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Building America While Building Our Middle Class

Best Practices for P3 Infrastructure Projects



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Executive Summary

Policymakers have long understood the job creation opportunities that public infrastructure projects provide. To enhance these jobs' economic and social impact and lift families out of poverty, many cities and states have incorporated job quality and equity policies into public infrastructure projects. Such policies ensure that these projects don't simply create jobs, but instead provide good jobs in the local communities that need them. These projects can create quality jobs that provide valuable pathways out of poverty and into a sustained career, while building much-needed infrastructure.

Some cash-strapped municipalities have turned to public-private partnerships (P3s), which use private capital to finance public infrastructure projects, as a strategy for accomplishing infrastructure renewal and development. The P3 approach demands the same focus on jobs that traditional infrastructure projects have, and the successful strategies used for traditional projects may be used on P3 projects with little or no modification.

When governments across the country implement important job quality and job access policies into public works projects, they see a positive impact on their communities. Prevailing wage standards, targeted hire programs, apprenticeship utilization requirements, and other policies have been proven to help those most often left out of our economy obtain quality jobs building, maintaining, and operating critical public infrastructure. This report shares case studies from projects across the country that successfully utilized these types of policies and programs. A few highlights include:

- ▶ A 2014 UCLA study revealed that on projects funded by the city of Seattle, only 6% of workers lived in Seattle and only 25% lived in King County, which has the highest unemployment rate in the state. As a first step in addressing these stark inequalities, the city entered into a Community Workforce Agreement (CWA) in the Elliott Bay Seawall Replacement project, the largest project in Seattle's public works history. As a result, Seawall workers living in economically distressed zip codes earned over \$4.6 million in wages by June 2015, bringing that money back into their communities. This project served as a stepping stone for passing a robust priority hire ordinance for all city-funded projects in 2015.
- ▶ In phase two of its light rail project, Los Angeles Metro entered into a Project Labor Agreement (PLA) to ensure that residents living in neighborhoods with high levels of unemployment and residents with barriers to employment living in low-income areas gained access to jobs resulting from the \$1.6 billion project. Only a couple years in, the project has surpassed its targeted hiring goals by 49%. Likewise, it surpassed its disadvantaged worker requirement by 27%, resulting in jobs for 1,120 disadvantaged workers.
- ▶ The Chicago Transit Authority (CTA) operates the Second Chance Program, an apprenticeship program for people living in the city of Chicago who have been formerly incarcerated with non-violent convictions. As of April 2015, over 500 people have participated and graduated from the program with 113 graduates hired as full time employees with CTA, and seven promoted to manager-level positions.

It is imperative that decision makers and stakeholders understand the importance of these types of programs and policies as they examine the funding of infrastructure projects through public-private partnerships. While the use of P3s is hotly debated, if governments are ultimately paying a higher cost of capital through private financing schemes, it is even more critical that they demand that the resulting projects provide community benefits, including quality jobs for disadvantaged communities. This report offers several recommendations for incorporating job quality and job equity programs and policies into P3 arrangements.

- ▶ Incorporate these policies into P3 enabling legislation. This approach would ensure that these provisions apply to all P3 projects that a state enters into.
- ▶ Incorporate job quality and equity policies as requirements in the Request for Proposal (RFP). This is a way for a government to signal at the beginning of a project its commitment and goals related to the creation of good jobs for disadvantaged communities, before private entities submit proposals or negotiations with a private entity begin.
- ▶ As with the RFP, a government must also incorporate job quality and equity provisions into a project contract with the selected concessionaire.
- ▶ Other types of agreements, such as CWA, can also be negotiated between some combination of government, the selected private entity, and labor organizations with the input of community stakeholders to include job quality, targeted hiring, and other equity provisions. A CWA is a PLA that includes a targeted hire provision and other equity standards designed to get low-income workers into construction careers.

Thoughtful design of infrastructure projects with the inclusion of job quality and equity policies build middle class pathways for those living in the shadows of poverty while building much needed public work projects that we all critically rely on. Regardless of how a public infrastructure project is funded, policymakers and stakeholders must advocate for wise use of that funding, ensuring maximum economic and social benefit. Building America must also mean building our middle class.



Introduction

America's infrastructure gap is severe. In 2013, the American Society of Civil Engineers (ASCE) gave the nation an embarrassing grade of D+ based on unmet needs to repair and rebuild roads, bridges, drinking water and wastewater systems, schools, rail and transit systems, and public parks.¹ The US needs to spend \$3.6 trillion on rebuilding and improving infrastructure by the year 2020 to recover from decades of neglect and disinvestment.² But this enormous gap also presents an enormous opportunity to not only build communities with safe roads and bridges, equitable transit systems, and clean water systems, but also create good careers and middle class pathways for disadvantaged communities that have long suffered from disinvestment. The impacts go even further than the direct wages workers receive. Research shows that for every dollar spent on infrastructure, another \$1.44 in economic value is created and ripples through our communities.³

Policymakers have long understood the job creation opportunities that public infrastructure projects provide. To enhance these jobs' economic and social impact and lift families out of poverty, many cities

What Do We Mean by "Infrastructure?"

This report is primarily concerned with jobs related to public physical infrastructure.

Public physical infrastructure is a broad term that encompasses many of the critical public assets that we rely on every day, including:

- ▶ Roads, highways, and bridges
- ▶ Public transit systems
- ▶ Water and waste water systems
- ▶ Public buildings, including government offices and schools
- ▶ Airports
- ▶ Structures that promote ecological and environmental resiliency

and states have incorporated job quality and equity policies into public infrastructure projects. Such policies ensure that these projects don't simply create jobs, but instead provide good jobs in the local communities that need them. These projects can create quality jobs that provide valuable pathways out of poverty and into a sustained career, while building much-needed infrastructure.

Ensuring high quality jobs and equitable access to these jobs is vital if we are to fully leverage our infrastructure expenditures and ensure that each dollar is returning maximum return on investment. This means that quality infrastructure is built, workers often left out of the economy have real access to the resulting jobs, and the economic and social benefits derived from these jobs trickle through the communities in most need. Moreover, cities and states that have embraced these programs have created innovative ways to engage the very communities that are impacted by the major public works project and resulting infrastructure. State and local governments must demand that all infrastructure projects provide community benefits that incorporate job quality and equitable access standards. It is also imperative that decision makers and stakeholders understand

the importance of these policies and look to past public infrastructure projects that have successfully incorporated innovative job quality and equity programs as they examine the funding of infrastructure projects.

Many local and state governments are looking at new financing arrangements, such as public-private partnerships (P3s), which use private capital to finance public infrastructure projects. In many traditional P3s, a private consortium of companies design, build, finance, operate, and maintain a piece of public infrastructure. Under this model, the government loses direct control over

What are “Infrastructure Jobs?”

Infrastructure jobs encompass jobs related to every major phase of a physical infrastructure project, including design, construction, operations, and maintenance functions. The below list includes a small sample of the types of jobs that are vital to creating and running our country’s critical infrastructure.

