

CITY OF OAKLAND
AGENDA REPORT

2010 JUL 15 PM 5:08

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: July 27, 2010

RE: **A Supplemental Informational Report On Compliance By Nonprofit Affordable Housing Developers With The City's Employment Programs**

SUMMARY

At the June 22nd presentation of a report on compliance with the City's 50% Local Employment Program (LEP) and the 15% Apprenticeship Program by developers of affordable housing, Committee members requested additional information specifically regarding:

1. What are the numbers of hours worked by Oakland residents on "off site" or non-City funded projects for which Housing Developers earned credit?
2. Is the Local Employment Program (LEP) goal 50% or something lower?
3. If a lower LEP goal is applied, what justification is needed? (And provide that information for the affordable housing developers covered in the original report.)
4. Is the Apprenticeship Workforce Development goal 15%, or is a lower rate sometimes applied?

KEY ISSUES AND IMPACT

Answers to questions 1-4 are provided as follows:

1. Approximately 65,651 hours or 6% of the total workforce hours were worked by Oakland residents on Off-site or non-City-funded projects.
2. The Local Employment goal is 50% total work force hours and 50% new hires. The program also allows contractors to earn up to half of the 50% goal on "off site/ non City-assisted jobs. In addition, contractors are able to deduct up to one-half for core employee hours in an effort to reduce the impact of layoffs of steadily employed core work force crews.
3. Exemptions/waivers, core employee hours and off site hours must be properly documented in order to award credit to contractors. To validate hours, contractors are required to (a) provide LEP staff with a list of all core employees (b) submit to LEP staff a valid DE-6 for each employee, and finally (c) LEP staff verifies that each core employee satisfies the definition noted above. Justification categories include for example current street address, valid photo identification, total hours worked, certified payroll reports, and the last four digits of the social security number. All hours are confirmed at project end. Sample check lists used to collect

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pertinent data are provided as *Attachment B*. Program exemptions may include the following examples:

- Performed by an Owner Operator.
- Performed in less than 40 hours.
- No more than two craft persons are required to perform the work of the subcontract, the Subcontractor hires no new employee to perform the work and the Subcontractor is a Small Business within the meaning of City policies.

4. The 15% Apprenticeship Workforce Development goal is 15% Oakland residents. As is the case with LEP, waivers may apply. As noted in *Attachment A*, 133,332 hours or 12% of the total workforce hours were achieved with Oakland resident apprentices.

With regard to Oakland resident availability, several trades have an intake process that occurs for limited periods of time (1 to 2 weeks every year or every other year), and include both written tests and oral interviews. Successful candidates are placed on an eligibility list that becomes the sole source for new apprentices to that craft. Examples of these trades include Electricians, Plumbers, Steamfitters, and Sprinklerfitters.

- Most apprentice programs are located outside the Oakland geographic region and it is difficult to access by Oakland residents.
- The City's 15% Apprenticeship program specifically states that a contractor is not required to fire existing apprentices in order to accommodate the 15% goal.
- A majority of contractors who work on City funded projects are unionized and have incorporated apprentices as part of their own core workforce. Those apprentices, regardless of their residency, are typically retained to perform work on City of Oakland projects.

In summary, the Local Employment Program applies an Oakland resident hiring goal of 50% of the total workforce hours and 50% of the new hires. The Apprenticeship Program applies a goal of 15% of total work force hours. Both programs allow contractors to achieve compliance either entirely on the City's project, or at least half of the resident work hours on non-City funded projects (off site). A very stringent justification process is followed in order to verify hours.

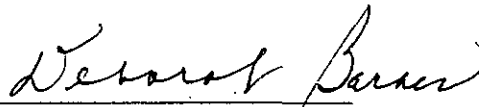
Of the 11 housing projects reported, the developers, BRIDGE Housing (Contractor-JH Fitzmaurice) and EBALDC (Contractor-Branagh) achieved the two highest percentages of Oakland Local Employment at a rate of 55% of the total project hours and 86% of the total project hours respectively. With regard to Apprenticeship hours, BRIDGE Housing (contractor-JH Fitzmaurice) achieved the highest level of apprentice hours at a rate of 18% of the total project hours. Resources for Community Development (Contractor-JH Fitzmaurice) achieved the second highest level of apprenticeship participation at a rate of 17% of the total project hours.

Overall, housing developers hired Oakland residents at a rate of 36% of the total project hours and 12% of the total project apprentice hours.

RECOMMENDATION AND RATIONALE

Staff recommends that Council accept this informational report.

Respectfully submitted,



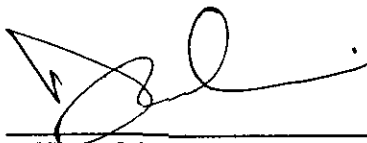
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Jeff Angell, Housing and Community Development

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



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Attachment A - Revised to respond to additional questions.

