

10 West Walnut Annual Local Hire Report



AUGUST 2018 - AUGUST 2019

NOVEMBER 25, 2019

Steven Mermell

City Manager City of Pasadena 100 North Garfield Avenue Pasadena, CA 91101

Dear Mr. Mermell:

Over the past year, the 10 West Walnut development team has engaged with the local community to create meaningful, long lasting economic opportunities for residents of Pasadena as well as local subcontractors and materials suppliers.

We are submitting this annual report to share with the City of Pasadena the extensive local hire, subcontractor and supplier outreach efforts our team has engaged in. As an important development project in Pasadena, we appreciate the importance of engaging as many local residents and small businesses to participate in the creation of what is sure to be an important community asset for decades to come. We have worked throughout the city, meeting with residents, businesses, civic leaders, non-profit organizations and more to connect residents and local businesses to opportunities to participate in the development of 10 West Walnut.

Our 10 West Walnut team, which includes developers Lincoln Property Company and AMLI Residential, as well as Morley Builders/Benchmark Construction and Construction Services Group, Inc., is continuing with extensive outreach to create as many local opportunities as possible.

The following report outlines these efforts over the past year, starting with our initial outreach and bid phase, through August 31 of 2019.

Sincerely,

Robert Kane EXECUTIVE VICE PRESIDENT, LINCOLN PROPERTY COMPANY

Overview

In 2015, the City of Pasadena approved the 10 West Walnut project immediately adjacent to Old Pasadena. The development area encompasses much of the surface parking area bordered by Fair Oaks Avenue to the east, Holly Street to the South, North Pasadena Avenue to the West and Walnut Street to the North.

The project is implementing a local hire initiative that gives priority hiring consideration to local workers and businesses, with a goal of directing 20 percent of building construction-related jobs and contracting opportunities to Pasadena residents and Pasadena-based businesses. We are also exploring opportunities for mentoring and apprenticeships, so that the project will serve as a springboard for future employment and contracting opportunities.

The project is working in good faith to engage local businesses to obtain 15 percent of the building materials, provided these materials are readily available and comparably priced to the same materials available elsewhere.

The project is also promoting and advertising the local hire program, participating in job fairs in Pasadena, placing notices in local and online media, and posting information on a dedicated website to encourage potential participants to apply directly and track their applications.

It is important to note that current market conditions have created many jobs in the construction industry, while at the same time the unemployment rate is low nationally, state-wide and locally. This has created a shortage of qualified workers available for hire on construction projects. More detail about the market conditions may be found on page 19 of this report.

The following report details the efforts made by the 10 West Walnut team to implement the local hire initiative.

Procurement Process

Outreach

The local hire program was established to give priority consideration to local workers, local businesses, and local subcontractors. Subcontractors that employ local workers are prioritized over others.

The outreach effort is designed to achieve three core objectives:

- Connect Pasadena residents with work opportunities at 10 West Walnut, and with subcontractors working at 10 West Walnut who may have other work opportunities beyond Pasadena;
- Identify and contact local businesses to serve as subcontractors involved in the development of the project;
- Identify and contact local companies who have the potential to be a materials supplier to the project.

Over the past year, our team has signed-up and connected with 450 Pasadena residents. Of the workers in our database roughly 10 percent of them have found employment with 10 West Walnut. These residents were recruited via outreach events, marketing efforts, website sign-ups, partnerships with local non-profit organizations, and a review of databases from prior Pasadena construction projects. Our team has contacted everyone in the database to share information about how to register for the project and ensure they are aware of job opportunities and materials needed.

The project team has also personally reached out to over 100 local businesses.

Details of the procurement process for suppliers and subcontractors follow.

Identifying Local Subcontractors and Suppliers

The team set up on an online prequalification form for interested subcontractors to register for work on the project. We have also held multiple outreach meetings specifically for local subcontractors and businesses to increase awareness and distribute information. We obtained the City of Pasadena's local subcontractor and supplier list, adding all applicable subcontractors to our roster. Finally, we researched all the state's contractor's licenses registered in Pasadena and added those businesses to our database.

Bid Phase

We begin each bid phase by contacting all relevant subcontractors in our database. We send the subcontractors project documents along with the scope sheet that lists in detail all project requirements and specific trade scope.

We also offer local subcontractors briefings to explain project specifics before they bid. We follow up with subcontractors if they don't respond and offer extensions when requested.

Contract Selection

Once all bids are received, the team reviews the scope sheets and proposals to ensure they are complete. Once the team identifies the most qualified bidders, we set up onsite meetings to review the project and scope in person at our offices that are located onsite.

Subcontractors must meet certain requirements to ensure the safety and quality of the project in order for their bid to be considered. For example, subcontractors must meet minimum insurance requirements, not have any open or pending state or federal fines, litigations, or violations, and must have an active/current California Contractor's license to allow them to perform work in the specific trade/division that they are bidding on.

The meetings are attended by the core 10 West Walnut team, including members of Morley Construction/ Benchmark. In each meeting, we emphasize local hire targets to promote awareness and communicate the importance of the local hire goal. We also share success stories and offer resources to help subcontractors and suppliers work towards these goals.

Hiring Workers

Processing Registrations

Once a worker has registered in the 10 West Walnut database, their submission is reviewed to ensure the application is complete and vetted to confirm each applicant qualifies as a Pasadena resident.

Employment Opportunities with Subcontractors

When an employment opportunity is identified by a subcontractor, workers are contacted to see if they are available and interested in being interviewed for the position. If hired, they are then placed in our 'Hired Workers' database, and we maintain contact with the worker in case they require any additional assistance. We also stay in touch with the subcontractor for the same reasons (i.e. need for more workers or require assistance with the workers).

For workers not selected for employment, they cycle back into the database of available workers. They continue to receive updates about potential jobs, and/or outreach events (informational meetings, job fairs, etc.).

Procurement Results

Subcontractors

- The 10 West Walnut project has hired 53 subcontractors to date.
- Of the trades utilized thus far on the project, only 11 had any sort of presence in Pasadena. This means that there have been 11 potential opportunities for the 10 West Walnut team to employ local subcontractors on the project.

Local Trades with Potential to Bid

- Water Feature
- Masonry
- Mic Metals
- Insulation
- Residential drywall
- Pools
- Plumbing
- Fire Protection
- HVAC
- Electrical
- Survey

Local Trades that Bid

- HVAC
- Water features
- Pools
- Survey

Local Subcontractors Hired

- Water Feature Survey
- Local Hire Outreach
- Dirt Hauling and Street Sweeping
- Graphic Design

Cumulative Totals to Date (THROUGH AUGUST)

These numbers reflect data through August 2019:

- Local wages as percentage of total wages: 2.84%
 - \$184,032 in wages
- Local subcontractor cost as percentage of total subcontractor cost: 3.38%
 - \$853,819 paid to local subcontractors
- Local supplier spent as percentage of total supplier spend: 2.56%
 - \$258,535 paid to local suppliers
- Percentage of available workers in local hire database that have been hired: 10%

Pacific Custom Pools

Pacific Custom Pools creates custom residential and commercial aquatic projects. Local to Pasadena, Pacific is in charge of 10 West Walnut's signature water feature.

"We are a local business in Pasadena and it is very exciting to be part of such a landmark project in our City. We are thrilled to be on the team to deliver the project's signature water feature, and we're grateful to the project team for prioritizing hiring local."

- Jim Barger, Pacific Custom Pools

Suppliers

The scope of work and sheer scale of the 10 West Walnut project has been a barrier to entry for local suppliers. The project team has worked diligently to identify creative solutions in order to accommodate local suppliers and subcontractors. Some examples of this effort are outlined here.

- Lumber: There is only one lumber supplier in the applicable Pasadena zip codes. The need was for rough lumber and the company's specialization is in high-end lumber, but we did not initially let that disqualify them from bidding. Because of their specialization we thought they may be a potential supplier for the lumber needed for the project's temporary formwork. We discussed the quantity needed for the formwork and given their current capacity we would have purchased their entire stock three times a day for five months. Clearly, that isn't feasible. In addition to this quantity barrier we also would have needed to drive the lumber to Covina where the walls are assembled and then have it driven back to the worksite. 10 West Walnut is an environmentally conscious project incorporating LEED goals, this commute would have released substantially more GHG emissions than we otherwise would have. Even with these barriers we still asked for an estimate which came out 20 percent higher in cost than the supplier we ultimately employed. We believe there are still opportunities in the future to engage with this local supplier when the project components are reduced in scope. We hope to employ them for work on the project's exterior siding along with other smaller jobs moving forward.
- **Concrete:** There are two local suppliers in Pasadena for concrete. One company's focus is specialty concrete (meaning that all components are mixed on a single truck). They own 2-3 trucks that do this work. Each truck lays 9-10 yards of concrete. The 10 West Walnut project had a need to lay 2-3 deck pours per week, the equivalent of 500-900 yards. The project requires 40-50 trucks do this work which is why we were unable to engage with one of the suppliers. The other supplier quoted us a significantly higher price than other suppliers in contention. As with the lumber, we are keeping these suppliers in mind for when the project needs smaller pours in more specialized areas.
- Drywall: There is a local supplier for drywall. We pursued a bid from the company but learned the largest project they have ever done is for 70 units and our need is for over 400 units. Even with this scale issue, we looked into breaking the project up into component parts, employing the local company to do part of the project. We reached out with this proposal and eventually they declined to bid for the work.

