



Sports & Exhibition Authority

When you have the time, Pittsburgh has the place

October 20, 2015

Mr. Justin M. Smith, PE
PA Department of Transportation
Bureau of Project Delivery
400 North Street, 7th Floor
Harrisburg, PA 17120

Re: SEA Local Labor Hiring Preference Goals SEP-14 Workplan
Lower Hill Infrastructure
Element II-C Centre Avenue and Street I Intersection Reconstruction

Dear Mr. Smith:

Please find below responses to the comments received on October 9, 2015 related to the SEA Local Labor Hiring Preference Goals SEP-14 Workplan

Comment: Do the Greater Hill District Neighborhoods have adequate number of workers to meet this goal?
If not, is there another acceptable labor source?

Response: The Sports & Exhibition Authority (SEA) recognizes that capacity may need to be developed over time in order to reach the Local Hire Goal of 20%. It is recognized that individuals may not immediately have the training, skills, and resources needed to take advantage of job opportunities. An important element of the program is the early planning: notification, coordination and other outreach efforts that would afford potential workers needed time to prepare for such job opportunities.

For the last several years in preparation for the Lower Hill Development, the SEA has been working with and keeping local contractors, trade unions, and local training and recruitment programs informed of the development.

The SEA anticipates contractors will first look within their current workforce, then reach out to the union trades (if applicable), and if still not able to achieve the goal to approach the local training and recruitment programs.

The SEA has been coordinating with local training and recruitment programs including the Hill House Association's First Source Center; Pittsburgh Chapter of A. Philip Randolph Institute; Urban Innovation 21; and the Energy Innovation Center. The SEA also communicates with the following community and City organizations: Hill Community Development Corporation; Hill District Consensus Group; Hill House Association; Hill District Ministerial Alliance; New Hill District Business Association; CCIP Executive Committee; Urban League of Pittsburgh; Pittsburgh Branch NAACP; and the City of Pittsburgh EORC, Equal Opportunity Review Commission.

Comment: Show funding from all sources, not just from FHWA. Also show total costs.

Response: The Workplan has been updated to include the latest project estimate of \$1,234,490 which will be funded with the \$946,680 Transportation Alternatives Program grant and the difference being

funded from a Commonwealth of Pennsylvania Redevelopment Assistance Capital Program grant

- Comment: Recommend a unit price analysis. not necessarily confined to the top 5 highest value.
- Response: The Workplan has been revised to accept the change moving the "A comparison of unit bid prices" bullet from Section E. Evaluation Measures, sub-section 3 to sub-section 4. This bullet has also been revised to not confine the unit price analysis to the top 5 highest value items.
- Comment: This is cut and paste from the FHWA Sample Work Plan. If FHWA and PennDOT have a similar process for approving SEA's project administration procedures, then tailor the references and narrative accordingly.
- Response: The Workplan has been revised to reference the Penn DOT Publication 740 Local Project Delivery Manual.
- Comment: The Final Report should include all Evaluations and data analysis described in this workplan.
- The initial and Final reports should be shared with the FHWA PA Division, and ultimately with FHWA HQ.
- Response: The Workplan has been revised to accept the changing to Section F. Reporting.

If you have any questions please feel free to contact me at 412-201-7344.

Sincerely,

-Signed-

Thomas P. Ryser, Jr., PE
Project Manager

Enclosure

cc: Cheryl Moon-Sirianni, PE -PennDOT
Robert M. Collins, PE – PennDOT
Mary Conturo -SEA
Doug Straley -SEA
Rosemary Carroll -SEA
File: 660, lm #58076

SEA Local Labor Hiring Preference Goals SEP-14 Workplan

Special Experimental Project No. 14 (SEP-14) Workplan to Evaluate the Use of Local Labor Hiring Preferences

Sports & Exhibition Authority of Pittsburgh and Allegheny County, an authority organized and existing pursuant to the Sports and Exhibition Authority Act 16 PS § 5501 et seq. and having an address at 171 Tenth Street, Pittsburgh PA 15222 (SEA)

Location: Intersection of Centre Avenue and a roadway to be constructed, Pittsburgh PA 15219

Federal-aid Project Number: _____ TBD _____

Local Project Number: MPMS # TBD

A. Introduction

The SEA submits this work plan for FHWA review and approval as a design bid build project incorporating a Local Labor Hiring Preference (LLHP) contract provision. This work plan is provided under the Notice: [Contracting Initiative](#) announced in the March 6, 2015 Federal Register.

