



City of Sunnyvale

Agenda Item

20-0186
Agenda Date: 2/27/2020

2020 COUNCIL STUDY ISSUE

NUMBER

CDD 20-03

TITLE Consideration of a Local Hire Ordinance for Development Projects on City Owned Land

BACKGROUND

Lead Department: Office of the City Manager
Support Departments: Office of the City Attorney
Sponsor(s): Housing and Human Services Commission
History: 1 year ago: N/A
 2 years ago: N/A

SCOPE OF THE STUDY

What precipitated this Study?

Various cities across California have adopted local hiring or first source hiring recommendations or policies to increase employment opportunities for their residents. Rising construction costs and record level demand for construction related trades in the Bay Area region have triggered the use of construction trades from outside the region and state to attempt to keep up with demand. With Sunnyvale having limited construction based trades headquartered in the city, the importance to provide these companies with Sunnyvale based opportunities is critical.

What are the key elements of the Study?

This Study will provide analysis into the creation of an ordinance or policy with a goal to improve the employment opportunities for local residents including trades people residing in Sunnyvale. This goal could be achieved through a requirement that construction projects, which reach a specified size in Sunnyvale and are undertaken on City owned land will require a certain number of local hires and/or enrollment in an apprenticeship program.

This Study will include analysis of Sunnyvale's construction industry labor market and propose policy options based on the Study's results. This Study Issue is meant to generate an actual policy or ordinance requiring local hire and/or apprenticeship, which does not violate state or federal law as opposed to the previous study issue in 2014 which did not result in an ordinance but instead resulted in policy which "encourages" developers to hire locally (RTC No. 15-0595).

Estimated years to complete study: 1 year

FISCAL IMPACT

Cost to Conduct Study

Level of staff effort required (opportunity cost): Moderate

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Funding Required for Non-Budgeted Costs: \$75,000
Funding Source: Will seek budget supplement

Estimated funding needs are for consultant led efforts, including outside legal services to analyze and/or prepare a draft ordinance.

Cost to Implement Study Results

Unknown. Study would include an assessment of potential costs, including capital and operating, as well as revenue/savings. Implementation costs are unknown and variable pending on the likely need to modify the City's charter. If a general election is required, costs and time will increase significantly. Outreach to construction trades would be critical component of implementation as well.

EXPECTED CITY COUNCIL, BOARD OR COMMISSION PARTICIPATION

Council-Approved Work Plan: No

Council Study Session: No

Reviewed by Boards/Commissions: No

STAFF RECOMMENDATION

Drop. This policy issue does not merit discussion at a Study Issues Workshop.

In 2014, Study Issue 14-01 "*Examine Ways to Increase Local Hiring in Major Developments*" was prepared. Study Issue 14-01 directed staff to review various programs and aspects to local hiring requirements and evaluate new approaches to requiring this. Study Issue 14-01 was addressed by NOVA, Economic Development, and the Office of the City Attorney. The result of Study Issue 14-01 was Council Policy 5.1.5, which encourages local workforce in development projects. Economic Development is currently undertaking the "Responsible Construction Study Issue," which is slated to be complete at the end of 2020. A wage theft policy was added in 2018 (Council Policy 5.1.6). Initial review of this topic proves to have a variety of legal constraints and could require modification to the City Charter.

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Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager