



113-0042019-002

Agenda Item **No. 5(b)**
Meeting of July 16, 2019

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Executive Director

SUBJECT: Authorizing a Memorandum of Understanding with the San Francisco Office of Economic and Workforce Development to Provide Workforce Compliance Services to the Office of Community Investment and Infrastructure subject to annual appropriation of funds

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (“OCII”) implements the enforceable obligations for developments in Mission Bay, Transbay, and Candlestick Point-Hunters Point Shipyard, which include Retained Housing Obligations. Each of these development obligations requires the developers of the projects to make good faith efforts to comply with OCII’s workforce programs, which include local trainee and construction workforce hiring, as applicable to each development or phase of development. Trainee hiring obligations apply to the professional design field during the design phase of a project. Construction workforce hiring requirements are applicable to the construction phase of a project. OCII proposes to enter into a Memorandum of Understanding (“MOU”) with the San Francisco Office of Economic and Workforce Development (“OEWD”) to enforce and monitor the developers’ compliance with these workforce requirements. OEWD, as the workforce development department for the City and County of San Francisco (“City”), has the staff resources and specialized expertise in workforce development and compliance to best assist OCII with enforcement of its workforce programs. In addition, workforce development divisions of OEWD, including CityBuild, a construction training, placement, and monitoring program, share office space and other resources with OCII.

Staff recommends approval of the memorandum of understanding with OEWD for workforce compliance services.

London N. Breed
MAYOR

Nadia Sesay
EXECUTIVE DIRECTOR

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DISCUSSION

Under the Community Redevelopment Law (“CRL”), the Redevelopment Agency of the City and County of San Francisco (“Redevelopment Agency”) had the authority to specify in contracts for redevelopment projects that “project area residents, if available, shall be employed for a specified percentage of each craft or type of workmen [sic] needed to execute the contract or work.” Cal. Health & Safety Code § 33422.3. In light of this authority and the importance of job creation in redevelopment projects, the Redevelopment Agency had long required in its projects that developers and contractors use good faith efforts to offer training opportunities to local residents and employ local residents as a certain percentage of its construction workforce hires.

Prior to its dissolution, the Redevelopment Agency entered into several contracts with workforce requirements and had other related obligations for large-scale development occurring over many years. These included the Mission Bay North Owner Participation Agreement (“OPA”) (1998), the Mission Bay South OPA (1998), the Disposition and Development Agreement (“DDA”) for Hunters Point Shipyard (“HPS”) Phase 1 (2003), the DDA for Candlestick Point-HPS Phase 2 (2010), and the Transbay Implementation Agreement (2006), (collectively, the “Major Approved Development Projects”). Each of these development obligations requires that the developers make good faith efforts: (i) to offer training opportunities to San Francisco residents in the professional design fields (such as architecture, engineering, planning, and environmental consulting); and (ii) to hire San Francisco residents for construction-related jobs, with first consideration for Redevelopment Project Area residents. These requirements are stipulated in the Mission Bay North and South OPAs, Attachment H and Schedule 1, wherein good faith efforts are required for professional trainee hiring and local construction workforce hiring, respectively; in the Bayview Hunters Point Employment and Contracting Policy incorporated into the HPS Phase 1 and Candlestick Point-HPS Phase 2 DDAs, which require good faith efforts to hire local residents for professional design trainee opportunities and construction workforce; and in the Transbay DDAs that are negotiated with each developer, who are obligated to comply with trainee hiring and construction workforce hiring requirements.

After dissolution of the Redevelopment Agency, OCII, as the Successor Agency to the Redevelopment Agency, had assumed the obligations under the Major Approved Development Projects, which included the Retained Housing Obligations. These obligations include enforcement of the workforce requirements stipulated in the aforementioned OPAs and DDAs.

