



# Building Opportunity

Investing in local and disadvantaged residents  
with Community Workforce Agreements

**WORKING  
PARTNERSHIPS**  
USA

**JULY 2017**

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# Executive Summary

The City of San Jose is projected to invest \$1.42 billion over the next five years in public construction projects to meet neighborhood infrastructure needs: community centers, fire stations, roads, trails, parks, water treatment, and more.

Yet the City currently has no provisions in place to help direct that considerable taxpayer investment towards tackling one of the biggest challenges facing our communities: access to good, middle-wage jobs and career pathways.

This report examines how public dollars currently being spent on construction projects are, or are not, benefitting the local workforce, and explores the use of Community Workforce Agreements as a tool to better focus public investments on creating training and career opportunities for all of our diverse San Jose communities.

Section 1 of this paper reports the initial findings of an analysis of the workforce employed on City of San Jose public construction projects between 2008 and 2016. Drawing from a sample of projects including certified payroll records for 1,638 individual workers, this analysis finds that both local residents and historically under-represented groups have to a large extent been left out of these projects and the career opportunities they represent.

Historically, African-Americans, Asian Pacific Americans, and women have all been severely under-represented in construction employment. Despite progress in the industry overall, these long-standing disparities are still present in recent San Jose public works projects. Out of a total of 795 workers on recently completed projects, only 15 workers were Asian or Pacific Islander (1.9%); only 5 were Black or African-American (0.63%); and only 6 were women (0.75%).

Latino workers faced a different challenge. Latinos were well represented on the public construction projects, making up the majority of employees. However, Latinos earned considerably less than white workers on the same projects. For 2014-2016, the average total project earnings for a Latino worker was \$2,690 — just over half the \$5,217 average for a white worker.

Local residents were a small minority of the workforce on the City projects. Only one-quarter (26%) of workers on the projects studied lived in San Jose. Another 9% lived elsewhere in Santa Clara County, leaving nearly two-thirds (65%) of the workforce originating from outside Santa Clara County. The average worker lived 57 miles away from their worksite.

This dependence on a largely non-local workforce has implications for equity and opportunity for local residents as well as for traffic and environmental impacts. Even assuming the more distant workers stayed in town (perhaps in motels, RVs, or sleeping in cars) rather than commute 6 or more hours daily, the remaining construction workforce on the six projects studied is estimated to have driven a total of 1.66 million vehicle miles.

These vehicle miles travelled directly contribute to both climate change and local health impacts. In addition to contributing to local smog and pollution, tailpipe emissions from vehicles are the single largest source of greenhouse gas emissions in California. The longer than average commutes on these

projects – two-thirds of all workers lived more than 30 minutes from their project site, compared to an average 1-way commute for all San Jose workers of 26 minutes – results in increased tailpipe emissions.

Section 2 of this paper analyzes a tool that is often used by local governments to address workforce issues and increase career opportunities on public works projects: a Community Workforce Agreement.

A Community Workforce Agreement is an innovative type of Project Labor Agreement (PLA) which, in addition to standard PLA requirements, incorporates provisions to encourage community hiring, apprenticeship training, and career paths.

Many of the nation's largest cities already have CWA policies in place: Chicago, New York, Philadelphia, Milwaukee, Seattle, Los Angeles, and a number of others. In California, more than 30 local jurisdictions have established CWA policies (see Appendix B for a chart of CWA policies by jurisdiction). Locally, the Santa Clara Valley Transportation Authority (VTA) and the County of Santa Clara both adopted CWA policies last year.

Section 2 surveys available impact data for local jurisdiction CWAs. All of the impact datasets reviewed show that the CWA has had a substantial impact on hiring and work hours for local and disadvantaged residents. However, the levels of targeted or local hiring achieved vary widely depending on the local market and project types. Many jurisdictions report that partnerships with community based organizations and industry-recognized pre-apprenticeship programs are critical in reaching the goals, especially for entry-level disadvantaged workers.

CWAs, then, are a policy tool designed by and for local governments to ensure that taxpayer-funded construction projects are creating good quality jobs that are accessible to local residents, historically under-represented groups, and targeted populations such as at-risk youth, low-income households, and others who face barriers to a career pathway. Impact data from existing CWAs show that they are effective in moving the needle on these goals.

However, the City of San Jose, unlike other large Silicon Valley jurisdictions, has not yet adopted a CWA or similar workforce policy on its public works. The objections raised to a San Jose CWA have generally fallen into one of two categories: fear that a CWA on public projects will increase project costs, or fear that it will reduce competitive bidding or make it harder for small and minority-owned businesses to compete. However, the evidence shows that Community Workforce Agreements or Project Labor Agreements on public works projects in California do not significantly impact either project costs or competitiveness of bidding.

In California, public works projects on which a CWA/PLA might be applied typically are already subject to the state prevailing wage. On prevailing wage projects, a PLA therefore has no impact on wage rates.

Rather, it provides for enhanced enforcement of the existing wage rates through strict project-level oversight, making it more difficult for unscrupulous contractors to employ such illegal practices as misclassifying employees, bypassing safety regulations, or requiring employees to work off the books. By creating a more level playing field, the PLA structure helps support responsible contractors, since they are less likely to be bidding against a competitor who is willing to violate the law in order to underbid a project.

Multiple academic studies evaluating PLAs in the context of all construction cost factors have found small to no effect on costs. The most comprehensive recent analysis of the effect of public sector PLAs on bidding is a study published by UC Berkeley in January 2017. The researchers undertook statistical analysis of 263 community college projects, 88 performed with a PLA and 175 without a PLA. Controlling for project size, location and timing, they found that the presence or absence of a PLA had no effect on total project cost. (In fact, the analysis showed that the low bids were slightly lower on projects with a PLA, but the difference was not statistically significant.)<sup>1</sup>

In looking at the total number of bidders, the analysis found that projects with PLAs had slightly more bidders than projects without PLAs.<sup>2</sup> Jurisdictions with PLA/CWAs often have bid preferences or small business assistance programs to help enable small, local minority- and women-owned businesses to bid and compete on PLA projects. In addition, a PLA allows both union and non-union contractors to bid, and gives small non-union contractors access to a larger pool of skilled workers by allowing them to request workers from the local union hiring halls for the duration of the project.

A Community Workforce policy for major public construction projects could enable San Jose to build a real regional pipeline to open up high-quality construction careers to low-income residents, youth, veterans, immigrant and communities of color, all while building the skilled local workforce that is needed in order to be able to supply the City's long-term construction demand.

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<sup>1</sup> Waitzman, Emma and Peter Philips. (January 2017). *Project Labor Agreements and Bidding Outcomes: The Case of Community College Construction in California*. University of California, Berkeley. <http://laborcenter.berkeley.edu/project-labor-agreements-and-bidding-outcomes/>

<sup>2</sup> Waitzman, Emma and Peter Philips. (January 2017). *Project Labor Agreements and Bidding Outcomes: The Case of Community College Construction in California*. University of California, Berkeley. <http://laborcenter.berkeley.edu/project-labor-agreements-and-bidding-outcomes/>

## **SECTION 1:**

# **Analysis of Construction Payrolls for San Jose Public Works Projects**



# Project Overview

Using Certified Payroll data provided by the City of San Jose Office of Equality Assurance, we have undertaken to enter anonymized data from paper payrolls into digital format, followed by reviewing, cleaning, and analyzing the data. This project has thus far involved roughly 200 hours of data entry and 100 hours of data cleaning and analysis.

The following analysis draws from a sample of six City of San Jose public works projects completed between 2008 and 2016. It encompasses large and small public works projects including a library, fire stations, and large airport projects. The projects reviewed include payroll records for 1,638 individual workers who worked a total of 122,031 hours and earned \$5,251,756 in wages.

The goal of this analysis is to better understand the demographics, income, and geographic spread of workers employed on publicly funded City of San Jose construction projects. We looked at regional and demographic variations in pay, hours, and overall employment. The size and the timespan of our sample give insight into the composition of the workforce on public works projects in the past ten years.

Key findings from our initial analysis of these data are presented below.

## Employment Data by Race/Ethnicity and Gender<sup>3</sup>

### Under-Represented Populations

Historically, African-Americans, Asian Pacific Americans, and women have all been severely under-represented in construction employment. Despite progress in the industry overall, we found these long-standing disparities still present in recent San Jose public works projects. Out of a total of 795 workers on projects completed between 2015 and 2016, only 15 workers were Asian or Pacific Islander (1.9%); only 5 were Black or African-American (0.63%); and only 6 were women (0.75%).

