



AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Fred Blackwell

SUBJECT: West Oakland Jobs Center

DATE: June 27, 2012

City Administrator
Approval

Deanna J. Santana

Date

6/28/12

COUNCIL DISTRICT: #3

RECOMMENDATION

Staff recommends that the City Council accept this informational report on the process of establishing and options for funding the West Oakland Jobs Center.

EXECUTIVE SUMMARY

The concept of a Jobs Center in West Oakland evolved from the Oakland Army Base Jobs Working Group meetings facilitated by Councilmember Jane Brunner. The Jobs Working Group formed a Task Force whose primary charge was to come to consensus on how a Project Labor Agreement could meet the Community's demands for inclusive, fair processes to meet a 50% local hiring goal during the Construction phases of the Army Base development project. The Task Force included representatives from two community coalitions—Revive Oakland and Oakland WORKS—as well as the Building and Construction Trades Council of Alameda County, the Construction Employers Association, the City Administrator's Office of Contracting and Compliance, and the Oakland Workforce Investment Board (WIB).

Following four months of ongoing meetings, the parties reached consensus on supporting a Project Labor Agreement based upon the terms and conditions of the Army Base Community Jobs Policy, which applies to construction and operations jobs on the Army Base project. The West Oakland Jobs Center emerged as the solution for Community stakeholders who initially did not support the PLA. All stakeholders agreed that a functional Jobs Center would support and monitor in real time the placement of Oakland residents in construction jobs with contractors signatory with the Building Trades.

The Oakland WIB embraced the concept of the West Oakland Jobs Center in its Strategic Plan. This fall, the WIB intends to issue a Request for Proposals (RFP) for a Jobs Center operator. City Workforce Development staff who were involved in the Army Jobs Working Group process will help facilitate a series of Community Outreach and Army Base Stakeholder Group meetings

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to inform the development of the WIB's broader service provider RFP process and specifically the development of the Scope of Work for the West Oakland Jobs Center.

Meanwhile, staff has been working with an Economic Consultant to run financial models for supporting the start-up and ongoing operations of the Jobs Center. Some preliminary cost and revenue considerations are presented in the Cost Summary and Implications section of this Informational Report.

OUTCOME

This is an informational report intended to update the City Council on the work and thoughts to date from the Community and staff regarding the development and implementation of the Jobs Center. The plan is to have the Jobs Center up and running well before the commencement of infrastructure construction, which is targeted to occur by December of 2013. The Jobs Center operator will be recommended by the WIB to the City Council by April 2013. Staff will return to the City Council with a Jobs Center funding plan prior to the award of any operator contract.

BACKGROUND/LEGISLATIVE HISTORY

In 2008, the Redevelopment Agency (Agency) issued a Request for Proposals (RFP) for a master developer for the Oakland Army Base. Expectations from the development of the property included:

- Project construction would provide training and employment opportunities for targeted residents; and
- All general contractors on the project would be required to create and utilize a plan incorporating requirements of the City of Oakland Apprenticeship Policy and City of Oakland Local Hire Policy.

An Army Base Jobs Working Group consisting of representatives from West Oakland, community coalitions such as Oakland WORKS and Revive Oakland!, the Building Trades Council of Alameda County, contractors, and the Developer came together to work on developing policies addressing job creation at the Army Base. The Working Group appointed a Task Force to address specific concerns regarding PLAs. After due consideration, the Task Force reported back to the Working Group, which reached a consensus recommendation to support a PLA based on the following conditions:

- There will be a binding Community Jobs Agreement (CJA), which will serve as the overarching policy and program framework for construction and operations jobs. The CJA will be a third party agreement among the developers, the City, community

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stakeholders (representatives to be determined) and labor, and will provide signatories with legally enforceable rights and obligations.

- A PLA must support and agree with the terms and conditions of an over-arching CJA. The PLA must recognize and support the goals and policies of the CJA as a condition of approval for commencing infrastructure construction on City property.
- The City will enter into PLAs for the construction jobs with the trade unions and developers.
- The City will take the lead in the development and implementation of a West Oakland Jobs Center to support contractors and employers in meeting the project's 50% local hiring goals.
- The Oakland WIB has identified the creation and operations of a West Oakland Jobs Center as one of its primary strategic goals as part of its commitment to a sector-based strategy to prepare job seekers for emerging jobs in the City and region.

ANALYSIS

The development of the Scope of Work for the Jobs Center must be done deliberately with the participation of all Army Base stakeholders, workforce development and business services experts, and City staff skilled in program development, compliance, monitoring, and enforcement.

To the greatest extent possible, the Jobs Center must conform with existing City policies such as the Local Employment Program, Living Wage ordinance, and Workforce Investment Act program and administration requirements. Compliance with State and Federal funding agency requirements and restrictions with regard to local hiring priorities must also be considered and negotiated.

If the Jobs Center is indeed funded in part by the Oakland WIB, then that portion of the Jobs Center operation must comply with Workforce Investment Act guidelines and restrictions with regard to the use of Adult and Dislocated Worker Formula and Discretionary funding. Conceptually, the Jobs Center will function somewhat like one of Oakland's existing One Stop Affiliate sites, but with an emphasis on meeting the specific job placement demands created by the Army Base project.

The exact timing of getting the Jobs Center up and running depends on the project timeline and the availability of funding to commence site preparation and infrastructure construction. Work

could begin as early as June 2013 or as late as December 2013, based on the Trades Corridor Improvement Fund timeline.

Army Base Jobs Working Group Areas of Agreement

The Army Base Jobs Working Group Areas of Agreement adopted by the City Council on February 7, 2012 stated the following regarding the Jobs Center:

- The Jobs Center should be located in West Oakland, be readily accessible, and serve as a resource for contractors, employers and job seekers during Construction and Operations phases.
- The Center will connect job seekers with job training, education and other support services, such as transportation.
- The Center will be overseen and administered by an independent body. Staff will develop an RFP for the operations of the Jobs Center.
- To meet local hire goals, contractors would send requests to the union hiring hall and to the Jobs Center simultaneously. If the hall cannot provide a local worker within 72 hours, the contractor would then call the Jobs Center to provide a qualified worker. All such workers need to be dispatched through the appropriate union hiring hall.
- The Jobs Center will monitor and track job assignments and worker hiring and retention. On a regular basis, the Jobs Center will transmit these results to the Monitoring and Enforcement sub-committee of the stakeholder Oversight Committee for compliance determination and enforcement actions.

Cooperation Agreement and Jobs Center

The Cooperation Agreement among the City, community organizations and labor adopted by the City Council on June 19, 2012 states the following regarding the Jobs Center:

1. Establishment. Without committing any City funds, the City will, with the assistance of the Community Parties as described in Section III, take the following steps to establish a "Jobs Center" in West Oakland:
 - i. Not later than August 15, 2012, the City will finalize the Scope of Work and selection criteria of an operator of the Jobs Center;
 - ii. Not later than September 15, 2012, the City will release an RFP for an operator of the Jobs Center;
 - iii. Not later than April 2013, the City will select an operator of the Jobs Center; and

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- iv. On an annual basis, use best efforts to ensure adequate resources to sustain the Jobs Center's start-up and ongoing operations.
2. **Services.** The Jobs Center will serve as a resource for contractors, employers and job seekers during Construction and Operations phases by providing the following services:
- i. Connect job seekers with job training, education and other support services, such as transportation;
 - ii. Receive notifications of job opportunities from Project employers;
 - iii. Circulate such notifications to a network of local job training programs;
 - iv. Refer qualified workers to Project employers in response to notifications of job opportunities;
 - v. Provide technical support to employers, to assist them in complying with this Agreement;
 - vi. Work with apprentice programs, community-based training organizations and the City to move applicants into construction trades and onto job sites;
 - vii. Recruit existing workers in Oakland for job opportunities, on a priority basis;
 - viii. Collect and report job placements, job retention and advancement data to meet goals and benchmarks and to track workers' career pathway advancement; and
 - ix. Convene a sector-focused employer advisory group to plan for implementation, review progress in meeting benchmarks and goals, adopt 'course corrections', if needed, and identify ways to improve job placements and retention.
3. **Operation.** The Jobs Center will be operated by a nonprofit corporation, with a board governing Jobs Center operations.

