

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: January 11, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations, and Neighborhoods Committee

FROM: Sharon M. Tso *Sharon Tso for* Council File No.: 15-0002-S112
Chief Legislative Analyst Assignment No.: 15-12-0974

SUBJECT: Local Hire Act.

CLA RECOMMENDATION: Adopt the attached Resolution (Bonin-Buscaino) to include in the City's 2015-16 Federal Legislative Program SUPPORT for H.R. 4005 "Local Hire Act" that seeks to allow local hiring for transportation projects.

SUMMARY

Federal procurement regulations traditionally do not permit agencies to require bidders to establish local hiring programs or to take such programs and local hiring directly into account in the bid evaluation process. The historical rationale for this prohibition is that the federal gas tax is collected across the nation and therefore, all U.S. residents and companies should have equal access in constructing and operating any given projects. These federal procurement regulations, however, do not reflect the new reality that transportation projects are financed primarily with local funds. At this time, over 80% of the Los Angeles County Metropolitan Transportation Agency's (Metro) operations and capital budget comes from local dollars. This new reality creates a sound rationale for seeking to change Federal law as it relates to the ability of agencies like Metro to require contractors to establish local hiring programs. Limiting transit agencies from being able to adopt local hiring policies when making hiring decisions hinders their ability to bring jobs to their local communities, which is detrimental to local economies across the United States.

On November 16, 2015, Congressman Bass introduced H.R. 4005, the "Local Hire Act," which seeks to amend titles 23 and 49 of the United States Code to allow local hiring for transportation projects. This bill authorizes a state to establish local hiring bid specifications or consider the hiring of local workers in the evaluation of bids and proposals for federal-aid highway projects. The recipients of federal assistance are likewise authorized to establish such specifications or consider local hiring in the evaluation of bids and proposals for public transportation projects.

BACKGROUND

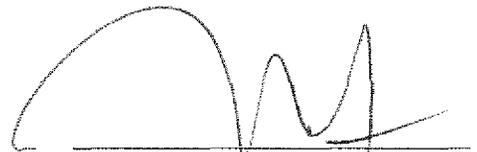
On September 15, 2011, the Metro Board of Directors added to its America Fast Forward initiative, the goal of reforming federal local hire rules. The America Fast Forward Plan would support the creation of a 21st Century national surface transportation system through two federal innovative investment methods: tax code incentives and credit assistance.

In November 2013, Congressman Bass introduced H.R. 3620 the "Local Hire Act," which contained the identical language in H.R. 4005. In December 2014, Congress included the language from H.R. 3620 in the Consolidated Appropriations Bill for Fiscal Year 2015.

In March 2015, the U.S. Department of Transportation launched a Local Hire Pilot Program, which opened federally-funded construction jobs to local workers. While the plan was scheduled for only one year, it can be extended.

BILL STATUS

On November 16, 2015, the bill was assigned to the House Committee on Transportation and Infrastructure. On November 17, 2015, the bill was referred to the Subcommittee on Highways and Transit.



Maria Souza-Rountree
Analyst

Attachment:
1. Resolution

SMT:msr

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in late 2013, Congressmember Karen Bass was successful in reforming federal local hire rules to allow the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) to implement local hire policies for construction and operations projects; and

WHEREAS, prior to these changes, the government banned federally-funded companies from recruiting locally; and

WHEREAS, on November 16, 2015, Congressmember Bass introduced H.R. 4005 "The Local Hire Bill" that seeks to amend titles 23 and 49 of the United States Code to allow local hiring for transportation projects; and

WHEREAS, Los Angeles County Metropolitan Transportation Authority (Metro) has embarked on a major transportation infrastructure building program that is predominantly funded through local sales taxes; and

WHEREAS, major transit projects can stimulate significant economic activity in a community and H.R. 4005 will ensure that those new positions benefit the communities where there is new construction and spur local job-creation;

NOW, THEREFORE BE IT RESOLVED, that with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-16 Federal Legislative Program SUPPORT for H.R. 4005 that would allow local hiring for transportation projects.

PRESENTED BY: 
 MIKE BONIN
 Councilmember, 11th District

SECONDED BY: 

DEC - 2 2015