These numbers contrast sharply with the overall Santa Clara County workforce, of whom 34% are Asian or Pacific Islander, 2.3% are Black or African-American, and 43% are female.<sup>4</sup>

Race/Ethnicity	# of Workers	% of Workers
Hispanic/Latino	473	59.50%
Undetermined/Unreported	186	23.40%
White	115	14.47%
AAPI	15	1.89%
Black/African-American	5	0.63%
American Indian/Alaska Native	1	0.13%
<b>Grand Total</b>	<b>795</b>	<b>100.00%</b>

<sup>3</sup> Demographic details for workers were available only for the more recent projects; for projects completed between 2014 and 2016, records were reviewed for 795 workers who worked a total of 54,207 hours and earned \$2,440,565 in wages.

<sup>4</sup> Source: 2011-15 American Community Survey 5-Year Estimates, U.S. Census Bureau. Accessed via DataFERRETT.

<b>Gender</b>	<b># of Workers</b>	<b>% of Workers</b>
Female	6	0.75%
Male	789	99.25%
<b>Grand Total</b>	<b>795</b>	<b>100.00%</b>

Notably, the construction apprentice pipeline in Santa Clara County has a higher proportion of these under-represented groups than was found on the City of San Jose projects, although disparities still remain.

Asian Americans are 3 times as prevalent among Santa Clara County-resident apprentices than on the public works projects studied. African Americans are 6 times as prevalent among local apprentices than on the public works projects. And women are 4 times as prevalent.

While the representation of Asian-Americans and women in local apprenticeships is still well below the overall workforce, these data indicate that the pipeline in Santa Clara County is becoming more diverse. The challenge now is to create more opportunities for that local diverse workforce to work on local public works projects.

Recent efforts to further diversify the pipeline indicate promising results. The Santa Clara County Trades Orientation Program, the work2future-affiliated “feeder” program that recruits disadvantaged community members and prepares them for apprenticeship, since 2015 has graduated 153 students of whom 22% are API, 20% are African-American, and 30% are women.



## Wage Disparities

Latino workers made up the majority of employees on the public works projects studied; an estimated 60% of workers were of Hispanic heritage.

However, Latinos earned considerably less than white workers on the same projects. For 2014-2016, the average total project earnings for a Latino worker was \$2,690, just over half the \$5,217 average for a white worker.

This disparity is likely not due to a direct pay differential. On public construction projects, all workers in the same job classification must be paid at least the prevailing wage. Rather, the difference is a combination of two factors: first, Latino workers were concentrated in lower-wage job classifications, while white workers were concentrated in the classifications that pay the most (see table below); and second, the average white worker received more work-hours on the projects than the average Latino worker.

For African-Americans, Asians, and Native Americans, the number of workers was not large enough to draw any conclusions regarding average wages.

Race/Ethnicity	Mean Wages Per Hour	Average Total Project Earnings
Hispanic/Latino	\$41.20	\$2,690
White	\$57.56	\$5,217
Others	\$43.81	\$2,765
<b>Overall Average</b>	<b>\$44.96</b>	<b>\$3,075</b>

## Worker Tenure

Notably, the average individual employee worked only 74 hours on a given project. This reflects the nature of major construction projects in which each skilled trade is brought onto the site to perform their specialized work, be it laying tile, installing fire suppression systems, or the many other sequenced steps needed to complete a building.

This short duration of employment on each individual project highlights the importance of setting workforce standards that will be broadly applicable across all major public works projects, so that local workers can easily move from job to job.

Furthermore, in most State-registered apprenticeships, wages and benefits are standardized so that an apprentice receives the same pay and benefits whether they are working on a public or a private project. Expanding the use of apprentices thus can also be a tool to help increase earnings stability for new construction workers as they move from project to project.

# Employment Data by Geography

## Commute Times and Distances

Based on workers' ZIP code of residence, two-thirds of the workers on the public works projects studied traveled longer than the average Bay Area one-way commute of 30 minutes. 66% of workers lived more than a 30-minute drive from the projects, with 17% living more than 90 minutes away.<sup>5</sup>

To put those travel times in perspective, the average commute in San Jose is 27 minutes.<sup>6</sup>

Estimated commute times for workers on the projects studied						
Commute Time	30 minutes or less	30 to 60 minutes	60 to 90 minutes	90 to 120 minutes	120 to 180 minutes	More than 3-hour drive*
% of workers	34%	32%	17%	8.8%	5.8%	2.6%

\*These workers presumably made temporary lodging or sleeping arrangements during the work-week.

The average distance from workers' home ZIP codes to the project site was 56.8 miles. The workers for whom payroll data was collected worked a cumulative total of roughly 20,520 days. If they all drove solo to and from work each day, they would have travelled a total of 2,730,755 vehicle miles to complete the six projects studied.

If we instead assume that those who lived more than 3 hours from the project site did not drive at all, then the workforce on the six projects would have travelled a total of 1,663,432 vehicle miles.

Excessive commute distances generate traffic congestion, impact neighborhood livability and pollute the air. Total traffic congestion in the Bay Area, as measured by vehicle hours of delay, has increased by 84% in the last ten years (2005 to 2015).<sup>7</sup> Nationally, the Bay Area ranks as the 2nd most congested commute shed; only Los Angeles has more congested freeways.<sup>8</sup>

Commute times and traffic congestion have significant impacts on livability and community cohesion. Long commutes limit the amount of time workers have available to spend at home and in their communities, reducing civic participation and straining families. Local residents are affected indirectly as increased highway congestion generated by commuters forces locals to spend more time in traffic.

Finally, miles travelled by passenger vehicles are a major driver of climate change; in fact, they are the single largest CO2 emitter in California. In addition to accounting for 27% of the state's greenhouse gas

<sup>5</sup> One-way commute time was estimated from home ZIP code to project location using Google Maps. Commute time estimates assume that workers returned home each day; if workers instead made temporary sleeping arrangements in San Jose, these data would not reflect that arrangement. Totals may not add to 100 due to rounding.

<sup>6</sup> "2014 Commute Time for Cities and Neighborhoods", *Vital Signs*, Bay Area Metropolitan Transportation Commission (MTC). Accessed July 13, 2017. <http://www.vitalsigns.mtc.ca.gov/commute-time>

<sup>7</sup> "Bay Area traffic congestion shot up 84 percent in the last decade, with no improvements." *Silicon Valley Business Journal*. Dec. 29, 2016. <http://www.bizjournals.com/sanjose/news/2016/12/29/bay-area-traffic-congestion-shot-up-46-percent-in.html>

<sup>8</sup> "Time Spent in Congestion", *Vital Signs*, Bay Area Metropolitan Transportation Commission (MTC). Accessed July 20, 2017. <http://www.vitalsigns.mtc.ca.gov/time-spent-congestion>

emissions, vehicle emissions produce smog and other pollutants that affect residents' health.<sup>9</sup> California's historic Global Warming Solutions Act of 2006 (AB32) committed the state to reduce its total greenhouse gas emissions to 1990 levels by 2020 and to 80% below 1990 levels by 2050 – a goal that can only be reached if vehicle-produced emissions are greatly reduced.

The imperative to reduce Vehicle Miles of Travel is further emphasized by SB 375, passed in 2008, which requires regions throughout the state to take greenhouse gas emissions into account in their land use planning.