Army Base Jobs Policy

Each of the four components of the Army Base Jobs Policy, adopted by the City Council on June 19, 2012, articulates the role of the Jobs Center in enabling contractors to meet their local hiring goals during the horizontal and vertical construction phases, as well as during the ongoing operations phase. The Jobs Policy will be legally linked to the Cooperation Agreement and the Lease Disposition and Development Agreements with the developers so it is unmistakably clear what role of the Jobs Center is as a resource to contractors and employers, as well as its role in assisting with data gathering and reporting for compliance monitoring and enforcement for the Oversight Commission and City Council.

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Interim Strategy and Options

Should the Jobs Center not be functional by the time site preparation and infrastructure construction is about to commence, staff will have developed an interim strategy and plan to enable the project to achieve its 50% local hiring goals in partnership with the Building and Construction Trades Council of Alameda County. Use of the City's current Local Employment Program, with added support, is a logical option. Another consideration is the use of the City's existing One Stop Career Center System.

The Oversight Commission and compliance monitoring functions should be in place from the beginning to establish a strong monitoring and enforcement system.

Job Center Development Timeline and Milestones

Staff is recommending that the development of the Jobs Center Scope of Work, operator selection, and program start-up be overseen by the Oakland WIB and its staff. That said, other Community, Labor, Business, and City stakeholders must continue to have a role in shaping and supporting the creation and implementation of the Jobs Center.

The Oakland WIB's RFP timeline is as follows:

July – August 2012: Community Outreach
September 2012: Release of Request for Proposals
November 2012: Ad Hoc Committee review of proposals and interviews
January 2013: Recommendation of operator considered by WIB Executive Committee
February 2013: WIB selection of operator
April 2013: Recommendation of operator presented to City Council
July 2013: Jobs Center operator contract execution

PUBLIC OUTREACH/INTEREST

Upwards of 50 people participated in Army Base Jobs Working Group process. The Working Group consisted of representatives from the West Oakland Community Advisory Group, community coalitions such as Oakland WORKS and Revive Oakland!, the Building and Construction Trades Council of Alameda County, contractors, the Alameda Labor Council, the Construction Employers Association, City and Port staff, the Oakland WIB, and, at times, the Developers. It is safe to say that everyone involved felt that the development of the Army Base Jobs Policy and concept of the Jobs Center has been a very inclusive and transparent process.

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COORDINATION

In addition to community-based and labor groups, staff is coordinating the Jobs Center development process with the Office of Contracting and Compliance.

COST SUMMARY/IMPLICATIONS

Costs

Cost categories that are currently being considered in a preliminary economic analysis of the Jobs Center include:

1. Facility and program start-up (new building or building renovation and tenant improvements, technology, equipment, furniture, supplies, training, etc.):
Absent a fully developed scope of work, it is difficult to determine at this point how much will be needed for facility and program start-up. Respondents to the Jobs Center RFP will provide us with a “market rate” estimate for start-up and ongoing operating costs. The City should be prepared to consider options for financing the Jobs Center start up on early operations until the project can and should generate ample funds to cover costs in the future.
2. Jobs Center operations:
In FY 2011-2012, WIB provided \$1,100,000 for a major portion of the Comprehensive One Stop Career Center’s annual operating costs. For the time being, staff is using this figure for financial analysis purposes.
3. Compliance monitoring:
The project should factor in the cost of a dedicated Compliance Officer, Field Technician and other support staff working under the Office of Contracts and Compliance for the Army Base project. The estimated cost of these staff positions ranges roughly between \$300,000 and \$450,000 annually, depending on the levels of compliance monitoring needed. As the project reaches its peak, more PTEs may be required to ensure ample compliance monitoring and enforcement capacity.
4. Staff support for Oversight Commission:
As an existing example of what it takes to support a Commission, staff has estimated that support for the Planning Commission based on PTE assignments is approximately \$180,000 annually. Staff is using this conservatively high cost estimate in its analysis.

