

**Board Report**

File #: 2022-0760, **File Type:** Policy**Agenda Number:** 36.

**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE
NOVEMBER 17, 2022****SUBJECT: MANUFACTURING CAREERS POLICY****ACTION: APPROVE RECOMMENDATION****RECOMMENDATION**

ADOPT the Manufacturing Careers Policy (MCP), to administer the United States Employment Program (USEP) for federally funded Rolling Stock contracts and the Local Employment Program (LEP) for non-federally funded Rolling Stock Contracts (Attachment A).

ISSUE

This Board Action is required to combine Metro's USEP and LEP program into the new Manufacturing Careers Policy for rolling stock (refer to Attachment A) and to provide for necessary modifications based upon lessons learned. Recognizing the growth in Metro's transit operations, capital infrastructure program, and associated procurements for manufactured transit equipment, Metro's MCP objectives are: to increase quality job creation and career development for low-income residents facing barriers to employment, to maximize equitable outcomes and economic resiliency in disadvantaged communities, and to maximize career investments in new or existing manufacturing/assembly facilities in the United States and Los Angeles County.

BACKGROUND

Metro was the first agency in the United States to utilize the USEP and the LEP. Both programs stipulate a minimum of 10% disadvantaged workers on Rolling Stock procurements. In addition, the USEP requires the workers to be located within the United States, while the LEP requires the workers to be within the State of California. As a result of the USEP and LEP provisions being included in previous Contracts, over \$20 million of wages & benefits have been allocated to new jobs to date. In addition, implementing the USEP and LEP has led to over \$14 million in local facility investments by transit vehicle manufacturers.

Throughout its inception, the USEP and LEP programs have elevated job creation for a broad range of careers in Rolling Stock design, manufacturing, and maintenance. The USEP and LEP demonstrate Metro's commitment to creating good local jobs and training programs and generating unprecedented opportunities for historically underserved communities.

The Federal Transit Administration (FTA) first authorized Metro to utilize the United States Employment Program (USEP) on federally funded Rolling Stock procurements for light and heavy rail vehicles and transit buses in 2011. Metro subsequently established the Local Employment Plan (LEP) for non-federally funded Rolling Stock contracts in 2017.

DISCUSSION

Staff has created a Manufacturing Careers Policy (MCP) to combine and establish the internal guidelines for the US Employment Program (USEP) and Local Employment Program (LEP). The objective of the MCP is to maximize the economic co-benefits from investments in transit equipment, infrastructure, and related services. Staff recommends the adoption of the MCP as a mechanism for Metro to leverage investments in the manufacturing of Rolling Stock.

The combination of the USEP and LEP into the MCP will result in:

- Lowering the dollar threshold of the procurement size for USEP and LEP applicability (lowered from \$100 million to \$50 million), thereby potentially covering more contracts and providing the defined workforce benefits to a larger population pool;
- Requiring the implementation of the USEP or LEP as a contractual requirement on applicable contracts, as opposed to offering bonus evaluation points to proposers that commit to the USEP or LEP as an optional element;
- Adding remedies for contractual non-compliance with the USEP or LEP (as allowed by law and as approved by the Federal Transit Administration, to potentially include liquidated damages, withholding of progress payments, and performance bond applicability);
- Adding a retained workers category (workers employed by the proposer before the Metro contract award) to provide long-term career opportunities for new hires under the USEP and LEP (to facilitate the career movement of new hires on one contract to other contracts);
- Clearly defining terms of the MCP, among other updates.

Recognizing the growth in Metro's transit operations, capital infrastructure program, and associated procurements for manufactured transit equipment, Metro's MCP objectives are: to increase quality job creation and career development for low-income residents facing barriers to employment, to maximize equitable outcomes and economic resiliency in disadvantaged communities, and to maximize career investments in new or existing manufacturing/assembly facilities in the United States and Los Angeles County.

The Manufacturing Careers Policy will be applied to all Rolling Stock procurements and related contracts with a minimum contract value of \$50 million (reduced from the current threshold of \$100

million) and at Metro's discretion to related pilot technology contracts. Furthermore, solicitation and contract provisions will be in-line with the MCP, including but not limited to: weighted USEP or LEP evaluation factors that represent 5% of the overall possible points in a Best Value RFP and contractual provisions allowing Metro to withhold milestone payments and/or apply other remedies allowed by law.

Adopting the MCP is in-line with the Metro Board's approval of a Project Labor Agreement and Construction Careers Policy for its construction contracting program. The MCP, combined with the PLA and the CCP, ensure that Metro creates opportunities for disadvantaged workers in sectors it is heavily investing in: construction contracting and rolling stock manufacturing.

DETERMINATION OF SAFETY IMPACT

Approval of the Manufacturing Careers Policy will not impact the safety of Metro manufacturing workers and patrons. Metro Operations and Safety will carefully review any future developments resulting from the MCP policy.

FINANCIAL IMPACT

No Financial Impact.

EQUITY PLATFORM

Metro's USEP and LEP enhance equity for marginalized and vulnerable community members by creating employment opportunities in the manufacturing industry for individuals with historical barriers to employment, such as those experiencing homelessness, single custodial parents, receiving public assistance, lacking GED or high school diploma, criminal record or history with criminal justice system, chronically unemployed, emancipated from foster care and/or veterans. To date, USEP/LEP applicable Rolling Stock Contracts have generated over \$20 million dollars in wages & benefits to new hire workers, with over \$2 million dollars in wages and benefits paid to disadvantaged workers. The USEP and LEP mandate a minimum of 10% disadvantaged hiring requirements. In addition, the implementation of the USEP and LEP has led to over \$14 million in local facility investments by transportation vehicle manufacturers.

Approval of the MCP will lower the threshold for the Rolling Stock contract's applicability to the USEP and LEP from \$100 million to \$50 million. A lower threshold will potentially lead to a higher volume of Rolling Stock contracts that will be subject to the USEP and LEP and directly impact the level of increased opportunity for individuals who have faced historical barriers to employment and are considered disadvantaged.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Metro's MCP supports strategic plan goal #3 to enhance communities and lives through mobility and access to opportunity. Metro's MCP provides employment opportunities for individuals from disadvantaged and socially barriered backgrounds and also enhances the economic stability within the United States through new job creation and local facility investments.

NEXT STEPS

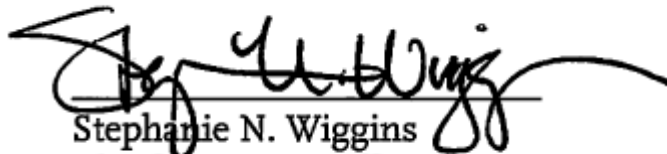
Staff will monitor contractor compliance with the requirements of the MCP and ensure that corresponding solicitation and contractor language match the Policy.

ATTACHMENTS

Attachment A - Manufacturing Careers Policy

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