



VISION: The Workforce needs of employers and job seekers in San Luis Obispo County are met.

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**NOTICE OF SPECIAL MEETING OF THE WORKFORCE DEVELOPMENT BOARD**

NOTICE IS HEREBY GIVEN that the Workforce Development Board will hold a Special Meeting on Thursday, August 17, 2023, at 8:00 am. The purpose of the meeting is to consider the special meeting agenda which is listed below. This Notice is given by order of Isiah Gomer, Chairperson of the Workforce Development Board. Dated: August 11, 2023

**MEETING AGENDA**

**Date:** Thursday, 8/17/2023

**Time:** 8:00 AM – 10:00 AM

**Location:** Embassy Suites; 333 Madonna Rd-Los Osos Room, San Luis Obispo, CA

- 1. Call to Order and Introductions** *Gomer*
- 2. Public Comment**
- 3. Presentations**
  - 3.1 State of the Workforce and Local Hire DRAFT BW Research Reports *Josh Williams*
- 4. Consent Items:** *Gomer*
  - 4.1 Approve the May 04, 2023 Minutes
  - 4.2 Approve WDB member appointment and re-appointments
- 5. Action Items:**
  - 5.1 Election of WDB Officers (Chair & Vice-Chairperson) *Dawn Boulanger*
  - 5.2 Review and Approve Revisions to Local Policy 12-19 Youth Incentives Policy *Diana Marin*
- 6. Discussion Items:**
  - 6.1 Receive FY 22-23 Quarter 4 Eckerd Adult Services/Career Center Contract Performance Report *Diana Marin*
  - 6.2 Receive FY 22-23 Quarter 4 SLO County Office of Education Youth Contract Performance Report *Diana Marin*
- 7. Reports:**
  - a.) Executive Committee and Chairperson Report *Gomer*
  - b.) WIOA Services Addressing Barriers to Employment *Dawn Boulanger*
  - c.) Board Member Workforce Development Updates *All*
- 8. Administrative Entity Update:**
  - 8.1 Receive and Review Fiscal Update *Dawn Boulanger*
  - 8.2 Receive and Review Rapid Response Update *Tony Girolo*
- 9. Next Meeting: Thursday, 11/2/2023 8:00 AM – 10:00 AM**  
Location: TBD
- 10. Adjournment** *Gomer*



**Draft 2.4**

# 2023

## San Luis Obispo County State of the Workforce Report



PRODUCED FOR THE WORKFORCE DEVELOPMENT BOARD OF SAN LUIS OBISPO COUNTY

**JULY 2023**



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# Executive Summary

## Introduction

The Workforce Development Board of San Luis Obispo County (WDBSLO) engaged BW Research to develop the 2023 State of the Workforce Economic Report. This report delves into various aspects of the county's workforce and economic landscape, trends, changes in industry and job composition, commute and migration patterns, and other factors that influence the daily lives of workers. Additionally, this report offers valuable insights into the region's infrastructure and housing investments, which will have a significant impact on the county's future workforce requirements. The information presented herein serves as a valuable resource for various stakeholders in the county to develop strategies that will effectively prepare the region for the evolving world of work.

## Key Findings

### Economic and Workforce Profile

**San Luis Obispo County's labor market recovered from the COVID-19 pandemic more quickly than the rest of the state.** While the region experienced more significant job losses than the state due to the pandemic, jobs in SLO County grew faster than jobs in the state from 2020 to 2022 (10.4 percent versus 9.5 percent). (Figure 1 and Table 1) SLO County's unemployment rate reached pre-pandemic levels, and remained lower than the statewide average, at 3.5 percent (versus 4.2 percent for the state). SLO County's unemployment rate has consistently been lower than the statewide average in every year from 2018 to 2022. (Figure 2)

**However, San Luis Obispo County faces a job quality issue, as the county has a higher concentration of low-wage jobs (56.7 percent) than the rest of the state (53.2 percent).** (Figure 4)

Between 2018 and 2022, employment has also grown in the low-wage Tourism, Hospitality, and Recreation industry (+3.9 percent) – which dominates local employment, accounting for nearly one in five county jobs – and the Agriculture and Food industry (+20.4 percent), where countywide employment is 182 percent more concentrated than the state average.

**San Luis Obispo County's job quality has declined.** Not only is the county's share of high-paying, Tier 1 jobs (19.7 percent) lower than the statewide average (21.6 percent), but the county's share of Tier 1 jobs has declined between 2018 and 2022, in contrast to the rest of the state, where employment in Tier 1 jobs has risen. Tier 1 losses were primarily driven by a 31.7 percent decline in employment in the Information, Communications and Technology (ICT) industry, where roughly 700 jobs in the Custom Computer Programming Services industry were shed between 2018 and 2022. (Figure 5)

**SLO County has experienced difficulties in recruiting and maintaining high-level local talent.** While SLO County's educational attainment surpasses the statewide average (Figure 12), the county is a net exporter of talent – meaning that more individuals residing in the county commute outside the region for work than the number of individuals living and working within the region – primarily for higher-paying jobs in the Management, Business, Science, and Arts sector. Given the county's disproportionate share of older individuals (65 years and over) (Figure

The concentration of SLO County's workers in low-wage jobs is important because job quality is a valuable indicator of long-term economic stability. High-quality, high-wage jobs have a large employment multiplier and typically provide greater economic resilience for local households. A high concentration of low-wage jobs thus poses a threat to long-term regional growth and the ability of households to live sustainably in the region.

10) and its growing cohort of Millennials (Figure 11), it is imperative that the county pursue strategies to attract and retain its young local talent to support the continued growth and development of its workforce and growing and emerging businesses.

**Housing burdens for county residents remain significant.**

While homeowners represent a larger share of the county population than the statewide average (62.5 percent versus 55.5 percent), a larger proportion of homeowners with mortgages in the county spend 35 percent or more of their income on housing than the statewide average (31 percent versus 29 percent). (Figure 13 and Figure 15) Cost burdens for homeowners with mortgages within California are already high relative to the rest of the United States, where the national median cost ratio for homeowners with a mortgage is only 21 percent. More than one-third (37 percent) of renters in the county also allocate more than 35 percent of their income to housing. (Figure 14)

Elevated regional housing costs and the increased availability of remote work options provide some high-income earners a greater degree of freedom in choosing where they will work and live. Thus, it is important that the county consider investing in its stock of affordable housing to attract and retain those workers that are largely working remotely.

## Infrastructure Workforce

**Demand for the county's infrastructure workforce is expected to increase in the coming years, spurred by national and regional spending on capital improvement projects.** On a national level, the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the US CHIPS and Science Act will inject billions of dollars into the US economy, focusing on infrastructure development, bolstering domestic manufacturing and supply chains, and driving research and development. At the local level, San Luis Obispo County's Five-Year Capital Improvement Plan will contribute an estimated \$290 million to the local economy across various program areas, including roads, transportation structures, and water and wastewater systems, over the next few years. Larger projects are also forthcoming, such as the Central Coast Blue and Offshore Wind projects, which are expected to bring hundreds of millions of dollars in investment into the region and support hundreds of jobs.

**Crucial sectors of the county's infrastructure workforce, particularly energy and water, have experienced job declines in recent years.** Since 2018 the county's energy workforce has declined by 22.4 percent (Figure 20), while its water workforce declined by 7.7 percent since 2019 (Figure 21). However, residential construction jobs have grown by 11.5 percent between 2018 and 2021 (Figure 22) and transportation infrastructure employment has remained relatively stable (Figure 23). Given the significant scale and benefits of the planned infrastructure investments, supporting SLO County's infrastructure workforce will play a vital role in SLO County's future.

## Conclusions & Recommendations

This section discusses how policy may address some of the challenges and opportunities identified in the preceding section to ensure that SLO County's workforce will be able to thrive and support the regional economy.

1. **San Luis Obispo County faces challenges with respect to its job quality.** The county's job quality has fallen, with a declining proportion of high-wage jobs; recent losses in this category have been primarily driven by jobs shed in the Information and Communication Technology (ICT) industry. Furthermore, the county's jobs are concentrated in low-wage industries like Tourism, Hospitality, and Recreation, which accounts for one in five local jobs.

- 2. Developing and expanding the entrepreneurial ecosystem is crucial to supporting new businesses within the county, particularly in high-wage sectors.** The county is a net exporter of talent, particularly with respect to high-wage jobs. Since the loss of high-wage jobs significantly affects the local economy, working with regional partners to devise industry cluster-specific strategies to birth new businesses, and expand existing businesses, is critical. Potential strategies can include targeted policy actions such as connecting potential investors to local venture capital funding sources, communicating funding opportunities with federal and statewide investment activities, and providing potential investors with education and training to develop entrepreneurship skills.
- 3. Attracting and retaining local talent is crucial to supporting the county's economic health.** The county has a larger share of older residents (65 years and over) than the statewide average, and a growing cohort of Millennials. Fostering connections between local higher education institutions and local businesses can help the county take advantage of the growing pool of younger workers, and developing local employment pathways for in-demand occupations that can support improvements in job quality. Upskilling programs can also support retention of local talent as workers progress to more lucrative jobs along local employment pathways.
- 4. Collaboration with local educational institutions and labor unions will support efforts to fill gaps in pathways to higher-paying jobs.** A needs assessment should be performed to identify gaps between skills in demand by employers in high-paying industries and skills available in the local labor market. Evaluating the current inventory of local training programs that fill these skills gaps allows the county to determine what types of courses are needed to support transitions to higher-paying jobs. The county should work with local educational institutions such as Cuesta College and Cal Poly, as well as local labor unions, to develop training courses and/or programs to help fill these gaps.
- 5. High housing costs constrain local labor market growth.** Like many coastal California communities, SLO County residents face high housing costs, as compared to the national average, with approximately one-third of county residents spending 35 percent or more of their income on housing. A lack of affordable housing, in conjunction with a limited supply of high-wage jobs, may encourage potential workers to settle elsewhere. Thus, increasing the supply of affordable housing—while also ensuring roadways and public transit can handle the number of people living and working in the county—is imperative for sustaining the county's local workforce.
- 6. The needs of highly paid, remote workers in the county should be considered to ensure that they are being adequately supported.** While many remote jobs that came about in the pandemic have partially or fully returned to in-person work, others have become fully remote. Assessing how such jobs will be tracked and measured helps the county measure the potential economic impacts associated with remote work. This information, in turn, will inform county investments in infrastructure needed to support remote work, such as investments in the local airport and telecommunications infrastructure. Ensuring that the needs of highly paid remote workers are met promotes retention of this segment of the workforce, as remote workers may exit the region absent sufficient support, resulting in a significant loss of spending to the local economy.
- 7. Upcoming infrastructure investments will provide opportunities for local economic growth.** Hundreds of millions of dollars in infrastructure and clean energy investment are expected to flow into the county, providing access to hundreds of well-paying jobs. For more information on the employment opportunities associated with the growing infrastructure investments, see the current infrastructure workforce, starting on page 36 of this report.

**8. Local hire policies<sup>1</sup> should be deployed to help ensure that the county's residents – are able to capitalize on the opportunities presented by the growing local infrastructure investments.**

Upcoming infrastructure investments will be sizable and generate new, well-paying jobs in construction and design. In turn, these jobs will generate compounding effects as these new workers spend more at local businesses, creating a multiplier effect. Focusing on hiring local workers will ensure that the infrastructure dollars flowing into the county are maximized, multiplied, and circulated within the local economy and benefiting all county residents.<sup>2</sup> For more information on local hire policies in San Luis Obispo, please see the Local Hiring Initiatives in San Luis Obispo County report concurrently prepared by BW Research for the WDBSLO.

The economic impacts of project labor agreements incorporating local hire policies are significant because local wages in the construction industry are relatively high. The median wage of local construction jobs (\$28.53/hour) is 38% higher than the county's living wage of \$20.67 for a single adult with no children.

<sup>1</sup> Local hire policies require contractors and developers benefiting from the use of public funds to use the labor of residents or businesses within a particular geographic region to perform work or provide services.

<sup>2</sup> According to the Local Hiring Initiatives in San Luis Obispo County study concurrently prepared by BW Research, every 100 additional construction jobs in SLO County ultimately generates \$11.4 million in labor income and \$15.2 million in value added, as well as an additional \$525,000 in local taxes, \$903,000 in state taxes, and more than \$2.2 million in federal taxes.



# Economic Profile

This section provides an overview of key economic indicators, including total employment, unemployment rate, labor force participation rate, job quality by tiers, and industry clusters. An analysis of industry clusters sheds light on SLO County's competitive advantage in specific industries, categorized by those with high, middle, and low average wages. Additionally, indicators such as job quality provide a more nuanced perspective on the economic well-being of county residents, which other aggregated measures would not necessarily provide.

## Overall Employment Metrics

**San Luis Obispo County has exhibited a faster employment recovery than California from 2020 to 2022.** As shown in Figure 1, the county witnessed a significant decline in jobs due to the COVID-19 pandemic in 2020. However, subsequently, the county's labor market has exhibited a more rapid rate of recovery than the state, with labor market growth of 10.4 percent between 2020 and 2022, as compared to 9.5 percent growth for California (Table 1). Compared to pre-pandemic levels, however, the county's labor market has grown by only 2.0 percent, while the state's labor market has grown by 3.3 percent (Figure 1).

Figure 1. Overall Employment Change (2018-2022)<sup>3</sup>

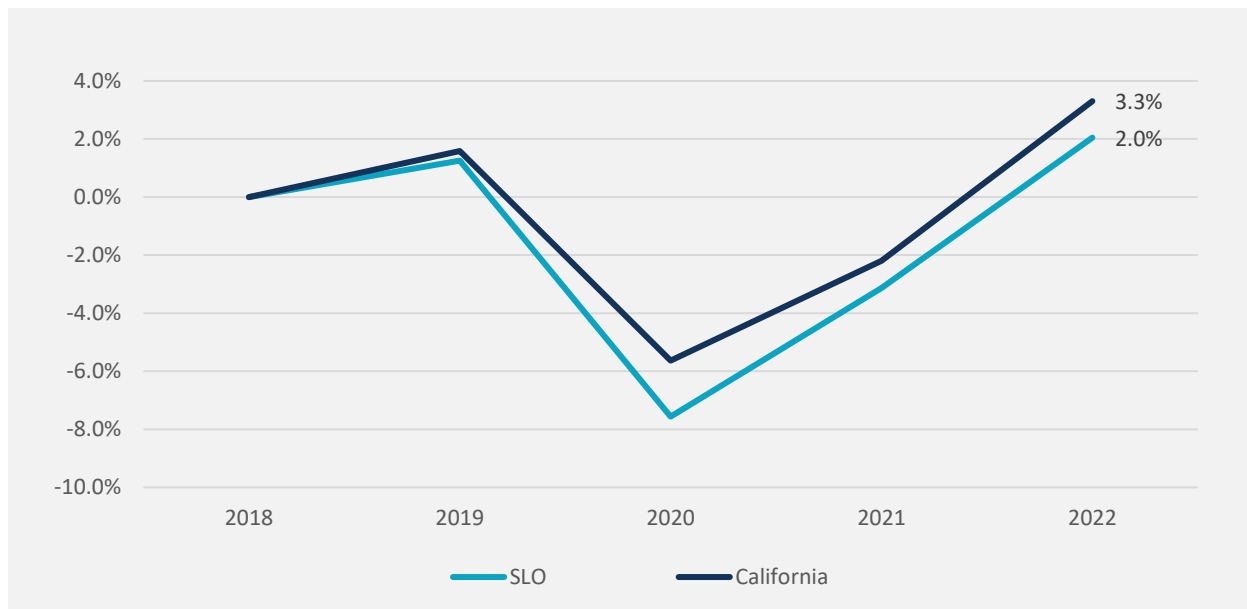


Table 1. Employment Change 2020-2022

	% Change 2020-2022
<b>San Luis Obispo County</b>	10.4%
<b>California</b>	9.5%

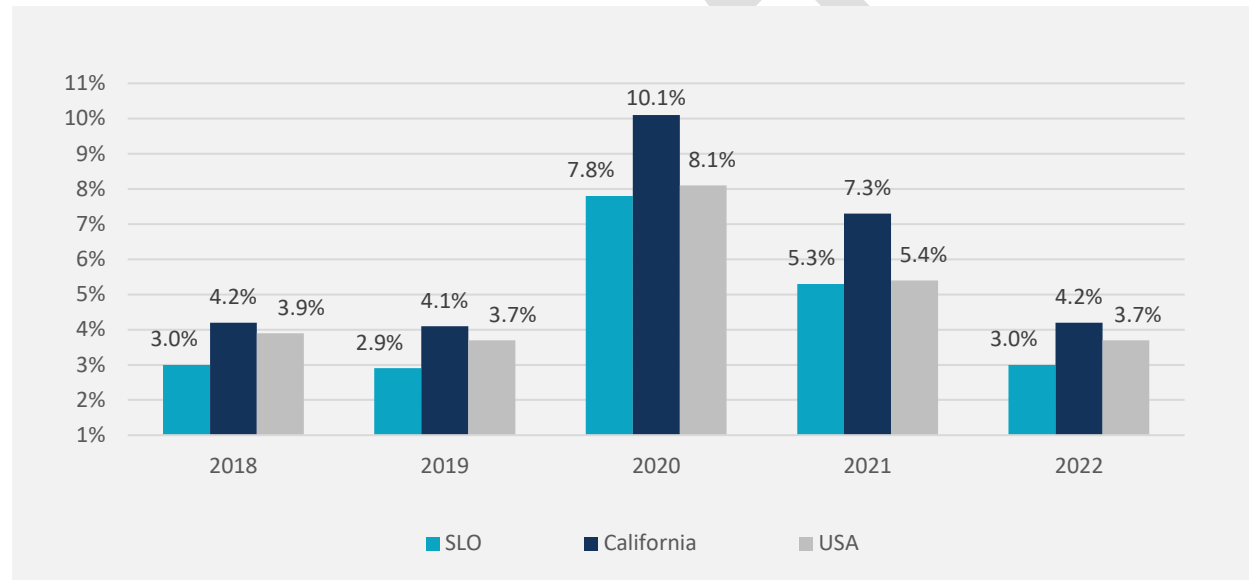
<sup>3</sup> California EDD. Quarterly Census of Employment and Wages. 2023.

## Unemployment Rate

**The unemployment rate in San Luis Obispo County has continued to fall, reaching pre-pandemic levels in 2022.**

SLO County's employment rate in 2022 was roughly equivalent to its employment rate in 2018, at 3.0 percent. The county's unemployment rate consistently fell below the statewide average and the national average in every year from 2018 to 2022 (Figure 2).

Figure 2. Unemployment Rate (2018-2022)<sup>4</sup>



## Labor Force Participation Rate

The county's labor force participation rate (LFPR)<sup>5</sup> dipped slightly in 2021, consistent with historical trends of economic recovery following shocks like the COVID-19 pandemic (Figure 3).<sup>6 7</sup>

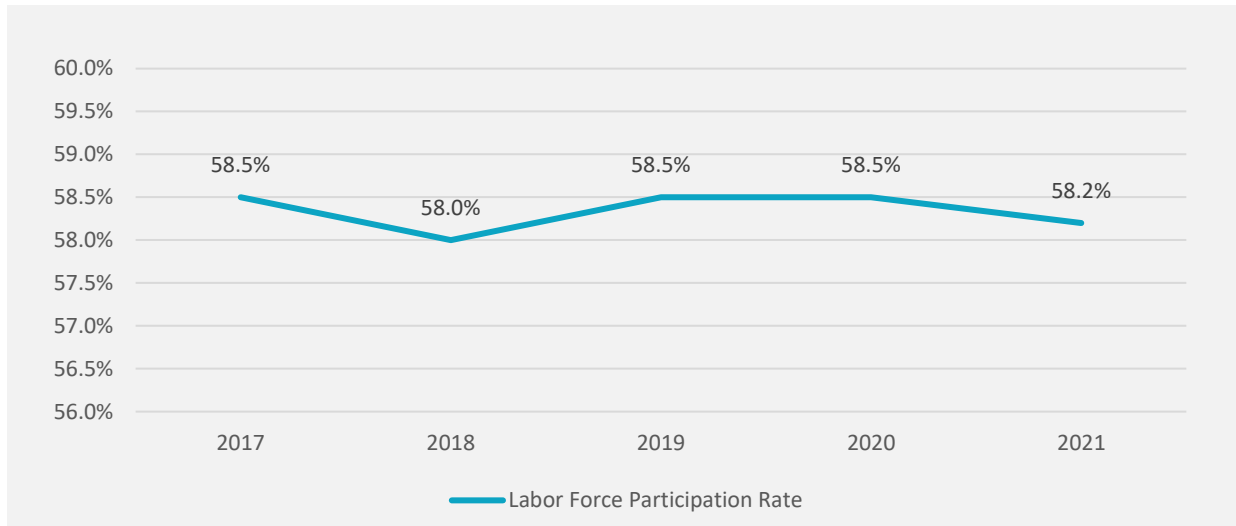
<sup>4</sup> California EDD. Local Area Unemployment Statistics (2018-2023).

<sup>5</sup> The labor force participation rate (LFPR) measures the percentage of citizens who are in the labor force. Citizens are classified as members of the labor force if they are employed or actively seeking employment.

<sup>6</sup> Research from the Federal Reserve shows the LFPR declines after a negative shock for about four years and takes about eight years to fully recover. See: Tomaz Cajner, John Coglianesi, and Joshua Montes. "The Long-Lived Cyclicity of the Labor Force Participation Rate." July 2021. <https://www.federalreserve.gov/econres/feds/the-long-lived-cyclicity-of-the-labor-force-participation-rate.htm>

<sup>7</sup> Research from the Federal Reserve also suggests that generous income transfers and unemployment insurance programs implemented during the pandemic contributed to aggregate LFPR declines. See: Felipe Schwartzman. "COVID Transfers Dampening Employment Growth, but Not Necessarily a Bad Thing." November 2021. [https://www.richmondfed.org/publications/research/economic\\_brief/2021/eb\\_21-39](https://www.richmondfed.org/publications/research/economic_brief/2021/eb_21-39)

Figure 3. Labor Force Participation Rate (2017-2021)<sup>8</sup>



## Job Quality

Job quality is a crucial metric for assessing the economic vitality of a region. For example, a high concentration of low-paying and low-skilled jobs in a region can indicate potential challenges for residents and the overall economy.

