


H. Raymond

FROM	NAME & TITLE	Henry Raymond, Director of Finance	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall		
	SUBJECT	City Council Bill 21-0039 – Local Hiring Employment Plan		

TO

DATE:

The Honorable President and
Members of the City Council
City Hall, Room 400

April 14, 2021

Position: Oppose

The Department of Finance is herein reporting on City Council Bill 21-0039, Local Hiring – Employment Plan, the purpose of which is to require certain contractors to create and submit initial employment plans to the Director of Finance for bids on certain government-assisted construction projects or contracts that receive government assistance. In addition, the bill would require the Director of Finance to include review of the submitted plans as 10% of bid scoring and require contractors with winning bids to submit a revised employment plan.

Background

The City currently has a local hiring law (Article 5. Finance, Property, and Procurement; Subtitle 27. Local Hiring), enacted in 2013, that requires contractors, and all of their subcontractors, with City-awarded contracts over \$300,000 and City-subsidized projects over \$5,000,000 to complete several steps that are aimed at increasing local hiring. These steps include meeting with the Mayor’s Office of Employment Development (MOED) within 2 weeks of the contract award to complete an Employment Analysis; posting new jobs with MOED only for a period of seven days; utilizing MOED’s recruitment services for new hires; meeting the 51% goal for all new hires for City-funded contracts to be Baltimore City residents; and submitting monthly employment reports with information on the number of current workers, new workers, and the number of Baltimore City residents working on the project.

The goal of the current local hiring law is to increase hiring of City residents for public projects. One way this is achieved is by setting specific hiring goals for City-awarded contracts. In addition, MOED conducts labor market analyses to identify gaps between employer workforce needs and skill levels of Baltimore City residents. This program also assists the workforce community in determining the types of training and credentials that Baltimore City residents require to successfully apply, obtain, and sustain jobs in productive careers.

In 2013, former Mayor Stephanie Rawlings-Blake issued an executive order, Employ Baltimore, which requires all City-awarded contracts greater than \$50,000 and up to \$300,000 (except for professional and emergency services) to take the similar steps outlined above—meeting with MOED within two weeks of the contract award, posting new jobs with MOED, utilizing MOED recruitment services, and submitting bi-annual employment reports.

Jurisdictions across the country have a variety of local hiring laws and offices, including Cleveland, Philadelphia, San Francisco, St. Louis, and Washington, D.C. These laws and offices have similar goals as Baltimore’s current law to encourage contractors to hire local residents on public contracts. In addition,

many of these offices are structured similarly to MOED with multiple employment programs working together to reach this and other workforce development goals, though with varying staffing levels and budgets.

The proposed legislation aims to expand the current local hiring law by requiring an initial employment plan submitted pre-award that outlines the bidder’s strategy to meet the local hiring requirement and hire economically disadvantaged, socially disadvantaged, and economically and socially disadvantaged individuals. In addition, it requires that bidders provide a description of health and retirement benefits provided to employees that worked on completed projects in the past three years; a description of efforts to provide City residents with ongoing employment and training after completion of projects they are initially hired for; and a detailed description of efforts to hire and retain at least 50% of the total workforce as those who constitute economically disadvantaged, socially disadvantaged, and socially and economically disadvantaged individuals.

The legislation also requires additional reporting requirements post-award, which include:

- detailing estimates and timetables for hours worked by different trade and employee groups;
- describing the skill requirements by the job title position;
- detailing how they plan to meet the local hiring requirements based on the needs of the project;
- outlining a remediation strategy to resolve problems associated with meeting the hiring requirements;
- designating an official from the contractor that will be responsible for implementing and reporting all requirements;
- describing health and retirement benefits provided to City residents working on the project;
- outlining a strategy to ensure that City residents continue to receive employment and training after completing work on this job;
- outlining a strategy to hire graduates of Baltimore City public and charter schools, community-based job training providers, and hard-to-employ residents; and
- reporting the bidder’s general City-resident hiring practices on projects or contracts completed within the last 2 years.

Fiscal Impact Analysis

The Department of Finance anticipates this legislation will cost approximately \$414,206 annually.