Historically, FHWA prohibited its recipients from using LLHP provisions that do not directly relate to the bidder's performance of work. The SEA desires to use a LLHP provision in its construction contracts. SEA is requesting FHWA's approval for the use of these contract provisions on a Federal-aid project identified herein under the experimental authorities under [23 U.S.C. 502](#) and SEP-14.

B. Purpose

The SEA recognizes the importance of encouraging hiring of persons residing in distressed neighborhoods which have been targeted for redevelopment projects. The SEA LLHP (its "Local Hire Program") targets hiring of persons in the Greater Hill District neighborhoods ("Neighborhoods") for the projects SEA undertakes in the Lower Hill. The Neighborhoods are described in Exhibit A. The SEA Local Hire Program is to be included in the construction contracts for these activities. The provisions require the contractor to make a good faith effort to provide that 20% of all project work hours that are performed by Pennsylvania residents are performed by residents of the Neighborhoods. While FHWA has viewed such preferences as a constraint on competition, the Contracting Initiative announced in March 2015 provides Federal-aid recipients with an opportunity to evaluate such preferences on federally assisted construction projects on a pilot-project basis. These goals have a variety of worthwhile local objectives, such as encouraging the development of the workforce and jobs in the low income, distressed neighborhoods in which the projects are located. The program will promote Ladders of Opportunity as encouraged by FHWA. The pilot project will enable the SEA to evaluate the effectiveness and efficiency of the use of Federal-aid and local funds in achieving the desired objectives.

This pilot project will enable the SEA to evaluate the effectiveness and efficiency of the use of Federal-aid and local funds in achieving the desired objectives.

C. Scope

The pilot project is known as Element II-C, Centre Avenue and Street 1 Intersection Reconstruction Project. This project is part of SEA development activities at the Lower Hill. Scope includes new sidewalks, curbs, ADA ramps, traffic and pedestrian signals, bike racks, and storm water drainage “tree boxes.” The project is estimated at \$1,234,490 which will be funded with a \$946,680 Transportation Alternatives Program Grant with the balance funded from a Commonwealth of Pennsylvania Redevelopment Assistance Capital Program Grant. This project is typical of other SEA street construction and reconstruction projects completed over the past ten years and will provide a suitable project for comparison purposes.

The SEA proposes to use a contract provision that requires the contractor to make a good faith effort to provide that 20% of all contract labor hours that are performed by Pennsylvania residents are to be performed by residents of the Neighborhoods. See Exhibit A for the SEA Local Hire Program.

D. Schedule:

The Element II-C, Centre Avenue and Street 1 Intersection Reconstruction Project will have the following estimated schedule:

- Advertisement: November 2, 2015
- Letting: December 17, 2015
- Award: January 16, 2016
- Project completion: January 17, 2017

E. Evaluation Measures:

The SEA will evaluate the following criteria (as referenced in [USDOT Q&A # 21](#)), to determine the effectiveness and efficiency of this pilot project:

- 1) Describe the project(s), including the amount of FHWA funding involved in the project as well as the estimated total project cost.**

See the “Scope” section above.

- 2) Describe the proposed contracting requirement that may otherwise be found to be inconsistent with the general requirement for full and open competition.**

The SEA intends to integrate the Local Hire Program into the contract provisions for the Project.

Previous discussions with State DOT and FHWA staff have indicated an understanding that the use of

such provisions were limited by the competitive bidding requirements of Title 23 U.S.C.; however, the SEA is interested in evaluating this requirement on a Federal-aid project on a pilot project basis under SEP-14. The project will utilize a requirement that contractors make a good faith effort to provide that 20% of all contract labor hours performed by Pennsylvania residents are to be performed by residents of the designated Neighborhoods. Contract labor hours performed by non-Pennsylvania residents will not be part of the calculation.

