INTRODUCTION

The Planning Commission requested an informational report on what the City of Oakland requires from contractors and/or developers as demonstrated efforts to maximize the employment of Oakland residents as journey-level and apprentice workers. These provisions apply only to City subsidized and Oakland Redevelopment Agency construction projects.

The City has two local employment programs that are specific to these construction projects. They are the Local Employment Program (LEP), and 15% Apprenticeship Program.

The City averages approximately 34% of total on-site project work hours being performed by Oakland residents, and 10% of total on-site project work hours were performed by Oakland apprentices.

The difference between the respective LEP and 15% Apprenticeship Program goals, and the on-site project work hours listed above, is made up of resident work hours submitted from non-City subsidized or Oakland Redevelopment Agency projects, worker waivers based on a lack of available Oakland workers at the time of the project, and/or work exempted under the City's programs. Exemptions would include owner-operators, limited and sporadic work, specialty work, less than a total of 140 hours, etc.)

BACKGROUND

In the effort to maximize the employment of Oakland residents, the City of Oakland has adopted two resident hiring programs that apply to City subsidized, and Oakland Redevelopment Agency construction projects. The two programs are as follows:

Local Employment Program (LEP)-established 1993
The Local Employment Program (LEP) establishes a 50% of total work hours goal, 50% of the new hires, and the first new hire are to be Oakland residents. The goal(s) apply on a craft-by-craft basis so that residents have access to the full range of employment opportunities within the building and construction trade industry. The LEP allows contractors to meet up half of their local employment goals by providing documented employment of Oakland residents on non-City subsidized projects.

15% Apprenticeship Program- established in 1999
The 15% Apprenticeship Program establishes a 15% of total project work hours to be performed by Oakland apprentices, 50% of the new hires, and the first new hire are to be Oakland apprentices. The goal(s) apply on a craft-by-craft basis so that residents have access to the full range of employment opportunities within the building and construction trade industry. The 15% Apprenticeship Program allows contractors to meet up to half of their Oakland apprentice hiring goal(s) by providing documented employment to Oakland apprentices on non-City subsidized or Oakland Redevelopment Agency projects.

Penalties
When a contractor does not meet the goal(s), the shortfall hours are subject to a penalty of 1.5 times the number of shortfall hours times the wage and fringe for the worker classification where the shortfall occurred. Contractors have up to one (1) year to resolve non-compliance by providing employment to Oakland residents subsequent to the City's project or forfeit retention dollars equal to the non-

compliance dollar amount. Contractors may secure bonds to cover their non-compliance so that retention may be released to facilitate resident hiring subsequent to the City's project(s).
Both programs contain various exemptions or waivers that can impact final resident work hour totals.

Note: The program goals for the LEP and 15% Apprenticeship Program are not cumulative goals (50% + 15% = 65%), but rather the apprentice hiring goal is subset of the LEP 50% goal (at least 15% of the total work hours on a craft-by-craft basis are contained within the 50% of total work hours goal

KEY ISSUES

Current policies are tied to City subsidized or Oakland Redevelopment Agency construction projects. City funded projects, and those of the Oakland Redevelopment Agency, represent a small percentage of the total construction work conducted within the City's jurisdiction.
The application or incorporation of local employment, and other community benefit goals into Disposition and Development Agreements (DDAs) for projects that are not City subsidized or Oakland Redevelopment Agency projects, would significantly increase the employment opportunities for Oakland residents as journey-level or apprentice workers. Given the current and short term future economic conditions facing the construction industry, efforts to leverage access of Oakland residents to living wage jobs on as many projects as possible would be prudent.

ACTION OF THE PLANNING COMMISSION

As this is an informational report only, no action from the Planning Commission is necessary or warranted.