Table 2. Job Tier Description

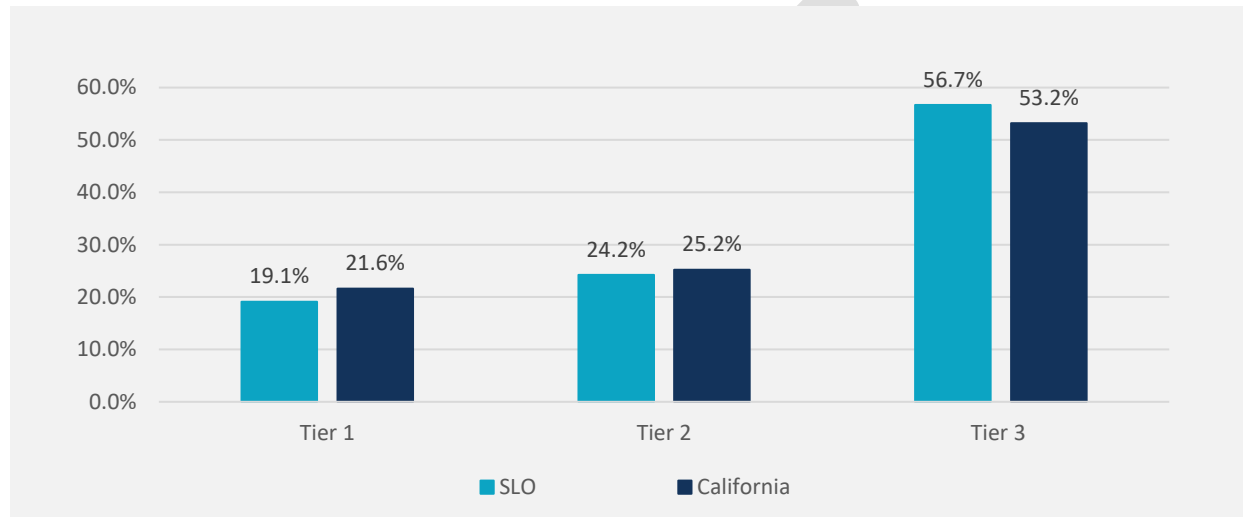
Tier 1 Occupations	Tier 2 Occupations	Tier 3 Occupations
Tier 1 occupations typically represent the highest-paying and highest-skilled occupations in the economy. These occupations encompass roles such as managerial positions (e.g., Sales Managers), professional positions (e.g., Lawyers), and highly skilled technology occupations, such as engineers, scientists, and computer programmers.	Tier 2 occupations typically fall within the middle-wage and middle-skill range. This category comprises roles such as office and administrative positions (e.g., Accounting Clerks and Secretaries), manufacturing operations, and production positions (e.g., Electricians, Machinists).	Tier 3 occupations typically represent the lowest-paying and lowest-skilled positions, often constituting the largest share of employment in the County. These occupations encompass roles such as food service and retail positions, building and grounds cleaning positions, and personal care positions.

<sup>8</sup> United States Census Bureau. American Community Survey 5-year Estimates (2017-2021).

As shown in Figure 4, SLO County has a higher proportion of lower-skill and lower-wage Tier 3 occupations (56.7%), and a lower proportion of higher-wage and higher-skilled Tier 1 occupations (19.1%) than the statewide average. The county's share of Tier 2 occupations is comparable to the statewide average.

SLO County has a lower job quality than the rest of statewide average, with a higher concentration of low-skill, low-earning Tier 3 jobs.

Figure 4. Job Quality by Tiers (2022)<sup>9</sup>



The concentration of SLO County's workers in Tier 3 jobs is important because job quality is one of the most important indicators for a region's long-term economic stability. High-quality, high-wage jobs have a large employment multiplier and provide a higher quality of life. Concentration of local jobs in Tier 3 thus poses a threat to long-term regional growth and may limit advancement opportunities for local workers.

## Industry Cluster Employment

Industry clusters are a common unit of analysis utilized by economists and economic developers to identify the drivers of development in a region. Clusters refer to closely related industries that collaborate within supply chains or generate value through interconnectedness, such as partnerships for enhanced visibility or business opportunities.

Industry cluster analyses allow SLO County to engage with employers that are central to countywide economic growth and create valuable workforce development programs in high-growth clusters. In addition, cluster analyses provide valuable information to current workers and jobseekers looking to develop new skills and career pathways, focusing on areas of growth within the region.

The subsequent sections outline the 19 significant industry clusters in SLO County, categorized by earnings (high, mid, and low). High-wage clusters offer an average annual wage of more than \$75,000, mid-wage clusters offer

<sup>9</sup> JobsEQ Q3 2022. Bureau of Labor Statistics. Quarterly Census of Employment and Wages (2022).

wages between \$59,000 and \$74,999, and low-wage industry clusters offer an average annual wage less than \$59,000. Industry clusters are also displayed to graphically illustrate location quotients (LQs).

**Location quotients** are ratios used to assess the concentration for an industry group in a specific area relative to a larger geographic area (i.e., the United States). Location quotients are valuable in determining if a region specializes in a particular industry cluster compared to the average at the state or national level.

For instance, a location quotient greater than one signifies an above-average concentration of those jobs in the region, while a location quotient below one indicates a below-average concentration. A location quotient of one indicates that the regional job concentration is on par with the broader region it is being compared to.

As shown in the following figures, major employers in SLO County include the Tourism, Hospitality, and Recreation Industry, which accounts for nearly one in five jobs in the county (19.4 percent), followed by the Healthcare industry (15.3 percent), the Retail industry (13.0 percent), and the Education and Knowledge Creation industry (10.8 percent). Collectively, these four industries accounted for nearly 60 percent of jobs in SLO County (58.5 percent).

The Tourism, Hospitality, and Recreation industry was the largest employer in SLO County in 2022, accounting for nearly one in five jobs.

## Highest Earning Clusters

**The county's highest-earning industry clusters exhibited significant declines in employment.** The Information, Communications and Technology (ICT) industry<sup>10</sup> experienced a severe drop in employment of 31.7%, shedding roughly 700 jobs in the Computer Programming Services subindustry. The Biotech and Biomedical Devices industry also exhibited a large drop in employment (-20.0%, or -214 jobs) driven by a loss of 63 jobs (-32.6%) in the Medical Laboratories subindustry. However, these industry clusters are so small that even the loss of one employer in the region can significantly affect a cluster's aggregate performance.

The Information and Communications industry<sup>11</sup> exhibited a smaller decline of approximately -10%, driven by a 52.6% drop (-124 jobs) in the Periodical Publishers subindustry, consistent with nationwide trends. The Finance, Banking, and Insurance industry exhibited a 5.2% decline (-125 jobs), primarily due to a 14% drop (-106 jobs) in the Commercial Banking subindustry.

The Public Services and Infrastructure industry experienced a 2.3% drop (-118 jobs) primarily driven by the loss of 598 jobs in the Hydroelectric Power Generation subindustry. However, this loss was partially offset by a gain of 548 jobs in the Nuclear Electric Power Generation subindustry.

<sup>10</sup> The ICT industry includes subindustries related to electronics and electronic component manufacturing, telecommunications companies, and computer-related services.

<sup>11</sup> The Information and Communication industry includes subindustries related to media (TV, books, music, motion pictures).

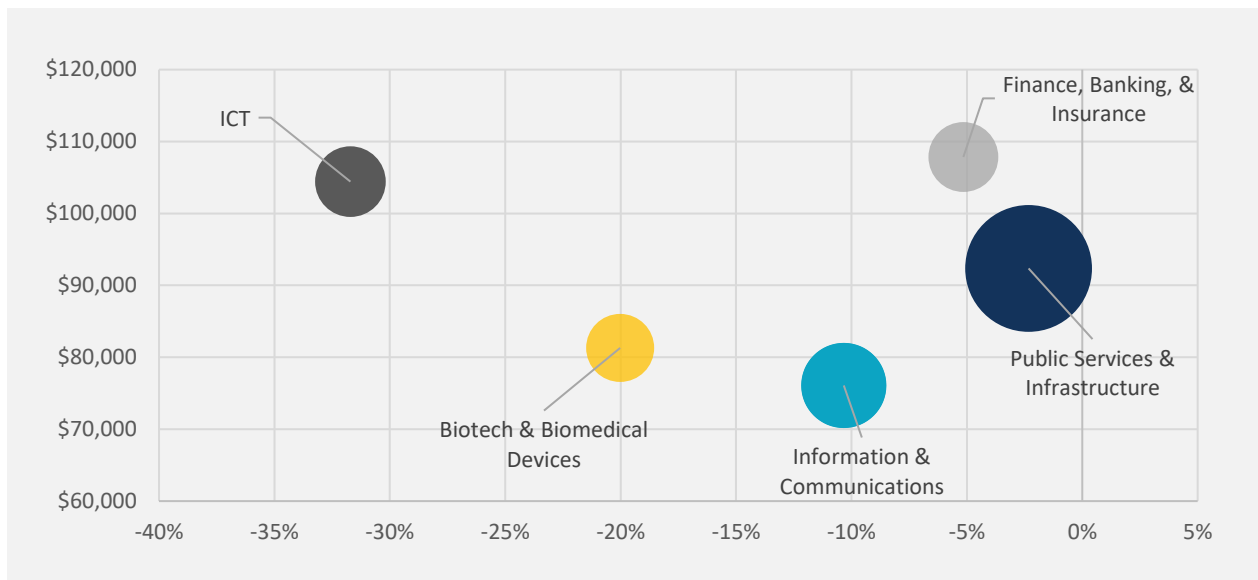
Figure 5. Highest Earning Industry Clusters (2018-2022)<sup>12 13</sup>

Table 3: Industry Cluster Overview – Highest Earning Industry Clusters (2018-2022)

Industry Cluster	Industry Cluster Employment (2022)	Employment Change since 2018 (%)	Avg. Annual Wages	LQ (2022)	Main Subindustry Driving Growth/Decline	Subindustry Employment (2022)	Employment Change since 2018 (%)
Finance, Banking, & Insurance (FBI)	2,306	-5.2%	\$107,848	0.45	Commercial Banking	651	-14.0%
Information & Communication Technologies (ICT)	1,880	-31.7%	\$104,425	0.46	Computer Programming Services	883	-44.8%
Public Services & Infrastructure	4,968	-2.3%	\$92,354	1.49	Hydroelectric Power Generation	0	-100%
Biotechnology & Biomedical Devices (B&BD)	855	-20.0%	\$81,301	0.43	Medical Laboratories	131	-32.6%
Information & Communications	1,027	-10.3%	\$76,081	0.66	Periodical Publishers	112	-52.6%

Furthermore, Public Services and Infrastructure jobs are more prevalent in SLO County compared to the rest of the nation. These types of jobs are 49% more concentrated in SLO County than in the United States overall, representing a location quotient of 1.49. All other high-earning clusters in SLO County have job concentrations below the national average.

<sup>12</sup> Id.

<sup>13</sup> Bubble sizes are proportional to the Location Quotient value for each industry cluster.

## Mid-Earning Clusters

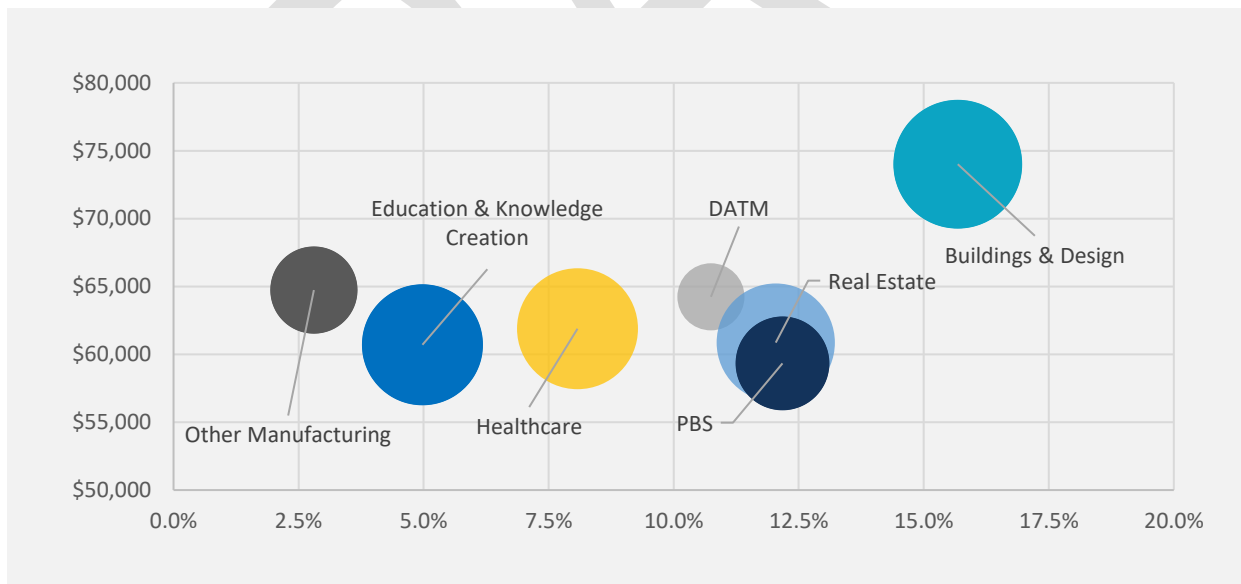
**Employment in all mid-earning industry clusters in San Luis Obispo County grew between 2018 and 2022.** The Buildings and Design industry saw the highest growth rate of all mid-earning clusters, at 15.7%, driven by a 27.0% employment increase (+243 jobs) in the Engineering Services subindustry.

The Healthcare Industry and the Education & Knowledge Creation Industry were the largest employers within the mid-tier earnings segment.

The Professional and Business Services (PBS) industry experienced robust employment growth of 12.2%, driven by 19.3% growth (+219 jobs) in the Landscaping Services subindustry, and jobs in the Real Estate industry grew by 12.0%, driven by 13.0% growth (+79 jobs) in the Offices of Real Estate Agents and Brokers subindustry. Defense, Aerospace, and Transportation Manufacturing (DATM) industry employment grew by 10.7 percent, driven by the addition of 93 jobs in the Aircraft Engine and Engine Parts Manufacturing subindustry.

Healthcare industry employment grew by 8.1 percent, driven by the addition of 314 jobs in the Outpatient Care Centers subindustry. The Education & Knowledge Creation industry also exhibited a 5.0% increase in employment, fueled by the addition of 702 jobs in the Educational Support Services subindustry, and the Other Manufacturing industry exhibited a 2.8 percent increase in employment, fueled by the addition of 164 jobs in the Additive Manufacturing (3D Printing) subindustry and 133 jobs in the Semiconductor Machinery Manufacturing subindustry.

Figure 6. Mid-Earning Industry Clusters (2018-2022)<sup>14 15</sup>



<sup>14</sup> Id.

<sup>15</sup> Bubble sizes are proportional to the Location Quotient value for each industry cluster.

Table 4: Industry Cluster Overview – Middle Earning Industry Clusters (2018-2022)

Industry Cluster	Industry Cluster Employment (2022)	Employment Change since 2018 (%)	Avg. Annual Wages	LQ (2022)	Main Subindustry Driving Growth/Decline	Subindustry Employment (2022)	Employment Change since 2018 (%)
Building & Design	4,881	15.7%	\$74,007	1.11	Engineering Services	1145	27.0%
Other Manufacturing	2,370	2.8%	\$64,735	0.51	Additive Manufacturing	191	598.9%
Defense, Aerospace & Transportation Manufacturing (DATM)	593	10.7%	\$64,237	0.31	Aircraft Engine & Engine Parts Manufacturing	94	9300.0%
Healthcare	17,257	8.1%	\$61,887	0.99	Outpatient Care Centers	326	2684.4%
Real Estate	2,027	12.0%	\$60,864	0.95	Offices of Real Estate Agents & Brokers	688	13.0%
Education & Knowledge Creation	12,359	5.0%	\$60,704	0.98	Educational Support Services	746	1603.0%
Professional & Business Services (PBS)	8,676	12.2%	\$59,334	0.59	Landscaping Services	1356	19.3%

Among the mid-earning clusters, Building and Design is the most highly concentrated in San Luis Obispo County (10% more concentrated in SLO, or 1.10 times) than in the United States.

### Lowest Earning Clusters

Most of the five lowest-earning industry clusters in San Luis Obispo County—Other services (-28.0%), Logistics (-11.0%), and Retail (-4.2%)—experienced negative growth between 2018 and 2022, fueled by losses in the Grantmaking Foundations (-98.1%, -1,714 jobs), Used Household and Office Goods Moving (-31.9%, -102 jobs), and Clothing and Clothing Accessories Retailers (-29.9%, -382 jobs) subindustries, respectively (Figure 7). However, these losses were offset by gains in other low-earning industry clusters.

Jobs in the Tourism, Hospitality, and Recreation industry – the largest employer in the county – grew by 3.9 percent, fueled by gains in the Snack and Nonalcoholic Beverage Bars subindustry (37.9%, +385 jobs). Employment in the Agriculture and Food industry exhibited an even higher rate of growth (20.4%), fueled by a 26.4 percent increase in jobs in the Wineries subindustry (+612 jobs).

Employment in the Agriculture and Food industry cluster is 182% more concentrated in San Luis Obispo County, or 2.82 times the national average, as SLO County's temperate climate makes it well-suited to produce various specialty crops, such as wine grapes and strawberries.



Figure 7. Lowest-Earning Industry Clusters (2018-2022)<sup>16 17</sup>

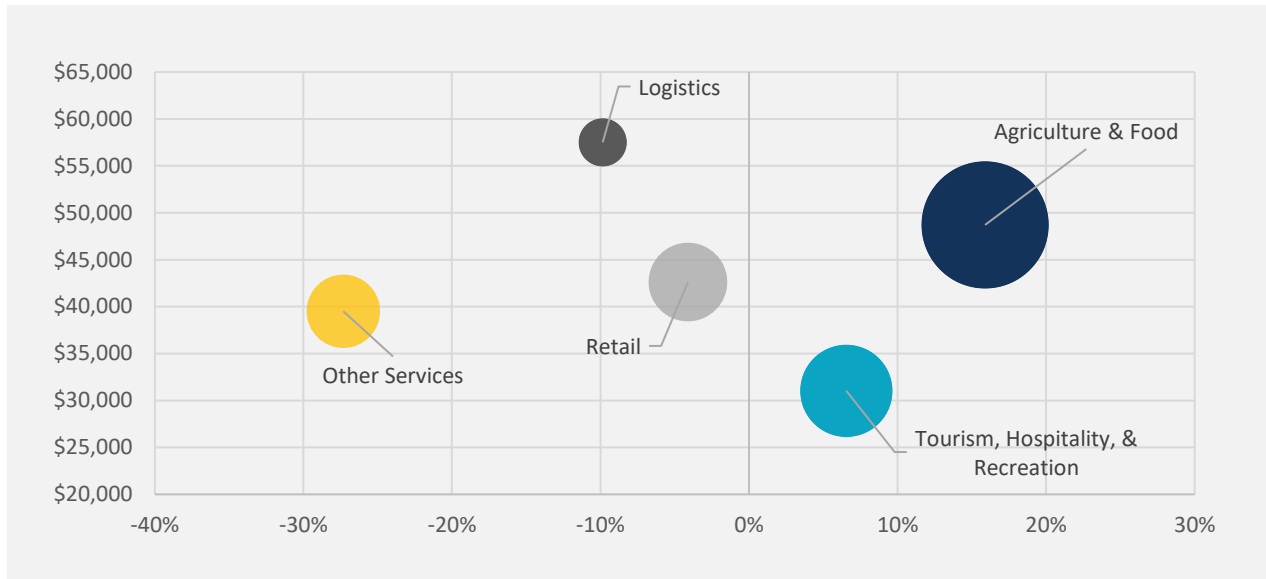


Table 5: Industry Cluster Overview – Lowest Earning Industry Clusters (2018-2022)

Industry Cluster	Industry Cluster Employment (2022)	Employment Change since 2018 (%)	Avg. Annual Wages	LQ (2022)	Main Subindustry Driving Growth/Decline	Subindustry Employment (2022)	Employment Change since 2018 (%)
Logistics	2,892	-9.90%	\$57,498	0.4	Used Household & Office Goods Moving	217	-31.9%
Agriculture & Food	9,123	15.90%	\$48,706	2.82	Wineries	2937	26.4%
Retail	14,828	-4.10%	\$42,620	1.09	Clothing & Clothing Accessories Retailers	892	-29.9%
Other Services	5,864	-27.30%	\$39,509	0.95	Grantmaking Foundations	34	-98.1%
Tourism, Hospitality, & Recreation	22,158	6.60%	\$31,028	1.48	Snack & Nonalcoholic Beverage Bars	1400	37.9%

## Working Residents & Jobs in the Region

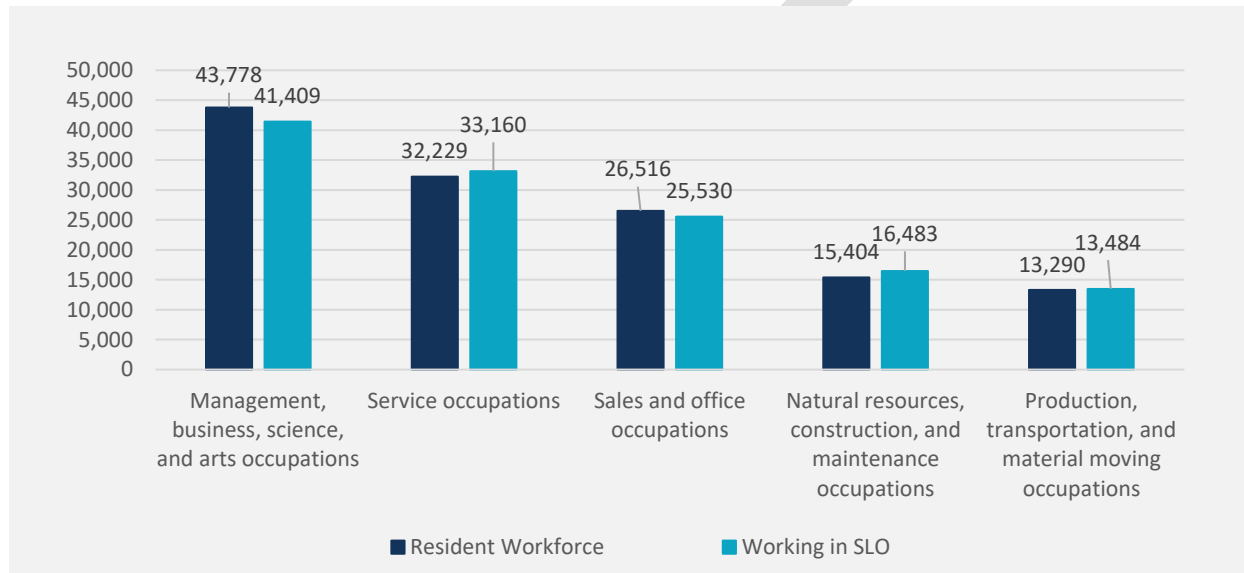
This section examines the flow of workers in and out of SLO County. Figure 8 illustrates the “resident workforce,” which represents the total number of workers in each occupational category *residing* in the county. The orange bar highlights workers in these occupations who *work* within the county. The difference between the two indicates whether the region is a net importer or exporter of talent.

