



Metro

AUGUST 23, 2017

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON PAW
CHIEF EXECUTIVE OFFICER

FROM: PAULETTA TONILAS P.T.
CHIEF COMMUNICATIONS OFFICER

**SUBJECT: WITHDRAWAL OF LOCAL HIRE RULEMAKING BY U.S.
DEPARTMENT OF TRANSPORTATION**

ISSUE

It is anticipated that later this week the U.S. Department of Transportation (USDOT) may withdraw the notice of proposed rulemaking issued by the Obama Administration that reformed federal Local Hire rules to permit grant recipients and subrecipients to impose geographic-based hiring preferences. On August 18, 2017 the USDOT issued a report on significant rulemaking that cited that the Local Hire reforms made under the previous Administration were slated for withdrawal.

DISCUSSION

The Los Angeles County Metropolitan Transportation Authority (Metro) has and continues to be a national leader in reforming antiquated federal Local Hire rules that prohibited geographic-based hiring preferences for projects utilizing federal funding. In September of 2011, the Metro Board of Directors adopted a Board Report that added reforming federal Local Hire rules to our agency's America Fast Forward initiative. In January of 2012, Metro launched, with the Federal Transit Administration's approval, an innovative Construction Career policy to require targeted hiring for major capital projects.

As a result of our agency's work with Congresswoman Karen Bass, Congress adopted (December 11, 2014) language from her Local Hire Act as part of the Consolidated Appropriations Bill for Fiscal Year 2015. Following this action, the Obama Administration moved on March 3, 2015 to establish a Local Hire Pilot Program – a program that Metro has applied on the construction of our Division 16 (Southwest Railyard), the Westside Purple Line Extension project (Section 2), and on four of our rolling stock contracts. Our agency anticipates participating in the Local Hire Pilot Program for nine major future capital projects.

As a result of our successful use of the Local Hire Pilot program, then-Metro Board Chair Mark Ridley-Thomas wrote a letter to then-U.S. Transportation Secretary Anthony Foxx on March 4, 2016 urging that the program be extended. On January 18, 2017, the USDOT published a notice in the Federal Register announcing that the Local Hire Pilot Program would be extended for five years. For your review, please find attached an executive summary of our agency's efforts with respect to reforming federal Local Hire rules.

NEXT STEPS

We have communicated directly with the USDOT our agency's strong interest in maintaining the current Local Hire Pilot Program. In a joint letter (see attached) sent to USDOT Secretary Elaine Chao on August 17, 2017, Metro Board Chair and Los Angeles Mayor Eric Garcetti and Metro CEO Phillip A. Washington conveyed their desire for the USDOT to continue this "valuable pilot program." In this correspondence our Board Chair and CEO cited the success our agency has had with the Local Hire Pilot Program and the fact that the program is consistent with President Trump's Buy American and Hire American Executive Order issued on April 18, 2017.

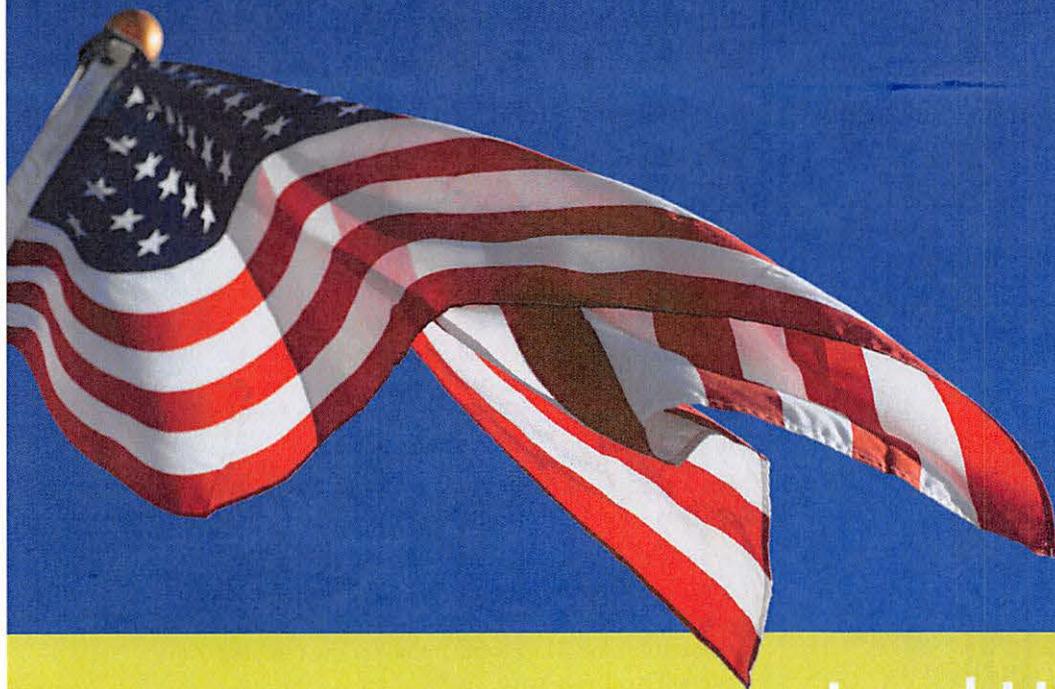
In addition to this letter, Metro has been in active communication with the office of Congresswoman Karen Bass (the author of the original Local Hire Act) and other members of the Los Angeles County Congressional Delegation to encourage them to safeguard language in both the House and Senate Transportation-Housing and Urban Development appropriations bills for Fiscal Year 2018 that would, if adopted into law, permit the continuation of local hiring preferences.