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Contract Compliance

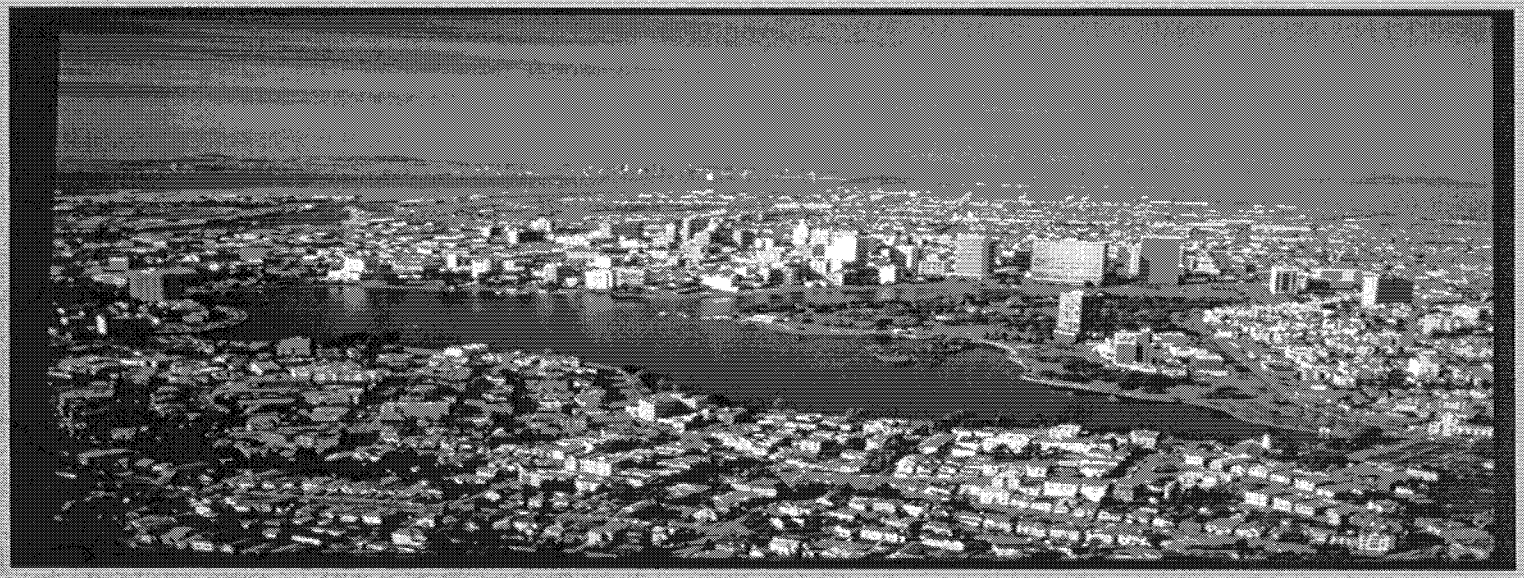
Approved for forwarding to Planning Commission by:

Scott Miller, for
Eric Angstadt, Deputy Director of CEDA

Attachments: A. Powerpoint Presentation slides

The City of Oakland and the Oakland Redevelopment Agency's Local Employment Program (LEP) 15% Apprenticeship Program.

A Resident and Business Resource



ATTACHMENT A

Department of Contracting and Purchasing, Local Employment Division, 250 Frank Ogawa Plaza, Suite 3341, Oakland, Ca. (5)10-238-3970

Three Levels of Hiring Local Oakland Residents

50% Local Employment

15% Apprenticeship Program

Local Construction Employment Referral Program

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2. LEP Objectives for Developers and Contractors
3. 15% Apprenticeship Program
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5. Federal Hiring Credits
6. Enterprise Zone Benefits

1. What is the City's LEP?

The Local Employment Program is the City of Oakland's response to help:

- Reduce the economic and social ills in Oakland;
- Decrease unemployment and underemployment; and
- Increase employment opportunities in the growing local construction economy for Oakland residents.

Historical Reasons for LEP

- LEP is the result of public hearing testimonies from a diverse group of more than 125 residents and organizations, who were not receiving (construction) work in Oakland. In addition, subsequent reports revealed that those who performed construction work in Oakland, lived outside of the City's geographical area and provided no sustainable revenue(s) or tax base for the City.

1. What is the City's LEP?

General Provisions

When does the LEP apply ?

The LEP **applies** when the project includes the purchase of construction services either by the City as a buyer or by a City Financial Assistance Recipient (CFAR); and the City is the buyer and the dollar amount of the project exceeds $50,000.00; or the project exceeds 30 days; or new hires are needed to perform the work of the project.

