

1 [Administrative Code - Local Hiring Policy - Extending the Periodic Review and Mandatory
2 Participation Level]

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3 **Resolution amending the Administrative Code, to extend the periodic review of the**
4 **City’s Local Hiring Policy and to determine the mandatory participation level for the**
5 **policy.**

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7 WHEREAS, The Local Hiring Policy for Construction (“Policy”) requires that contracts
8 issued by the City for construction contain mandatory participation levels of San Francisco
9 residents; and

10 WHEREAS, The Policy requires that the Office of Economic and Workforce
11 Development (OEWD) in coordination with the Controller's Office, evaluate the impact of
12 existing mandatory participation levels to (i) determine whether there is a sufficient supply of
13 qualified unemployed resident workers to meet the escalation rate set forth in the Policy; (ii)
14 assess the length of time required for each trade to develop a pool of qualified resident
15 workers sufficient to support a 50% mandatory participation target; and (iii) make relevant
16 findings in support of those determinations, and, if necessary, propose amendments to the
17 mandatory participation level by trade; and

18 WHEREAS, OEWD issued Local Hiring Policy for Construction Annual Reports for the
19 years 2011-2012, and 2012-2013, on file with the Clerk of the Board of Supervisors in File No.
20 _____, which are hereby declared to be a part of this resolution as if set forth fully herein;
21 and

22 WHEREAS, To facilitate that review the Mayor conveyed the Mayor’s Construction
23 Workforce Advisory Committee consisting of the City Administrator, Department Heads,
24 representatives of the construction industry, representative of the trades, and representatives
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1 of community organizations. The Advisory Committee met on seven occasions, including two
2 subcommittee meetings, and reviewed and considered information and presentations of data,
3 including the Labor Market Analysis of San Francisco Construction Industry Final Report,
4 dated October 15, 2013, on file with the Clerk of the Board of Supervisors in File No. ____,
5 which is hereby declared to be a part of this resolution as if set forth fully herein; and

6 WHEREAS, The Advisory Committee issued recommendations for City Construction
7 Policies, which included the recommendation that the City extend the Policy review period for
8 an additional 12 months to conduct further retrieval and analysis of payroll data collected
9 through the City's project reporting system, and that the City maintain the current mandatory
10 local hire percentage at 30% during the extended Policy review period; and

11 WHEREAS, The Policy provides that the Board of Supervisors may reset the
12 mandatory participation level by resolution; now, therefore, be it

13 RESOLVED, That Administrative Code Section 6.22(G) is amended as follows:

14 **SEC. 6.22. PUBLIC WORK CONSTRUCTION CONTRACT TERMS AND WORKING**
15 **CONDITIONS.**

16 * * * *

17 (G) **Short Title.** This subsection 6.22(G) shall be known as and may be cited as the
18 San Francisco Local Hiring Policy for Construction ("Policy").

19 * * * *

20 (4) **Local Hiring Requirements.**

21 (a) For each covered project, the following requirements shall apply to each prime
22 contractor and subcontractor that performs project work in excess of the Threshold Amount
23 set forth in section 6.1 of this Chapter, as that amount may be amended, with regard to project
24 work actually performed by the prime contractor and work included under any subcontract,
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1 including all work performed by a subcontractor and all lower-tier subcontractors under the
 2 subcontract:

3 (i) The initial mandatory participation level is 20% of all project work hours within each
 4 trade performed by local residents, with no less than 10% of all project work hours within each
 5 trade performed by disadvantaged workers. Subject to the periodic review process set forth in
 6 subsection 6.22(G)(4)(b), below, the mandatory participation level for project work hours shall
 7 increase annually ~~over seven years~~ up to a mandatory participation level of 50% of project work
 8 hours within each trade performed by local residents, with no less than 25% of all project work
 9 hours within each trade performed by disadvantaged workers. For each mandatory
 10 participation percentage specified below, one-half of the specified percentage of project work
 11 hours within each trade shall be performed by disadvantaged workers.

Year After Effective Date That Contract Is Advertised for Bids	Mandatory Participation Level For Project Work Hours
0	20%
1	25%
2	30%
Periodic Review	Periodic Review
3	35 30%
<u>Periodic Review</u>	<u>Periodic Review</u>
4	40 35%
5	45 40%
Periodic Review 6	Periodic Review 45%
<u>6</u> Periodic Review	<u>50%</u> Periodic Review
<u>7</u>	<u>50%</u>

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 22 (ii) At least 50% of the project work hours performed by apprentices within each trade
 23 shall be performed by local residents, with no less than 25% of project work hours performed
 24 by apprentices within each trade to be performed by disadvantaged workers.

1 (b) Periodic Review By OEWD and Controller. OEWD, in coordination with the
2 Controller's Office, shall every three years from the end of the prior Periodic Review~~effective date~~
3 ~~of this Policy~~, evaluate the impact of existing mandatory participation levels and the continued
4 need for financial incentives as set forth in subsection 6.22(G)(5). The OEWD/Controller
5 review shall (i) determine whether there is a sufficient supply of qualified unemployed resident
6 workers to meet the escalation rate set forth in subsection 6.22(G)(4)(a)(i), above; (ii) assess
7 the length of time required for each trade to develop a pool of qualified resident workers
8 sufficient to support a 50% mandatory participation target; and (iii) make relevant findings in
9 support of those determinations, and, if necessary, propose amendments to the mandatory
10 participation level by trade. OEWD and the Controller's Office shall further report on the
11 financial incentive program and make relevant findings and, if necessary, propose reducing or
12 eliminating financial incentives. During the periodic review process, OEWD and the
13 Controller's Office shall consult with a broad spectrum of relevant stakeholders (including the
14 community, the California Department of Industrial Relations Division of Apprenticeship
15 Standards, contractors, building trades, and City departments and agencies). Promptly upon
16 completion of a periodic review, OEWD and the Controller's Office shall furnish to the Board
17 of Supervisors a report setting forth their findings, determinations and proposed amendments
18 to the mandatory participation level by trade and/or the financial incentive program, if any. The
19 Board shall, by resolution, fix and determine the mandatory participation levels by trade and
20 available financial incentives, if any. The mandatory participation levels by trade and financial
21 incentives as so fixed and determined by the Board shall supplant the mandatory participation
22 levels and financial incentives that this Policy sets and shall remain in force until the same are
23 changed by the Board. In determining the mandatory participation levels by trade and
24 available financial incentives, as so provided for in this subsection, the Board shall not be
25 limited to consideration of the periodic review report furnished by OEWD and the Controller's

1 Office, but may consider other such evidence upon the subject as the Board shall deem
2 proper and base its determination upon any or all of the evidence considered.

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