

CITY OF OAKLAND
AGENDA REPORT

FILED
OF THE CITY CLERK
OAKLAND
2007 DEC 26 AM 10:19

TO: Office of the City Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: January 8, 2008

RE: **A Status Report on the Kaiser Medical Center Project Job Training, Minority Hiring, and Other Local Hiring Objectives**

SUMMARY

The facility expansion project currently under way at the Kaiser Medical Center, in the general area of the intersection of Broadway and West MacArthur Boulevard, has received a number of entitlements from the City of Oakland as part of the project approval process. This report provides an update from Kaiser about the voluntary outcomes it has achieved on certain job training, minority hiring and local hiring objectives on this project to date.

FISCAL IMPACT

This is an informational report; as such, no fiscal impacts are included.

BACKGROUND

At the Public Works Committee meeting of September 11, 2007, during the discussion of a request for an underground encroachment sought by the Kaiser Foundation Hospitals, staff were asked to return to the Committee at a future date with an update on the status of entitlements awarded to Kaiser as part of its ongoing facility expansion project. This request was subsequently clarified to staff as seeking an update on the status of local hiring and job training outcomes achieved by Kaiser through this project.

KEY ISSUES AND IMPACTS

The Kaiser facility expansion project has received a number of zoning entitlements and revocable encroachments during the development process to date. The Oakland City Council approved the Kaiser Permanente Oakland Medical Center Master Plan at its meeting of June 27, 2006, including certification of an Environmental Impact Report, and the granting of certain zoning approvals required for the project. Several other plan amendments and revocable encroachments have also been granted since that time.

Item: _____
Public Works and CED Committees
November 27, 2007

Councilmembers have expressed an interest in hearing about actions Kaiser has taken through this project to voluntarily work towards a number of local Oakland contracting, hiring and training goals. None of the approvals or entitlements granted by the City of Oakland on this private development project were conditioned on the attainment of any particular local hiring or job training benchmarks. Kaiser's account of its outcomes to this date on the project is elaborated here in Attachment A.

Included as Attachment B to this report is a list of Conditional and Revocable Encroachments into the public right-of-way which have been requested of the City of Oakland on the Kaiser project to date. In all but one case the encroachments have been granted. That request, for pedestal and pole-mounted directional signs, remains pending on the agenda of the Public Works Committee, with no date currently scheduled.

SUSTAINABLE OPPORTUNITIES

Economic: The retention and expansion of the Kaiser Medical Center in Oakland adds employment opportunities for Oakland residents, and supports other Oakland businesses in the area of the Center.

Environmental: The continued presence of the Kaiser Medical Center in Oakland helps to minimize vehicle travel required of Oakland residents for medical care appointments, and of Oakland residents working at Kaiser.

Social Equity: The presence of a major medical facility in Oakland helps maintain medical care proximate to local residents for whom extensive travel in order to receive medical attention might prove burdensome.

DISABILITY AND SENIOR CITIZEN ACCESS

The expansion and modernization of the Kaiser Medical Center facilities includes design elements which make the Center more accessible to seniors and those with disabilities.

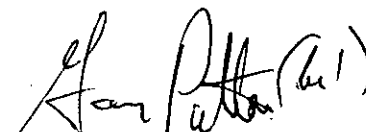
RECOMMENDATION(S) AND RATIONALE

This is an informational report only; no recommendations are included.

ACTION REQUESTED OF THE CITY COUNCIL

This is an informational report only; no recommendations are included.

Respectfully submitted,



Claudia Cappio
Development Director
Community and Economic Development Agency

Prepared by:
Gary Patton, Deputy Director of Planning
Community and Economic Development Agency

APPROVED AND FORWARDED TO THE
PUBLIC WORKS AND CED COMMITTEES:

Deborah Edgerly
Office of the City Administrator

Item: _____
Public Works and CED Committees
January 8, 2008

KAISER PERMANENTE
OAKLAND MEDICAL CENTER REBUILD PROJECT
Phase I – Medical Office Building
Oakland City Council Update: January 8, 2008

Led by Project Director Michael Lane, a Diversity Team was organized at the project's inception with the sole goal of ensuring that local, minority and women owned business enterprises and the community at large would have ample and fair opportunities to participate in and benefit from the economic benefits of a project this size. The Diversity Team consists of Michael Lane, Project Director, Cameron White and Gary Bankhead, Senior Project Managers, Yvette Radford, Director of Public Affairs, Judy DeVries, Public Affairs, Joanna Davison, Ellen Everitt and Ariana Willie of Kaiser Permanente National Facilities Services Diversity and Simon Gregson and Cherie Cabral of McCarthy Builders. Additionally, two consultants were engaged, Surlene Grant and Atu McKinney. Aggressive participation goals were set.

Joanna Davison, Manager of Diversity Services for National Facilities Services at Kaiser Permanente, notes that "just as we want the Kaiser Permanente workforce to reflect the diverse backgrounds and cultures of our members and the communities we serve, we want our business partners to come from these communities and backgrounds. Our commitment goes beyond improving people's health – we want to contribute to the social and economic health of the community as well".