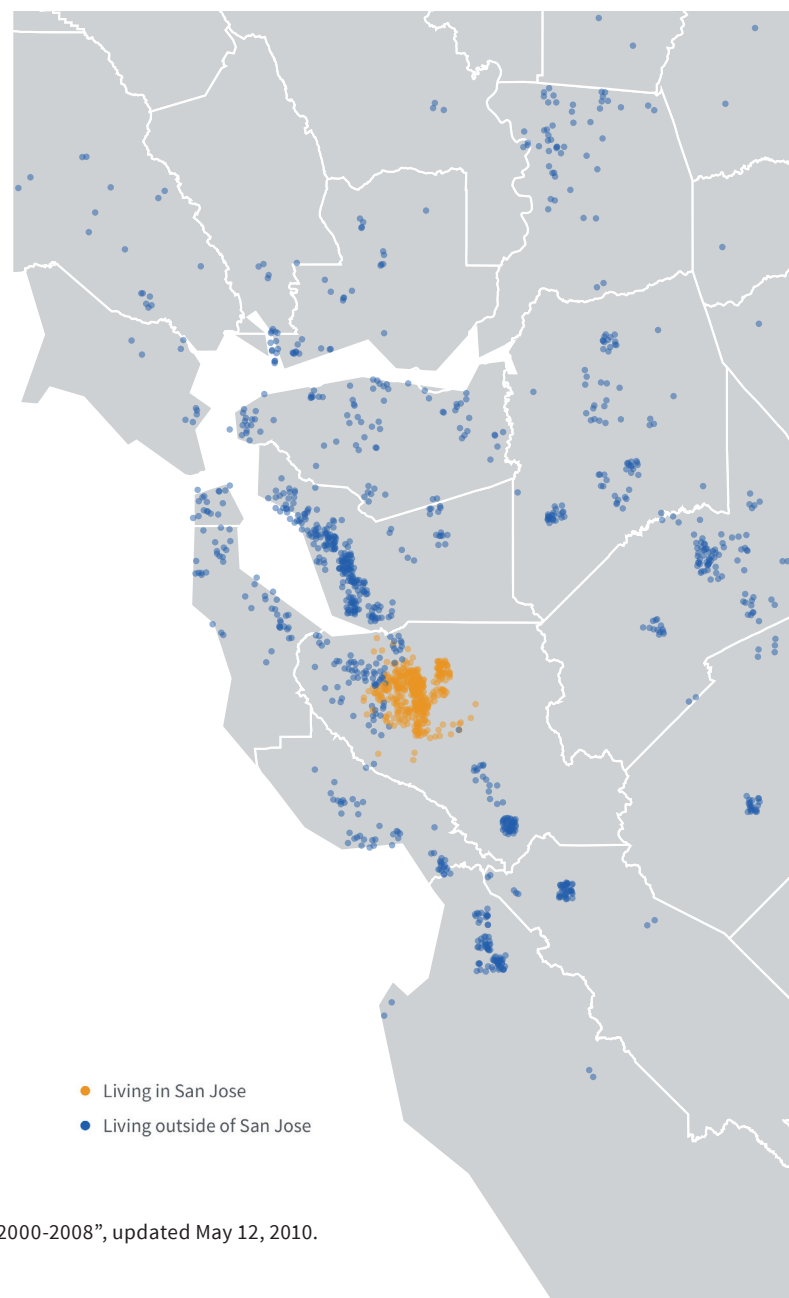
In July 2017, the State of California reaffirmed its focus on reducing greenhouse gas emissions by passing Senate Bill 1, which extends the emissions cap program from 2020 until 2030. A bipartisan super-majority of legislators in both the California Assembly and California Senate approved the bill, which includes strong measures to reduce tailpipe emissions.

## Home Residence of Workers

Only one-quarter (26%) of workers on the projects studied lived in San Jose. Another 9% lived elsewhere in Santa Clara County, leaving nearly two-thirds (65%) of the workforce originating from outside Santa Clara County.

The non-San Jose portion of the workforce was widely dispersed, hailing from 48 different counties and 200 cities. While some lived in neighboring communities, many came from a considerable distance away, as evidenced by the commute estimates. The tables on the following page show the top 20 cities and counties of residence for workers on the projects studied.

In addition to the traffic, environmental, health and social effects of lengthening commutes, a preponderantly non-local workforce also reduces local tax revenues generated by public investment. Workers who do not reside in San Jose are not contributing to the property tax base that supports local schools, hospitals, public safety, and other critical public services. They are also likely to be contributing considerably less to local sales tax revenue, since many of their purchases will be made in their home county.



<sup>9</sup> California Air Resources Board, "California Greenhouse Gas Inventory for 2000-2008", updated May 12, 2010.

Top 20 Counties Workers Live In			
#	County	# of Workers	% of Workers
1	Santa Clara	557	35.16%
2	Alameda	257	16.22%
3	Stanislaus	94	5.93%
4	San Joaquin	90	5.68%
5	Monterey	84	5.30%
6	Contra Costa	80	5.05%
7	Santa Cruz	54	3.41%
8	Sacramento	49	3.09%
9	San Mateo	45	2.84%
10	Solano	42	2.65%
11	San Benito	42	2.65%
12	Merced	37	2.34%
13	Fresno	25	1.58%
14	San Francisco	19	1.20%
15	Sonoma	17	1.07%
16	Marin	9	0.57%
17	Butte	8	0.51%
18	Madera	8	0.51%
19	Los Angeles	6	0.38%
20	Napa	6	0.38%
	<i>All others</i>	55	3.47%
<b>Grand Total</b>		<b>1584</b>	<b>100%</b>

Top 20 Cities Workers Live In			
#	City	# of Workers	% of Workers
1	San Jose	419	26.45%
2	Hayward	76	4.80%
3	Salinas	72	4.55%
4	Modesto	51	3.22%
5	Gilroy	48	3.03%
6	Fremont	43	2.71%
7	Hollister	38	2.40%
8	Oakland	31	1.96%
9	Newark	29	1.83%
10	Union City	25	1.58%
11	Sacramento	25	1.58%
12	Tracy	24	1.52%
13	Santa Clara	23	1.45%
14	Fresno	21	1.33%
15	Los Banos	21	1.33%
16	Manteca	21	1.33%
17	Vallejo	21	1.33%
18	San Francisco	18	1.14%
19	Stockton	18	1.14%
20	San Leandro	18	1.14%
	<i>All others</i>	542	34.22%
<b>Grand Total</b>		<b>1584</b>	<b>100%</b>

## Worker Hours and Wages by County

County	Total Hours	% of Hours	Total Wages	% of Wages
Santa Clara	46876.26	38.41%	1961445	37.35%
Alameda	14848.53	12.17%	588080.4	11.20%
San Benito	9426.25	7.72%	393540.1	7.49%
Monterey	8046	6.59%	314604.7	5.99%
San Joaquin	6271.92	5.14%	271559.6	5.17%
Contra Costa	5815	4.77%	266056.3	5.07%
Santa Cruz	4990.36	4.09%	242927.2	4.63%
Stanislaus	3977.75	3.26%	227376.4	4.33%
San Mateo	3845	3.15%	192822.5	3.67%
Napa	1995.5	1.64%	120537.3	2.30%
Merced	2680.96	2.20%	109616.5	2.09%
San Francisco	1447	1.19%	88301.19	1.68%
Solano	1577.1	1.29%	70022.37	1.33%
Sacramento	1874.01	1.54%	69738.17	1.33%
Fresno	948.75	0.78%	32327.18	0.62%
Unknown	1506.28	1.23%	55055.06	1.05%
Sarasota	672	0.55%	29405.04	0.56%
San Luis Obispo	624	0.51%	29336.73	0.56%
El Dorado	812.75	0.67%	27979.47	0.53%
Los Angeles	698	0.57%	29058.57	0.55%
<i>All others</i>	<i>3097.73</i>	<i>2.54%</i>	<i>131966.85</i>	<i>2.51%</i>
<b>Grand Total</b>	<b>122,031</b>	<b>100%</b>	<b>5,251,756</b>	<b>100%</b>

## Contractor Locations

The employers on the projects studied (contractors and subcontractors) were largely based outside of Santa Clara County. Out of 165 contractors hired on the six City of San Jose public works projects, 36% had business addresses in Santa Clara County. Another 25% came from neighboring Alameda County, 3% from San Mateo, 3% from Santa Cruz, and less than 1% from San Benito. The remaining 33% of contractors were based in non-contiguous counties.

A contractor's location does not necessarily determine whether they will use a local or non-local workforce. However, in the absence of any public policy to encourage use of apprentices and local hiring halls, non-local contractors are generally more likely to hire non-local workers. In the next phase of this project we will attempt to perform a statistical analysis on contractor locations and worker ZIP codes to examine how strongly they are correlated.

Contractors by County of Origin		
County	Number of Contractors	Percent of Contractors
Santa Clara	59	36%
Alameda	41	25%
Stanislaus	8	5%
San Joaquin	6	4%
Santa Cruz	5	3%
San Mateo	5	3%
Placer	4	2%
Contra Costa	4	2%
Los Angeles	3	2%
Sacramento	3	2%
<i>All others</i>	27	16%
<b>Total</b>	<b>165</b>	<b>100%</b>



## Local Economic Impacts

Wages paid to local residents benefit not only the workers themselves and their families, but also the broader community. As local workers earn money, they spend it on food, clothing, childcare, housing, entertainment, personal care, and other goods and services, increasing the circulation of money throughout the local economy. However, if most of those wages are taken out of the region, then the local economy sees little benefit.

The payroll data collected show that out of \$5,251,756 paid in wages to blue-collar construction workers on the City projects reviewed, \$3,290,311 (62.65%) went to workers who lived outside of Santa Clara County.

To extrapolate this to the overall economic impacts of public sector construction, we can look at the City of San Jose's adopted budget, which includes a 5-year Capital Improvement Program (CIP).

The 2016-2020 CIP budget includes a total of \$1,420,943,707 to be spend on construction projects over the next five years (non-construction expenses are excluded).<sup>10</sup> In the California construction sector, approximately 28% of the net value of construction work goes to labor costs.<sup>11</sup>

Applying this ratio to the San Jose CIP, roughly \$398 million over five years can be expected to go towards wages, benefits, and other payroll costs.

