial hiring outcomes were low. Though the contractor successfully demonstrated that the nature of the work was too dangerous to

⁴⁷ Interview with John Brauer, November 6, 2007.

⁴⁸ Interview with Jo Ann Yoshioka, September 12, 2007.

⁴⁹ Interview with John Brauer, November 6, 2007.

permit apprentices on-site, the committee worked with him to identify opportunities for him to hire LIA apprentices off-site. As a result of ongoing work with the committee, this contractor became an advocate for the program.

The provision that enables contractors to get credit for hiring LIA workers elsewhere serves two functions. This provision supports retention goals for low-income workers and workers of color that have already gained a foothold in the construction industry. Also, contractors that are in compliance hearings through the Social Justice Committee can create opportunities for LIA workers at off-site jobs as part of their compliance plan.

Though the MAPLA has made significant progress in creating more opportunities for low-income workers to get into construction trades, outcomes have fallen below expectations. Brauer cited main reasons: job readiness deficiencies, lack of sufficient support for the organizations that help workers get into apprenticeships, and recalcitrance among the building trades.

First, job readiness remains a major issue. Though the requirements vary across individual building trades unions, job seekers often must have a high school diploma and a driver's license in order to be eligible for union membership. Some trades require drug tests. In other cases, job seekers have to have a solid year of work history in order to score high enough on the apprenticeship exam to make it into the union. Yoshioka pointed out that some contractors stereotype workers who live in the Oakland area, and argue that they cannot meet the hiring requirements because they are being asked to hire drug addicts and other workers that are patently unqualified. While Yoshioka discounted those excuses, she and Brauer concurred that much more work is needed at the community level to help local residents establish the credentials needed to succeed in apprenticeships.

Secondly, although when MAPLA was initiated there were a wide array of community-based organizations with expertise in supporting low-income job-seekers interested in the construction trades, many of those organizations, including the Bay Area Construction Sector Intervention Collaborative, have now closed their doors. As a result, there are fewer resources dedicated to supporting new workers and helping them succeed on the job. Lack of sufficient retention services remains an issue for keeping people in the trades.

Finally, though the Building Trades Council leadership has been very supportive of the local hire program, Brauer suggests that there is great variation among the individual trades when it comes to making the commitment needed to realize the local hire goals. "They say they want new folks, but they are not working very hard at getting local residents into the construction trades."⁵⁰ Some of the trades have worked to make their apprenticeship programs more accessible, while others continue to set apprenticeship requirements above the reach of most low-income job seekers. Though the average age of the building trades workforce is 47, the individual unions have not gotten very far in making construction careers more available to a new workforce.

⁵⁰ Interview with John Brauer, November 6, 2007.

The MAPLA experience shows that overcoming the barriers to getting low-income people into construction careers requires a strong commitment. The MAPLA local hire program succeeded in getting many low-income workers access to jobs at the site. Yet, despite having buy-in from the upper levels of the building trades council and the Port, and with a strong community-based pre-apprenticeship infrastructure, MAPLA's local hire program has fallen short of expectations. Nonetheless, by developing a hiring infrastructure and funding mechanism, and creating a Social Justice Committee to help contractors come to compliance and to penalize those who refused to make significant progress, the MAPLA has made great progress in institutionalizing the relationships and processes needed to make local hiring work.

East Palo Alto's Local Hire Ordinance

East Palo Alto First Source Hiring Ordinance		Construction Jobs Component
Policy Vehicle	Ordinance	
Development	All redevelopment projects that receive \$50,000 or more in subsidy	
Implementation Period	2000 – present	
Jobs Outcomes	84 jobs; 23% of construction redevelopment hires	
Q1 2007		
Potential for Growth	Moderate Outcomes have been stable over last three years but new development projects underway now will add to the total number of covered jobs.	

While the East Palo Alto local hire requirements exceed expectations for permanent jobs, making the construction local hire program function has posed greater challenges. The ordinance contains strong language that establishes that developers and contractors are responsible for hiring workers out of the first source referral system, with a goal of achieving 30%. However, the construction trades unions have never bought into the program. Union leaders seem to lack a personal investment in the program, nor are there any clear incentives for contractors and unions to engage in the program, factors that clearly established the successful contours of the MAPLA local hire requirements.

