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## 5.270 Countywide Local and Targeted Worker Hiring

Effective Date: 06/11/19

### PURPOSE

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Establishes the Countywide Local and Targeted Worker Hiring Policy for all County-sponsored construction and development projects, including local hiring for Targeted Workers, Veterans, Job Order Contracts, and Affordable Housing and Mixed-Use Affordable Housing projects.

### REFERENCE

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October 27, 2015, Board Order No. 22

February 9, 2016, Board Order No. 47-A

August 1, 2016 Chief Executive Office memo to the County Board of Supervisors, "*Development of a Countywide Local Worker Hire Policy Board Motion of October 27, 2015, Agenda Item No. 22 and Board Motion of February 9, 2016, Agenda item No. 47-A*"

September 6, 2016, Board Order No. 14

February 21, 2017, Board Order No. 3-H

March 21, 2017, Board Order No. 2

June 11, 2019, Board Order No. 20

### POLICY

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On September 6, 2016, the Board of Supervisors (Board) approved the Countywide Local and Targeted Worker Hiring Policy [LTWHP or Policy]. This Policy was approved to provide Los Angeles County's (County) investment in public works, County-financed affordable housing projects and developer-financed economic development projects on County property as a catalyst for local job creation, construction careers training, and revenue generation for the County. Additionally, the Policy establishes a pathway for the County to enhance employment opportunities particularly for Qualified Local Residents and Targeted Workers who face multiple barriers to employment, such as homelessness, former foster youth, and formerly incarcerated individuals.

The Policy requires that all County departments, commissions and agencies administering project development agreements, including but not limited to; ground leases, loan agreements, grant agreements, design-build contracts, and contracts for County capital and construction projects that require Board approval to comply with the Policy as set by the Board.

This Policy is also a component of the Community Benefits for County Economic Development Projects Policy which establishes criteria and procedures for economic development projects in the Los Angeles County in order to generate economic benefits for the businesses, community, and residential, commercial or industrial area surrounding each project.

All prime contractors (Contractors) providing services under the above-mentioned project agreements and/or contracts must comply with the LTWHP requirements and hiring goals established by the County, as outlined below. Additionally, depending on the total project budget as determined by the County, one of the following hiring goals of the LTWHP requirements shall apply:

- Mandatory Hiring Requirements
- Best Efforts Hiring Goals

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- No LTWHP Hiring Goals

#### **POLICY REQUIREMENT FOR LOCAL RESIDENCY PREFERENCE AREA FOR TIER 1 AND 2**

A **Tier 1 Qualified Local Resident** is defined as a County resident whose primary residency is: (1) within five (5) miles of the proposed project site; and (2) is within a qualifying Zip Code. If a qualifying Zip Code is partially located within the 5-mile radius, then the entire Zip Code is considered as Tier 1 Zip Code, and workers living in that entire Zip Code area may qualify as Tier 1.

A **Tier 2 Qualified Local Resident** is defined as a County resident whose primary residency is: (1) within a qualifying Zip code; and (2) that qualifying Zip Code is beyond five (5) miles of the proposed project site.

A **qualifying Zip Code** is defined as a Zip Code within the County of Los Angeles, where either: (1) the average percentage of households living below 200% of the Federal Poverty Level (FPL) for that individual's primary residency's Zip Code is greater than the County average for such households; or (2) the Zip Code is one of 11 additional Zip Codes determined by the Board on September 6, 2011 to be a Zip Code where at least 30% of the population is living in poverty, and with an unemployment rate of at least 150% of the national average.

#### **POLICY REQUIREMENT FOR TARGETED WORKERS ELIGIBILITY**

A **Targeted Worker** is an individual who is both a County resident and who faces one or more of the following barriers to employment:

1. Has a documented annual income at or below 100% of the Federal Poverty Level;
2. Has no high school diploma or GED;
3. Has a history of involvement with the criminal justice system;
4. Is experiencing protracted unemployment (receiving unemployment benefits for at least six months);
5. Is a current recipient of government cash or food assistance benefits;
6. Is homeless or has been homeless within the last year;
7. Is a custodial single parent;
8. Is a former foster youth;
9. Is a veteran, or is the eligible spouse of a veteran of the United States armed forces, under Section 2(a) of the Jobs for Veterans Act (38 U.S.C.4215[a]);
10. Is an eligible migrant and seasonal farmworker;
11. Is currently an English language learner;
12. Is an older Individual (55+);
13. Is disabled;
14. Is an individual with a low level of literacy; or
15. MC3 program graduates.

#### **POLICY REQUIREMENT HIRING GOALS**

##### Project Budget Greater than \$2.5 Million (Mandatory Hiring Requirements)

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** hiring requirement of at least 30% of California construction labor hours performed by either Tier 1 or Tier 2 Qualified Local Residents on each project.