<sup>16</sup> Id.

<sup>17</sup> Bubble sizes are proportional to the Location Quotient value for each industry cluster.

**Overall, the county is a net exporter of talent**, particularly for Management, Business, Science, and Arts occupations, as well as Sales and Office occupations. Management, Business, Science, and Arts occupations experience the highest number of exported jobs, with nearly 2,400 more workers in these roles residing in the county than there are jobs available for these fields. This means that there are slightly more individuals residing in the county who commute outside the region for work, compared to those who both live and work within the region.<sup>18</sup>

Figure 8. Working Residents and Jobs in San Luis Obispo County (2022)



While some remote jobs have partially or fully returned to in-person work after the pandemic, others are likely to become fully remote. Assessing how such jobs will be tracked and measured will help the county measure the potential economic impacts associated with remote work. This information, in turn, will inform county investments in infrastructure needed to support remote work, such as investments in the local airport and investments in new fiber optic cables or upgrades to existing digital infrastructure to improve broadband access. Ensuring that the needs of highly paid remote workers are met will promote retention of this segment of the workforce, as remote workers may exit the region absent sufficient support, resulting in a significant loss of spending to the local economy.

## Career Pathways for Selected Industry Clusters

Given SLO County's concentration of jobs in low-earning industry clusters, it is important to identify pathways to better-paying jobs for county residents. Thus, this section provides information on career pathways for selected industry clusters in SLO County.

### Pathways from the Tourism, Hospitality and Recreation Industry

San Luis Obispo County is known for its beauty and its quality of life, and its landscape provides a solid foundation to the local Tourism, Hospitality, and Recreation industry. Although an entry-level job in the Tourism, Hospitality,

<sup>18</sup> It is important to note that individuals working from home for a business located outside of SLO County are still counted as individuals working outside the county.

and Recreation industry may command lower wages than other industries, it can serve as a starting point to transition to a higher-paying career pathway within the industry (Table 6) or in a different industry thanks to the highly transferrable skills learned in the field; or, it can serve as a springboard to entrepreneurship in a related industry.

Table 6 illustrates a potential career pathway within the Tourism, Hospitality and Recreation industry. As shown, an individual who achieves entry-level employment in the industry as a cleaning staff (average annual wages of \$33,400) may develop sufficient experience necessary to attain a promotion to a supervisory position that commands \$49,500 annually. With additional on-the-job training, education, or certifications, this individual could then progress to a career as a general manager, which commands an average annual salary of \$101,300.

Table 6: Potential Career Pathway – Tourism, Hospitality, and Recreation Industry Cluster

Occupation	Employment within Industry Cluster (2022)	Avg. Annual Wages (2022)	Typical Entry-level Education
Building Cleaning Workers	1,415	\$33,400	High School Diploma or Equivalent
Supervisors of Building and Grounds Cleaning and Maintenance Workers	105	\$49,500	Some college, no degree
Lodging Managers	166	\$65,600	Bachelor's degree
General and Operations Managers	329	\$101,300	Bachelor's degree

## CASE STUDY

### Pathways to Success from the Tourism, Hospitality, and Recreation Industry

#### Holiday Inn & Express Suites of Atascadero

The Holiday Inn & Express Suites of Atascadero is a locally owned and operated hotel located in San Luis Obispo County, an approximate 15-minute drive from Cal Poly State University. According to Amar Sohi, General Manager and Operational Owner of the Holiday Inn & Express Suites of Atascadero, hotel housekeepers have progressed to management positions, such as Housekeeping Manager and Breakfast Room Supervisor, reaching higher salaries and levels of responsibility. Amar also emphasized pathways to careers in destination management and city management. “The city loves people with hospitality experience because they think on their feet and move fast, making them a valuable asset, while they get a better quality of life with weekends and holidays”. Thus, **entry-level jobs in the tourism industry can translate to successful careers in other fields.**

Careers in hospitality also provide an opportunity for financial stability for people that do not necessarily have the capital or connections to start their own business right away. As discussed on the following page, a job in tourism can serve as a springboard to entrepreneurship.

## CASE STUDY

### Path to Entrepreneurship

#### Amar Sohi, Holiday Inn & Express Suites of Atascadero

Amar Sohi, General Manager and Operational Owner of the Holiday Inn & Express Suites of Atascadero, believes that holding an entry-level job in hospitality allowed him to familiarize himself with businesses parallel to tourism such as unique retail stores, gas stations, and motels. He developed a network and eventually had the opportunity to take over a failed liquor store.

While some may see owning a hotel as an unattainable business venture, Amar disagrees. He instead advises young professionals to start with a much smaller business venture, to make money, and develop a robust network.

Today, Amar is the operating owner of the Holiday Inn Express & Suites of Atascadero along with silent partners. He believes that it was his willingness to start small, save money and reinvest it in his business that allowed him to develop a trusting relationship with investors and become a business owner.

While there are significant opportunities to succeed within the tourism industry, SLO County has also invested in training to support workers upskilling to transition to other industries.

## CASE STUDY

### Upskilling Program

#### SLO CAL Welcome Program

Visit SLO CAL is a nonprofit, countywide destination marketing and management organization serving San Luis Obispo County, which administers the SLO CAL Welcome program. According to Chuck Davison, President & CEO of Visit SLO CAL, the program offers a first-of-its-kind customer service training that is specifically targeted at professionals working or volunteering in San Luis Obispo County's travel & tourism industry. The program – which is free and available in English and Spanish – provides entry-level workers in San Luis Obispo County's travel & tourism industry with the opportunity to upskill and pivot toward higher-paying career pathways with valuable client-facing skills.

## Pathways in the Information & Communication Technology Industry

As noted in the cluster analysis, SLO County saw a significant decline in jobs in the ICT industry between 2018 and 2022. Thus, it is important that the county consider strategies to bolster career development and employment growth within this industry (such as the bootcamps described in the callout box below), as jobs in this cluster tend to pay relatively high wages as compared to jobs in other clusters.

## CASE STUDY

### SLO Partners Coding Bootcamps

SLO Partners, an economic development initiative of the San Luis Obispo County Office of Education, works with local employers to identify local hiring needs and designs specific fast-tracked coding bootcamp training programs to teach in-demand skills. Registered local companies can then interview and hire the freshly upskilled graduates.

From 2017 to 2022, SLO Partners upskilled and reskilled 364 local county residents, resulting in a \$7.5 million economic impact to SLO County. In 2022 alone, 76 local county residents attended SLO Partners bootcamps, and saw an average 34 percent increase in annual salary (\$16,158) following bootcamp completion.

Table 7 illustrates a potential career pathway within the ICT industry. As shown, an entry-level worker employed in customer service earns an average annual salary of \$49,600; however, with additional training, education, and experience, such an individual can progress to a career in technical support, which commands an average annual salary of \$63,300; or a career in software and Web development, programming, or testing, which commands an average annual salary of \$113,400.

Table 7: Potential Career Pathway – Information and Communication Technologies Industry Cluster

Occupation	Employment within Industry Cluster (2022)	Avg. Annual Wages (2022)	Typical Entry-level Education
Customer Service Representative	35	\$49,600	High School Diploma or Equivalent
Secretaries and Administrative Assistants	17	\$58,200	Some college, no degree
Computer Support Specialists	92	\$63,300	Bachelor's degree
Software and Web Developers, Programmers, and Testers	551	\$113,400	Bachelor's degree

In the longer term, it will also be important to consider the impact of technological development upon employment in the global IT industry, particularly with respect to artificial intelligence (AI) and machine learning (ML). Fears of large-scale job displacement due to automation have arisen, particularly in mid-tier jobs, which have been traditionally perceived as vulnerable since they are regarded as more codifiable and programmable (as opposed to jobs that require a higher level of sensory perception, decision-making acumen, and other skills not as well suited to automation).

However, recent research has found that AI and ML have not significantly displaced workers. Rather, the technologies have primarily boosted productivity and resulted in a reallocation of resources, as the existing workforce is shifted to other tasks without a significant reduction in total employment.<sup>19</sup>

Regardless, the United States Bureau of Labor Statistics (BLS) predicts that computer-related jobs will increase by at least 11.5 percent between 2019 and 2029. While ML engineers and data analysts only accounted for 76,000 jobs in 2019, these categories were expected to grow to 101,000 jobs in 2029.<sup>20</sup>

Furthermore, according to LinkedIn, “ML engineer” ranked fourth in its list of the top 25 “jobs on the rise” in the U.S. in 2022. On average, ML engineer jobs commanded annual salaries ranging from \$72,600 to \$170,000. Most ML engineering job opportunities were posted in San Francisco, Seattle, and Los Angeles. The top roles “transitioned from” included software engineer, data scientist, and AI specialist, and the most common skills cited by ML engineers in 2022 included deep learning, TensorFlow, and natural language processing.<sup>21</sup>

Given SLO County’s proximity to key tech centers in San Francisco and Los Angeles, AI and ML engineering training programs present an opportunity for the county to develop and attract a rich talent pool to augment its share of Tier 1 jobs.

Further, from a policy standpoint, it will be important to consider how existing workers in the tech field can be supported as their activities shift over time, such as the implementation of apprenticeships that allow workers to retrain while continuing to earn income. Digital education action plans can also be implemented to ensure that more workers possess basic digital skills, including rudimentary knowledge of computer science, technology, engineering, or math, as well as other “soft” skills that can complement new technologies, such as communication and social skills.

## Pathways in the Manufacturing Industry

Table 8 illustrates a potential career pathway in the mid-tier Manufacturing industry. As shown, an entry-level position in assembly or fabrication commands an average annual salary of \$37,600. However, with additional training, education, and experience, an individual in such a position can advance to a more lucrative career as a manufacturing supervisor, which commands an average annual salary of \$61,200; and even advance to a position as an industrial production manager, which commands an average annual salary of \$128,100.

<sup>19</sup> Acemoglu D., G. Anderson, D. Beede et al. 2022. “Automation and the Workforce: A Firm Level View From the 2019 Annual Business Survey.” Paper presented at the NBER/CRIW conference on Technology, Productivity and Economic Growth, Washington DC, March 2022. <http://pascual.scripts.mit.edu/research/abs/>

<sup>20</sup> Michael J. Handel, "Growth trends for selected occupations considered at risk from automation," Monthly Labor Review, U.S. Bureau of Labor Statistics, July 2022, <https://www.bls.gov/opub/mlr/2022/article/growth-trends-for-selected-occupations-considered-at-risk-from-automation.htm>

<sup>21</sup> <https://www.linkedin.com/pulse/linkedin-jobs-rise-2022-25-us-roles-growing-demand-linkedin-news/>

Table 8: Potential Career Pathway – Manufacturing Industry Cluster

Occupation	Employment within Industry Cluster (2022)	Avg. Annual Wages (2022)	Typical Entry-level Education
Assemblers and Fabricators	212	\$37,600	High School Diploma or Equivalent
Supervisors of Production and Operating Workers	88	\$61,200	Some college, no degree
Project Management Specialists	18	\$90,800	Bachelor's degree
Industrial Production Managers	42	\$128,100	Bachelor's degree

Supporting the training and education of local Manufacturing workers is thus a vital element in advancement along career pathways. Continuing education may focus on developing the skills necessary to adapt to continuing technological development within the industry that are expected to transform the nature of work, such as additive manufacturing (AM, commonly known as 3D printing).

3D printing has already made significant inroads in the global engineering and manufacturing sectors, with applications ranging from jet engines to medical devices and implants. However, 3D printing innovations demand new skills and capabilities, within the categories of computer-aided design (CAD), material technology, finishing<sup>22</sup>, machine calibrating, and software/information technology related to recording, maintaining, and updating data generated from 3D printing processes.

According to a survey conducted by Deloitte, 9 out of 10 manufacturers nationwide struggle to find the skilled workers needed to perform 3D printing tasks, and 54 percent of manufacturers do not have a plan in place to address the gap.<sup>23</sup> The shortage of workers skilled in 3D printing technology has been exacerbated by an aging population of manufacturing employees, declining real wages in the manufacturing sector, a lack of interest in manufacturing from Millennials<sup>24</sup>, and reluctance to adapt to new design paradigms. Furthermore, retention rates for students in STEM programs are falling, while the number of U.S. students enrolled in engineering graduate programs is declining, leading to a significant gap between supply and demand for STEM graduates in general.

To mitigate this growing problem, universities such as the Massachusetts Institute of Technology (MIT) and the Georgia Institute of Technology have launched 3D printing labs to deliver hands-on training. Other organizations, such as Virginia's Commonwealth Center for Advanced Manufacturing (CCAM), have collaborated with community colleges to establish a network of regional 3D printing training centers of excellence (CoEs) and to develop an Advanced Manufacturing Apprentice Academy (AMAA) to provide students with training on modern 3D printing equipment, professional certifications, and guidance on future pathways to employment in the field. Providers

<sup>22</sup> Finishing activities include support removal, grinding, sanding, cutting, filling, painting, coating, and polishing.

<sup>23</sup> <https://www2.deloitte.com/us/en/insights/focus/3d-opportunity/3d-printing-talent-gap-workforce-development.html>

<sup>24</sup> According to Deloitte, Millennials are also motivated by different professional drivers than previous generations, including desires for empowerment to innovate, making an impact within their company and beyond, having control over their career paths, having opportunities to lead, and solving complex, challenging problems. Many Millennials perceive that manufacturing jobs are not well-suited to these priorities.

such as Coursera, Udemy, and Lydnow also offer online learning programs focusing on 3D printing applications, and MIT and The Open University offer online coursework focused on 3D printing.

In general, however, there remains a dearth of training programs specific to 3D printing, as many instructors lack sufficient hands-on experience with the technology to provide technology-specific instruction, and some instructors may be reluctant to cover a technology considered yet unproven at the industrial level.

Employers can partially mitigate this skills gap by offering on-the-job training, although it may be difficult for employees to upskill sufficiently rapidly, given the level of difficulty associated with adapting to 3D printing approaches. Regardless, according to Deloitte, 94 percent of manufacturing executives surveyed indicated that they believed that employee training is extremely, very, or moderately important to mitigating the effects of existing skills shortages for a skilled production workforce, such as technicians; and 68 percent agreed, for engineers.

Thus, as the manufacturing industry transitions to new techniques such as 3D printing, it is critical that the county continue to invest in training programs to ensure that its current workforce will have the skills necessary to achieve success amidst the rapidly evolving technological landscape.

## Higher Education Opportunities

Higher education is an important tool for advancement within various career pathways. To obtain a better understanding of local educational opportunities, an additional analysis was conducted of the programs offered by Cuesta College that provided pathways to better-paying jobs for the local workforce, particularly in high-growth industry clusters like Agriculture and Building and Design. The results of the analysis are summarized in Appendix A.

In this analysis, BW Research gathered information on average median earnings by degree type (bachelor's degrees, associate degrees, and certificates) and program type from the U.S. Department of Education's 2023 College Scorecard dataset. The associate degree and certificate program types were then ranked by average median earnings.

A search was then conducted for Cuesta College programs that were *comparable* to the top-earning program types in the College Scorecard Data, and average median earnings from the College Scorecard dataset were mapped to the Cuesta College programs to provide an estimate of the *national average median earnings 4 years after graduation* to estimate what earnings students of these programs could expect upon graduation from these programs.

As shown in Appendix A, students who complete Cuesta College's Registered Nursing program can expect to earn \$91,653 four years after graduation, while students that complete Cuesta College's Engineering program can expect to earn \$61,961 four years after graduation. Other programs offered by Cuesta College in the fields of Agricultural Services, Construction Services, and Computer Sciences also offer pathways to higher-paying jobs with expected median earnings four years after program completion exceeding the 2021 median income of the citizen employed population 16 years and over in SLO County, \$41,211.<sup>25</sup>

California Polytechnic State University (Cal Poly) also offers a wealth of educational opportunities, with a student body of 22,287 undergraduates and graduates. Cal Poly has ranked #1 Best in the West by the U.S. News and World Report for the last 30 years and has ranked within Forbes' Top 25 in the West list. Cal Poly's six academic colleges offer more than 60 majors for undergraduates. Over 35 of its master's degree programs, teaching

<sup>25</sup> United States Census Bureau. American Community Survey 5-Year Estimates (2017-2021).



credential programs, and blended degree programs allow students to earn bachelor's and master's degrees concurrently. Professional and graduate certificate programs are also available.

On average, 95 percent of Cal Poly's undergraduates find a job or are admitted to a graduate program within nine months of graduation.<sup>26</sup> The average median earnings of Cal Poly students four years after graduation is \$75,168, considerably higher than the 2021 median income of the citizen employed population 16 years and over in SLO County, \$41,211.

Thus, it is important that the county continue to work with local higher learning institutions and other providers of skills training, such as labor unions, to support efforts to fill gaps in pathways to higher-paying jobs. Evaluating the current inventory of local degree and training programs that fill the gaps between skills demanded by high-paying employers and skills available from the current workforce will reveal the types of courses needed to support transitions to higher-paying jobs. Partnerships with local higher learning institutions such as Cuesta College and Cal Poly, as well as other providers, such as local labor unions, can ensure that training courses and/or programs will be developed to help fill these gaps.

## Ecosystem for New Businesses

Beyond supporting efforts to attract, retain, and upskill local labor, the county must incentivize investors to committing resources to starting new businesses or growing existing businesses in the region. This section summarizes some of the partner and community resources available to support the growth of new business in SLO County.

Cal Poly offers several educational opportunities to support the development of entrepreneurial skills within its student population, as well as various business development services targeted toward local entrepreneurs. For example, the university houses an on-campus student community called Cal Poly Entrepreneurs (CPE) that hosts weekly meetings, workshops, trips, and events "to provide a forum for students to network and share ideas in an environment that fosters innovation and entrepreneurship". Cal Poly also hosts various annual events aimed at developing entrepreneurs' marketing skills, such as an Elevator Pitch Competition, a Startup Launch Weekend event, and the Innovation Quest (iQ) event.

In addition, Cal Poly maintains an Innovation Sandbox equipped with state-of-the-art equipment, educational programs, and student mentors, to give students the opportunity to gain experience with the latest prototyping/ideation tools. Cal Poly also offers an on-campus incubator called the Hatchery, where students from all majors can obtain hands-on experience launching a company through mentorship, weekly workshops, and startup assignments. Finally, Cal Poly's Summer Accelerator program provides students and alumni with hands-on mentorship, weekly workshops, guest speakers, and \$10,000 in seed funding to develop new businesses. Over the course of 13 weeks, student and alumni entrepreneurs are given the tools, funding, and space to launch businesses at the university's HotHouse location.

Cal Poly also provides various services to the public, hosting free forums targeted toward startups and small business, which offer insights on entrepreneurial challenges and models of success. In addition, Cal Poly's Incubator program provides early-stage local businesses with office space, conference rooms, a peer network, as well as training to facilitate growth, including an advisory board, a direct pipeline to statewide angel groups and venture capital firms, monthly peer-to-peer roundtable discussions, one-on-one mentorship, pitch events and networking opportunities.<sup>27</sup> Cal Poly's Small Business Development Center (SBDC) also provides no-cost business

<sup>26</sup> <https://www.calpoly.edu/about/facts-and-figures>

<sup>27</sup> The Incubator program primarily focuses on technology and innovation, but all industries are served. Specialty verticals include aerospace, agriculture technology, and medical technology.

consulting and training services to local tech companies to help entrepreneurs strengthen their business and entrepreneurial skills.

Mission Community Services Corporation (MCSC) also supports new local businesses. MCSC offers monthly business workshops, entrepreneurial training courses and no-cost business consulting to its training course graduates to support potential entrepreneurs and small business owners, with special assistance to women, low-income, minority, veterans, and non-profit businesses in San Luis Obispo, Kern, and Monterey Counties. MCSC's "Explore, Design & Launch" program offers eight sessions of entrepreneurship training, plus four follow-up mentoring sessions to equip students with the necessary knowledge, tools, and resources to start and/or grow a business.

Furthermore, SCORE – a national nonprofit organization – provides confidential face-to-face mentoring sessions, monthly workshops, email and phone mentoring services to business owners and potential entrepreneurs in SLO County and the Santa Maria Valley. SCORE also hosts live online training webinars and provides entrepreneurship e-guides on its website. In addition, the Fresno office of the Small Business Administration provides educational opportunities, business mentoring, and counseling to small businesses in Central and Coastal California (which includes SLO County).

Additionally, Downtown SLO – a nonprofit whose mission is "to foster an economically vibrant downtown" – supports local businesses by collaborating with City staff to ensure that local business concerns are being addressed in a timely fashion. The organization also promotes local businesses and events via ad campaigns. The City of San Luis Obispo also supports local businesses through promotions like the Support Local campaign, which featured small local businesses in a "Meet Your Neighborhood" blog series and 47 Support Local articles in local and regional media in 2021; and a Buy Local bonus program that provided gift cards to local businesses to qualified shoppers, resulting in more than \$728,000 in direct local spending in just five months in 2021.

Since one of the stated priorities of the County's economic plan has been to "promote SLO County as a haven for innovation and entrepreneurship," the County should continue to implement policies targeted at supporting local public and private incubators, accelerators, co-working spaces, and maker spaces for "future-oriented industries" that have access to rich labor pools in nearby tech centers. In addition, connecting potential entrepreneurs to local sources of micro-lending and venture capital funding will be crucial to continuing to develop the county's ecosystem for new businesses.