In very rough and preliminary figures thus far, the estimated annual cost to operate the Jobs Center and support related functions is roughly \$1,655,000.

Potential Funding Sources

Potential sources of revenue to fund the Jobs Center and related functions are still being analyzed. The following figures and options are very preliminary and will be fully vetted and refined for future presentations and recommendations to the City Council:

1. The West Oakland Community Fund:

This Fund is expected to generate up to \$2,000,000 based on a one-time payment of \$16,000 per developable leased and sold acre of land over the next two to seven years. The West Oakland Community Advisory Group has presented a number of recommendations for the use of these funds. The City Council has the ultimate authority over how these funds are allocated.

2. Billboard revenue:

The City's share of proposed Army Base billboard plan could be as high as \$490,000 annually beginning in 2014. With expedited approvals, a portion of these estimated funds could be available sooner.

3. Special Development Fee in lieu of the Jobs/Housing Impact Fee:

The current Jobs Housing Impact Fee could be waived and a new in lieu fee could be approved based on a commercially viable per square foot basis with those one time revenues going to support the Jobs Center. Staff has not estimate at this time for this potential source of one time funding, and recommends that the City Council consider the option.

4. Commercially Viable Community fee on tenants:

This fee based on square footage leased to master developer tenants would not be available until 2016 and beyond, and may amount to approximately \$50,000 per year by 2019.

5. Possessory interest (property taxes) targeted to support OAB Community Benefits:

The City Council could elect to divert a portion of the possessory interest generated by the Army Base project for Community Benefits. This option is also out in the future when there is new development and property values increase substantially.

6. Portion of lease revenues derived from project:

The City Council could authorize the use of a portion of net ground lease revenue generated from Army Base tenants to support the Jobs Center and other Community Benefits. Again, this is a future source of funding.

7. Oakland Workforce Investment Board:

The WIB is planning to release an RFP for the Jobs Center as part of its overall service provider RFP process this fall, with three-year contracts scheduled to be executed in July

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2013. The WIB has committed to supporting the Army Base project through its strategic planning process, but has not assigned a specific dollar amount to the Jobs Center as yet.

In looking at the potential sources of revenue for the Jobs Center, it is clear that the start-up and initial operating costs will require a financing plan, since much of the projected revenue will not materialize for several years after the Center should be fully functional. What is somewhat encouraging, however, is the potential for the project to be able to support the Jobs Center over the course of its life as the Army Base project moves towards full development and operations.

Given that the figures currently in hand are preliminary and have not been thoroughly vetted, staff recommends that it return to City Council prior to recommending a contract for an operator.

SUSTAINABLE OPPORTUNITIES

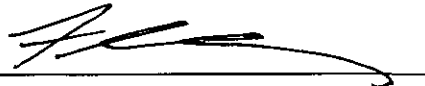
Economic: By enabling contractors and employers to meet the 50% local hiring goal, the Jobs Center will have a significant impact on the economic well-being of thousands of Oakland residents.

Environmental: This report does not directly address environmental sustainability.

Social Equity: The Jobs Center will support the 25% Disadvantaged Worker local hiring goal, including the formerly incarcerated. The underlying purpose of the Army Base Jobs Policy is to make job opportunities accessible to people who have heretofore been disengaged.

For questions regarding this report, please contact Al Auletta, Program Manager, at 238-3752.

Respectfully submitted,



FRED BLACKWELL
Assistant City Administrator

Prepared by:
Al Auletta, Program Manager
Office of Neighborhood Investment

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