

# Agenda Report

August 8, 2011

**TO:** Honorable Mayor and City Council

**THROUGH:** Economic Development & Technology Committee (August 8, 2011)

**FROM:** Director of Finance

**SUBJECT: OWNER'S REPRESENTATIVE REVIEW OF LOCAL HIRE EFFORTS FOR ROSE BOWL RENOVATION PROJECT**

**RECOMMENDATION:**

This report is for information only.

**BACKGROUND:**

The attached report from Parsons, acting as Owner's Representative on the Rose Bowl Renovation Project, provides a review of the local hiring efforts and the results to date for the project, as well as observations and recommendations for methods to further improve local hiring going forward. The focus of the attached report is on the Rose Bowl Renovation Project not the overall City local hire program which was approved by Council in June 2010.

The following is a synopsis of the actions leading up to the current local hiring program utilized for the Rose Bowl Renovation Project.

In October 2004, the City Council adopted the First Source Local Hiring Ordinance (First Source). First Source was established in response to community concerns that area residents were not participating in private developments occurring within the City. The purpose of First Source is to increase employment opportunities for qualified residents by requiring private construction projects, which receive City financial assistance, to employ residents during the construction phase of the project. Based upon opinion from the City Attorney's office, First Source never intended to apply to public construction projects. The results of First Source, prior to the Rose Bowl Renovation Project, totaled 99 local hires and \$909,955 in payroll. These results relate only to those projects subject to First Source. Since First Source was limited to private

projects receiving financial assistance from the City, other processes were developed to encourage local hiring on major public construction projects such as the renovation of City Hall and the construction of the Conference Center. These efforts resulted in 71 local hires on the City Hall project and 82 local hires on the Conference Center project.

As a part of their January 2010 strategic retreat, Council directed staff to develop a comprehensive, local economy stimulus program that incorporated and enhanced First Source and other previous public project efforts, in addition to encouraging local procurement of City purchased goods and services. In June 2010, the City Council approved the Pasadena First Buy Local (PFBL) program which was developed to meet Council direction to improve hiring and business opportunities for residents and businesses of Pasadena. The establishment of targets and the inclusion of both public and private projects are key objectives of the PFBL program. The PFBL program was developed with input from internal and external working groups consisting of representatives from the Chamber of Commerce, the business community, and City departments. Included in the program were specifically-designed outreach methods to work within the City's purchasing processes to promote local vendors and contractors for procurement and contracting and the hiring of Pasadena residents.

In February 2011, the Rose Bowl Operating Company (RBOC) approved the Local Participation Plan (LPP), developed by PFBL, as the local hiring program for the Rose Bowl Renovation Project. The LPP was based on the PFBL program approved by City Council in June 2010 and was designed to facilitate outreach for local businesses seeking contracting and procurement opportunities and local residents seeking construction job opportunities. The local hiring goal was established at 75 to 100 jobs.

To further assist in maximizing the results of local hiring for the Rose Bowl Renovation Project, the Rose Bowl general manager established an advisory group consisting of various community members to provide recommendations on ways to improve local hiring.

Although the LPP was in effect for a short time and the basic objectives of the LPP were on course to be achieved, it was believed that more could be done to improve local hiring and local business participation results on the Rose Bowl Renovation Project. Staff continued to review a number of options including those presented at the May 23, 2011, Economic Development and Technology Committee meeting.

To date, local hiring efforts have been based on "best efforts" and not mandatory hiring requirements. Additional legal analysis and review of bid language and ordinances from other jurisdictions reinforce the substantial legal hurdles and requirements which would have to be satisfied to establish mandatory hiring

requirements. The analysis has also indicated how a strong, mandated outreach effort can have significant results. Consequently, through the efforts of City and RBOC staff, the project manager, the owner's representative, and the advisory committee established by the Rose Bowl general manager, legally permissible modifications to the LPP were developed. These modifications were presented and approved by the RBOC board in June 2011.

Working within the public contracting requirements, the following modifications will be in place for all future Rose Bowl Renovation Project bids to help improve the overall effectiveness of the LPP.