## REGIONAL PERSPECTIVE

### REACH

REACH is a regional economic action coalition uniting public private, and civic leaders across the Central Coast of California, with a mission to support economic planning and unlock economic opportunity for San Luis Obispo and Santa Barbara Counties.

According to Joshua Boswell, the Vice President of Policy and Economic Development at REACH, SLO County's entrepreneurial ecosystem provides many advantages for new business growth but faces challenges as well.

An attractive location with a desirable quality of life, a highly educated and skilled workforce, and a robust start-up culture supported by a range of assets including incubators, small business resources, innovative training programs, and top-tier higher education programs are among the advantages Joshua notes. The

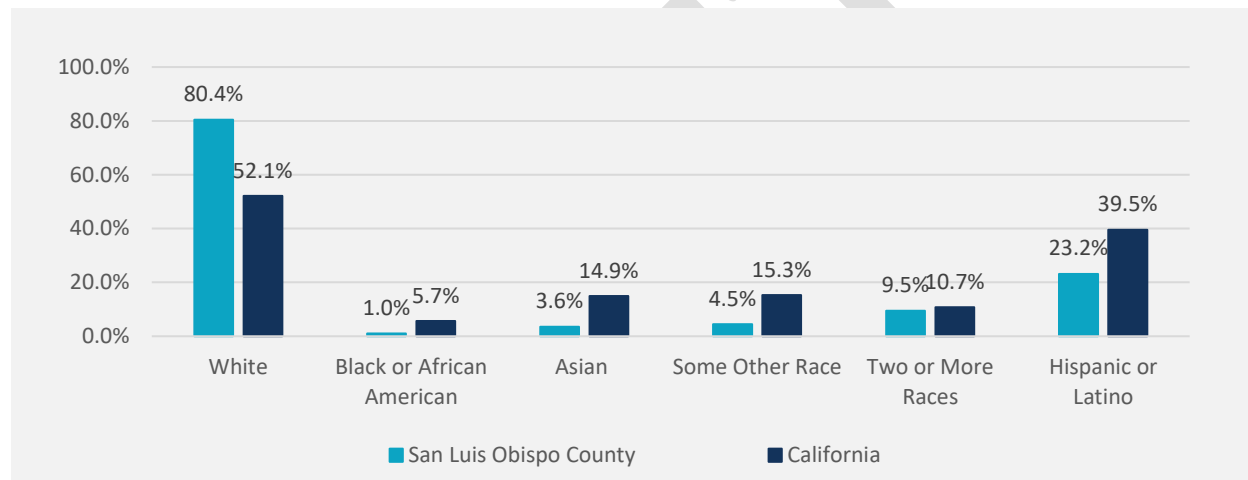
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# Workforce Profile

## Demographics

San Luis Obispo County has a much higher proportion of White (non-Hispanic) residents (80.4 percent) than the statewide average (52.1 percent) (Figure 9). In SLO County, approximately 23.2% of residents identify as Hispanic or Latino, which is lower than the state average of 39.5%.

Figure 9. Race and Ethnicity in San Luis Obispo County (2021)<sup>28</sup>



San Luis Obispo County also has a higher proportion of older residents compared to the rest of the state. The county population aged 65 years or older exceeds the statewide average by six percentage points (19.6 percent versus 14.4 percent) (Figure 10). However, Figure 11 reveals that the county’s population growth is primarily influenced by the 18–24-year-old age group, which includes Cal Poly’s resident student population.<sup>29</sup>

<sup>28</sup> Id.

<sup>29</sup> Per the 2-month rule, anyone who is currently living or staying at an address for more than 2 months is considered a current resident of that address. A person away from their address for more than 2 months is considered not to be a resident. However, for residents in group quarters, all people residing in the facility at the time of the interview, regardless of the length of stay, are eligible to be selected to be interviewed in the ACS. Thus, students of Cal Poly SLO are typically considered local residents by the U.S. Census Bureau.

Figure 10. Age Composition in San Luis Obispo County (2021)<sup>30</sup>

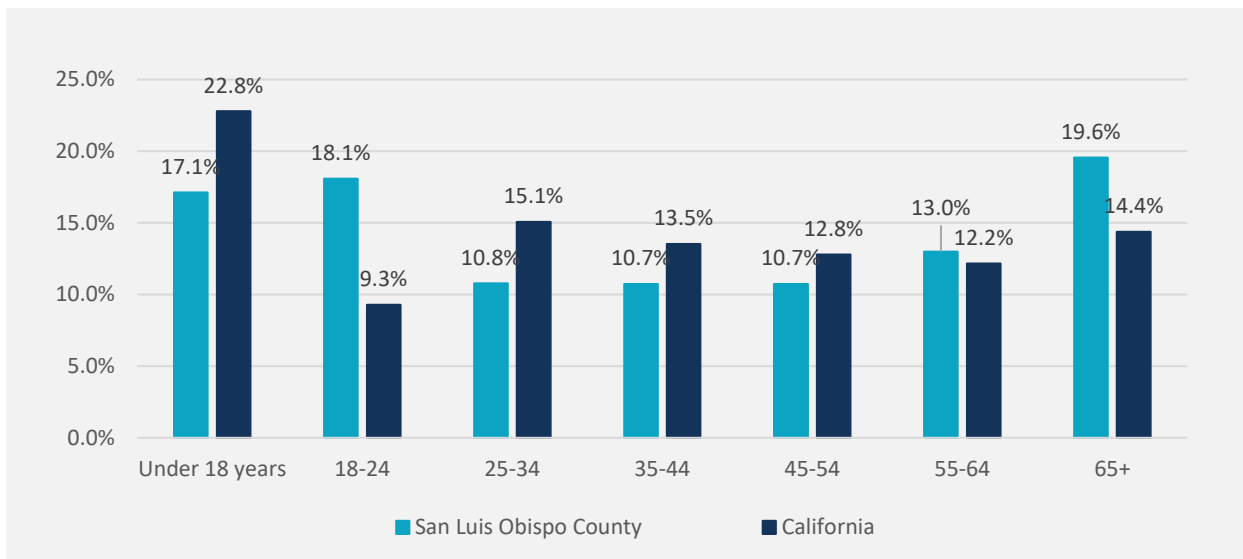
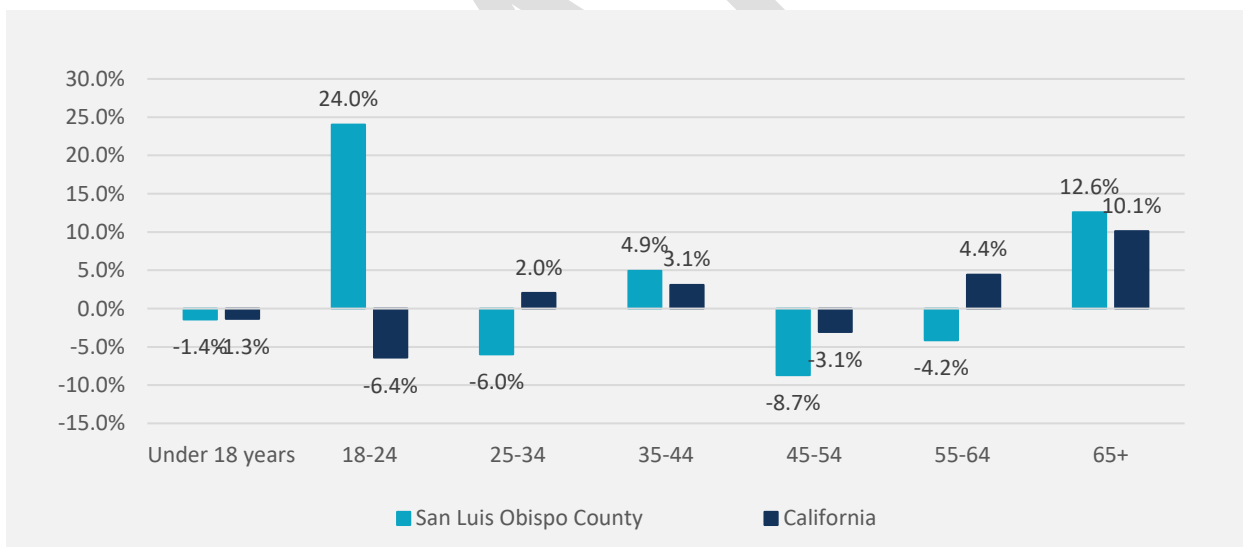


Figure 11. Population Growth by Age Group in San Luis Obispo County (2017-2021)<sup>31</sup>

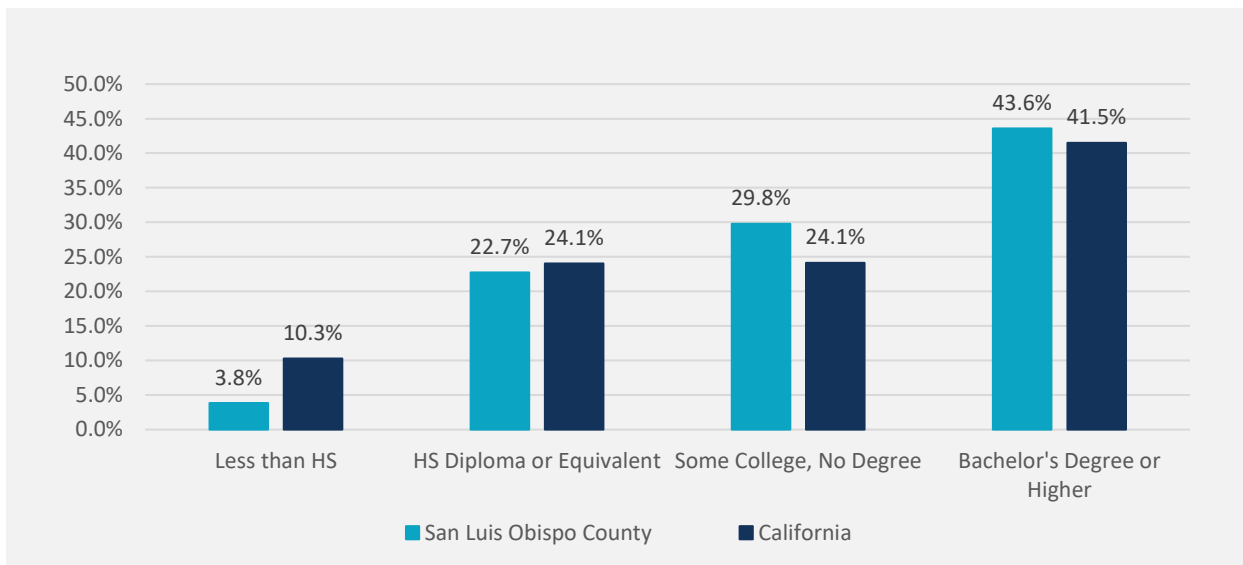


San Luis Obispo County residents exhibit higher educational attainment compared to the statewide average. The proportion of residents with less than a high school diploma is smaller in SLO County, accounting for only 3.8 percent, whereas the statewide average stands at 10.3%. Approximately three in ten county residents have attended some college without obtaining a degree, and over four in ten county residents hold a bachelor’s degree or higher (Figure 12).

<sup>30</sup> Id.

<sup>31</sup> Id.

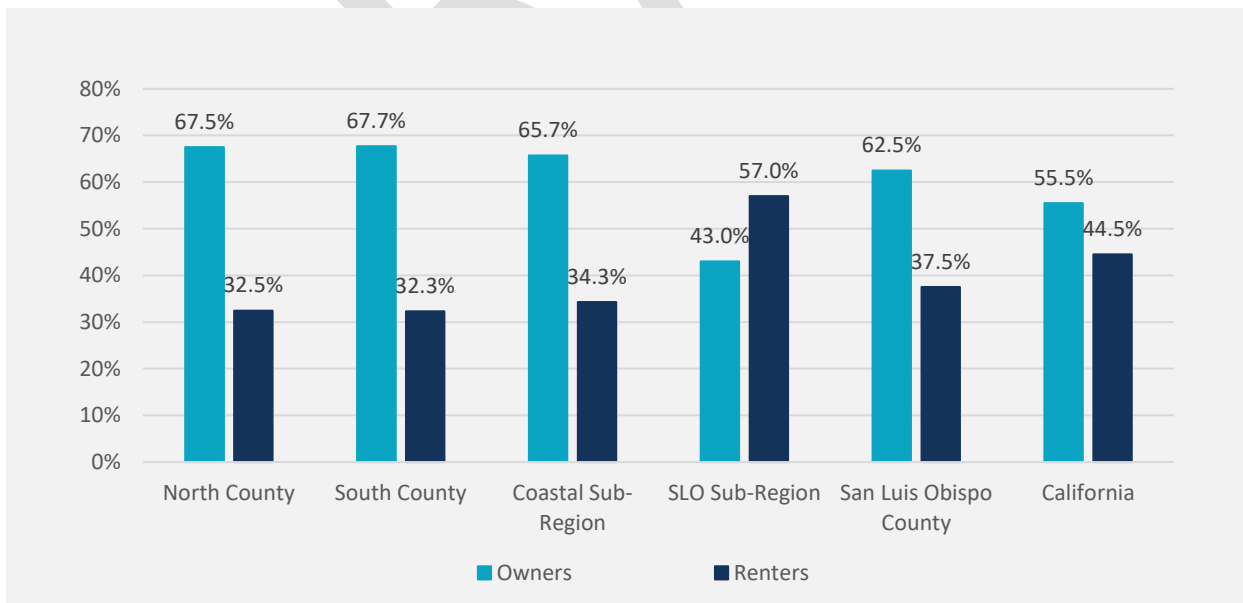
Figure 12. Educational Attainment of Populations Aged 25 and older in San Luis Obispo County (2021)<sup>32</sup>



## Housing Costs

Approximately 63 percent of San Luis Obispo residents are homeowners, approximately seven percentage points higher than the statewide average in California (Figure 13). Approximately 37.5 percent of county residents are renters, as compared to 44.5 percent statewide.

Figure 13. Share of Homeowners and Renters in San Luis Obispo County (2021)<sup>33</sup>

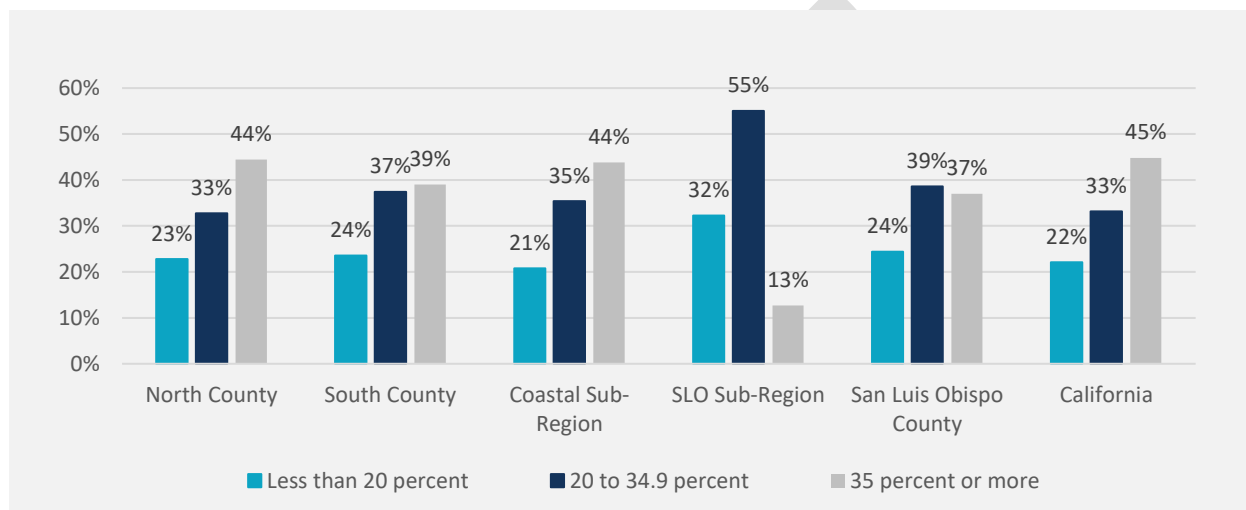


<sup>32</sup> Id.

<sup>33</sup> Id.

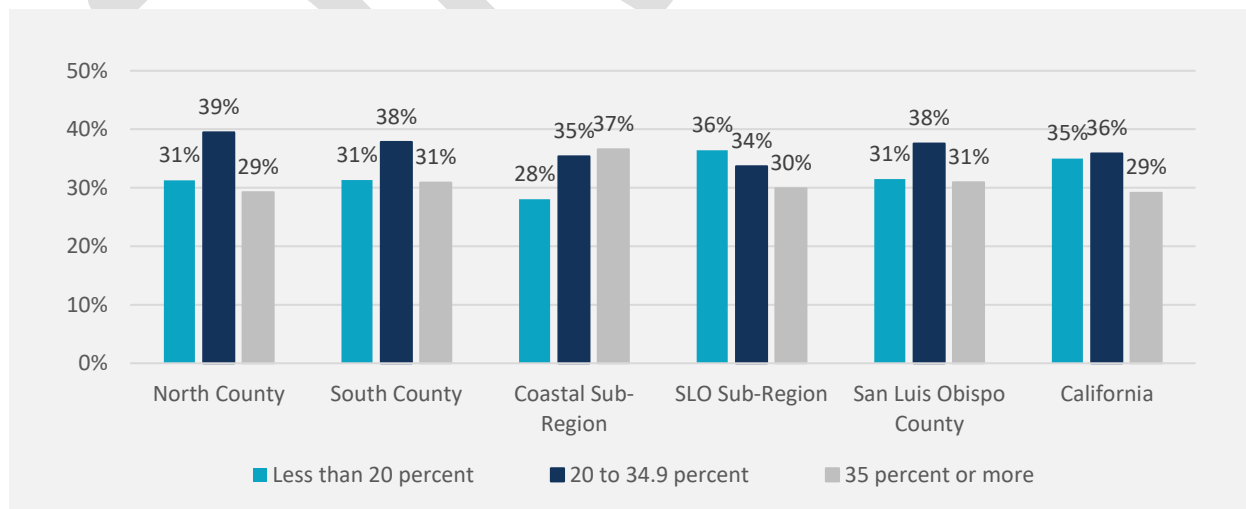
A smaller share of renters in San Luis Obispo County spends 35% or more of their income on housing as compared to renters within the state of California (37% versus 45%). The share of renters spending less than 20 percent of their income on housing in SLO County was relatively consistent with the statewide average. Furthermore, the distributions of renters’ housing burdens within the county were relatively similar across all regions other than the SLO sub-region, where only 13% of renters spent 35% or more of their income on housing (**Error! Not a valid bookmark self-reference.**).

Figure 14. Renters’ Share of Income Spent on Housing Costs (2021)<sup>34</sup>



Approximately 31% of homeowners with a mortgage in San Luis Obispo County allocated 35% or more of their income to housing, as compared to 29 percent of homeowners with a mortgage statewide (Figure 15).

Figure 15. Homeowners’ Share of Income Spent on Housing Costs (2021)<sup>35</sup>



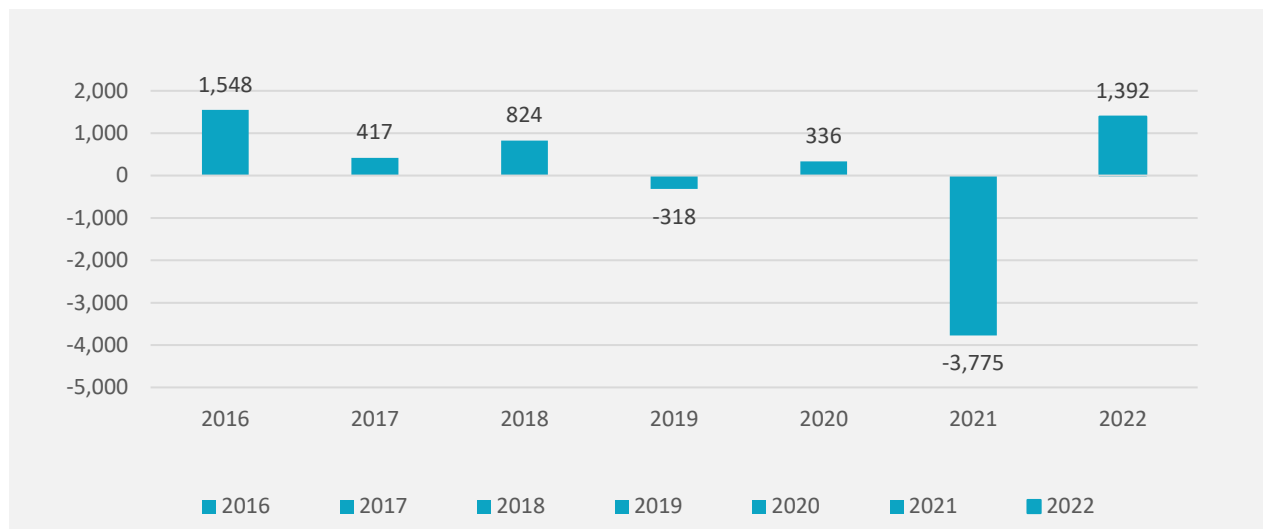
<sup>34</sup> Id.

<sup>35</sup> Id.

## Net Migration

Between 2021 and 2022, nearly 317,000 people left California, representing a 0.81% decrease in the state population<sup>28</sup>, and nearly 3,800 residents left SLO County. However, in 2022, the county’s population increased by 0.5 percent, partially offsetting the significant outflow that occurred in 2021 (Figure 16).

Figure 16. Net Migration Flows in San Luis Obispo County (2016-2022)<sup>36</sup>



Net migration can directly affect an economy’s growth rate via impacts on potential labor supply growth, although the magnitude of effects will vary depending on the composition of the migrants and their associated productivity rate. In addition, net migration can erode the size of the tax base and hinder GDP growth. With declining GDP, local spending on retail and service establishments also falls, leading to a drop in employment in these sectors. Thus, it is imperative that the county pursue strategies to attract and retain new workers and businesses to continue to counteract the significant drop in its population recorded in 2021.