If the pattern observed in the sample of projects continues to hold in the future — meaning that 62.65% of wages on City projects are paid to out-of-town workers — that represents a total over five years of \$249 million in public construction dollars being paid to out-of-town workers, or just under \$50 million per year. This likely means that much of that \$50 million annually would leave the area rather than circulating in the local economy. For comparison, the 2016 Super Bowl 50 event brought an estimated \$29 million in economic benefit to San Jose.<sup>12</sup>

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<sup>10</sup> <http://www.sanjoseca.gov/DocumentCenter/View/46155>

<sup>11</sup> Calculated from the 2012 Economic Census of the United States, U.S. Census Bureau, Table EC1223A1: Construction: Geographic Area Series: Detailed Statistics for the State. Accessed via American FactFinder, July 18, 2017.

<sup>12</sup> Artz, Matthew, "Super Bowl: Of \$240 million boost, San Jose got 12 percent." *Daily Democrat News*, Aug. 15, 2016.

## Methodology

The primary data source for this analysis is the hardcopy certified payrolls collected and verified by the City of San Jose Office of Equality Assurance. Weekly payroll data for a sample of six projects completed over the past decade were compiled, tabulated, and analyzed.

We began by entering the raw data from weekly certified payrolls submitted to the City into a spreadsheet format. To preserve privacy, each individual worker was assigned a unique identifying number. We entered data for a total of 1638 individual workers.

After cleaning and standardizing the data, we began tabulating this information for the report, with a special focus on where workers lived and their demographic background. A total of 11 workers were excluded for incomplete individual worker data.

Although the certified payrolls include a field for Equal Employment Opportunity (EEO) data on race/ethnicity, a large portion of payrolls did not include this data. To determine race and ethnicity for workers for whom it was not reported, prior to anonymization we performed an analysis on surnames, coding those with high likelihoods of a specific race/ethnic origin. Race/ethnicity could not be identified for approximately 23 percent of workers. Because white surnames are more difficult to identify than Hispanic/Latino or Asian surnames, it is likely that the large majority of those unidentified are white, but this could not be confirmed.

Commute time and distance was estimated from the worker's home ZIP code to the project address, using Google Maps data. While less precise than commute data based on a worker's exact street address, this gives a reasonably accurate estimate. Some workers may not have commuted daily from their home address, but instead stayed nearby during the workweek. Because American Community Survey data showed no workers with a commute of more than 3 hours into Santa Clara County, we assumed that any individual living more than 3 hours from the worksite did not commute daily. To the extent that other workers (less than 3 hours away) used a temporary residence or sleeping place rather than commuting, the shown data may overestimate the average commute. Conversely, to the extent that workers 3 or more hours away did commute daily, the data shown may underestimate the average commute.

To facilitate public access to data and monitoring of indicators, we suggest that the city consider standardizing and digitizing construction payroll information, and making appropriately anonymized version of that information available to the public via the City's Open Data Portal. In addition, the city could encourage contractors to collect demographic data more consistently and accurately.

## **SECTION 2:**

# **Impact Analysis of Community Workforce Policies for Public Works**

# Overview of Community Workforce Agreements

A Community Workforce Agreement (CWA) is a form of Project Labor Agreement (PLA), which is a construction industry collective bargaining agreement applied to a particular public works project or set of projects. A CWA consists of a signed Project Labor Agreement (PLA) which, in addition to all standard PLA provisions,<sup>13</sup> incorporates provisions for targeted hiring of disadvantaged or under-represented local residents, often as entry-level apprentices.<sup>14</sup>

Over the past two decades, an increasing number of public entities have adopted CWAs as one of the most effective tools to both create local career-pathway job opportunities on public works projects, and to increase access to construction apprenticeships for under-represented groups. As of 2010, at least 103 agreements with CWA provisions had been adopted across the country;<sup>15</sup> today, although an exact count has not been made, the number is considerably higher.

The particulars of each agreement are typically tailored to the needs of the public entity, the community, and the type of work it covers. PLAs with “community workforce” provisions may go by a number of different names, or the agreement may simply be called a “PLA” and include additional language requiring targeted hiring, local hiring, or other provisions designed to open career pathways into the construction trades.

The disadvantaged workers supported by community workforce provisions vary based on local needs, but commonly include categories such as at-risk youth (age 18+), emancipated foster youth, unemployed or under-employed adults, veterans, under-represented minority or immigrant community members, CalWORKs and GA recipients, the formerly incarcerated, and those who are homeless or precariously housed.

Two key provisions for effective CWAs in a high-cost region like Silicon Valley are:

- 1. It should establish and enforce strong job standards.** These include monitoring and enforcement mechanisms to ensure fair pay, health and safety, which are typically included in a standard PLA. They may also include provisions to prevent wage theft and misclassification of employees as independent contractors.
- 2. It should create a pathway to apprenticeship for local communities** by requiring **targeted hiring** of disadvantaged or under-represented community members as entry-level apprentices, in coordination with one or more industry-recognized pre-apprenticeship programs with track records of successful

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<sup>13</sup> A brief description of PLAs: “Project labor agreements (PLAs) (sometimes called project stabilization agreements, or PSAs)... have historically functioned to establish the parameters of working conditions and labor relations between the general contractor, the developer and building trades unions on major construction projects. These agreements set out the terms under which building trades unions agree not to go on strike or picket the job. Typically public entities have seen project labor agreements as a value-added for projects where the public investment must be safeguarded. Project labor agreements help prevent delays, maintain workplace safety, and ensure high-quality construction products, all of which help protect taxpayers’ investments when public money funds some or all of the project.” (Partnership for Working Families, 2012)

<sup>14</sup> Being hired as an entry-level apprentice provides a new employee with not just a temporary job, but enrollment in a State-registered apprenticeship program providing on-the-job and classroom training as part of a career pathway. No prior training or experience is required in order to become an apprentice. See box on p. 22 for a description of the California apprenticeship system.

<sup>15</sup> Figueroa, Maria, Jeff Grabelsky, and Ryan Lamare, “Community Workforce Provisions in Project Labor Agreements” (October 2011). Cornell University, ILR School.

placement into apprenticeship jobs.<sup>16</sup>

Most CWAs are developed in partnership with grassroots organizations who provide community education, outreach, and support to disadvantaged community members, as well as with certificated pre-apprenticeships.

**Model language for Community Workforce provisions, adapted from provisions adopted by the County of Santa Clara and other Bay Area jurisdictions, is included as Appendix A.**

## What's Included in a Community Workforce Agreement?

The following general description is excerpted from *The Roadmap to Emerald Cities*, 2010:

Like traditional PLAs, Community Workforce Agreements cover terms and conditions of employment, including collectively bargained wage rates, benefit fund payments, hours, etc. They also encourage job stability and prevent costly delays by:

- Guaranteeing no-strikes and no-lockouts;
- Providing alternative dispute resolution procedures;
- Establishing the journey level to apprentice ratios on the covered project(s);
- Determining uniform hours, conditions, schedules, and work rules for the covered projects within a common contract time frame;
- Assuring contractor access to a well-trained and highly-skilled workforce through union referral procedures.

Community Workforce Agreements also build well-defined career opportunities for under-represented communities by establishing apprenticeship utilization requirements and targeted hiring practices.

A CWA's hiring targets are not merely aspirational career goals. Rather, good CWAs set clear and concrete hiring goals that are strategically important and politically feasible. An effective CWA provides for real accountability and applies metrics to measure, monitor, evaluate and enforce agreed-upon employment goals for target categories of workers.

CWAs typically establish a framework that helps guide all project stakeholders through the process by which low-income and local residents will get access to construction careers, but also help encourage flexibility given the challenges involved in pursuing these goals. Establishing project-wide goals, for example, can enable the overall project to meet the targeted hiring goals even if some trades have difficulty recruiting and some contractors have difficulty employing targeted workers. In some cases, goals may be achieved by contractors engaged on a covered project employing workers from targeted categories on other projects outside the scope of the CWA.

<sup>16</sup> A number of industry-recognized pre-apprenticeship programs utilize the nationally certified Multi-Craft Core Curriculum (MC3), which was developed to align with construction apprenticeship requirements and construction industry workforce needs and is currently being used by the California Workforce Development Board (CWBD) as the required curriculum for its Prop. 39 pre-apprenticeship grantees.

Many other jurisdictions in the Bay Area, California and elsewhere in the United States have also established Community Workforce Agreements, each including standard PLA provisions plus workforce hiring provisions tailored to local communities' needs and the nature of the local labor market. It is important to note that different jurisdictions may use different terminology for a PLA with Community Workforce provisions; for example, it may be called a Construction Careers Agreement, have a locally-specific name such as MAPLA or WSIPLA, or simply be known as a "PLA with targeted hiring provisions."

