



U.S. Department
of Transportation

Federal Highway
Administration

Memorandum

Subject: **ACTION:** Local Labor Hiring Preference
under Special Experimental Project No. 14
(SEP-14)

Date: October 6, 2015

From: Thomas D. Everett
Director, Office of Program Administration

In Reply Refer To:
HIPA-30

To: Gregory K. Murrill
Division Administrator
Baltimore, Maryland

We received the Baltimore City Department of Transportation's (the Department) *Local Labor Hiring Preference SEP-14 Workplan* for the Reconnecting West Baltimore Project, dated September 29, 2015 from Jitesh Parikh. Our office has worked closely with Jitesh and Blair Jones to refine the previous iterations of this workplan.

The Department's proposal is being advanced in response to the pilot [Contracting Initiative](#) announced by the U.S. Department of Transportation in a Federal Register Notice on March 6, 2015.

The SEP-14 workplan would implement the following:

1. **Local Labor Hiring Preference:** The City of Baltimore implemented a local hiring mandate in 2013 on projects funded with 100 percent City funds. Previous discussions with State Department of Transportation and FHWA staff have indicated that the use of such provisions were limited by the competitive bidding requirements of Title 23 U.S.C.; however, the City is interested in evaluating this requirement on a Federal-aid project on a pilot project basis under SEP-14. The contract will require that 51 percent of all new hires required to complete the project be filled by Baltimore City residents.
2. **Incentive:** If the Contractor complies with the City's local hiring law by ensuring that at least 51 percent of all new hires are filled by Baltimore City residents, then the Department will pay an incentive of \$3.50 per hour for each local labor hour for each newly hired employee that resides within Baltimore City with a not-to-exceed incentive amount of \$100,000.00. If the contractor seeks and receives a waiver of the City's local hire law, an incentive of \$1.75 per hour for each newly hired employee that resides within Baltimore City will be given to the contractor at the end of the contract, with a not-to-exceed amount of \$100,000.00. Incentives will only be paid at the end of the contract.

3. **Waivers:** Waivers are granted by the Local Hire Review Committee under certain conditions. Conditions that may warrant a waiver include a demonstrated good faith effort to comply with the law, a special workforce development training or placement arrangement has been reached with the Mayor's Office of Employment Development (MOED), or there are an insufficient number of City residents who possess the skills required by the new job(s).
4. **Employment Analysis:** Prior to disbursement of City funds, the contractor will be required to perform an employment analysis to determine the number of jobs required to complete the contract and the number of new jobs required to complete the contract. New hires needed for the contract must be posted through MOED for 7 days prior to being publically advertised. In each month of the project, required reports must be submitted by the contractor providing detailed employment and hiring information.
5. **Consequences for Intentional Violations:** Intentional violation of these provisions may subject the contractor to debarment from bidding on City contracts for one year, and a \$500 fine.

FHWA approves the proposed use of local labor hiring preference provisions on a Federal-aid project under the experimental authorities of 23 U.S.C. 502 and SEP-14.

The workplan is approved. Thank you for the opportunity to work with you r office on this SEP-14 request.

If you have any questions, please contact the following: Gerald Yakowenko at Gerald.Yakowenko@dot.gov or (202)366-1562, or John Huyer at John.Huyer@dot.gov or (651)291-6111.