Design

- ▶ Architects
- ▶ Civil engineers

Construction

- ▶ Laborers
- ▶ Carpenters
- ▶ Crane operators
- ▶ Roofers
- ▶ Plumbers and pipefitters
- ▶ Ironworkers
- ▶ Electricians

Operations

- ▶ Light rail operators
- ▶ Waste water system operators
- ▶ Operating engineers
- ▶ Toll workers
- ▶ Customer service representatives
- ▶ Billing personnel

Maintenance

- ▶ Mechanics
- ▶ Road maintenance workers

many aspects of the project and resulting asset—sometimes for decades, as these contracts can last upwards of 99 years. While the use of P3s is hotly debated, if governments are ultimately paying a higher cost of capital through private financing schemes, it is even more critical that they demand that the resulting projects provide community benefits, including quality jobs for disadvantaged communities. It is essential in these arrangements that governmental entities use their leverage to include strong job standards and inclusive hiring policies that strengthen communities and expand economic opportunity.

This report takes a close look at job quality and job access policies in the context of infrastructure projects and discusses how rebuilding American infrastructure with quality jobs and inclusive hiring policies as a centerpiece can tackle multiple pressing issues, including 1) the building of much-needed public works projects, 2) poverty in communities left of our modern economy, and 3) the need to replace the aging workforce that will retire from the infrastructure industry in the near future. Section 1 discusses the importance of ensuring high quality infrastructure jobs. Section 2 details the importance of equitable hiring policies. Section 3 highlights examples of recent public infrastructure projects that have successfully included these types of job policies and created innovative ways to engage communities. Section 4 will share some best practices around implementing these types of policies. Lastly, Section 5 will discuss the applicability of these provisions to P3s.

Section 1: Ensuring High Quality Infrastructure Jobs

The first component in maximizing the impacts of job creation opportunities arising from public infrastructure projects is to ensure that any resulting job is a high quality job that provides workers with family-supporting wages and benefits. In construction work, a high quality job has five components⁴:

- 1. Sustainable wages and benefits:** Workers are paid prevailing wages and provided health insurance and paid sick days.
- 2. Wage/hour compliance:** Employers have a documented history of paying workers their wages for all hours worked.
- 3. Employment classification:** Workers are correctly classified as employees and not as independent contractors in an effort for employers to avoid providing workers' compensation, Social Security payments, and other benefits
- 4. Safety:** Workers are provided adequate training; Best practices call for employers to provide ten hours of Occupational Safety and Health (OSHA) training.
- 5. Education and skills development:** Employers participate in registered apprenticeship programs and contribute funds to education and skills development. Apprenticeship programs will be discussed in greater detail in the next section. However, it is important to note that workers that participate in a registered apprenticeship program earn an average starting wage of \$15 per hour.⁵

In terms of sustainable wages, prevailing wage laws have been essential in ensuring that infrastructure jobs are high-quality and family-supporting. Under the 1931 Davis-Bacon Act, the federal government required construction employers on federally funded projects to pay workers, at a minimum, wages and benefits that have been determined to be the "prevailing" rate for their occupation on similar projects in the same locality.⁶ Since then, dozens of states and localities have passed their own version of the law.⁷ These laws have the effect of propelling construction wages above minimum wage in most cases, and at times, even higher than an area's living wage, ensuring that these jobs are truly family-supporting. Prevailing wage standards also help ensure that workers are accurately classified as employees instead of independent contractors.⁸

Prevailing wage standards can also be incorporated into specific projects that don't receive federal funds or funding from state or localities that already have prevailing wage laws through several mechanisms. First, a governmental entity can utilize a best value contracting approach. Contractor bids are evaluated by awarding points based on a contractor's compliance with specified criteria. These can include price and timeframe, but also other important factors such as meeting set wage and benefits standards, meeting minimum safety standards, and more. This allows the government to evaluate bids based on factors other than lowest price. Prevailing wages standards can also be a requirement of a specific Project Labor Agreement (PLA) or Community Workforce Agreement (CWA) that govern a particular project. These types of agreements are discussed in greater detail in Section 3, but are important mechanisms to ensure both job quality and job access in infrastructure projects.

For jobs related to operations and maintenance of infrastructure, jobs that are held by public sector employees typically have enjoyed family-supporting wages and benefits. The below table includes 2014 average and median wages for a variety of public sector infrastructure operations and maintenance positions.⁹

Job Category	Average Hourly Wage	Average Annual Wage	Median Hourly Wage	Median Annual Wage
Water and Wastewater Treatment Plant and System Operators	\$22.18	\$46,140	\$21.20	\$44,100
Highway Maintenance Workers	\$18.22	\$37,910	\$17.59	\$36,580
First-Line Supervisors of Landscaping, Lawn Service, and Groundskeeping Workers	\$22.13	\$46,020	\$20.75	\$43,160
Rail Car Repairers	\$25.27	\$52,570	\$25.97	\$54,020
Subway and Streetcar Operators	\$28.48	\$59,230	\$29.87	\$62,130
Bridge and Lock Tenders	\$22.22	\$46,210	\$23.14	\$48,120
Bus and Truck Mechanics and Diesel Engine Specialists	\$21.71	\$45,160	\$20.98	\$43,630

In many public infrastructure projects, operations and maintenance jobs are performed by public sector workers. However, in traditional public-private partnership arrangements, these jobs are typically outsourced to private companies. As the US Department of Treasury explains, the P3 structure incentivizes cost-cutting, which can be derived from reducing labor costs through lowering wages. The Department of Treasury continues to explain, “Lowering wages for workers on a project may reduce costs but it does not create additional value for taxpayers. On the contrary, cutting wages is likely to reduce the quality of labor.”¹⁰ Section 5 discusses specific recommendations to ensure that operations and maintenance jobs within infrastructure projects financed through a P3 model remain high quality jobs.



Section 2: Lifting up Disadvantaged Communities through Infrastructure Jobs

As we find ways to fill our tremendous infrastructure gap, intentionally coupling job quality standards with equity policies like targeted hiring programs allows infrastructure dollars to not only create jobs, but create good quality jobs available to those left out of our economy. While excluded groups vary from community to community, groups that are often excluded from our current economy and find difficulty in accessing jobs in the infrastructure industry include low-income people, people of color, women, veterans, and those with a criminal history. For example, U.S. Bureau of Statistics' data reveal that low-income workers and communities of color are vastly under-represented in jobs in the transportation sector. Out of roughly 8 million people working in the construction industry in 2008, only 6% were African American, while 2.5% were women.¹⁴

There are many infrastructure jobs that have lower-barriers to entry, meaning that they often have lower educational requirements, but have structured apprenticeship programs that include on-the-job training.¹⁵ Infrastructure is one of the few industries that provides opportunities for someone with lower levels of formal education or who has employment barriers, such as a criminal record, to be trained and earn a decent living.

How Can Policymakers Rebuild America and Rebuild the Middle Class?

Infrastructure projects present an enormous opportunity to not only rebuild America, but also the middle class. In planning infrastructure projects, there are a handful of strategies that governmental entities can employ to ensure that disadvantaged groups in the community 1) have sufficient employment opportunities related to the construction, maintenance, and operations of the project, and 2) attain the training and skills necessary to further their career.

- 1. Targeted and local hire:** These types of provisions ensure that a certain percentage of jobs go to workers who are socially and/or economically disadvantaged, or in the case of local hire, reside in a specified geographic area. This can include workers from identified low-income neighborhoods, people of color, women, people with criminal records, veterans, at risk-youth, or public assistance recipients. Typically, a targeted hire provision or policy will require a certain percentage of work hours associated

Why Invest in Infrastructure Jobs?