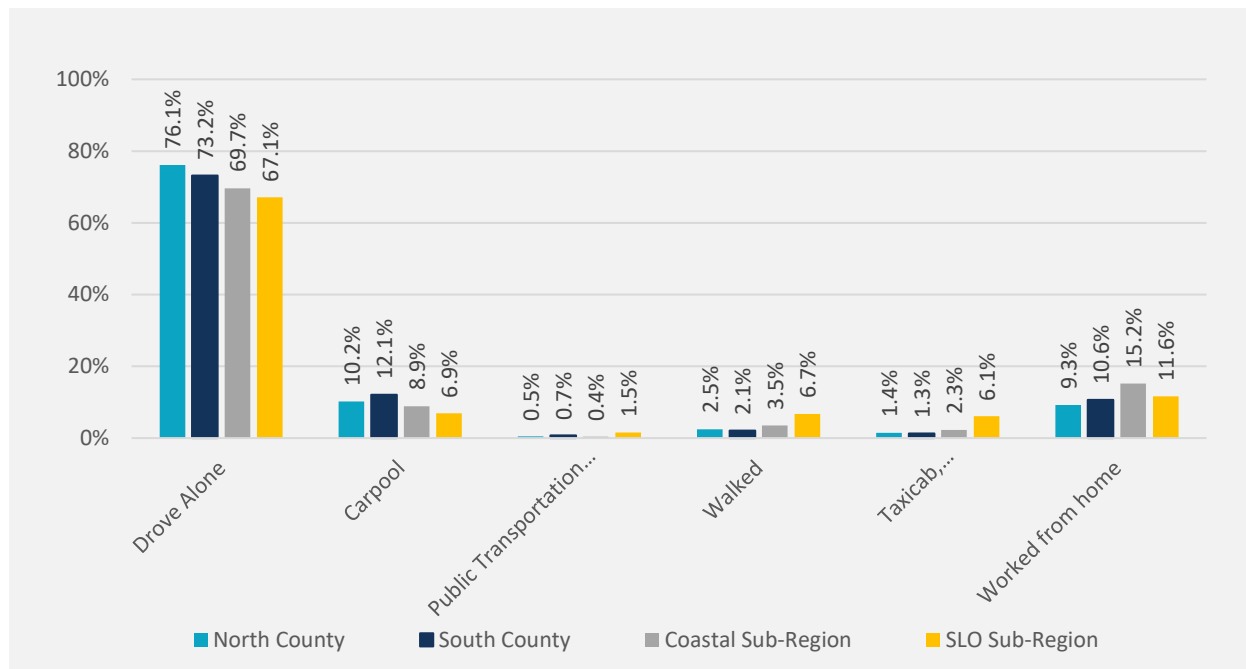
<sup>36</sup> California Department of Finance July Population Estimates. <https://dof.ca.gov/forecasting/demographics/estimates/>



# Transportation

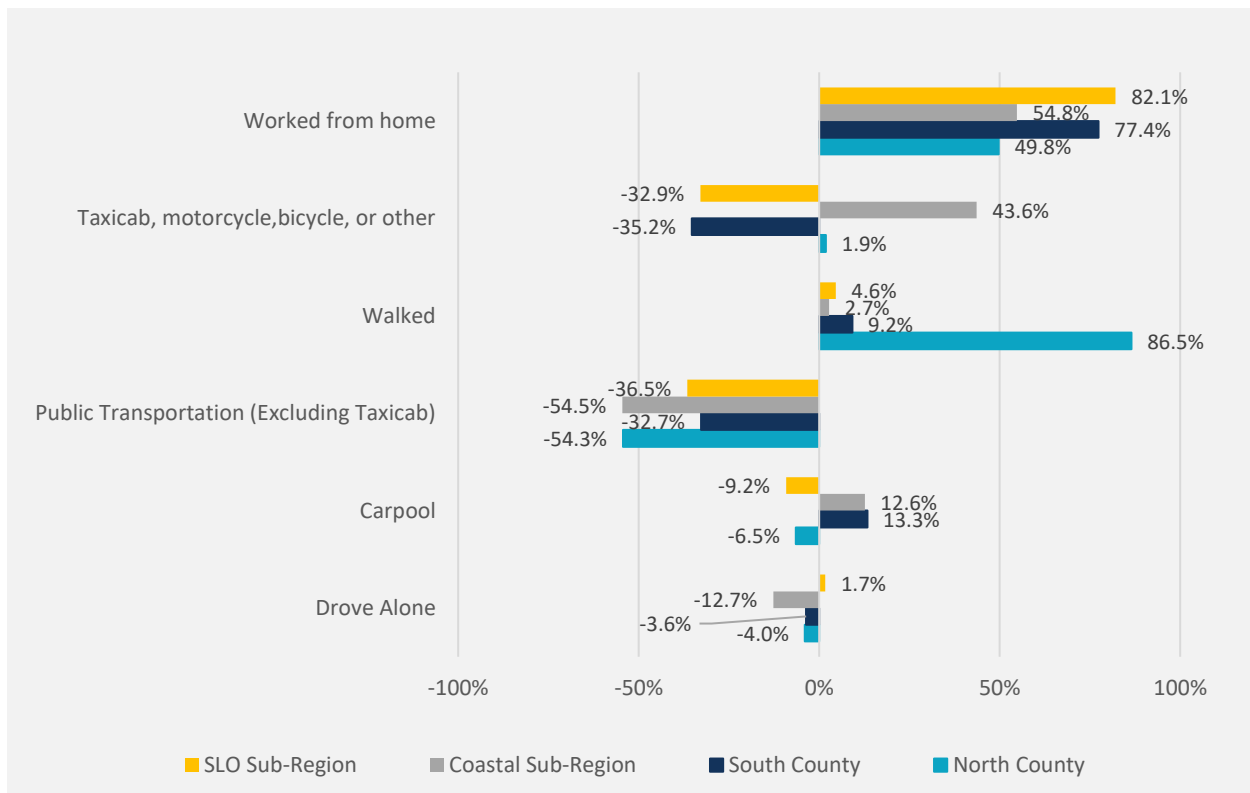
Driving alone remains the primary mode of transportation in San Luis Obispo County. In the south county, residents are more inclined to carpool, while those in the SLO sub-region are more likely to walk or take a taxicab to work. Coastal sub-region residents have a higher tendency to work from home (Figure 17).

Figure 17. Typical Means of Transportation to Work (2021)

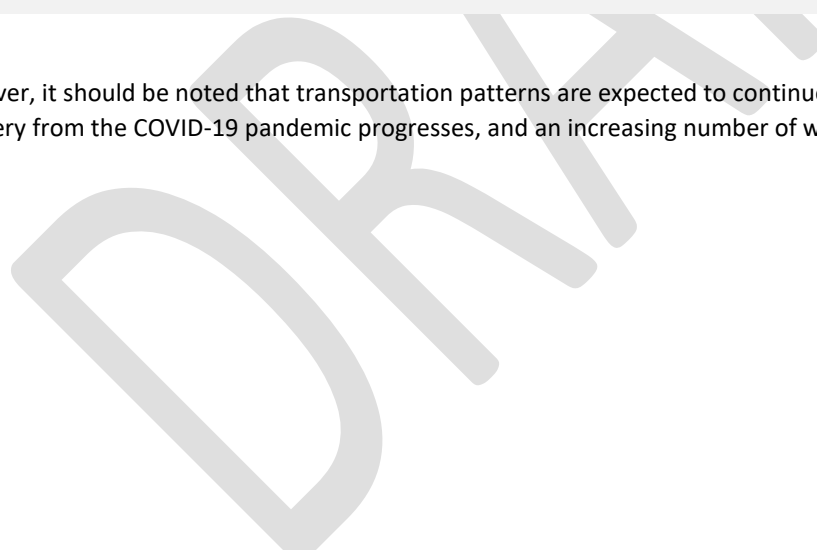


In recent years, SLO County residents have shifted towards alternative modes of transportation for commuting, including working from home, carpooling, or utilizing taxicabs, motorcycles, bicycles, or other means (Figure 18). The prevalence of driving alone has decreased across all sub-regions, except for the SLO sub-region, while the use of public transportation has also decreased.

Figure 18. Change in Means of Transportation to Work (2017-2021)



However, it should be noted that transportation patterns are expected to continue to shift as the economy’s recovery from the COVID-19 pandemic progresses, and an increasing number of workers returns to the workplace.



# Industry Sector Deep Dive

## Assessments

The recent passage of the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the US CHIPS and Science Act will inject billions of dollars into the US economy with a focus on expanding infrastructure, bolstering domestic manufacturing and supply chains, and driving research and development. This influx of funding presents a significant opportunity for San Luis Obispo County to enhance its transportation, water, and energy infrastructure; climate change resiliency; and housing stock.

This section of the report delves into the workforce that will drive these revitalization efforts within the county. Infrastructure-related jobs are often well-paying and offer employment opportunities for individuals with varying levels of education. However, fully capitalizing on the opportunities presented by these projects will necessitate strategic workforce planning to ensure that the residents of San Luis Obispo County are adequately trained and prepared for employment prospects that arise.

### Infrastructure Financing Overview

The County of San Luis Obispo has launched a Five-Year Capital Improvement Plan, designed to identify, prioritize, and monitor the progress of infrastructure and facilities projects costing over \$100,000 from FY 2023-2024 through FY 2027-2028.<sup>37</sup>

The plan encompasses a total of 179 projects, including 52 infrastructure projects with an estimated collective value of \$290 million. Out of these, 13 projects have their funding needs met in the current fiscal year. Aside from this capital improvement plan, there are city-specific projects, as well as bigger projects like Central Coast Blue and the development of the Offshore Wind industry.

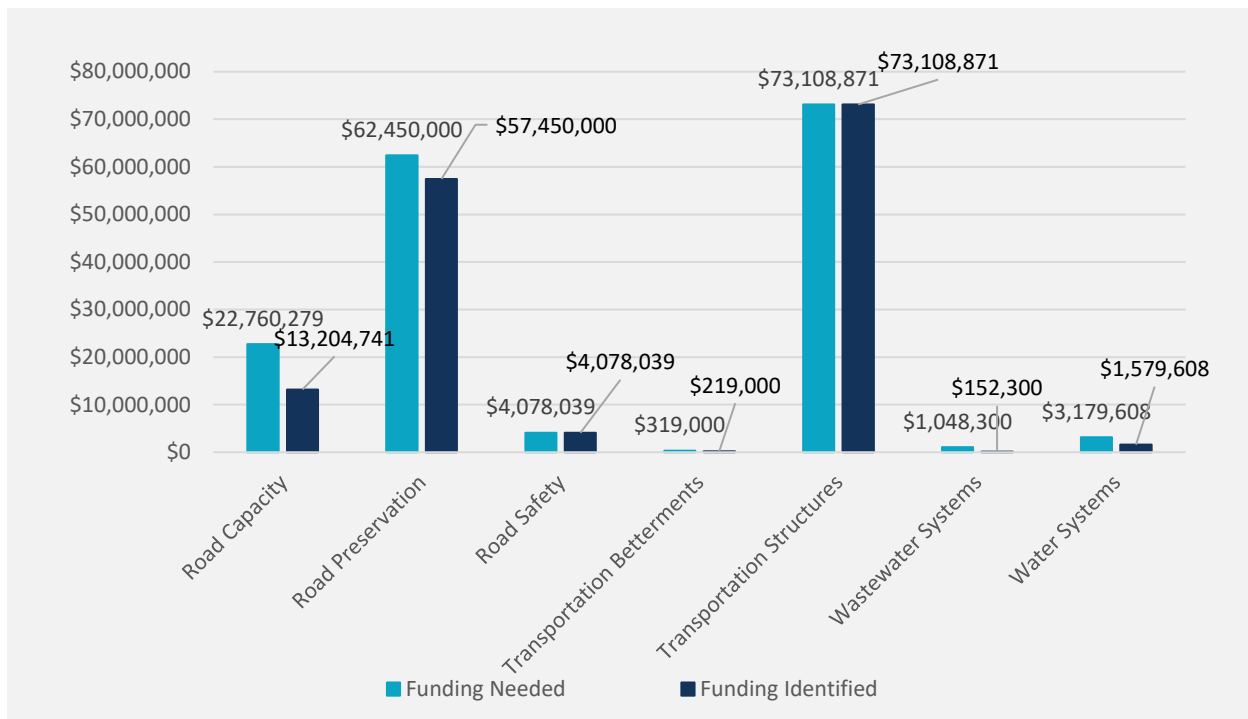
The County's objectives involve enhancing and expanding various facets of infrastructure, such as flood control, road capacity, road preservation, road safety, transportation improvements, transportation structures, wastewater systems, and water systems.

Figure 19 provides an overview of the funding needed and progress made in securing funding for each type of infrastructure project from FY 2023-2024 through FY 2027-2028.

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<sup>37</sup> <https://www.slocounty.ca.gov/Departments/Public-Works/Forms-Documents/Projects/Capital-Improvement-Projects/FY-2023-2024/5-Year-Plan.pdf>

Figure 19. Infrastructure Projects: Funding Needed and Identified



Regarding the maintenance of existing infrastructure in San Luis Obispo County, the plan outlines the following programs:

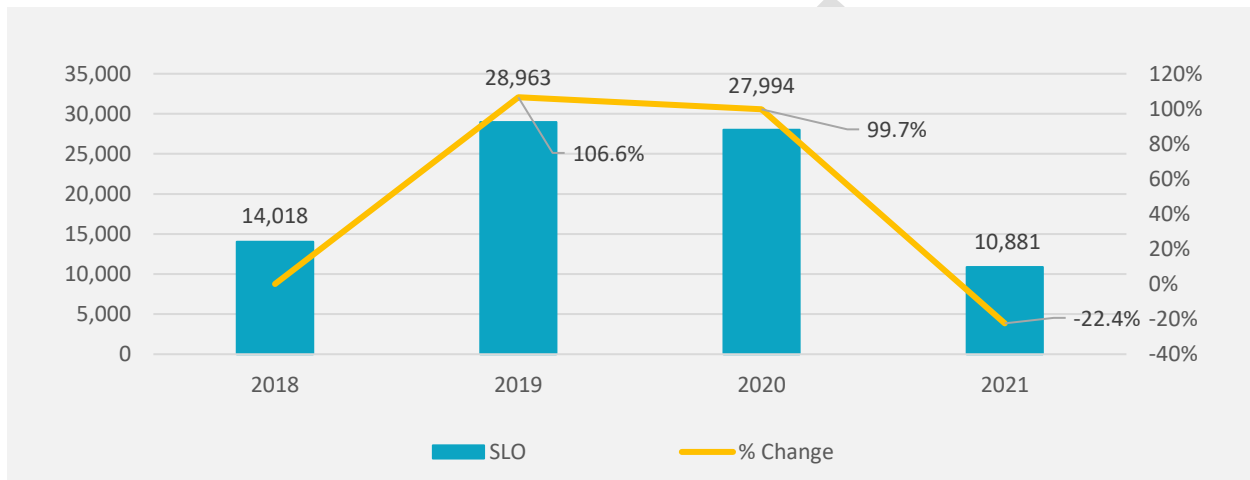
- Pavement Management Program:** This program aims to identify roads with a low Pavement Condition Index that would incur significant maintenance costs over time. To address these conditions, an annual investment of \$10 million would be required.
- Bridge Rehabilitation and Replacement Program:** The county has nearly 200 bridges in need of maintenance, rehabilitation, or replacement. Currently, the county is investing in 12 bridge projects valued at over \$113 million.
- Flood Control Facilities:** The plan includes initiatives related to the maintenance and improvement of flood control facilities.
- Water Systems:** The County's plan encompasses efforts to enhance and maintain water systems infrastructure.
- Wastewater Systems:** The plan also addresses the maintenance and development of wastewater systems in the county.

## Current Infrastructure Workforce

### Energy

Between 2018 and 2021, SLO County's energy workforce consisted of nearly 10,900 workers. However, Figure 20 illustrates the significant impact of the COVID-19 pandemic on the county's energy workforce, which has exhibited a 22 percent decrease during this period.

Figure 20. Energy Workforce Overall Employment (Cumulative % Change, 2018-2021)<sup>38</sup>



### Future Challenges to the Local Energy Industry

#### Diablo Canyon Power Plant

Diablo Canyon Power Plant (DCPP) is a nuclear power plant located in SLO County that provides low-cost, carbon-free electricity for more than 3 million Californians. DCPP is currently licensed to operate Unit 1 into 2024, and Unit 2 into 2025.

However, in September 2022, California Governor Gavin Newsom signed legislation (SB 846) seeking to extend operations at DCPP past its current license period, while the United States Nuclear Regulatory Commission considers its license renewal application. The California Energy Commission (CEC) has recommended that the state pursue extending DCPP's operation through 2030 to ensure reliability of the state's electricity supply.

Closure of the DCPP would likely disrupt employment within SLO County's Energy cluster, as DCPP jobs represents a significant share of employment within the sector. It will be important for the county to continue to monitor the political developments surrounding the impending closure of the DCPP to ensure that workers that may be displaced in the future can transition to equivalent positions within the county, whether in the Energy cluster or other fields.

<sup>38</sup> U.S. Department of Energy, United States Energy and Employment Report, 2022.

## Water

In recent years, San Luis Obispo County’s water workforce, comprising positions in Water Supply and Irrigation Systems, Water and Sewer Line and Related Structures Construction, and Sewage Treatment Facilities, has experienced a steady decline. Between 2019 and 2021, there was an 8.7 percent decrease in employment within the sector (Figure 21).

Despite the overall decrease in the workforce since 2019, it is worth noting that nearly six out of ten workers fall within the 25-34 and 35-44 age groups (Table 9), indicating a dynamic workforce that is unlikely to face high rates of retirement in the near future. However, as the industry is likely to see increasing labor demand in the near future, it will be critical to continue to identify opportunities that will attract young workers and promote future employment growth in the sector.

Figure 21. Water Workforce Overall Employment (Cumulative % Change, 2018-2021)<sup>39</sup>

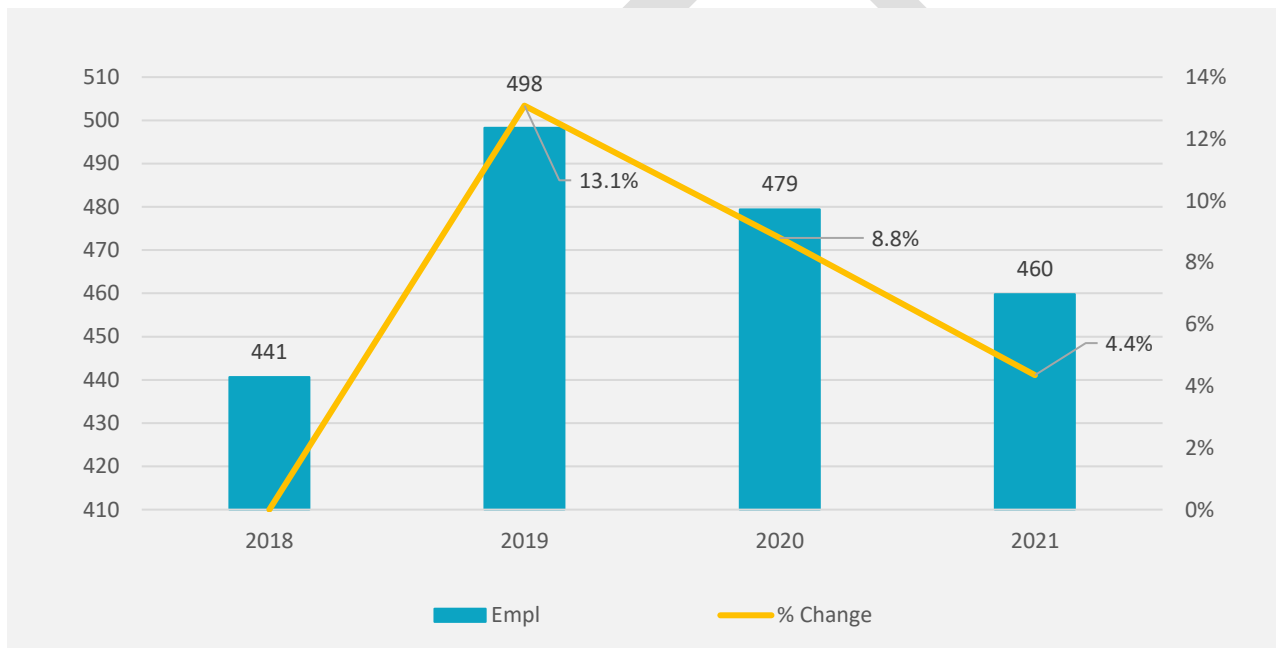


Table 9. Overall Employment by Age Range (2021)<sup>40</sup>

Age Group	14-24	25-34	35-44	45-54	55-64	65+
Employment (%)	6%	28%	29%	19%	13%	5%

<sup>39</sup> JobsEQ. 2018-2021.

<sup>40</sup> JobsEQ. 2021 Q4.

## Residential Construction

The residential construction workforce in the County, encompassing New Single Family Home Construction, New Multi-Family Home Construction, and New Housing For-Sale Builders, has experienced steady growth in recent years, with a notable increase of 11.5 percent since 2018 (Figure 22).

Although the industry has demonstrated resilience in employment in 2021, it is important to highlight that over one-quarter of the residential construction workforce is over the age of 55. Additionally, nearly one in 10 workers is aged 65 or older, indicating that a significant share of workers is nearing retirement age and will likely soon exit the workforce (Table 10).

