

First Source Hiring Program Update

March 2, 2026
City Council





First Source Hiring Program

Adopted in 2004, the program supports local construction hiring and development through financial incentives. Details provided in Municipal Code, Chapter 14.80.

- **Mandatory:** City-funded private projects must hire labor from Pasadena.
- **Voluntary:** Projects over \$50,000 are eligible for a construction tax rebate of 50% of the salary and benefits paid to each Pasadena resident, up to 75% of the total construction tax paid. For example, a project valued at \$15 million would pay a construction tax of \$288,000 (construction tax is 1.92% of valuation) and could receive a rebate of up to \$216,000. To meet their max rebate, they must pay \$432,000 in wages to Pasadena residents.

Other City Projects: The Privileges and Immunities Clause of the United States Constitution imposes restraints on local hire mandates; however, voluntary goals are allowed.



Program Notification

Developers and contractors learn about the program through email, the City's website, as condition the loan agreement, social media, FWDB and marketing materials. Developers receiving City funding are notified by the Housing Department of the local hire requirement. Contractors submitting permits over \$50k receive an alert email.

Sample Email:

Value of Project: \$53,500.00

Dear Applicant –

Your project is eligible for a construction tax rebate through the City's First Source Hiring Program.

Per Pasadena Municipal Code Chapter 14.80 ([First Source Hiring](#)), private construction projects whose project valuation are greater than \$50,000 are eligible to participate in the First Source Hiring Program, whereby Pasadena residents are employed for private construction projects.

The financial incentive for this voluntary participation is a construction tax rebate of 50 percent of the salary and benefits paid to each Pasadena resident, up to 75 percent of the total construction tax paid, where the rebate is paid upon completion of the project.

For example, a project's whose valuation is \$12,000,000 would pay a construction tax of \$230,400 (construction tax for Fiscal Year 2024 is 1.92% of valuation) and could receive a rebate of up to \$172,800 on wages paid to Pasadena residents.

For more information, please visit [First Source Hiring Program - Economic Development](#) or contact Deborah Membreno, Project Manager, at dmembreno@cityofpasadena.net or 626-744-7351.

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How is payroll tracked?

Econ Dev staff uses LCP tracker, a cloud-based compliance platform, for payroll compliance tracking. It is considered a leader in security and an industry standard for tracking prevailing wage requirements. LCP can also be used to track certified payroll, construction site compliance, and workforce reporting.

- \$150 billion in projects across 33 cities
- Users include public agencies and municipalities, private companies, prime contractors, and subcontractors
- Data tracked by Pasadena: contractor names, employee names, number of workers, addresses, phone numbers, hours worked, percentage and amount of wages paid.
- EconDev is proficient in LCP tracker, and another staff member has construction experience.



Active First Source Hiring Projects

#	Developer	Description	Address	Type/Progress
1	Huntington Health Medical Office Building	Approx. 100,285 square feet, four-story medical office building	786 S Fair Oaks	<ul style="list-style-type: none"> • Voluntary • 29 Pasadena employees • \$592,115 in Pasadena wages • 8% to Pasadena workers
2	Adobe Communities/ Centennial Place	144-unit single room occupancy complex for permanent supportive housing	235 E. Holly	<ul style="list-style-type: none"> • Mandatory • 39 Pasadena employees • \$454,264 wages to Pasadena • 18.39 % to Pasadena workers
3	Door of Hope	Single-family residential property for homeless persons and families	724 N. Marengo	<ul style="list-style-type: none"> • Mandatory • 4 Pasadena employees • \$20,278.60 • 14.84 % to Pasadena workers
4	Heritage Housing Partners – Walnut Crossing	58-unit homeownership condominium complex with low-income and moderate-income households	1880 Walnut	<ul style="list-style-type: none"> • Mandatory • 4 Pasadena employees • \$352,059 in wages • 58% to Pasadena worker
5	Heritage Housing Partners	10 units of housing for transitional age youth	2318 E Foothill	<ul style="list-style-type: none"> • Mandatory - 15% goal • Construction hasn't started
6	Hope, Inc.	Affordable housing for persons with intellectual and/or developmental disabilities.	940 N Summit & 760 Worcester	<ul style="list-style-type: none"> • Mandatory - 15% goal • Construction hasn't started



