



First Source Hiring Agreements: An Overview

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Funders

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Introduction

The Fresno Works for Better Health (FWBH) Collaborative is a project of the California Endowment jointly funded by the Rockefeller Foundation. FWBH is comprised of three grantees: Fresno Center for New Americans (FCNA), Fresno West Coalition for Economic Development (FWCED), and One by One Leadership (OBO). Since 2000, these organizations have directed their efforts on increasing the quantity and quality of employment for their constituents through a three-pronged Theory of Change (TOC) plan. FWBH's TOC plan outlines strategies to provide constituents access to employment through preparation at FWBH's Neighborhood Employment Resource Centers (lead agency: OBO), provide training at the Community Leadership Development Forum to promote community grassroots leadership (lead agency: FCNA), and formulate opportunities for job and business creation through partnerships (lead agency: FWCED).

Some of the accomplishments the Collaborative has achieved in the latter include a first preference agreement [constituents in FWBH's catchment area (See Appendix A) applying for construction jobs receive first consideration] with the Fresno Unified School District, informal hiring agreements (a commitment between employers and FWBH to preferentially hire residents in the catchment area) with the Employment Development Department in West Fresno, Sylvesta Hall's Coast-to-Coast Petroleum (Chevron), George Marcus' Subway Sandwiches, La Vera Williams' La Vera's Childcare Center, and Fresno Coral.

It is the successes that the FWBH Collaborative has attained in these types of formal and informal agreements and the desire to broaden benefits to the community at large that promulgated inquiry into first source hiring. This research provides an introduction to first source hiring agreements, the benefits as well as the challenges, and strategies and approaches to successful implementation of first source hiring agreements. In addition, we present best practices from four cities in California, and one city each in Oregon and in Connecticut. Keeping the local context in mind, this document further identifies the "next steps" to designing a first source hiring agreement program.

The Fresno Works for Better Health Collaborative looks forward to partnering with the City of Fresno, the County of Fresno, the Empowerment Zone's Renaissance Board, the Regional Jobs Initiative, workforce agencies, community organizations and target area residents to implement a first source hiring agreement policy/program locally.

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What are First Source Hiring Agreements?

First source hiring agreements require new businesses, new construction or remodeling, and expanding businesses to hire local residents for both the construction and permanent jobs associated with the developments. Agreements will use zip codes, city boundaries, or county boundaries to stipulate which residents qualify as local residents versus those who fall outside the desired catchment area. The underlying goal of specifying local residential areas is to target residents who are close to the development efforts and who would likely benefit from a first source hiring program. The agreements are designed to bring the economic benefits of revitalization efforts in struggling communities to the local residents. While revitalization efforts often fail to include local residents—those most needing to benefit from such efforts—first source hiring agreements stipulate that new developments are inclusive of local residents.

First source hiring agreements are generally designed in two forms. Broad agreements are either city or locality ordinances that are applied consistently. Other agreements are legal agreements and are applied on a case-by-case basis between communities and developers. The most successful first source hiring agreements are designed with each locality in mind, but all agreements delineate a requirement to hire local residents for either construction or permanent jobs associated with new development or both.

What are the Benefits of First Source Hiring Agreements?

First source hiring agreements offer economic, environmental, and social benefits to communities. These benefits include:¹

Tying public investment to community benefits

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

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

Successful first source hiring agreement programs are tied to training programs such as basic construction skills, clerical courses, and other training programs that ready potential employees for the types of jobs associated with development efforts. These training programs are designed to respond to new employers' needs, meet

¹ "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

employment projections, and provide local residents with skills for the local jobs tied to first source hiring as well as subsequent employment.

Addressing diversity without affirmative action

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

Multiplying effects of redevelopment money

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

Reducing congestion

Residents living and working in the same neighborhood drive less, demand fewer parking resources, and reduce air pollution.

Reduced commute distances and increased walking to work by local residents is also tied to several health benefits. Physical activity has far-reaching benefits ranging from weight control, lower risk of coronary heart disease, and improved quality of life. Walking just 30 minutes a day will produce benefits among those who are the least active.²

Why Should Fresno Consider First Source Hiring as a Development Strategy?

A first source hiring program will help the city meet two key goals: *an unemployment rate at the median of peer cities* by keeping jobs for Fresno residents, and a *revitalized downtown* where local residents are employed and can afford to support the downtown area.³

² “Policy and Planning: Benefits of Walking.” Walkinginfo.org, 8 January 2005.
<http://www.walkinginfo.org/pp/benefits/printerversion.htm>

³ References to the city budget from: Hobbs, Daniel G. (2004). “Budget Overview.” 10 December 2004.
http://www.fresno.gov/budget/budgets/budget_04_05/ExecutiveSummary.pdf

The City of Fresno has responded aggressively to the chronic unemployment problems plaguing downtown and west Fresno. In particular, Fresno aims to reduce its unemployment rate through economic investment in downtown Fresno, an area designated as a Federal Empowerment Zone (EZ).

The City also focuses on job creation through economic development in Cornerstone 2 of the Fresno City budget. A first source hiring agreement policy/program can pick up where economic investment plans end. Once investment decisions are made, community organizations can step in to provide residents with training opportunities to prepare residents for first source hiring agreement jobs. When employers hire these trained, pre-screened residents, they will increase employment rates in Fresno. Moreover, job type specification and living wage clauses will promote sustainable employment among residents.

North Hollywood demonstrates a successful program specifically focused on living wage jobs for low-wage workers.⁴ The program consists of both an agreement between the developer and the community stakeholders (primarily represented by the Valley Jobs Coalition) and a first source hiring agreement between the tenants of the development and the community stakeholders. Notably, the developer must insure that at least 75 percent of the jobs in the development are living wage jobs.