1. Establishment of a local hiring goal of 15% of total on-site construction craft certified payroll instead of just for new and replacement hires. The total remaining on-site construction craft certified payroll is estimated to be \$10 to \$15 million; thus achieving the local hiring goal would result in approximately \$1.5 to \$2.25 million of the on-site construction craft wages to be paid to Pasadena residents.
2. Require a written plan (narrative) from each prime contractor on how they will achieve 15% local hiring goal.
3. Inclusion of a Local Participation Plan agreement for each prime contractor to execute as a condition to contract award, which would be attached as an exhibit to the construction contract with the RBOC.
4. Modification of all boiler plate forms necessary to support and strengthen local hiring efforts (e.g. require submission of workforce utilization forms from subcontracts in addition to those currently required of contractors).
5. Prior to bid release, review of the scope of work by City staff to identify local hiring opportunities.
6. Prior to bid release, review any and all allowances (amounts in bid that owner has option to allow contractor to complete or some other agency to complete) by City staff to identify local hiring and local subcontracting opportunities.
7. Stronger utilization of pre-apprenticeship programs to identify Pasadena residents for apprenticeship opportunities.
8. Seek additional local hiring opportunities from existing Rose Bowl vendors.
9. Where feasible, unbundle project elements to increase participation of small contractors and local hiring opportunities.

10. Complete a Closeout Report to evaluate the contractor's performance relative to their Local Participation Plan agreement.
11. Establishment of a Construction Cleanup Program for Rose Bowl major events using local residents.

The attached report from Parsons, the Owners Representative, provides additional detail regarding these modifications.

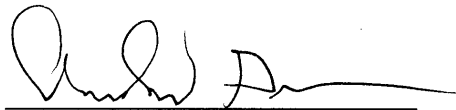
**COUNCIL POLICY CONSIDERATION:**

The City Council's strategic planning goal to support and promote the quality of life and the local economy will be advanced through this action.

**FISCAL IMPACT:**

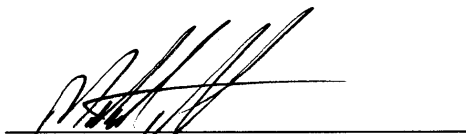
There is no fiscal impact as a result of this action and it will not have any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



ANDREW GREEN  
Director of Finance

Approved by:



MICHAEL J. BECK  
City Manager

Attachments: (1)

Attachment A – Rose Bowl Stadium Renovation & Improvement Project – Local Hiring Report

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# Rose Bowl Stadium RENOVATION & IMPROVEMENT PROJECT

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*August 4, 2011*

## **LOCAL HIRING REPORT**

**PARSONS**



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## OVERVIEW

When Parsons and Clarence J. Broussard & Associates, Inc. (The Parsons Team) arrived on the project following the 2011 Rose Bowl Game and began working on local hiring we were working toward the goal of 15% new and replacement hires (equivalent to 75 to 100 jobs ) for Pasadena residents. This was thought to be a reasonable goal based on past experience on similar size Pasadena public works projects.

To date there has been 23 Pasadena residents who have worked on the Rose Bowl Renovation & Improvement Project in craft positions and 21 Pasadena residents who have worked on the project in professional / consulting positions. In total 44 Pasadena residents have worked on the project which is 17% complete at this time (based upon expenditures). At this pace the Rose Bowl Project is on schedule to achieve the goal of 75 to 100 jobs.

However, the "jobs" average 8 to 16 work hours per week. This is typical for prevailing wage projects because more than 95% of the skilled workers on the project are being dispatched from local unions.

For the on-site workers this means they are called out week-to-week for limited periods of time. These skilled workers arrive, perform their specific task, and then return to the union hall. Because of this, the policy was revisited to establish a better metric. As a result the goal of 15% of certified payroll was set.

In support of local hiring, we have worked with the project team to revise the bid specifications, refined our local outreach approaches, and refocused the current prime contractors on this objective. To reach the goal of 15% certified payroll being paid to Pasadena residents we are working closely with both prime contractors and subcontractors. We are monitoring their performance regularly and routinely following up with them as we reach out to local unions for support putting Pasadena residents to work on this project.



## HISTORY

Parsons and Clarence J. Broussard & Associates, Inc. (CBA) received a conditional notice to proceed with Owner's Representative activities on December 22, 2010. Parsons and CBA mobilized on the project following the 2011 Rose Bowl Game on January 3, 2011.

The Owner's Representative scope of work relating to local hiring is:

*Coordinate with Project Manager and Outreach Coordinator in the oversight, documentation, and reporting of the Local Hiring and Subcontracting Program and goals.*

At the time of mobilization, award of contracts to RB-01 through RB-06 had already taken place. RB-07 is a placeholder and a contract is not planned to be issued. Award of contract RB-08 to Shoring Engineers was authorized by the RBOC on February 3, 2011.

The Pasadena Finance Department was selected by the Rose Bowl Operating Company (RBOC) on February 17, 2011 to be the Local Outreach Coordinator. Prior to this selection, the Finance Department provided guidance on bid specification language related to local participation to the project team. Following selection of PFBL as the Local Outreach Coordinator, the team immediately began coordinating to maximize local hiring for the Rose Bowl project.

Parsons and PFBL attended the Pre-Bid Job Walk for RB-09 and RB-10 on March 2, 2011. Following the Pre-Bid Job Walk, Parsons recommended that Local Participation (local subcontracting and local hiring) review at the Post-Bid Interviews be led by PFBL with Parsons' support. On March 31, 2011 PFBL and Parsons attended Post-Bid Interviews with the two low bidders for RB-10. This contract was chosen since its contract value (\$8,456,800) has potential for local hiring. The Post-Bid Interview for contract RB-09 was not attended by Parsons or PFBL because it has a smaller contract value (\$513,700), is limited to electric trades and would not provide opportunities for local hiring.





The Post-Bid Interview is one of the best opportunities to get in front of a prime contractor and is vital to establishing a working relationship that is essential to local hiring. RB-10's Post-Bid Interview was very productive. PFBL's Mr. Antonio Watson explained the local hiring initiative and communicated the importance of this policy to the prime contractor. The RB-10 prime contractor was receptive and supportive, committing to work with their subcontractors to stress the importance of local hiring.



## LOCAL PARTICIPATION POLICY

The policy under which RB-01 through RB-10 were bid and awarded states in part:

*The Local Workforce and Utilization & Hiring Program is patterned on the successful programs adopted on other significant city projects. Consequently, although the established policy of the City is the 15% goal set by the Pasadena First Source Program as a starting point, the RBOC intends to maximize the hiring of local residents and opportunity for local subcontracting as was the case with both City Hall and the Convention Center, in adopting the general methodology and process of those programs.*

*Expand and promote the Pasadena First Buy Local (PFBL) Mission: [To] promote the local economy by identifying purchasing, contracting and hiring opportunities; encourage local business enterprises to make bids and proposal for city contracts, and promote local hiring of Pasadena residents.*

Under this policy the bid specifications required the prime contractors to submit a Workforce Utilization Form (AA-2) which indicated the estimated number of existing staff and the estimated number of new hires for job classifications to be used by the prime contractor for the work. As a result, only the prime contractors completed this form and little or no information was available about their listed subcontractors.

Additionally, only quantities were required to be provided with no indication of who the prime contractor planned to use to perform the work of their identified job titles / classifications. Since Workforce Utilization Forms (AA-2) were not required of subcontractors under this policy, this resulted in very small quantities of jobs (1 to 6) being reported by each prime contractor.



## BID SPECIFICATION CHANGES (PART I)

Following the RB-10 Post-Bid Interviews, Parsons in collaboration with PFBL made recommendations for bid specification changes to improve the foundation for the hiring of Pasadena residents. These changes include the following:

### ***Use Local Residents for Allowance Work***

*Contractor shall confirm its willingness to use Local Residents to perform the Work covered by Allowances. If Bidder does not indicate a willingness to use Local Residents to perform Allowance Work, Owner, in its discretion, may remove such Work from the Contract and reduce the Contract Sum.*

By definition, Allowance Work is somewhat discretionary. It is work that is required, but can only be performed following specific direction from the Owner. Using this inherent discretion to focus on local hiring, directs this work to Pasadena residents and also reinforces the focus on local hiring.

