

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS AND
CHAIR HILDA L. SOLIS**

SEPTEMBER 6, 2016

Countywide Local and Targeted Worker Hire Policy

A countywide local and targeted worker hire policy would use Los Angeles County’s (County) investment in public works, County-financed affordable housing projects and developer-financed economic development projects on County property as a catalyst for local job creation, construction careers training, and revenue generation for the County. Local hire policies have proven to be effective tools for addressing a job crisis that particularly affects vulnerable workers who face barriers to employment, such as homeless persons, former foster youth, and formerly incarcerated individuals. Such policies could also address joblessness and poverty concentrated in communities that have not realized the benefits of broader economic development. This is oftentimes the case in areas where affordable housing is constructed.

To date, the County has implemented a variety of local or targeted worker hire approaches with different standards and requirements that make it difficult to track efficacy and costs. Since 2011, the County has collected empirical data to measure the efficacy of the County’s various local worker hire approaches. This data has demonstrated that mandatory local worker hire policies performed the best in ensuring that jobs went to local community members and targeted vulnerable populations.

For example, at the LAC+USC Medical Center Replacement Project which adopted a “good faith” local worker hire policy, only 10% of the total construction hours

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RIDLEY-THOMAS _____

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ANTONOVICH _____

SOLIS _____

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were performed by workers living within a five mile radius of the project. Similarly, the Harbor-UCLA Emergency Room Replacement Project adopted a good faith local worker hire policy approach. Roughly 11% of the total construction hours were performed by County residents living within a five mile radius of the job site.

By contrast, in October 2010, the Board of Supervisors (Board) voted to establish a mandatory local worker hire policy for the inpatient tower and ambulatory care projects at the Martin Luther King, Jr. (MLK) Medical Center campus. The policy ensured that at least 30% of the total construction hours associated with those projects was reserved for workers in the construction trades who lived within a five mile radius of the new MLK campus or lived in 144 zip codes experiencing 150% of the County's average rate of unemployment. Nearly 60% of all total construction hours at the MLK inpatient tower were ultimately performed by local workers (defined as living within five miles of the project site and within high zip codes), with 71% of all total job hours performed by County residents. Further, 26% of the project hours were performed by County targeted workforce residents who met the definition of "Disadvantaged Local Workers." The MLK Outpatient Center had similar outcomes. Importantly, both projects were completed on time and on budget.

There are also significant opportunities for the housing development industry to adopt a local and targeted worker hire policy. On October 27, 2015, the Board instructed the Affordable Housing Coordinating Committee to report back with an assessment of the feasibility of implementing local worker hire requirements in the construction, operation, and maintenance of affordable housing developments supported by the Affordable Housing Programs Budget Unit. In addition, on February 9, 2016, the Board directed the Chief Executive Officer (CEO), working with County Counsel and the Director of Public Works, to develop a Countywide local and targeted worker hire policy that would apply to all capital projects undertaken as part of the Homeless Initiative and County construction projects with a project budget greater than \$2.5 million.

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The Board now has an opportunity to create a uniform countywide approach and apply clear and consistent definitions across all construction projects with County direct involvement. In its responding August 1, 2016 memo to the Board, the CEO proposes a mandatory policy on County capital projects that would effectively leverage County taxpayer dollars to promote health and wellness, workforce development and economic and neighborhood revitalization with nominal project costs. Additionally, County-funded affordable housing projects and privately-financed economic development projects on County property also provide targeted employment opportunities. Adopting a local and targeted worker hire policy would further demonstrate the County's commitment to see all public dollars be leveraged in a manner that promotes local wealth and job creation.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer (CEO), in consultation with the Directors of Public Works (DPW), Internal Services, Parks and Recreation, Community and Senior Services (CSS) or designee overseeing workforce development programs, and Consumer and Business Affairs (DCBA) or designee overseeing the Social Enterprise Certification program, and the Executive Director of the Community Development Commission (CDC) and the Housing Authority of the County of Los Angeles (HACOLA) to adopt a consolidated Local and Targeted Worker Hire Policy (Policy) consistent with the CEO Report to the Board dated August 1, 2016, as further defined below, that shall be applicable to all departments, commissions, and agencies delivering County capital and construction projects and privately-financed economic development projects on County property.
 - a. A Local Resident shall be defined as an individual living within the Tier 1 or Tier 2 ZIP Codes of the County. Before employing worker(s) from Tier 2 ZIP Codes, the available pool of local residents whose primary place of residence is within Tier 1 ZIP Codes must first be exhausted. Tier 1 means ZIP Codes within five (5) miles of the proposed project site, and where the average

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percentage of households living below 200 percent of the Federal Poverty Level (FPL) is greater than the County average for such households. Tier 2 means any ZIP Codes within the County where the average percentage of households living below 200 percent of the FPL is greater than the County average for such households. This definition shall also apply to affordable housing projects and for privately financed developments located on County property.