Living wage jobs in the North Hollywood agreement fall into four categories. First, some jobs fall under the City of Los Angeles' Living Wage Ordinance and must meet living wage standards. Second, salaried living wage jobs must pay at least \$16,057.60 per year with employer-sponsored health insurance or \$18,657.60 per year without employer-sponsored health insurance. Third, hourly wage jobs must pay at least \$7.99 per hour with employer-sponsored health insurance or \$9.24 per hour without health insurance. Fourth, jobs covered by collective bargaining agreements must pay living wages.

To insure that at least 75 percent of the jobs pay living wages, the developer must notify stakeholders of potential tenants. Stakeholders reserve the right to request a meeting with the developer and the potential tenant regarding the likely effect of the tenant on living wage goals. Biannual reviews of the employment practices determine whether the developer is meeting this threshold. If the developer and tenants have failed to put forth a good faith effort to pay a living wage for at least 75 percent of the jobs, the developer can be fined \$10,000 for each six-month period out of compliance.

How Can Fresno Implement a First Source Hiring Agreement Policy?

First source hiring agreement policies may be designed as a city ordinance or designed as a case-by-case community benefits agreement between community-based organizations

⁴ North Hollywood Mixed-Use Redevelopment Project Community Benefits Program. (2001). 30 November 2004. www.laane.org/ad/docs/cba_noho.pdf

and firms associated with development projects.⁵ Choosing an approach should be based on overall goals of the policy/program desired as well as the local environment.

City and Locality Ordinance Agreements

These agreements tend to be broader in scope than case-by-case community benefits agreements. They focus on tying city-regulated development to local residents. Projects subject to such agreements include projects receiving city subsidies, projects requiring re-zoning, and city contracts. Some cities monitor all development projects and require projects over a certain number of square feet or over a certain budget amount to participate in first source hiring. Regardless, city ordinance agreements result in consistent requirements for all developers. The cities of Berkeley, CA, Hartford, CT, and San Francisco, CA are all city ordinance-based programs that demonstrate different strategies for tying city-regulated development to local residents.^{6 7}

The City of Berkeley implemented its first source hiring agreement program in 1988. The program requires participation from firms with public contracts of \$100,000 or more, developers of any commercial project of 7,500 square feet or more, and companies applying for a small business loan or housing trust fund money. Participation is required before these projects can receive a zoning permit.

San Francisco implemented its first source hiring agreement program in August 1998. The first source hiring agreement program applies to construction contracts over \$350,000; leases of city property, grants and loans over \$200,000 made by any city department; city contracts for services over \$200,000, permits for commercial projects over 25,000 square feet; and contracts for the procurement of goods, materials, equipment or supplies as determined by the purchaser.

First implemented in 1986, Hartford's first source hiring program targets all publicly assisted projects of 40,000 square feet or more.

Community Benefits Agreements (CBAs)

CBAs tend to be between the developer and community organizations. These agreements tend to be more focused than city ordinances due to their case-by-case nature. Thus, the community can put forth a more directed response to a developer's needs. Moreover, the community may be able to negotiate more favorable terms for a particular project than would be politically possible for a citywide ordinance.

⁵ "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

⁶ "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

⁷ Hesse, Don. (2004). From FAX communication with Carmen T. Mendoza: "First Source Hiring Program: Frequently Asked Questions." Private Industry Council.

In North Hollywood, the CBA includes stringent living wage requirements as well as additional provisions that are unlikely to be politically feasible demands for all developers.⁸ For example, the developer must provide 500 square feet of space for the first source hiring program staff. Additionally, the CBA requires that the development include childcare facilities, slots for low-income employees' children, and assist with securing public childcare subsidies for employees who qualify for such programs.

How Are First Source Hiring Agreement Programs Challenging?

First source hiring agreement programs face several challenges. Monitoring and enforcement efforts need to act as incentives and hold developers accountable without being overly expensive to implement. In addition, civic groups such as surrounding communities excluded by the programs and organized labor may resist first source hiring agreements. Organized labor may already have agreements with cities or developers for building contracts, and unions may resist allowing non-union laborers to work on such contracts that fall under the purview of both union and first source hiring agreements.⁹ Finally, first source hiring agreement programs flourish best during economically good times and struggle during economic downturns.

Monitoring and Enforcement

First source hiring agreements range from mandatory to “friendly” programs that rely on good faith compliance. Mandatory programs have specific thresholds that the developers must meet. If the developers fail to meet the thresholds, they may lose the contract. Mandatory programs *must* be able to withstand a three-part legal litmus test:

- 1) Programs must show a substantial reason for the local hiring preference;
- 2) They must show a documented problem posed by non-residents; and
- 3) Programs must be able to demonstrate that the first source hiring agreement is a solution that is not unnecessarily broad.¹⁰

⁸ North Hollywood Mixed-Use Redevelopment Project Community Benefits Program. (2001). 30 November 2004. www.laane.org/ad/docs/cba_noho.pdf

⁹ “Local Hiring Strategies.” Policy Link. 10 December 2004. <http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

¹⁰ Emsellem, M., B. Sherry, and N. Zauderer. (2000). “Adopting a Waterbury Local Hiring Preference Ordinance: An Analysis of the Legal and Policy Options.” National Employment Law Project. <http://www.nelp.org/docUploads/pub22%2Epdf>

Good faith agreements maintain recourse for enforcement but generally avoid legal challenges. Such agreements define what demonstrates a good faith effort on the part of developers and monitor whether developers fulfill the criteria. Definitions of good faith should include:

- 1) regularly scheduled reports of the developers' job hires to an agreed upon monitoring body (i.e., a city official, a community-based organization, or a community-based board);
- 2) periodic site visits by an enforcement agency; and
- 3) provisions to insure job announcements related to the development are made available to community organizations responsible for providing potential employees to developers.

