

EXECUTIVE SUMMARY


# THE FAILURE OF GOOD FAITH

LOCAL HIRING POLICY ANALYSIS AND RECOMMENDATIONS FOR SAN FRANCISCO



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## EXECUTIVE SUMMARY

**Over the next decade, the City and County San Francisco will invest \$27 billion in public infrastructure projects pursuant to its 2011-2020 Capital Plan, creating tens of thousands of jobs in the process.** This investment presents policy makers with an extraordinary opportunity to address persistent pockets of high unemployment and poverty, to provide sustainable careers for populations facing systemic barriers to employment, and to strengthen labor standards and worker rights by targeting these job opportunities for residents of San Francisco's local economically disadvantaged communities.

This report first researches the unique nature of the building and construction workforce, and summarizes policies and programs that affect local hiring on public projects. It then presents data on who has worked on recent San Francisco projects and assesses the composition of the construction workforce and trade unions. Next, it offers three models of local hiring policies from other jurisdictions, before finally presenting key findings and recommendations for policy makers to consider in moving forward with a new approach to targeted community hiring in San Francisco.

Creating opportunities for local residents from diverse backgrounds to work on public projects is neither a new nor simple challenge. There are tensions between ambition and reality, state and federal legal constraints, and considerations involving gender, race, class, and geography.

However, this report could not be more timely, with many communities on the brink of destitution at the same time that San Francisco's ambitious public infrastructure agenda has the potential to put so many people to work and keep local dollars in the local economy. San Francisco policy makers are ready to take action now.

The intent here is to help stakeholders understand what current public policy has and has not achieved, and to advance a meaningful dialogue about what reforms are necessary should San Francisco want different outcomes than have been produced in the past. The "good faith efforts" approach has clearly failed to achieve the City's local hiring goals, and targeted hiring mandates are a legal and powerful tool for San Francisco to utilize going forward.

## QUANTITATIVE FINDINGS

A myriad of factors affect who works on San Francisco public projects. In addition to researching and presenting these many policies, programs, and practices, this report provides the following quantitative findings.

- 1) San Francisco is failing to achieve its statutory goal of delivering 50 percent of job hours on public infrastructure projects to residents of the City and County of San Francisco. Good faith efforts have yielded roughly 24 percent of employment opportunities on public construction projects to San Franciscans.
- 2) Apprenticeship hours by San Franciscans – the path by which residents enter the building trades and develop a construction career – comprise between six to seven percent of the work performed on San Francisco public projects, or about one-third of total apprenticeship hours.
- 3) The building and construction workforce remains almost exclusively male; women comprise fewer than four percent of the building and construction trades in San Francisco.
- 4) As measured by work performed on San Francisco public projects, and irrespective of residency, Latinos are the largest racial group among the construction workforce, comprising 46 percent of hours worked. Latinos are followed by Whites 31 percent, African Americans 13 percent, Asian Pacific Islanders 4 percent, and Native Americans less than one percent.
- 5) Racial diversity in the construction workforce varies by union and is most prevalent within the lowest-paid trades. For example, based on work performed on public projects, electricians, elevator constructors, and plumbers are majority white, while laborers, plasterers, and roofers have greater percentages of racial minorities.

## RECOMMENDATIONS

The principle underlying local hiring laws is the maximization of job opportunities for San Francisco residents, especially for those from economically and otherwise disadvantaged communities. To achieve this aspiration, policy makers should consider the six general recommendations below, as well as the additional 27 sub-recommendations found within the general recommendations.

- 1) Amend local hiring provisions for public infrastructure projects in Chapters 6 and 83 of the Administrative Code to replace “good faith efforts” approach with mandatory compliance, monitoring, and enforcement, as well as to conform to the current state of the law.

The existing statutory goal of delivering 50 percent of job hours on public infrastructure projects is achievable if “good faith” language is replaced with measures to mandate, monitor, and enforce compliance. Compliance must be measured on a trade by trade basis, not based on overall project hours, to avoid continued reliance on a handful of trades to deliver San Francisco residents to the job site.

Though more than 50 percent of the building and construction trades membership reside outside of San Francisco, the number of out-of-work San Francisco trades members, the ability of unions to adopt name-call procedures on public works projects, and the appetite for unemployed San Franciscans to pursue construction work suggest that this goal is achievable over time.