## **The Next Step: Community Workforce Policies**

To streamline and bring certainty to the process, rather than negotiating an individual PLA/CWA for every project, local governments are increasingly enacting a Community Workforce policy to apply Community Workforce Agreements to all publicly funded construction projects that meet specified criteria. These criteria often include a minimum dollar value (e.g., projects of \$1 million or more) and reference to the funding sources for covered projects.

At least 30 local governments in California have adopted CWA policies covering multiple projects. In the San Jose metro region, CWA policies have recently been adopted by the County of Santa Clara and the Santa Clara Valley Transportation Authority (VTA).

**A chart of CWA policies by jurisdiction, summarizing scope and provisions contained in each, is included as Appendix B.**



# Impacts of Community Workforce Provisions on Employment Goals

*Community Workforce provisions* are sections that are added on to a Project Labor Agreement (PLA), either in the body of the PLA or as appendices, in order to achieve specified goals above and beyond the baseline provisions of the PLA. A PLA which includes Community Workforce Provisions is often referred to as a *Community Workforce Agreement (CWA)*.

Community Workforce provisions are typically designed to pursue one or more of the following objectives:

1. Increase hiring of **targeted workers** from specific disadvantaged populations as entry-level apprentices;
2. Increase the total on-the-job training hours worked by **apprentices**; and/or
3. Increase hiring and work hours for **local area residents**. (Note: Local area resident requirements can be challenging in the construction sector due to the nature of the industry, in which both businesses and workers move from job to job rather than remaining in one location. Any such requirement should be carefully considered in light of the construction labor market and existing construction workforce in the region, to avoid unintended consequences.)

A key question in evaluating Community Workforce provisions is how effectively these provisions achieve the stated goals. Following is an overview of those CWAs in California which have tracked and released data regarding progress towards these goals.

All of the CWAs reviewed have shown substantial progress, though notably, the levels of targeted and/or local hiring achieved vary widely depending on the local market and project types. Many jurisdictions report that partnerships with community based organizations and/or industry-recognized pre-apprenticeship programs are critical in reaching the goals, especially for entry-level targeted / disadvantaged workers.

The SFPUC's Water System Improvement Project Labor Agreement (WSIPLA) and the Port of Oakland's Modernization and Aviation Project Labor Agreement (MAPLA) are the largest & among the longest-standing PLA/CWAs in the Bay Area, and have the most robust impact data.

Under the WSIPLA, as of Dec. 2016:

- 5,582 **local area residents** have been hired, working 3,169,726 hours (41% of all hours) & earning wages of \$120,415,620.
- 13.4% of hours have been worked by **apprentices**.
- The SFPUC works closely with several community based training and referral programs to identify and prepare disadvantaged workers for career opportunities beginning with a job on a WSIPLA project. Among those who have been hired are 976 **targeted workers** referred from community-based partners in Job Training Programs. These targeted workers have worked a total of 905,710 hours and earned \$26,807,108 in wages.
- All data above is sourced from the most recent "Project Labor Agreement Quarterly Report" (2016-17, 2nd Quarter). Detailed quarterly reports are available at <http://sfwater.org/index.aspx?page=559>.

The Port of Oakland MAPLA was adopted by the Board of Port Commissioners in 2000. A new MAPLA went into effect on February 1, 2016, with key changes including additional coverage and local hire requirements.

Under the MAPLA, as of June 2016:

- 2,800,106 hours have been worked by **local area residents** (59.17% of all hours).
- 13.07% of hours have been worked by **apprentices**.<sup>17</sup>
- During the most recent reporting period (July 2015 to June 2016), local residents working under MAPLA earned estimated wages of \$6,695,884.
- The most recent progress report is available at [http://www.portofoakland.com/files/PDF/responsibility/MAPLA%20Report\\_Jul15June16.pdf](http://www.portofoakland.com/files/PDF/responsibility/MAPLA%20Report_Jul15June16.pdf).

More recently adopted CWAs show similar findings.

The Oakland Airport Connector project was performed under a Project Stabilization Agreement (another name for a PLA) which included Community Workforce provisions. The final outcomes report, issued Jan. 31, 2015, showed that the policy overall was successful, exceeding most of the goals set. It fell short on one goal: for apprentice utilization, the goal was that 20% of project hours would be worked by local apprentices, but the final local apprentice participation achieved was 17.08%.

Detailed outcomes for the Oakland Airport Connector included:

- 514,509 hours, representing 70.33% of all hours, were worked by **Local Area Residents** (includes residents of Alameda County, San Francisco, Contra Costa County and San Mateo County.)
- 140,776 hours, representing 19.24% of all hours, were worked by **apprentices**.
- 17.08% of all hours were worked by Local Area Resident apprentices.<sup>18</sup>

<sup>17</sup> Note that some of the covered work on the MAPLA, including the work of Teamsters, Laborers working in Asbestos Abatement, and some dredging and barge work, is not eligible to hire apprentices.

<sup>18</sup> Flatiron/Parsons JV, "BART Oakland Airport Connector Project: Local Hire Results through January 31, 2015." Presented to the BART OAC Joint Administrative Committee.

## What is Apprenticeship?

Apprenticeship is both a full-time job and an intensive educational program. California registered apprenticeship programs are a form of post-secondary education that combines classroom and hands-on training with paid on-the-job training.

Apprenticeship programs require an intensive long-term commitment from the student; the training period is three to five years and typically requires successful completion of a curriculum of 400 to 800 classroom hours (free of charge) combined with 3,000 to 8,000 hours of paid on-the-job training, where apprentices work side by side with experienced workers to learn all the skills required for a trade.

The State of California Department of Apprenticeship Standards has oversight authority over all registered apprenticeship programs in the state, including the standards and processes by which they admit new apprentices.

The County of Alameda adopted a countywide PLA with community benefits provisions (known as the Project Stabilization and Community Benefits Agreement, or PSCBA) in 2013, with implementation beginning the following year. In June 2016, the County renewed the initial 3-year agreement for an additional term. For the new term, the County is proposing to coordinate with community-based organizations to increase the number of Disadvantaged Resident Workers hired on the projects.

As of June 2016, 7 projects had been awarded under the Alameda County PSCBA. Outcomes include:

- Approximately 79,500 hours, representing 47% of all hours, were worked by **local residents**.
- Approximately 32,800 hours, representing 19.4% of all hours, were worked by **apprentices**.
- 17 **disadvantaged resident workers** have been hired on as new apprentices.<sup>19</sup>

Outside of the Bay Area, agreements incorporating Community Workforce provisions are common in a number of regions, including Southern California.

As of 2011, the City of Los Angeles had already awarded over \$1 billion in construction contracts with targeted hiring requirements. Apprentices performed 26.15% of work hours on those projects, including 594 disadvantaged residents hired as new first-period apprentices. To achieve these goals, the City partnered with Work Source Centers and community based organizations.<sup>20</sup>

San Diego Unified School District (SDUSD) contracted with Rea & Parker Research to perform a third-party evaluation of the impacts of the SDUSD policy (called the Project Stabilization Agreement, or PSA). Key findings included: “Workers from targeted zip codes (economically disadvantaged portions of the District) have increased during the past six months and are presently close to achieving the very ambitious target of 35 percent that was set in the PSA.”

Los Angeles Unified School District (LAUSD) also includes third-party compliance monitoring of its policy. From 2003 to 2011, just over 96,000 workers were hired on construction contracts covered by the LAUSD PSA, working approximately 45.16 million hours, with an average hourly wage of \$32.29. Of those, 30,557 workers, or 31.8%, were apprentices. First-year apprentices, totaling 12,678 people, made up 41.5% of all apprentices on the project.<sup>21</sup>

Instrumental to LAUSD’s success is the “We-Build” workforce development program, described in the evaluation report as follows:

“The LAUSD ‘We-Build’ program is a pre-apprenticeship program that outreaches to and trains local workers, and then funnels these workers into joint labor-management apprenticeship programs where apprentices receive training while they work on LAUSD projects. Not only does “We-Build” conduct the pre-apprentice job training components, but it also works closely with contractors and union hiring halls to help these groups meet the 50% local hire goal, the 30% apprenticeship goal, and the 40% first-year apprentice goal.”<sup>22</sup>

19 “Project Stabilization /Community Benefits Agreement (PSCBA) Status Report to Board of Supervisors.” (June 6, 2016). Presented to the Alameda County Procurement and Contracting Policy Committee. [http://www.acgov.org/board/com\\_calendar/documents/Procure\\_Contract\\_minutes\\_6\\_6\\_2016l.pdf](http://www.acgov.org/board/com_calendar/documents/Procure_Contract_minutes_6_6_2016l.pdf)

20 Rossitter, Hugo S. and John L. Reamer. (2011). *Using Project Labor Agreements (PLAs): The City of Los Angeles Perspective*. 2011. City of Los Angeles.

