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Update on the Community Workforce Agreement

SUMMARY AND RECOMMENDATIONS

Staff will provide an update on the Community Workforce Agreement which expires on December 31, 2019 and review proposals for the Agreement's extension.

BACKGROUND

In 2015, the City Council approved the City's first Community Workforce Agreement (CWA) with the Alameda County Building & Construction Trades Council (BTC) and its twenty-eight signatory affiliates with the provisions and goals as outlined below:

- Three year term (1/1/2016 - 12/31/2018);
- Minimum Project Cost Threshold - \$1,000,000;
- Apprenticeship Local Hire Goal - 10% of total project work hours;
- Journey Level Local Hire Goal - 20% of total project work hours;
- Two Tier Local Hire - San Leandro residents first, Alameda County residents if no San Leandro residents available; and
- Joint Administrative Committee - composed of CWA Administrator and City staff (2), Alameda Building Trades Council representatives (2) and industry representative (1).

Since commencement of the CWA on January 1, 2016, the City Council awarded fourteen projects that were governed by the agreement and the City Council has accepted the work as completed for six of those projects. The fourteen awarded projects are:

2016: Citywide Energy and Water Efficiency Upgrades (Climatec) - \$5.2m*
2016: Annual Overlay / Rehabilitation 2015-16 Project - \$3.5m

2017: Annual Street Overlay / Rehabilitation 2016-17 Project (Phase I) - \$3.395m
2017: Sanitary Sewer Line Replacement/Repair 2017 Project - \$1.16m
2018: Water Pollution Control Plant Asphalt Replacement Project - \$1.605m
2018: Annual Overlay / Rehabilitation 2016-2017 Project (Phase II) - \$1.754m
2018: Annual Street Sealing 2017-18 Project - \$1.894m
2018: Annual Overlay / Rehabilitation 2017-18 Project - \$10.163m
2018: Police Building and South Offices Modification Project - \$6.268m
2019: Curb Ramp Upgrades 2018-19 Project - \$799,373**
2019: Farrelly Pool Demolition Project- \$134,185**
2019: Annual Street Sealing 2018-19 Project - \$1.720m
2019: Farrelly Pool Replacement Project - \$6.22m
2019: Sidewalk Repair Program 2019-20 - \$1.17m

*: Last project phase is in punch list - November 2019.

**: Contracts awarded under CWA because they were part of larger projects that met CWA threshold.

The total value of CWA projects awarded since the beginning of the Agreement is \$44.98m. As approximately 60% of the projects awarded are for street reconstruction, rehabilitation and sealing, similar trades, such as operator/engineers, laborers, cement masons and electricians, are used for each contract. For those projects accepted by Council thus far, there has been zero participation by San Leandro apprentices and low participation rates for San Leandro journey level workers.

Findings:

- 1) The City is currently partnering with other local agencies with project labor agreements to procure data that elucidates trends for San Leandro and the region for current and near future East Bay construction labor supply and demand and summarizes best practices related to Project Labor Agreements, another term for CWAs. This data will be available in August 2020 and will be crucial in creating data-driven local hire goals and realistic provisions in the next iteration of the CWA.
- 2) Maintaining a second tier, “back up” goal of Alameda County resident hires is problematic for several reasons. The amount of effort required of City staff to perform compliance for the current two-tiered local hire system is challenging.

If the City only has one local hire goal, and contractors meet that goal, then compliance efforts evaluating contractors’ Good Faith Efforts (GFE) are significantly reduced or eliminated. If the contractors request San Leandro residents from the hall and there are none available, then a simple GFE check will suffice.

The second tier local hire goal is also problematic as it is currently impossible to identify how successful efforts by the City, the Trades Council and contractors are at meeting the San Leandro local hire goal as the goal is diluted. If the Alameda County Hire tier was eliminated, then all of the contractors’ and trades’ efforts would be focused on preparing, recruiting and hiring only San Leandro residents and demand for those workers would thus increase. The City would have better data to ascertain whether the current local hire goal is reasonable given trends observed over a period of time with a single local hire goal in place.

This process requires a significant amount of effort for the contractor and for City staff.

Instances of contractors only using Alameda County workers without requesting San Leandro residents have occurred repeatedly during the current CWA's term. Each of these instances have required at least double, if not triple, the amount of time invested by the CWA administrator and project manager. In recent cases, failure by the contractor to provide adequate GFE while using Alameda County workers has caused project delays and withholding of payments per the articles of the CWA.

- 3) In order for qualified San Leandro residents to be available for requests made by contractors to meet the local hire goal for CWA projects, they must already possess either an apprentice or a journey level certification from the hall for their trade. To successfully gain access to a trade's apprenticeship, applicants must have completed a pre-apprenticeship program or met the prerequisites for training by the time the apprenticeship opens (which occur at various times annually and are not always synchronized with pre-apprenticeship programs). Applicants must successfully pass the requisite tests to secure an apprenticeship in highly competitive recruitments. Under the terms of the current CWA, the City does not require that the local trade unions in San Leandro or Alameda County reserve apprenticeships for San Leandro residents. As apprenticeship periods are typically at least four years, the effect of not having enough San Leandro resident apprentices year over year only compounds the lack of journey level workers who reside in the city available for work on City projects.

The City does not currently have control or influence over how many San Leandro residents graduate from those programs. This contributes to the difficulty to realize the City's local hire goal as a consistent pipeline for entry and advancement in the trades is not in place for residents. Forging partnerships with local, certified pre-apprenticeship program, a strategy adopted by various public agencies in Alameda County, has successfully bolstered the number of qualified resident candidates testing for limited apprenticeship slots.

Pre-apprenticeship programs:

In order for San Leandro resident apprentices to be available in hiring halls for trades such as operator/engineers, laborers, cement masons and electricians, they must successfully pass the apprenticeship exam and recruiting process. There are twelve pre-apprenticeship programs in the Bay Area that are certified by local trades' councils, two of which are near San Leandro. The programs can last between nine and sixteen weeks, require a high school diploma or GED and driver's license and often focus on recruiting women, people of color and/or low income people.

- 4) There is a lack of staff resources to perform compliance and administration for the CWA. The CWA covers the prime contractor and all subcontractors working on the project. Currently, there are seventy contractors and subcontractors working on CWA projects.

Each contractor is required to submit GFE documentation proving that they complied with the local hire request process. Other public agencies in Alameda County adhere to the best practice of conducting random interviews with workers employed on covered projects to ascertain if they are being paid the correct rate, reside in the city indicated in the payroll records, are accurately categorized as apprentice or journey level as well as verify that non-union workers have been correctly dispatched from the halls.

Recommendations:

Based upon the observations and conclusions outlined above, staff recommends:

- 1) Agree to a two year extension of the current terms of the CWA with the exception of the modifications proposed below;
- 2) In the next term of the CWA, eliminate Alameda County Hire goal as second tier for the Local Hire apprenticeship and journey level workers;
- 3) BTC agrees to create and reserve not less than ten and not more than fifteen apprenticeship slots for San Leandro residents in trades that are affiliates of the BTC per calendar year;
- 4) Create a Construction Trades Workforce Development Fund, to which contractors will pay \$.30/hour for every hour worked on CWA projects. The average contribution to the Fund will be approximately \$3,000 and funds will be available to organizations who prioritize placement of San Leandro residents in pre-apprenticeship programs; and
- 5) Renew for a two-year term the City's current contract with the Bay Area Business Roundtable to continue to provide outreach and education consulting for San Leandro residents, technical advisory services to local businesses and compliance assistance to the City.

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