

Careers and Economic Development in the County Construction Industry

In their “People, Industry and Jobs 2015-2020” report the Los Angeles County Economic Development Corporation (LAEDC) states that the Los Angeles County construction sector should be targeted for specific economic and workforce development interventions, because of the sector’s many high-salary jobs and its ability to generate long-term income growth and wealth creation for individuals and families. Recognizing this, the Los Angeles County Workforce Development Board (WDB) has recommended that local public agencies, including the County of Los Angeles (County), focus our Workforce Innovation and Opportunity Act of 2014 (WIOA) and other workforce development funding on construction industry employment, apprenticeships and training.

LAEDC projects that construction employment will increase from around 130,000 jobs today to 150,000 by 2020. The construction industry offers solid, middle-class jobs that can support a family, and includes many occupations and trades where individuals facing barriers to employment can gain access to training, apprenticeships, and ultimately, a career. The County’s Final Adopted Budget for Fiscal Year 2016-17 includes more than \$750 million in authorized spending on

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capital projects, including direct construction expenses. The County's capital projects spending should be tailored to ensuring that construction jobs continue to pay a family-level wage. With this in mind, and considering the success of other industry cluster development initiatives, the Board of Supervisors (Board) should continue to align our capital projects, contracting, procurement, and workforce development dollars with the private sector, generally, and the construction industry in particular. These efforts will help working families achieve greater financial independence and enhance our local economy for decades to come.

On September 6, 2016, the Board directed the County Chief Executive Officer to develop a countywide Local and Targeted Worker Hire Policy, requiring County construction contractors to hire qualified Local Residents for 30% of construction labor hours and qualified Targeted Workers for 10% of construction labor hours. Targeted Workers are defined as individuals facing barriers to employment, or who have indices of career-limiting circumstances, such as incarceration, poverty, or homelessness. Developing construction-related career pathways for these residents, however, often takes sustained effort across the entire regional workforce development system. Some of our Local Residents and Targeted Workers depend on coordinated support from County and non-County agencies, Building and Construction Trades unions, and community-based organizations that offer social services, housing assistance, job placement, and training programs. These workers also depend, of course, on the support of employers that are willing and able to give these qualified workers an opportunity in the local construction industry.

In two separate actions in 2016, the Board of Supervisors established and/or expanded the Small Business Initiative and Small Business, Disabled Veteran Business and Social Enterprise Utilization Programs. The Board set contracting goals of twenty-five percent (25%) utilization for certified Local Small Business Enterprises (LSBEs) and three (3%) for Disabled Veteran Business Enterprises (DVBES). The Department of

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Consumer and Business Affairs (DCBA) and Workforce Development, Aging, and Community Services (WDACS) were instructed to launch the County's Social Enterprise certification program, to identify programs which support businesses that want to employ Targeted Workers, and to assist County departments in contracting with Social Enterprises that specialize in the employment and training of Targeted Workers.

In order to strengthen the County's partnership with the construction industry and business industry partners, the Board should establish a Countywide Construction Careers and Economic Development Initiative. The proposed Local and Targeted Worker Hire Policy, currently being drafted by the CEO, will require that 30% of construction hours on eligible County projects be performed by Local Workers and that 10% be performed by Targeted Workers. This proposed policy should also consider how local jobs can lead to construction careers by requiring that 20% of construction hours be performed by Apprentices and that half of the Apprentice hours be performed by Targeted Workers. A sustained Countywide Construction Careers and Economic Development Initiative will require open and honest dialogue among stakeholders in the workforce development system and business community and will require assessment of the rate of sustained construction industry employment, ability to utilize our job readiness and related services, as well as the effectiveness of safety net services over time.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer, County Counsel, and the Directors of Public Works, Consumer and Business Affairs, and Workforce Development, Aging, and Community Services to report back by March 9, 2017, with a proposal for the Board of Supervisors to establish a Countywide Construction Careers and Economic Development Initiative;
2. The report back should explore amending and augmenting the Local and Targeted Worker Hire policy, such that:

