

5.270 - Countywide Local and Targeted Worker Hiring

Effective Date: 06/11/19

PURPOSE

Establishes the Countywide Local and Targeted Worker Hiring Policy for all County-sponsored construction and development projects, including local hiring for Targeted Workers, Veterans, Job Order Contracts, and Affordable Housing and Mixed-Use Affordable Housing projects.

REFERENCE

October 27, 2015, Board Order No. 22

February 9, 2016, Board Order No. 47-A

August 1, 2016 Chief Executive Office memo to the County Board of Supervisors, *"Development of a Countywide Local Worker Hire Policy Board Motion of October 27, 2015, Agenda Item No. 22 and Board Motion of February 9, 2016, Agenda item No. 47-A"*

September 6, 2016, Board Order No. 14

February 21, 2017, Board Order No. 3-H

March 21, 2017, Board Order No. 2

June 11, 2019, Board Order No. 20

POLICY

On September 6, 2016, the Board of Supervisors (Board) approved the Countywide Local and Targeted Worker Hiring Policy [LTWHP or Policy]. This Policy was approved to provide Los Angeles County's (County) investment in public works, County-financed affordable housing projects and developer-financed economic development projects on County property as a catalyst for local job creation, construction careers training, and revenue generation for the County. Additionally, the Policy establishes a pathway for the County to enhance employment opportunities particularly for Qualified Local Residents and Targeted Workers who face multiple barriers to employment, such as homelessness, former foster youth, and formerly incarcerated individuals.

The Policy requires that all County departments, commissions and agencies administering project development agreements, including but not limited to; ground leases, loan agreements, grant agreements, design-build contracts, and contracts for County capital and construction projects that require Board approval to comply with the Policy as set by the Board.

This Policy is also a component of the Community Benefits for County Economic Development Projects Policy which establishes criteria and procedures for economic development projects in the Los Angeles County in order to generate economic benefits for the businesses, community, and residential, commercial or industrial area surrounding each project.

All prime contractors (Contractors) providing services under the above-mentioned project agreements and/or contracts must comply with the LTWHP requirements and hiring goals established by the County, as outlined below. Additionally, depending on the total project budget as determined by the County, one of the following hiring goals of the LTWHP requirements shall apply:

- Mandatory Hiring Requirements
- Best Efforts Hiring Goals
- No LTWHP Hiring Goals

POLICY REQUIREMENT FOR LOCAL RESIDENCY PREFERENCE AREA FOR TIER 1 AND 2

A **Tier 1 Qualified Local Resident** is defined as a County resident whose primary residency is: (1) within five (5) miles of the proposed project site; and (2) is within a qualifying Zip Code. If a qualifying Zip Code is partially located within the 5-mile radius, then the entire Zip Code is considered as Tier 1 Zip Code, and workers living in that entire Zip Code area may qualify as Tier 1.

A **Tier 2 Qualified Local Resident** is defined as a County resident whose primary residency is: (1) within a qualifying Zip code; and (2) that qualifying Zip Code is beyond five (5) miles of the proposed project site.

A **qualifying Zip Code** is defined as a Zip Code within the County of Los Angeles, where either: (1) the average percentage of households living below 200% of the Federal Poverty Level (FPL) for that individual's primary residency's Zip Code is greater than the County average for such households; or (2) the Zip Code is one of 11 additional Zip Codes determined by the Board on September 6, 2011 to be a Zip Code where at least 30% of the population is living in poverty, and with an unemployment rate of at least 150% of the national average.