Despite ongoing challenges, however, the East Palo Alto program has recently notched great improvements in local hire outcomes. In 2005, construction local hire did not exceed 5% on redevelopment projects.⁵¹ In the first half of 2006, when the permanent jobs program reported outcomes of 38-40% of hires coming from the FSR system, the redevelopment authority reported only 6.5% local hire on targeted construction projects. In 2005, construction local hire did not exceed 5% on redevelopment projects.⁵² However, in the first quarter of 2007, local hire outcomes jumped to 23%, with a total of 84 local workers employed on three development sites. These outcomes show that even in communities where union leaders and the

⁵¹ Marie McKenzie and Carlos Martinez. First Source Hiring and Local Business Enterprise Report. Submitted to the Honorable Mayor and Council Members of the City of East Palo Alto, August 17, 2006; Marie McKenzie and Carlos Martinez. First Source Hiring and Local Business Enterprise Report. Submitted to the Honorable Mayor and Council Members of the City of East Palo Alto, September 6, 2005.

⁵² Ibid.

union structure have yet to see how local hire programs play into their own self-interest, when construction local hire requirements are combined with a diligent and problem-solving implementation staff, more opportunities for low-income job-seekers can be produced.

In 2005 and 2006 staff reports, Marie McKenzie itemized obstacles to the program's success.⁵³ In her estimation, the program experienced difficulty as a result of two factors: unions were unwilling to depart from the standard practice of referring workers to job sites on the basis of their rank on the out-of-work list, and job-seekers lacked basic qualifications and life skills needed to succeed in the construction industry. She further explained, "Often the unions, general contractors and subcontractors point fingers either at each other, at the lack of personnel training and familiarity with the [first source hiring] policy, or at their existent master agreements. In reality, these frictions arise from, and point out the difficulty of maintaining a uniform procedure in an environment where the individual players (subcontractors, union dispatchers, workers available for work, etc.) change constantly, and policies (FSR and union master agreements) or interests (unions providing jobs to members vs. non-union East Palo Alto residents at job sites) sometimes conflict."⁵⁴

To address these obstacles, McKenzie developed a plan for the construction of the Four Seasons Hotel, which resulted in the vastly improved outcomes reported in 2007. When early outcomes appeared insufficient, she shut down the construction site and insisted that the developer and general contractor pay closer attention to the requests for workers that they lodged with the unions. She had already developed a call-list of local residents that she provided to the relevant unions so that they could not claim they had no workers to refer when East Palo Alto residents were needed.

Additionally, McKenzie worked intensively with the subcontractors on the project to ensure that they understood the local hire requirements and to help them problem-solve when they had difficulty meeting them. She wrote a statement on local hire for the general contractor to include in the bid package, so that prospective sub-contractors would get information on the local hire requirement up front, before they even submitted a bid for the work. She provided orientation for 218 subcontractors at the project, alerting them to the requirements. Knowing that the electricians' union included many East Palo Alto residents, she worked especially with the electrical sub-contractor to ensure that those workers had opportunities to get jobs through the project. "I was trying to set a tone of seriousness to comply with our local hiring policy and to make sure they understood how local residents feel about getting work on local projects."⁵⁵

The East Palo Alto program has strong policy language and a committed staff person who continually seeks innovative ways to improve program outcomes. For the most part, East Palo Alto's ordinance functions to increase the use of zip-coding, so that local residents can get off the bench and get jobs on local projects. The program appears to be less effective at generating opportunities for job seekers to get into union apprenticeships.

⁵³ Marie McKenzie and Carlos Martinez. First Source Hiring and Local Business Enterprise Report. Submitted to the Honorable Mayor and Council Members of the City of East Palo Alto, August 17, 2006.

⁵⁴ Marie McKenzie and Carlos Martinez. First Source Hiring and Local Business Enterprise Report. Submitted to the Honorable Mayor and Council Members of the City of East Palo Alto, September 6, 2005.