### ***Post Bid Interview / Local***

*The apparent low, second low and third low Bidders for each Bid Package may be asked to attend a Post Bid Interview. Such Bidders will be required to provide details regarding Local Business participation levels and good faith efforts as well as Project Workforce Utilization (Modified Form AA-2) forms for their listed Subcontractors. At this time, Bidders will confirm the extent to which the Bidder and each of their listed Subcontractors will use Local Residents to perform the Work.*

By placing local hiring as an important topic of discussion in the first post-bid meeting between the bidders and the project team the subject is elevated and accorded the importance it deserves. This is also the first opportunity for PFBL to meet the prime contractors and set the stage for building the necessary working relationships vital to local hiring.

### ***Local Hiring / Listed Subcontractors***

*The apparent low, second low and third low Bidders must submit a completed Project Workforce Utilization (Modified Form AA-2) for each listed Subcontractor no later than 4:00 p.m. on the third business day following Bid opening. A completed Project Workforce Utilization Form (Form AA-2) is required to be submitted for projects involving labor or services in excess of \$25,000. The apparent low, second low and third low Bidders*





*must* submit completed Form AA-2: 1) for Bidder's own forces with the Bid; and 2) for all listed Subcontractors no later than 4:00 p.m. on the third business day following Bid opening. Bidder's failure to submit this form on behalf of all listed Subcontractors may result in disqualification.

In most instances prime contractors function as brokers who do not themselves perform the work. By requiring AA-2 forms from the listed subcontractors, the team gains access to the plans and information for jobs and hiring at the next contract tier. The quantity of jobs that this exposed was 5 to 10 times the quantity previously identified.

***Compliance with Local Hiring Goals***

*Each Bidder must certify that it will comply with the Owner's Local Hiring requirement set forth in the Supplementary Conditions. On this Project, the goal is for the Contractor and its listed Subcontractors, Sub-subcontractors and suppliers to each hire Local Residents for at least 15% of the New Positions and Replacement Positions for all non-Core Employees.*

Establishing a clear goal creates an unmistakable milestone. By establishing a 15% local hiring goal for new positions we made the objective more easily understood by the prime contractors and their subcontractors. We also made it clear that contractor compliance was important and expected.

Other Revisions

Parsons also championed changing the policy from existing staff and new / replacement hires to core employees, who must be identified by name and specialty. This approach is more consistent with the construction industry than the previous approach. Also, the definition of new positions was added. These definitions are:

***Core Employees*** – persons: (1) who serve as a specially skilled tradesperson, supervisor, foreman or crew management position and, (2) who have the ability to safely perform the basic functions of the applicable skilled trade, supervisor, or crew management position, as applicable.



The significance of this definition change – from existing to core employees – is that all positions other than core positions will be available for local hiring. This definition change is also coupled with the requirement to notify PFBL prior to filling the position.

***New Positions** – New Positions include all full and part-time employment positions required for the Work except Core Employees. All New Positions required for the Work of the Contract must be estimated and submitted by Bidder with its Bid and must be estimated and submitted by the listed Subcontractors for the apparent low, second low and third low Bidders, no later than 4:00 p.m. on the third business day following Bid opening using the City's Workforce Utilization Form (AA-2).*

After review by city legal staff and the Project Manager, these specification changes were incorporated into the five (5) prime bid packages that make up RB-11 (A, B, C, D & E).

During review of certified payroll reports – required on this project because of the bond requirements to pay prevailing wages to on-site labor – it became clear that these reports would be the best mechanism upon which to track local hiring by using data that is comprehensive and verifiable.

The RBOC adopted a revised goal at the June 2, 2011 RBOC meeting based in part on recommendations from Parsons. The revised goal is:

*Establishment of a goal 15% Local Hiring of total on site construction craft **certified payroll** for the remaining construction work on the Rose Bowl Renovation Project. The total remaining on-site construction craft certified payroll is estimated to be \$10 - \$15 Million; thus the Local Hiring goal would be for resulting in approximately \$1.5M - \$2.25M of the on-site construction craft wages to be paid to Pasadena residents.*

Additionally, at the June 2, 2011 RBOC meeting the contract with Parsons was amended to provide additional guidance and oversight of the local hire effort.

In support of this effort PFBL has executed a contract with LCPTracker / B2G Now to establish the labor and contract compliance software. This is a web-based reporting tool that all





contractors with on-site labor will use for reporting. These systems were implemented in June 2011 and will be used for the duration of the project.