POLICY REQUIREMENT FOR TARGETED WORKERS ELIGIBILITY

A **Targeted Worker** is an individual who is both a County resident and who faces one or more of the following barriers to employment:

1. Has a documented annual income at or below 100% of the Federal Poverty Level;
2. Has no high school diploma or GED;
3. Has a history of involvement with the criminal justice system;
4. Is experiencing protracted unemployment (receiving unemployment benefits for at least six months);
5. Is a current recipient of government cash or food assistance benefits;
6. Is homeless or has been homeless within the last year;
7. Is a custodial single parent;
8. Is a former foster youth;
9. Is a veteran, or is the eligible spouse of a veteran of the United States armed forces, under Section 2(a) of the Jobs for Veterans Act (38 U.S.C.4215[a]);
10. Is an eligible migrant and seasonal farmworker;
11. Is currently an English language learner;
12. Is an older Individual (55+);
13. Is disabled;
14. Is an individual with a low level of literacy; or
15. MC3 program graduates.

POLICY REQUIREMENT HIRING GOALS

Project Budget Greater than \$2.5 Million (Mandatory Hiring Requirements)

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** hiring requirement of at least 30% of California construction labor hours performed by either Tier 1 or Tier 2 Qualified Local Residents on each project.

California construction labor hours is defined as all craft worker hours performed on the project by California residents, excluding the hours performed off-site by material fabricators, designers, project office staff, or vendors and suppliers, such as ready-mix drivers.

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** hiring requirement of at least 10% of California construction labor hours on the project performed by those classified as a Targeted Worker. Hours worked by a Targeted Worker who is also a Tier 1 or Tier 2 Qualified Local Resident may be applied towards the 30% requirement;

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** requirement to use a Jobs Coordinator, as that term is defined in the Implementation Policy Guidelines issued by the Chief Executive Officer (CEO), to facilitate implementation of the targeted hiring requirement of this Policy. The Jobs Coordinator shall work closely with Department of Economic Opportunity, local agencies such as America's Job Centers of California, Social Enterprises, and local community-based organizations to outreach, recruit and create a pipeline to employ residents from the community in which the project is located; and the Contractor shall ensure the **mandatory** hiring requirements provided for Qualified Local Residents and targeted Workers are met in accordance with this Policy.

Project Budget of \$500,000 to \$2.5 million (Best Efforts Hiring Goals)

For projects with a total project budget of \$500,000 to \$2.5 million, with the exception of affordable housing projects, there shall be a **best effort hiring goal of at least 30% of California construction labor hours worked on each project performed by either Tier 1 or Tier 2 Qualified Local Residents on each project. There is no Targeted Worker hiring requirement;**

For affordable housing projects and mixed-use affordable housing projects that include County-funded facilities receiving funds administered by the Los Angeles County Development Authority (LACDA), with a project budget greater than \$2.5 million, there shall be a **best effort** hiring goal of at least 30% Qualified Local Residents and 10% Targeted Workers of California construction labor hours performed; and

The Contractor shall ensure posting a wide array of its construction job advertisements and/or seeking the assistance of a community service provider organization if necessary, to ensure the **best efforts** hiring requirement provided for Qualified Local Residents is met in accordance with this Policy.

All Projects Hiring Goals

For all projects, with the exception of affordable housing projects, a minimum ratio of one apprentice hour for every five journeyman hours shall be enforced, per State Labor code requirement, and contractors will strive to obtain half of all apprentice hours on the project be performed by Qualified Local Residents and Targeted Workers. Hours worked by an apprentice who is also a Targeted Worker or a Qualified Local Resident may be applied towards the 30% Local Resident and/or the 10% Targeted Worker hiring requirement.

Policy Exemptions

Exceptions for projects in jurisdictions enforcing their own local hiring policy, and for projects with federal or State funding prohibitions on geographic preferences will be determined on a case-by-case basis by CEO, in consultation with the County Board of Supervisors Offices and County Counsel, and the exemption shall be stated in the corresponding Board letter.

Affordable housing projects financed with federal funds subject to 24 CFR Part 75 will follow local hiring and training guidelines promulgated through Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain Housing and Urban Development (HUD) financial assistance can be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Contractors working with the Housing LACDA on public housing modernization construction projects that exceed \$2.5 million and are funded with non-federal funding will partner with Department of Economic Opportunity and other local agencies, such as America's Job Centers of California, Social Enterprises, community-based organizations, etc. to outreach, recruit and train public housing residents for employment opportunities.