We believe that the issue of scale for the initial construction will prove less significant as the project progresses and can be broken down into more reasonable component parts. For example, work on landscaping and irrigation, and smaller jobs requiring lumber and concrete are services we will need moving forward that will be easier for smaller local companies to provide. Whenever possible, the 10 West Walnut team purchases materials locally. These purchases are necessary to operate the project successfully. Local purchases include the following:

- Construction/hardware supplies: Based in Pasadena, the project's local construction/ hardware supplier provides a variety of general hardware needs for the job site. From nails to tools, they are constantly a part of the day-today operations of 10 West Walnut.
- Office supplies: The main supplier for all office and administrative supplies on 10 West Walnut is headquartered in Pasadena.
- Signage: From day one we have worked with a local branch of a company to create and print all directional signage for the site.
- Car washing: We purchase vouchers for neighbors effected by the dust from the job site for car wash services at the local car wash.
- Food services: We purchased food services from local restaurants.

We also have used our outreach efforts to uplift local businesses, even if their services are outside the scope of 10 West Walnut.

We connected with a local startup, Aeromana, a company that specializes in tethered drones, a feature that allows the drones to stay airborne 24/7 and take aerial footage of a job site along with thermal imaging data. We introduced Aeromana to our subcontractors and there has been serious interest in Aeromana's services, particularly from one of our subcontractors, who is set to hire Aeromana on several projects in the greater L.A. area.

Local Consultants

The 10 West Walnut team is proud to engage additional consultants local to Pasadena to assist with various activities to keep the project running smoothly. To date, the team has spent nearly \$500,000 working with firms local to Pasadena or larger firms with local Pasadena offices. Given the size of the project, the scale of the work and sheer quantity of materials needed in the early stages of construction made bidding for work prohibitive for some Pasadena-based companies. Much of the early construction was to the entirely of the site area (such as grading, soil excavation, and cement pouring). Specific examples of why Pasadena-based companies were unable to participate in the early stages of the construction work follow. "No large subcontractors" refers to subcontractors that lacked one or more of the following traits: sufficient manpower, sufficient equipment, sufficient material buying power, or sufficient bonding capacity to meet the needs of the project.

- Abatement: No hazardous abatement commercial subcontractors in Pasadena.
- Demolition: No large demolition subcontractors in Pasadena.
- **Shoring:** No large shorting subcontractors in Pasadena.
- **Earthwork:** No large excavation subcontractors or truckers based in Pasadena.
- Asphalt Paving: No large asphalt subcontractors or asphalt plants in Pasadena.
- Striping & Bumpers: No bumper/striping subcontractors in Pasadena.
- Site & off-site utilities: No large site utility subcontractors in Pasadena.
- **Concrete:** No structural concrete subcontractors in Pasadena.
- Reinforcing Steel: No reinforcing steel subcontractors or steel mills in Pasadena.

- Shotcrete: No structural shotcrete subcontractors in Pasadena.
- Masonry: No large masonry subcontractors in Pasadena.
- Structural & miscellaneous Steel: No large steel or ornamental iron subcontractors in Pasadena.
- Rough carpentry: No multifamily wood framing subcontractors in Pasadena.
- Roofing: No large, commercial roofing subcontractors in Pasadena.
- Waterproofing: No large commercial waterproofing subcontractors in Pasadena.
- Sheet metal: No large sheet metal subcontractors in Pasadena.
- Doors, frames, hardware: No large door/ hardware subcontractors in Pasadena.
- Coiling doors: No coiling door subcontractors in Pasadena.
- Glass & Glazing: No large glazing subcontractors in Pasadena.
- Elevator: No elevator manufacturers/ subcontractors in Pasadena
- Trash chutes: No trash chute manufacturers/ subcontractors in Pasadena.
- Plumbing: No large plumbing subcontractors in Pasadena
- Electrical: No large electrical subcontractors in Pasadena.
- Street lights: No large street light subcontractors in Pasadena.

Local Workers

43 local workers have been hired by nine of the project's subcontractors.