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- a) County construction projects of greater than \$2.5 million will require a minimum of 20% Apprentice hours, or any higher percentage authorized by State law, for each construction trade utilized. Of these Apprentice hours, at least half should be from Local Resident or Targeted Worker categories;
 - b) Hours worked by an Apprentice who is also a Targeted Worker or a Local Resident may be applied to the 30% Local Resident or the 10% Targeted Worker hire goal in the Local and Targeted Worker Hire policy;
 - c) The full list of Targeted Workers would be expanded to include all categories of individuals, as permitted under applicable law, involving Targeted Workers facing barriers to employment served and tracked by the Workforce Innovation and Opportunity Act of 2014 (WIOA);
 - d) Local and Targeted Workers would be registered in the regional workforce development system;
 - e) When possible, registered Local and Targeted Workers' records would be linked to the County's Enterprise Linkage Project to enable improved coordination between County human service delivery and workforce development efforts;
 - f) The policy would require that any employer under any contract associated with projects under the Local and Targeted Worker Policy pay any workers on any affected project at the level of the County's Living Wage, unless pre-empted by higher Prevailing Wage or Davis Bacon Wage standards or an existing Community Workforce Agreement, including but not limited to security and clerical or administrative workers;
3. The report back should include policies and procedures for program implementation and potentially, a list of pre-qualified Jobs Developers (compliance consultants) to assist contractors, private developers, or County agencies in identifying and hiring qualified Local and Targeted Workers. Any such pre-

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qualified Jobs Developers should be required to work with America's Jobs Centers of California (AJCCs) and to register Local and Targeted Workers in the regional workforce development system;

4. The report back should explore enhancing DCBA's Small Business, Disabled Veteran-Owned Business and Social Enterprise Utilization Programs. Affected Departments should:
 - a) Develop and implement procedures for certifying construction contractors and subcontractors as Social Enterprises (SEs) consistent with the DCBA certification program, including those Employment and Training Social Enterprises certified to employ and train a labor force that is at least fifty-one percent (51%) Targeted Worker;
 - b) Propose how and when it is appropriate to require all Departments, Commissions, and Agencies delivering County capital and construction projects and economic and housing development projects on County property to include a Small Business, Disabled Veteran-Owned Business and Social Enterprise Utilization Plan (Utilization Plan) for each such project describing the plan to achieve twenty-five percent (25%) utilization of certified Local Small Business Enterprises (LSBEs) and three percent (3%) utilization of Disabled Veteran Business Enterprises (DVBES) on each project. Corresponding Utilization Plans and performance reports should be submitted to the Director of DCBA for inclusion in quarterly Business Utilization reports to the Board;
5. The report back should make recommendations on quarterly reports on achieving Local and Targeted Worker Policy goals, including Apprentice utilization goals, information on Targeted Workers by category, and any additional Construction Careers and Economic Development Initiative goals to the Economic Development Policy Committee, with the first report including data reported through June 30, 2017; and

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6. The report back should make recommendations on the creation of annual reports, with the first report filed by October 15, 2018, evaluating the performance of the Construction Careers and Economic Development Initiative in achieving the goals of increased and sustained economic opportunity over time. The annual reports should include:
 - a) Feedback from key industry stakeholders, including employers, developers, Los Angeles / Orange Counties Building and Construction Trades Council, unions, community-based organizations, Social Enterprises, AJCCs, Community Colleges and Adult Schools, philanthropy, and mission-oriented investors;
 - b) The cumulative performance to date of County Local and Targeted Worker Hire projects;
 - c) The rate of sustained employment of registered Local and Targeted Workers on County projects, in the construction industry, or through transition to employment in another sector based on data tracked through the information resources of the regional workforce development system;
 - d) The impact that this Initiative has in increasing the use of County job readiness and other services and in reducing Targeted Worker's usage of County safety net services over time; and
 - e) The impact that this Initiative has in increasing the number of construction industry LSBEs, DVBES, and SEs that are certified by the County and that receive contracts, as well as the distribution of contracts among the pool of certified businesses.

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