Furthermore, good faith agreements should stipulate that employers provide payroll records and tallies of employee work hours, broken down by employee residency to an enforcement agency. In cases where developers fail to put forth a good faith effort as defined in the agreement, they may be cited and penalized for failure to comply with the agreement.¹¹

In both mandatory and good faith agreements, monitoring and enforcement serve as incentives for compliance. In many city-ordinance programs, local governments or regulatory agencies will monitor compliance and will levy penalties for those found out of compliance. Sometimes, however, local governments and regulatory agencies cannot or will not monitor the agreements. In these cases, organizations providing first source hiring services will need to monitor and enforce employer compliance. Working with local government and regulatory agencies, as well as employers, in these instances can act as a preemptive measure to avoid monitoring and enforcement problems in the future.

Another strategy for first source hiring agreement programs to minimize enforcement problems is to spend resources to properly train and screen residents before referring them to employers. By providing pre-screened employees to the employers, the designated enforcement agency (usually a stakeholder such as a branch of the local employment department, community-based organizations, or another workforce development organization) does not have to spend many of its resources on enforcement because employers are generally happy to comply with the program.¹²

San Francisco has taken this softer approach to enforcing its first source hiring agreement program. The city has the right to review employers' hiring records to check if they have hired entry-level employees without giving the program job opening notifications. Due to constrained resources, however, the city has not

¹¹ "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

¹² Hesse, Don. First Source Hiring Administrator, San Francisco, CA. Email correspondence between Hesse and The Ramsay Group. 16 April 2004.

exercised this right and has instead focused on building relationships with employers with good service.

Resistance from Surrounding Communities

Surrounding communities may worry about how first source hiring agreements will affect their job security and opportunities. In particular, suburbs or surrounding local communities may oppose first source hiring agreements because they feel that they are being unfairly excluded from new employment opportunities. In these cases, groups may form to oppose first source hiring initiatives. To counteract such opposition, it will be important to document the local need as well as to document the positions that will be available to non-resident workers.

Resistance from Organized Labor

Organized labor may oppose first source hiring agreements or have project labor agreements (PLAs) that require union labor. In particular, PLAs are commonly tied to public development projects. Often, however, local residents, particularly women and people of color, are not union members and then cannot qualify to work on the local developments. Nonetheless, some cities have managed to have PLAs and first source hiring agreements tied to the same project.

For example, in Oakland, CA, the Local Construction Employment Referral Program (LCERP) illustrates a successful first source hiring agreement program partnering with a local union.¹³ The LCERP requires that all Oakland Redevelopment Agency projects and City construction projects costing \$50,000 or more hire Oakland residents for at least 50 percent of all work hours. The program consists of partnerships between 35 community-based organizations that work as outreach and referral agents as well as the local union. The community organizations refer potential, screened employees to the union where qualified workers are then referred to work sites based on demand by developers.

Economic Downturns

Like other spending projects, first source hiring agreements flourish best during economically robust periods and struggle during economic downturns. In particular, short-term construction jobs associated with first source hiring agreements may decrease or disappear when the economy is weak and when residents need employment the most. While still at risk when the economy stalls, long-term positions associated with first source hiring programs tend to be more stable jobs, if offering slightly lower wages than typical construction jobs. The next section addresses strategies to take advantage of both long- and short-term job opportunities with first source hiring agreements.

¹³ “Local Hiring Strategies.” Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

Balancing Short- and Long-Term Employment

While first source hiring agreements offer significant employment and training opportunities, finding a balance between the short-term employment offered by the construction projects and the long-term employment offered by the end-use jobs can be difficult. Several cities, however, have added provisions to their programs to create both short- and long-term jobs.

In San Francisco, the first source hiring agreement program seeks to insure that economically disadvantaged individuals have the first opportunity to apply and be considered for entry-level jobs.¹⁴ These jobs are defined as *entry-level construction*, an apprentice-level position; and an *entry-level end-use job* is a non-managerial position that requires either no education above a high school diploma or certified equivalency or less than two years of training, or specific preparation. The program does not require that employers hire specific applicants, but the program does set overall hiring goals. If employers do not meet the specified goal, they must demonstrate that a good faith effort was made to meet the goals. Nearly 200 economically disadvantaged individuals have been referred in the last two years, and about 25 percent were employed with an average hourly wage between \$9 and \$10 per hour.

Oakland's program reaches beyond initial, short-term construction jobs and includes a clause regarding the creation of permanent, full-time positions.¹⁵ In conjunction with the LCERP, Oakland's "One Stop Capital Shop" facilitates the City's \$11 million Enhanced Enterprise Community Revolving Loan Fund. For every \$35,000 companies borrow from the fund, they must create one full-time permanent position. At least 51 percent of these positions must be filled by a low to moderate-income resident.

Berkeley's first source hiring agreement program design also shifts the focus from construction to non-construction employment.¹⁶ The program offers orientations to residents looking for employment and partners with referral and training organizations such as local non-profits, Berkeley Adult School, the Department of Rehabilitation, the Community Technology program, and Building Opportunity for Self Sufficiency. At the orientations, residents may take math and reading skills tests as well as get help on their resumes. Additionally, Berkeley's first source hiring agreements apply not only to the initial construction and business but endure on the property. All developers who sign a first source hiring agreement are also required to sign an agreement that covers all new businesses that rent space in that development.

¹⁴ Hesse, Don. First Source Hiring Administrator, San Francisco, CA. Email correspondence between Hesse and The Ramsay Group. 16 April 2004.

¹⁵ "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

¹⁶ "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

Thus, any business that subsequently opens up in a first source hiring space will be required to participate in the first source hiring agreement program. Approximately 80 percent of the over 100 active agreements are non-construction related.

In the City of Hartford, the first source hiring agreement program includes clauses regarding both hiring during construction and permanent employment after completion of the project.¹⁷ During construction, city residents must perform 40 percent of all trade project hours. Furthermore, racial minorities must perform 25 percent of all trade project hours, and women must perform at least 6.9 percent of the trade project hours. One in five workers must be apprentices (employees with less than one year of training or experience) and, of those workers, 50 percent must be city residents.