Expense	Cost
Personnel	\$393,406
Technology	\$13,000
Other Costs	\$7,800
Total	\$414,206

This analysis is based on what it would take to effectively implement the new requirements since they are the subject matter experts and oversee the current local hiring law. MOED currently has one staff member dedicating approximately half of their time to the local hiring law and there are staff in Baltimore City Recreation and Parks, Department of General Services, Department of Public Works, and Department of Transportation that support the agencies in implementing the law. Based on a series of conversations with

MOED, Finance anticipates that this legislation as written would require a minimum of five full-time staff members, including two contract administrators, two data clerks, and a local hiring coordinator.

Position	Salary	Other Personnel Costs	Total
Contract Administrator	\$48,930	\$27,923	\$76,853
Contract Administrator	\$48,930	\$27,923	\$76,853
Data Clerk	\$36,476	\$24,352	\$60,828
Data Clerk	\$36,476	\$24,352	\$60,828
Local Hiring Coordinator	\$80,940	\$37,103	\$118,043
Total			\$393,406

In addition, the legislation would require technological upgrades to the current data tracking system, which will cost approximately \$13,000 annually and an additional \$10,000 in one-time initial implementation costs to get the new modules created and upgrades completed. The fiscal estimate includes additional funding for technology required for new employees and other office costs at \$7,800.

Other Considerations

In general, Finance supports the intent of this legislation and the goal of increasing employment of City residents on City-awarded contracts. The current local hiring law does not directly include Finance, instead MOED is responsible for managing the program, establishing rules and regulations, and determining exemptions. The new legislation would bring in Finance to take over these roles for the new reporting requirements, possibly creating duplicative efforts. In addition, Finance is not the subject matter expert on workforce development and local hiring and would not be suited to assist bidders with the completion of the required documents. Instead, that work better aligns with the work already completed by MOED. In addition, Finance does not oversee all procurement within the City, specifically construction projects related to capital improvements are bid on and awarded outside of the process established by the Bureau of Procurement.

Finance defers to MOED on any concerns related to the implementation of the proposed legislation and working with contractors, since they have been central to the implementation of the current local hiring law and are subject matter experts in workforce development. However, there are several concerns Finance believes the City Council and Education, Workforce, and Youth Committee should consider.

As noted previously, the City’s current local hiring law requires several actions from contractors, which MOED facilitates and tracks. This legislation, as written, overlaps with those requirements, while also extensively expanding it to include a more robust tracking of personnel time by a variety of factors and expansion of reporting to include benefits and post-employment development. These additional reporting requirements, as well as others outlined above, may create a barrier for bidding on City contracts. The City currently faces challenges with receiving bids for various projects and there is a recently issued request for proposals to review the City’s procurement processes. In addition, the legislation’s additional requirements add extensive data collection requirements with limited follow-up on the submitted data to assess if the goals outlined are met or enforcement if they are not met.

In addition, as drafted, the legislation would go into effect within 30 days of being enacted. This does not provide enough time to hire and train the necessary staff and develop the forms and processes needed to properly implement the new requirements. Based on conversations with MOED, Finance does not

believe that this implementation timeline properly addresses all that will need to be completed before the law can go into effect. Implementation of the current local hiring law took several years for it to be at the level it is today due to the outreach and education needed for both the contracting community and City agencies to fully understand the requirements, as well as the need to create new processes and forms across multiple agencies, including the Board of Estimates and Bureau of Procurement.

Conclusion

The Department of Finance supports the intent of this legislation, but has several concerns about the current version of the bill that should be discussed and addressed to ensure that it is properly implemented. In addition, the City is facing major fiscal concerns and cannot at this time support the implementation of a new program with General Fund dollars without pulling resources from other services.

In speaking with the sponsor and the City Council President's Office, Finance anticipates that concerns outlined above, as well as those raised by MOED, will be further discussed and addressed in future work sessions. After those work sessions, Finance will review the changes and reassess the position and costs outlined above, if necessary.

For the reasons stated above, the Department of Finance opposes City Council bill 21-0039.

cc: Natasha Mehu
Nina Themelis