## **BID SPECIFICATION CHANGES (PART II)**

Following the receipt of bids for RB-11 (General Construction, Structural Steel, Conveying, Fixed Seating and Pre-Cast Stadium Risers), Parsons and PFBL participated in nine (9) Post-Bid Interviews with the 1<sup>st</sup> and 2<sup>nd</sup> apparent low bidders. These interviews provided the first opportunity to work with the results from the modified bid specifications.

The project team received much more and better detailed information from the prime contractors and their listed subcontractors as a result of the specification changes. It was also apparent that the completion of the revised AA-2 Form was presenting some difficulty to a few of the bidders. To address this, Parsons made recommendations for clarifying the form to assist with accurate completion. These changes have been incorporated into the bid specifications for RB-12, Enclosure.

Also, at the June 2, 2011 RBOC Meeting the requirement for a written local hiring plan to be submitted by the prime contractor was adopted and this item is also included in the bid specifications for RB-12. The bid specifications indicate to the bidders for RB-12 the following regarding this plan:

1. The local hiring plan is to be submitted with their bid.
2. It shall be a written plan describing their approach and methodology for accomplishing local hiring.
3. This plan will be reviewed at the Post-Bid Interview with the bidder.
4. Once the plan is finalized following the Post-Bid Interview it will become an attachment to the prime's contract.

This plan will assist PFBL and Parsons in follow-up with the prime contractor. Also, by having it as an attachment to the contract, it has more authority and presence with the prime contractor.



## LOCAL HIRING REPORT

PFBL, with support from Parsons, started attending weekly meetings with the Owner, Architect and Contractors and brought focus to the local hiring. In these meetings prime contractors with allowances in their contracts were focused on. RB-01's allowance was for construction clean-up and RB-08's allowance was for traffic control / flagging. These two prime contractors agreed to fill allowance related positions with Pasadena residents.

PFBL also executed a memorandum of understanding (MOU) with a local labor provider, *Labor Ready*, and RB-01 used this arrangement to staff their construction clean-up operation with Pasadena residents. RB-08 made a request of the local laborers union, Local 300, for dispatch of Pasadena residents to fill the traffic control / flagging positions.

RB-01 has had 16 Pasadena residents work on the project, RB-08 has had 4 Pasadena residents work on the project. Additionally, RB-10 has had 2 Pasadena residents and RB-03 has had 1 Pasadena resident work on the project.

Since construction work began on January 10, 2011 a total of 23 Pasadena residents have worked in craft positions on-site. One of these individuals is a plumber working for a Pasadena-based business. The balance of Pasadena residents have been Journeyman Laborers. To date there have been 21 Pasadena residents who have worked on the project in professional / consulting capacities.

In summary there have been a total of 44 Pasadena residents who have worked on the project to date. To date there have been a total of 568 workers on site which includes 55 apprentices.

Going forward we plan to use the metric of 15% of certified payroll to monitor and report on performance related to Pasadena residents working on the Rose Bowl Project. This metric is more balanced and is completely transparent and verifiable since it is based upon certified payroll reporting.





## INNOVATIVE APPROACHES

The project team for the Rose Bowl Renovation Project has developed some innovations to support the initiative of hiring Pasadena Residents. They include:

- The **Rose Bowl Local Hiring Advisory Group** is a group of respected leaders of various parts of the Pasadena Community that was formed to advise the Rose Bowl General Manager on local hiring. This group provides direct input to the General Manager on local hiring issues and community concerns. PFBL and Parsons receive valuable insights and suggestions from this group on local hiring.
- The **Rose Bowl Opportunity Fair** was an event that was held on July 28, 2011. It was focused on local contractors working at the Rose Bowl and those desiring to bid on future work as well as other businesses that may have job opportunities for local Pasadena residents. This Opportunity Fair provided an opportunity for these diverse, but interdependent, stakeholder groups to meet face-to-face.
- **Post-Bid Interviews** are not entirely new, but addressing local hiring and establishing a working relationship with the Local Outreach Coordinator, PFBL, is a new and innovative facet that has been added to this project.
- Using current **Rose Bowl Vendors** to add focus to local hiring. This has resulted in jobs for event preparation and security at the Rose Bowl not only during the renovation, but for the future as well.