21 Le, Uyen. (November 2011). *Project labor agreements: Pathways to business ownership and workforce development in Los Angeles*. Los Angeles: UCLA Labor Center, California Construction Academy.

22 Le, Uyen. (November 2011). *Project labor agreements: Pathways to business ownership and workforce development in Los Angeles*. Los Angeles:

# Impact on Bidding and Small Business Participation

The most comprehensive recent analysis of the effect of public sector PLAs on bidding is a study published by UC Berkeley in January 2017. The researchers examined the effects of PLAs in the construction of community college projects in California. Statistical analysis of 263 community college projects (88 performed with a PLA and 175 without a PLA), controlling for project size, location and timing, found that projects with PLAs had slightly more bidders than projects without PLAs.<sup>23</sup>

To understand in more depth how and why PLAs affect bidding, especially with regard to small, minority-or woman-owned, or disadvantaged businesses, we can examine the functioning of individual PLAs.

The SFPUC's Water System Improvement Project Labor Agreement (WSIPLA) and the Port of Oakland's Modernization and Aviation Project Labor Agreement (MAPLA) are the largest and among the longest-standing PLA/CWAs in the Bay Area, and have the most robust impact data. Both these agreements also have systems in place to encourage use of local small/DBE contractors.

The SFPUC has a Local Business Enterprise program to encourage use of small local contractors on construction projects, including those covered by the WSIPLA. This program provides both a 10% bid discount for prime contracts who are local small businesses, and specific goals for subcontracting to local small businesses. Details of the SFPUC's Local Business Enterprise program are available at <http://www.sfwater.org/index.aspx?page=112>.

The MAPLA includes both a bid preference for small local businesses (up to 10 points), and a special set-aside pool of contracts for very small businesses which "was established to help small local construction firms, many of which are non-union contractors, by providing opportunities to increase their capacity to perform public work through graduated involvement in the Port's construction projects." A guide for small businesses on contracting with the Port is available at [http://www.portofoakland.com/pdf/opportunities/Contract\\_101-Handout.pdf](http://www.portofoakland.com/pdf/opportunities/Contract_101-Handout.pdf).

Outside of the Bay Area, **San Diego Unified School District (SDUSD)** contracted with Rea & Parker Research to perform a third-party evaluation of the impacts of the SDUSD policy on bidding. Key findings included: "The number of general contractor bidders and participating subcontractors per project has declined for PSA projects; however, this decline is not reflected in any increase in cost to SDUSD. . . [and] does not translate into higher construction bids. . . . According to the survey, small subcontractors need help in obtaining bonding and meeting their insurance requirements much more than they feel they need technical or administrative aid."<sup>24</sup>

Finally, the Los Angeles Unified School District (LAUSD) has adopted a Project Stabilization Agreement with community workforce provisions that includes a Small Business Participation Goal of 25%, and requires third-party monitoring of compliance with the PSA. From 2003 to 2011, the district awarded

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UCLA Labor Center, California Construction Academy.

23 Waitzman, Emma and Peter Philips. (January 2017). *Project Labor Agreements and Bidding Outcomes: The Case of Community College Construction in California*. University of California, Berkeley. <http://laborcenter.berkeley.edu/project-labor-agreements-and-bidding-outcomes/>

24 Parker, Richard A. and Louis M. Rea. *San Diego Unified School District Project Stabilization Agreement: A Review of Construction Contractor and Labor Considerations*. Rea & Parker Research: Nov. 2011.

\$8.7 billion in construction contracts, of which \$4.1 billion went to small businesses. The LAUSD policy thus achieved a small business participation rate of 47.8%, meeting and exceeding the District's initial goal.<sup>25</sup>

## Impact on Construction Costs

The Project Labor Agreement framework is designed to reduce total project costs by:

- Improving productivity,
- Ensuring practicability of labor costs and availability,
- Reducing project delays by banning strikes or lockouts and harmonizing contract expiration dates,
- Streamlining work rules and work schedules to improve cross-craft coordination and meet specific project timetables, and
- Through the use of local hiring halls, promoting hiring and retention of local workers who have greater investment in the project's successful completion.

It has been argued that a PLA could increase costs by raising the wage rates paid to the workforce. However, in California, public works projects on which a PLA might be applied typically are already subject to the state prevailing wage. On prevailing wage projects, a PLA therefore has no impact on wage rates. Rather, a PLA provides for enhanced enforcement of the existing wage rates through strict project-level oversight, making it more difficult for contractors or subcontractors to employ such illegal but widespread practices as misclassifying employees as independent contractors, bypassing safety regulations, or requiring employees to work off the books.

PLA-induced cost savings effects can occur in three ways: one, greater productivity results in fewer work hours needed, especially fewer unplanned overtime hours; second, improved adherence to planned timetables avoids additional expenses or loss of utility due to delays; and third, more efficient use of materials and equipment can produce cost savings.

The first and second effects listed above primarily impact labor costs, while the third effect primarily impacts non-labor costs.

The existence of cost effects on both labor and non-labor costs is important to note, because labor costs are often a fairly small proportion of the total project cost. For example, cost data for a series of library renovation projects in San Francisco showed that costs for worker wages and benefits made up approximately 33% of total project costs.<sup>26</sup> For new construction, the cost of land and materials is typically higher than for renovations, so the proportion of total cost attributable to labor is likely to be even lower. Any meaningful examination of the effects of PLA on construction costs must therefore consider the total cost of the project.

A seminal study investigated the effect of PLAs on the cost of new school construction in Massachusetts

<sup>25</sup> Le, Uyen. (2011, November). *Project labor agreements: Pathways to business ownership and workforce development in Los Angeles*. Los Angeles: UCLA Labor Center, California Construction Academy.

<sup>26</sup> Duncan, Kevin, Senior Economist, Colorado State University – Pueblo. "An Illustration of the Impact on the Santa Clara County Economy of Repealing the Prevailing Wage Policy of the City of San Jose." Project submitted to Working Partnerships USA, February 11, 2011.



between 1996 and 2002. Controlling for construction characteristics including location and type of structures being built, they found no discernable difference in construction costs between projects with and without PLAs.<sup>27</sup>

More recent case studies have indicated that PLAs appear to produce overall cost savings. In 2009, the City of New York put into effect four Project Labor Agreements covering \$5.3 billion of new construction and renovation work. Due diligence studies performed by four independent construction management firms found that the agreements would save New York City approximately \$300 million.<sup>28</sup>

Several California jurisdictions that enacted PLAs with Community Workforce provisions have undertaken evaluations of the impact on construction costs:

The **City of Los Angeles** tracked winning bids relative to the Engineer's Estimate before and after a PLA policy with Community Workforce provisions was implemented for its ATSSAC System. The analysis showed that "after the PLA was implemented, the bids for the most part started to trend closer or lower than the engineer's estimate," implying that the PLA policy reduced construction costs. However, in the judgement of City personnel, the PLA policy had no discernable effect on costs; they concluded that "the bid amounts appear to be more of a function of the state of the economy of the construction industry."<sup>29</sup>

The City of Los Angeles Community Redevelopment Agency (CRA/LA) in 2008 enacted a Construction Careers and Project Stabilization Policy that applied CWAs to **affordable housing developments** built using CRA/LA subsidies. This provided an opportunity to directly compare construction costs of affordable housing projects built under the CWA to other affordable housing projects built in L.A. during the same time period without a PLA or CWA. Statistical analysis of 130 affordable housing projects built in L.A. from 2008 to 2012 showed no significant difference in construction costs between the PLA projects and the non-PLA projects.<sup>30</sup>

**San Diego Unified School District** contracted with Rea & Parker Research to perform a third-party evaluation of the impacts of the SDUSD policy (called the Project Stabilization Agreement, or PSA). Key findings included:

- "There has been no increase in the cost of the winning bids for school construction projects under the San Diego Unified School District (SDUSD) Project Stabilization Agreement (PSA) than [compared with] the winning bids for non-PSA projects under Proposition S that was approved in November, 2008."
- "Project completion time is faster under the PSA than for Proposition S projects that predated the PSA. Faster completion allows for the District to experience less overhead per project and for the more efficient replacement school improvements to be in operation more quickly."<sup>31</sup>

27 Belman, Dale, Russell Ormiston, Richard Kelso, William Schriver, And Kenneth A. Frank, "Project Labor Agreements' Effect on School Construction Costs in Massachusetts." *Industrial Relations*, Vol. 49, No. 1 (January 2010).