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California construction labor hours is defined as all craft worker hours performed on the project by California residents, excluding the hours performed off-site by material fabricators, designers, project office staff, or vendors and suppliers, such as ready-mix drivers.

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** hiring requirement of at least 10% of California construction labor hours on the project performed by those classified as a Targeted Worker. Hours worked by a Targeted Worker who is also a Tier 1 or Tier 2 Qualified Local Resident may be applied towards the 30% requirement;

For projects with a total project budget greater than \$2.5 million, with the exception of affordable housing projects, there shall be a **mandatory** requirement to use a Jobs Coordinator, as that term is defined in the Implementation Policy Guidelines issued by the Chief Executive Officer (CEO), to facilitate implementation of the targeted hiring requirement of this Policy. The Jobs Coordinator shall work closely with Department of Economic Opportunity, local agencies such as America's Job Centers of California, Social Enterprises, and local community-based organizations to outreach, recruit and create a pipeline to employ residents from the community in which the project is located; and the Contractor shall ensure the **mandatory** hiring requirements provided for Qualified Local Residents and targeted Workers are met in accordance with this Policy.

#### Project Budget of \$500,000 to \$2.5 million (Best Efforts Hiring Goals)

For projects with a total project budget of \$500,000 to \$2.5 million, with the exception of affordable housing projects, there shall be a **best effort hiring goal of at least 30% of California construction labor hours worked on each project performed by either Tier 1 or Tier 2 Qualified Local Residents on each project. There is no Targeted Worker hiring requirement;**

For affordable housing projects and mixed-use affordable housing projects that include County-funded facilities receiving funds administered by the Los Angeles County Development Authority (LACDA), with a project budget greater than \$2.5 million, there shall be a **best effort** hiring goal of at least 30% Qualified Local Residents and 10% Targeted Workers of California construction labor hours performed; and

The Contractor shall ensure posting a wide array of its construction job advertisements and/or seeking the assistance of a community service provider organization if necessary, to ensure the **best efforts** hiring requirement provided for Qualified Local Residents is met in accordance with this Policy.

#### All Projects Hiring Goals

For all projects, with the exception of affordable housing projects, a minimum ratio of one apprentice hour for every five journeyman hours shall be enforced, per State Labor code requirement, and contractors will strive to obtain half of all apprentice hours on the project be performed by Qualified Local Residents and Targeted Workers. Hours worked by an apprentice who is also a Targeted Worker or a Qualified Local Resident may be applied towards the 30% Local Resident and/or the 10% Targeted Worker hiring requirement.

#### Policy Exemptions

Exceptions for projects in jurisdictions enforcing their own local hiring policy, and for projects with federal or State funding prohibitions on geographic preferences will be determined on a case-by-case basis by CEO, in consultation with the County Board of Supervisors Offices and County Counsel, and the exemption shall be stated in the corresponding Board letter.

Affordable housing projects financed with federal funds subject to 24 CFR Part 75 will follow local hiring and training guidelines promulgated through Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by certain Housing and Urban Development (HUD) financial assistance can be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

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Contractors working with the Housing LACDA on public housing modernization construction projects that exceed \$2.5 million and are funded with non-federal funding will partner with Department of Economic Opportunity and other local agencies, such as America's Job Centers of California, Social Enterprises, community-based organizations, etc. to outreach, recruit and train public housing residents for employment opportunities.

### **POLICY IMPLEMENTATION**

Details of the implementation of this Policy shall be provided in the latest version of the Implementation Policy Guidelines issued by the CEO.

Applicable referenced Policy language shall be included in all Board-awarded County construction and development project documents. In addition:

- All requests for Solicitation/Proposal/Invitations for Bid (RFP/IFB), specifications must require all contractors submitting bids or proposals to agree to the terms of the County LTWHP.
- All construction project general contracts must include a provision obligating the Contractor and its subcontractors to comply with the terms of the County's LTWHP through execution of an agreement.
- The construction contract must include provisions establishing enforcement and compliance of the LTWHP.

#### Reporting Requirements

The contractor, on behalf of itself and its subcontractors, shall submit Local and Targeted Worker Hiring data to the County Project Manager or designated County representative.

#### Monthly Mandatory Compliance Withholding

The Contractor's compliance with the approved the Local and Targeted Workforce and Hiring Status Reports will be evaluated monthly.

To enforce compliance on contracts containing **mandatory** hiring requirements, an amount will be withheld from the monthly progress payment to the contractor in proportion to the deficit percentage of the mandated Local and Targeted Worker Hiring percentage and the actual percentage obtained. The maximum that may be withheld during the duration of the project is 1% of the total construction contract amount, but not to exceed \$500,000, comprised of 0.75% for Qualified Local Resident hiring goal compliance, and 0.25% for Targeted Worker hiring compliance. This amount is called the Monthly Mandatory Compliance Withholding (MMCW) amount. The percentage of the MMCW that will be withheld for a given month will be the same as the percentage of the deficit in achieving the LTWHP targets for that month.

