

LONG BEACH LOCAL HIRE COALITION

“Our City, Our Jobs”

Recommendation Regarding Proposed Project Labor Agreement and Local Hire Policy

The Long Beach Local Hire Coalition is a group of local residents and community organizations representing a diverse group of stakeholders in Long Beach. Our members come from various fields and are well versed in the legal, practical, and economic implications that local hire policies can have for the cities that enact them. The Coalition was formed to draw on the range of expertise of its members, in order to make recommendations for a meaningful policy, informed by best practices and lessons learned, to achieve the maximum social and economic benefit for Long Beach and its residents.

We have worked to develop the following recommendations for the proposed Project Labor Agreement and Local Hire Policy. These recommendations are grounded in our members’ lived experience and informed by research and best practices, representing aspects of successful local hire policies from various agencies and municipalities throughout the region.

It is imperative that any Project Labor Agreement be accompanied by an effective, meaningful Local Hire Policy. These documents must be enacted simultaneously to ensure that the potential benefits of local construction projects, built with local tax dollars, are fully realized and captured by the city of Long Beach. This has been demonstrated in other areas, where the two policies have been found to operate best in tandem.¹ While a Project Labor Agreement (PLA) may typically reference local hiring requirements, a fully developed Local Hire Policy will address implementation details that are not appropriate for a PLA. These additional details are essential to the proper implementation and monitoring of local hiring requirements, and ensure transparency and accountability. This approach has been taken by various agencies and localities in the Southern California region with great success. On the other hand, local hiring attempts have not been successful when PLAs are implemented without a corresponding Local Hire Policy.

Accordingly, our *Coalition recommends that the city-wide PLA be developed in concert with a Local Hire Policy with the following four essential components:*

1. Good Jobs for Long Beach – Requirements, Not Just Goals or Best Efforts

It is important that the Local Hire Policy and PLA contain **concrete local hiring requirements, not just aspirational “best efforts” provisions or “goals.”** Such “goals-based” approaches have had little success in the past in achieving their targets for local hiring.² On the other hand, policies containing concrete, mandatory goals have met or exceeded their local and targeted hiring targets with little or no need for enforcement actions, and agencies and municipalities have increasingly moved to this approach.³

¹ See LOS ANGELES ALLIANCE FOR A NEW ECONOMY, “MOVING LA FORWARD: PROMOTING CONSTRUCTION CAREERS AT METRO,” p. 7 (January, 2011)

² See, eg., CHINESE FOR AFFIRM. ACTION AND BRIGHTLINE DEFENSE PROJECT, “THE FAILURE OF GOOD FAITH: LOCAL HIRING POLICY ANALYSIS AND RECOMMENDATIONS FOR SAN FRANCISCO (2010)

³ See ASHLEY K. THOMAS, LOS ANGELES ALLIANCE FOR A NEW ECONOMY, “SUCCESSSES OF CONSTRUCTION CAREERS” (2014)

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2. *Avoid Fraud & Ensure Benefits – Measure Compliance by Work Hours, Not Positions*

Local hiring requirements should be measured as a percentage of project work hours, not positions. There have been instances in Long Beach and elsewhere where contractors have hired a local worker for a single day and then counted that towards compliance with local hire requirements, leading to a very small percentage of work hours going to locally hired and disadvantaged workers. A local hiring requirement based on a percent of work hours avoids this undesirable result and maximizes the benefit to Long Beach by ensuring that local workers are given their fair share of project hours.

In LB's city-wide PLA and Local Hire Policy, it should be required that **at least 30% of all construction work hours are performed by LB residents residing in High Unemployment Zip Codes⁴ and at least 10% of all construction work hours are performed by Disadvantaged Long Beach Residents**, defined as Low Income households earning up to 30,000 a year for a family of four.⁵

3. *Connect Residents to Jobs – Utilize an Independent, Third Party, Jobs Coordinator*

Local hiring goals are best achieved with the utilization of **an independent, third-party Jobs Coordinator to serve as a central point of contact between the community and faith based organizations and contractors**. A Jobs Coordinator creates and maintains a pool of qualified individuals to connect with contractors to fulfill local hiring requirements, ensuring that they receive training and resources to be “job-ready” when a contractor needs a worker referral. The Jobs Coordinator partners with local nonprofits and the resulting collaborative has a vested interest in supporting PLA projects. The cost of the Jobs Coordinator is borne by the general contractor, and this cost is minimal because an effective Jobs Coordinator should be a non-profit agency.

4. *True Local Hiring – “Local” Defined as City of Long Beach*

In order to capture the benefits of a local hire policy in Long Beach, **first consideration must be given to Long Beach residents**. “Local” can be defined as high unemployment zip codes in the city of Long Beach, or the city of Long Beach if legally required findings can be made regarding unemployment and poverty city-wide. This is critical to success because other cities in the region have focused on their residents in this way, implying that Long Beach residents have less access to employment on projects constructed there. **Long Beach should endeavor to make sure its tax dollars are spent in a way that captures the value of local construction**. Focusing local hire on Long Beach residents as a first consideration increases the likelihood that their wages will be spent

⁴ If the legally required findings can be made regarding unemployment and poverty city-wide, then 30% of the work hours can be targeted city-wide, to the entire city of Long Beach.