- 3) Describe how the applicant will evaluate the effects of relevant contracting requirements on competitive bidding. In doing so, the applicant should, at a minimum, provide comparisons of bids received for the projects utilizing the relevant contract requirements to other projects of similar size and scope and in the same geographic area not utilizing such requirements. If a reduction in the pool of bidders is evident, explain the potential offsetting benefits resulting from the use of the requirement.**

As this project is similar in size and scope to other SEA street reconstruction projects, a comparison with similar size and scope projects (projects using the preference goals and projects not using the preference) will be provided based on the following evaluation criteria:

- The number of bidders (including the location of the home office) - An explanation will be provided for the apparent increase or decrease in the average number of bidders. Specific competitive reasons (e.g. other bidding opportunities, apparent risk, etc.) will be provided for the increase / decrease in competition. The evaluation will discuss the impact on the number of bids received by local and non-local firms.
- A comparison of the impact of the Local Hire Program on the workforce will be made by comparing the percentage of total local labor hours on the pilot program with the percentage typically achieved on a similar Federal-aid project that did not use the Local Hire Program provision. An explanation of any significant differences will be provided.

- 4) Describe and quantify how the proposed contracting requirement would lead to increases in the effectiveness and efficiency of Federal funding for the project(s).**

An analysis of the effectiveness and efficiency of the Local Hire Program will be made through an analysis of the following information:

- A comparison of unit bid prices - An evaluation of the unit prices for bid items with the highest total value on the pilot project will be compared to unit prices for projects with a similar size and scope.
- The prime contractor will be interviewed at the conclusion of the contract to obtain its opinion of the effectiveness and efficiency of the Local Hire Program on its construction operations and

to discuss any potential concerns or recommendations for the program. This will provide one measure of the relative efficiency of the Local Hire Program.

- The SEA will provide an evaluation of the net economic benefit of employing additional residents of the Neighborhoods by analyzing the potential monetary benefits that might be related to the receipt of funds from other federally assisted programs (e.g. reductions in the unemployment rolls, payments for uninsured health insurance costs, etc.). The economic analysis will address the extent to which other Federal funds may be impacted by reducing unemployment in the Neighborhoods' workforce.
- The SEA will provide an evaluation of the potential increase in the pool of skilled labor available to all contractors.

5) Describe and quantify how the proposed experimental contracting technique would protect the integrity of the competitive bidding process either in connection with the particular contract or when considered over the long term for that agency's program.

The SEA is committed to maintaining the integrity of the competitive bidding process. To that end, the SEA will follow PennDOT Publication 740 Local Project Delivery Manual.

The SEA desires to incorporate its Local Hire goals into the pilot project. Provisions providing for these goals have not been implemented in prior projects. The SEA has used similar contract provisions to promote MBE/WBE Enterprise participation in its State and locally funded projects, and has not encountered issues in maintaining the integrity of its competitive bidding process and would expect that using the Local Hire goals will also be consistent with this process. Should there be issues with this project, the SEA is confident that its approved project administration process, with PennDOT to assist if necessary, will provide satisfactory safeguards.

6) Describe whether or not the proposed contracting requirement has been the subject of litigation or whether litigation surrounding the use of the requirement has been threatened.

The SEA Local Hire program requirements have not been subject to litigation.

F. Reporting

The SEA will require contract bidders to prepare plans showing how the contractor will make good faith efforts in pursuit of the goals described. Contractors will file monthly reports showing local hire participation.

The SEA will prepare and submit initial and final evaluation reports for the project. The initial report will be prepared and submitted to FHWA through PennDOT within 3 months after the Initial Notice to Proceed is given to the Contractor. The initial report will include a description of any concerns raised by stakeholders following

approval of the proposal, any identifiable effects on the bids received, and any observations or lessons learned from the procurement and award of the contract.

A final report will be submitted to the FHWA through PennDOT within 6 months of the date of substantial completion of the Project. The Final Report will compile data collected to assess the effectiveness of the LLHP contract provisions and will provide lessons learned and recommendations for implementation on subsequent projects. The Report will include bid price data compared to other similar projects.