Kaiser Permanente directed its General Contractor, McCarthy Building Companies, to reach beyond traditional bidding practices that may inadvertently exclude small, minority and local businesses, and to look for as many ways as possible to maximize opportunities for businesses that are traditionally underrepresented in the skilled trades.

The project was divided into 60 small bid packages with a total value of about \$51 million. Of these, 75 percent were under \$1 million and 50 percent were under \$200,000. Reducing the bid package size permitted participation by small contractors that ordinarily would not have qualified due to the large size.

Examples of these small bid packages are:

- Site concrete
- Flooring
- Painting and wall covering
- Operable partitions
- Appliances
- Entrance mats and frames
- Wall and corner guards
- Site furnishings and features
- Masonry
- Toilet partitions and accessories
- Landscaping and irrigation
- Ceramic tile

Second tier opportunities with design assist subcontractors accounted for an additional \$4 million in local and minority contracts.

ATTACHMENT A

The table below shows the number of subcontracts in each targeted category:

<u>Status</u>	<u>Number of Contracts</u>
LBE (local business)	24
SLBE (small local)	18
MBE (minority owned)	21
WBE (women owned)	6

Outreach activities are as follows:

- Held a subcontractor informational meeting in September 2006, which was attended by 77 people. Information about the project was presented and attendees were offered opportunities to meet the team.
- Created a hotline and website for interested parties to find out about the project.
- Advertised several times in media targeting local, small, minority and woman-owned contractors.
- Set up a pre-qualification process.
- Contacted 23 Community Based Organizations targeting local, minority and woman-owned companies.
- Notified 630 contractors directly regarding project opportunities.
- Followed up with 264 contractors, of which 185 were local, 69 were minority and 20 were woman-owned.
- Attended and presented at local and minority focused outreach events, such as:
 - AGC Emerging Contractors Breakfast
 - Oakland African American Chamber of Commerce Construction Committee Breakfast
 - 100 Black Men African American Business Roundtable
 - Breakfast of Champions
 - Bay Area Vendor Fair
- Targeted bids (only small local, minority or woman-owned businesses bidding on certain packages)
- Negotiated packages (minority or woman-owned businesses)
- Utilized small local, minority and woman-owned consulting firms:

The table below shows the results of the subcontracting efforts, looking at those work categories where there were diverse subcontracting companies available. We believe that these results indicate that our work has been effective in maximizing participation in the MOB project.

<u>Work Categories where Local/Minority or Woman Owned Businesses were Available</u>	<u>Goal (%)</u>	<u>Status</u>
LBE 27%	20%	Exceeded goal by 35%
SLBE 15%	10%	Exceeded goal by 50%
MBE 15%	24%	Achieved 63% of goal
WBE 9%	7%	Exceeded goal by 29%
DVBE 0%	3%	None Available

Workforce Utilization:

Kaiser Permanente and McCarthy Building Companies, Inc. have taken the initiative in establishing a project that both utilizes a union labor force and meets the workforce utilization goals established for local, minority and female employment.

We are strongly encouraging all subcontractors on the project to utilize local workforce and are seeking to realize the following goals: 50% local resident hiring, 50% minority hiring and 6.9% women.

Pre-Apprenticeship Outreach Program

As the Kaiser Oakland Hospital Replacement project will have a substantial impact on the community of Oakland today and in the coming years, a strong effort will be made to reach out to the youth of the community and assist with providing an outlet into the skilled building trades and local work opportunities.

The outreach program shall encourage partnership and cooperation between the Project Team, the Oakland Unified School District, Building Trades Council, subcontracting firms on the project and the local union apprenticeship and training programs.

This dialogue will facilitate the eventual placement of local members of the community in long term union trade positions. It will do so by providing them with the employment and assistance in entering the union apprentice programs associated with the trades being utilized for the construction of this project.

Phase II Hospital Rebuild Project – Construction from 2009-2015

We intend to extend the approaches developed in Phase I to the larger Phase II project, which includes a new Hospital and Support Building, a Central Utility Plant and a Parking Garage. Our objectives are to use the tools which have proven effective, and continue to evolve new programs. We look forward to working with the City of Oakland to make sure our goals are achieved.

**KAISER PERMANENTE
OAKLAND MEDICAL CENTER REBUILD PROJECT
Phase I - Medical Office Building**

Conditional And Revocable Encroachments Into The Public Right-Of-Way

PERMIT	APPROVAL	DESCRIPTION	STATUS
ENMI 07078	staff	dewatering wells for foundation excavation	issued
ENMI 07173	staff	under-sidewalk irrigation piping for landscaping	issued
ENMI 07174	staff	above-sidewalk cantilevered entrance canopy	issued
ENMI 07178	staff	fencing barrier for planter box	issued
ENMJ 07055	Council	underground shoring tiebacks for foundation excavation	issued
ENMJ 07175	Council	pedestal and pole-mounted directional signs	hold
ENMJ 07176	Council	under-sidewalk electrical and communication vaults	issued