⁵ Disadvantaged, Low Income Households are defined as households earning up to 50% of Area Median Income. Long Beach's Area Median Income is approximately \$60,000 a year for a family of four. Therefore, a Disadvantaged, Low Income Household earns up to \$30,000 a year for a family of four.

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within the local economy, that training and apprenticeships will increase the job-readiness of Long Beach’s workforce and that the social benefits of local hiring such as crime reduction are felt in Long Beach neighborhoods.

Long Beach Residents Need Good Jobs

Although the City’s overall unemployment rate has improved since the late 2000’s when it peaked at 14.6%, the **recovery has not been felt equally by all Long Beach residents**. Currently, the City’s unemployment rate is 8.8%, but the unemployment rate in Central Long Beach exceeds 16% and the poverty rate in Central Long Beach is 40%.⁶

While 20% of all Long Beach residents live below the poverty line,⁷ at least 25% of Latinos and African Americans live below the poverty line in Long Beach. By comparison, only 10% of Caucasians live in poverty. Among age groups, the highest poverty rate is amongst those under the age of 25 years (28%). Females have a higher poverty rate than males (22% compared to 18%), with the highest rate reported by Latino females (29%). Female head of household families have the highest poverty rate (40%).⁸

The median family income for Caucasians is almost twice that of African Americans and over twice that of Latino families.⁹

It is therefore critical that Long Beach adopt a meaningful Local Hire Policy and PLA, with strong Local and Disadvantaged Resident hiring requirements, so that Long Beach residents benefit from the good paying jobs that will be created.

Our Recommendations Have a Proven Track Record of Success

Other municipalities and entities have adopted very successful Local Hire Policies and PLA’s with the same terms that we recommend for Long Beach. These include PLA’s negotiated by the LA and Orange County Building Trades with: (1) **City of Los Angeles former Community Redevelopment Agency**; (2) **City of Los Angeles Department of Public Works**; (3) **Port of Los Angeles**; and (4) **Los Angeles County Metropolitan Transportation Authority**.¹⁰

⁶ These statistics were highlighted by Mayor Robert Garcia in his 2015 State of the City address, held on Jan. 13, 2015.

⁷ The Federal Poverty Line is approximately \$24,000 for a family of four. See U.S. Department of Health and Human Services, 2014 Poverty Guidelines.

⁸ Ethnic Disparities in Long Beach, CA, ReThinking Greater Long Beach, June 2014, at p. 10-11.

⁹ *Id.* At p. 28.

¹⁰ See ASHLEY K. THOMAS, LOS ANGELES ALLIANCE FOR A NEW ECONOMY, “SUCCESSSES OF CONSTRUCTION CAREERS” (2014)

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SUMMARY OF PROJECT LABOR AGREEMENTS ADOPTED SIMULTANEOUSLY WITH A SEPARATE LOCAL HIRE POLICY

PLA's with LAOCBT	Separate Local Hire Policy	Percent of Work Hours (not positions)	Requirement (not Best Effort or Goal)	Definition of Local	Independent 3 rd Party Jobs Coordinator, contracted by the GC for each project
<i>City of L.A. former Community Redevelopment Agency (2008)</i>	YES	YES -30% targeted to Local Residents and 10% to Disadvantaged Local Residents	YES	Residents of the City of L.A. and within the CRA/LA determined project area, which is typically bounded by a 3-mile radius around the CRA Project Area in which the project is located.	YES -Selected and paid for by the General Contractor for each individual project
<i>City of L.A. Dept. of Public Works (2011)</i>	YES	YES -30% targeted to Local Residents and 10% to Disadvantaged Local Residents	YES	Residents of High unemployment zip codes within the City of L.A. -Tier 1 is unemployment zip codes in the City in excess of 200% of the County unemployment rate at the time of application or containing a Concentrated Poverty Neighborhood, which is a census tract in which 40% or more of the households have incomes below the federal poverty line. -Tier 2 is unemployment zip codes in the City in excess of 100% of the County employment rate at time of application.	YES -Selected and paid for by the General Contractor for each individual project
<i>Port of Los Angeles (2011)</i>	YES	YES -30% targeted to Local Residents and 10% to Disadvantaged Local Residents	YES	-Tier 1 is zip codes within a 10 mile radius of the Port and in which the unemployment rate is in excess of 125% of the County unemployment rate at the time of application. - Tier 2 is zip codes in the City of LA in which the unemployment rate is in excess of 100% of the County unemployment rate at application time.	YES -Selected and paid for by the General Contractor for each individual project

PLA	Separate Local Hire Policy	Percent of Work Hours (not positions)	Requirement (not Best Effort or Goal)	Definition of Local	Independent 3 rd Party Jobs Coordinator, chosen by the GC for each project
<i>LA County Metro Transportation Authority (2012)</i>	YES	YES -40% targeted to Local Residents and 10% to Disadvantaged Local Residents	YES	Residents of LA County who live in an Economically Disadvantaged Area (a zip code or census tract in which the median annual household income is less than \$40K) or Extremely Economically Disadvantaged Area (a zip code or census tract in which the median annual household income is less than \$32K.)	YES -Selected and paid for by the General Contractor for each individual project