

# Audit of the Golden1 Center Local Hiring and Business Involvement

Office of the City Auditor

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# Objective, Scope and Methodology

## Objective

- Evaluate the Golden1 Center project's local hiring and business involvement performance and review the processes for monitoring project achievements.

## Scope

- Local hiring, priority apprenticeship, and local and small business involvement commitments made for the construction of the Golden1 Center from the beginning of the project in July 2014 to September 2015.

## Methodology

- We met with various stakeholders, reviewed goals, summarized payroll and contract data, and conducted data mining for potential issues. We reviewed eligibility criteria for the priority apprentices and spoke with priority apprentices working on the project.

# Finding 1: Sacramento Downtown Arena, LLC Appears to be on Track to Meet the Golden1 Center Project's Local Hiring and Business Involvement Goals

- 1 The Golden1 Center project appears to be exceeding its local hiring goals;
- 2 The Golden1 Center project is slightly below its goal of ensuring apprentices perform at least 20 percent of the total hours on the project; and
- 3 The Golden1 Center project appears to be on track to meet its local and small business involvement goals.

# Local Hiring Goals

## Community Workforce and Training Agreement

At least 60 percent of journey-level workers and at least 70 percent of apprentices are local area residents.

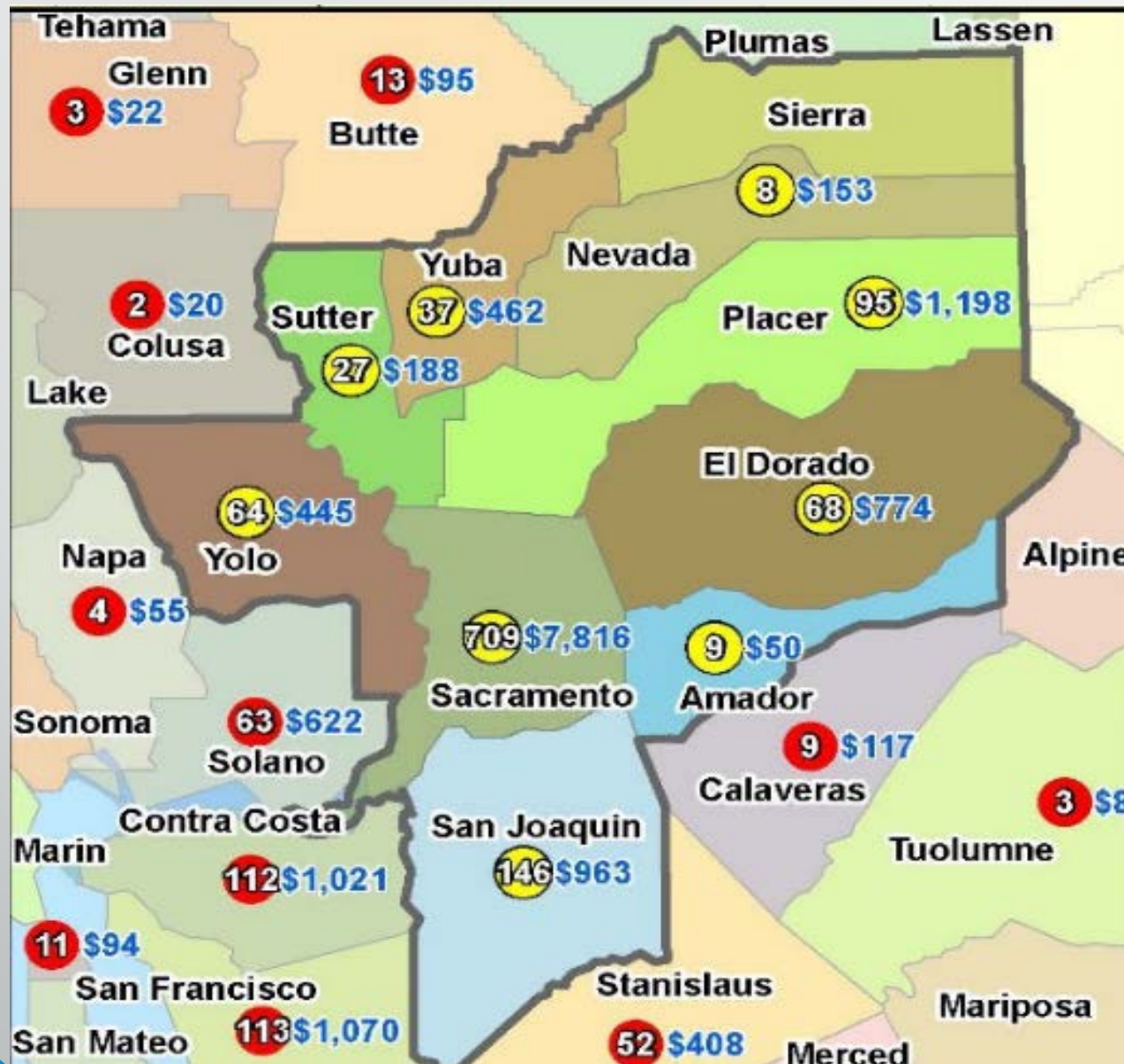
Local area resident defined as "an individual whose primary residence is within the region comprised of the following counties: Sacramento, Yolo, Placer, El Dorado, Amador, Sutter, Yuba, Nevada, Sierra, and San Joaquin."