POLICY IMPLEMENTATION

Details of the implementation of this Policy shall be provided in the latest version of the Implementation Policy Guidelines issued by the CEO.

Applicable referenced Policy language shall be included in all Board-awarded County construction and development project documents. In addition:

- All requests for Solicitation/Proposal/Invitations for Bid (RFP/IFB), specifications must require all contractors submitting bids or proposals to agree to the terms of the County LTWHP.
- All construction project general contracts must include a provision obligating the Contractor and its subcontractors to comply with the terms of the County's LTWHP through execution of an agreement.
- The construction contract must include provisions establishing enforcement and compliance of the LTWHP.

Reporting Requirements

The contractor, on behalf of itself and its subcontractors, shall submit Local and Targeted Worker Hiring data to the County Project Manager or designated County representative.

Monthly Mandatory Compliance Withholding

The Contractor's compliance with the approved the Local and Targeted Workforce and Hiring Status Reports will be evaluated monthly.

To enforce compliance on contracts containing *mandatory* hiring requirements, an amount will be withheld from the monthly progress payment to the contractor in proportion to the deficit percentage of the mandated Local and Targeted Worker Hiring percentage and the actual percentage obtained. The maximum that may be withheld during the duration of the project is 1% of the total construction contract amount, but not to exceed \$500,000, comprised of 0.75% for Qualified Local Resident hiring goal compliance, and 0.25% for Targeted Worker hiring compliance. This amount is called the Monthly Mandatory Compliance Withholding (MMCW) amount. The percentage of the MMCW that will be withheld for a given month will be the same as the percentage of the deficit in achieving the LTWHP targets for that month.

The maximum MMCW amount is determined as follows:

Construction Contract Value × .75% ÷ Number of months in baseline construction schedule = Monthly Mandatory Compliance Withholding (MMCW) for Qualified Local Residents

Construction Contract Value × .25% ÷ Number of months in baseline construction schedule = Monthly Mandatory Compliance Withholding (MMCW) for Targeted Workers

If the Targeted Worker Hiring mandatory requirements of the Policy have not been satisfied as required for a project, the Contractor nonetheless may be deemed to be in compliance if the Contractor demonstrates both (a) that the Contractor and each of its subcontractors have complied with all other requirements of the Policy, and (b) that the Contractor and each of its subcontractors have satisfactorily demonstrated the following:

- Documented contact with the Department of Economic Opportunity, America Job Centers or with an agency that supports and provides employment and training services for Targeted Workers in construction employment, and in which instance the agency did not refer a Qualified Targeted Worker to the Contractor or subcontractor within 48 hours of the job request for fair consideration of the Targeted Worker.

County Reporting

County departments, commissions, and agencies shall provide quarterly reports to the CEO on compliance with the LTWHP for their construction projects during the quarter. CEO shall provide consolidated quarterly reports to the Board and the Economic Development Policy Committee on the compliance of data measures of the Local and Targeted and Apprentice Worker Hiring Policy requirements.

County departments, commissions, and agencies administering construction projects under this Policy will be required to monitor and provide enforcement of the Policy. It should be noted the Contractor is ultimately responsible for their subcontractors compliance with the County's LTWHP requirements.

Referral Process for LTWHP

The following resources may be used to connect contractors to workers meeting the definition of a Qualified Local Resident Worker or a Target Worker, should the contractor require assistance. Additional Community Service Providers may be used by contractors and subcontractors to identify Local Residents and Targeted Workers.

- Department of Economic Opportunity County of Los Angeles: <http://www.opportunity.lacounty.gov/>
- Cal Jobs: <http://www.caljobs.ca.gov/vosnet/Default.aspx>
- Helmets to Hardhats: <https://www.helmetstohardhats.org>
- America's Job Center of California: <http://www.americasjobcenter.ca.gov>

RESPONSIBLE DEPARTMENTS

Chief Executive Office

County Counsel

DATE ISSUED/SUNSET DATE

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