28 Kotler, Fred B. J.D., "Project Labor Agreements in New York State II: In the Public Interest and of Proven Value" (2011). *Research Studies and Reports*. Paper 36. <http://digitalcommons.ilr.cornell.edu/reports/36>

29 Rossitter, Hugo S. and John L. Reamer. (2011). "Using Project Labor Agreements (PLAs): The City of Los Angeles Perspective." City of Los Angeles.

30 Philips, Peter and Scott Littlehale. (Sept. 2015). "Did PLAs on LA Affordable Housing Projects Raise Construction Costs?" Working Paper No: 2015-03, University of Utah, Department of Economics.

31 Parker, Richard A. and Louis M. Rea. (November 2011). *San Diego Unified School District Project Stabilization Agreement: A Review of Construction Contractor and Labor Considerations*. Rea & Parker Research.



Finally, a recent study published by UC Berkeley examined the effects of PLAs in the construction of community college projects in California. The researchers undertook statistical analysis of 263 community college projects, 88 performed with a PLA and 175 without a PLA. Controlling for project size, location and timing, they found that the presence or absence of a PLA had no effect on total project cost. (In fact, the analysis showed that the low bids were slightly lower on projects with a PLA, but the difference was not statistically significant.)<sup>32</sup>

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<sup>32</sup> Waitzman, Emma and Peter Philips. (January 2017). *Project Labor Agreements and Bidding Outcomes: The Case of Community College Construction in California*. University of California, Berkeley. <http://laborcenter.berkeley.edu/project-labor-agreements-and-bidding-outcomes/>

# APPENDICES

# Appendix A: Model Community Workforce Language

Community Workforce language (sometimes also called "Targeted Hiring" or "Construction Careers" language) is typically incorporated into a Project Labor Agreement or equivalent, either as an addendum or in the body of the agreement.

Following is sample Community Workforce language for the South Bay subregion, structured as an addendum to a Project Labor Agreement between a government entity (identified as CITY/COUNTY/AGENCY) as the project owner, and the local Building Trades Council.

## Addendum X to Project Labor Agreement

### Community Workforce Pipeline

**Purpose.** The Parties to the Project Labor Agreement ("the Agreement") recognize the mutual needs and public interest in: (1) increasing training and career opportunities for underrepresented and targeted individuals in the construction trades through apprenticeship and pre-apprenticeship programs and (2) developing a pipeline to ensure the continued availability of a skilled, qualified and readily available construction workforce for this and future construction Projects. Furthermore, the Santa Clara & San Benito Counties Building Trades Council ("Council") with other parties, is signatory to the Santa Clara County Construction Careers Collaborative MOU, which is working to establish a coordinated Santa Clara County pre-apprenticeship program to serve as a pipeline for youth and jobseekers into apprenticeship. In furtherance of these goals, the Parties agree to enter into this Community Workforce Agreement for Targeted Hire ("THA") and to participate in the Santa Clara County Community Workforce Pipeline ("the Pipeline").

#### I. **Definitions.**

All capitalized terms not defined below are as defined in the Agreement.

**Approved Pre-Apprenticeship Program.** An Approved Pre-Apprenticeship Program means the Santa Clara County Trades Orientation Program or an equivalent structured, MC-3 certified pre-apprenticeship program that: (1) serves Underrepresented Workers, and (2) is sponsored by Council-approved community-based organizations ("CBOs"), Council affiliates, or by Local, State, Regional or National Building Trades Councils.

**At-Risk Youth.** An At-Risk Youth means a person 18-24 years old who is one of the following: 1) disconnected from school and/or work; 2) currently or formerly justice engaged; 3) in the foster care system; 4) pregnant/parenting; or 5) homeless.

**Community Workforce Coordinator.** The Community Workforce Coordinator means the work2future Workforce Investment Board, or another entity as determined by mutual written agreement of the Council and [CITY/COUNTY/AGENCY]. The Community Workforce Coordinator is responsible for maintaining an up-to-date list of Targeted Workers who are available for work with their current contact information, and will provide this list to any of the Parties upon request.

**Covered Contractor.** A Covered Contractor means a contractor of whatever tier that performs \$250,000 or more of Covered Work (as that term is defined in Section 2.3 of the Agreement) on a Project. A Covered Contractor is subject to the Workforce Goal. If a contractor performs less than \$250,000 of Covered Work on a Project, that contractor is not subject to the Workforce Goal, but may nonetheless participate voluntarily in the Workforce Goal.

**Underrepresented Worker.** An Underrepresented Worker is an individual who, prior to commencing work on a Project has at least one of the following barriers to employment: (1) is currently homeless; (2) is currently receiving public assistance; (3) is currently participating in a reentry program or was formerly incarcerated; (4) has been continuously unemployed for the previous one year; (5) has a family or household income that falls below the Self-Sufficiency Standard for Santa Clara County ; (6) has been emancipated from the foster care system; (7) is a veteran of the U.S. military; or (8) is an At-Risk Youth.

**Targeted Worker.** A Targeted Worker is an individual who has completed an Approved Pre-Apprenticeship Program.

- II. Workforce Goal.** Consistent with any Master Labor Agreements, hiring hall procedures, and JATC standards as approved by the Division of Apprenticeship Standards, Department of Industrial Relations, State of California; and with the requirements of California Labor Code §§ 1776, 1777.5 and 1777.6, each Covered Contractor shall employ 1 or more Targeted Worker(s) as First Year Apprentice(s) for at least 25% of the Covered Contractor’s apprentice hours on the Project, unless the Contractor demonstrates to the Community Workforce Coordinator that the Targeted Worker(s) worked the maximum available first year apprentice hours.
- a) Nothing herein requires a Covered Contractor either to hire a particular individual or to retain a particular individual in employment.
  - b) A Covered Contractor may receive credit toward the Workforce Goal for hours performed by a Targeted Worker assigned to work on the Project or on another jobsite at the employer’s discretion, provided that the worker is assigned to the same job classification that would apply to a Targeted Worker on the Project.
  - c) Each Covered Contractor shall employ the maximum number of apprentices allowed by law.
  - d) All apprentices shall be properly supervised and paid in accordance with provisions contained within the Master Labor Agreements.
  - e) The Covered Contractor agrees to maintain electronic records documenting employment of and hours worked by Targeted Worker(s), and to provide such records to the General Contractor, [CITY/COUNTY/AGENCY], or the Community Workforce Coordinator upon request.
  - f) Prior to commencing work on a Project, each Covered Contractor shall obtain approval by [CITY/COUNTY/AGENCY] of a Targeted Apprentice Hiring Plan, which, in a form determined by [CITY/COUNTY/AGENCY] details how the Covered Contractor will meet its obligations hereunder to employ Targeted Workers as First Year Apprentices.

- g) In the event that the Community Workforce Coordinator is unable to refer sufficient qualified, available, and willing Targeted Workers, this subsection shall not apply until such time as qualified and willing Targeted Workers are available for hire.
- h) [CITY/COUNTY/AGENCY] **Obligations.** The Community Workforce Coordinator, upon request, will refer names of qualified, available, and willing Targeted Workers to the Union and Covered Contractors.
- i) **Union Obligations.** The Unions agree to cooperate with Covered Contractor(s) in providing apprentices as requested. The Unions also agree to cooperate with [CITY/COUNTY/AGENCY] and community-based organizations designated by mutual agreement of [CITY/COUNTY/AGENCY] and the Council in conducting outreach activities to recruit and refer Underrepresented Worker applicants to Approved Pre-Apprenticeship Programs for which they are qualified or qualifiable.

**III. *Alternate Method to Satisfy Workforce Goal (“Best Faith Effort”).***

- a) A Covered Contractor who fails to meet its employment obligations under Section II above may also satisfy its obligations under this Addendum thorough a “best faith effort” by demonstrating that it has accomplished all of the following:
  - 1. Employ at least one (1) entry-level apprentice on the Project (or for equivalent work on another jobsite, provided that the apprentice is assigned to the same job classification the apprentice would have performed on the Project).
  - 2. Through written requests made using a Craft Request Form, offer the Community Workforce Coordinator the first opportunity to provide Targeted Workers for employment consideration on entry-level apprentice positions.
  - 3. Using a Craft Request Form, request construction trades Unions to dispatch qualified, willing, and available Targeted Workers in an amount sufficient to meet the hiring obligations under Section II.
  - 4. Contact and provide the following information to the Community Workforce Coordinator for all entry-level apprentice job openings on the project in a timely manner when requested:
    - a) description of the job, including the trade and any job requirements for applicants, such as specific qualifications or skills;
    - b) person’s name and telephone number at the Covered Contractor’s business who will be responsible for answering questions regarding the job opening; and
    - c) description of how applicants should apply for the job.