⁵⁵ Email communication with Marie McKenzie, January 7, 2008.

Boston Public Schools' Our Schools, Our Future

Our Schools, Our Future		Construction Jobs
Policy Vehicle		School District Contracting Process
Development		Summer school repainting overseen by Boston Public Schools; approx. \$2.5 million in work annually
Implementation Period		Summer 2006 and 2007
Jobs Outcomes		Outcomes available from Summer 2006: <ul style="list-style-type: none"> • 44 total new apprentices recruited into Painter's apprenticeship program • 13 local resident/low-income apprentices worked on these projects • 30 total apprentices worked on these projects 51 Boston residents worked on summer repainting 2006
Potential for Growth		Minimal Intention is to institutionalize program in the workforce development system; scope of annual work expected to remain stable for the foreseeable future

In 2006 and 2007, the Boston Public Schools (BPS) operated Our Schools, Our Future, a program designed to increase opportunities for low-income youth to get jobs as part of annual contracting to repaint schools in the summer. The program was the brainchild of Community Labor United (CLU), who convened a coalition including the painter's union (IUPAT DC 35), community organizations that specialized in programming for low-income youth, and organizations that endeavored to help women and other non-traditional construction workers get jobs in the trades. CLU and its coalition pushed for the program to open up to union members and new apprentices – who would be recruited from low-income Boston neighborhoods – job opportunities that were previously rendered unavailable. The contracting process favored non-union contractors who tended to hire from outside the city and provided minimal training or apprenticeship opportunities, if any.

The coalition worked with staff in the office of Boston Mayor Thomas Menino to establish the broad contours of the program, and then with the Boston Public Schools on implementation. Because the program created a mechanism to increase union painting contractors' access to summer school painting work, the program had buy-in from the painters' union. CLU ensured that the policy language also required significant use of apprentices, and prioritized hiring of Boston residents.

In the first year, 17 new apprentices recruited from low-income communities got work repainting schools through the program. Our Schools, Our Future also recruited three journey-level workers from low-income communities to work on the summer school repainting, as well as 13 apprentices who were already enrolled in the union's three-year training program worked on school repainting in the first summer. A total of 123 workers, 51 of whom were Boston residents, received union-scale wages because of the coalition's efforts to change how BPS conducted its summer school repainting program. Though these outcomes are impressive, they are actually much lower than CLU and its coalition partners anticipated. Outcomes from the second year have not yet been released by BPS.

Historically, BPS had called for competitive bids for its \$2.5 million annual school repainting and then contracted the work to the lowest bidder. Through a detailed analysis of the previous two years' contracting processes, CLU demonstrated that only 4% of total summer school repainting dollars went back to Boston residents in the form of wages and benefits. Moreover, the contractors who won the bids typically were non-union, and the low bids seemed to be achieved by using inappropriate methods to cut labor costs, namely hiring off-the-books workers, failing to classify workers appropriately, and failing to pay overtime.⁵⁶

At the outset, CLU sought the support of Boston's mayor, who saw the wisdom of working to ensure that Boston residents received greater benefit from annual summer school repainting in the form of job opportunities. CLU proposed that the school system should require painting jobs to be performed by Boston residents, and should establish a 1-to-1 apprentice to journeyman ratio for all summer repainting work. CLU had already cleared this proposal with the painters' union, and had secured agreement from IUPAT DC 35 that they would prioritize hiring low-income Boston youth as apprentices on these jobs.

To address the inequity built into the contracting structure, CLU and its coalition proposed that BPS bring the work in-house. Hiring the workers directly would enable BPS to establish a residency requirement, a

The implementation team recruited 89 people who cleared the hurdles required to get into the orientation program. Out of that group, an impressive 43 were ultimately accepted into the apprenticeship program.

provision that was prohibited in contracted work by state law. BPS balked at bringing all of its summer painting work in-house, but the coalition agreed to a compromise: the 2006 work would be divided up. One school would be painted using a newly-created direct hire system, while a large high school repainting job would be bid out. CLU worked to ensure that the bid language required a 1-to-1 apprenticeship ratio on-site. Qualified bidders would have to show three years of participation in the state's certified apprenticeship program without suspension, a provision that would make it easier for union contractors to compete for the work. CLU's research had already shown that non-union contractors failed to make a substantial and sustained commitment to apprenticeship training. By requiring evidence of such a commitment, BPS could help level the playing field and make it easier for union contractors committed to training to win these jobs.⁵⁷ However, the BPS contracting office subverted the coalition's efforts by making subtle changes to the language in the final contract documents, which undermined the final outcomes. Nonetheless, a union contractor won the final bid, and ultimately used apprentices for almost 25% of its work.