It is well documented that investment in infrastructure is an enormous opportunity to create numerous jobs. Research shows that

- ▶ For every **\$1 billion in highway spending, 13,000 jobs a year** are directly and indirectly created.¹¹
- ▶ Public transit creates even more jobs with every **\$1 billion in capital investment** producing an estimated **15,900 jobs**.¹²
- ▶ For water infrastructure, **an investment of \$188.4 billion dollars**, the amount the Environmental Protection Agency (EPA) indicates would be required to manage storm water and preserve water quality, would create nearly **1.3 million jobs**, including construction, operations and maintenance, and manufacturing jobs. This investment would also result in 568,000 additional jobs.¹³

with the construction of the project to be filled by people with specified characteristics. Targeted and local hiring policies can also apply to any permanent jobs, such as operation and maintenance positions, that result from the completed infrastructure. This ensures that equitable hiring policies are embedded in the entire lifecycle of the asset.

USDOT's Local Labor Hiring Pilot Program

The U.S. Department of Transportation (USDOT) has long held policies that prohibit geographic hiring preferences (or local hire programs) in projects for which they provide funding. However, this rule is currently being reevaluated in light of evidence from local governments that have successfully used local hire provisions to maximize benefit from the jobs created, particularly for workers in low-income areas, while maintaining high levels of competition in bidding. In February 2015, the USDOT announced a one-year pilot program that allows cities and states to create targeted local hire programs for transportation projects supported by federal funds. USDOT officials have also issued a proposed rule that would permanently allow USDOT grantees to utilize local hire programs.¹⁶

As USDOT noted in its proposed rule document, "DOT believes that local and other geographic-based hiring preferences are essential to promoting Ladders of Opportunity for the workers in these communities by ensuring that they participate in, and benefit from, the economic opportunities such projects."¹⁷

2. Apprenticeship utilization requirements: Under these requirements a certain percentage of workers must be employed through registered apprenticeship programs. Apprenticeship programs typically provide workers no-cost classroom and on-the-job training to learn the skills they will need to succeed, while earning a wage.¹⁸ This allows participants the opportunity to pursue vocational education, while still being able to provide for themselves and their families in the process. Upon completion of the two to five year program, participants have valuable and portable credentials and can achieve journey worker status, opening doors to increased earning opportunities.¹⁹

It is worth noting that different types of apprenticeship programs have varying levels of quality. Joint-management or union programs are apprenticeship programs that are run in cooperation by union and contractors, while unilateral management programs are run independently by contractors.²⁰ Union-run programs have much better outcomes than non-union programs and enroll about 70% of all apprentices in the construction industry. These high-road programs enroll more women and people of color. And union-run programs graduate 42.8% of enrollees to journey level work, while non-union programs only graduate 29.5%.²¹ Due to higher quality training and superior outcomes, it is important that equity policies encourage the use of union-run registered apprenticeship programs, to the extent legally permissible.

While apprenticeship programs have mainly been used in the U.S. in traditional skilled trades, such as electrician or plumber, they have also been used in other types of work, including truck drivers and even childcare workers and nursing aides.²² Apprenticeship program participation can have a huge impact on a worker's earning potential. In a review of apprenticeship programs in ten states, researchers found that workers who complete a registered apprenticeship make an average of \$240,037 more over their lifetimes than those who do not participate in such programs.²³ Additionally, social benefits of apprenticeship programs, including greater worker productivity

and reduced cost of participants' use of government programs (such as food stamps, welfare, and unemployment insurance) significantly outweigh the costs, such as administering the program and the cost of the technical instruction. Over the career of an apprenticeship, the net social benefits are on average \$124,057.²⁴ Moreover, employers like these programs, because they ensure a pipeline of skilled workers for current and future projects in the community.

3. Minority/women/local business contracting goals to ensure contracting and subcontracting opportunities for disadvantaged business owners: These types of policies require a certain share of subcontracting opportunities to be awarded to contractors that are woman and minority-owned businesses (often referred to as WMBE). It is important to note that WMBE programs are not a substitute for targeted hiring programs, if the goal is to employ more disadvantaged workers on a specific project. However, these policies and programs can be a tool in ensuring participation from WMBE companies and encourage collaboration between larger contractors and WMBE companies. These policies are not a focus of this report.

Why Include These Types of Programs?

Real Economic and Community Development

Investing in infrastructure has proven to be good for the economy, creating real economic and community development impacts. By enacting equity policies, policymakers can leverage money that needs to be invested to improve deteriorating infrastructure and ensure that those funds reach disadvantaged communities and lift people out of poverty. Research shows that for every dollar spent on infrastructure, another \$1.44 in economic value is created and ripples through workers' communities.²⁵ Likewise, the Congressional Budget Office (CBO) found that investments in infrastructure had one of the strongest economic impacts of all the policies included in the 2009 American Reinvestment and Recovery Act (ARRA).²⁶ In areas such as transportation infrastructure, each dollar spent of ARRA funds yielded as much as \$3 in economic gains.²⁷ Additionally, public transit investments can have even higher economic impacts, as every \$1 invested in public transportation generates \$4 in economic activity.²⁸ It is worth noting that infrastructure dollars go further in creating jobs than other economic stimulants. For example infrastructure investments create over 16% more jobs dollar-for-dollar than a payroll tax holiday, nearly 40% more jobs than an across-the-board tax cut, and over five times as many jobs as temporary business tax cuts.²⁹

Targeted hiring programs ensure that part of these economic benefits go to communities that need them the most. This can be a real and tangible way to use infrastructure dollars to not only build needed infrastructure, but also rebuild the middle class and lift up disadvantaged neighborhoods and communities. A study of economic impacts of targeted hiring policies in Los Angeles found that for each targeted hire construction worker, an additional \$36,800 in economic benefit flowed back to the local economy.³⁰

Garnering Community Support for Projects

In public infrastructure projects, public and community support is a vital component of the project's success. The inclusion of equity policies, such as targeted hire, that lift up workers in disadvantaged communities, can expand support for proposed projects by making the project more attractive and

aligned to the interests of all parties: the community, project developers, and investors. As examples in the next section illustrate, project success and political will for the proposed project is in many cases largely impacted by community support and interest in the project. Shaping a project to include equity and jobs provisions that benefit the local community can help garner public support and political will needed to approve funding streams or move a project forward.

Almost a quarter of the U.S. infrastructure workforce is nearing retirement, and will need to be replaced over the next decade.

Moreover, members of the community are true stakeholders in any given project and can offer valuable guidance and ideas. Community input in the planning process can help overcome planning problems and create infrastructure that meets the unique needs of the communities that the asset is meant to serve. Experts underscore the important point that meaningful community engagement requires sufficient time and multiple opportunities for public involvement; and takes community input, concerns, and ideas into account in the planning process.³¹ Projects with opportunities for engagement can garner greater support because they are more likely to reflect the true needs of the community.

Developing a Well-Trained Workforce for Future Projects

Almost a quarter of the U.S. infrastructure workforce is nearing retirement, and will need to be replaced over the next decade.³² By supporting and specifying utilization requirements for apprenticeship programs, governments can ensure that new workers have the skills and knowledge to produce quality work. Modern infrastructure is increasingly complicated to construct, operate, and maintain, and making sure that new and future workers are well-trained and highly skilled is critical. Pre-apprenticeship and apprenticeship programs are the first step for getting disadvantaged workers who are under-represented in the construction industry into a quality construction career with family-supporting wages that will afford their families a middle class life and will be reinvested in their communities.³³ As discussed below, apprenticeships are increasingly being used for jobs outside of construction, and can provide an important model for developing a well-trained workforce to operate and maintain critical modern infrastructure.