When does the LEP NOT apply ?

The LEP **does not apply** when the contract or subcontract is performed by an owner-operator; or the project requires less than 140 hours of work; or the project is performed as emergency work; or contractor is a small business as defined by the City and the job requires no more than two craft-persons to perform the duties of the entire project; or a contractor's core workforce includes 50% Oakland residents, and no additional employees will be hired.

2. LEP Objectives for Developers/Contractors

- Goal of 50% of the **work hours**, which must be performed by Oakland residents on a craft-by-craft basis.
- A minimum of 50% of all **new hires** on the project (on a craft-by-craft basis) must be Oakland residents, and the first new hire must be an Oakland resident.
- A contractor or developer must achieve the goals or secure an exemption from the City.
- A contractor or developer must report certified payroll data using the web based LCP Tracker.

3. 15% Apprenticeship Program

Purpose

- The City has determined that there is a need for increased Oakland resident training and apprenticeship opportunities in the construction industry and that a diverse and well-trained workforce is critical to the economic as well as social revitalization of the region. The 15% Apprenticeship Program requires contractors meet a 15% participation resident apprenticeship hire goal that is based on total hours worked and on a craft-by-craft basis.

- The hours worked may be performed on City of Oakland projects, or 7.5% of the 15% hours worked may be performed by resident apprentices on a non-City of Oakland or Oakland Redevelopment Agency project.

- The City shall require its developers and contractors to abide by the City's Apprenticeship Workforce Development Partnership System. The City shall also require that the developers and contractors require the provisions of the System on any and all parties with whom the developer and contractors intend to enter into a contract to perform any portion of said work.

3. 15% Apprenticeship Program

- The Local Employment Supervisor will actively participate in the compliance monitoring and will report to the City Administrator on the status of all Public Works and Oakland Redevelopment Agency (ORA) contracts.

- The Apprenticeship Workforce Development Partnership System, including the Bay Area Building Trades Apprenticeship Programs Ratio (Exhibit A), the Apprentice Utilization Plan form (Exhibit B) and the weekly Apprenticeship Utilization Form (Exhibit C), required by the City and Redevelopment Agency shall be incorporated in all Disposition and Development Agreements (DDA) and contract specifications.

- The Apprenticeship goals must be maintained for the duration of the project.

3. 15% Apprenticeship Program

- On Public Works and Oakland Redevelopment Agency projects, contracts with an estimated cost of $15,000 or more, the Department of Contracting and Purchasing (DCP) Director is authorized to require of the developers, general contractors and subcontractors through bidding and contract documents, that at least 15% of the total labor hours on Public Works and ORA projects be performed by Oakland residents as apprentices, enrolled in a registered apprenticeship program approved or recognized by the State of California Division of Apprenticeship Standards.

- Further, the policy allows the resident apprentice utilization goal to be met in two ways:
  - 15% of total work hours be performed by apprentice resident hire on Public Works or ORA contracts, or
  - 7.5% of total work hours be performed by apprentice resident hired on Public Works or ORA contracts, and 7.5% of total work hours be performed by apprentice hired on non-Oakland contracts.

Local Oakland Resident Data Base

- **Local Construction Employment Referral Program (LCERP)**

  The Local Construction Employment Referral Program (LCERP) is a "one-stop employment service" for Oakland residents and contractors performing public works construction.

- The on-site Job Developer evaluates the skill levels of Oakland residents seeking work as skilled and un-skilled workers on construction projects. Names, contact information, and skill levels are maintained in the LCERP database.