The trainee hiring component of the workforce requirements calls for each developer to obligate its design professionals, such as architects, engineers, planners, and environmental consultants, to make trainee opportunities available to San Francisco residents by working with educational institutions. For example, the trainee obligation may be satisfied by a semester internship for local college students so that they gain exposure and experience in the professional design field as a pathway to a professional career. Design Professionals with contracts over \$100,000 are obligated to make efforts to hire one or

more trainees based on contract size. Since 2016, over 40 San Francisco residents have been hired as interns by more than 25 employers on OCII-sponsored projects.

The construction workforce requirement calls for each construction contractor on an OCII-administered project to make good faith efforts to hire San Francisco residents for 50% of its construction workforce, as measured by hours in each trade. Because OEWD, through its CityBuild division, enforces and implements the City's mandatory Local Hiring Policy for Construction (SF Admin Code 6.22(g)), which imposes a local hiring requirement of 30% on City public works and provides pre-apprenticeship training and placements, OEWD has the resources to best assist OCII with enforcement of the construction workforce requirements incorporated in OCII's OPAs, DDAs, and other agreements.

Prior to its dissolution, the Redevelopment Agency had significant resources in its Contract Compliance Division to enforce the workforce requirements. At one point, these resources included both sufficient staffing levels and the direct funding of employment and training programs to assist directly the contractors and developers in meeting the workforce requirements. With dissolution of the Redevelopment Agency and the limitations on the use of property tax revenues, these resources are no longer available. In 2014, OCII entered into an MOU with OEWD to utilize its staff services and workforce expertise to assist with enforcing and monitoring developers' compliance with the workforce requirements. The services provided under the 2014 MOU have continued under a work order between OEWD and OCII. Staff is now seeking Commission approval to enact another MOU and is recommending that the MOU remain in effect until the earlier of termination by either party, by mutual consent, or when all enforceable obligations have been completed by OCII. Because the Commission approves OCII's fiscal year budgets on an annual basis and OEWD's expenses are identified as line items in OCII's budget, a continuous MOU is being sought to reduce administrative burden.

OEWD's expenses have been reimbursed through developer fees for the Major Approved Development Projects and property taxes for replacement housing obligations that were budgeted and approved by the Commission in past fiscal years. The following is a recap of the fiscal year budgets and expenses for OEWD's workforce compliance services.

OEWD Budget and Invoice Summary

Period	Actual	Budget	Variance
FY 2014 (partial year: Jan-Jun only)	89,597.00	89,597.00	-
FY 2014-2015	113,797.17	189,195.00	75,397.83
FY 2015-2016	132,020.05	189,195.00	57,174.95
FY 2016-2017	113,164.23	193,211.00	80,046.77
FY 2017-2018	238,261.86	200,199.00	(38,062.86)
Net Total Past Expenditures	686,840.31	861,397.00	174,556.69
FY 2018-2019 (current year budget)	TBD	239,740.00	--

OEWD Budget for FY2020

FY 2019-2020	242,853.00
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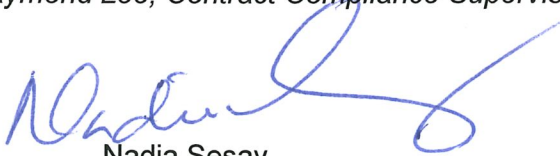
The budget for FY2020 for \$242,853 was presented and approved by the Commission in May 2019.

OCII and OEWD have negotiated a proposed Memorandum of Understanding that is attached to the resolution accompanying this memorandum and that will enable OEWD to provide workforce compliance services to OCII for its Major Approved Development Projects and Retained Housing Obligations. OCII will fund the MOU through developer reimbursements of actual billed hours and through other available funds as approved in the ROPS and annual budgets.

STAFF RECOMMENDATION

Staff recommends that the OCII Commission authorize the Executive Director to execute the Memorandum of Understanding with OEWD for workforce compliance services.

(Originated by Raymond Lee, Contract Compliance Supervisor)


Nadia Sesay
Executive Director