Born and raised in Pasadena, **Edgar Tirado** is one of several local workers hired on the project. Edgar was hired by the project's general engineering contractor. Edgar has been a union member for more than a decade and working on 10 West Walnut has allowed him the opportunity to continue to work in engineering. Edgar was referred to the project team by the Flintridge Center and has worked on the project since construction began.

"I am grateful to the 10 West Walnut team for finding me a great job. I've lived here my whole life and it's cool to have a part in something so big. I tell all my friends to register so they can find a job just like I did."

Paul Scott, a local Pasadena resident, was hired on the project in June of 2019. Paul works for the project's electrical contractor. Paul initially heard about the program through a community referral.

"My experience working on the 10 West Walnut project has been wonderful. I was trained by the electrical contractor in June and have worked onsite ever since. I love coming to work and being part of the 10 West Walnut team."

Flintridge Center Partnership

The Flintridge Center is a community partner on the 10 West Walnut project and was brought on to assist in efforts to recruit local participation on the project. Based in Pasadena, the Flintridge Center is a nonprofit whose mission is to break the cycle of poverty and violence through community planning, innovation, and action. The center has an apprenticeship preparation program designed to assist previously incarcerated and gang affiliated community members in careers in the construction trades by providing them with information, experience, and skills necessary to be successful. With the assistance of the Flintridge Center, several local workers have been hired by 10 West Walnut subcontractors.

Workers Hired Offsite

18 Local Workers Hired Offsite

Given the scale of the project and the initial specialization required for much of the work, the 10 West Walnut team has been working to connect the local community to other job opportunities and projects that fit their qualifications.

Local Subcontractor Hired Pasadena Residents on Jobs Throughout L.A. Area

Our subcontractor team has worked hard to connect local Pasadena residents to jobs offsite. The project's fire protection subcontractor hired 7 local workers and placed them on jobs throughout L.A. The company has plans to hire 10 more Pasadena workers. The project team is grateful for the commitment of our subcontractors to ensure that this project is a springboard for Pasadena residents to receive economic opportunities throughout the L.A. area.

Outreach Activities

Community Meetings and Events



Town Hall

On March 6, 2019, the 10 West Walnut team made a presentation at a town hall meeting hosted by the City. The event was attended by approximately 60 constituents. Catharine Rajan, who leads the local hire outreach program, presented about the local hire opportunity on behalf of the project team and shared information on the project's history and how to apply to local hire opportunities.

Local Workers Meetings

The team convened local workers for meetings in which project representatives made an informational presentation highlighting employment opportunities and the processes for getting involved. These events took place in May, July, August, and September, and were attended by a total of approximately 80 local workers.

Subcontractor's Meetings

The 10 West Walnut team convenes monthly meetings for subcontractors to distribute information about the local hire program and communicate the importance of partnerships. Meetings were held in March, May, August, September and October.

Lincoln Property Company and Morley Builders also held similar meetings for local subcontractors and businesses in July, August, and October.

Job Fairs

The project team has held several job fairs to offer information regarding opportunities to work at 10 West Walnut. Representatives from the construction team and the ownership team made an informal presentation, shared informational materials and spoke with individuals about how to apply for opportunities. The team invited local subcontractors and businesses to attend the job fairs.

The project team has held two job fairs – one onsite and one offsite. On September 14 the Construction Services Group (CSG) hosted a local hire job fair at the Robinson Park Recreation Center. Local workers, businesses, and contractors chatted with representatives from 10 West Walnut subcontractors and signed up for future work opportunities. The family-oriented event featured a face painting booth, DJ, and reduced-price food trucks.

The team also co-sponsored two job fairs for 10 West Walnut with the Foothill Workforce Development Board on May 30 and June 11.





Roundtable Employment Meeting

In April, the project team convened a roundtable meeting with community leaders and stakeholders to share information on the 10 West Walnut local hire program, identify opportunities to work with community organizations, and leverage ways to maximize employment and mentorship opportunities. The roundtable included representatives from the Flintridge Center, the Foothill Workforce Development Center, Mentoring & Partnership for Youth Development, the Pasadena school district's Engineering & Environmental Science program, Lincoln Property Company, and Morley Construction/Benchmark.

Governor's Symposium

On July 24, the project team attended a Governor's Symposium at Foothill Workforce Development focused on the Prison to Work initiative. The team discussed employment at 10 West Walnut and employment processes.

Mentorship Meeting

The project team presented at the Flintridge Center's Apprenticeship program. Construction Services Group and Morley Builders presented and shared about local hire goals for the project. Later that day, the project team attended the graduation ceremony at the Flintridge Center. The project team is proud that several graduates of the Flintridge Center are currently at work on 10 West Walnut.

