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Good Jobs, Healthy Cities

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Eight steps city governments can take to promote good jobs.

Traditionally, most city officials concerned with fostering development have focused on economic growth, allowing private investors and developers to dictate the terms. Even those sympathetic to social justice have worried that efforts to raise wages or regulate business practices would only scare away private capital, increase unemployment, and undermine a city's tax base. Developers have relentlessly exploited those fears -- which turn out to be misplaced.

Lately, more and more city governments, prodded by local activists, have been using their gatekeeper powers to successfully promote growth with equity, starting with wages. The movement began in the early 1990s in Baltimore, where a community-labor coalition called BUILD mobilized a successful grass-roots campaign to pass the nation's first "living wage" law in 1994, requiring companies with municipal contracts and subsidies to pay employees decently. Since then, more than 100 cities have followed suit. The living-wage movement's success has led to other local government tools to induce private companies to create middle-class jobs and upgrade low-wage work.

This approach calls for greater community participation, transparent standards, a clearer understanding of how businesses make investment and location choices, and public benefits proportional to public subsidies for developers. It means redefining a "healthy business climate" to mean prosperity shared by working people -- a more enlightened view of business' responsibility to the broader community.

"Cities have this incredible economic power that they tend to squander," explains Leslie Moody, executive director of the Partnership for Working Families, an umbrella federation of local community and labor coalitions in 17 cities. "A lot of our success is about developing relationships with city officials and staff and changing their views about local government's role. We're reteaching local governments how to govern."

In high-tech boomtowns, troubled Rust Belt cities, and immigrant ports, progressive coalitions -- some among unlikely partners -- have been successful at persuading local officials to adopt proactive policies.

Community Benefit Agreements. Los Angeles is the pioneer of Community Benefits Agreements (CBAs), through which local governments require developers to address community concerns like good jobs, affordable housing, and neighborhood parks. In 1997, Los Angeles' labor unions supported construction of the Staples Center, home of the Lakers, Clippers, and Kings professional sports teams. In return, the developer pledged to pay a living wage and remain neutral if unions sought to organize. But the promise wasn't in writing. After the developers got their subsidies and variances, they reneged.

A coalition of unions, community organizations, immigrant-rights groups, churches, tenant activists, and environmental organizations -- led by the Figueroa Corridor Coalition for Economic Justice and the Los Angeles Alliance for a New Economy (LAANE) -- were ready when the developers pursued a second phase that included a 250,000-square-foot expansion of the convention center, two hotels, a 7,000-seat theater, restaurants, nightclubs, retail shops, and two apartment buildings.

The project required city approvals, new land-use rights, and municipal subsidies. Activists used what LAANE director Madeline Janis-Aparicio called "the carrot of potential support and the stick of potential opposition" to win unprecedented concessions as part of the 2001 CBA. These included a "first source" hiring policy with preference to people whose home or job was displaced by the development and low-income people in the surrounding area. The CBA specified that 70 percent of the 5,500 permanent jobs would pay a living wage or be covered by a collective-bargaining agreement. The developers signed card-check neutrality agreements with five unions and agreed to abide by the city's worker-retention law (which protects workers if a company changes ownership).

The CBA required the developer to guarantee public open space and set aside $1 million to create and improve parks near the development, pay for a residential street-parking permit system, and make 20 percent of housing units affordable to working-class residents. In addition, the developer provided $100,000 in seed money for community job training. The Los Angeles Community Redevelopment Agency incorporated the agreement into the project's contract, making it enforceable by the city as well as by community groups.

LAANE has subsequently forged CBAs with other developers, improving provisions and strengthening enforcement. Developers now understand that these agreements are part of the process. Denver, Milwaukee, Pittsburgh, Atlanta, Seattle, Oakland, San Diego, New Haven, and San Francisco have followed Los Angeles' lead with their own CBAs.

In Denver, the Campaign for Responsible Development in 2006 won a CBA with the developer of a $1 billion mixed-use project on the 50-acre former Gates Rubber factory near a light-rail transit line downtown. The developer sought $126 million in public subsidies and taxing authority to support cleanup and redevelopment. The CBA included prevailing wages for more than 1,000 construction jobs; extension of Denver's living-wage law to include parking lot attendants and security personnel; a "first source" local hiring system, with priority to residents of adjacent low-income neighborhoods; mixed-income housing; and community oversight of the cleanup. The developer also agreed to exclude big-box employers like Wal-Mart that paid poverty wages and inadequate health care.

