

## **MEMORANDUM OF UNDERSTANDING REGARDING COMMUNITY BENEFITS AND INCLUSION**

This Memorandum of Understanding (“MOU”), dated February 26, 2013, is among the Construction Employers Association (“CEA”), Black Contractors Group, Hispanic Roundtable, Hard Hatted Women (“HHW”), the Urban League of Greater Cleveland (“ULGC”), Greater Cleveland Partnership (“GCP”), the City of Cleveland (“City”), Cuyahoga Community College (“Tri-C”), the Cleveland Metropolitan School District (“CMSD”), and the Cleveland Building and Construction Trades Council (“CBCTC”) (collectively, the “Parties”).

With a goal of reframing the public discourse on economic development in Cleveland to encourage collaboration to fuel economic growth, harness that growth to create a more equitable and inclusive local economy and create shared prosperity, the Parties agree as follows:

1. **Demand Driven Workforce Study**—The Parties will use their good-faith efforts to raise funds for a study of public and private sector real estate owners, developers, contractors, subcontractors, and others to determine near- and long-term demand for construction tradespersons (by trade discipline), construction administration and technology personnel (e.g., construction office, secretarial, accounting, safety, CAD, and support), and facilities maintenance personnel. This demand study will provide the basis for future pre-apprenticeship, apprenticeship, and other training in the Northeast Ohio area’s high schools, community colleges, and workforce training programs. The Parties will consult with the Governor’s office, Team NEO, GCP, foundations, and other parties that can support this important research effort.
2. **Pre-Apprenticeship and School-To-Registered-Apprenticeship Programs**—
  - a. Following completion of the workforce demand study and based upon its findings, the Parties, through CEA, will hire a qualified third-party (e.g., the Ohio State University College of Education and Human Ecology) to design a curriculum and high-school course of study for persons seeking careers in the trades, construction administration/technology, and facilities management.

The selected third-party will design the curriculum for review and approval by CMSD, Ohio Department of Education, Ohio State Apprenticeship Council, Tri-C, and/or other necessary approving authorities for high

school, pre-apprenticeship, and school-to-registered-apprenticeship curricula.

- b. Once the Parties and necessary approving authorities have approved the curricula and course of study:
  - i. **Adult Pre-Apprenticeship Program**— The Parties will take reasonable and necessary steps to obtain approval for an adult pre-apprenticeship program operated by one or more qualified administrators or an administrative collaboration comprised of organizations such as the ULGC, Helmets to Hardhats, HHW, Cleveland Job Corps, Esperanza, Tri-C and/or Union Construction Industry Partnership-Apprenticeship Skill Achievement Program (“UCIP-ASAP”).
  - ii. **High School School-to-Apprenticeship Program**— The Parties will assist CMSD in forming and operating a new high school school-to-registered-apprenticeship program. Assistance will include:
    1. provision of industry-specific training, as need and funding permit;
    2. facilitated staffing of industry-specific volunteer working committees within CMSD; and
    3. provision of technical advice to CMSD regarding the program’s structure, formation, and process of complying with and/or gaining recognition from the Ohio Department of Education and the Ohio State Apprenticeship Council.
  - iii. CMSD shall implement the school-to-registered-apprenticeship program at Max Hayes and other high schools by formally adopting the curriculum and courses of study and through articulation agreements with Tri-C and others, including, but not limited to, interested union apprenticeship training councils.
  - iv. Once the pre-apprentice programs described in paragraphs 2(b)(i) and (ii) are formed and operational, the Parties shall take reasonable and necessary steps to designate them, along with UCIP-ASAP to the extent it remains a stand-alone program, as preferred first-source pre-apprenticeship programs.

3. **Funding**— The demand study and program development services described in paragraphs 1 and 2(a) will be obtained through outside funding. GCP shall work in conjunction with the other Parties to mobilize funding for these items. The Committee (as defined in paragraph 7(a) hereinbelow), working within the framework of the GCP Commission on Economic Inclusion (“GCP/Commission”), shall apply for and receive the outside funding.