- b. For all projects with a project budget greater than \$2.5 million, with the exception of affordable housing projects, at least 30 percent of total California construction labor hours worked on each project must be performed by a qualified Local Resident. Where allowable, contractors shall be encouraged to achieve higher participation levels for Local Residents.
- c. For all projects with a project budget of \$500,000 to \$2.5 million, with the exception of affordable housing projects, there shall be utilization of best efforts to achieve the Local Resident hire goal of 30 percent.
- d. For affordable housing projects and mixed-use affordable housing projects that receive funds from the County that are administered by CDC and HACOLA funded projects that have a project budget greater than \$2.5 million, there shall be utilization of best efforts to achieve the Local Resident hire goal of 30 percent of total California construction labor hours. Exceptions may be provided for projects in jurisdictions enforcing its own local hire policy and for projects with federal or State funding prohibitions on geographic preferences on a case-by-case basis. This would also apply to other non-County-funded affordable housing programs, such as the Mental Health Services Act administered by the Department of Mental Health (DMH).

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- e. For all projects, except affordable housing projects, at least 10 percent of total California hours worked on each project valued at greater than \$2.5 million shall be performed by County residents classified as a Targeted Worker facing barriers to employment. Hours worked by a Targeted Worker who is also a Local Resident may be applied towards the 30 percent Local Resident hire goal. The CEO shall work with the Director of CSS to develop a system of consistently tracking the Board-designated Targeted Worker categories and Targeted Worker placement according to a process consistent with reporting mandated by the Workforce Innovation and Opportunity Act of 2014. A Target Worker is a resident of the County who has indices of career-limiting circumstances, specifically, one or more of the following:
1. has a documented annual income at or below 100 percent of the FPL;
 2. no high school diploma or GED;
 3. a history of involvement with the criminal justice system;
 4. protracted unemployment;
 5. is a current recipient of government cash or food assistance benefits;
 6. is homeless or has been homeless within the last year;
 7. is a custodial single parent;
 8. is a former foster youth; or
 9. is a veteran, or is the eligible spouse of a veteran of the United States armed forces, under Section 2(a) of the Jobs for Veterans Act (38 U.S.C.4215[a]).
- f. For affordable housing projects and mixed-use affordable housing projects that receive funds from the County that are administered by CDC and HACOLA with a project budget greater than \$2.5 million, there shall be utilization of best efforts to achieve the Targeted Worker hire goal of 10 percent of total California construction labor hours. Exceptions for projects in jurisdictions enforcing their own local hiring policy, and for

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projects with federal or State funding prohibitions on hiring preferences will be established on a case-by-case basis. This would also apply to other County-funded affordable housing programs, such as the Mental Health Services Act administered by the Department of Mental Health.

- g. At the initial stages of project planning, an analysis of funding source constraints shall be performed to determine eligibility for mandatory as opposed to a best efforts standard for Local and Targeted Worker hire requirements.
2. The CEO in consultation with the Director of DPW shall provide oversight of the consolidated Countywide Local and Targeted Worker Hire Policy, while departments and agencies implementing a project subject to the Policy shall remain responsible for reporting and compliance activities. The CEO in consultation with CSS shall provide quarterly written reports to the Board and the Economic Development Policy Committee based on empirical data that measures compliance and the efficacy of the Local and Targeted Worker Hire Policy. The CEO shall conduct a regular review of best efforts undertaken under the Policy with the first report no later than September 30, 2018 and at annual intervals thereafter to assess the effectiveness of the best efforts standard as compared to the mandatory requirement and determine if the goal requirement percentages can be feasibly increased based on this documented performance. Data for each project governed under the Countywide Local and Targeted Worker Hire Policy shall be posted online monthly.
3. The consolidated Local and Targeted Worker Hire Policy shall become effective for project development agreements, including but not limited to ground leases, loan agreements, grant agreements, design/build contracts, and construction contracts, approved by the Board after October 31, 2016, with the exception of affordable housing projects and mixed-use affordable housing projects that receive funds from the County that are administered by CDC or HACOLA.

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4. The Local and Targeted Worker Hire Policy shall become effective for affordable housing projects and mixed-use affordable housing projects that receive funds from the County that are administered by CDC or HACOLA that receive funds through the Notice of Funds Availability Year 22 and are approved by the Board thereafter.

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(DR/YV/KK/RH)