Exhibit A – Contract Provisions pertaining to Local Labor Hire
SPORTS & EXHIBITION AUTHORITY OF PITTSBURGH
AND ALLEGHENY COUNTY

Local Hire Program- Lower Hill Work

In the 1950s, as part of an urban renewal process, the Lower Hill District was declared blighted. By 1956, 1,300 buildings on 95 acres of land were demolished and 413 businesses and over 8,000 residents were forced to relocate. Also during the 1950s, the I-579 Crosstown Boulevard was constructed on the border between downtown Pittsburgh and the Hill District neighborhood, shifting traffic patterns and further isolating and dividing the Hill District neighborhood from the economic activity of downtown. Only a public auditorium (the Civic Arena), an apartment building and an apartment/ hotel complex were ever constructed in the cleared 95 acres and the remaining land became surface parking.

The Greater Hill District population dropped from 62,597 in 1950 to 15,088 in 2010 (U.S. Census). The Greater Hill District currently qualifies as a “severely distressed neighborhood” by definition of the Community Development Financial Institutions Fund of the U.S. Department of Treasury. The unemployment rate in the Greater Hill is nearly 17% (while the unemployment rate in the City is 9.6%, in the County is 7.9%, and in the state is 9.09%). The median household income in the Greater Hill District is \$27,518 (approximately 52% of the state median). 37.9% of the people living in the Greater Hill District are below the poverty level. (See US Census, ACS 2009-2013 estimates.) The persistence of high unemployment and poverty in the Greater Hill District is detrimental to all residents of the region.

The Sports & Exhibition Authority of Pittsburgh and Allegheny County (the “Authority”) is participating in efforts to redevelop the Greater Hill District by undertaking public infrastructure projects. Authority plans include, but are not limited to, constructing new streets, improving existing streets and constructing a cover or cap over the I-579 Crosstown Boulevard between Bedford and Centre Avenues (the “Lower Hill Work”). The Authority desires that the infrastructure work not only provide physical improvements to the Greater Hill District but also help to alleviate the high poverty and unemployment that exists therein. And, in support of the intentions of the Greater Hill District community, as set forth in the Community Collaboration and Implementation Plan, dated September 11, 2015, the Authority has instituted this Local Hire Program for its Lower Hill Work.

The Local Hire Program provides that each contractor shall make a good faith effort to provide that 20% of all work-hours performed by Pennsylvania residents be performed by residents of the Greater Hill District (see attached) (the “Local Hire Goal”). The Local Hire Goal is expressed as a percentage of the actual total hours of work performed by Pennsylvania residents on the project.

The Authority encourages the Local Hire Goal as a long term goal, recognizing that capacity may need to be developed over time in order to reach the Local Hire Goal. It is recognized that individuals may not immediately have the training, skills, and resources needed to take advantage of job opportunities. An important element of the program is the early planning, notification, coordination and other outreach efforts that would afford potential workers needed time to prepare for such job opportunities.

Contractors demonstrate good faith efforts to achieve the Local Hire Goal by development of a Local Hire Plan, as described below, and taking action pursuant thereto.

The work-hours of non-Pennsylvania residents shall be excluded from the calculation of project work-hours. The implementation of the Local Hire program may not be used to discriminate against any person in violation of any applicable law and should not be read, expressly or implicitly, to promote, encourage, or condone illegal discrimination against any person.

To the extent needed to achieve contractor compliance with this Local Hire program, contractor shall include the provisions hereof in its subcontracts.

Contractor shall immediately inform the Authority of any change in personnel engaged in Lower Hill Work that impacts the contractor's Local Hire Plan.

Local Hire Plan. An acceptable Local Hire Plan shall be delivered to Authority before entering into the Contract and shall be updated as appropriate throughout the term of the Contract. A Local Hire Plan shall include:

1. Description of overall workforce labor hour analysis; this analysis will identify the anticipated number, trade and scheduling of the workers that will be needed.
2. Narrative regarding staffing plan including how it relates to the Local Hire Goal.
3. Narrative regarding plan, resources to be used and efforts to be made (examples of which are described in the paragraph titled "Resources/Efforts" below).
4. The Local Hire Plan shall include or be updated to include the referral source or method through which each worker was hired or retained (e.g., existing employee, union hall hiring, or other hiring method).
5. Agreement to: (1) make good faith efforts to achieve the Local Hire Goal, and (2) provide monthly and final reports of work-hours in the form attached to allow tracking of progress toward achieving the Local Hire Goal.