Meanwhile, CLU convened an implementation team to conduct outreach, recruitment and pre-screening of prospective youth apprentices. Members of the team included staff from Sociedad Latina, Women in the Building Trades, and Youth Build Boston. Sociedad Latina oversaw the outreach and recruitment process in 2006. In 2007, CLU staff did the majority of this work. Working with IUPAT's apprenticeship coordinators, members of the implementation team established the basic qualifications required to get into painting apprenticeships and then conducted a massive outreach and orientation effort that publicized the upcoming job opportunities and provided job-seekers with detailed information on the process for establishing union members and apprenticeship eligibility. Job-seekers had to clear background checks,

⁵⁶ *Our Schools, Our Futures: Making Career Opportunities with the Boston Public Schools*, Community Labor United, unpublished internal memo, February 2006.

⁵⁷ *Our Schools, Our Futures: Making Career Opportunities with the Boston Public Schools*, Community Labor United, unpublished internal memo, February 2006.

have a high school diploma or GED, pass a drug test and physical aptitude test, and then participate in a mandatory two-day union orientation program.⁵⁸ The implementation team recruited 89 people who cleared the hurdles required to get into the orientation program. Out of that group, an impressive 43 were ultimately accepted into the apprenticeship program.

The BPS in-house direct-hire program created work for 22 Boston residents, including 11 apprentices recruited through CLU's implementation team. Another 19 apprentices worked to repaint the high school that was handled through the traditional bidding process; six of those apprentices came through the implementation team, and the contractor brought 13 apprentices that had been previously admitted into the training program. One reason for lower outcomes on the work that was bid out is that state law prohibits residency requirements for bid work. As a result, CLU sought to define the bidding parameters in way that would make it most likely that the winning contractor would provide apprenticeship opportunities to local youth, but those requirements could not be stated outright nor could they be enforced.

The remaining 27 apprentices the implementation team recruited went onto the out-of-work list, but had eligibility to solicit a contractor placement. In the second year, the implementation team conducted more limited outreach, recognizing that they recruited many more apprentices than were needed for the scope of work conducted in the first year.

Jim Snow, Organizing Director of IUPAT DC 35, felt that the program was largely a success. He explained that the union clearly understood that the traditional bidding process did not reward contractors who made a commitment to train new workers. Establishing a special pipeline to get new job-seekers into the union apprenticeship program fit within IUPAT's overall mission, and was easier than it might have been for other unions because IUPAT accepted new apprentices every month. As a result of Snow's commitment, and the union's overall commitment to diverse worker recruitment strategies, the painters union was a uniquely good partner for this effort. Snow explained, "Our union has a major commitment to organizing and diversity. This is a natural fit for us. We have very high representation of minority and immigrant workers in our union. We also have organizing staff that is more minority and immigrant than in other unions. For those reasons alone this program made a lot of sense. When you are trying to win jobs for people, especially in the environment we operate in now, it is very appealing when someone comes in with a new idea about how to try to do that. It was something we were happy to get involved in."⁵⁹

Snow dismissed any claims that local hire programs fail due to lack of sufficient numbers of qualified, eligible workers. But he also cautioned program advocates against unfairly criticizing the hiring and retention of new apprentices without considering the rigors of the job. "You have to first understand what the experience is of apprentice training programs generally, and then measure against these kinds of efforts. We have a completion rate in the ballpark of 50-60%, which means roughly one out of every two kids falls by the wayside. It is true that a lot of young people that come into the program fail, whether it is this project or the general intake into the apprentice program. For a variety of reasons: they don't like the work,

⁵⁸ CLU worked closely with BPS to amend the background checks requirements so that they would not screen out job seekers whose offenses were unrelated to the type of work they would perform. CLU staff felt BPS administrators were responsive to the need for this approach to background checks.