Section 3: Case Studies of Previous Successes: Equity Programs and Policies in Practice

This section highlights case studies that showcase the types of provisions and programs that have successfully been included in recent public infrastructure projects. As these case studies show, public agencies are embracing jobs programs and creating innovative ways to engage communities in infrastructure projects. While each example approaches equitable job creation differently, in all cases, decision makers sought to use the infrastructure project to maximize benefit to their community. Links to all actual agreements can be found embedded in the text and endnotes.

Oakland Army Base Redevelopment, Oakland, CA

The Oakland Army base was once one of Oakland's largest employers.³⁴ But in 1999, the base was decommissioned and many residents lost their jobs, especially in the densely African American community of West Oakland. After several failed proposals to redevelop it over 15 years, the Oakland Army Base is currently being redeveloped into the Oakland Global Trade and Logistics Center. The \$1.2 billion project includes an intermodal rail terminal, a new bulk marine terminal, 30 acres of truck parking and service areas, and two million square feet of new warehouse space.³⁵ This state of the art logistics hub aims to transport cargo in and out of Oakland more efficiently while also reducing truck traffic, emissions, and the deterioration of the state's roads and highways.³⁶

In a city plagued with high unemployment and a lack of quality jobs, especially for communities of color in East and West Oakland,³⁷ the army base redevelopment presented an enormous opportunity to create family-supporting jobs for Oakland's residents. A coalition of community, faith, youth, and labor organizations convened by Partnership for Working Families affiliate East Bay Alliance for a Sustainable Economy (EBASE) came together under the name of Revive Oakland to help develop a jobs plan for the project.³⁸ The coalition engaged with residents, developed policy proposals, and worked with policymakers, including participating in a year-long stakeholder consensus process, led by then-Councilmember Jane Brunner, to develop the plan. In June 2012, the Oakland City Council approved A Good Jobs Agreement between the city, community and developers. These provisions were also included as terms of the Lease Disposition and Development Agreement between the city and the project developers to cover all future project contractors and tenants. The city and community groups also entered into a cooperation agreement under which the groups agreed to support the project in exchange for assurances about delivery of jobs provisions, which proved important in moving the project forward.³⁹ The agreements can be found [here](#), and include the following provisions⁴⁰:

All jobs at the army base pay:

- ▶ A living wage
- ▶ 50% local hire, 25% hiring disadvantaged workers
- ▶ Development of West Oakland job and training center
- ▶ Long-term community oversight commission to oversee compliance, with Revive Oakland coalition guaranteed two seats on the commission

During the construction phase it required that:

- ▶ New people entering construction careers will get a share of the work each year and all new trade union apprenticeships will be reserved for Oakland residents
- ▶ No pre-screening of job applicants for prior criminal records
- ▶ Project Labor Agreement to ensure safe conditions and quality jobs
- ▶ In the resulting warehouse and operations jobs, it required:
 - ▶ Limits on use of temp agencies as employers
 - ▶ 50% local hire for all companies with 40 or more total workers (including employees or contracted workers)
 - ▶ For operations jobs controlled by CCIG and ProLogis: No pre-screening of job applicants for prior criminal records

The project is estimated to create as many as 6,000 construction, warehouse and other long-term port jobs over the next 20 years.⁴¹ The City awarded the project to the team of Prologis and California Capital Investment Group (CCIG), along with Turner Construction and Top Grade. Cumulative data from the project, as well as data from the most recent reported month (as of the writing of this report) shows that the project is meeting labor equity requirements.

Oakland Army Base Workforce Cumulative Data⁴²

	Performance	Requirement
Oakland Resident Hours	49.71%	50% ¹
All Apprenticeship Hours	23.31%	20% ²
Oakland Disadvantaged Apprenticeship Hours	50.63%	25% ³
% Wages to Oakland Residents	71.98%	N/A
% Wages to Oakland Disadvantaged Workers	13.14%	N/A

¹ 50% craft by craft requirement, performance data contains average of all crafts

² 20% craft by craft requirement, performance data contains average of all crafts

³ 25% of the 20% Apprenticeship hours to be worked by Oakland Disadvantaged Apprentice

Oakland Army Base Workforce Compliance Data from 12/1/2015 through 1/1/2016⁴³

	Performance	Requirement
Oakland Resident Hours	50.68%	50%
Apprenticeship Hours	24.85%	N/A
Disadvantaged Resident Hours	38.07%	25%

As Congresswoman Barbara Lee, who represents Oakland as part of California’s 13th district, stated, the project was “a classic example of what a public, private, environmental, labor, and community coalition can accomplish.”⁴⁴

For more about the Oakland Army Base and the jobs policies, please refer to this **report** from the Partnership for Working Families and EBASE.

Elliott Bay Seawall Replacement Project and Seattle’s City-Wide Priority Hire Ordinance, Seattle, WA

Elliott Bay Seawall Replacement Project is the largest project in City of Seattle public works history and served as a stepping stone in developing a robust city-wide priority hire policy. The \$200 million Elliott Bay project replaced seawall structures along the waterfront, originally constructed between 1916 and 1934.⁴⁵ The city utilized a community workforce agreement in this massive public works project to create opportunities for people from distressed economic areas of Seattle to train for and work in living wage jobs in the construction industry. The **community workforce agreement** includes the following provisions:⁴⁶

- ▶ An aspirational goal to hire 15% of the workforce from economically disadvantaged zip codes which shall be defined and prioritized by the City.
- ▶ Provide direct entry into union apprenticeships and immediate dispatch to jobs on the project for graduates of pre-apprenticeship programs, with the goal of one direct placement for each of five apprentices on the project.
- ▶ An aspirational goal that of the 15% of all project hours performed by Apprentices, at least 21% of such Apprentices shall be people of color, and 12% shall be women.
- ▶ An aspirational goal that 12% of all project hours shall be performed by women, and 21% of all project hours shall be performed by people of color.

The City’s Labor Equity Program oversees the Seawall’s community workforce agreement to ensure targets are met.⁴⁷ As of the end of September 2015, the city met or exceeded all targets, as shown below. Through September 2015, contractors have hired 168 apprentices to work on the Seawall.⁴⁸

Elliott Bay Seawall Targets and Performance for All Workers (through September 30, 2015)⁴⁹

	All Workers (N=1,957) ¹		All Hours (N=612,093.5)		Performance on Past City Projects ²
	CWA Goal	Performance	CWA Goal	Performance	Performance
Economically Distressed Zip Codes	15.0%	18.3%		21.5%	12.0%
Seattle		8.3%		10.7%	3.0%
King County		10.0%		10.8%	9.0%
Apprentices		9.9%	15.0%	14.8%	13.4%
Women		7.4%	12.0%	12.8%	4.5%
People of Color		25.1%	21.0%	25.5%	25.4%

¹ An audit of Seawall workers showed that 20 journey-level workers and nine apprentices have worked for more than one contractor. These workers are counted once per contractor.

² Past Performance on City Projects is based on hours from a sample of projects from 2009-2013. Sources are the Worker Profile in City of Seattle Construction Projects report and City of Seattle – Construction Workforce Diversity Report.

