

**CITY OF BALTIMORE
COUNCIL BILL 11-0287R
(Resolution)**

Introduced by: President Young, Councilmembers Henry, Cole, Branch, Holton, Middleton,
Kraft, Reisinger, Welch, Stokes, Conaway, Clarke, Curran, Spector

Introduced and read first time: May 9, 2011

Assigned to: Judiciary and Legislative Investigations Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Human Resources,
Mayor's Office of Information Technology

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Investigative Hearing –Local Hiring Preference Programs**

3 FOR the purpose of investigating the efficacy of adopting a policy that would require resident
4 preference hiring by certain entities contracting to supply goods and/or services to Baltimore
5 City government; examining the impact to date of similar programs nationwide; forecasting
6 the employment benefits for City residents; and analyzing the legal restrictions limiting local
7 hiring programs and the likely impact on the economic development of Baltimore City if a
8 local hiring program put in place was crafted to successfully withstand a legal challenge.

9 **Recitals**

10 Across the country recession-battered local governments are increasingly attempting to steer
11 public works and other contracts for goods or services to local firms or to compel firms bidding
12 for government contracts to hire local residents. In Milwaukee, Wisconsin residents preference
13 hiring is required for all contracting activities of the Department of Public Works. The
14 ordinance requires that 40% of worker hours worked on a DPW contract be performed by
15 unemployed or underemployed residents of the city.

16 Portland, Oregon's Community Workforce Agreement pilot program for publicly funded
17 projects sets forth targets and goals that are not mandated, but that participants try to achieve.
18 The agreement, signed by the city, community groups, and construction businesses, focuses on
19 hiring 80% of the workforce with local residents, increasing the number of disadvantaged and
20 under-represented people employed to 30% of the total trades and technical projects hours
21 worked, paying a minimum of 180% of state minimum wage, and providing continuing
22 education and certification opportunities.

23 According to the September 2009, *Sacramento Bee*, in California, Sacramento County gives
24 bidding preferences to county firms supplying goods and services. Elsewhere in the Central
25 Valley, Stockton aims to shore up its construction sector with a new ordinance requiring
26 contractors on all public projects to fill at least half their work force with locals. Local
27 preference rules have also sprung up in Oakland, Richmond, Salinas, and other cities seeking to
28 create jobs in a difficult economy. Said Richmond's Employment and Training Director:
29 "Whenever there's city dollars involved in a city project, it creates employment."

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 Yet these laws can backfire, as the article points out. In 2004, the Federal Highway
2 Administration withheld \$700,000 from a road project in Cleveland on the grounds that the Ohio
3 city's local-hiring law, similar to Stockton's, was illegal. A federal appeals court upheld the
4 Highway Administration's decision. Beyond legal issues, local-preference programs are
5 sparking cries of protectionism from some building contractors who opine that such laws make it
6 harder for out-of-town companies to bid on projects because contractors usually prefer to bring
7 their own specialty-trained workers with them.

8 *First Source Hiring Agreements: An Overview*, a publication of the University of California,
9 Los Angeles, January 2005, presents a more positive analysis: First source hiring agreements –
10 that require new businesses, new construction or remodeling and expanding businesses to hire
11 local residents for both the construction and permanent jobs associated with the development –
12 offer economic, environmental, and social benefits to communities. These benefits include:

13 • **Tying public investment to community benefits**

14
15 Corporations benefit from numerous tax incentives and subsidies associated with
16 revitalization efforts. First source hiring agreements insure that local residents
17 benefit from development by increasing local employment opportunities, reducing
18 transportation demands and air pollution, and insuring that local residents can both
19 enjoy and support businesses resulting from revitalization efforts.

20 • **Increasing residents' employment and earning potential, short- and long-term**

21 Successful first source hiring agreement programs are tied to training programs such
22 as basic construction skills, clerical courses, and other training programs that ready
23 potential employees for the types of jobs associated with development efforts. These
24 training programs are designed to respond to new employers' needs, meet
25 employment projections, and provide local residents with skills for the local jobs tied
26 to first source hiring, as well as subsequent employment.

27 • **Addressing diversity without affirmative action**

28 Often, disinvested urban centers have a large proportion of residents of color. First
29 source hiring agreements promote hiring these local residents and, in turn, act to
30 improve diversity in hiring without resorting to controversial affirmative hiring
31 practices that are explicitly tied to race.

32 • **Multiplying effects of redevelopment money**

33 Redevelopment efforts need to be sustained long past the initial building projects.
34 Hiring local residents means residents will be able to spend money in the target
35 neighborhood, thereby directly contributing to the economic base. Additionally,
36 hiring residents supports the local businesses, creates new jobs as the area grows
37 economically, and preserves jobs.

38 • **Reducing congestion**

39 Residents living and working in the same neighborhood drive less, demand fewer
40 parking resources, and reduce air pollution. Reduced commute distances and
41 increased walking to work by local residents is also tied to several health benefits.

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1 Physical activity has far-reaching benefits ranging from weight control, lower risk of
2 coronary heart disease, and improved quality of life. Walking just 30 minutes a day
3 will produce benefits among those who are the least active.

4 As Baltimore considers adopting local hiring preference policy, we are fortunate to be able to
5 examine the experiences of jurisdictions that have proceeded us in adopting similar policy.
6 Learning from the successes, as well as the mistakes, Baltimore City's policy can be crafted to
7 benefit the un-and-under-employed while, at the same time, avoiding a chilling effect on private
8 industry.

9 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That this
10 Body will investigate the efficacy of adopting a policy that would require resident preference
11 hiring by certain entities contracting to supply goods and/or services to Baltimore City
12 government; examine the impact to date of similar programs nationwide; forecast the
13 employment benefits for City residents; and analyze the legal restrictions limiting local hiring
14 programs and the likely impact on the economic development of Baltimore City if a local hiring
15 program put in place was crafted to successfully withstand a legal challenge.

16 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor; the
17 Director, Department of Finance; the Director, Department of Public Works; the Director,
18 Department of General Services; the Director, Department of Transportation; the Health
19 Commissioner; the Housing Commissioner; the City Solicitor; the Chief Solicitor of the
20 Minority and Women's Business Opportunity Office; the Director, Mayor's Office of
21 Information Technology; the Director, Baltimore Office of Sustainability, the President and
22 Members of the Greater Baltimore Committee; the President and Board of Directors of the
23 Baltimore Development Corporation; and the Mayor's Legislative Liaison to the City Council.