5. Federal Hiring Credits

- AC HIRE (Stimulus funding through September 30, 2010)
- The Work Opportunity Tax Credit (WOTC)

For more complete information concerning these and other employment and business tax credits that you may be eligible for, please go the Oakland Workforce Investment Board website at:

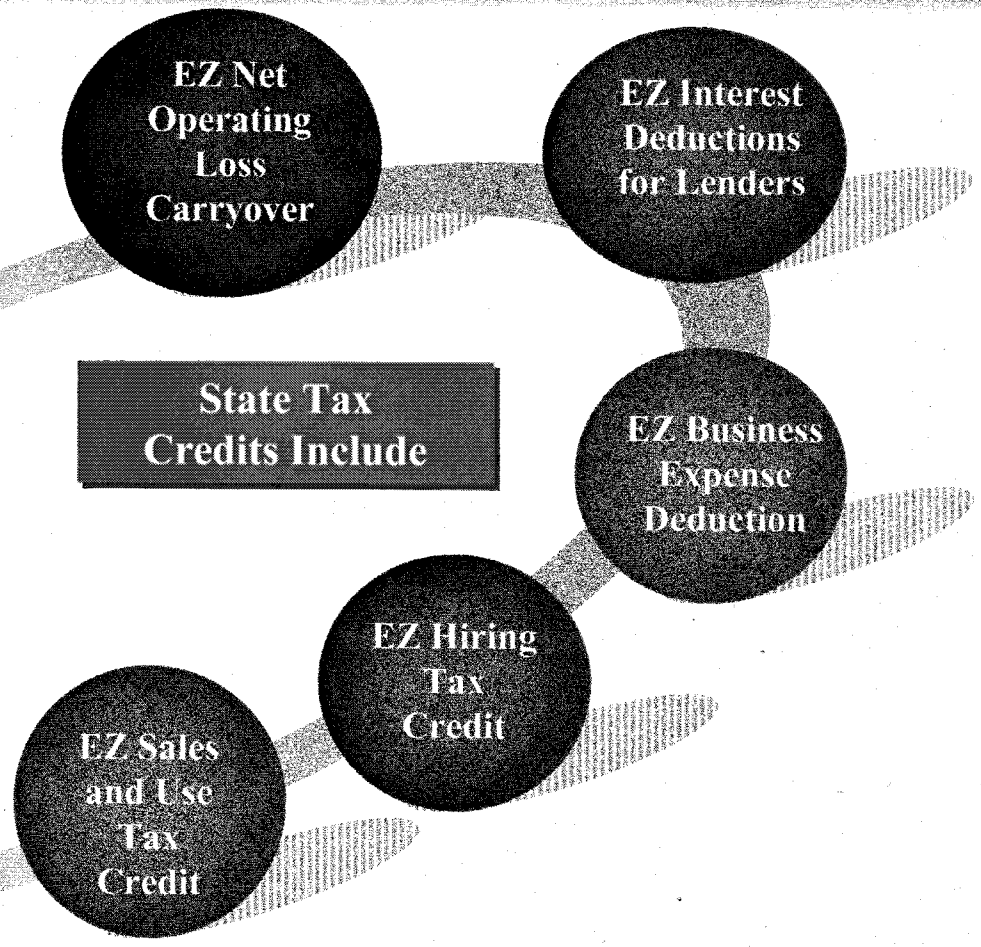
www.OaklandWIB.org or contact svillarreal@oaklandnet.com

You can also contact Susana Villareal, Enterprise Zone Coordinator at (510) 238-7794.

6. Enterprise Zone Benefits

The City of Oakland is largely an "Enterprise Zone" designated by the federal government. This designation comes with several employer-tax benefits for businesses located in the zone, and who hire residents from the zone or do business in the zone.

Tax benefits include tax credits for Oakland employees; carryover of operating losses into future years; business expense deductions; and interest deductions for lenders who loan to Enterprise Zone based business.



LEGAL DESCRIPTION

Real property in the City of Oakland, County of Alameda, State of California, described as follows:

PARCEL ONE:

PARCEL B AS SHOWN ON PARCEL MAP NO. 8590, AS FILED FOR RECORD IN THE COUNTY OF ALAMEDA, STATE OF CALIFORNIA ON JUNE 28, 2007 IN BOOK 298, PAGE(S) 88 AND 89 IN THE OFFICE OF THE ALAMEDA COUNTY RECORDER.

PARCEL TWO:

NON-EXCLUSIVE EASEMENTS FOR FIRE LINE, SEWER LINE, STORM DRAIN LINE, INGRESS AND EGRESS AS SET FORTH IN THAT CERTAIN DOCUMENT ENTITLED "RECIPROCAL EASEMENT AND MAINTENANCE AGREEMENT", EXECUTED BY AND BETWEEN ZHONE TECHNOLOGIES CAMPUS, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY AND THE REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND, RECORDED JUNE 29, 2007 AS INSTRUMENT NO. 2007-242123 OF OFFICIAL RECORDS.