Elliott Bay Seawall Targets and Performance for Apprentices (through September 30, 2015)⁵⁰

	Apprentices (N=193)		Apprentice Hours (N=90,657.8)		Performance on Past City Projects ¹
	CWA Goal	Performance	CWA Goal	Performance	Performance
Economically Distressed Zip Codes		35.2%		59.2%	25.0%
Women		26.9%	12.0%	34.7%	9.1%
People of Color		42.0%	21.0%	50.2%	31.6%
Preferred Entry ²	20.0%	9.5%			

¹ Past Performance on City Projects is based on hours from a sample of projects from 2009-2013. Source is the City of Seattle – Construction Workforce Diversity Report.

² Preferred entry reflects the CWA goal in which one in five apprentices come from pre-apprenticeship programs.

The priority hire program has ensured that money used to fund the public project is lifting up people with barriers to employment from lower-income neighborhoods. Through June 2015, Seawall workers living in economically distressed zip codes earned over \$4.6 million in wages, bringing that money back into their communities.⁵¹

In an effort to make jobs from all city-funded public works projects available to local disadvantaged communities, advocates and residents pushed for a city-wide priority hire policy. The inspiration and community activism to make this a reality started with the South Seattle Jobs Committee, a committee of unemployed construction workers, demanding to access publically funded construction jobs.⁵² To build power and momentum, the Targeted Local Hire Coalition was formed, which comprised of 43 organizations, including faith, labor, and environmental groups. This coalition was led by the organizations Got Green, the South Seattle Jobs Committee, and Partnership for Working Families affiliate, Puget Sound Sage.⁵³ The coalition played a critical role in pushing forward a robust ordinance with the goal of improving access to construction jobs and improving training programs for workers in disadvantaged neighborhoods in need of family-wage jobs.⁵⁴

As a result of community advocacy and interest from the Mayor and City Council, the City commissioned a study that found only 6% of workers on public works projects lived in Seattle and only 25% lived in King County. The City also established a year-long stakeholder committee, which recommended a policy to increase access to public works jobs for the community and place local workers into union apprenticeship programs.⁵⁵ On January 29, 2015, the Seattle City Council passed the “Priority Hire” ordinance.⁵⁶ Public projects of \$5 million or more require contractors to offer at least 20% of all construction hours to workers from disadvantaged zip codes and sets aspirational goals for hiring women and people of color. Contractors also are required to reserve 15% of work for apprentice workers, and find ways to increase the graduation and employment of workers who are women and/or of color. In April 2015, the city finalized the community workforce agreement that will cover all qualifying projects, **which can be found here.**

In combination with the building boom in Seattle, apprenticeship enrollment will double in coming years.⁵⁷ As of June 2015, the ironworkers union had added nearly 300 apprentices in 18 months, with some recruited through programs such as a pre-apprenticeship program at the state women’s prison in Gig Harbor, allowing women with criminal records an opportunity to successfully launch a career in the construction industry.⁵⁸

The City of Seattle created the Office of Labor Equity to administer and oversee its new job equity program. Once the department is fully staffed, it will contain eight people working in a variety of roles, including program operations, enforcement, job and training coordination, and oversight functions. Adequately staffing this office allows the city's labor equity program to function smoothly and effectively, while truly being innovative in its approach to ensuring job equity in public works projects. To this end, the city also allocates \$610,000 annually that flows into the community through pre-apprenticeship training and other resources that help residents enter and stay in the construction industry; curriculum and training resources; and outreach to community-based organizations to educate the public about career options available in the construction sector.⁵⁹

The fiscal analysis for the ordinance considered the future cost implications of the ordinance, concluding that the programs would "provide construction career opportunities that can stabilize workers, neighborhoods and the city's economic base, potentially providing some reduction in social service costs associated with chronic unemployment and under-employment."⁶⁰ The analysis also cited a study anticipating a labor shortage in certain trades over the next few years. This troubling shortage could potentially increase labor costs on public works projects. The Priority Hire ordinance alleviates this potential labor shortage by making investments now through education, training, pre-apprenticeship, and apprenticeship programs that create a pipeline of qualified workers and help them get hired. The city anticipates that this will create a healthier labor market in the future, thereby saving the city money.⁶¹

Los Angeles Metro Phase 2 Light Rail Project, Los Angeles, CA

In 2008, Los Angeles County voters approved Measure R, a sales tax to fund a public transit expansion, which would increase light rail and subway connections throughout the county.⁶² Using part of this funding, in March 2011, the Exposition Line Construction Authority entered into phase II of its light rail project and awarded the design-build contract to Skanska/Rados Expo 2 Joint Venture.⁶³ This public transportation project extends light rail service from its previous terminus in Culver City all the way to Santa Monica, through seven new stations along the Westside.⁶⁴ The \$1.6 billion project is expected to generate over 6,700 construction jobs.⁶⁵

Through the efforts of a coalition that included Partnership for Working Families affiliate Los Angeles Alliance for a New Economy, various labor groups, veterans groups, workforce development groups, social justice organizations, community developers, faith communities and clergy, youth organizations, and others working with the local government,⁶⁶ a **Construction Careers Project Labor Agreement** was developed with the following requirements:⁶⁷

- ▶ 30% of the construction jobs allotted to communities experiencing high levels of unemployment,
 - ▶ Tier 1: Zip Codes within 5-mile radius of project
 - ▶ Tier 2: L.A. County zip codes w/ 120% of county unemployment
- ▶ 10% of the jobs allotted for disadvantaged individuals with barriers to employment.
 - ▶ Disadvantaged is defined as an individual whose primary place of residence is within the Los Angeles County and who either (a) has a household income of less than 50% of the area median income or (b) faces at least one of the following barriers to employment: (1) being homeless; (2) being a custodial single parent; (3) receiving public assistance; (4) lacking a GED or high school diploma; (5) having a criminal record; or (6) suffering from chronic unemployment.
- ▶ 50% of apprentice hours completed by local area residents

At a time when unemployment in Los Angeles was 13%, these jobs provisions ensured that those hardest hit would have quality employment opportunities.⁶⁸ As of 2014, the project surpassed its targeted hiring goals by 49%. Likewise, it surpassed its disadvantaged worker requirement by 27%, meaning that the project hired disadvantaged workers at a rate 2.7 times that of the requirement, resulting in 1,120 jobs for disadvantaged workers.⁶⁹ It is also important to note that previous analyses of targeted hiring practices in Los Angeles revealed that for each targeted hire construction worker, an additional \$36,800 in economic benefit flowed back to the local economy.⁷⁰ As Los Angeles County Supervisor Mark Ridley-Thomas, a supporter of the agreement, explained, “An investment in our physical infrastructure is incomplete without a similar investment in our human capital.”⁷¹

Incorporating Equity Provisions into Manufacturing Contracts

Many infrastructure projects include manufacturing components. This is especially true for public transit, where the government must often purchase new rail cars and/or buses when building new transit systems or upgrading older ones. American cities spend about \$5.4 billion each year to buy buses and trains for public transportation systems, but many of these manufacturing job opportunities flow overseas and bypass millions of unemployed Americans and disadvantaged communities.⁷² Jobs to Move America, a national coalition of more than 40 community, labor, faith, civil rights, philanthropic, academic and environmental groups, seeks to reverse this trend. They developed the US Employment Plan, a policy that incorporates equity provisions intended for transit agencies to use in their bid solicitations. The plan has three main goals:⁷³

- ▶ Create and retain good manufacturing American jobs
- ▶ Generate opportunities for disadvantaged Americans
- ▶ Build new, cleaner transit systems