# Local Hiring Percentages from July 2014 to August 2015

	Number of Apprentices	Number of Journey-Level Workers	Total
Local	245	918	1,163
Not Local	61	549	610
Total	306	1,467	1,773
Percent Local	80%	63%	66%

Source: Auditor compiled based on LCP Tracker 'Payroll Details' Report





Over 700 of the workers live in Sacramento County and have received nearly \$8 million in pay from July 2014 to August 2015.

Source: Generated by the Information Technology Department from review of the LCP Tracker 'Payroll Details' report.

# Local Hiring Goals

## Community Workforce and Training Agreement Supplemental Agreement

- The parties agree to ensure apprentices perform no less than 20 percent of the total number of building and construction trade hours performed on the project.

	Hours Worked	Percent of Total Hours
Journeyman	363,859	82%
Apprentice	80,364	18%
Grand Total	444,222	100%

Source: Auditor compiled based on LCP Tracker 'Payroll Details' Report

# Business Involvement Goals

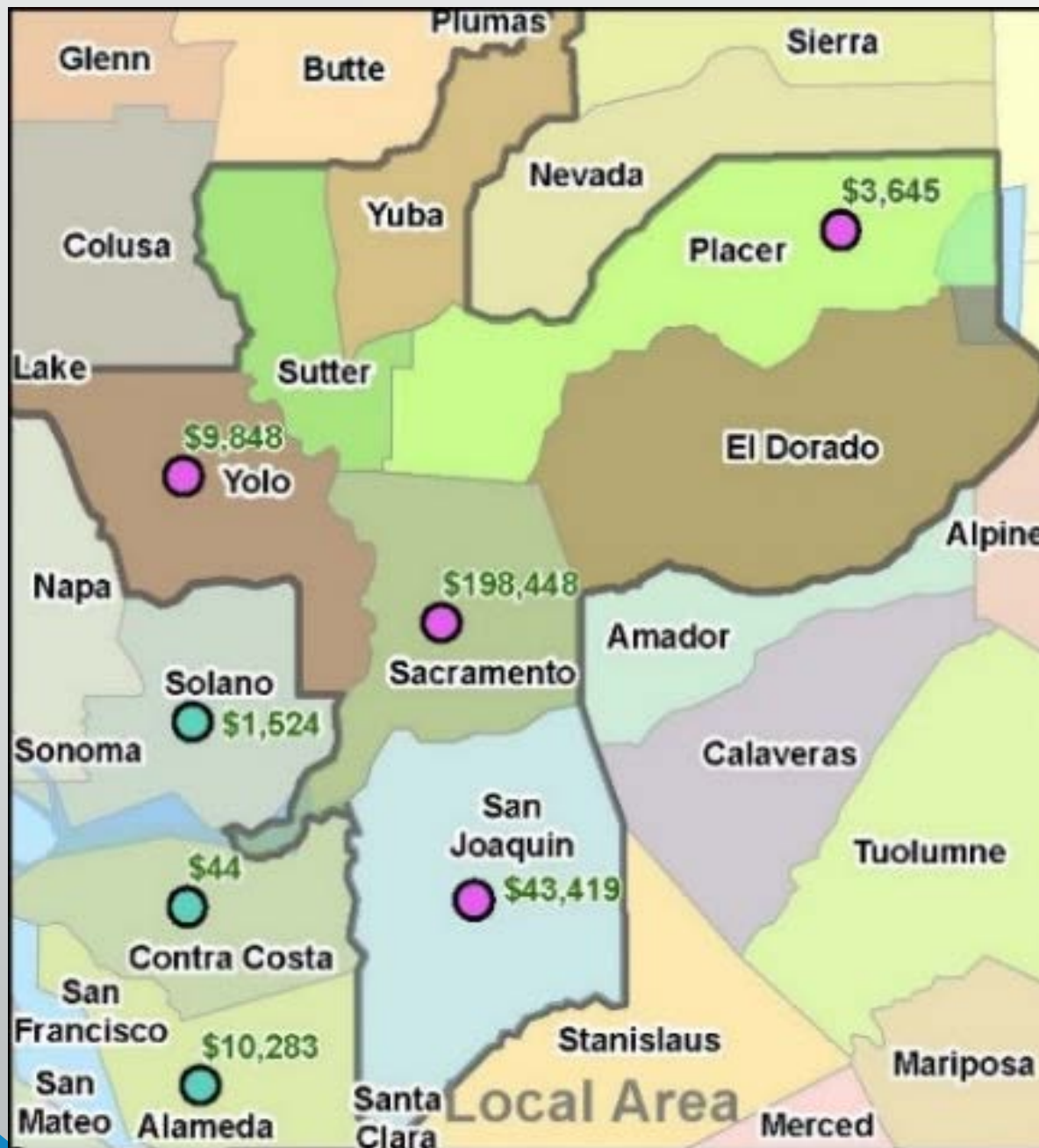
60 percent participation by local business entities and 20 percent participation by small business entities – 75 percent of which must be *local* small businesses.

