

**Mandatory Local Hiring Ordinance
Fact Sheet**

General

- The effective date of the Local Hiring Ordinance is March 25, 2011. In other words, contracts first advertised for bids on or after March 25, 2011 are covered by the new ordinance.
- The city anticipates that it will award approximately \$27 billion in public work and improvement contracts in the next 10 years.
- For the initial year, the mandatory participation level is 20% of all project hours within each trade performed by local residents, with no less than 10% of all project work hours within each trade performed by disadvantaged workers.
- The mandatory participation level will increase annually over seven years up to a mandatory participation level of 50% of project work hours within each trade performed by local residents, with no less than 25% of all project hours within each trade performed by disadvantaged workers. The table below indicates the participation level for each year:

Year	Local Hiring %
1	20%
2	25%
3	30%
4	35%
5	40%
6	45%
7	50%

- At least 50% of the project work hours performed by apprentices within each trade shall be performed by local residents, with no less than 25% of project work hours performed by apprentices within each trade to be performed by disadvantaged workers.

Department Agencies

- The local hiring ordinance applies to contracts for public work or improvement projects in excess of \$400,000.
- Local hiring ordinance applies to contracts utilizing federal or state funds. However, the administration will segregate federal/state funds or provide contract provisions if the policy would violate federal or state law.
- Work hours performed by out of state workers shall not be included in the calculation of the number of project work hours to which the local hiring policy applies.
- City funded projects within 70 miles from the City and County of San Francisco shall be governed by the new Local Hiring Ordinance. The local hire requirements shall apply in proportion to actual San Francisco costs and will not include non-City funding sources.



- City funded projects constructed 70 miles or beyond the City and County of San Francisco shall be governed by the new Local Hiring Ordinance. However the local hire requirement will include San Francisco residents, workers local to the area, and workers residing within the region.
- Policy shall not apply to existing Project Labor Agreements effective prior to the date of the policy or to projects advertised for bid after the effective date of policy that are covered with existing PLA's.
- Authorize financial and non-financial incentives for contractors and subcontractors who exceed local hiring requirements, including financial incentives that comply with applicable law and do not exceed one percent of the estimated cost of the contract and non-financial incentives by OEWD regulation.
- Establish various consequences of noncompliance with the policy, including the authority of assessment of penalties against contractors that do not meet the local hiring requirements.
- Penalty amount equal to the journeyman or apprentice prevailing wage rate for the primary trade used by the contractor for each hour the contractor fell short of the local hiring requirement.
- Establish pipeline and retention compliance mechanisms which contractors and subcontractors may use to receive a conditional waiver from local hiring requirements on a project specific basis, including "specialized trades, a process of receiving credit for local hiring on non-covered projects, a process for sponsoring apprentices, and a process for direct entry agreements with apprenticeship programs.

Contractors

- Core employee or existing worker is defined as an apprentice or journey level employee who appears on the contractor's certified payroll 60 of the previous 100 calendar days prior to date of award of city contract.
- Contractor is required to submit a Local Hiring Plan for covered projects in excess of \$1 million.
- Subcontractors of all tiers shall agree to comply with the Local Hiring requirements.
- Contractors are required to keep records of the requirements related to the Local Hiring ordinance. OEWD shall establish reporting procedures for the contractor.
- Requires a contractor to use the CityBuild referral program if their preferred method of hiring does not enable them to meet the local hiring requirements of the policy.
- The policy does not limit a contractor's ability to assess qualifications of prospective workers or to make final hiring and retention decisions.
- A contractor who wishes to contest the assessment of penalties may request a hearing.

Community

- Local resident is defined as an individual who is domiciled within the City of San Francisco 7 days prior to commencing work on the project.
- Disadvantage worker is defined as a local resident who (i) resides in a census tract within the City with a rate of unemployment in excess of 150% of the City unemployment rate; or (ii) at the time of commencing work has a household income of less than 80% of the AMI, or (iii) faces or has overcome at least one of the following barriers to employment; being homeless; being a custodial single parent; receiving public



assistance; lacking a GED or high school diploma; participation in a vocational English as a second language program; or having a criminal record or other involvement with the criminal justice system.

- OEWD shall be authorized to engage its community based organizations in the City's workforce development system to assist with the recruitment and retention of targeted workers. Through the existing Workforce Investment Board, OEWD shall provide a forum for community members, CBO's, and representatives of all stakeholders affected by or interested in the policy.

OEWD

- Authorize OEWD to enforce the policy and require awarding departments to work cooperatively with OEWD.
- Establish various reporting and monitoring requirements for the policy.
- Periodic review conducted by the OEWD and Controller's Office every 3 years from the effective date of the policy. The review will determine whether there is a sufficient supply of local workers to meet the increase in mandatory participation level, assess the length of time to develop a pool of workers per trade, and if necessary propose amendments to the policy.
- OEWD is authorized to enter into contracts for investigative monitoring services for the purpose of the policy.
- Requires penalties collected for violations of the policy be distributed to a special account, and the funds deposited into that account be used to support enforcement of the policy and workforce development initiatives.
- Require the Director of OEWD to submit an annual written report to the Board documenting the compliance of each awarding department's contractors with the requirements of the policy.