⁵⁹ Interview with Jim Snow, January 9, 2008.

they have social/behavioral issues, transportation issues. All kinds of things come up that cause them to fail. Can we get 50% or as good a success rate out of a program like this? Absolutely. No question that that can be achieved. In this case, we accepted more people into the program than we ended up needing. We looked at the first year experience, and refined our screening and recruitment and came up with a much better process.”⁶⁰

At the same time, Snow argued that the direct hire program did not serve new apprentices as well as if they had been able to win residency and apprenticeship requirements in the full contracting process. Because the direct hire process is so different from how the industry operates regularly, Snow feels that newly recruited apprentices did not get the experience of working with a contractor that is so critical to learning how to be successful beyond the summer painting projects. CLU, IUPAT, and other project partners are now working to identify alternative mechanisms for institutionalizing the program, for example through a project labor agreement between BPS and IUPAT DC 35.

CLU’s experience with the Boston Public Schools illustrates the tension coalition leaders face as they attempt to balance their organizing and advocacy roles with the service functions required to get recruitment and screening programs off the ground. In the first year, CLU worked with local community organizations that had expertise in workforce development. Sociedad Latina headed up the recruitment and pre-screening effort, working in concert with a range of organizations that had deep roots in providing community services. On the one hand, CLU welcomed assistance with this aspect of the work, because of their own need to focus on keeping all the stakeholders at the table, synthesizing the policy expertise needed to design a good program, and maintaining the political will necessary to see the program to fruition. On the other hand, by their very nature, service-oriented organizations can be uncomfortable with creating the tension necessary to ensure policy objectives get realized.⁶¹ Ultimately, CLU determined that they could not do recruitment and pre-screening in-house, and that institutionalizing the program in the workforce development system might make more sense.⁶² The decision points to the need to have a long-term implementation plan that frees up accountable development organizations to continue the organizing that helped win local hire programs in the first place. Undoubtedly, CLU will need to continue to play a prominent role in the implementation team, but hopes to shift the bulk of the day-to-day implementation work to an agency that is better equipped to handle it.

The experience of Our Schools, Our Future is instructive because it shows the benefits of working on a smaller scale, and developing partnerships with unions that see their own self-interest in changing the way that business has typically been done. In this case, CLU had a long-standing relationship with the painters union, and the union had a strong commitment to increasing its membership by bringing more low-income job-seekers and more workers of color into the field. Rather than developing a broad-based local-hire program that encompassed multiple unions within the construction trades, CLU sought to build on the painters union’s willingness to embrace a new hiring and recruitment model. Additionally, because the project affected a relatively small amount of work, CLU and its partners could focus their efforts on developed a tailored recruitment and hiring process that met the needs of this particular set of jobs.

⁶⁰ Ibid.

⁶¹ See Wolf-Powers, Laura, with Jeremy Reiss and Margaret Stix. *Building in Good Jobs: Linking Economic and Workforce Development with Real Estate-led Economic Development*. Pratt Center for community Development, December 2006, pgs. 29 – 32.

⁶² Interview with Kalila Barnett, January 8, 2008.

Preparing for Implementation: Ball Park Village and Cherokee-Gates

Ballpark Village		Construction and Permanent Jobs
Policy Vehicle		Community Benefits Agreement
Development		\$1.4 billion, 3.2 million square foot development complex adjacent. Initial development plan included condominiums, officer towers and retail space, though it appears some or all of the residential component will be replaced by a hotel.
Implementation Period		Agreement signed in 2005, gearing up for implementation now.

Coalitions in San Diego and Denver won community benefits agreements that mandate local hiring programs for both construction and permanent jobs in major, publicly subsidized development projects. In both cases, the development has yet to break ground, but coalition partners are already working to develop the appropriate relationships that can prepare workers to enter into pre-apprenticeship and apprenticeship programs.