Last year, Pittsburgh United -- a union-community coalition -- won that city's first CBA, which was tied to the construction of a new arena for the Penguins hockey team. It included pledges to help improve the Hill District, an area destroyed by urban renewal in the 1950s and 1960s and made famous in several August Wilson plays. The CBA requires that the jobs pay area wage standards ($12 to $30 per hour with benefits). The agreement includes a card-check procedure and neutrality during any union-organizing effort. In addition to hiring preferences for local residents and ongoing community involvement in implementing the plan, the developer agreed to attract a full-service grocery and funding for neighborhood social programs.

In 2003 and 2004, the Milwaukee City Council rejected a proposal by a coalition of labor, community, and environmental groups to adopt a CBA for the redevelopment of a large former factory site called the Park East corridor. Activists then took their campaign to the County Board of Supervisors, which passed the CBA in 2005, overriding the city's decision. It requires any development on the site to meet job-quality standards and hire local residents and establishes a separate fund to finance affordable housing.

In 2005, Georgia Stand-Up got the Atlanta City Council to attach community-benefits language to the $1.7 billion BeltLine project, a 25-year development that will include a 22-mile transit system, 1,200 acres of green space and trails, 30,000 permanent jobs and 48,000 construction jobs, and a predicted $20 billion in private development. The CBA includes provisions that guarantee prevailing wages for construction work (rare in Georgia) and "responsible" labor standards for contractors. Fearful that the new transit line will raise home prices and displace the poor, Georgia Stand-Up successfully pushed to have the CBA include the construction of 5,600 affordable housing units near transit stops, downpayment assistance for homebuyers, and funds to preserve existing affordable housing.

Living Wages. Living-wage laws vary from city to city. (One state, Maryland, has its own policy.) The first local living-wage laws covered employees for firms with municipal contracts or subsidies. Some living-wage requirements apply to city-subsidized development projects, often including developers' contractors (janitorial, security, and parking companies, for example) as well as future tenants, such as stores that lease space from the developer.

In 2007, Los Angeles made a breakthrough by extending the city's living-wage law ($9.39 an hour with health benefits or $10.64 an hour without benefits) to cover over 3,500 employees at 13 private hotels near Los Angeles International Airport. Initiated by LAANE and UNITE HERE, with widespread support from faith and community groups and local progressive politicians, the proponents argued that the hotels benefit from billions of dollars of public investment at the nearby airport. Since the law was adopted, workers at four of the hotels have won union campaigns. In each case, the employers -- under pressure from community groups and politicians -- agreed to remain neutral during the union-organizing effort.

Big-Box Ordinances. One way for cities to promote good jobs is to keep out bad jobs. For years, environmental and community groups, labor unions, and others waged campaigns around the country to stop Wal-Mart, the world's largest employer, from building mega-stores that specialize in low-priced goods sold by low-wage, often part-time, employees who earn too little to afford health insurance. Wal-Mart's efforts to open supercenters in Los Angeles were stymied by union and community organizing.

In 2002, Inglewood -- a mostly minority city near Los Angeles -- banned giant big-box stores like Wal-Mart that sold groceries. In Los Angeles itself, LAANE successfully pushed for an ordinance that required big-box retailers to pay for a cost-benefit analysis, on a store-by-store basis, to prove that their stores would not have a negative impact on the surrounding community. The analysis included sales-tax revenues, jobs, and hidden costs, such as downward pressure on local wages, the cost of government subsidies (such as food stamps and health care) for low-wage, big-box workers, and the cost of increased traffic and police. Other California cities, including San Diego, Long Beach, Santa Clara, and Santa Ana, have adopted similar policies.

In 2006, the Chicago City Council voted 35-14 to require big-box retailers to pay at least $10 per hour and provide another $3 per hour in benefits, primarily health care, but Mayor Richard Daley vetoed the bill. Also in 2006, the Maryland General Assembly passed a law -- officially the Fair Share Health Care Fund Act but widely known as the Wal-Mart bill -- to require all companies with over 10,000 employees to spend at least 8 percent of their payroll on health care, by offering it directly to employees or by contributing to a state-funded program. Unions even got Giant Stores, Maryland's largest grocery chain that already paid health insurance for its unionized work force, to support the bill. The Maryland law was overturned in 2006 by a federal court, but it so frightened Wal-Mart that its top executives started making statements in favor of some federal version of universal health insurance.