After construction, Hartford's program stipulates that the permanent workforce is at least 50 percent city residents and 45 percent minorities. Twenty-five percent of City work in the development after completion of construction must be set aside for small and minority contractors. In addition to these requirements, Hartford offers developers an optional opportunity to further save project monies. Projects where residents constitute 50 percent of the workforce and 25 percent of the supplies come from Hartford businesses can be reimbursed for their permitting fee (\$16 per every \$1000).

What Should Fresno Consider When Designing a First Source Hiring Agreement Policy/Program?

First source hiring agreements must be tailored to the local environment to be successful. Details such as thresholds regarding set-asides (percent of jobs set aside for local residents), training programs, hiring procedures, and enforcement procedures need to be based on assessed needs of both community residents and developers. First source hiring agreements that are responsive to both parties' needs are easier to enforce and can lead to larger economic gains than programs that are mainly developer- or resident-driven. Issues to address when designing a first source hiring program include the following:

- *Partnerships among Stakeholders.* Designing and implementing a first source hiring agreement requires both a strong understanding of the environment where the first source hiring program will be implemented and broad support in the community. In order to garner broad support for first source hiring agreements, FWBH will need to work with its extant partners which include the Empowerment Zone's Renaissance Board, various subcommittees within the Regional Jobs Initiative, the Employment Development Department, the Workforce Investment Board, employment/job placement agencies, referral partners, non-profits, the FWBH Business Community Roundtable subcommittees, grassroots leaders participating in FWBH's Community

¹⁷ "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

Leadership Development Forum, and its constituency. Perhaps most importantly in terms of systemic change, the FWBH collaborative will need to assist local policymakers in employing a city- and/or county-wide first source hiring agreement policy by providing them with best practices research and the support from its extant community stakeholders and partners.

- *The target area.* First source hiring agreements are tied to development and to residents affected by development in their communities. It is important to assess current and future development plans as well as which residents to target with the program. Some programs are citywide like Berkeley's, while some programs are targeted at specific residents located in and around the development area like North Hollywood's.

Business tenants in the North Hollywood development are further encouraged to participate in the first source hiring agreement program.¹⁸ The first source hiring agreement program targets three groups of residents for preferential hiring. First priority are individuals who have been displaced by the development. Second priority are individuals living in an associated redevelopment project area, and third priority are low-income individuals from the San Fernando Valley.

Local resources such as the public works department, the local land zoning body, and the employment department are often good places to learn about proposed development projects. The type of development and its likely neighborhood effects such as job creation or job preservation should inform first source hiring agreements.

In Fresno, the downtown Empowerment Zone (EZ) offers a clearly defined location (see appendix B) that is tied to several development incentives and could serve as a target area for a first source hiring agreement policy.¹⁹ Efforts to establish the EZ have already documented the residents' needs and can be utilized to design a first source hiring agreement program.

- *The community's needs and ability to respond to employers' needs.* The community needs can be assessed by a number of approaches: using a community survey, a listening campaign, a representative resident committee, or a combination of approaches. The assessment should determine general skill levels and work-readiness to help determine the types and numbers of jobs that can be reasonably filled quickly by residents. Such a community assessment should also examine the number, types, and capacity of training

¹⁸ North Hollywood Mixed-Use Redevelopment Project Community Benefits Program. (2001). 30 November 2004. www.laane.org/ad/docs/cba_noho.pdf

¹⁹ City of Fresno. "There's a Renaissance underway in City of Fresno!" (2003). 20 December 2004. www.fresno.gov/econdev/empowerment_zone.htm

programs that residents and employers need and that community organizations will be able to offer residents for jobs tied to first source hiring agreements.

Partnering with other community organizations such as the Fresno Central Adult School and the local One-Stop will increase FWBH's capacity to train and screen greater numbers of residents for the new jobs. If capacity is an issue, Fresno might consider taking a cue from Berkeley. Berkeley's program does not include percent set-asides regarding the number of local residents who must be employed by participants. Employment opportunities simply have to be announced to the first source hiring agreement program and held open for first source referrals for the first four days. After the first four days, the positions may be opened to the One-Stop Career Center. By omitting percent set-asides, Fresno's first source hiring agreement program could still benefit local residents but avoid problems stemming from having too few program participants to meet employers' needs.

- *Pre-employment and job placement programs for residents.* Once a first source hiring agreement is in place, community organizations will need to work with developers to design training programs for residents who need extra job preparation to take advantage of the first source hiring jobs. Community organizations and developers will also need to work together to determine a proper screening process for first source hiring applicants.

If Fresno has the resources to designate first source hiring staff, placing them within the target area may be helpful to both residents and employers. For example, in the North Hollywood CBA, the developer provides space in the development for the first source hiring agreement and referral program.²⁰ The space accommodates two staff members, files, and records. Additionally, like a storefront, it offers public access for those utilizing the center.

- *Post-employment (or work support) services.* Post-employment services will boost program participants' retention and encourage employer participation by insuring reliable employees. Connecting employees to post-employment services such as childcare and transportation services may decrease potential employment barriers. Additional services such as job coaching on soft skills such as time management, employee-employer relations, finance management, appropriate workplace dress and language, and advancement strategies can also increase residents' employability. Utilizing work supports may help residents succeed in the application process as well as retain and advance their employment.

In North Hollywood, part of the agreement between the developer and the stakeholders, is that the developer provides an onsite childcare center. The

²⁰ North Hollywood Mixed-Use Redevelopment Project Community Benefits Program. (2001). 30 November 2004. www.laane.org/ad/docs/cba_noho.pdf

center must include 50 slots for children of low- (80 percent of the median income for the Standard Metropolitan Area or less) and moderate- (undefined) income families. The provider must secure government subsidies for needy families. The Valley Jobs Coalition will work with the childcare center to continue to make affordable childcare available for low-income families through fundraising efforts in the future.