The project team continues to look for innovative and creative ways to keep the spotlight on local hiring.



## PROJECT CHARACTERISTICS

### MULTI - PRIME CONTRACTORS

The Rose Bowl Renovation & Improvement Project has been organized around the regularly scheduled activities and events of the Rose Bowl. These are events such as the monthly Flea Market, UCLA football games, the Rose Bowl Game and other one-time events (such as the Gold Cup Final). The methodology selected includes using a Multi-Prime Contractor approach. While this approach may be the best selection for construction of the renovations and improvements it does make local hiring more difficult.

As an example, RB-01 through RB-11 is made up of 14 prime contractors and 41 subcontractors. Generally speaking, a group of contractors of this diversity is the typical group seen on a construction project. Once such a group is focused on local hiring, the administrative demands of the program reduce to a certain degree. That is not the case for this project. Of this group 6 prime contractors and 31 subcontractors are completing their work and de-mobilizing from the site.

PFBL and Parsons are now in the process of ramping up our local outreach efforts with RB-11 (which is made up of 5 prime contractors and 6 listed subcontractors). In addition we are continuing our efforts with the RB-10 prime contractor and their 4 subcontractors. Looking ahead there will be another 12 to 14 prime contractors with a cadre of subcontractors similar to this first group (40 to 50 new subcontractors).

Effectively, with each new prime contract the local hiring process re-starts. This process includes participation in Post-Bid Interviews, evaluating the submitted plans for local hiring, monitoring the on-site workers, as well as following up with prime contractors and subcontractors regarding their performance and reporting.



## DISCONTINUOUS WORK PERIODS

As noted, the project is orchestrated around the Rose Bowl events. In today's construction market and the current economy this means that skilled workers called out of the local unions are not kept on the payroll at the end of a work period, but are sent back to the "bench". Companies simply do not have other work to send these craftspeople to and cannot afford to keep them on the payroll.

The other reality with prevailing wage projects is that contractors pre-fabricate as much work as possible to minimize the amount of on-site fabrication they perform. Off-site work is not subject to prevailing wage requirements and is not available for the hiring of Pasadena residents except in the case of a Pasadena based company that has Pasadena residents in its employ.

Lastly, contractors only schedule workers on site as needed for their scope of work. This means that many "jobs" are only 8 to 16 hours of work out of a 40-hour work week. As a result the available positions and work hours for local hiring is limited.

## REFERRALS FROM LOCALS

The local unions all have contractual agreements as it relates to referrals of workers. Typically this means that the individual whose name is at the top of the list at the local is referred to the Rose Bowl when a union signatory requests a craftsman.

PFBL has had some success with local unions referring Pasadena residents, but this relationship is one that requires continued attention. This attention amounts to follow-up on referral letters, telephone calls to business agents and dispatchers as well as face-to-face meetings. Parsons continues to provide support on this and other local hiring efforts.





## POLICY EVALUATION

The local participation policy has undergone significant revision since Parsons and PFBL, as Local Outreach Coordinator, joined the project. The results of these changes are not expected to begin to materialize until later this year. The full effect of these changes will not be realized until mid-year 2013.

We propose to continue to implement and monitor the changes that have been put in place through the Summer and into the Fall of 2011. We report monthly on the local hiring results. We will also continue to apply the current policy and specifications to all future bid packages that are issued.

It is important, prior to making any further policy or specification changes, to determine how effective the current changes have been. The reporting of certified payroll provides credible data with which to evaluate the local hiring efforts. Also, working with prime contractors and subcontractors provides the team with lessons learned that we apply on a daily basis.

We are of the opinion that within the next four to six months there will be sufficient results and extensive lessons learned that we can apply to future specification improvements and that the City of Pasadena can consider for further policy enhancements.

All of the aforementioned challenges can be addressed, however they require *boots on the ground*. Local outreach is typically labor intensive at the beginning of a program or project. Generally speaking after this intense start-up period the effort evolves into a regular follow-up and verification process.

As noted, this project is not typical and as a result it will require an intense level of effort on a continuing basis to deliver jobs for Pasadena residents.

Due in part to the project challenges noted above, the Rose Bowl Renovation and Improvement Project is expected to provide valuable lessons on local hiring which may be considered for application on a city-wide basis.