The plan has been successfully incorporated into several high-cost manufacturing contracts. For example, on July 2, 2014, Amtrak issued a Request for Proposals (RFP) for companies to manufacture 28 high-speed train sets for use on its Northeast Corridor Route. The RFP included a version of the U.S. Employment Plan and required bidding companies to disclose plans to create American manufacturing jobs, invest in U.S. factories, provide training and workforce development, and recruit disadvantaged workers such as veterans.⁷⁴ In October 2015, the \$2.5 billion contract was awarded to a Hornell, New York based rail car factory operated by the company Alstom.⁷⁵ The contract is expected to sustain 400 jobs at the Hornell facility and another 350 in other parts of New York.⁷⁶

Likewise, in 2013, the Los Angeles Metropolitan Transportation Authority (LA Metro) included U.S. Employment Plan language in its solicitation for 550 clean-fuel buses. LA Metro awarded the \$305 million contract to New Flyer Industries. The company built a new service and assembly center in the Los Angeles area and has added 150 new jobs to its existing factory in Minnesota.⁷⁷ In 2012, the LA Metro also used the U.S. Employment Plan in its solicitation of 235 Light Rail Vehicles worth \$900 million. The contract was awarded to Kinkisharyo, and the deal is expected to create 250 new jobs in Los Angeles County as the company expands the light rail car assembly and testing operations at its plant in Palmdale.⁷⁸ The agreement also includes a commitment from the company to explore additional skills training and assistance for disadvantaged workers in the county.⁷⁹

The Kelly Butte Reservoir Replacement and the Interstate Maintenance Facility Renovation, Portland, OR

On September 5, 2012, the Portland City Council unanimously approved the passage of Resolution No. 36954, enacting a model Community Benefits Agreement (CBA) for use on city public works projects.⁸⁰ The city applied this policy to two pilot projects, the Kelly Butte reservoir replacement and the Interstate Maintenance Facility renovation. The Kelly Butte reservoir project replaces a 10-million-gallon above-ground steel tank with a 25-million-gallon reinforced concrete underground reservoir and was estimated to cost \$90 million. This project was completed in late March 2015.⁸¹ The Interstate Maintenance Facility serves as the city's base for maintenance of its water system. The estimated \$35,000 renovation project constructs a 28,000-square-foot LEED Gold building to replace a 1925 building that was deficient in earthquake and fire safety codes and ADA compliance. This building provides office and public meeting space, craft workshops, warehouse storage space, and a loading dock. In 2014, a second phase of the project began, which involved construction of an adjacent 38,000 square foot building to provide additional office space.⁸²

Agreements for both projects were nearly identical and contained the following provisions⁸³:

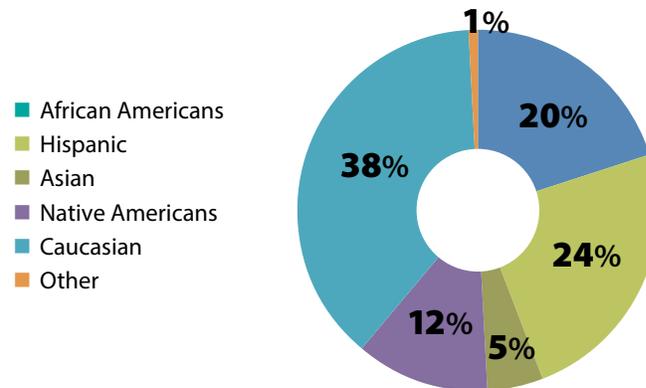
- ▶ At least 18% of total project hours will be performed by workers of color, and 9% by female workers, and the targets apply both to journeymen and apprentices;
- ▶ At least 20% of the work on contracts of over \$200,000 (and subcontracts of over \$100,000) will be performed by apprentices;
- ▶ At least 30% of the workforce will be hired from areas identified by the U.S. Small Business Administration as "historically underutilized business" zones, census tracts that include downtown Portland, inner Southeast and Northeast Portland, and the Lents, and Cully neighborhoods in outer Southeast and Northeast, as well as areas of Gresham, Hillsboro and western Clark County;
- ▶ Requires the creation of and sets aside funds from construction budgets for a labor-management-community oversight committee to ensure that contractors are held accountable for the project's diversity goals. Members of this committee consist of two representatives from each of the following groups: owner, project contractor, unions, employers, and community based organizations;⁸⁴
- ▶ Sets aside funds from construction budgets to support pre-apprenticeship training programs for women and workers of color.

As of December 2014, Oregon's Commission on Black Affairs and Bureau of Labor and Industries reported that both projects met hiring goals.⁸⁵

Kelly Butte Reservoir Replacement Outcomes:

As of December 2014, apprenticeship utilization was at 22.5% of all project hours. African Americans worked 8.9% of total project hours. Communities of color, including African American, Hispanic, Native American, and Asian accounted for 62% of the apprentice hours with African Americans working 20.1 % of the total apprentice hours. Females accounted for 30% of the total apprentice hours.⁸⁶

The Kelly Butte Reservoir Replacement was estimated to cost \$90 million. However, construction costs ended up being \$15 million under budget, coming in at \$75 million. The city is able to use the saved funds for future infrastructure projects.⁸⁷

Apprenticeship Hours Worked by Race**Interstate Renovation Project Outcomes:**

As of December 2014, apprenticeship utilization was at 23% of all project hours. Communities of color, including African American, Hispanic, Native American, and Asian accounted for 40.6% of the apprentice hours and 24.5% of total project hours. Females accounted for 32% of the total apprentice hours.⁸⁸

Chicago Transit Authority Second Chance Program, Chicago, IL

Not all targeted hire programs are for infrastructure construction. Instead some aim to bring disadvantaged workers into jobs operating and maintaining infrastructure. The Chicago Transit Authority (CTA) operates the Second Chance Program, an apprenticeship program for people living in the city of Chicago who have been formerly incarcerated with non-violent convictions. The program currently offers 265 apprenticeship positions, 200 of which are bus servicer positions and 65 of which are rail car servicer positions.⁸⁹ The positions last about a year and include training and work experience, for which all hours are paid. Upon finishing the program, participants get a certificate of completion and a positive letter of reference from the CTA.⁹⁰

In April 2015, the CTA added comprehensive diesel mechanic training to the program, which is a growing field in transit. At this time, CTA had about 30 vacancies for these types of positions and anticipates additional vacancies as current diesel mechanics retire.⁹¹ In August 2015, the CTA received a \$750,000 grant from the Federal Transit Administration to expand the diesel mechanic apprenticeship positions.⁹²

As of April 2015, over 500 people had participated and graduated from the program with 113 graduates hired as full-time employees with CTA, and seven had been promoted to manager-level positions. CTA also reported that dozens of graduates had received full-time employment with private-sector employers.⁹³

While this program is one of the largest apprenticeship programs for formerly incarcerated people in the country⁹⁴ and aims to fulfill an important goal of “increas[ing participants’] self-sufficiency and reduce[ing] recidivism,”⁹⁵ it has come under some criticism over the wages provided to the apprentices while they participate in the program. Currently, apprentices earn \$10 per hour in wages, but this is far below the \$13 per hour minimum wage that CTA contractors are required to pay their employees.⁹⁶ The Amalgamated Transit Union (ATU) locals 240 and 308 that represent the bus and rail workers

respectively, have expressed concerns about these low wages and lack of benefits.⁹⁷ It is worth noting that according to the U.S. Department of Labor, apprenticeship participants in registered programs typically earn an average starting wage of \$15 per hour.⁹⁸ In implementing these types of programs, it is important that wage and benefits are competitive and provide workers a supporting wage while they receive on-the-job training and work.