Disclosure Requirements and Public-Benefit Analysis. The battle against Wal-Mart shows that cities can set high standards for private investment and use disclosure requirements and cost-benefit analysis to provide the necessary ammunition. Local planners and policy-makers, much less neighborhood groups and unions, are usually at a disadvantage when reviewing proposals for new business investments. When companies and business lobby groups warn that union payscales, environmental provisions, or inclusionary housing requirements are burdensome "deal killers," it is hard to know whether they are bluffing.

So in 2007 San Jose adopted a "sunshine" policy that requires companies to provide publicly available information so that city officials and community groups can evaluate a project's costs and benefits. It requires all projects seeking public funding over $1 million to submit to a cost-benefit analysis. It includes the net fiscal impact (whether tax revenues generated are greater than those lost), job impact (the number of jobs created categorized by salary ranges and whether they include health insurance), housing impact (the number and affordability levels of housing units demolished and built), and neighborhood impacts (such as traffic, the environment, libraries, parks, community centers, and other public services).

"Without these answers," concluded a memo by City Council Members Nancy Pyle and Nora Campos, "there is no fiscally sound, publicly defensible rationale for subsidy decisions." The policy, they argued, "removes the secrecy that gives low-wage businesses an unfair competitive advantage, allowing them to appear just as valuable to the community as companies that provide high-paying jobs. Taxpayers should know what kind of jobs their investment is producing."

Hiring, Training, and Job Standards. Municipal governments have the authority to regulate training, hiring, and labor standards, especially on projects that require city approvals, use municipal land, or get local subsidies. One tool is a "local hire" provision that guarantees that local residents get their fair share of both construction and permanent jobs, as well as training and referrals so that they are qualified for skilled, well-paying jobs. Another instrument is a project labor agreement (PLA).

A PLA establishes the ground rules on a particular construction project. PLAs establish the wages, benefits, work hours, hiring process, and dispute-resolution process for all workers and contractors on a project. Unions can agree not to strike during construction.

A PLA for a Port of Oakland construction project mandated that at least 50 percent of the work hours be covered by local workers. In Seattle, Kansas City, and Detroit, PLAs have required set-asides to make sure that construction crews on publicly funded projects reflect the racial diversity of the local work force. The major expansion of the Los Angeles International Airport includes a PLA that mandates card-check and neutrality agreements to allow the security, restaurant, and retail workers to decide whether to unionize without management interference. PLAs give city officials confidence that developments will be completed on time, on budget, and with labor peace.

Some cities favor contractors with a track record of responsible labor practices to weed out those that regularly violate occupational safety and health, minimum wage, and other laws. Municipalities can require bidders to demonstrate that they meet certain standards -- for example, that they work with a high-quality union-affiliated apprenticeship program or have a strong record of hiring women and people of color. In 2001, a New York City community-labor coalition persuaded the city's housing authority to include apprenticeship affiliation and local hiring requirements as threshold standards for contractors who wanted to bid on five large development projects.

In April, at Mount Olive Baptist Church in Newark, New Jersey, Gov. Jon Corzine addressed the first graduating class of 22 participants in a program to train local residents for the likely surge of green construction jobs. The program -- a collaboration between the city, the Laborers Union, and the Garden State Alliance for New Economy -- hires and trains residents to weatherize homes of needy households, which reduces energy consumption, cuts costs, and creates well-paying, career-track jobs. The program uses private contractors, and the trainees get paid while becoming apprentices and, eventually, unions members.

Los Angeles boasts the nation's boldest job-training and hiring plan, opening up new middle-class career paths for low-income residents. Last year the City Council unanimously approved the Construction Careers Policy, a plan designed by LAANE, the UCLA Labor Center, the Building Trades Council, and the County Federation of Labor.

The policy applies to all projects that get funding from the Community Redevelopment Agency. One component, a PLA, guarantees middle-class wages, health care, and safety. The other component, local hire, requires that 30 percent of the total work force comes from the community most directly affected by the development, 10 percent of them disadvantaged workers who face high barriers to employment, including extreme poverty, lack of a high school diploma, or a criminal conviction. People who were previously unable to enter the building trades -- particularly African Americans -- can now join union apprenticeship programs, which provide lifelong skills. Union-sponsored job-training programs at churches and community centers prepare people to pass the exams that are gateways for these well-paying high-skill jobs. A UCLA report estimates that in the next five years, the policy will cover 15,000 jobs, 5,000 of which will target areas of high unemployment and 1,500 of which will target disadvantaged workers.