**Local Business:** A business that has had an office in one of the following counties for at least twelve months prior to bidding for the Golden1 Center project: Sacramento, Yolo, Placer, El Dorado, San Joaquin, Sutter and Yuba.

## **Small Business:**

- \* Certified as a small business with the CA Department of General Services
- \* Meet the CA Small Business and Procurement and Contract Act's definition of a small business
- \* Meet the US Small Business Administration definition of a "small business concern"





Businesses in Sacramento County were awarded over \$198 million. The county with the next highest amount of awards was San Joaquin with \$43 million.

Source: Generated by the Information Technology Department from summary of contracts awarded provided by the Sacramento Metropolitan Chamber of Commerce.

# Finding 1 Recommendation

We recommend the various organizations:

- Continue to work together to ensure performance goals are being met.

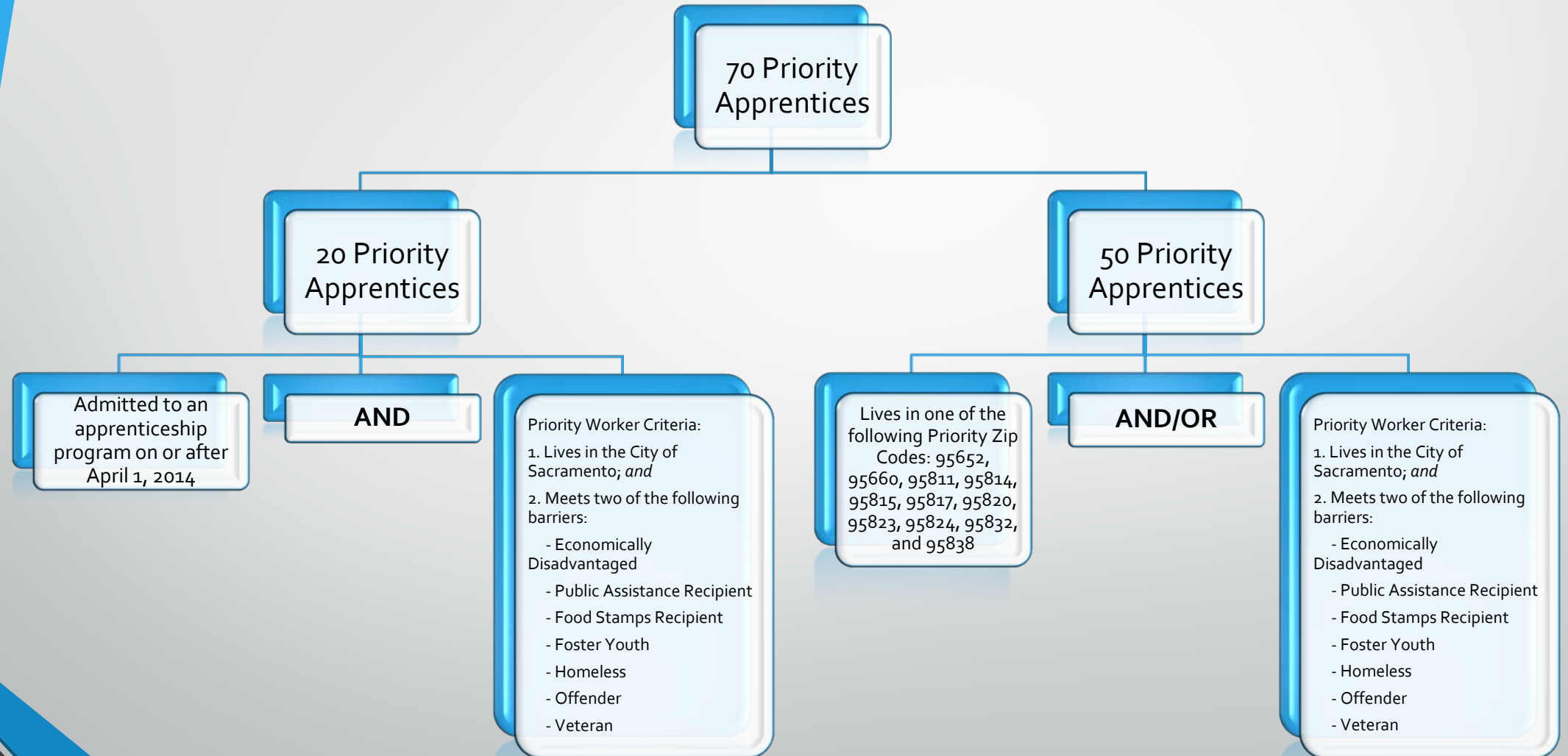
We recommend the City Council:

- Instruct the Office of the City Auditor to verify performance measures identified in this audit were met at the conclusion of the project.

## Finding 2: Although the Priority Apprentice Program Appears to be on Track to Meet Its Goals, Improvements to the Program May Result in a Greater Impact to the Community

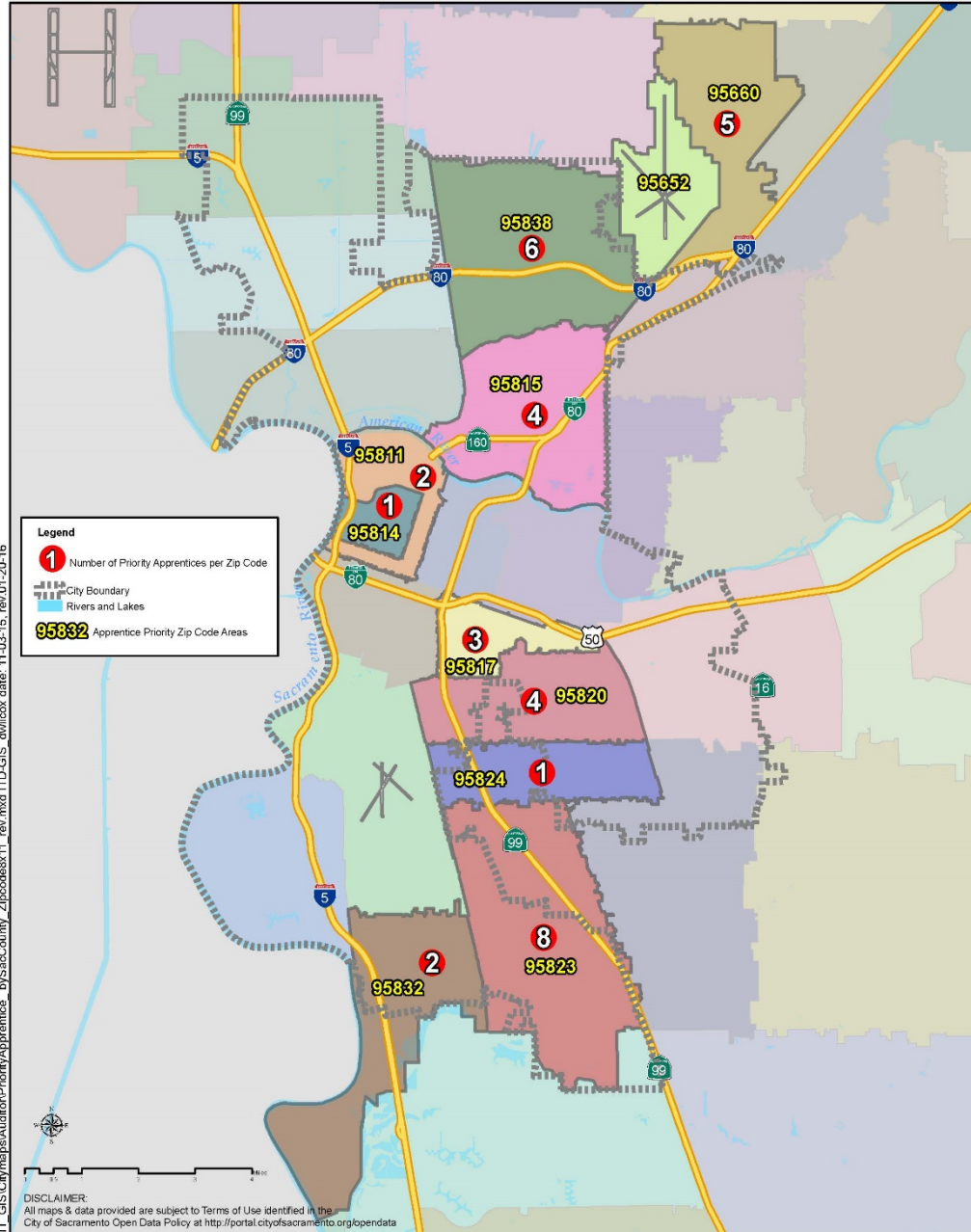
- 1 The Golden Center project appears to be on track to meet its Priority Apprentice Program goal;
- 2 The Sacramento Employment and Training Agency obtained limited documentation to confirm individuals met the priority worker criteria;
- 3 The Sacramento Employment and Training Agency misinterpreted the priority worker criteria;
- 4 The Priority Apprentice Program could increase community impact by making greater efforts to identify individuals that meet the priority worker criteria; and
- 5 The Priority Apprentice Program would benefit from establishing minimum hours that individuals should work.