Section 4: Best Practices in Equity Programs and Policies

There have been important best practices gleaned from previous projects and related laws that have incorporated targeted hiring policies, particularly in the construction sector. These best practices help governmental entities ensure that they are creating and implementing policies that derive the most economic benefit for their region's disadvantaged communities. The Partnership for Working Families has worked closely with government officials and coalitions interested in creating pathways to good construction careers for disadvantaged communities, and has developed extensive **published guidance on the subject**, including the "Construction Careers Handbook."

1. Robust community participation and engagement: As discussed above, community engagement and public participation have clear benefits for the planning of an infrastructure project and can help project managers incorporate unique needs of the community. Moreover, engaging community stakeholders in the development of equity policies, such as hiring plans and goals, can not only ensure that equity policies reflect the needs of the community and lift up disadvantaged workers living in affected areas, but also garner community support and interest in the project. Without community support, many infrastructure projects may hit political obstacles. Public officials can hold hearings and other forums, or even establish advisory committees or working groups, to solicit input from community stakeholders.

Engaging community stakeholders in the development of equity policies, such as hiring plans and goals, can not only ensure that equity policies reflect the needs of the community and lift up disadvantaged workers living in affected areas, but also garner community support and interest in the project.

2. Specific and measurable hiring goals: Best practices show that workforce and/or apprenticeship goals should reflect a percentage of total hours worked, instead of a percentage of the total number of workers, since some workers may only be on the job for a short amount of time.⁹⁹ While this publication does not discuss the specifics of determining appropriate hiring goals, other resources, such as the Partnership for Working Families' **Construction Careers Handbook** contains useful and more specific information about how to define a targeted worker population.

3. Clear and strong system for successfully implementing equity programs and policies:

When it comes to construction jobs, a successful system includes several important pieces to ensure that all stakeholders understand and can successfully implement the targeted hiring program.¹⁰⁰

- ▶ **Hold a pre-employment conference:** The governmental entity should hold a pre-employment conference for all contractors that have bid on or want to bid on the project. The purpose of the conference is to ensure that contractors understand all the requirements of the targeted hiring program and have the resources they need to comply before the project begins.

- ▶ **Require contractors to use a craft request form to call-up workers:** Contractors should be required to use a craft request form to ask workers to be referred to them for the project. This form documents that contractors asked for targeted workers, and allows for hiring halls or other referral agencies to explain who they referred and why.
 - ▶ **Designate a jobs coordinator:** Successful targeted hiring programs use a designated jobs coordinator to ensure a high level of coordination between all involved parties. Typically a community-based organization that works with low-income people serves in this role. The jobs coordinator might be funded by the public agency or federal funds, depending on the project.
- 4. Robust oversight of equity programs and policies:** Robust oversight has several components:¹⁰¹
- ▶ **Frequent and accurate reporting:** Governments should require frequent, accurate reporting about hiring, typically in the form of certified payroll records, from contractors and actively monitor contractor compliance with requirements. The collected data also allows the government to assess how policies and programs are working. Data should be collected and analyzed early in the process to determine how contractors are complying with goals and what improvements need to be made before the project is too far along.¹⁰²
 - ▶ **Explicit consequences for non-compliance:** There should be explicit consequences for contractors that fail to meet targeted hire goals. Some jurisdictions have included liquidated damages provisions in contracts that require contractors to make payments based on the number of hours short they fall of the applicable targeted hiring requirements.
 - ▶ **Establishment of an oversight board or committee:** Some governmental entities, such as Seattle discussed above, have established oversight boards or other advisory bodies to be responsible for this type of oversight. These types of bodies can also create positions for other stakeholders, such as representatives from community groups, union hiring hall, apprenticeship program, and others to ensure that accountability measures are fair, public, and transparent. These boards or committees can also provide support and recommendations for contractors who are having difficulty meeting hiring goals.¹⁰³

Section 5: Applicability of Job Quality and Equity Policies to Public-Private Partnerships (P3s)

It is well-documented that private financing of public projects is more expensive than using public funding streams.¹⁰⁴ However, for a variety of reasons, some governments may explore the use of public-private partnerships to fund infrastructure projects. In many traditional P3s, a private consortium of companies design, build, finance, operate, and maintain a piece of public infrastructure. Under this model, the government loses direct control over many aspects of the project and resulting asset—sometimes for decades, as these contracts can last upwards of 99 years.

While the use of P3s is hotly debated, if governments are ultimately paying a higher cost of capital through private financing schemes, they should demand that the resulting projects provide community benefits, including providing quality jobs to disadvantaged communities. While a governmental entity entering into a P3 arrangement loses control over many aspects of the asset, incorporating job quality standards and equity policies is a critical way that the government can ensure that the infrastructure project benefits the community and the economic well-being of its residents. The project and resulting contract can be designed to incorporate these provisions early on. The structure of P3 arrangements

does not preclude these types of job quality and access policies and provisions, and in fact, these can be included in the same way that they are in traditional public works projects, as described above. In an environment where private parties assume control of much of the project, and the public is paying a higher cost of capital, it is essential that the governmental entity assert more control over the rules and policies regarding the resulting jobs. It is in this way that the government can leverage infrastructure projects as a way to create jobs and combat poverty and ensure that P3-structured projects bring real social and economic value to the community beyond the value of the asset itself.

As governments think about how they can leverage P3 projects to promote economic growth, equity provisions should be included in all considerations and steps of each particular project. There are several ways that targeted hire and other equity provisions can be incorporated into P3s.

1. P3 enabling legislation: Currently, 34 states and Puerto Rico have either broad or project-specific P3 enabling legislation.¹⁰⁵ While none of these state laws currently incorporate targeted hire or other equity requirements, several states do specify labor-related standards. For example, Maryland's law specifies that P3 projects must meet minority business enterprise targets and existing prevailing wage and living wage standards.¹⁰⁶ These provisions in the law set base-level job quality standards for any P3 project into which the state enters. In addition to job quality standards, such as wage requirements, P3 enabling legislation should also incorporate targeted hire and other equity standards. This approach would be the broadest approach and would ensure that these provisions apply to all P3 projects that a state enters into.

This idea is similar to the approach taken in the law passed by Seattle, profiled above, or laws that other jurisdictions, such as Milwaukee¹⁰⁷, Cleveland¹⁰⁸, Miami-Dade County¹⁰⁹, San Francisco¹¹⁰ and others have passed that apply targeted hire and other equity policies to all public works projects that meet certain criteria. Likewise, states such as California¹¹¹ and Minnesota¹¹² have state laws that apply certain equity policies to public works projects statewide. While outside the scope of this publication, it is also worth ensuring that equity laws currently applying to city and state public works projects will also apply to public works projects that are financed using a P3 model.

2. Request for Proposal (RFP): Governments must incorporate jobs quality and equity policies as requirements in the RFP. As the Maryland Purple Line project example below discusses, this is a way for the government to signal at the beginning stages of a project the government's commitment and goals related to the creation of good jobs for disadvantaged communities, before private entities submit a proposal or negotiations with a private entity begin. If the RFP contains requirements related to job quality and equitable hiring, it is most likely that the final contract will contain those provisions as well.