**If SLO County seeks to expand its housing stock, it must cultivate a new generation of workers capable of assuming the duties and responsibilities of retirees.**

Figure 22. Residential Construction Overall Employment (Cumulative % Change, 2018-2021)

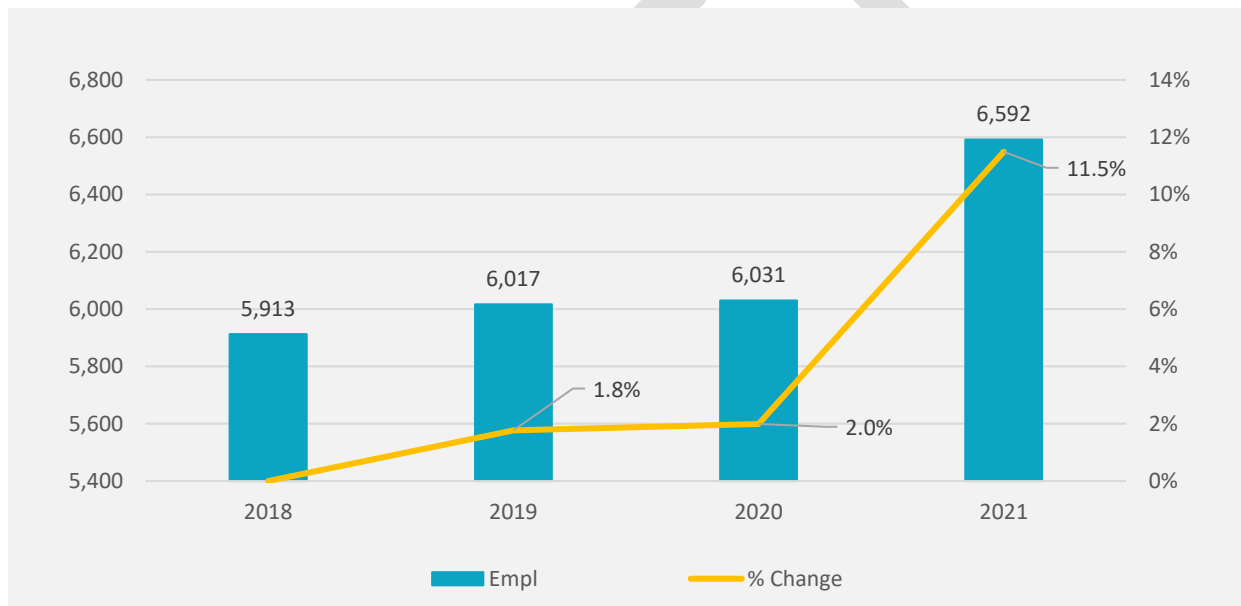


Table 10. Overall Employment by Age Range (2021)

Age Group	14-24	25-34	35-44	45-54	55-64	65+
Employment (%)	8%	19%	28%	20%	17%	9%

## Transportation

San Luis Obispo County’s transportation workforce, consisting of Highway, Street, and Bridge Construction, as well as Other Heavy and Civil Engineering Construction jobs, has successfully recovered from previous employment losses during 2019 and 2020. As a result, the sector’s job changes have remained relatively stable when comparing 2018 to 2021 (Figure 23).

Another positive aspect is the transportation workforce in San Luis Obispo County skews younger, with less than one-quarter of its workers aged 55 or older (Table 11). Although this means a retirement wave may be further out, ensuring that the recent spur in transportation investments has an adequate workforce is essential.

Figure 23. Transportation Workforce Overall Employment (Cumulative % Change, 2018-2021)

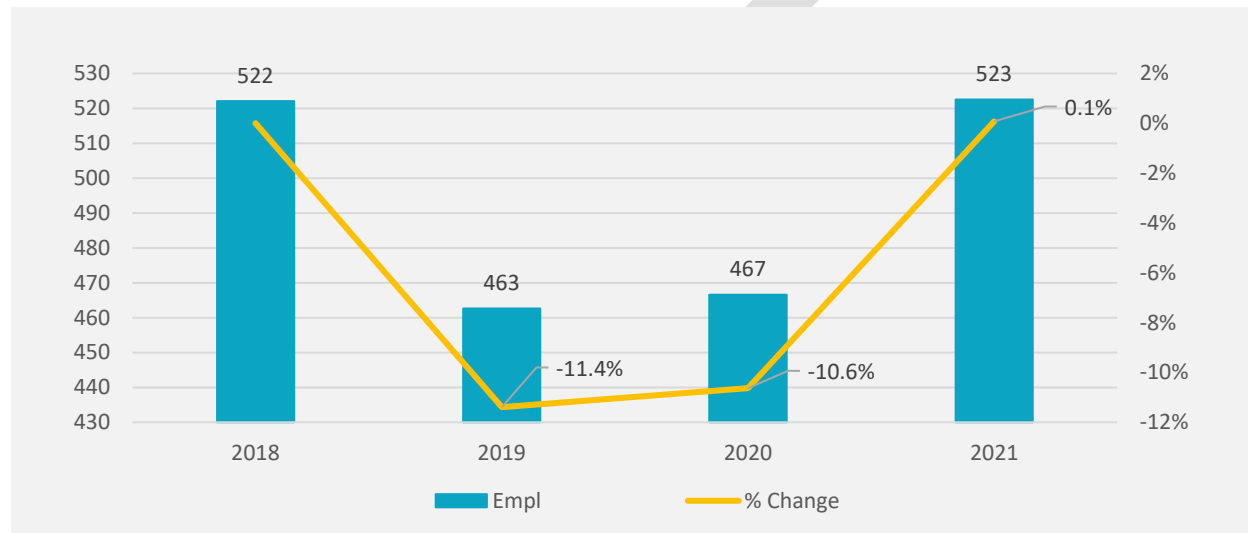


Table 11. Overall Employment by Age Range (2021)

Age Group	14-24	25-34	35-44	45-54	55-64	65+
Employment (%)	6%	20%	31%	20%	17%	6%

Finally, in considering potential investments in the county’s infrastructure workforce, it is recommended that the county consider implementing additional measures to ensure that residents are prioritized in the hiring processes for local infrastructure projects, thereby maximizing the potential economic benefits of investments within the county. This issue is explored in greater depth in an accompanying study prepared by BW Research for the WDBSLO, the Local Hiring Initiatives in San Luis Obispo County report.



## Infrastructure Workforce Training Inventory

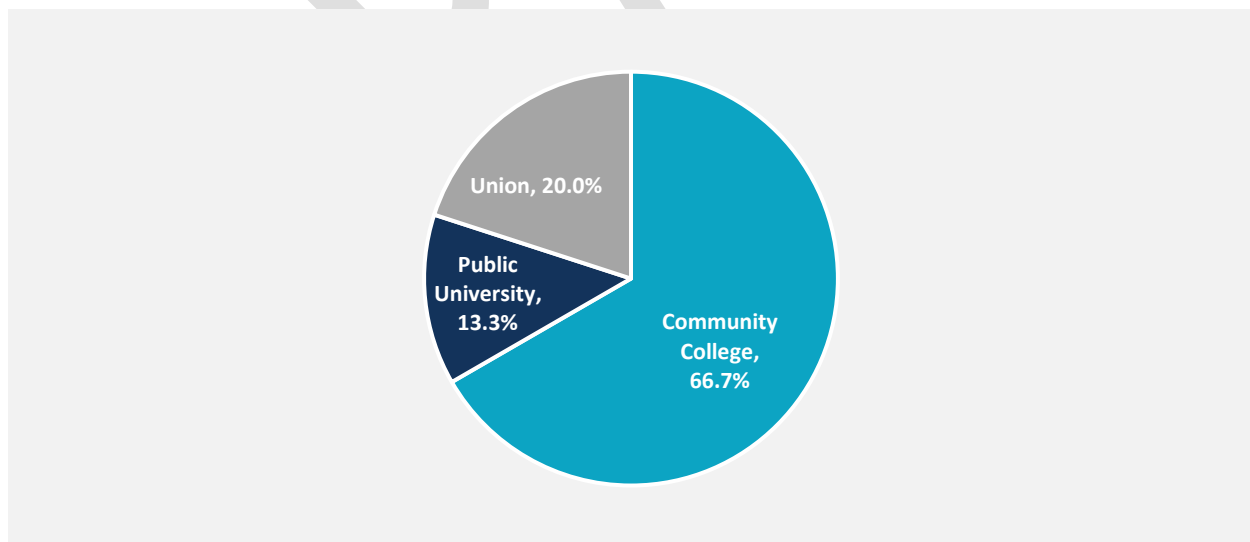
San Luis Obispo County is actively expanding its infrastructure projects, as evident from its Five-Year Capital Improvement Plan and other planned investments across the county. While assessing the current workforce is valuable for identifying potential bottlenecks in the pipeline, it is equally important to evaluate the county's training landscape to determine its capacity to meet the anticipated increase in infrastructure jobs in the future.

Infrastructure-related jobs, which often do not require a four-year degree, provide pathways to rewarding career opportunities. The training programs summarized in this section and listed in Appendix B serve as entry points to various careers in the field. However, it is crucial for SLO County to continue developing training opportunities in collaboration with community colleges, vocational and technical high schools, public universities, and union training centers. This ensures the availability of a skilled workforce capable of completing infrastructure-related projects while offering well-paying career prospects to the 56 percent of San Luis Obispo County residents without a four-year college degree.

Cuesta College accounts for the 67 percent of the available vocational training programs relevant to infrastructure and residential construction in San Luis Obispo County, while local unions account for 20 percent and Cal Poly accounts for 13 percent. These institutions are recognized by California's eligible training provider list and the California Department of Industrial Relations' list of apprenticeships.

Apprenticeships constitute 20 percent of the 15 available programs countywide. These apprenticeships are exclusively provided by local union chapters, offering on-the-job training with fair compensation. It is expected that apprentices will secure full-time positions upon completion of their training. Although private companies may offer training to their apprentices, there are no resources available to track them, which limits the breadth of the training inventory provided in Appendix B.

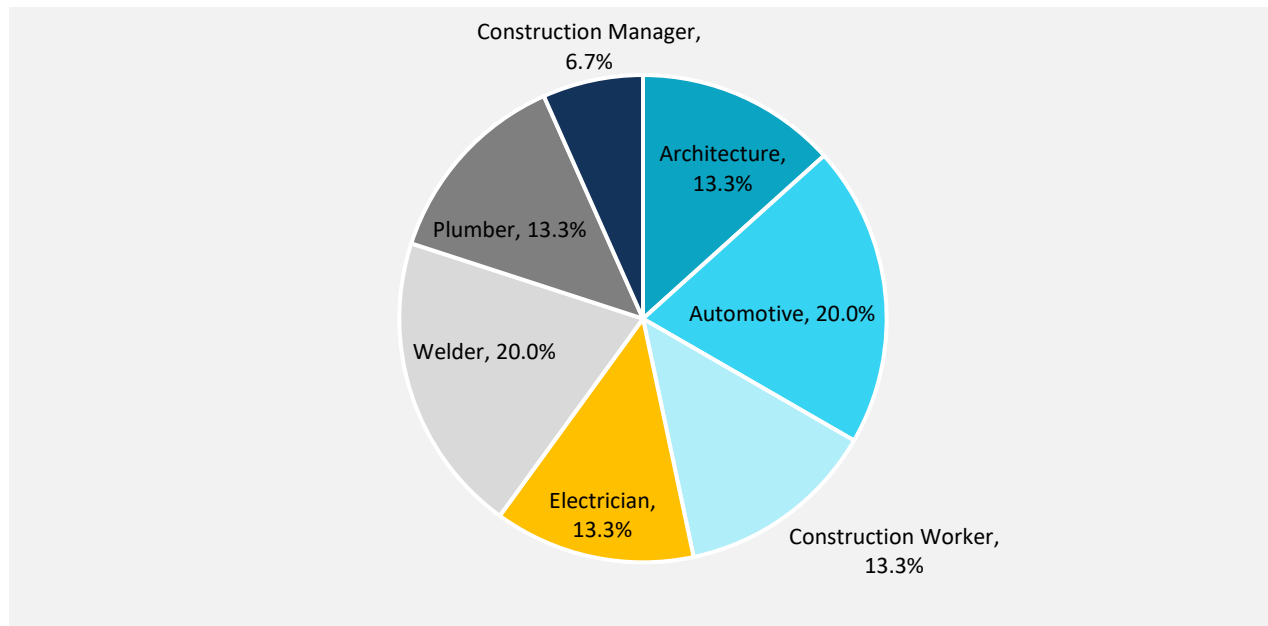
Figure 24. Training Provider Type for Infrastructure Related Work



Training programs offered across San Luis Obispo County cater to a wide range of occupations. Among the fifteen available programs, the most common categories were automotive (20%), welding (20%), electric (13%), plumbing (13%), construction (13%), and architecture (13%). It is important to note that private contractors often offer their own apprenticeships and training programs, but these apprenticeships are not typically listed as eligible training provider programs. Therefore, it is important for SLO County to explore the future demand and supply of workers

in infrastructure and housing programs to assess whether training providers should expand their capacity in the coming years.

Figure 25. Building Trades Training Resources by Occupational Focus



Of the fifteen training programs available, nine lead to certificates (60%) that are provided by either Cuesta College or by local union chapters. These certificates enable trainees to enter or advance within in building trades career. Additionally, four programs lead to an associate degree (27%) in automotive, architecture, or construction trades from Cuesta College, and two result in a bachelor’s degree (13%) from Cal Poly State University, specifically in construction management or architecture engineering.

Table 12. Training Resources by Educational Outcome

Degree Outcome	Number of Programs	%
Bachelor’s Degree	2	13%
Associate Degree	4	27%
Certificate	9	60%

## Conclusion

As summarized in this report, SLO County is a vibrant economy characterized by a prominent tourism industry. Agriculture products are also an important part of the economy. Cal Poly is an educational magnet for the area and plays a crucial role in supporting the development of the county's workforce.<sup>41</sup>

While the rate of educational attainment of the county is high relative to the rest of the state, the county remains a net exporter of jobs, particularly for higher-paying jobs in management, business, science, and arts occupations. The county's workforce is dominated by lower-paying jobs, and the county has a higher share of lower-paying jobs than the state average, indicating that the county has had trouble attracting and retaining talent and higher skill levels. High housing costs have exacerbated difficulties in local hiring, as approximately one-third of county residents reported spending 35% or more of their income on housing.

The county's share of older residents (65 years and over) is higher than the statewide average, and population growth has recently been driven primarily by an increase in the size of the county's Millennial cohort, which includes students of Cal Poly. Thus, it is important that the county invests in efforts to develop career pathways for entry-level employees to help transition them into jobs that will command higher wages. The county should also partner with local higher learning institutions and local labor unions to ensure that upskilling and reskilling programs are available to meet the needs of workers in industries that are expected to be significantly impacted by technological change in the years to come.

Additionally, it is important to consider the potential impacts of higher-paying work from home jobs in the county. While some remote jobs have partially or fully returned to in-person work following the COVID-19 pandemic, others are likely to become fully remote. Assessing how such jobs will be tracked and measured will help the county measure the potential economic impacts associated with remote work. This information, in turn, will inform county investments in infrastructure needed to support remote work, such as investments in the county's airport and investments in the county's digital infrastructure.

Finally, a significant wave of federal and local spending in local infrastructure projects is expected to boost demand for the county's infrastructure workforce. These investments are expected to generate rewarding career opportunities in a variety of sectors, particularly if supported by local hiring programs.

Measures that encourage infrastructure project owners and developers to prioritize local hiring maximize economic benefits to the county. As documented in the Local Hiring Initiatives in San Luis Obispo County study concurrently prepared by BW Research, for every 100 additional Construction workers that live within SLO County, an additional 49 jobs are created and sustained through supply chain demand and induced effects, generating approximately \$11.4 million in labor income and \$525,000 in incremental tax revenues for the county.

Thus, there are numerous opportunities to promote the economic growth and well-being of individual residents and local businesses of SLO County. Targeted policy efforts to support the current and potential workforce, the business ecosystem, and infrastructure will help the county meet the challenges associated with shifting demographics and evolving business climates in a post-pandemic world.

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<sup>41</sup> <https://www.calpoly.edu/about/facts-and-figures>

# Appendix A: Cuesta College

## Pathways to Higher-Earning Jobs

Program Name	Industry Cluster	Program Type	Educational Outcome	Median Earnings
Mechanized Agriculture	Agriculture & Food	Agricultural Services	Certificate	\$52,945
Equipment Technician	Agriculture & Food	Agricultural Services	Certificate	\$50,807
Construction Technology	Building & Design	Construction Services	Associates	\$67,940
Architectural Technology	Building & Design	Construction Services	Associates	\$58,159
Electrical Technology	Building & Design	Construction Services	Associates	\$57,504
Electronics & State Electrician	Building & Design	Construction Services	Certificate	\$47,720
Welding Technology	Building & Design	Construction Services	Associates	\$47,091
Engineering	Building & Design	Engineering	Associates	\$61,961
Registered Nursing	Healthcare	Medical Field	Associates/Certificate	\$91,653
Licensed Vocational Nurse	Healthcare	Medical Field	Associates/Certificate	\$49,950
Cloud Computing	Information, Communications & Technology	Computer Sciences	Certificate	\$55,990
Computer Science	Information, Communications & Technology	Computer Sciences	Associates	\$52,758
Geographic Information Systems (GIS)	Information, Communications & Technology	Computer Sciences	Certificate	\$49,026
Maintenance & Light Repair Technician	Other Services	Automotive Services	Certificate	\$46,420
Aviation Mechanic	Tourism, Hospitality, Recreation, & Other	Aviation Services	Certificate	\$55,763

# Appendix B: Infrastructure

## Workforce Training Inventory

Organization	Provider Type	Program Name	Apprentice-ship? (Y/N)	Occupation	Training Focus	Educational Outcome
<b>Cuesta College</b>	Community College	Advanced Engine Performance Technician A.S	N	Automotive Technician	Automotive	Associate Degree
<b>Cuesta College</b>	Community College	Architectural Technology A.S	N	Architecture	Construction	Associate Degree
<b>Cuesta College</b>	Community College	Automotive Technician A.S	N	Automotive Technician	Automotive	Associate Degree
<b>Cuesta College</b>	Community College	Construction Technology C.A	N	Construction Worker	Construction	Certificate
<b>Cuesta College</b>	Community College	Construction Technology A.S	N	Construction Worker	Construction	Associate Degree
<b>Cuesta College</b>	Community College	Electronics and State Electrician C.A	N	Electrician	Construction	Certificate
<b>Cuesta College</b>	Community College	Engine Performance Specialist	N	Automotive Technician	Automotive	Certificate
<b>Cuesta College</b>	Community College	Welding Technology C.A	N	Welder	Manufacturing	Certificate
<b>Cuesta College</b>	Community College	Welding Technology Pipe C.S	N	Welder	Manufacturing	Certificate
<b>Cuesta College</b>	Community College	Welding Technology Structural C.S	N	Welder	Manufacturing	Certificate
<b>San Luis Obispo Plumbing JAC</b>	Union	Plumbing Apprenticeship	Y	Plumber	Construction	Certificate
<b>IBEW Local 639</b>	Union	Electrician Apprenticeship	Y	Electrician	Construction	Certificate
<b>United Association</b>	Union	Plumbing Apprenticeship	Y	Plumber	Construction	Certificate
<b>Cal Poly State University</b>	Public University	Construction Management B.S	N	Construction Manager	Construction	Bachelor's Degree
<b>Cal Poly State University</b>	Public University	Architectural Engineering B.S	N	Architecture	Construction	Bachelor's Degree



**DRAFT 2.0**

# Local Hiring Initiatives in San Luis Obispo



WORKFORCE DEVELOPMENT BOARD OF SAN LUIS OBISPO COUNTY

**August 2023**



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# Acknowledgments

BW Research and the Workforce Development Board of San Luis Obispo County (WDBSLO) would like to thank the local business owners, various stakeholders, and association groups for their input and feedback that was instrumental in the crafting of this report.

# Executive Summary

This report highlights the opportunity to leverage local hiring initiatives in San Luis Obispo County (“SLO County”) to support economic opportunities within the region. This report was prepared in conjunction with the San Luis Obispo County 2023 State of the Workforce Report, and it expands on the recommendation presented in the 2023 State of the Workforce Report that the county consider adopting local hire efforts to support regional job quality, boost local jobs, and increase local spending and tax revenues, thereby fueling economic growth.

Local hire efforts are part of a suite of **“specified local hiring” initiatives** that increase access to jobs and expand hiring of specified populations of workers including community residents, veterans, union members, women, people of color, youth or young adults, previously incarcerated individuals, LGBTQIA+, some combination of those categories, or other categories not mentioned. Expected increases in regional and local infrastructure investment in the coming decade are more likely to generate recurring positive local economic impact if workforce provisions are integrated into those projects and developments.

## WHY NOW?

**A wave of transformational investment and activity is set to drive significant economic changes in SLO County.** The scale of this current and future activity means that now is a critical time to consider policy options that can maximize the economic benefit from these investments. Local hiring initiatives are policy options that can be deployed to help ensure that SLO County—and its residents—are able to capitalize on the opportunity that infrastructure investment presents.

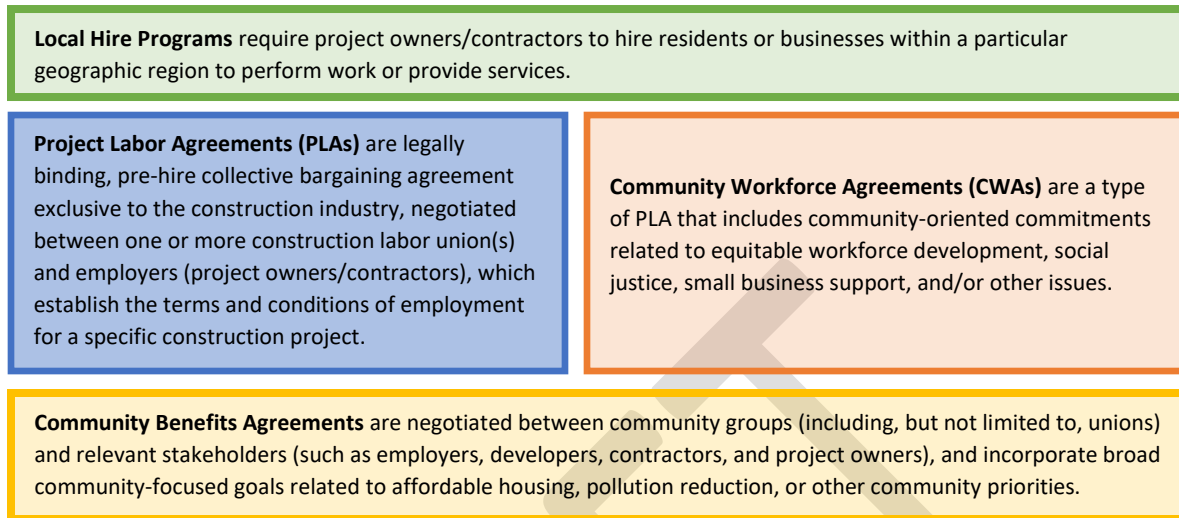
Figure 1 provides definitions of the primary types of agreements and hiring initiatives discussed in this report, as there are no consensus definitions or organizational taxonomies universally accepted for these workforce initiatives and agreements.<sup>1 2</sup>

<sup>1</sup> Definitions for CBA, CWA, and PLA are as summarized as given in U.S. Department of Labor, “Project Labor Agreement Resource Guide”. <https://www.dol.gov/general/good-jobs/project-labor-agreement-resource-guide>

<sup>2</sup> Definitions for first source referral program and local hire program are summarized as given in the National Cooperative Highway Research Program’s “Enforceability of Local Hire Preference Programs”, Legal Research Digest 59 (2013), <https://www.apta.com/wp-content/uploads/Resources/gap/fedreg/Documents/Legal%20Research%20Digest%20No.59%20-%20Enforceability%20of%20Local%20Hire%20Preferences%20Programs.pdf>



FIGURE 1. KEY PROGRAM AND AGREEMENT TYPES



Community Benefits Agreements (CBAs) are the most broadly defined type of agreement, negotiated between various types of stakeholders (including, but not limited to unions), and may target various types of community-focused workforce goals.<sup>3</sup>

Project Labor Agreements (PLAs), however, are exclusive to the construction industry, and are negotiated between unions and employers for a specific project. PLAs typically specify employee wage and fringe benefits, require union hiring, include no-strike, no-lockout clauses, and grievance/arbitration procedures, and are enforced through binding arbitration, or by the NLRB and federal courts.<sup>4</sup>

PLAs may also include clauses outlining goals for hiring local community members on projects, incorporate equity plans, detail strategic recruitment policies for workers from underserved communities,

<sup>3</sup> In defining a CBA, the U.S. Department of Labor references the following sources: “Community Benefits Agreements Toolkit, Local Initiatives Support Corporation”, <https://static1.squarespace.com/static/5e907d1c6f62ac522c31bff5/t/5f79deb2f54a4032051b0941/1601822409403/CBA+Toolkit+for+Website.pdf>; Julian Gross et al., “Community Benefits Agreement: Making Development Projects Accountable”, (2005), (<https://www.goodjobsfirst.org/wp-content/uploads/docs/pdf/cba2005final.pdf>); and Ian Duncan & Spencer S. Hsu, “Labor Leaders Hail Bus Maker Pact to Hire More Women, Minority Workers”, The Washington Post (May 26, 2022, 2:29 PM), <https://www.washingtonpost.com/transportation/2022/05/26/new-flyer-benefits-bus-equity/>.

