MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Approving 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 in Fiscal Years 2013-14 and 2014-15 for a Total Aggregate Amount Not To Exceed $278,792.00.

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure ("OCII") is implementing the enforceable obligations for development in Mission Bay, Transbay, and Candlestick Point-Hunters Point Shipyard and as part of Retained Housing Obligations. Each of these development obligations requires the developers of the projects to make good faith efforts to hire San Francisco residents during construction. OCII proposes to enter into an agreement with the San Francisco Office of Economic and Workforce Development ("OEWD") to monitor and assist the developers' compliance with these workforce requirements. OEWD has specialized expertise in construction workforce compliance through CityBuild, an employment program under the Workforce Development Division of OEWD, which shares office space and other resources with OCII.

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

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 employ local residents as a certain percentage of its construction workforce hires.

Prior to its dissolution, the Redevelopment Agency entered into several contracts and had other obligations for large scale development occurring over many years. See e.g. the Mission Bay North Owner Participation Agreement ("OPA") (1998),\footnote{Available at http://www.sfredevelopment.org/index.aspx?page=243.} the Mission Bay South OPA (1998),\footnote{Available at http://www.sfredevelopment.org/index.aspx?page=244.}
the Disposition and Development Agreement ("DDA") for Hunters Point Shipyard ("HPS") Phase 1 (2003),\(^3\) the DDA for Candlestick Point-HPS Phase 2 DDA (2010),\(^4\) and the Transbay Implementation Agreement (2006).\(^5\) (collectively, the "Major Approved Development Projects"). In addition, the Redevelopment Agency had certain replacement housing obligations associated with its destruction of affordable units during the urban renewal era prior to 1977. As described below, each of these development obligations requires that the developers make good faith efforts to hire San Francisco and Project Area residents for construction-related jobs.

For example, the CP-HPS Phase 2 DDA requires good faith efforts to employ 50% of construction workforce hires by trade and by hours from the Bayview Hunters Point ("BVHP"), surrounding areas, and San Francisco with first consideration to BVHP residents). CP-HPS Phase 2 DDA at Section 14.2.1 and Exhibits X-A and X-B. Similarly, the HPS DDA Phase I DDA now incorporates the Phase 2 DDA standards for construction workforce. The Mission Bay South and North OPAs establish a goal of 50% of total hours worked in each trade for participation by San Francisco residents. OPAs at Attachment H, Schedule 1. In Transbay, the workforce requirements are imposed on a project-by-project basis and are authorized under the Transbay Redevelopment Plan and Implementation Agreement. Under Section 2.1 (d) of the Transbay Implementation Agreement, the Redevelopment Agency was obligated to "execute all activities related to the implementation of the Transbay Redevelopment Plan," which requires, among other things, that the Agency’s workforce programs to “meet or exceed City policies regarding workforce development, . . . particularly for economically-disadvantaged San Francisco residents.” Transbay Redevelopment Plan, Section 4.1.3, p. 20. Although each of these enforceable obligations had slightly different workforce requirements, the Redevelopment Agency established a consistent practice of measuring good faith compliance. (Collectively, the construction workforce obligations for the Major Approved Development Projects are referred to as the “Good Faith Local Hiring Requirements”).

Prior to its dissolution, the Redevelopment Agency had significant resources in its Contract Compliance Division to enforce the Good Faith Local Hiring Requirements. Indeed, 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. OCII, as the Successor Agency to the Redevelopment Agency, has assumed the obligations under the Major Approved Development Projects to ensure compliance with the workforce requirements, but has a shortage of resources and staffing to fulfill these obligations.

In December 2010, the Board of Supervisors approved the San Francisco Local Hiring Policy for Construction, which established mandatory hiring goals for local residents in certain public works projects. San Francisco Administrative Code § 6.22 (g) ("Mandatory Local Hiring Policy"). These goals (which do not apply to OCII projects) require a participation level of 30% of all project work hours within each trade performed by local residents, with no less than 15% and

of all project work hours within each trade performed by disadvantaged workers. Moreover, at least 50% of the project work hours performed by apprentices within each trade shall be performed by local residents, with no less than 25% of project work hours performed by apprentices within each trade to be performed by disadvantaged workers. Under the Mandatory Local Hiring Policy, OEWD/CityBuild is designated to implement the Policy and has developed significant expertise and resources to assist contractors in meeting the hiring goals.

Although the Agency’s Good Faith Local Hiring Requirements and the Mandatory Local Hiring Policy take different approaches to local hiring in publicly-assisted constructions projects, they share the fundamental goals of targeting the local construction workforce and compelling employers to hire local residents who are qualified and available for jobs. In this regard, OEWD/CityBuild has developed the experience and expertise that will assist OCII in fulfilling its workforce requirements.

CityBuild, an employment program under the Workforce Development Division of the Office of Economic and Workforce Development, provides workforce training and job placement services to San Francisco residents interested in pursuing a career in the construction industry and also assists contractors that have been awarded projects in San Francisco with fulfilling their local hiring obligations (“Construction Workforce Compliance Services”). CityBuild is currently implementing a comprehensive workforce development plan as the placement partner in Transbay, Mission Bay and the Southeast Sector (Bayview Hunters Point Shipyard), but has not been able to implement fully the compliance monitoring services.

OCII and OEWD have negotiated a proposed contract that is attached to the resolution accompanying this memorandum and that will enable CityBuild to provide Construction Workforce Compliance Services to OCII for its Major Approved Development Projects and Retained Housing Obligations. OCII will fund the MOU through developer reimbursement of actual billed hours and through other available funds,

**STAFF RECOMMENDATION**

Staff recommends that the OCII Commission authorize the Executive Director to execute the Memorandum of Understanding with OEWD in an amount not to exceed $278,792.00 for fiscal years 2013-14 and 2014-15.

*(originated by Jim Morales, Interim General Counsel and Deputy Director)*

Tiffany Bohee
Executive Director