Example of Completed Projects

Developer	Description	Address	Type/Progress
USC Keck Medical Office Building Project	103,000 sq. ft. medical office building with four stories and three levels of underground parking, featuring an ambulatory surgery, specialty clinics, oncology and a rooftop garden.	590 S Fair Oaks	<ul style="list-style-type: none">• Voluntary• 17 Pasadena employees• \$1,023,575 in Pasadena wages• 7.88 % to Pasadena workers
Olivewood North	Private development, residential units.	111 N Madison	<ul style="list-style-type: none">• Voluntary• 6 Pasadena employees• \$280,458 in Pasadena wages• 21.03 % to Pasadena workers
Olivewood South	Private development, senior housing.	88 N Oakland Ave	<ul style="list-style-type: none">• Voluntary• 7 Pasadena employees• \$126,530.83 in Pasadena wages• 10.69 % to Pasadena workers
Heritage Square South (Bridge Housing)	70 permanent supportive housing apartments	710 N Fair Oaks	<ul style="list-style-type: none">• Mandatory• 90 Pasadena employees• \$1,038,644 in Pasadena wages• 19.47% to Pasadena workers



The Library Project is not subject to Pasadena's Local Hire Municipal Code because the US Constitution imposes restraints on local hire mandates; however, the framework and guidelines of the Pasadena's Local Hire Program can be useful when tracking local hiring:

- **Local Hire (Tier 1):** Chapter 14.80 defines "local" as individuals who live within Pasadena's city limits. Pasadena residents will be tracked separately.
- **Foothill Workforce Development Board (FWDB) (Tier 2):** This workforce development center serves job seekers in 5 cities - Arcadia, Duarte, Sierra Madre, South Pasadena, and Pasadena, and can support the contractor with finding local workers and PUSD zip codes.
- **LCP Tracker:** This project can use the City's payroll tracking system to report all payroll including workers names, craft, total hours workers, and wages paid.



Recommended Next Steps

Monitoring Local Hire: Using existing infrastructure (LCP tracker), Econ Dev Staff, and FWDB along with an experienced outside consultant.

Marketing/Outreach: Increase the promotion of the program.

Maintain Accountability: Ensure contractors consistently track payroll.

EconDev dashboard: Include in the EconDev dashboard, data on local hire related to the First Source Hiring Program.

Increase coordination with partners: Improve the collaboration between EconDev and FWDB to better support job seekers.

Increase voluntary participation: Increase number of developers, and local workers hired.

Update guidelines and agreements: Updating program language. Information will be posted on our webpage. Mandatory agreements will be included with loan agreement.



Sample Report



LOCAL UTILIZATION REPORT

10 W. Walnut
Final Report



Item	Description	Goal	Project total
1	Hiring - Workers ¹	20%	3,753
2	Contractor Participation	20%	\$219,240,753
3	Purchases ^{2,3}	15%	\$87,696,301
4	Apprenticeships	N/A	N/A

Local Total <i>Pasadena Zip Codes</i>	Local %
157	4%
\$14,558,113	7%
\$10,601,270	12%
30	N/A

Local Total <i>Tier 1: 5 mile radius</i>	Local %
218	6%

Local Total <i>Tier 2: 10 mile radius</i>	Local %
458	12%

¹ Worker data breakdown:

Pasadena Zip Codes: Wages = \$2,049,488 / 3.8% ; Hours =78,210 / 5.3%

5-Mile Radius: Wages = \$3,152,618

10-Mile Radius: Wages = \$5,836,000

² Total does not include \$2,435,022 paid to the City of Pasadena for utility relocation / services, traffic signals and other construction related materials and services (i.e. not permit fees) during construction

³ Approved local purchase orders (actual + accrual)



Economic Impact Plan

- **PCL's Pasadena First Commitment**
 - > Economic Impact Contractual Goal:10%
 - Local Workforce
 - Local Trade Partners
 - Local Suppliers
 - > \$16M Local Economic Investment in Total
 - Phase 1A and Phase 1 – Limited Impact Opportunities
 - Phase 2 – Ample Impact Opportunities