<sup>4</sup> Per the U.S. Department of Labor, the use of private sector PLAs are stated as defined by 29 U.S.C. § 158 (f). The Department of Labor also adopts the operational definition of a PLA given in the paper “Project Labor Agreements” prepared by the Congressional Research Service (R41310) in 2012. In defining PLAs, the Department of Labor also references Dale Berman & Matthew M. Bodah, Economic Policy Institute, Building Better: A Look at Best Practices for the Design of Project Labor Agreements, at 2–4 (2010), <https://files.epi.org/page/-/pdf/BP274.pdf>; Frank Manzo IV & Robert Bruno, Illinois Economic Policy Institute & University of Illinois at Urbana-Champaign, Efficiencies of Project Labor Agreements: Illinois Capital Development Board Projects, 2011-2013, at 1–2 (2015), <https://illinoisepi.org/site/wp-content/themes/hollow/docs/wages-labor-standards/Illinois-PLAs-in-CDB-Projects-FINAL.pdf>.

and require participation of small businesses. PLAs that include such elements are typically referred to as Community Workforce Agreements, or CWAs.<sup>5</sup>

CWAs may include local hire programs, which require or encourage project owners/developers to hire residents and/or businesses within a specific geographic region. Local hire programs may be statutory, regulatory, or a function of agency policy. Local hire programs typically establish thresholds for participation requirements, such as project size, and may employ various enforcement mechanisms.<sup>6</sup>

Local hire initiatives may incorporate targeted hire programs, which establish hiring targets for specific underrepresented populations within the defined geographic region, and may incorporate first source referral programs, which require employers to provide first notice of job openings to designated referral centers, and to provide first consideration to applicants referred by those designated referral centers.<sup>7</sup>

## Objectives of the Report

This report provides a high level overview of the current economic climate in SLO County, with emphasis on specific areas of need and opportunities available to mitigate these challenges. Next, the report explores the viability of local hire programs as a tool to promote growth of a diverse and skilled workforce in SLO County. This report quantifies the potential economic and fiscal benefits of local hire programs and presents case studies of local projects incorporating local hire programs before exploring stakeholder perspectives regarding local hire and exploring best practices for local hire agreements.

## Key Findings

- **SLO County faces issues with respect to its job quality and demographics.** SLO County's jobs are concentrated in low-wage, low-skill positions that do not contribute as significantly to regional economic growth as compared to higher-paid positions. Furthermore, the county has a U-shaped age distribution, with a higher proportion of residents concentrated at the older (65 years and up) and younger (under 25 years) age groups.
- **Hundreds of millions of dollars in state and federal funding are expected to be invested in public works and infrastructure projects in the near future.** These planned investments in transportation and water infrastructure, energy, advanced technologies and manufacturing, and climate mitigation have the potential to bring substantial—and lasting—economic benefits to the region by creating new jobs in Construction.

<sup>5</sup> The U.S. Department of Labor adopts the operational definition of a CWA provided by Maria Figueroa et al., "Community Workforce Provisions in Project Labor Agreements: A Tool for Building Middle-Class Careers", Cornell University ILR School, (October 2011), [https://faircontracting.org/wp-content/uploads/2022/04/PLA\\_REPORT\\_10\\_6\\_2011\\_FINAL.pdf](https://faircontracting.org/wp-content/uploads/2022/04/PLA_REPORT_10_6_2011_FINAL.pdf)

<sup>6</sup> In defining local hire programs, the National Cooperative Highway Research Program references: United Bldg. & Constr. Trades v. Mayor of Camden, 465 U.S. 208, 210, 104 S. Ct. 1020, 1023 (1984); Thomas H. Day, *Hiring Preference Acts: Has the Supreme Court Rendered them Violations of the Privileges and Immunities Clause?*, 54 FORDHAM L. REV. 271, 272 (1985); The Partnership for Working Families, <http://www.forworkingfamilies.org/>, and Community Benefits Legal Dictionary, <http://www.forworkingfamilies.org/cblc/dictionary> (last accessed Feb. 5, 2013)

<sup>7</sup> In defining first source referral programs, the National Cooperative Highway Research Program references Julian Gross, Greg LeRoy & Madeline Janis-Aparicio, *Community Benefits Agreements: Making Development Projects Accountable* 9 (2005), <http://www.goodjobsfirst.org/sites/default/files/docs/pdf/cba2005final.pdf>.

- **However, local labor shortages for Construction workers may arise.** According to the Associated Builders and Contractors, nationwide shortages in the Construction workforce may worsen as infrastructure spending is disbursed.<sup>8</sup> Local labor shortages and declining labor force participation rates within the county may lead to a greater proportion of Construction workers being sourced from outside of the county, project delays, or less-trained workers.
- **Local hire programs can help address job quality issues, and support the hiring of local workers, by requiring project developers to maintain specified levels of local Construction employment.** Approximately three-quarters (77%) of Construction occupations offer median wages higher than the county median wage, so increasing the share of local Construction workers improves the county’s overall job quality. Moreover, Construction jobs are accessible to a wide range of prospective workers; only 11% of workers in Construction occupations have a four-year degree.
- **Local hire requirements and other workforce agreements like project labor agreements can help set a floor and signal to large project developers that local workforces will be required, and that adequate preparation and training will be required.** One criticism of local hire and other specified-hiring requirements is that they slow or stall a project if employers cannot find enough of the right category of workers or train them fast enough. However, given the region’s already high rates of local work in construction projects, setting a moderate “floor” for local hires should not impact most projects. The benefit of setting a local hire floor is to signal to project developers who otherwise may not hire predominantly local talent—as may be the case in larger scale or more specialized projects—that some portion of a local workforce will be required. These large and specialized projects often have large costs, and likely significant economic impacts on the local economy if local workers are utilized.
- **Local hire requirements can generate significant economic and fiscal impacts.** For every 100 additional Construction workers that live within SLO County, an additional 49 jobs will be created and sustained through supply chain demand and induced<sup>9</sup> effects. This economic activity can also generate \$525,000 in additional local taxes and \$903,000 in additional state taxes.
- **Workforce agreements incorporating local hire have been successfully implemented in SLO County.** The City of San Luis Obispo Water Resource Recovery Facility successfully implemented a CWA for its \$114 million upgrade project, which incorporated a 30% local hire goal. By February 2022, this goal had been more than eclipsed, with 70% of labor hours had been completed by

**San Luis Obispo County has a large Construction workforce that has historically met much of the region’s Construction demand through local workers.** A recent study by the City of San Luis Obispo found that 90% of the work hours performed on their 14 public works construction projects between 2018-2021 were performed by local workers—all without any local hiring requirements. The secondary data supports this finding; there are roughly 7,100 workers in Construction occupations that work in SLO County, which means that these workers are about 32% more concentrated in SLO County than the national average.

<sup>8</sup> <https://www.abc.org/News-Media/News-Releases/entryid/19777/construction-workforce-shortage-tops-half-a-million-in-2023-says-abc>

<sup>9</sup> Economic impacts that are generated as workers spend their new wages throughout the local economy on things like food and dining, entertainment, healthcare, and other locally provided goods and services.

residents of SLO County or the three surrounding counties (Santa Barbara, Ventura and Monterey). In addition, the South San Luis Obispo County Sanitation District successfully implemented a \$28 million wastewater treatment plant upgrade project, which incorporated a 30% local hire goal. The project was completed on time, and within budget, and achieved a local hiring rate of 59%.

- **While local hire programs have proven successful within the county, stakeholders have been reluctant to embrace these programs due to a lack of information regarding perceived benefits.**

Opponents cite perceived issues including potential project delays, increased project costs, and onerous compliance requirements. Proponents cite the importance of disseminating hard data quantifying program benefits to challenge the validity of these perceptions.

- **Intentional policy design and use of best practices can also mitigate perceived issues associated with local hire.**

Best practices<sup>10</sup> are important for driving greater access and outcomes in employment opportunities in a community. Reaching workers underrepresented in these positions requires a strategy for outreach, screening, tracking, support, and retention that increases the likelihood of community members securing and staying in these positions.

- **Other policies should be paired with local hire requirements to promote and sustain local economic growth.** These complementary policies should:

- **Provide training opportunities**, including apprenticeships and community college programs, to ensure that the county is supporting, maintaining, and growing a diverse, skilled local workforce.
- **Bolster career exploration and navigation for students in middle and high school.** Inform students of the wages and benefits available in Construction jobs, and of the local training opportunities available to place them on a path towards these careers.
- **Increase affordable housing in the region.** Expensive housing in the county is a significant barrier to growing a more robust local workforce. In fact, there are still approximately 12% more people in Construction jobs who work within SLO County but do not live within it. Increasing the supply of housing may help increase the supply of local workers.

#### BEST PRACTICES FOR LOCAL HIRE

1. **Analyze labor supply trends** to inform strategic policy and investment decisions.
2. **Ramp up hiring targets over time** to create space for contractors and community capacity to catch up with need.
3. **Utilize first source referral efforts** to ensure that community members get a first look at available roles.
4. **Provide job readiness and preparation support**, especially to under- and unemployed workers, to address barriers to long-term career success.
5. **Partner with community organizations** to provide outreach, wraparound support, and social services.
6. **Partner with future employers from the start** to ensure that occupational and soft skills training align with need, and that hiring opportunities exist for candidates.

<sup>10</sup> An outline of best practices deployed in other projects around the country and their potential application to SLO County can be found in the “Best Practices and Key Considerations” section beginning on page 17.

- **Consider diversity, equity, and inclusion via targeted hire requirements.** Intentional efforts are required to attract and retain diverse talent, and any additional requirements should consider the cost and potential impact upon any project or program.

The following section summarizes the current economic climate in SLO County, followed by a description of the types of local hire agreements that can be implemented in the county, and a detailed description of the potential benefits of local hire.

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# Current Economic Climate in SLO County

## Job Quality

As documented in the 2023 State of the Workforce report concurrently prepared by BW Research, SLO County currently faces issues with respect to its job quality. Job quality is a crucial metric for assessing the economic vitality of a region. For example, a high concentration of low-paying and low-skilled jobs in a region can indicate potential challenges for residents and the overall economy.

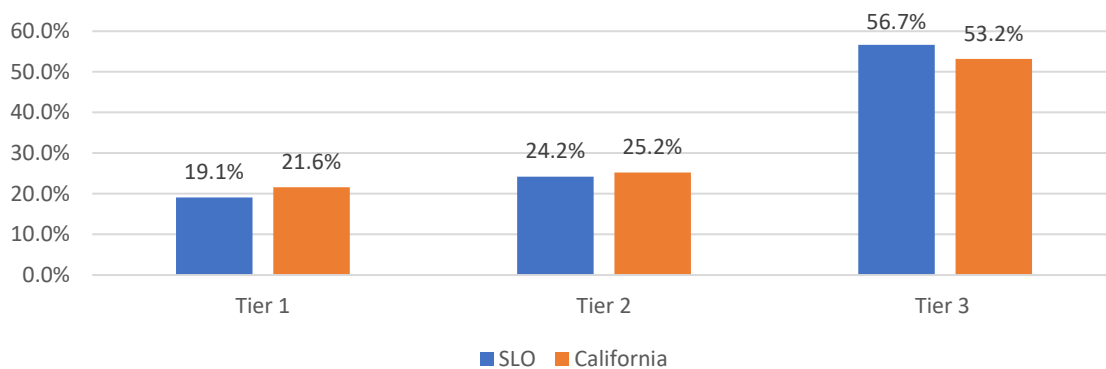
TABLE 1. JOB TIER DESCRIPTION

Tier 1 Occupations	Tier 2 Occupations	Tier 3 Occupations
Tier 1 occupations typically represent the highest-paying and highest-skilled occupations. These occupations encompass roles such as managerial positions (e.g., Sales Managers), professional positions (e.g., Lawyers), and highly skilled technology occupations, such as engineers, scientists, and computer programmers.	Tier 2 occupations typically fall within the middle-wage and middle-skill range. This category comprises roles such as office and administrative positions (e.g., Accounting Clerks and Secretaries), manufacturing operations, and production positions (e.g., Electricians, Machinists).	Tier 3 occupations typically represent the lowest-paying and lowest-skilled positions, often constituting the largest share of employment in the County. These occupations encompass roles such as food service and retail positions, building and grounds cleaning positions, and personal care positions.

In 2022, less than one in five jobs (19.1%) in SLO County were found in the high-wage Tier 1 sector, as compared to 21.6% statewide. In contrast, approximately 56.7% of SLO County’s jobs were found in the low-wage Tier 3 sector, as compared to 53.1% statewide. (Figure 2)

***SLO County has a lower job quality than the statewide average, with a higher concentration of low-skill, low-wage Tier 3 jobs.***

FIGURE 2. JOB QUALITY BY TIERS (2022)<sup>11</sup>



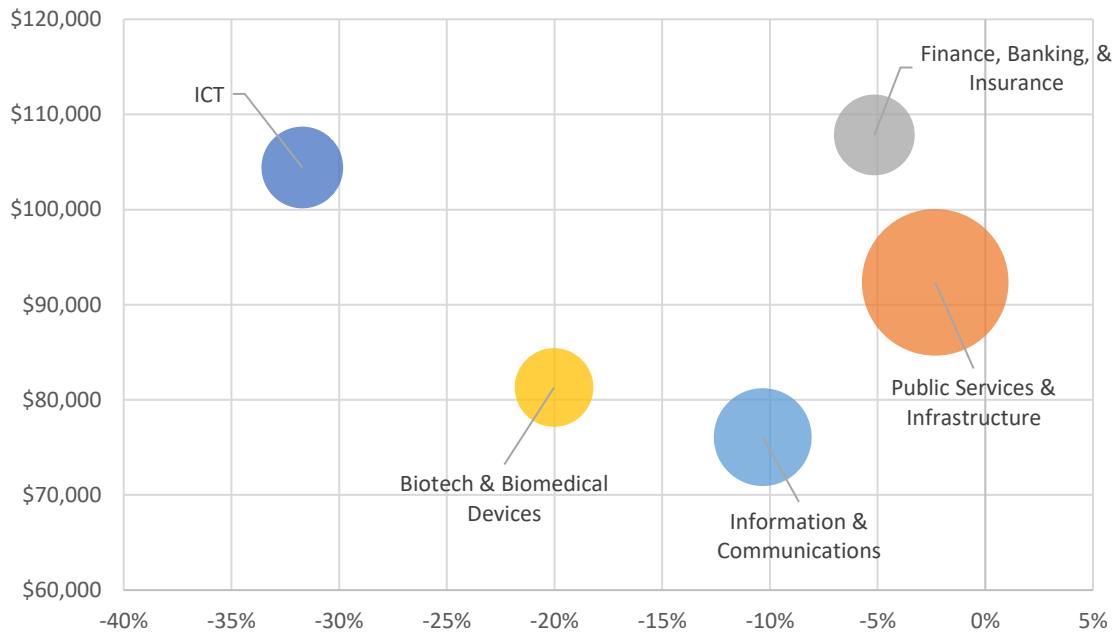
<sup>11</sup> JobsEQ 2022 data.

The concentration of SLO County’s workers in Tier 3 jobs is important because job quality is one of the most important indicators for a region’s long-term economic stability. High-quality, high-wage jobs have a large employment multiplier and provide a higher quality of life. Concentration of local jobs in Tier 3 thus poses a threat to long-term regional growth and may limit advancement opportunities for local workers.

***In 2022, more than half of the jobs in SLO County were in the low-wage, Tier 3 category.***

Within the county’s Tier 1 sector, one of the most significant sources of local jobs is the Public Services & Infrastructure industry cluster.<sup>12</sup> (Figure 3) Public Services & Infrastructure jobs are 49% more concentrated in SLO County than the United States overall, with all other high-wage clusters in SLO County having job concentrations below the national average. Thus, supporting local employment in high-wage Tier 1 jobs in infrastructure is critical to improving SLO County’s job quality.

**FIGURE 3. HIGHEST EARNING INDUSTRY CLUSTERS (2018-2022)**<sup>13</sup>



More than three-quarters of the Construction-related occupations (36 of 47) within the county have higher median earnings than the countywide median wage of \$22.07 per hour.<sup>14</sup> In fact, the median wage of these Construction occupations (\$28.53 per hour) is 38% higher than the county’s living wage<sup>15</sup> of \$20.67 for a single adult with no children. Thus, since wages within the Construction industry are

<sup>12</sup> Industry clusters are sets of closely related industries that collaborate within supply chains or generate value through interconnectedness, such as partnerships for enhanced visibility or business opportunities. Industry clusters are used to identify the drivers of development in a region. In SLO County, local industries were grouped into 19 clusters, which were then categorized by earnings. High-wage clusters offer an average annual wage of more than \$75,000, mid-wage clusters offer wages between \$59,000 and \$74,999, and low-wage industry clusters offer an average annual wage less than \$59,000.

<sup>13</sup> Bubble sizes indicate the relative size of each industry cluster.

<sup>14</sup> JobsEQ. 2022Q4 Data. SOC occupations 47-1000, 47-2000, 47-3000, and 47-4000.

<sup>15</sup> MIT Living Wage Calculator. <https://livingwage.mit.edu/counties/06079>

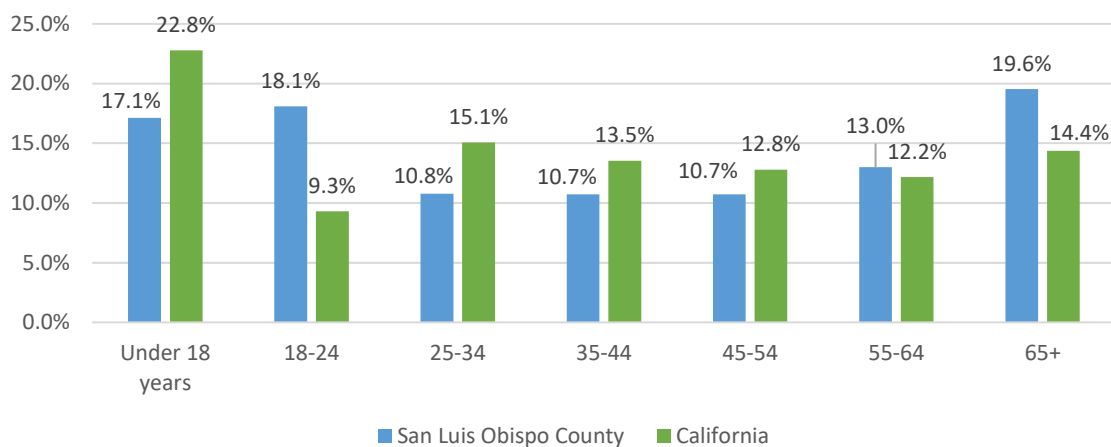
relatively high, the benefits associated with increasing the share of local infrastructure workers will be relatively large.

As mentioned previously, ensuring high-quality jobs are available to SLO County residents is important, as the county offers a lower share of higher-paying jobs than the state, and job quality has been declining over the past four years. Increasing the number of high-quality jobs within the region—and helping local job seekers secure those employment opportunities—can help ensure there are high quality economic opportunities for residents.

## Demographic Distribution

Furthermore, as documented in the 2023 State of the Workforce Study, SLO County has a “u-shaped” age distribution. (Figure 4) Residents under the age of 25 and those over the age of 64 account for a combined 58% of the population. Those under 25 account for roughly one in every three (35%) people in the county.

FIGURE 4. AGE COMPOSITION IN SAN LUIS OBISPO COUNTY (2021)<sup>16</sup>



This demographic pattern means that ensuring there are robust economic prospects for new entrants to the labor market is paramount to the county’s future direction. Many young people with limited accessible economic prospects are unlikely to help the county prosper. Thus, ensuring there are opportunities for current and future jobs seekers is important, particularly in sectors such as the Construction industry, which offers relatively high wages.

## Accessibility

Accessibility is also an important consideration in ensuring high-quality jobs for SLO County residents. Much of the economic growth in the 21<sup>st</sup> century across the United States was experienced most heavily among jobs that often require a four-year college degree or more. However, most of the jobs created through infrastructure investments will be in Construction occupations. On average, about 11% of workers in Construction occupations have a four-year degree or higher, and an additional 8% have a two-

<sup>16</sup> JobsEQ Q3 2022. Bureau of Labor Statistics. Quarterly Census of Employment and Wages (2022).



year degree.<sup>17</sup> This means that about eight-in-ten workers in Construction occupations have not completed any post-secondary education.