3. Contract: As with the RFP, a government must also incorporate job quality and equity provisions into a project contract with the selected concessionaire. It is worth noting that while not specifically addressing P3s, Indiana and Oregon have developed contract language that specify targeted hire and other equity policies and have directed this contract language be used in specific types of infrastructure project contracts.¹¹³

4. Community Workforce Agreements (CWA): Other types of agreements, such as a CWA, can also be negotiated between some combination of government, the selected private entity, and labor organizations with the input of community stakeholders to include job quality, targeted hiring, and

other equity provisions. A CWA is a PLA that includes a targeted hire provision and other equity standards designed to get low-income workers into construction careers.¹¹⁴ These agreements are between the project owner, the selected general contractor, and labor unions—either the government can negotiate the terms of the PLA and is a party to the agreement, such as the Seattle and Portland case studies above, or the government can direct the selected contractor or concessionaire to negotiate the terms of the PLA directly with labor unions.¹¹⁵ It is important to note that the inclusion of job quality standards within the agreement can ensure that any locally-funded or privately-financed public works project must adhere to prevailing wage standards.

In addition to including job quality and equity provisions, this type of agreement can also help ensure increased coordination of different contractors and unions working on a large project. It contains provisions for labor peace and dispute resolution. These types of agreements can set a framework for smoother project execution.

Research has shown that the use of PLAs generally does not increase overall construction costs,¹¹⁶ and can even generate savings in several ways.¹¹⁷ First PLAs ensure that qualified and skilled workers with good safety training are available throughout a project.¹¹⁸ This reduces long-term costs by ensuring that the project is built with a high degree of quality, which decreases costly repairs in the future.¹¹⁹ These agreements prevent work stoppages since they include provisions to address grievances and resolve problems that may arise.¹²⁰ They also coordinate workers' schedules, breaks, holidays, etc., so that work is being completed without any unexpected scheduling problems or delays.¹²¹ This high level of coordination and problem resolution can result in a smoother construction process without delays and fewer cost overruns. Additionally, projects that utilize a PLA often incur fewer change orders resulting in more predictable costs for the project. Without a PLA, contractors may initially submit lower bids, but costs can balloon in the construction process through change orders and time delays, driving up the final cost of the project.¹²²

As discussed above, public and community support is a vital component of an infrastructure project's success. This is especially true in projects utilizing a P3 model. As the Federal Highway Administration (FHWA) points out, one major risk in the development of P3s is lack of support and political commitment:

"To be successful, P3 projects must be supported by strong political will at all levels of government. This includes support from the legislative and executive branches as well as from the general public. A lack of political commitment is one of the critical risks during the project development phase."¹²³

While equity policies can have enormous impacts on the quality and accessibility of jobs related to the project, these policies can also ensure that the project has the community and political support needed to push it forward. The pro-P3 National Council on Public-Private Partnerships concurs that "Negative public opinion and political opposition are serious obstacles to all proposed P3 projects. Without public support and a political champion, projects can be stalled or abandoned in favor of traditional...methods of procurement." The inclusion of policies that truly benefit the local community and economy are a sensible first step in building support for a potential project.

Quality Jobs in Operations and Maintenance of Infrastructure – P3 Without Privatization

While the above mechanisms can certainly address the quality of jobs related to the operations and maintenance of infrastructure in a P3 arrangement, another way to ensure quality jobs is through the structure of the actual agreement. As discussed in Section 1, operations and maintenance jobs are typically decent jobs when they are public sector jobs. Unfortunately, pressures to keep costs low within a P3 contract can result in a reduction in job quality and reduced wages for workers performing maintenance and operations work. For example, when the Chicago Skyway was privatized using a P3 model, cost savings were largely derived from reduced labor costs. Previously, city workers who maintained the road were paid at least \$20 per hour. The private firm that replaced the city workers paid its workers between \$12 and \$15 per hour.¹²⁴

One way to keep good wages and benefits for maintenance and operations workers is to keep those jobs public. The public private partnership can be structured so that the private entity(ies) design, build, and finance the infrastructure, but the governmental entity operates and maintains the infrastructure at once or shortly after it is built. This arrangement, which can be thought of as a P3 without privatization, can be useful for cities and states that simply can't finance the infrastructure on their own and must rely on more expensive private financing. It allow them to keep the public control of the infrastructure's operations and maintenance, which has a multitude of benefits even beyond ensuring that operations and maintenance jobs remain high quality and family-supporting.

Equity Policies in Current P3 Projects

Governments engaging in public-private partnerships are already starting to consider how to leverage these arrangements to increase economic development and opportunity in affected communities. For example, the proposed Maryland Purple Line project consists of a 16-mile light rail line extending from Bethesda in Montgomery County to New Carrollton in Prince George's County.¹²⁵ The state intends for the project to be delivered using a P3 model, where a single private entity (concessionaire) will be responsible for designing, constructing, operating, and maintaining the project. The concessionaire will also finance a portion of the construction costs.¹²⁶

The state has stated that economic development is a core goal of this project: "*We recognize the importance and the benefits of connecting communities to employment and training opportunities and this program is a crucial element in the success of this project.*"¹²⁷ To that end, Maryland has included targeted hiring provisions in its RFP documents which contain the following requirements:¹²⁸

- ▶ No less than 33% of all construction work hours are performed by nationally targeted workers (social and/or economic disadvantage);
- ▶ No less than 10% of the construction work hours are performed by nationally targeted workers of social disadvantage;
- ▶ No more than 50% of the aggregate construction work hours performed pursuant to may be worked by helpers or other unskilled laborer position as defined in the Davis-Bacon Act

The RFP defines "nationally targeted workers of economic disadvantage" as an individual living in a zip code where one or more census tracts which (a) has at least 40% of all persons earning less than 80% of the area median income or (b) has an unemployment rate that is at least 1% higher than the national

local average. The RFP defines nationally targeted workers of social disadvantage as a person (a) without a GED or high school diploma, (b) receiving public financial assistance, (c) who is an ex-offender, (d) who is homeless, (e) is an early-stage registered apprentice, or (f) a former foster care youth.¹²⁹

While this project is in its beginning stages—as of the writing of this report, Maryland’s Transit Administration has not officially awarded the RFP—the state has embedded its targeted hire provisions in its bid documents to appropriately signal to potential concessionaires its commitment and goal of using the project to spur economic growth and development for those who need it most in the community.

Conclusion

Public investment in infrastructure presents an enormous opportunity to tackle multiple issues facing our nation. The need to repair crumbling roads, bridges, water plants, transit systems, and other important public assets is dire, and proper investment can result in hundreds of thousands of jobs. The inclusion of job quality standards and equitable hiring policies in infrastructure projects can ensure that those job opportunities do not bypass the communities most often left out of our economy. Instead these projects can help lift up disadvantaged groups, such as those from low-income neighborhoods, people of color, women, people with criminal records, veterans, at risk-youth, or public assistance recipients, out of poverty and into the middle class.

As the case studies and discussion in this report show, thoughtful design of infrastructure projects with the inclusion of job quality and equity policies not only builds much needed public work projects that we all critically rely on, but can also builds middle class pathways for those living in the shadows of poverty. Regardless of how a public infrastructure project is funded, policymakers and stakeholders must advocate for wise use of that funding, ensuring maximum economic and social benefit. Building America must also mean building our middle class.

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