

REPORT TO COUNCIL

SUBJECT

Examine Ways to Increase Local Hiring in Major Private Developments (Study Issue)

BACKGROUND

At the February 7, 2014 Study/Budget Issues Workshop, Council prioritized a study issue to examine opportunities to encourage hiring of local residents for major private development projects (Attachment 1). The study described local residents as those living in Santa Clara County. The study was prompted by information indicating that some developers may be making heavy use of out-of-state workers, and/or housing out-of-state workers at unfinished project sites.

Staff advised Council that while the general concept behind “local hiring” programs and policies may seem simple and straightforward, it is a complex issue and a comprehensive study of related economic, land use, and social factors would be a significant and time-intensive undertaking. Staff further indicated that while it could certainly pursue such a study, neither NOVA nor the Office of Economic Development was in a position to do so this year within the current workload. A comprehensive analysis of a program seeking to *require* local hiring in major private developments would need to address at least the following:

- The legal parameters associated with promoting local hiring on private developments.
- The type of projects that would qualify for the local hiring requirement. The requirement could be based on the amount of public funds provided or the size of the project.
- Specific requirements in terms of the number or percentage of a developer’s workforce that would need to be “local”? What part of the workforce would be impacted?
- Potential programs to ensure the availability of a local workforce (i.e., jobs training programs).
- Requirements for substantiating local hiring - how would a developer or contractor prove it was in compliance? How will the City monitor/regulate these development activities to ensure compliance?
- Processes for monitoring compliance - how would staff ensure continuous compliance given terminations and new hires?
- Consideration of penalties and sanctions for non-compliance.
- Analysis of types of local hiring programs and related land use policies that surface, along with potential consideration of the City’s development impact fees (e.g., park/open space, affordable housing, transportation, etc.) to ensure that the City continues to strike a balance with respect to managing development while ensuring competitive fees.
- Potential impacts of requiring a local hiring component on federal or state-funded projects.
- Potential impacts on the local economy (i.e., impact to local business and development).
- One-time costs for developing and launching such a program.
- Ongoing costs for managing, monitoring and enforcing such a program.

As a result, the scope of this study was limited to and focused on “finding some simple, practical steps that the City can take to emphasize with developers that local hiring matters and would be appreciated.”

Attachment 2 depicts a local hiring policy spectrum the City could pursue to address the issue of local hiring programs, ranging from the relatively simple steps associated with encouraging local hiring (the focus of this study), to the more complex analysis and actions associated with imposing mandatory program requirements.

This report provides Council with general information regarding efficient and practical actions the City could take to encourage contractors and developers to hire local workers for major private development projects.

EXISTING POLICY

Council Policy 1.1.5 Jobs/Housing Imbalance: Views the severe jobs-housing shortage and imbalance as endemic to all county cities and recognizes that it must be addressed through mutual cooperation and goal setting.

ENVIRONMENTAL REVIEW

N/A

DISCUSSION

Local hiring programs are generally directed at major development projects that receive public funds, and target a percentage of jobs created (temporary construction jobs and/or permanent jobs associated with the development of new business) towards local residents to ensure that those residents benefit from the economic development activities occurring in their community. The requirements for major private developments are typically applied only when the infusion of public dollars exceeds an established minimum threshold. If a city provides financial incentives for a major private development, those incentives may also include a local hiring requirement.

Encouraging Local Hiring

In keeping to the limited scope of this study, staff focused on potential actions the City could take immediately that are efficient and practical and would not require additional significant resources to implement. As an example, one resource that staff identified is the current industry-specific services provided by NOVA, which could be easily tailored to construction-specific jobs. NOVA is a nonprofit, federally-funded employment and training agency that provides customer-focused workforce development services. They work closely with businesses, educators, and job seekers to provide opportunities that build the knowledge, skills and attitudes necessary to address the workforce needs of Silicon Valley. NOVA is directed by the NOVA Workforce Board which works on behalf of a seven-city consortium composed of Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, Santa Clara and Sunnyvale. This approach would help to facilitate Council’s objective to see local hiring in private development by providing information and resources to developers and contractors regarding construction-related jobs.

Staff is proposing that the City link currently available resources regarding workforce preparation and recruiting channels for the local construction workforce. Depending on the size of the project, applicable resources may include the NOVA Job Center, NOVA’s Job Board, San Jose’s

Work2Future, local apprenticeship programs, community colleges, nonprofit organizations, and recruiting firms. Information on how to access the workforce entities as well as state and federal tax credits and wage subsidy programs would be made available to developers and contractors.

Additionally, the City could implement actions to encourage developers and contractors to place a priority on hiring local residents, including, but not limited to:

- Regularly offering meetings to educate developers and contractors about NOVA's services regarding construction-related employment. NOVA could develop and post a regular schedule several months ahead so that developers working their way through the entitlement process are aware of the services.
- Offering a main point of contact at NOVA for assistance with identifying local workers for construction-related jobs.
- Creating a one-page information sheet regarding resources and information about the local workforce and making it available, among other places, at the City's One-Stop Center.
- Educating City staff involved in the development process on the City's new direction on encouraging local hiring and to provide information regarding NOVA's services to applicants of major private development projects.

FISCAL IMPACT

There are no financial impacts associated with this report or staff's recommendation.

PUBLIC CONTACT

Staff did not perform any business or community engagement as the focus of the study was very limited to referral and awareness, and the proposed actions do not have a major impact on the business community. If Council chooses to direct staff to create a robust local hiring program, significant community engagement will need to be accomplished. Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Direct staff to develop and implement the actions, as presented in this report, to *Encourage Local Hiring* by developers/contractors for local projects.
2. Direct staff to maintain the status quo and not pursue additional actions related to encouraging local hiring by developers/contractors for local projects.
3. Alternative actions, as directed by Council.

STAFF RECOMMENDATION

Alternative 1: Direct staff to develop and implement the actions, as presented in this report, to *Encourage Local Hiring* by developers and contractors for local projects.

Staff believes this alternative and its related actions will represent a positive step toward raising the awareness of private developers and contractors with regard to the importance of local hiring.

Prepared by: Connie Verceles, Economic Development Manager

Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Study Issue NOVA 14-01, Examine Ways to Increase Local Hiring in Major Developments
2. Local Hiring Policy Spectrum