Advertising Program

The team launched a significant advertising program to promote local hire, subcontractor and supplier opportunities in three local publications – *Pasadena Star News, Pasadena Journal*, and *Pasadena Now*. The print and online advertisements, which are continuing, link interested residents and businesses to the project website, where people have the ability to register for opportunities.

The 10 West Walnut team engaged a Pasadena resident to lead the graphic design of all advertisements placed in local Pasadena newspapers.

Through the end of October, we have run a total of two half page print advertisements in two

different publications and three different digital advertisements online on two different news sites along with an ad in Pasadena Now's daily email newsletter.

Our digital advertisements in the *Pasadena Star News* have generated over 830,000 impressions thus far and our print ads went out twice weekly to a circulation of approximately 84,926 readers.

Our ads in *Pasadena Now* have generated over a million impressions and are displayed on 3 of the most popular pages on the site.

Our half page print ads in the *Pasadena Journal* run in their twice monthly newspaper and is read widely throughout Pasadena and the San Gabriel Valley.







Direct Mail

Nearly 3,700 direct mail pieces were sent to the project team's database of local workers, local subcontractors, as well as local businesses and suppliers. The database consisted of Pasadena subcontractors from previous projects, a list of businesses provided by the City of Pasadena, and a list of local workers from previous projects. Direct mail pieces were mailed on May 28, June 28, and July 27.





Public Service Announcement

The project team partnered with Pasadena Regal Theaters to produce a 30-second public service announcement shown on six screens five times per day. The spot ran a total of 1,050 times and was projected to reach 75,000 people over five weeks.



Website

As part of our ongoing efforts to increase participation, the project team revamped the outreach website with a modern, easy-to-use style to collect online registrations and communicate important information to both current and prospective workers, suppliers and subcontractors, along with interested members of the community. The website includes basic information about the project such as project specs, location, and renderings, as well as details about upcoming events, meetings, and informational sessions.

Since revamping the website, and with online advertisements, traffic and registrations have increased.

Roughly 55 percent of website visitors found the website via our online advertisements.

Sign-ups

Subcontractors, businesses and workers have the ability to register on the newly launched 10 West Walnut website. To date, the team has received the following sign-ups through the website:

- 52 construction workers
- 24 office admin workers
- 15 businesses/suppliers
- 4 subcontractors

Market Landscape

The construction industry in the United States is experiencing a boom, and at the same time many Americans are less and less interested in pursuing a career in the field. These factors have resulted in worker shortages throughout the United States. According to the Associated General Contractors of America (AGC) and Autodesk, 80 percent of construction firms across the country say they are having a hard time filling hourly and craft positions that make up most jobs in the field.¹

The U.S. Bureau of Labor Statistics predicts that by 2026 the industry will be 747,000 workers short.¹

In addition, the United States is at a 3.6 percent unemployment rate. The construction employment rate specifically is 4.7 percent which makes hiring difficult across the nation.²

The unemployment rate in L.A. County is about 4.5 percent. It is lower in the Pasadena area, at about 3.8 percent. Only 5 percent of employed Pasadena residents work in the construction industry. Other industries whose workforce has the potential to join the 10 West Walnut team, such as administration and security, make up only about 13 percent of the local workforce, including construction. Therefore, the pool of eligible workers in the Pasadena area is limited, especially given a tight local labor market. These trends have created challenges for achieving local hire exclusively within the boundaries of Pasadena. Despite these factors we have been able to find jobs for approximately 10 percent of the worker registrants for the local hire program and have made extensive efforts to ensure Pasadena residents and businesses are involved in the construction of the project.

"We are experiencing an unprecedented shortage of qualified workers throughout all of our projects. In my 31 years in this industry, we have never seen so much demand for workers and had such difficulty hiring for jobs."

- Tod Howard, Vice President, Morley Builders

¹ Lea, Brittany De. "As Construction Worker Shortage Worsens, Industry Asks Government for Help." Fox Business, Fox Business, 27 Aug. 2019, www.foxbusiness.com/economy/construction-worker-shortage-worsening.

² "Construction unemployment decreased 2.2% year over year to 4.7%" Construction Dive, 6 May 2019, https://www.constructiondive.com/ news/construction-industry-unemployment-at-record-low/554144/

A Special Thank You

The project team would like to extend our heartfelt thanks to the City of Pasadena for being a fantastic partner on our local hire efforts, and to the residents and businesses that have reached out to join our team. It is our sincere hope the construction of 10 West Walnut will have a lasting positive effect on the community.