It is also recommended that the City:

- a) Authorize the Office of Economic and Workforce Development to promulgate regulations in order to implement these recommendations and to levy penalties for non-compliance.
- b) Contract community-based organizations to conduct real-time monitoring and reporting on local hiring.
- c) Require trade unions to present detailed plans outlining procedures to comply with local hiring policies on public works projects.
- d) Deposit union training fees that are derived from public projects into escrow accounts that are released as local hiring goals are achieved.
- e) Delineate local hiring goals by project, contractor, subcontractor, and trade that apply to both apprentice and journey level hires.
- f) Create “green” provisions to reduce excessive out-of-town commutes to work sites.
- g) Standardize the use of San Francisco Identification Cards as proof of residency.<sup>1</sup>

<sup>1</sup> The San Francisco City ID Card is a photo identification card available to all San Francisco residents, regardless of immigration status. The card streamlines access to City services and agencies, as well as provides a connection to local businesses. To obtain a City ID Card, proof of identity and proof of residency in San Francisco is required. Because proof of residency is required, utilizing the San Francisco City ID card can help to streamline and identify local residents for hire.

- 2) Require existing and future public works project labor agreements and, to the extent possible, collective bargaining agreements to conform to current and future City local hiring policy.

Each trade union has its own collective bargaining agreements and dispatch rules. With respect to public infrastructure projects, City policy should be clarified to supersede these agreements and rules, which should be modified as necessary to ensure compliance with local hiring. The City's existing project labor agreements must be amended to reflect changes to its local hiring policy.

It is also recommended that the City:

- a) Embed compliance with local hiring policy on public works projects in all project labor agreements and collective bargaining agreements.
- b) Determine the most effective vehicle to incorporate local hiring policy into union dispatch rules when applied to public works projects.
- c) Develop programs to help inactive San Francisco trades people regain good standing so they can work on public construction projects.

- 3) Tailor apprenticeship initiatives and outreach efforts to increase access and retention for women, residents of project-impacted neighborhoods, and disadvantaged communities.

Apprenticeships on public infrastructure projects should prioritize San Francisco residents, particularly from low-income neighborhoods, and include retention efforts to ensure apprentices reach journey level status.

It is also recommended that the City:

- a) Designate that 100 percent of all apprentices on San Francisco public construction projects must be San Francisco residents.
- b) Require trades to guarantee an annual number of apprentice slots per trade for San Francisco residents.
- c) Monitor the retention and absorption rate of apprenticeships on an annual and rolling average basis.
- d) Require contractors and unions to develop specific goals and timetables to increase women apprentices on public construction projects through outreach and recruitment.
- e) Provide sustained employment for San Francisco apprentices on large multi-year projects by allowing them to work the term of the project and from employer to employer.

- 4) Grow training opportunities that promote inclusion in the building and construction unions, for example Vocational English as a Second Language (VESL) programs connected to construction work.

Promising practices such as pre-apprenticeship, VESL, continuing education for trades workers, and partnerships between trades and secondary and post-secondary education institutions should be expanded.

It is also recommended that the City:

- a) Expand ability of incumbent workers to test into unions at trade equivalent levels.
  - b) Provide educational stipends for trades members to receive refresher courses, increase work competencies, and avoid over specialization of skills.
  - c) Support new trades classification for training so that individuals can attend school and work at the same time.
  - d) Identify dedicated revenue streams, such as a portion of bonds that fund public works, to support the City's workforce development training programs.
  - e) Integrate VESL curriculum into apprenticeship and training programs, including additional offerings that accommodate the schedules of incumbent workers, target limited-English proficient workers of Asian Pacific Islander descent, and are connected to entry into the trades.
- 5) Modify local business enterprise programs to include incentives to achieve local hiring goals and consider bidding preference for firms who hire local residents.

Local and community hiring policies are one part of a comprehensive approach to economic and workforce development, one that includes support for community contractors and strategies to build their capacity to work on public works projects and hire local residents.

It is also recommended that the City:

- a) Modify local business enterprise programs to include incentives that encourage the employment of San Francisco residents.
- b) Explore pre-certification, bid discounts, and other incentives to reward local contractors who maintain a minimum of 50 percent core employees that are San Francisco residents.
- c) Require funding for job readiness training and community benefits as part of the bid specifications of every contract for public works.
- d) Integrate workforce goals for San Francisco residents into construction-related policies that address local business enterprises and the emerging field of environmental and energy sustainability.