4. **Workforce Reporting**—

a. The Parties shall use good-faith efforts to encourage private owners and developers of major construction and development projects (“Major Projects”) to enter into community benefits agreements (“CBAs”) with their contractors and appropriate constituency organizations relevant to the Major Project that include reporting of workforce information to the Committee (as defined in paragraph 7(a) hereinbelow). Within ninety days of the date of this MOU, the Committee shall determine the project-size threshold for defining a Major Project, as that phrase is used in this MOU. At least yearly, the Committee will review and determine whether to change the project-size threshold.

b. The Parties’ goal is that the private owners and developers will use CBAs that contain provisions requiring contractors (and the contractors’ subcontractors) working on the Major Projects to report project-size information and certain monthly payroll information to the private owner/developer and the Committee. In that regard, the Parties shall use good-faith efforts to encourage inclusion of these paragraph 4 reporting requirements in the project-specific CBAs.

c. The information to be reported monthly should include:

i. the number and percentage of all construction worksite hours performed by Cleveland residents;

ii. the number and percentage of all construction worksite hours performed by low-income persons who are Cleveland residents (with low-income status determined by reference to relevant guidelines established by the United States Department of Housing and Urban Development);

iii. the number and percentage of all work hours performed by minorities, broken out by race;

iv. the number and percentage of all work hours performed by women;

- v. usage of minority business enterprises, including, without limitation, the value of all contracts performed by minority business enterprises and the percentage of the total project cost represented by the value of the contracts performed by minority business enterprises;
- vi. usage of female business enterprises, including, without limitation, the value of all contracts performed by female business enterprises and the percentage of the total project cost represented by the value of the contracts performed by female business enterprises; and
- vii. apprenticeship utilization per trade, broken out by race and gender.

The Committee shall review from time to time the type of workforce information that it wishes to have reported.

- d. The Parties' goal is for the collected workforce data to be available to the public. The GCP/Commission shall develop the standards and guidelines under which the workforce data reported to the Committee will be made available to the public.
- e. GCP hereby expressly endorses the use of CBAs and the reporting of workforce data on Major Projects as defined herein. In that regard, GCP will require the use of CBAs and the above-referenced reporting as a condition of funding from Cleveland Development Advisors for any Major Project.

**5. Mentor Protégé; MBE/FBE/SBE Contracting; Residential Workforce—**

- a. Working together, the Parties shall use good-faith efforts to obtain the commitment of owners/developers, contractors, subcontractors, and design professionals to provide mentor-protégé and contract opportunities for MBE, FBE, and SBE contractors, design professionals, and others as determined by the owner/developer. The aspirational goals of the Parties are 15% MBE, 7% FBE, 8% SBE, and, for projects in the City of Cleveland, 20% Cleveland residents.

- b. When a private owner/developer establishes contracting goals for minority, female, or resident contractors, the Parties shall use good-faith efforts to secure the private owner/developer's commitment to:
  - i. pay all undisputed construction invoices within 30 days of the private owner/developer's receipt of a properly-submitted and correct invoice;
  - ii. incorporate the following into project bid specification documents and contracts for construction contractors at every tier:
    - 1. workforce reporting (as set forth in paragraph 4 of this MOU) by each prime contractor, in a manner that will be enforceable through the private owner/developer's contractual remedies;
    - 2. contractor and sub-contractor participation in a bona fide mentor-protégé program, in a manner that will be enforceable through the private owner/developer's contractual remedies; and
  - iii. take reasonable steps to relax contractual retainage and performance bonding requirements to assist MBE/FBE/SBE contractors.

**6. Assistance to Contractors; Apprenticeship; and Pre-Apprenticeship Utilization—**

- a. The Parties agree to use good-faith efforts to encourage private owners/developers of Major Projects to incorporate the following concepts into their CBAs:
  - i. Designation of the CMSD high-school-to-apprenticeship programs referenced in paragraph 2(b)(ii), the adult pre-apprenticeship programs referenced in paragraph 2(b)(i), and any other programs approved by the Committee (as defined in paragraph 7(a) hereinbelow) as preferred first-source pre-apprenticeship programs.
  - ii. When a contractor's request for employees to meet the private owner/developer's goals for minority, female, or resident employees cannot be or is not being met, or as otherwise required to meet the terms, conditions, and goals of this MOU, the private owner/developer shall have the right to direct the contractor to employ new apprentices who have completed one of the

pre-apprenticeship programs described in paragraph 2(b) above to meet the private owner/developer's goals or the terms, conditions, and goals of this MOU.