- IV. ***Consequences of Non-Compliance:*** The Joint Administrative Committee (JAC) established by the Project Labor Agreement shall consider allegations of non-compliance by a Covered Contractor with the THA. If there is a determination by the JAC that a Covered Contractor has: (1) failed to meet the Workforce Pipeline Goal set forth in Section II of the THA, and (2) failed

to demonstrate that they have made a Best Faith Effort as set forth in Section III of the THA, the issue will be referred to the grievance procedure as provided in Article XX of the Agreement. At any time during the process of compliance review, the JAC shall have the authority to reach a resolution with the Covered Contractor.

- V. ***Implementation.*** The JAC shall help monitor and implement the THA.



## Appendix B: Community Workforce Agreements in California Cities and Other Selected Jurisdictions

The following chart summarizes the projects covered and key Community Workforce provisions of PLA policies adopted by local government entities. While this is not a comprehensive list, we have attempted to identify all known CWA-type policies enacted by local government entities in California. Selected policies developed by large cities outside of California are also included.

PLA policies that lack explicit Community Workforce provisions are not included; nor are CWAs which cover only a single project.

This chart is current as of March 2016. The CWA policies adopted in 2016 by the County of Santa Clara and the Santa Clara Valley Transportation Authority are therefore not included.

Jurisdiction	Type of entity	Agreement coverage	When enacted	Community Workforce provisions
Berkeley	City	City-wide public works \$500,000+	Original 1/18/11; renewed 6/23/15	Current: 20% local hire; targeted hire of 1 new disadv. apprentice per \$500K; referral thru MC3 pre-apprenticeship programs
Carson (CA)	City	City-wide general construction public works contracts \$125,000+; specialty construction public works \$25,000+	2005	30% local hire; 5% targeted hire of disadv. workers; referral through local WIB & CBOs. (Original PLA had no tracking or enforcement provisions for these goals.)
Chicago	City	City-wide public works \$25,000+	2011 (most recent renewal)	25% of apprentices hired to be graduates of Chicago Public Schools; building trades unions agree to specific outreach steps to CPS students and teachers
El Monte	City	City-wide construction work	2013	30% local hire
Long Beach	City	City-wide public works \$500K+	April 2015	40% local hire; 10% targeted hire; referral through pre-apprenticeship programs.

Jurisdiction	Type of entity	Agreement coverage	When enacted	Community Workforce provisions
Los Angeles	City	City-wide infrastructure projects undertaken by the Dept. of Public Works.	2010 (for blanket PLA; a number of project-based PLAs were signed prior to this date)	30% local hire; 10% targeted hire. Referral through Jobs Coordinator, WorkSource Center, CBOs & pre-apprenticeship programs.
Martinez	City	City-wide public works \$250,000+	11/19/14	25% local hire (not clear how it is implemented)
New York City	City	\$6 billion in City public works	2009	45% of new apprentice slots be filled by disadv. residents. Referral through pre-apprenticeship.
Philadelphia	City	City public works \$5 million+	2011 (exec order)	Minimum 50% local hire, 32% minorities, 7% women.
Richmond (CA)	City	Policy supporting PLAs on City projects (individual PLAs are project-based). Local employment ordinance on public works \$100,000+.	2001 (policy). 2010 (local hire ordinance).	Local employment ordinance: 25% local hire; 25% of new hires must be Richmond residents; referral through pre-apprenticeship programs.
San Fernando	City	City-wide general construction public works contracts \$125,000+; specialty construction public works \$25,000+	2005 (extended 2010)	30% local hire; commitment to develop pre-apprenticeship programs & pipelines with local schools.
San Leandro	City	City-wide public works \$1 million+	June 2015	30% local hire; targeted hire of 1 new local apprentice per first \$1M and 1 for each subsequent \$5M
Seattle	City	All public works projects w/ budget + contingency of \$5 million or more	April 2015	Local hire; targeted hire of disadv. workers (percentage targets established on project-by-project basis). 1 of every 5 apprentices to be referred from a recognized pre-apprenticeship program.

Jurisdiction	Type of entity	Agreement coverage	When enacted	Community Workforce provisions
Watsonville	City	City-wide public works \$600,000+	2013	Contractors shall comply with City Code 7-15.03, Local Hiring Requirement.
Community Redevelopment Agency of Los Angeles (CRA/LA)	City redevelopment agency	All development subsidized at \$500,000 or more or occurring on land owned by the CRA	2008 (ended when Governor dissolved all redevelopment agencies)	30% local hire; 10% targeted hire of disadv. workers; 50% of apprentice hours to be done by local residents. Referral through pre-apprenticeships/CBOs.
Alameda	County	County-wide public works \$1 million+	June 2013	40% local hire; targeted hire of 1 new disadv. apprentice per first \$1M and 1 for each subsequent \$5M; referral through pre-apprenticeship programs
Contra Costa	County	County-wide public works \$1 million+	Jan. 2002	n/a
Solano	County	County-wide public works \$10 million+	2004	Commitment to encourage local hiring & apprentice utilization.
Sonoma	County	County-wide public works \$10 million+	Jan. 2014	70% local hire (local = resident of Sonoma, Marin, Lake, Mendocino or Napa County); agreement to support development of pre-apprenticeship program
Foothill De Anza Community College District	CCD	All Measure C funded projects (no minimum)	2008	Construction Careers Program (contractors to provide paid internships for FHDA students)
Los Angeles Community College District	CCD		2001	30% local hire; 20% of local hires must be disadv. workers. Referral through pre-apprenticeship program (PV Jobs).
Peralta Community College District	CCD		2009 (Amendment 1: Jan. 2015)	50% local hire; 20% local apprentice hire. Amendment 1 added: targeted hire of 1 new local apprentice per first \$1M and 1 for each subsequent \$5M; referral through MC3 pre-apprenticeship programs.
San Mateo Community College District	CCD	All major capital improvement projects	2003 (renewed in 2007, 2009 & 2012)	Amended PLA currently being developed that would include targeted hiring of new apprentices from TIP MC3 pre-apprenticeship.

Jurisdiction	Type of entity	Agreement coverage	When enacted	Community Workforce provisions
Alum Rock Union Elementary School District	School district	All Measure G & Measure J funded projects (no minimum)	2009 (renewed in 2013)	Construction Careers Program (contractors to provide paid summer internships for ARUESD teachers)
East Side Union High School District	School district	All bond funded projects (no minimum)	2003 (extended in 2009)	Construction Careers Program (contractors to provide paid internships for ESUHSD students)
Hayward Unified School District	School district		2009	40% local hire
Los Angeles Unified School District	School district	All general (prime) multi-trade contracts that exceed \$175,000; all general (prime) specialty contracts that exceed \$20,000; and job order contracts.	2003	50% local hire; 40% of apprentices must be first-year Referral through pre-apprenticeship program (We Build).
San Diego Unified School District	School district	All Measure S bond projects over \$1 million	2009	100% local hire (County residents); 35% targeted hire (residents of designated ZIP codes). Commitment to develop a pre-apprenticeship program.
AC Transit	Transp. agency	BRT	Oct. 2013	See agreement – targeted hire w / federal provisions
Los Angeles Metro	Transp. agency	Capital projects \$2,500,000+	2012	40% local hire; 10% targeted hire of disadv. workers; 20 % of work hours to be performed by apprentices; 50% of apprentice hours to be done by local residents. Referral through Jobs Coordinator.
California High Speed Rail	Transp. agency	All construction contracts (no minimum)	2012	At least 30% of work hours to residents of targeted areas / 10% of work hours to disadvantaged workers

Jurisdiction	Type of entity	Agreement coverage	When enacted	Community Workforce provisions
Port of Oakland (MAPLA)	Port Commission	All projects \$150,000+	2000 (original); most recent renewal 2/1/16.	50% local hire (includes residents of neighboring cities) <b>and</b> 20% of hours to be worked by local apprentices. Targeted hiring goal of one new hire local resident for the first \$1 million dollars of construction bid value and for each additional \$5 million, one additional new hire.
San Francisco Public Utilities Commission (WSIPLA)	Municipal utility	All water projects over \$5 million (covers approx. \$4.3 billion CIP)	2007	50% local hire (residents of SF or the greater SFPUC service area); 20% apprentice hire. Referral through pre-apprenticeship program (CityBuild).

# WORKING PARTNERSHIPS USA

Working Partnerships USA is a community organization that drives the movement for a just economy by bringing together public policy innovation and the power of grassroots organizing. We build the capacity of workers, low-income neighborhoods and communities of color to lead and govern. Based in Silicon Valley, we tackle the root causes of inequality and poverty by leading collaborative campaigns for good jobs, healthy communities, equitable and sustainable growth and a democracy that works for all.

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