The maximum MMCW amount is determined as follows:

Construction Contract Value × .75% ÷ Number of months in baseline construction schedule = Monthly Mandatory Compliance Withholding (MMCW) for Qualified Local Residents

Construction Contract Value × .25% ÷ Number of months in baseline construction schedule = Monthly Mandatory Compliance Withholding (MMCW) for Targeted Workers

If the Targeted Worker Hiring mandatory requirements of the Policy have not been satisfied as required for a project, the Contractor nonetheless may be deemed to be in compliance if the Contractor demonstrates both (a) that the Contractor and each of its subcontractors have complied with all other requirements of the Policy, and (b) that the Contractor and each of its subcontractors have satisfactorily demonstrated the following:

- Documented contact with the Department of Economic Opportunity, America Job Centers or with an agency that supports and provides employment and training services for Targeted Workers in construction employment, and in which instance the agency did not refer a Qualified Targeted Worker to the Contractor or subcontractor within 48 hours of the job request for fair consideration of the Targeted Worker.

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County Reporting

County departments, commissions, and agencies shall provide quarterly reports to the CEO on compliance with the LTWHP for their construction projects during the quarter. CEO shall provide consolidated quarterly reports to the Board and the Economic Development Policy Committee on the compliance of data measures of the Local and Targeted and Apprentice Worker Hiring Policy requirements.

County departments, commissions, and agencies administering construction projects under this Policy will be required to monitor and provide enforcement of the Policy. It should be noted the Contractor is ultimately responsible for their subcontractors compliance with the County's LTWHP requirements.

Referral Process for LTWHP

The following resources may be used to connect contractors to workers meeting the definition of a Qualified Local Resident Worker or a Target Worker, should the contractor require assistance. Additional Community Service Providers may be used by contractors and subcontractors to identify Local Residents and Targeted Workers.

- Department of Economic Opportunity County of Los Angeles: <http://www.opportunity.lacounty.gov/>
- Cal Jobs: <http://www.caljobs.ca.gov/vosnet/Default.aspx>
- Helmets to Hardhats: <https://www.helmetstohardhats.org>
- America's Job Center of California: <http://www.americasjobcenter.ca.gov>

**RESPONSIBLE DEPARTMENTS**

Chief Executive Office

County Counsel

**DATE ISSUED/SUNSET DATE**

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|---------------------------|----------------------------|
| Issue Date: June 11, 2019 | Sunset Date: June 11, 2023 |
| Review Date: May 17, 2023 | Sunset Date: June 11, 2027 |

**5.280 Community Benefits for County Economic Development Projects**

Effective Date: 06/11/19

**PURPOSE**

To establish criteria and procedures for economic development projects in Los Angeles County in order to generate economic benefits for the businesses, community, and residential, commercial or industrial area surrounding each project. The processes contained in the Policy include guidance on the use of County resources and the applicability of County programs to economic development projects such that the intended economic results are achieved: jobs for the local workforce, expansion of the County's tax base, and enhancement of the quality of life for County residents.

The County can strengthen its local economy by promoting workforce development, small business utilization, and broad-based partnerships with the private sector. By making it a County priority to create opportunities for the local workforce and increase small business utilization in County contracting and procurement, the County can help to connect the innovation and entrepreneurship of our diverse communities with a clear vision for regional economic development.

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## REFERENCE

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March 14, 2017, Board Order No. 3

Board Policy, Chapter 5 — Contracting and Purchasing — 5.125 Economic Development: Business Incentive Program.

March 8, 2017 Chief Executive Office report to Board, "Report Back on an Implementation Plan for Community Participation in Economic Development Projects ( Item No. 16 , Agenda of November 9, 2016)."

June 11, 2019, Board Order No. 2

June 11, 2019, Board Order No. 19

## POLICY

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The Chief Executive Officer (CEO) shall administer a community benefits program on each economic development project as part of the County's economic development efforts. This policy furthers the County's commitment to the economic self-sufficiency of the community around which the economic development project is based. The goals shall be to attract and retain businesses, grow the regional workforce, and provide greater economic opportunity for residents.

### I. Economic Development Projects

For the purposes of this Policy, economic development projects will be defined as projects where there is a public-private partnership resulting in tangible economic development benefits that extend beyond just the construction of County facilities. A public-private partnership will be defined as a contractual relationship by which there is material use of a County-owned, or County-funded facility by a non-profit or private entity during the construction of, and following completion and delivery of the project. Any project seeking any material use of County-owned land, County-funded facility, or investment of County resources meeting the conditions below, must result in direct economic development benefits to the local community, such as job creation for non-County employees, commercial or mixed-use development, retail investment, blight removal, affordable housing, or any other activity that improves the economic well-being of local residents.