- iii. Requiring the contractor to provide eligible pre-apprentices the opportunities for apprenticeships as required to meet the terms, conditions, and goals of this MOU.
  - iv. With respect to each construction trade working on the Major Project, requiring contractors to utilize apprentices in amounts developed on a per-trade basis to fit the unique needs and circumstances of the Major Project. (The Parties note that the Ohio State Apprenticeship Council sets ratios of journeypersons to apprentices in the apprenticeship standards of apprenticeship programs registered with it, which may be consulted relative to the circumstance above.)
- b. CEA shall work with the pre-apprenticeship groups identified in paragraph 2(b) hereinabove and their respective registered apprenticeship programs to meet the goals of this MOU.
  - c. The Parties agree to use good faith efforts to encourage private owners/developers of Major Projects to work with qualified apprenticeship training organizations to meet the goals of this MOU.
  - d. At least quarterly, the Committee shall meet to evaluate compliance with the terms and conditions of this paragraph 6.

**7. Construction Diversity & Inclusion Committee—**

- a. The GCP/Commission shall form and facilitate a committee to monitor diversity and inclusion in the construction industry (the "Committee"). The Committee shall include representatives of each Party, other non-CBCTC unions signatory to CBAs, and others designated by the GCP/Commission, including other non-GCP private owners and developers signatory to CBAs.
- b. The Committee shall meet not less than quarterly and shall:
  - i. Review the data gathered pursuant to paragraph 4 of this MOU;

- ii. Discuss, agree upon and publish recommended best practices for improving diversity and inclusion in construction, such as:
    1. Workforce affirmative action measures to meet future market demand;
    2. Community benefit agreement terms to assist project owners and developers and small, minority, and female contractor businesses;
    3. Transparency; and
    4. Challenges faced by project owners/developers and contractors.
  - iii. Discuss and agree upon metrics from which the GCP/Commission shall publish an annual report card for Major Projects, participating owners/developers, and participating contractors.
  - iv. Monitor and assess pre-apprenticeship supply and demand as defined in the demand study set forth in paragraph 1 as well as similar demand studies in the future. The Committee also shall monitor and assess the progress of the pre-apprenticeship utilization efforts outlined in this MOU.
8. **Term and Termination**— Any Party may terminate its agreement to be bound by this MOU upon not less than thirty (30) days' written notice to all other Parties who, at the time of such notice, are still bound by this MOU.
9. **Signatures**— The parties to this MOU need not all sign on the same page. Signatures on separate pages and executed at different times will not affect the validity of the MOU. Original signatures and signatures provided by facsimile are equally valid.

[Signatures on next page]

CITY OF CLEVELAND, OHIO

*[Signature]*  
Printed Name: Ernest Jackson  
Title: City Engineer  
Date: 2.22.13

CLEVELAND METROPOLITAN SCHOOL DISTRICT

*[Signature]*  
Printed Name: Eric S. Grohn  
Title: Chief Executive Officer  
Date: 2/20/13

GREATER CLEVELAND PARTNERSHIP

*[Signature]*  
Printed Name: Eddie Taylor  
Title: CEO  
Date: 2/20/13

URBAN LEAGUE OF GREATER CLEVELAND

*[Signature]*  
Printed Name: MARSHIA MCKAY  
Title: President  
Date: 2/26/13

CONSTRUCTION EMPLOYERS ASSOCIATION

*[Signature]*  
Printed Name: Tony Panzera  
Title: President C.E.A.  
Date: 2/20/13

BLACK CONTRACTORS GROUP

*[Signature]*  
Printed Name: John Todd + Lonnie Oblema  
Title:   
Date: 2/20/13

HISPANIC ROUNDTABLE

*[Signature]*  
Printed Name: Jose Feliciano  
Title:   
Date: 2/20/13

CUYAHOGA COMMUNITY COLLEGE

*[Signature]*  
Printed Name: Robert A. Verhoff  
Title: Director of Construction Program  
Date: 2/26/2013

HARD HATTED WOMEN

*[Signature]*  
Printed Name: Terri B. Sandu  
Title: President  
Date: 2.25.13

CLEVELAND BUILDING AND CONSTRUCTION TRADES COUNCIL

*[Signature]*  
Printed Name: David O'Malley  
Title: Secretary  
Date: 2/20/13