Next Steps

Once FWBH has secured partnerships with other local stakeholders, the Collaborative will need to begin assessing the employment opportunities in the target area, employer and resident needs, designing a program that meets Fresno's needs, and organizing to establish a first source hiring policy. Here are suggested next steps for FWBH:

1. Assess employment opportunities in the target region. Contact the City of Fresno, the Employment and Development Department, the Department of Public Works, and the Zoning Board regarding workforce needs in the target area. Use data from FWBH's sector research and neighborhood indicators²¹ data warehouse to provide evidence for occupational opportunities and the rationale for employment needs.
2. Assess local population. Determine how many residents in the catchment area need training, how many are job-ready, and how many will likely not be able to pass employer pre-employment screens. In conjunction with employment projections, address the barriers for subsequent waves of first source hiring agreements.
3. Secure partnerships with pre-employment service providers. Since FWBH has limited capacity to train residents for first source hiring agreement jobs, the collaborative should focus on securing Memoranda of Understanding (MOUs) with other organizations with high levels of training capacity for targeted jobs such as construction, retail, service, and clerical skills training.

Additionally, pre-employment screening is a key component of first source hiring agreement programs. It is more difficult for employers to deny employment to well-screened applicants and still demonstrate a good faith effort. Common assessments include drug and alcohol screening, CASAS (Comprehensive Adult Student Assessment System widely used to assess basic reading, writing, and math skills), words per minute, background checks, Department of Motor Vehicle

²¹ Personal communication from Carmen T. Mendoza, January 2005: Neighborhood Indicators (NI) are local data utilized to guide the FWBH Collaborative in their Theory of Change plan, measuring priorities for change, and assessing progress by capturing community level change. NI are a means of building an information rich environment within which the Collaborative can build, refine, and track progress on their strategies for change. NI are also a tool for identifying/building consensus around community and Collaborative issues, measuring success, and policy development.

records, and pre-employment physicals. If FWBH's training providers do not also offer these types of screening services, FWBH should further secure MOUs with other community stakeholders to screen employees.

4. Secure partnerships with work support providers. Focus on providers who offer both pre-employment and post-employment services. Pre-employment services might include resume preparation, interviewing skills, and conflict resolution classes. Post-employment services such as childcare, job coaching, budget management, and advancement strategies can also bolster resident job retention and employability.
5. Assess partner capacity. Identify partners/community stakeholders that have effective methods to connect employees with employers. Work with these partners to determine how many residents the partners/community stakeholders will be able to train, screen, and refer to employers. Develop formal or informal agreements to set and meet agreed-upon goals. Track the process.
6. Set thresholds. Based on employment opportunities, resident needs and skills, and partner capacity to refer trained and screened employees, set thresholds. Thresholds should be responsive to the community's needs but also need to be feasible for the workforce providers. Aspects to consider when setting thresholds include: the size of the development, e.g. square feet; the amount of subsidy; the type or size of public contract; receipt of specific incentives such as tax abatement, city-issued bonds, and rezoning; and type of job.
7. Define Compliance. Decide whether a mandatory or good faith effort policy will be the best approach based on the political climate and the goals of the program. Assess whether stakeholders have staff to monitor compliance, a key resource that may affect compliance. If resources are tight, the stakeholders should consider a program based on good faith efforts by employers and good service from first source hiring partners. Furthermore, to avoid legal challenges, a first source hiring agreement program based on good faith efforts might be more reasonable than a mandatory program for Fresno. If the Collaborative decides to utilize a good faith program, it should work with potential developers and the city to clearly determine what constitutes a good faith effort.

Berkeley and Oakland offer examples of differing thresholds for compliance.²² In Berkeley, employers notify the first source hiring agreement program of all employment opportunities and hold them open for referrals for four days. Additionally, employers must document and explain why referred candidates did not meet the employers' needs.

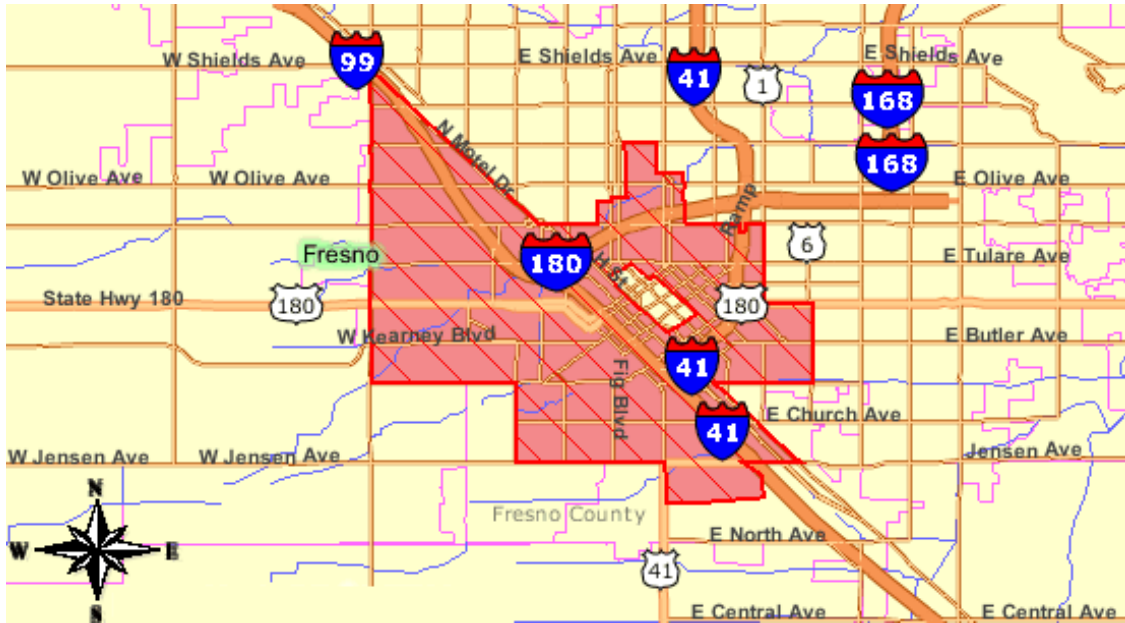
²² "Local Hiring Strategies." Policy Link. 10 December 2004.
<http://www.policylink.org/EDTK/LocalHiring/action.html#Action7>