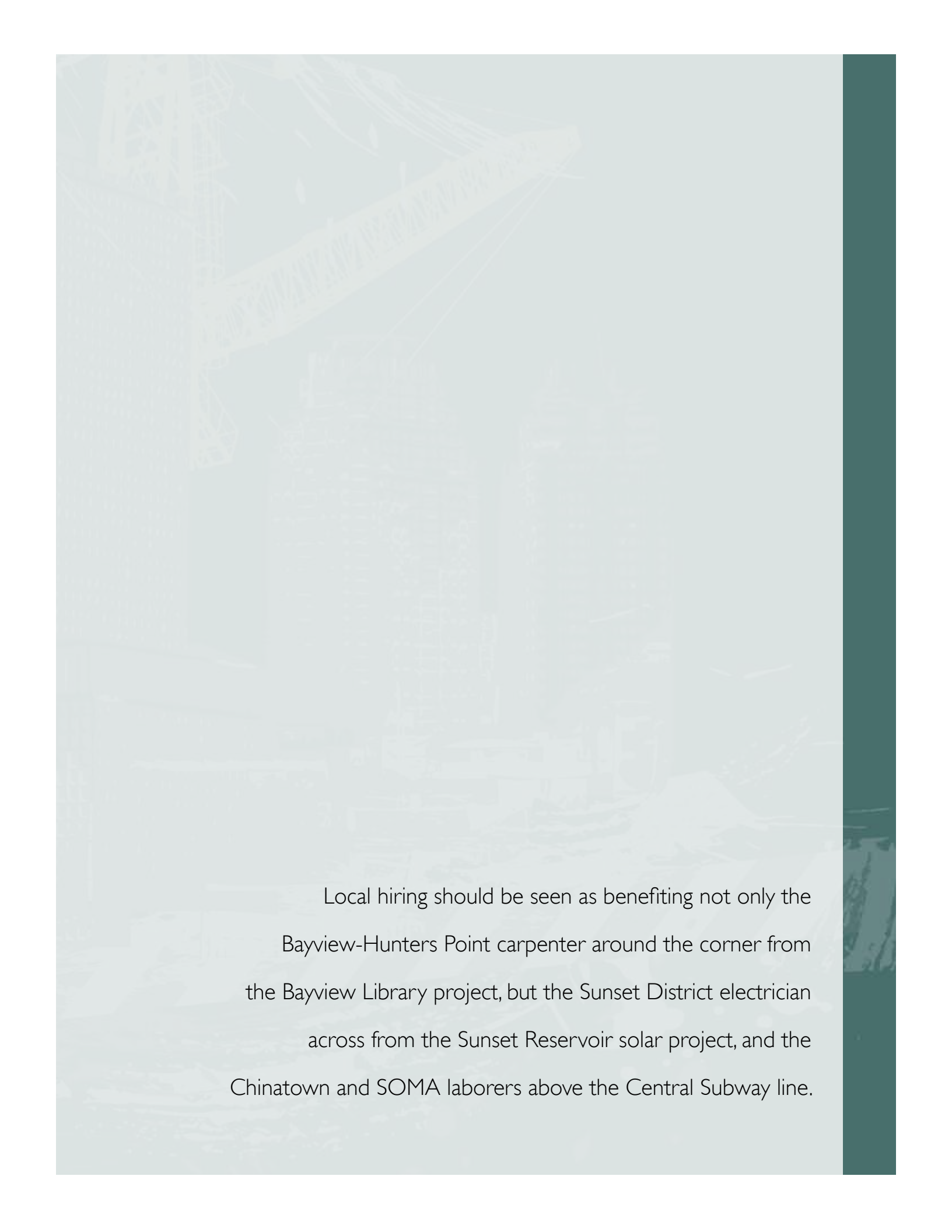
- 6) Improve and standardize demographic and residency data collection and analysis for unions and public infrastructure projects in San Francisco.

The lack of accessible data with respect to the construction workforce on San Francisco public projects, as well as the building and construction trades, is incompatible with serious, focused job creation efforts.

It is also recommended that the City:

- a) Mandate all City construction contractors and sub-contractors to report race, gender, and ethnicity data through the Elations workforce reporting system as coordinated by the Office of Economic and Workforce Development, including this requirement as part of the bid specification process.
- b) Require all trades to annually report the race, gender, ethnicity, residency, and other demographic data of their apprentice and journey level members to the City.
- c) Make local hiring data such as the race, gender, ethnicity, and residency of workers on public works projects available online to the public in real-time.





Local hiring should be seen as benefiting not only the Bayview-Hunters Point carpenter around the corner from the Bayview Library project, but the Sunset District electrician across from the Sunset Reservoir solar project, and the Chinatown and SOMA laborers above the Central Subway line.



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