We will keep the Board apprised of any new developments as they relate to the status of the federal Local Hire Pilot Program.

Attachments:

- A. America Fast Forward Local Hire Executive Summary**
- B. Correspondence to U.S. Secretary of Transportation Elaine Chao**

America Fast Forward:
CREATING JOBS THE RIGHT WAY



Local Hire Initiative
Executive Summary



Metro®

January 2017

Local Hire Initiative

Executive Summary

Traditionally, federal procurement regulations do not permit agencies, like Metro, 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 (18.4 cents per gallon) is collected from around the nation and, therefore, all individuals and companies in the U.S. should have access to any given project.

Metro believes the current federal procurement regulation does not take into account the new reality of how transportation projects are financed, which today, is often through a majority of funds being derived from local dollars. For example, at present and into the future, over 80% of Metro's budget for operations and capital projects will be funded through tax dollars from L.A. County residents.



- > **September 2011** – the Metro Board of Directors adopted a Board Report that added reforming federal local hire rules to our agency's successful America Fast Forward initiative.
- > **January 2012** – Metro launched, with FTA approval, an innovative Construction Career policy to require targeted hiring for major capital projects.
- > **2012/2013** – Metro begins to brief members of the House, Senate and Obama Administration officials on our America Fast Forward Local Hire Reform effort.
- > **November 22, 2013** – Working in close cooperation with Metro, Congresswoman Karen Bass (D-CA) introduces H.R. 3620 (The Local Hire Act), which would permit establishing local hiring programs on projects using federal funding.
- > **2014** – Metro advances our Board-approved America Fast Forward Local Hire Reform effort by educating Members of Congress on the merits of reforming current federal local hire regulations.
- > **December 11, 2014** – Congress adopts a Consolidated Appropriations Bill for Fiscal Year 2015 (Public Law No: 113-235) that includes language from The Local Hire Act authored by Congresswoman Karen Bass (D-CA).
- > **February 9, 2015** – the Federal Transit Administration releases its Federal Fiscal Year 2015 apportionments in the Federal Register outlining how it intends to allow geographic hiring preferences in construction contracts that are advertised or awarded in Federal Fiscal Year 2015.
- > **March 3, 2015** – the U.S. Department of Transportation launches a Local Hire Pilot Program.
- > **December 18, 2015** – President Obama signed the Consolidated Appropriations Act of 2016 that included language offered by Congresswoman Karen Bass that allows and expands local hire regulations for the remainder of Federal Fiscal Year 2016.
- > **March 4, 2016** – Metro Chairman Mark Ridley-Thomas calls on U.S. Transportation Secretary Anthony Foxx to make permanent or extend the Obama Administration's Local Hire Pilot Program.
- > **March 6, 2016** – Responding favorably to Metro and other key stakeholders – like Congresswoman Karen Bass – the Obama Administration moves to extend their Local Hire Pilot Program for a period of one year – until March 6, 2017.
- > **January 18, 2017** – the Federal Register publishes a notice from U.S. Transportation Secretary Anthony Foxx announcing that the Local Hire Pilot Program will be extended for five years.



Metro

Metropolitan Transportation Authority

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August 17, 2017

The Honorable Elaine Chao
Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Ave., S.E.
Washington, D.C. 20590

Dear Secretary Chao:

We are writing on behalf of the Los Angeles County Metropolitan Transportation Authority (Metro) to express our strong support for the U.S. Department of Transportation's (USDOT) Local Hire Pilot Program and to request that, under your leadership, USDOT continue this valuable pilot program.

The Local Hire Pilot Program allows jurisdictions, especially those that have voted to tax themselves to support local transportation infrastructure investments, to help ensure that the community members that are investing the majority of funding for a transportation project have the opportunity to be hired to build these same projects. Metro, working closely with USDOT staff, has successfully applied Local Hire to the construction of our Division 16 (known as the Southwest Railyard), the Westside Purple Line Extension (Section 2), and to four current rolling stock contracts – which all create thousands of jobs throughout the United States as well as in Los Angeles County. We are confident that by continuing the Local Hire Pilot Program the USDOT will be able to capture enough empirical evidence to show that the program does not diminish competition and that the benefits of training and growing a local workforce are consistent with the Trump Administration's domestic agenda.

At a time when federal resources to support transportation infrastructure investment are insufficient to keep pace with the demand, it is our considered opinion that we should be squarely focused on incentives to support local efforts to keep traffic moving, reduce congestion, and promote economic

growth. The Local Hire Pilot Program is a sound example of how to maximize the use of scarce resources while encouraging the investment of local funding to address our significant transportation needs. The Local Hire Pilot Program also adheres to the spirit of the President's Buy American and Hire American Executive Order issued on April 18, 2017. Metro looks forward to both continuing to participate in the USDOT's Local Hire Pilot Program and partnering with USDOT on our ongoing work that is creating good paying construction and manufacturing jobs for thousands of American workers.

Thank you in advance for your attention to this important matter. Please do not hesitate to contact us if we can be of assistance on this or any other matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip A. Washington". The signature is stylized with large, overlapping loops and a long horizontal stroke extending to the right.

Phillip A. Washington
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Eric Garcetti". The signature is stylized with large, bold letters and a long horizontal stroke extending to the right.

Eric Garcetti
Los Angeles Mayor
Metro Board Chairman