



# Construction Workforce Policies Overview

## Mayor's Construction Workforce Advisory Committee

Sept 12, 2012



# Office of Economic and Workforce Development

---

*The mission of the Office of Economic and Workforce Development (OEWD) is to support the ongoing economic vitality of San Francisco. Under the direction of Mayor Edwin M. Lee, OEWD provides city-wide leadership for workforce development, business attraction and retention, neighborhood commercial revitalization, international business and development planning.*

**CityBuild is a program within the Workforce Division of OEWD with three main objectives:**

1. Maximize employment opportunities for San Francisco residents in the construction industry.
2. Support construction training opportunities for the purpose of job placement.
3. Assist contractors in meeting workforce requirements.



# Construction Workforce Policies

---

- **Local Hiring Ordinance - San Francisco Administrative Code Chapter 6.22(G)**
  - Mandatory requirement to employ San Francisco residents on specific projects
  - Initiated at 20%, increases 5% annually
  - Project compliance measured on an hourly basis, by trade
  - Enacted in 2010, effective March 25, 2011
  - Administered by OEWD
- **First Source Hiring - San Francisco Administrative Code Chapter 83**
  - Good Faith Effort toward employing San Francisco residents in 50% of new positions
  - Enacted in 1998, amended in 2003 and 2007
  - Administered by OEWD
- **Successor Entity to the San Francisco Redevelopment Agency Construction Workforce Program**
  - Good Faith Effort toward employing San Francisco residents to work 50% of total hours
  - Priority given to residents of Project Area
  - The three current major Project Areas adopted workforce goals in 1998
  - Administered by Successor Entity Contract Compliance Division



# Construction Workforce Policies

---

- **Federally-Funded Construction Projects**
  - Applies to contracts at or above \$10,000
  - Goal of 25.6% minority worker participation
    - Goal calculated for SF-Oakland Economic Area
  - Goal of 6.9% female worker participation
    - Nationwide goal
  - Established in 1980 by the Office of Federal Contract Compliance Programs
- **HUD Section 3**
  - Minority and female goals for Federally-funded projects also apply
  - Applies to projects at or above \$200,000 and subcontracts at or above \$100,000
  - Goal of 30% of new hires to be qualified as Section 3 eligible
  - Enacted in 1968
- **Independent Community Benefits Agreements**
  - Project-specific workforce agreements with developers



# Local Hiring Ordinance Requirements

## Mandatory Local Hiring Requirement Year 1:

- Applies to contracts for San Francisco public works projects at or above \$400,000
- 20% of total hours per trade by San Francisco residents
- The requirement shall increase 5% annually over seven years, up to 50% per trade
- 50% of apprentice hours per trade by San Francisco residents

## Mandatory Local Hire Ordinance Timeline

Year 1 (2011)	20% Local	
Year 2	25% Local	
Year 3	30% Local	Review
Year 4	35% Local	
Year 5	40% Local	
Year 6	45% Local	Review
Year 7 and beyond	50% Local	

# Local Hiring Ordinance Off-Ramps and Exemptions

---

- **If Contractor is unable to meet Local Hiring requirements, penalties may be avoided by completing one or more of the following:**
  - **Sponsoring new apprentices** in trades in which non-compliance is likely and retaining those apprentices for duration of project.
  - **Receiving off-site credit** for employing San Francisco workers on non-covered projects within the Bay Area.
- **A trade is exempt from the Local Hiring requirements under the following conditions:**
  - It comprises less than 5% of a project's total hours
  - It is included in OEWD's list of exempt trades



# Local Hiring Ordinance Penalties

---

- Financial penalties are equal to the number of hours deficient in a trade, multiplied by the prevailing wage of that trade as determined by the California Department of Industrial Relations.
- Contractor and subcontractors jointly liable for not meeting hiring requirements.
- If a project is deficient in any trades OEWD will work with the prime contractor to develop a Corrective Action Plan to avoid assessment of penalties.



# First Source Hiring Program

---

**First Source Hiring requires that contractors use Good Faith Efforts toward employing San Francisco residents in 50% of new positions.**

- First Source Hiring requirements apply to most developments receiving planning approval that are estimated at \$350,000 or above, or that meet the following thresholds:
  - Commercial projects 25,000 square feet or more in floor area
  - Residential permits for 10 or more units
- Developers are required to enter into a First Source Memorandum of Understanding with OEWD prior to the issuance of building permits.
- Contractors may be subjected to liquidated damages for failing to exercise appropriate Good Faith Efforts toward hiring goals.





# Fiscal Year 2012-2013

**Total Construction Projects: 302**

**Total Value: \$10.2 billion**

- **Local Hiring: 131 projects, \$875 million**
  - Cruise Ship Terminal, War Memorial Seismic Upgrade, Palega Park
- **Public First Source: 118 projects, \$3.6 billion**
  - General Hospital, Central Subway, SFO Terminal 3, Public Safety Building, PUC Projects
- **Private First Source: 35 projects, \$2 billion**
  - 333 Fremont, 55 Ninth St, Crescent Heights, Foundry Square
- **HUD Section 3: 8 projects, \$200 million**
  - Cambridge Housing, 220 Golden Gate
- **Redevelopment: 6 projects, \$65 million**
- **State and Federal Projects: 4 projects, \$3.5 billion**
  - Presidio Parkway, Transbay Transit Center



# 2011-2020 Capital Plan Projects

City Agency	F11-20 Capital Plan	First Source Projects	Mandatory Local Hiring Projects
DPW	\$3,845,058,111	\$2,423,785,300	\$1,421,272,811
PUC	\$6,706,341,236	\$3,097,783,008	\$3,608,558,228
MTA	\$15,098,428,678	\$13,615,498,516	\$1,482,930,162
RPD	\$291,362,062	\$188,902,062	\$102,460,000
Port	\$2,100,640,000	\$1,748,832,000	\$351,808,000
SFO	\$1,066,912,413	\$675,190,260	\$391,722,153
Redevelopment	\$3,186,788,985	\$1,201,540,943	\$1,985,248,042
<b>Total</b>	<b>\$32,295,531,485</b>	<b>\$22,951,532,089</b>	<b>\$9,343,999,396</b>