Participation in Contracting and Employment Programs - Affordable Housing Developers 2006 to 2008

Developer	Project Name	Contractor	Total Dollars	Total Project Hours	GOAL		ON SITE HRS		OFF SITE HRS		Total All Resident Hours		Apprentice Hours					
					50% LEP goal	15% Apprenticeship	Oakland Resident Hrs.	% of total % of goal	Oakland Resident Hrs.	% of total % of goal	Hrs.	% of total % of goal	Total	State 20%	Oakland On site Hrs.	Oakland Off site Hrs.	Total	% of total % of goal
Affordable Housing Assoc.	1 Madison & 14th St Apat	NIBBI BROS.	\$20,196,544	113,310	56,655	16,997	21,467	19%	5,280	5%	26,747	24%	19,362	17%	8,226	946	9,172	8%
	2 Orchards on Foothill	JH Fitzmaurice	\$12,250,550	62,284	31,142	9,343	18,492	30%	2,980	5%	21,472	34%	13,263	21%	7,480	378	7,858	13%
BRIDGE Housing	3 14th St. Apt. (Ironhorse)	JH Fitzmaurice	\$21,251,633	123,923	61,962	18,588	50,953	41%	5,567	4%	56,521	46%	31,618	26%	21,589	162	21,751	18%
	4 Mandela Townhomes	Roberts-Obayashi	\$3,481,708	27,099	13,550	4,065	8,683	32%	1,079	4%	9,762	36%	14,965	18%	2,278	1,079	3,357	12%
Citizens Housing Corp.	5 Altheim Sr Housing, I	Oliver & Company	\$16,158,337	75,266	37,633	11,290	20,705	28%	1,916	3%	22,621	30%	14,990	20%	6,944	1,267	8,211	11%
								55%		5%		60%						73%
(EBALDC) East Bay Asian Local Dev. Corp.	6 Jack London Gateway Sr. Housing	Branagh	\$12,830,557	71,239	35,619	10,686	29,953	42%	9,186	13%	39,139	55%	13,188	19%	7,915	1,267	9,182	13%
	7 Seven Directions	Oliver & Company	\$10,392,703	87,618	43,809	13,143	14,967	17%	10,577	12%	25,544	29%	18,658	21%	8,350	1,973	10,323	12%
Related/EBALDC	8 Coliseum Gardens I	Cahill Contractors	\$13,456,589	174,996	87,498	26,249	40,740	23%	9,984	6%	50,724	29%	26,195	15%	11,165		11,165	6%
	9 Lion Creek Crossing III	Cahill Contractors	\$32,780,761	208,940	104,470	31,341	60,873	29%	14,715	7%	75,588	36%	39,607	19%	22,991	2,713	25,704	12%
Resources for Com. Dev.	10 Fox Courts	JH Fitzmaurice	\$25,086,156	144,405	72,203	21,661	52,582	36%	4,367	3%	56,949	39%	30,821	21%	21,162	3,056	24,218	17%
								73%		6%		79%						112%
Satellite Housing	11 Saint Patricks Terrace	Fine Line Construction	\$4,435,949	21,024	10,512	3,154	9,063	43%	0	0%	9,063	43%	17,593	84%	2,392		2,392	11%
								86%		0%		86%						76%

Total Dollars	Total Project Hours	GOAL		ON SITE HRS		OFF SITE HRS		Total All Resident Hours		Apprentice Hours					
		50% LEP goal	15% Apprenticeship	Oakland Resident Hrs.	% of goal & % of total hours	Oakland Resident Hrs.	% of goal & % of total hours	Hrs.	% of goal & % of total hours	Total	State 20%	Oakland On site Hrs.	Oakland Off site Hrs.	Total	% of goal % of total
\$172,321,487	1,110,105	555,053	166,516	328,478	30%	65,651	12%	394,129	36%	217,072	20%	112,576	12,841	133,332	12%
					59%		6%		71%						80%

Compliance Analysis Packet

General Contractor J. H. Fitzmaurice
Subcontractor N/A
Project Name The Orchards On Foothill
City of Oakland's Project No. G293510

Report Checklist	Section
<input type="checkbox"/> 1. List of Core Employees	<input type="checkbox"/>
<input type="checkbox"/> 2. Proof of Oakland Residency	<input type="checkbox"/>
<input type="checkbox"/> 3. Proof of Oakland Resident Offsite Hours	<input type="checkbox"/>
<input type="checkbox"/> 4. Proof of Apprenticeship	<input type="checkbox"/>
<input type="checkbox"/> 5. Job Request and Referral Form (if applicable)	<input type="checkbox"/>
<input type="checkbox"/> 6. LEP Exemption (if applicable)	<input type="checkbox"/>
<input type="checkbox"/> 7. 15% Apprenticeship Program Exemption (if applicable)	<input type="checkbox"/>

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