This policy shall apply to the following types of projects:

- 1) A public-private construction project with either:
  - a) A projected budget in excess of \$10 million; or
  - b) 50,000 square feet or more of net useable floor area; and
- 2) If initiated by a private person or entity, a project for which a complete development application is received by the County after the effective date of this policy; and
- 3) If initiated by the County, a project for which the Board approves the release of a Request for Proposals (RFP) after the effective date of this policy.

This policy does not apply to residential projects in Marina Del Rey, projects exclusively related to affordable housing, or projects for which a complete development application was received by the County (or for which the release of an RFP was approved by the Board) prior to the effective date of this policy.

### II. Community Benefits

On each economic development project subject to this policy, the CEO, or Board authorized designee, must work with the developer and affected departments to implement the following requirements:

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- i. **Community Engagement Practices.** Economic development projects must incorporate a robust, culturally competent community engagement process. This will consist of at least two advertised, public community meetings to solicit public comment during the pre-development phase, and a minimum of two additional public community meetings during the development phase. Developers must conduct outreach to residents within 750 feet of the project with information about relevant public meetings. Language services must be provided throughout the community engagement process and all advertisements and informational materials provided must be translated into appropriate languages.
  - ii. **Local and Target Worker Hire.** There shall be a 30 percent local hiring requirement for construction jobs on economic development projects, and a 10 percent hiring requirement for targeted workers facing barriers to employment, such as a criminal record, disabilities, language barriers, homelessness, or veteran status. This is consistent with the Local and Target Worker Hire Policy applicable to contracts approved by the Board after October 31, 2016. There shall also be an aspirational goal of 30 percent local hiring, and 10 percent target worker hiring for permanent jobs on economic development projects. Permanent jobs shall be jobs that are filled on a full-time equivalent basis upon completion of the economic development project and are located within the boundaries of the project site.
  - iii. **Business Enterprise Programs.** There will be a utilization goal of 25 percent for County-verified Certified Local Small Business Enterprises (LSBEs) and a utilization goal of 3 percent for County-verified Certified Disabled Veteran Business Enterprises (DVBES) on economic development projects in line with the County's adopted business utilization goals and in coordination with the Department of Consumer and Business Affairs. The developer must show how they will use good-faith efforts to meet these goals at the outset of the project.
  - iv. **Inclusive and Affordable Retail Mix.** Each economic development project that includes commercial retail space shall have square footage for local retail tenants, together with aspirational goals for disabled veteran businesses and social enterprises. There shall also be a first right of refusal process for local retail tenants. This allocation of square footage shall be determined as a percentage of the total useable floor area of the project, and shall be negotiated on a project-by-project basis.
  - v. **Affordable Housing.** A minimum of 20 percent of any residential units on an economic development project shall be set aside as affordable housing to households earning 60% of the area median income (AMI) or less. In certain circumstances, this requirement may be satisfied through the provision of an equivalent number of affordable housing units at a separate location in proximity to the economic development site. If the economic development project results in the destruction of existing affordable units, those shall be replaced on site on a one-for-one basis at a minimum.
  - vi. **Workforce Training.** The developer on each economic development project shall coordinate with the Department of Workforce Development, Aging and Community Services (WDACS) to ensure that the needs of each employer at the project site are met. WDACS will provide workforce training and services based on the need of each specific element of the project.
  - vii. **Ongoing Community Engagement and Monitoring.** Ongoing community engagement during the construction phase and following project delivery will be required to ensure that the County is receptive to adverse effects to the surrounding businesses and residents after project completion. The CEO will monitor the project to ensure compliance with community benefit requirements for permanent jobs, retail tenants, and affordable housing. The term of monitoring, as well as the costs to provide for monitoring, will be negotiated on a project-by-project basis. However, the developer must fund at least a portion of the monitoring costs during the construction phase.

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- viii. **Economic Analysis.** The CEO shall periodically review the success of the project in relation to County economic development goals, including job creation and expansion of the local tax base. Economic indicators such as new business openings, local vacancy rates and employment demographics shall all be studied in relation to the size of the project and its potential impact on the local economy.

To the extent that any element of the above Policy is not suitable or feasible for a particular economic development project, the CEO (or responsible department) must document any such findings in a written report to the Board. Any deviation from this Policy must be approved by the Board upon a finding of good cause. Furthermore, should the Board take action to change its current policies regarding Local and Targeted Worker Hire or Small Business Utilization, each of which is reflected above, such changes shall apply equally to this Policy.

**RESPONSIBLE DEPARTMENT**

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Chief Executive Office

**DATE ISSUED/SUNSET DATE**

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