Working Families and Partners. San Francisco not only has a living-wage law (now $11.54 per hour) covering firms with government contracts and subsidies. It also has a citywide minimum wage for all private employers, passed in a November 2003 referendum by a 60-40 margin. Initially pegged at $8.50 per hour, it is now $9.79 per hour. Santa Fe, New Mexico, and Madison, Wisconsin, have also passed municipal minimum-wage laws.

San Francisco also has a working-families credit (a $100 wage supplement for families eligible for the federal Earned Income Tax Credit that includes public-transit discounts and other benefits) and mandatory paid leave for all private employees (including part-time and temporary workers) when they are sick, need medical care, or need to care for their family members.

San Francisco may be the only city with its own card-check policy, called the Employee Signature Authorization Ordinance. Adopted in 1997, the law applies to hotels and restaurants in which the city has a proprietary interest -- as landlord, lender, or loan guarantor. It permits unions to become a collective-bargaining voice for workers if more than half of them sign pro-union authorization cards. The law forbids either unions or employers from intimidating or coercing employees during the process, which is supervised by a neutral third party. According to Ken Jacobs of the University of California, Berkeley, Labor Center, more than 1,000 hotel and restaurant workers have chosen union representation utilizing this ordinance. The ordinance has its own ripple effects. During the same period, another 2,000 workers have won union representation through card-check neutrality agreements with hotels not covered by the city law.

Several studies conclude that these policies have not had a negative impact on overall employment levels. Most of San Francisco's low-wage jobs are "sticky" in the relatively immobile tourism and retail sectors.

San Francisco also has the first municipal health plan that requires employers (with more than 20 workers) to provide health insurance and that creates a municipally funded comprehensive health program for uninsured city residents. Many cities now offer health insurance and other benefits to domestic partners of municipal employees. But in 1996 San Francisco extended the policy to private companies with city or county contracts. The ordinance has had a huge impact. Several firms decided, on their own, to carry out the policy throughout their entire work force. A 2002 report by the city's Human Rights Commission estimated that more than 50,000 people in at least 39 states received health insurance offered to domestic partners by companies that contract with San Francisco.

City Contracting and Purchasing. Each year, cities purchase billions of dollars worth of uniforms, shoes, boots, and other clothing items for police officers, firefighters, janitors, security guards, airport personnel, and other municipal employees. Most of this apparel is made in overseas sweatshops -- with low wages, long hours, unsafe machinery, little ventilation, blatant mistreatment and firing of workers trying to unionize, sexual harassment of women, and, in some cases, mandatory use of birth control. A few cities (Portland, San Francisco, Los Angeles, Berkeley, and Milwaukee), Allegheny County (Pittsburgh), and the state of Maine have followed the lead of college campuses and adopted "anti-sweatshop" policies, using the leverage of each city's purchasing power.

Vendors must disclose the location of factories where their subcontractors produce clothing for municipal employees. Cities hire human-rights monitors, like the Workers Rights Consortium, to monitor working conditions. Cities can cancel contracts if the factories violate labor standards. The Los Angeles law, passed in 2006, has already helped improve conditions in factories in Cambodia and China.

Major Public Facilities. Cities also own airports, ports, utilities, convention centers, hospitals, and other operations that employ millions of people, and provide contracts to private firms (including airlines, shipping companies, hotels, and others) totaling billions of dollars. Some cities have used this leverage to improve working and environmental conditions, adopting policies around wages, hiring, training, collective bargaining, workplace health and safety, and other initiatives to generate good jobs.

In San Jose, for many years, the municipal convention center was losing money, causing a drain on the city's coffers. In 2004, Working Partnerships and the South Bay Labor Council joined forces with private hotels, arts groups, and the convention and visitors bureau to create a nonprofit corporation, Team San Jose, that manages the city's Convention Center, Civic Auditorium, California Theatre, Center for the Performing Arts, Montgomery Theater, and Parkside Hall. Each partner has a voice on the Team San Jose board. The facilities are unionized and all the affiliated hotels have union contracts, too.

In all of these initiatives, cities have taken the lead. The federal government needs to follow.

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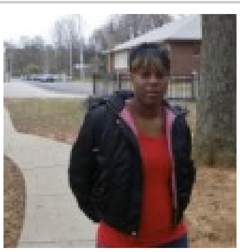
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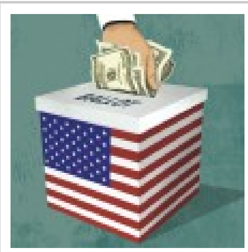
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