In San Diego, the Center on Policy Initiatives (CPI) led a coalition effort to get a CBA for the development of Ballpark Village, a \$1.4 billion, 3.2 million square foot development complex that initially included condominiums, officer towers and retail space.⁶³ When the housing market declined, the developer adjusted the plan to include a hotel instead of condominiums. CPI's coalition successfully fought to ensure the developer would enlist a hotel operator that already had a relationship with organized labor or that would sign onto a card check/neutrality agreement.⁶⁴

The Ballpark Village CBA includes a requirement that the developer endeavor to achieve 20% local hire for the construction phase, and contribute \$1.5 million to a job training fund that would be used to create and fund pre-apprenticeship activities to prepare job-seekers for new opportunities in construction trades.

Donald Cohen, Executive Director of CPI, stressed the importance of building relationships that can make the local hire program work. "I'm working to convince community leaders to get to know the apprenticeship system and build relationships with apprenticeship coordinators and recruiters. They are finally starting that now. It is most fundamental that relationships get built. We are creating a network that can function. ... Our real model is to get community groups to embrace the need for union jobs, which will create demand for more workers. And then work with the trades who are willing to fill that demand with local community residents."⁶⁵

Since the agreement was signed in 2005, Richard Lawrence has been convening a team of community-based organizations and labor leaders to design and develop a pre-apprenticeship system. Wrangling over the proposed changes in the development project has delayed getting the project off the ground. Over the course of a year of meetings, the group developed an RFP for pre-apprenticeship and support services. They are now in the process of seeking submissions and identifying service providers. Though it is far too soon to evaluate outcomes, this kind of pro-active effort to establish a pipeline of workers mirrors the processes that have worked in other cases.

⁶³ "Ambitious Ballpark Village Merits Council Support," *San Diego Union-Tribune*, September 18, 2005.

⁶⁴ Jeanette Steel, "Hotel in Ballpark Village Alarms Housing Advocates," *San Diego Union-Tribune*, July 19, 2007; personal communication, Donald Cohen, January 24, 2008.

⁶⁵ Interview with Donald Cohen, August 29, 2007.

Cherokee-Gates Redevelopment		Construction and Permanent Jobs
Policy Vehicle		Community benefits principles incorporated into a range of public development agreements
Development		50+ acre, \$1 billion mixed-use, transit-oriented brownfield redevelopment that will include retail, offices, housing and open space
Implementation Period		Agreements concluded in 2005, gearing up for implementation now.

Similarly, in Denver, FRESC staff are working to create an implementation plan for the local hire requirements that will attach to the Cherokee-Gates redevelopment. The City of Denver has maintained its own local hire program for years, but has never been held accountable for outcomes. In the course of negotiating community benefits principles for the Cherokee-Gates project, FRESC succeeded in establishing a set of priority targeted applicant pools that are more specific than those identified by the existing policy. Further, the new principles require construction and permanent jobs employers at the site to use a first source referral system, with the goal of hiring low-income workers living within three miles of the site.

Robin Kniech, staff attorney and project manager at FRESC, is striving to establish an implementation plan that can get meaningful local hire outcomes. Denver needs more investment in pre-apprenticeship programs to make the program work. “The tables I’m at are now working on developing a better pipeline system,” said Kniech. “It is something we are working on, but it is not in place yet.”⁶⁶ Increasing union access to construction jobs is a critical component of FRESC’s plan for ensuring that low-income local residents get access to apprenticeships and journey-level jobs.

⁶⁶ Interview with Robin Kniech, August 30, 2007.

D. Conclusions

Among the most significant barriers to expanding construction local hire is the widespread lack of understanding of how the trades work. The complexity of the industry requires an in-depth approach that builds a new pipeline of workers and connects them to support services that can help them get and keep a job; ensures that union contractors have access to a sufficient number of projects to bring new workers into the workforce; works with unions that already have a commitment to increasing the diversity of the trades' workforce; and establishes enforcement mechanisms when contractors fail to meet expectations. The projects reviewed in this report show that a fully fleshed-out program can get new workers and job-seekers into construction trades jobs. Zip-coding practices alone create significant opportunity for low-income local residents, but addressing the real needs of low-income communities requires engagement with the process of accessing apprenticeship opportunities.