- In Oakland, employers participating in the good faith effort program have to send written notification of jobs to organizations that are part of the first source hiring agreement program. Employers also have to document the organizations' responses to the job announcements and maintain a file on each employee who was referred and not hired. Finally, the employers have to document their participation in the local employment training programs offered through the first source hiring agreement program.
8. Determine a reasonable enforcement policy. Consider local resources when deciding on a monitoring and enforcement plan. Fewer resources may indicate that a focus on good service may be more productive for garnering compliance. Nonetheless, the Collaborative should designate a staff member or organization to receive statements from employers documenting their good faith efforts. These statements should be reviewed periodically, again based on the resources available. More resources indicate more reviews on a more frequent basis such as once a month. If the collaborative or its community stakeholders face fewer resources, reviews might take place quarterly via random spot checks.
 9. Create a recruitment plan. FWBH and its additional community partners will need to devise an aggressive recruitment plan to reach local residents and to ready them for first source hiring jobs. The resident outreach strategies currently employed at FWBH's Neighborhood Employment Resource Centers serve as a basis for a larger recruitment infrastructure.
 10. Organize to pass the policy/program. Once the plan is in place, garner wide-ranging support of other community-based organizations, residents, unions, public officials, and developers to formalize a city- or county-wide first source hiring agreement policy/program. In conjunction with FWBH's support base, the Collaborative will need to conduct research on first source hiring language and determine whether the local context/ climate favors a commitment, an agreement, an ordinance or a policy (see samples in Appendix C). Using a combination of persistence and a cooperative approach to gaining backing of their community stakeholders, FWBH will need to consider these essential questions:
 - Whose cooperation will be needed to implement the policy/program?²³
 - Who has interests potentially adverse to this policy/program?
 - Of the potential adverse parties, which are most likely to be receptive to the idea of local hiring?
 - What do crucial parties want (e.g., screened workers)?
 - What sources of power can FWBH use to leverage the cooperation of crucial parties (e.g., access to votes, access to workers, ability to organize or call off demonstrations, ability to leverage good or bad publicity)?

²³ Haffner, Stephanie. 1996. Using Local Hiring Programs to Promote Employment Opportunities in Low-Income Communities: Examples and practical considerations. National Economic Development and Law Center. Oakland, CA.


Taking these steps should result in a first source hiring agreement policy/program to provide properly trained and screened applicants who employers will want to hire. Moreover, the community assessment will provide thresholds that both the community and the developers can reach. Well-designed thresholds, training programs, and work-ready applicants attract developers and employers. Similarly, community residents will not be disappointed by unrealistic employment expectations. With a common vision of reducing the chronic unemployment in Fresno County, all community stakeholders can contribute to the success of a local hiring agreement policy.


Appendix B: Fresno Urban Round III Empowerment Zone (EZ)





Legend


RC/EZ/EC Areas


 Renewal Community


 Empowerment Zone

 Selected RC/EZ/EC area

 Enterprise Community

 Enhanced Enterprise Community

 Enterprise Zone

 Enterprise Zone and Enterprise Community

Source: <http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc/tour/ca/fresno/index.cfm>

Appendix C: First Source Hiring Language Resources

KING COUNTY/CITY OF SEATTLE BROWNFIELDS PROGRAM **FIRST SOURCE HIRING COMMITMENT**²⁴

Companies that receive assistance from the King County/City of Seattle Brownfields Program must sign a First Source Hiring Commitment (the Commitment). By signing the Commitment, the company agrees to use the King County Jobs Initiative (KCJI) and/or the Seattle Jobs Initiative (SJI) as the first sources of hiring referrals for jobs created from the assessment, cleanup and redevelopment of brownfields. Under the Commitment, the companies are not required to hire individuals referred to them, but to strongly consider them first in their hiring processes. The company must sign this First Source Hiring Commitment as a condition of receiving technical or financial assistance through the King County/Seattle Brownfields Program.

I, _____ the _____
(Name of Chief Executive Officer) (Title)

of _____, hereby agree that in consideration of receiving
(Name of Company)

technical or financial assistance through the King County/Seattle Brownfields Program, this Company and its consultants and contractors will use or provide for the use of KCJI and/or SJI as the first sources of employee referrals for nonprofessional and non-managerial assessment, cleanup, construction and permanent full-time jobs that result from development of the facility and that pay a minimum of \$8.00 per hour plus benefits.

The Company agrees to provide to KCJI and SJI information on job openings and the skills required to fill available jobs. The Company understands that KCJI and/or SJI will have the first opportunities to provide employee referrals until all jobs are filled. The Company will make every effort to hire qualified individuals referred by KCJI and/or SJI.

²⁴ http://www.metrokc.gov/dnpr/swd/brownfields/documents/1SrcHire_Commit.rtf

However, if KCJI and/or SJI cannot provide qualified applicants, the Company is free to do its own recruiting.

(Signature)

(Typed Name)

(Title)

(Name of Company)

(Date)

Minimum First-Source Hiring Agreement Language
First-Source Hiring Agreement Language (from Oregon Administrative Rules)²⁵

[123-070-1700 C Provisions of the First Source Agreement]

[(1) The First Source Agreement shall contain at least the following provisions in substantially the form presented here:]

[(a) This First Source Agreement for referral of qualified job applicants is entered into between:
[(A)] The following entity, _____ (hereinafter referred to as the CONTACT AGENCY), which coordinates job referrals for, and represents, the following other publicly funded job training providers for the geographic area covered in the Interagency Agreement under OAR 123-070-1200, _____ (hereinafter referred to as the PROVIDERS); and
[(B)] The following business firm, located in this geographic area, _____ (hereinafter referred to as the EMPLOYER).