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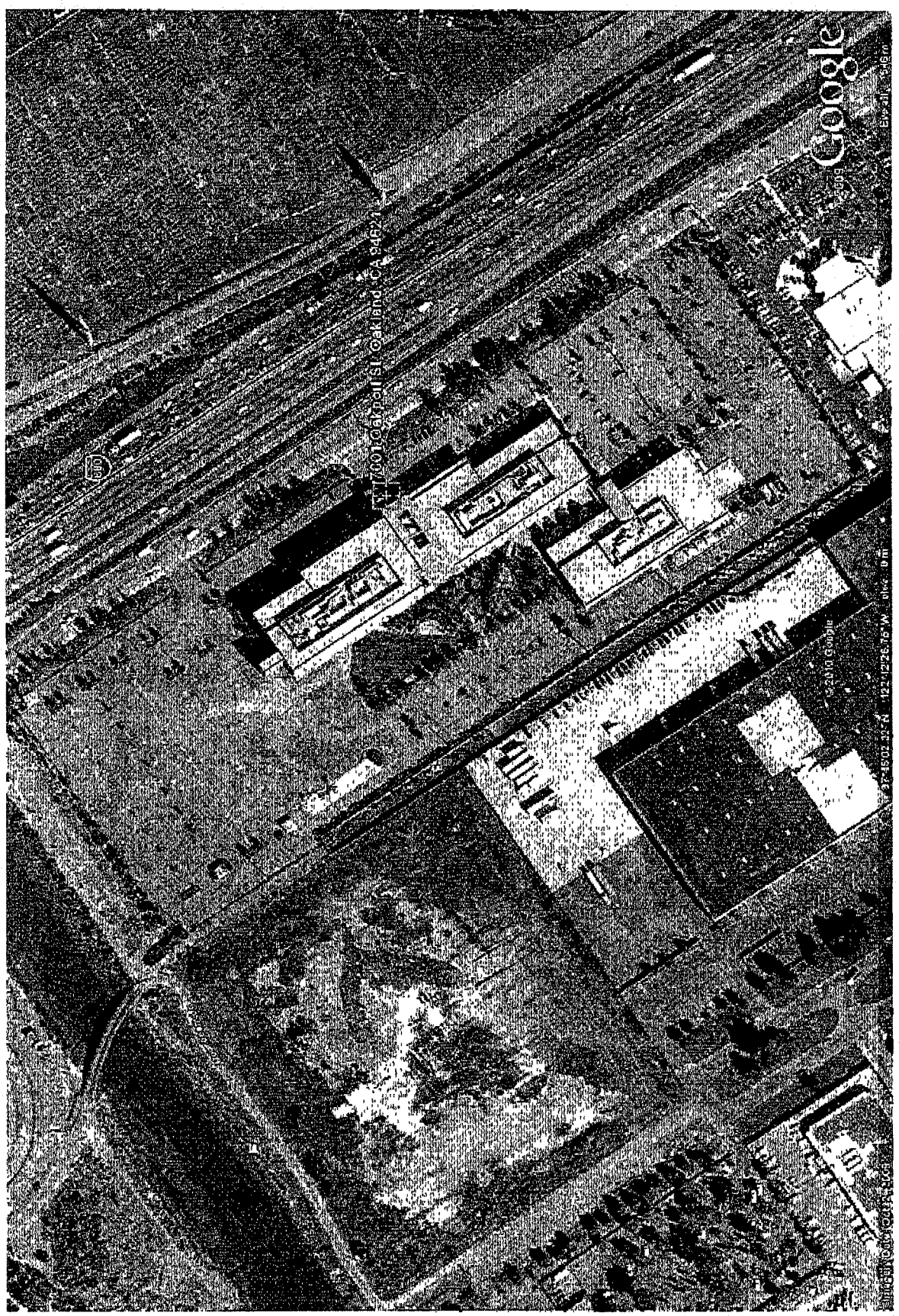

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