# The Priority Apprentice Program





## Priority Apprentice by Sacramento County Zip Code areas



As of September 2015, we found 36 of the 40 priority apprentices identified by SETA met the priority apprentice requirements.

Source: Generated by the Information Technology Department from review of the Priority Apprentices provided by SETA



# Recommendations

## We recommend SETA:

- Continue to work towards meeting the priority apprentice goal of 70 for the Golden1 Center project.
- Confirm the priority status of individuals by reviewing official documentation rather than relying on applicants' self-attestation.
- Review the list of existing priority apprentices and ensure the proper documentation is retained for each priority apprentice to document the priority apprentice criteria are met.
- Ensure those identified as meeting the priority worker criteria live within the City of Sacramento and meet at least two of the barriers criteria.

## We recommend SETA and the local Unions:

- Work together to identify priority apprentices dispatched to the Golden1 Center project and not rely on DCM to identify apprentices that meet the priority zip code criteria during their cursory review of payroll records.

## We recommend Sacramento Downtown Arena, LLC:

- Consider establishing a reasonable minimum threshold of hours worked before an individual can be identified as a priority apprentice.

# Appendix A: Golden 1 Center Local Hiring, Priority Apprentice Program and Business Involvement Summary Progress Report

Program Category	Goal		Achievement to Date	Calculations as of:
Worker Programs				
a) Local Hire Journey-Level	60%	of Journey-Level	63%	August 2015
b) Local Hire Apprentice-Level	70%	of Apprentices	80%	August 2015
Apprentice Hours	20%	of Total Project Hours	18%	August 2015
Priority Apprentice Program				
a) By Priority Zip Code/ Worker Criteria	50	Priority Apprentices	29	September 2015
b) By Priority Worker Criteria & New	20	Priority Apprentices	7	September 2015
Total Priority Apprentices	70	Priority Apprentices	36	September 2015
Business Programs				
Local Business	60%	of Biddable Budget	78%	September 2015
Small Business	20%	of Biddable Budget	22%	September 2015
Local Small Business	75%	of Small Business	96%	September 2015
Source: Auditor compiled through review of the CWTA, CWTA Supplemental Agreement, Local Business and Small Business Utilization Program, LCP Tracker Payroll Reports, and reports provided by SETA, Turner Construction Company, and the Sacramento Metropolitan Chamber of Commerce.				



Questions or Comments?