[(b) The EMPLOYER is or will be receiving benefits from the following program or programs (check those that apply):

[(A)] _____ State lottery-funded program, specify _____;
[(B)] _____ Enterprise zone program, specify – yes or no - _____ if seeking an extended exemption period (up to five years);
[(C)] _____ Other, specify - _____.

[(c) Under this First Source Agreement, the EMPLOYER will use the CONTACT AGENCY as its first source for external referral of Qualified Applicants for all job openings of the EMPLOYER at the following location(s) _____, such that the EMPLOYER agrees to the following:

[(A)] To effectively notify the CONTACT AGENCY of all job openings, no later than when notification is received by any other job referral source external to the EMPLOYER or any public announcement for the job opening, throughout the term of this agreement;
[(B)] That each such notice to the Contact Agency shall include job qualifications and a deadline for referrals;
[(C)] To ensure that the CONTACT AGENCY and the PROVIDERS will have sufficient:
[(i)] Lead time (minimum lead time is _____ business days before the job application close date, except in temporary or emergency situations); and
[(ii)] Information to make meaningful referrals for jobs that will be filled by the EMPLOYER;
[(D)] That all job information may be shared with all PROVIDERS for which referrals are coordinated by the CONTACT AGENCY; and
[(E)] That all job openings shall be listed in the PUBLIC LABOR EXCHANGE SYSTEM (currently the Oregon Job Selection System—OJSS) of the state Employment Department, insofar as a local office of that state agency is a PROVIDER.

[(d) The CONTACT AGENCY agrees to the following:

[(A)] That to the extent that Qualified Applicants are available among the relevant PROVIDERS, to refer those individuals to the EMPLOYER for job openings; and
[(B)] To facilitate and implement the listing of all job openings in the PUBLIC LABOR EXCHANGE SYSTEM, in cooperation with other PROVIDERS (though, not necessarily to the exclusion of other referral methods).

[(e) The EMPLOYER agrees to:

[(A)] Fully consider for employment any Qualified Applicant referred by the CONTACT AGENCY by the referral deadline;
[(B)] Notify the CONTACT AGENCY when a Qualified Applicant is hired by the EMPLOYER; and

²⁵ <http://www.econ.state.or.us/enterthezones/firstsource.pdf>

[(C)] Provide after-the-fact information to the CONTACT AGENCY about applicable overall hiring and job vacancies in the following manner - _____, or as requested by the Contact Agency, in accordance with OAR 123-070-1900(1) to (3).

[(f)] The EMPLOYER agrees to comply with all relevant laws regarding employment of Qualified Applicants of this state or the federal government, including but not limited to not discriminating on the basis of race, color, religion, ancestry, national origin, political affiliation, sex, age, marital status, sexual orientation, physical or mental disability, or any other inappropriate reason prohibited by such laws.

[(g)] The EMPLOYER will make all final decisions on hiring new employees. After the EMPLOYER has hired the employees, the EMPLOYER assumes full responsibility for them as employees.

[(h)] All persons hired under this Agreement are subject to the EMPLOYER’s regular personnel policies and procedures and have no special or additional rights arising from this Agreement.

[(i)] If the terms of this Agreement conflict with the provisions of a collective bargaining agreement to which the EMPLOYER is a party, the bargaining agreement shall prevail.

[(j)] Both the CONTACT AGENCY and EMPLOYER agree to attempt to resolve all areas of misunderstanding, disagreement or dissatisfaction with each other as soon as they arise. If the parties are unable to resolve the issue, either may:

[(A)] Initiate a meeting between the EMPLOYER and either the CONTACT AGENCY or all of the PROVIDERS; or

[(B)] Request assistance from the Oregon Economic and Community Development Department.

[(k)] This agreement shall take effect on the date of the last signature by the contracting parties below, and shall be in full force and effect until [DECEMBER 31 OF THE LAST YEAR OF THE EXEMPTION(s)*], 20____ (or, until the end of the term, period or periods as described in OAR 123-070-1600).

[* for enterprise zone businesses]

[(l)] APPROVED

[(A)] CONTACT AGENCY: By <input checked="" type="checkbox"/> _____ Name _____ Title _____ Date _____ Address _____ Phone _____	[(B)] EMPLOYER: By <input checked="" type="checkbox"/> _____ Name _____ Title _____ Unemployment Insurance Account Number _____ Address _____ Phone _____
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[(2) The First Source Agreement under this rule may be substantively modified or amended only as described in OAR 123-070-1800.]

[(3) A Benefitted Business’s performance under the First Source Agreement is not, in and of itself, a condition for the Benefitted Business to receive the benefit of a program listed under OAR 123-070-1150(1) or (2), except for the following:]

[(a) Compliance with provisions added pursuant to OAR 123-070-1800(3); or]

[(b) Adherence to requirements for data reporting as specified through OAR 123-070-1900(4) and (5).]

[(4) The failure of a First Source Agreement, as entered into by a Benefitted Business, to conform with the stipulations of this division of administrative rules shall in no way jeopardize the Benefitted Business’s status as having entered into a First Source Agreement, so long as the Benefitted Business takes reasonable efforts to rectify any significant error or omission in the First Source Agreement, as requested by the Contact Agency, enterprise zone sponsor or [Economic and Community Development] Department, none of which shall be liable in any way for such an error or omission.]