Resources/Efforts. The following are examples of actions which, among others, may be considered in determining if a good faith effort has been made.

1. Hold or participate in one or more job information meetings in the Greater Hill District.
2. Provide a visible "office"/trailer at the site to permit "walk-in" expression of interest in work on the Contract.
3. Utilize the services of recruitment and training sources that provide assistance in the assessment, training, recruitment and hiring of individuals in the Greater Hill District.
4. Support Greater Hill District assessment, training and recruitment efforts.
5. Create partnerships with relevant job training programs.

Documentation in the form of letters, meeting notes, copies of advertisements, etc. will be required to confirm these efforts.

Attachments:

- (1) Greater Hill District – Area Description and Information
- (2) Acknowledgement Form
- (3) Local Hire Reporting Form

Attachment 1

Greater Hill District – Area Description and Information



An online searchable listing of the Greater Hill District street addresses in the neighborhood census tracts depicted above can be found at the following website: <http://www.pgh-sea.com/ftp-greaterhilldistrictstreetlistings.htm>

Attachment 2

Acknowledgement Form – Local Hire Program- Lower Hill Work

1. The undersigned Contractor (and bidder in each case “Contractor” is used in this Acknowledgement) certifies that it understands and agrees to actively adhere to Authority’s Local Hire program.

2. The Contractor further certifies that it understands that prior to the award of the Contract Contractor shall provide a Local Hire Plan and meet with Authority to discuss the implementation of the Plan.

3. The contractor further certifies that it understands that during the course of construction (i) the Contractor shall submit Monthly Local Hire Utilization Reports on the form provided detailing Local Hire utilization as described on the reporting form, (ii) the Contractor’s compliance with its Local Hire Plan shall be monitored by the Authority and (iii) Contractor shall have regular meetings with the Authority to review its continued efforts toward achieving Local Hire goals.

4. Contractor acknowledges that neither the requirements of the Authority nor any implementation of the Local Hire Plan may be used to discriminate against any person and should not be read, expressly or implicitly, to promote, encourage, or condone discrimination against any person.

Failure of the Contractor to comply with these conditions or failure to sign and submit this Acknowledgement with the bid is grounds for disqualification of the bid and upon award and execution of the Contract, this acknowledgment shall become part of the Contract.

Name of Contractor/Bidder: _____

By _____

Name: _____

Title: _____

Date: _____

Attachment 3 MONTHLY LOCAL HIRE UTILIZATION REPORT FOR CONTRACTORS

This monthly Local hire Utilization Report ("Report") must be submitted monthly and with each payment application and with final closeout of the Contract. The Report should include on site workers only. Office workers and clerical positions are excluded. The Report must include current and cumulative information for the contract and must be completed by and submitted to the Authority by the prime contractor. Contractors must report from time of Notice to Proceed until all physical work is completed. Certified payroll or other acceptable verifying information must be included as an attachment to the Report as supporting information to each month's report. Prime Contractor Must collect information from its subcontractors in the same format and include subcontractors' signed reports as supporting information to each month's Report and include subcontract information in its cumulative information.

Project: _____
 Contractor: _____
 Contract Start Date: _____
 Report/Payroll Period Start Date: _____
 Report/Payroll Period End Date: _____

Current Hours

Classification	All Work Hours	Local Hire Work Hours*	Local Hire Percentage
Laborer			
Cement Mason			
Electrician			
Plumbers			
Operating Engineers			
[Add Additional Trades As Required]			
[Add Additional Trades As Required]			

Hours To Date

Classification	All Work Hours	Local Hire Work Hours*	Local Hire Percentage
Laborer			
Cement Mason			
Electrician			
Plumbers			
Operating Engineers			
[Add Additional Trades As Required]			
[Add Additional Trades As Required]			

See website for map and address information at <http://www.pgh-sea.com/ftp-greaterhilldistrictstreetlistings.htm>

Report Dated _____ prepared by _____ on behalf of _____

Signature

IM# 57697