Economic Impact Plan

Phase 1: Local Economic Impact Contractual Goal

Local
Workforce

10%
Contractual Goal
Construction Cost/Spend

Local
Trade
Partners

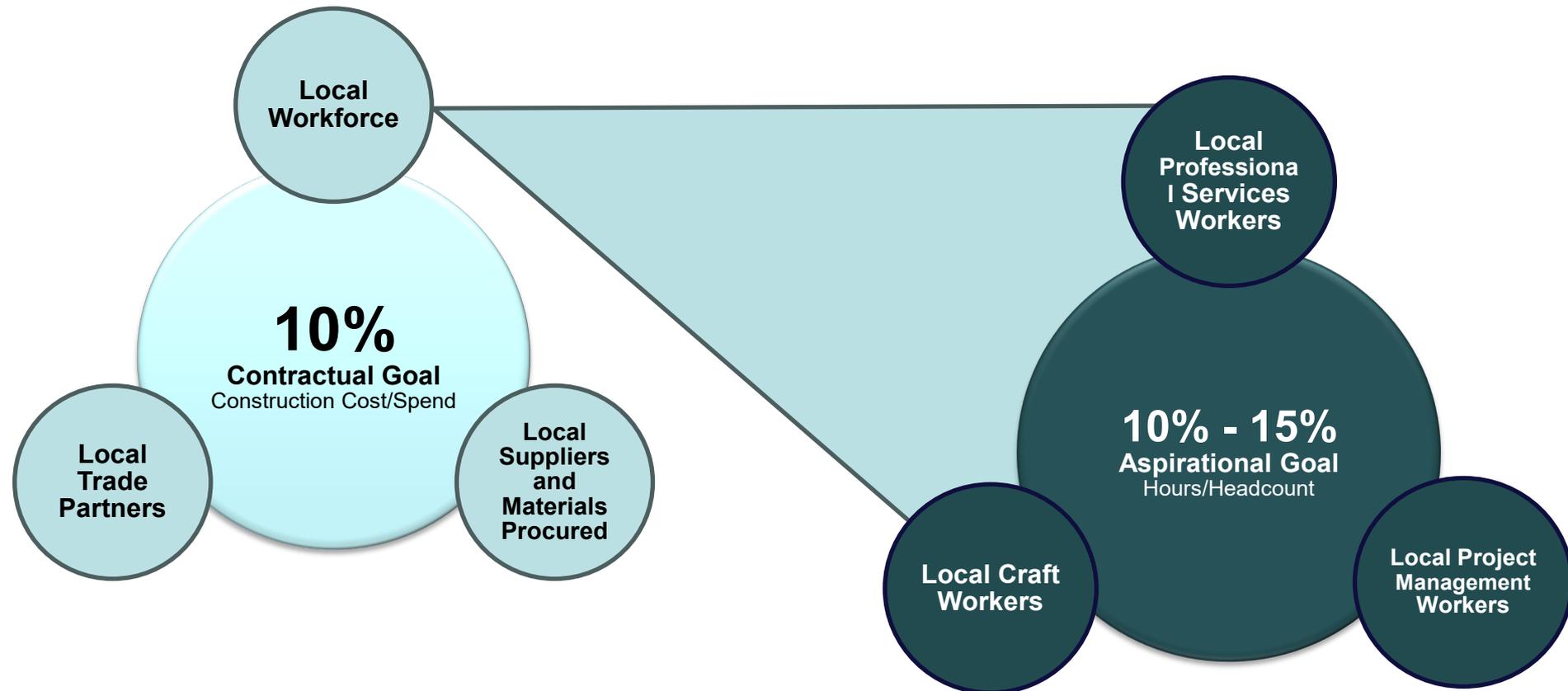
Local
Suppliers
and
Materials
Procured

Phase 1 Total Contract Value	7,865,764	
Phase 1 Local Workforce	\$256,304	3.61%
Phase 1 Local Trade Partners	\$220,625	2.80%
Phase 1 Local Supplies & Materials	\$63,973	0.81%
Total Phase 1 Local Spend	\$540,903	6.88%



Economic Impact Plan

Phase 2: Additional Local Workforce Aspirational Goal



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Economic Impact Plan

Phase 2: Additional Local Workforce Aspirational Goal

- > Expanding the Pipeline into Construction Careers
 - Sponsor new careers for Pasadena Residents
- > Market Analysis: Union Craftworkers

Trade	SoCal Region	Pasadena Residents	Availability
Carpenters	20,000	44	0
Laborers	9,144	68	4
Ironworkers	5,400	30	0
Mechanical Pipefitters	1,040	7	0
Plumbers	398	7	0
Fire Sprinklers	--	5	0
Sheetmetal Workers	6,287	5	0



Economic Impact Plan

Phase 2: Additional Local Workforce Aspirational Goal

- > Local Zip Codes
 - Tier 1: City of Pasadena
 - *Tier 2: PUSD & Foothill WDB Service Areas
 - *Tier 3: 10 Mile Radius (Project Site)
- > Outreach & Education
 - New Careers for Pasadena Residents
 - PCC Internship
 - K-12 Engagement
- > Tracking & Reporting: Hours and Headcount
 - LCP Tracker
 - Subcontractor Accountability





Economic Impact Plan

Phase 2: Additional Local Workforce Aspirational Goal

- > **Eager to get to work!** – Timely Local Workforce Opportunities in Phase 2
 - 1 Local Laborer
 - 1 Local Carpenter
 - Murray Plumbing Prime Contractor
 - » 3 out of 7 total Local Union Plumbers
 - 3 Local Laborer Sponsorship Candidates (Flintridge Center)
 - 1 Local Pasadena Intern
 - Walk-in Jobsite Interviews with Sr. Superintendent
- > **In the pipeline!** – Upcoming Opportunities in Phase 2
 - PCC Internship
 - Citywide Survey Responses
 - Pasadena Public Works Craftworker List