CITY OF BOSTON²⁶
JOBS AND LIVING WAGE ORDINANCE
THE LIVING WAGE DIVISION (617) 918-5259
FIRST SOURCE HIRING AGREEMENT
Covered Vendors and Subcontractors

Under the Boston Jobs and Living Wage Ordinance and Regulations, all Covered Vendors and Subcontractors (hereinafter referred to as “the Employer” for the purposes of this Agreement) are required to sign a First Source Hiring Agreement with a Referral Agency or Boston One-Stop Career Center (An Employer may sign additional First Source Hiring Agreements with as many Referral Agencies or Boston One-Stop Career Centers as it chooses). For a complete list of approved Referral Agencies and Boston One Stop-Career Centers, see Form LW-10A.

INSTRUCTIONS FOR COVERED VENDORS AND SUBCONTRACTORS: You are not required to complete this form until after your Service Contract or Service Subcontract has been executed. After your Assistance documents are executed, you are required to do the following:

1. Complete the portions of this agreement that are applicable to you (Parts 1,2 and 5A)
2. Within five (5) business days after your Assistance documents are executed, deliver this agreement (or fax) to a **REFERRAL AGENCY OR BOSTON ONE-STOP CAREER CENTER** of your choice.

INSTRUCTIONS FOR REFERRAL AGENCIES AND BOSTON ONE-STOP CAREER CENTERS: Upon receipt of this Agreement, you are required to do the following:

1. An authorized person of the Referral Agency or Career Center must complete Part 3 of this Form and sign the Agreement in Part 5B.

2. Submit this Agreement within two (2) days of receipt to:
LIVING WAGE ADMINISTRATOR
LIVING WAGE DIVISION
OFFICE OF JOBS AND COMMUNITY SERVICE
43 HAWKINS STREET
BOSTON, MASSACHUSETTS, 02114

NOTE: All parties to this Agreement should carefully read **Part 4: AGREEMENT OF PARTIES**. If you have any questions telephone the Living Wage Administrator at (617) 918-5259.

Part 1: EMPLOYER INFORMATION:

²⁶ <http://www.cityofboston.gov/bra/pdf/documents/LW-10-FY2005.pdf>

Name of Employer: _____
Contact Person: _____
Address: _____
Street City Zip _____
Telephone #: _____ Fax #: _____
E-Mail Address: _____

Part 2: NAME AND IDENTIFICATION NUMBER OF THE PROGRAM OR PROJECT UNDER WHICH THE SERVICE CONTRACT OR SERVICE SUBCONTRACT WAS AWARDED:

Part 3: REFERRAL AGENCY OR BOSTON ONE-STOP CAREER CENTER INFORMATION:

Agency Name: _____
Contact Person: _____
Address _____
Street City Zip _____
Telephone #: _____ Fax #: _____
E-Mail Address _____

Part 4: AGREEMENT OF PARTIES

The Employer and the Referral Agency or Boston One Stop Career Center signing this agreement agree to the following terms and conditions:

1. Prior to announcing or advertising an employment position for work which shall be performed as a result of a Service Contract or Service Subcontract created either as a result of a vacancy of an existing position or of a new employment position, the Employer shall notify the Referral Agency and/or Career Center about the position, including a general description and the Employer's minimum requirements for qualified applicants for such position. The notification shall also contain the words: **BOSTON JOBS AND LIVING WAGE ORDINANCE POSTING**, prominently displayed at the top of the first page of the notification.
2. The Employer shall not make such public announcement or advertisement for a period of five (5) business days after notification to the Referral Agency and/or Career Center of the availability of such position. Such five (5) day period is hereinafter referred to as the *Advance Notice Period*. The Referral Agency or Career Center may make public announcements or advertisements of the job position at any time. Any posting, public announcement or advertisement shall clearly state that only Boston residents may be referred for such job opportunities during the Advance Notice Period.
3. The Referral Agency or Career Center shall post any **BOSTON JOBS AND LIVING WAVE ORDINANCE JOB OPPORTUNITY NOTICE** within the first business day after receipt of the Notification from the Employer in a prominent location for a period of at least the five (5) business days. (*Advance Notice Period*). The Referral Agency or Career Center shall provide information on such job opportunities to all Boston residents who receive services. The Referral Agency or Career Center may refer qualified

candidates to the Employer. The Referral Agency or Career Center shall maintain a database of such job opportunities.

4. The *Advance Notice Period* shall be waived if the Referral Agency and/or Career Center has no qualified candidates to refer to the Employer.

5. The Referral Agency or Career Center shall institute a tracking system and record the job postings referred by Employers, the number of applicants referred to jobs during the *Advance Notice Period*, which applicants were interviewed, which applicants were not interviewed, and which applicants were hired for the positions or any other information deemed relevant by the Living Wage Administrator. The Referral Agency or Career Center shall forward this information to the Living Wage Administrator, monthly, in a manner prescribed by the Living Wage Administrator.

6. The Agreement does not require the Employer to comply with these procedures if it fills the job vacancy or newly-created position by transfer or promotion from existing staff or from a file of qualified applicants previously referred to the Employer by the Referral Agency and/or Career Center.

7. The Agreement shall not require the Employer to hire any applicant referred under the terms of this Agreement.

8. This Agreement covers the term of the Service Contract or Subcontract.

PART 5: SIGNATURES

An owner or officer of the Employer as well as the Referral Agency or Boston One Stop Career Center must sign this Agreement.

A. SIGNATURE

On behalf of _____ (*Employer*), I agree to comply with the terms and conditions of this First Source Hiring Agreement.

PRINT/TYPER NAME	JOB TITLE
SIGNATURE	DATE

B. REFERRAL AGENCY OR BOSTON ONE STOP CAREER CENTER AUTHORIZED SIGNATURE

On behalf of the **REFERRAL AGENCY OR BOSTON ONE-STOP CAREER CENTER** named in Part 3 of this Agreement, I agree to provide services in accordance with the terms and conditions of this First Source Hiring Agreement

PRINT/TYPER NAME	JOB TITLE
SIGNATURE	DATE