There is a profound need for these policies and practices, given the historical patterns of exclusion that continue to plague the building trades. The trades are regularly assailed for lack of diversity, yet many of the policies set in place to prevent racism – e.g., use of the out-of-work list – now create barriers to moving people of color forward in the trades. Without local hire requirements, trades unions and contractors have little recourse to address limited diversity, aside from supporting pre-apprenticeship programs, an approach that promises to have some impact but not enough. Dr. Todd Swanstrom's recent report, produced in conjunction with the Transportation Equity Network, provides ample evidence of the need for creative and aggressive strategies for increasing representation of people of color in the trades. Swanstrom and his colleagues argue that employing black workers in the trades at the same level in which they are represented in the general population would require hiring 42,700 more African-American workers in the construction trades.⁶⁷

In Los Angeles, the stage is being set for making real inroads in addressing Swanstrom's findings, as the Community Redevelopment Agency (CRA) is well on its way to approving a Construction Careers Policy that will require a project labor agreement, including local hire programs, for every project that makes its way through the CRA. The policy, summarized in a recent publication by the UCLA Labor Center, serves the CRA's interest in ensuring labor peace and high quality construction for the projects it subsidizes or otherwise oversees.⁶⁸ This report highlights the benefits of engaging labor unions as a partner in the effort to design and implement strong construction local hire programs. By bringing labor unions to the table, the Construction Careers Policy has great potential to transform LA's construction workforce.

⁶⁷ Swanstrom, Todd, with Laura Barrett, Shantha Ready, Michele Fontain, Scott Krummenacher, and Ruth Sergenien. "The Road to Jobs: Patterns of Employment in the Construction Industry in Eighteen Metropolitan Areas." Transportation Equity Network and RegionWise, August 30, 2007.

⁶⁸ Delugach, Sharon and Raahi Reddy. "Helping LA Grow Together: Why the Community Redevelopment Agency Should Adopt the Construction Careers Policy." Center for Labor Research and Education, UCLA Labor Center: February 2008, pg. 11.

VII. Conclusions and Final Thoughts

Generating real local hire outcomes requires real investment of effort, yet the case studies in this report show that with good policy language, a strong implementation team, and a committed, diligent staff coordinator local hire programs can succeed in creating significant new job opportunities for low-income local residents.

Documenting the extent of unemployment and joblessness in urban areas, and the negative effects of the cycles of violence and poverty that undermine urban communities, is beyond the scope of this report. But it's essential reality is at the heart of community benefits work, and inspires these coalitions to seek innovative methods for redirecting resources outside of the protected urban enclaves that continue to benefit from the back-to-the-city movement and expanded use of TIFs and other development subsidies.

Advocates of incorporating local hire requirements into development often meet with skepticism and unwillingness, not only on the parts of developers, but also from the elected officials who represent low-income urban communities. Some of that unwillingness stems from lack of concrete documentation that these programs can work: that they can operate effectively without scaring developers off nor unnecessarily complicating the development process, and that the low-income workers they recruit can meet the challenges of the jobs. This report provides strong evidence that they do.

Threaded throughout this report is the need for public institutions to take a leading role. To maximize the benefits to their communities, public entities, including elected and appointed officials and redevelopment administrations, should:

- Establish local hire requirements in their jurisdictions, especially for large-scale projects with strong public investment;
- Support community benefits coalitions' efforts to strike private agreements with developers to participate in first source referral systems;
- Ensure timely and regular collection of reports, and make them available to the community;
- Ensure that programs staffed by public employees are seen as a high priority, and work to maintain the political will needed to see them succeed.

Many cities and local governments maintain local hire policies, but it is unclear how effectively they have been staffed. This report focuses on programs that are connected to the Partnership for Working Families network, making an exhaustive review of all of the issues related to local government policies impossible. But extrapolations can and should be made from the success of the programs profiled here. On the face of it, there seem to be no real reasons why these programs cannot be made to work.

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