The absence of educational barriers and the opportunity to earn good wages—and move upwardly through a Construction career without additional schooling—mean that many of the jobs created through infrastructure investments will offer quality jobs that are accessible regardless of education. Ensuring that other barriers, such as gender, race, ethnicity, or social capital are also eroded for these occupations will be an important step in ensuring that these opportunities are accessible to all SLO County residents.

*“There are very few organizations doing racial justice work, or community organizing and it’s a challenging organizing environment. Because SLO county isn’t very diverse, you need to look at where there are pockets of diversity, like in Oceano or Paso Robles. We really need for philanthropy to invest in community groups doing the organizing.”*

## A Growing Need for Infrastructure Workers

Moreover, federal and state investment in transportation and water infrastructure, energy, advanced technologies and manufacturing, and climate mitigation has bloomed in the wake of the significant federal policies that build on California’s nation-leading climate and clean energy policies:

- In December 2022, Caltrans announced more than \$174 million in funding for transportation infrastructure, including more than \$100 million from the federal Infrastructure Investment and Jobs Act.<sup>18</sup> Much of this funding will go towards widening parts of State Route 46 to accommodate greater traffic flows.
- SLO County has budgeted nearly \$167 million toward road and water infrastructure upgrades over the next five years.<sup>19</sup>
- Central Coast Blue is a water infrastructure project estimated at \$55 million. The project is jointly managed by the Cities of Pismo Beach, Arroyo Grande, and Grover Beach, and the South San Luis Obispo County Sanitation District.
- Development of the Offshore Wind Industry in Morro Bay is expected to bring further investment into the region, topping out at \$262 million in annual economic impact between SLO County and Santa Barbara County.<sup>20</sup>

These planned investments have the potential to bring substantial—and lasting—economic benefits to the region by creating new jobs in Construction. These new jobs will also generate compounding effects as these new workers have more income to spend at local businesses, creating a multiplier effect. Focusing on hiring local workers will ensure that the infrastructure dollars flowing into the county are maximized, multiplied, and circulated within the local economy and benefiting all residents—even those who do not work in relevant projects.

<sup>17</sup> JobsEQ. 2022Q4 Data. SOC occupations 47-1000, 47-2000, 47-3000, and 47-4000.

<sup>18</sup> <https://www.ksby.com/news/local-news/slo-county-receives-more-than-174m-for-transportation-infrastructure>

<sup>19</sup> <https://www.slocounty.ca.gov/Departments/Public-Works/Forms-Documents/Projects/Capital-Improvement-Projects/FY-2023-2024/5-Year-Plan.pdf>

<sup>20</sup> <https://reachcentralcoast.org/economic-benefits-of-3gw-offshore-wind-in-morro-bay-estimated-at-262-million-and-650-good-paying-jobs-annually-land-at-port-location/>

As shown below, local unions concur with this sentiment.

*“SLO is going to have a lot of infrastructure and public works investment coming up. Offshore coast wind is going to be huge. We are going to have a lot of utility scale solar, the largest battery storage plant, the largest offshore wind project. We need to put these agreements in place. How are we going to prioritize this as local work?”*

## Target Sectors

As documented in the 2023 State of the Workforce Study prepared, some sectors of the county’s infrastructure workforce are expected to be more greatly impacted by local labor shortages than others. According to the study, the county’s Water workforce increased modestly (+4.4 percent), while its Transportation workforce remained stable (+0.1 percent) over the same period. However, the county’s Energy workforce decreased by 22 percent between 2018 and 2021.

The county’s Residential Construction workforce grew by 11.5 percent between 2018 and 2021, but over one-quarter of the workforce was over 55 years old in 2021, and nearly one in 10 was 65 years or older. Thus, a significant share of workers in this segment are nearing retirement and will soon exit the workforce, given the amount of physical labor these jobs often require.

Thus, it may be particularly important to target increasing local hiring in the Energy and Construction segments to ensure that enough workers – and enough workers with adequate experience – is available to meet the labor needs of upcoming infrastructure projects.

***Construction workers in SLO County are relatively old; 32 of the 47 Construction occupations have a smaller share of workers under the age of 35 than the overall working population in the county. Furthermore, 12 of the 47 Construction occupations have more workers who are 45 and older than the overall working population.***

## Community Involvement and Engagement

Furthermore, in increasing local hiring in infrastructure projects, community engagement may rise. Between the vast range of road and water infrastructure projects, and the growth of clean energy and offshore wind in the region, SLO County will see a transformation in the coming years. Having a local workforce can help ensure that this transformation is carried out by and for residents of SLO County and can help residents feel that they are benefiting from both employment and improved infrastructure. Greater community involvement can also help project owners and developers meet deadlines, avoid opposition, and create opportunities for the community to support projects built in their backyards.

# Overview of Workforce Hiring Agreements

Given the prevailing economic conditions in SLO County, intentional efforts are required to ensure that infrastructure projects and development activities maximize employment opportunities for local workers. The intentional efforts are typically policies or negotiated agreements that *specify* a category, or multiple categories, of workers who can be employed on these projects and developments, as described below.

***Each workforce initiative can operate on a standalone basis or can be deployed within other workforce-specifying initiatives or agreements.***

## Local Hire

Local hire initiatives describe efforts to ensure county residents and/or other categories of community members are hired for publicly funded construction or economic development projects. They can be enacted by statute, ordinance, or executive order; directed by regulation; or developed as a function of agency decision-making.

Local hire initiatives are found at the state, county, and municipal level, as well as, increasingly, in specific federal policies and legislation<sup>21</sup>, although this approach tends to be most utilized at the local or municipal level. Local hiring agreements can apply to individual government agencies at the city or state level, across more than one project, for a duration of time.

Local hiring agreements can also be applied on a project-by-project basis, to projects receiving specific grants or incentives, or to specific public contracts. However, due to legal challenges, local hiring agreements tied to public contracts tend to be bound by specific potential worker categories and pursued as “targeted hiring agreements”.

Negotiation of local hire on a case-by-case basis, as, for example, through a project labor agreement, can provide flexibility and encourage buy-in on an individual basis but does not bring the same level of community-wide impact and scale that a unified local hire policy does.

Some local hire initiatives reflect specific employment requirements with financial penalties for missing targets, while others rely on “good faith” efforts by the employer to meet a set of aspirational workforce goals.

## Historical Background of Local Hire Efforts

Examples of local hire efforts stretch back decades. Both Boston and Washington D.C. pursued local hire initiatives in the 1980s [American Bar], while Palo Alto established an early local hire ordinance for a specific development project in the mid 1990’s. California launched many of the most prominent local hire initiatives over the next decade, especially in Los Angeles, which utilized different local hire approaches for several projects and developments. San Francisco also launched a strong local hire

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<sup>21</sup> DOT, EPA

requirement in 2011, with steadily increasing targets. Other prominent local hire initiatives have occurred in Portland, Seattle, St. Louis, Milwaukee, Cleveland, Baltimore, New Orleans, Oakland, and New York City.

Historically, legal challenges to local hiring provisions have had varying degrees of success. Many current efforts now limit the use of explicit geographic, race or gender preferences. Several workarounds have been developed including exempting out-of-state workers from the calculations used in local hire provisions (a strategy used by San Francisco, Los Angeles, and Seattle), or developing targeted hiring initiatives that focus on remedying high concentrations of poverty, unemployment, or exclusion from workforce. A deeper legal discussion of this topic is beyond the scope of this report, but is an important consideration in the design of any policy.<sup>22</sup>

The federal government's role in local hire is more complicated. During the Reagan administration, up through the Obama Administration, cities and states were prohibited on using local hire measures on federally funded contracts (JMA). The Obama Administration launched a pilot initiative in the U.S. Department of Transportation to explore the impacts of local hire requirements on federal grant money from specific agencies. Over two years, 19 states and localities participated in the pilot, demonstrating that bid quality was not negatively impacted by local hire requirements. The pilot was ended during the Trump Administration.

However, the Biden Administration has seen a surge in local hire, with the Infrastructure Investment and Jobs Act (IIJA) including local hire provisions, and the Department of Energy's Community Benefits Plan encouraging a variety of hiring-specific approaches.<sup>23</sup>

## Targeted Hire

In many cases, local hire initiatives on their own fail to maximize hiring opportunities for specific populations who are underrepresented in these projects. Targeted hiring is designed to address this by specifying hiring goals for communities such as people of color, veterans, women, LGBTQIA+, low income, justice-involved, or youth. Targeted hire efforts are increasingly employed to ameliorate legal challenges while ensuring local hiring occurs in specific communities. They can also be used on a project-by-project basis.

Due to barriers to recruiting, hiring, and retaining specified types of workers, targeted hiring initiatives also integrate outreach strategies, wraparound support and social services, and specialized training needs. They can also utilize first source referrals. Many times, this layered support will be provided in partnership with community groups. Targeted hire policies may be implemented on a standalone basis, or integrated into other specified hiring provisions or projects.

## First Source Referral

This refers to sources of pre-qualified potential workers that are quickly shared with hiring employers. Generally, under first source approaches, employers in these programs must give first notice of job

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<sup>22</sup> Additional perspectives of this topic can be found at PWF Legal Primer (PDF), and Enforceability of Local Hire Preference Programs (PDF) and First Source Hiring Overview (PDF)

<sup>23</sup> Jobs to Move America plus <https://www.marketwatch.com/story/jobs-from-washingtons-big-infrastructure-law-will-be-more-fairly-distributed-thanks-to-this-one-provision-advocates-say-11653342112>

openings to designated referral centers. Then, one or many job referral centers refer candidates for available positions, and employers are required to exclusively consider these candidates first.

First source approaches can be developed through policy (e.g., ordinance, statute) or as part of contractual agreements with contractors or developers. First source approaches use many of the same characteristics as other specified-hiring provisions in terms of participation thresholds, hiring goals and population targets.

In the best-case scenario, first source referral can optimize and simplify outreach, recruitment and hiring, and, with effective employer-supported screening, can improve retention. Successful first source approaches utilize dedicated resources and commitments to capacity, staffing and partnerships with stakeholders across the workforce ecosystem (CBOs, workforce development boards, one-stop-shop career centers, training providers).

## Project Labor Agreements

Project labor agreements (PLAs) are negotiated agreements, exclusive to the construction industry, established between one or more construction unions and project owners or their contractors for a construction project. They are timebound by the duration of construction project and apply to all contractors and subcontractors on a project.

PLAs have been used since the 1930s, including for major dams, highways, space centers and nuclear plants. Most PLAs have occurred in the private sector, but they have been utilized across all levels of government. At the federal level, requiring PLAs for federally funded projects has been both forbidden and encouraged during successive administrations, with President Biden taking a firmly positive stance, requiring PLAs on federally funded construction projects worth more than \$35 million, affecting a quarter of a trillion dollars in federal construction contracts.<sup>24</sup>

While PLAs are generally project-specific, they typically include the following elements:

- Specification of wage and fringe benefits paid on a project
- Agreements on work scheduling
- No-strike, no-lockout clauses
- Requirement to hire workers through a union hiring hall
- Grievance/arbitration procedures for resolving labor disputes

Many PLAs also include some or all:

- A description of the communication process among stakeholders
- Requirements for employees to become union members for the duration of the project
- Training and apprenticeship provisions
- A description of applicable health and safety standards
- A description of applicable working conditions

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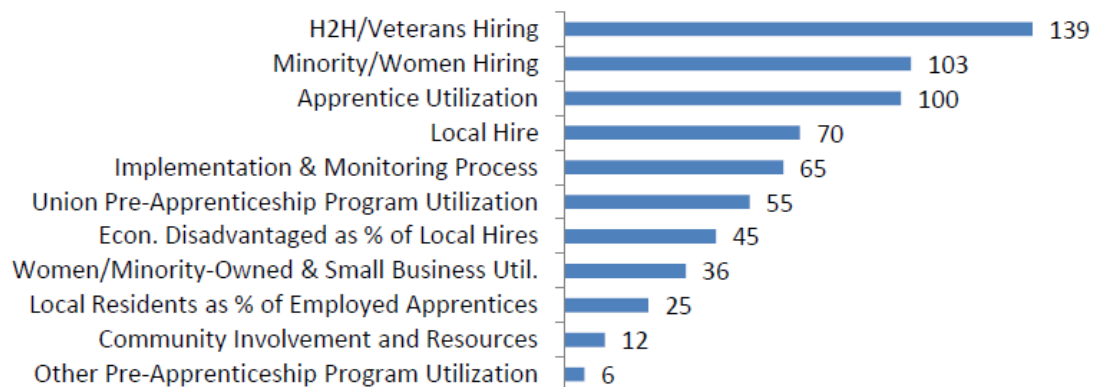
<sup>24</sup> <https://www.federaltimes.com/acquisition/regulations/2023/02/28/house-bill-challenges-biden-order-on-project-labor-agreements/>

- Local hiring provisions
- Other targeted hiring provisions
- Requirements for hiring small, minority and women-owned business enterprises (SMWBEs)
- Community benefits clauses

## A Survey of Literature on Project Labor Agreements

A comprehensive 2011 study of 185 PLAs found a wide distribution of community workforce provisions, including those connected to veterans, minorities, women, SMWBEs and local hiring (Figure 5). Local hiring-specific provisions were found in a third of PLAs, with other complementary provisions that could support local hire. Apprenticeships were found in nearly 60% of PLAs studied, with the addition of different provisions that focused on either developing apprenticeship programs or ensuring demand for those who complete apprenticeship (and pre-apprenticeship) programs.

FIGURE 5: PLAs INCLUDING KEY CWA PROVISIONS (TOTAL PLAs = 185)



Lack of inclusion of a specific provision in a PLA did not preclude meeting that target. For example, meeting a local hire provision in a community comprised entirely of workers of color or disadvantaged workers similarly met the latter two provisions as well. Further, success in meeting a specific provision (such as local hire) usually required apprenticeship initiatives, well-funded wraparounds, and other complementary measures.

## Perspectives on Project Labor Agreements

In general, the use of PLAs has vocal proponents and opponents, with extensive competing research available to advocate for and validate specific positions. Proponents believe that PLAs:

- **Make it more likely for complex projects to be completed on time, and within budget** by reducing risks for delays, keeping labor costs predictable.
- **Limit the risk of labor unrest**, which can otherwise cause project delays.
- **Facilitate project management** by requiring multiple trade unions with conflicting rules to enter into an agreement that will govern working conditions for a specific project.

- **Ensure reliable, uninterrupted access to qualified workers**, reducing risk of delays and poor work quality.
- **Support, maintain and grow a diverse, skilled local workforce** via apprentice and pre-apprenticeships agreements, and other training programs.
- **Improve worker health and safety**, ensuring that workers are covered by labor standards by defining health and safety requirements for a specific project.

However, opponents to PLAs typically cite concerns regarding project costs and efficiency or believe that PLAs are unnecessary since existing federal and state standards already provide adequate protection for worker health and safety. Opponents believe that PLAs can increase costs on a construction project by limiting competition amongst contractors. By specifying labor costs, a PLA can set a floor on a contractor's ability to win a bid based on lower overall costs. Nonunion contractors may also choose not to bid on projects with PLAs, resulting in fewer bids and/or less competitive bids.

Opponents also believe that PLAs can impede efficiency by requiring contractors to hire union workers, preventing them from managing the project in the most efficient manner. Non-union workers on a project are forced to either join a union and/or pay for union benefits, which can lead to double costs if workers have their own version of those benefits, or cause workers to lose out if, for example, they are not on the project long enough to vest in a union's pension plan.

## Community Workforce Agreements

Community Workforce Agreements (CWAs) are a specific type of PLA (some describe them as a component of PLAs) that include targeted commitments primarily related to local hiring. CWAs may also include targets for hiring other specific categories of workers, career development and training, and may include opportunities for SMWBES.

Like PLAs, CWAs are unique to a particular project and feature a wide variety of hiring provisions. Many, but not all, CWAs are focused on creating employment and economic benefits specifically for low income or underserved communities, veterans, and/or workers of color.

One natural alignment between CWAs and many PLAs is that PLAs tend to be negotiated for long-term, complex, expensive construction projects, as they provide the time and opportunities for training and employment that new and disadvantaged workers and apprentices need (and which can be absent from many other training programs). Smaller PLAs and projects with fewer workers and shorter durations may have more limited potential to boost a local workforce.

With intentional design, focus and resources, CWAs are a valuable tool in supporting a more diverse Construction workforce that opens access to non-traditional populations. This can include requirements that a certain percentage of residents of specific targeted areas qualify for apprenticeships and pre-apprenticeship programs, or that a minimum number of workers be drawn from those areas. They can also support community involvement in training and employment and encourage SMWBES to participate in projects through incentives and requirements.

## Community Benefits Agreement

While CWAs are negotiated with unions, Community Benefit Agreements (CBAs) are typically negotiated between community groups and a project owner/developer, and can be found in areas beyond construction, such as manufacturing. Additionally, CBAs include a greater share of community-focused

economic and social investments as compared to CWAs, such as affordable housing, pollution reduction, as well as community-focused hiring provisions.

In selecting between CWAs and CBAs, it is important to consider the scope of the goals of the stakeholders involved in the decision. The impacts of both types of programs, however, may require a substantial length of time to be realized and observed, beyond the duration of a single project.

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# Connecting Local Hire and CWAs in SLO County

Driving local economic and workforce impacts from coming infrastructure investments is an important goal for the WDBSLO. In that regard, local hire programs can be a valuable tool to ensure that local Construction jobs are maintained within the region. Local hire programs can be included within CWAs for specific projects, or can be adopted within the framework of a larger CBA, as described previously.

From a local hiring perspective, CWAs are most effective when they increase participation from local journeymen on construction projects, by encouraging project owners and developers to research, target and prioritize these workers when local union resources are exhausted. The City of Los Angeles provides a good example; the City of Los Angeles has led the nation in leveraging collective bargaining agreements and public works investments to drive high-quality union jobs that are increasingly accessible to target populations.

Furthermore, expanding access to apprenticeships can boost local hiring. For example, the City of San Francisco leveraged its City Build initiative to great effect in connecting apprenticeships driven by the local hire requirements to the local building trades.

**There is a direct relationship between demand for union workers—especially long-term, predictable demand—and the ability of unions to create opportunities for targeted populations.** When demand increases, unions have more opportunities to expand access and diversify their pool of local hires, as existing demand will be picked up by current union workers.

Several of the interviews conducted for this report highlighted the value of pursuing CWAs within SLO County, while acknowledging the importance that proper design of CWAs plays in realizing many of its benefits and ameliorating any challenges. Consistently, supporters of CWAs and local hire efforts in SLO County feel there is a considerable need for education on these issues to employers, policymakers, and members of the community.

*“We could get CWAs in most jurisdictions in the county if we rolled up our sleeves and got into it. But the cadence is tough – lot of individual projects and work.”*

CWAs have gained some ground in SLO County in recent years, with recent successes cited in the Diablo Canyon<sup>25</sup> project and the Topaz Solar Farm<sup>26</sup> project:

*“Previous workforce agreements include Diablo Canyon Project and the Topaz Solar Farm. The overall performance of those agreements has been good, whoever you talk to. Diablo Canyon, going back to [the]*

<sup>25</sup> The Diablo Canyon Power Plant (DCPP) provides electricity to more than 3 million people, generating 17 percent of California’s zero-carbon electricity and nearly 9 percent of the state’s total electricity supply. The DCPP is overseen by the Nuclear Regulatory Commission. While the plant is scheduled for decommissioning over the next two years, PG&E is taking action to seek re-licensing from the NRC to extend operations at the DCPP past its current license period.

<sup>26</sup> The Topaz Solar Farm is one of the largest photovoltaic power plants in the world, at 9.5 square miles, or the equivalent of 4,600 football fields. Construction at the Topaz Solar Farm began in 2011 and was completed in 2015. When operating at full capacity, the 550-MW plant reportedly produced enough electricity to power 180,000 homes. <https://earthobservatory.nasa.gov/images/85403/topaz-solar-farm-california>

*1980s, has made a big difference. The heart of all these arguments is local hire. That's why Diablo benefitted the community so much. Local workers were able to capitalize."*

*"We've gotten to the point – after years of not having them – that we have a bunch either passed or in the works. The first recent big one was the wastewater treatment plant in SLO. It started a contagion of cities and counties looking into it. As I understand it, this initial PLA was extremely successful – on budget, on time, hit the goals it was supposed to."*

Following is a case study for the City of San Luis Obispo Water Resource Recovery Facility, which demonstrates the power of workforce agreements to ensure local hiring.<sup>27</sup> The level of local workforce involvement demonstrated by the City of San Luis Obispo's Water Resource Recovery Facility allowed the region to retain much of the significant Construction expenditures on the project, ensuring that the investments supported local businesses and residents.

### City of San Luis Obispo's Water Resource Recovery Facility

Workforce agreements can be important in boosting high-quality jobs that stay in a region. Increasingly in the Central Coast region, labor agreements are being negotiated that have community workforce provisions and support direct local hire. Those agreements that do not have direct local-hire provisions still support local hiring of union contracts in the region through hiring goals and targets.

In 2019, the City of San Luis Obispo joined in the move towards workforce agreements by adopting its first-ever community workforce agreement on the largest capital investment in the history of the city. The City of San Luis Obispo Water Resource Recovery Facility treats all wastewater within the city region but required significant upgrades to increase capacity and meet new requirements and anticipated demands. The \$114 million project promised significant workforce opportunities for the region.

Negotiated primarily between the City and the Tri-Counties Building and Construction Trades Council, the workforce agreement included a 30% local hire goal. As of February 2022, that target had been significantly eclipsed with 70% of all labor hours on the project completed by workers residing in either San Luis Obispo County or three surrounding counties (Santa Barbara, Ventura and Monterey).

The next case study demonstrates the creative use of workforce agreements within the South San Luis Obispo County Sanitation District. As described below, in addition to supporting local economic gains, workforce agreements provide opportunities to creatively address workforce challenges in a region and can provide opportunities to target specific economic needs.

<sup>27</sup> 6% of the hours were worked by City of San Luis Obispo residents, and nearly half (46%) of hours worked were from San Luis Obispo County residents. By 2023, this number had reportedly climbed to 83%.

### South San Luis Obispo County Sanitation District

In August 2019, the board of the South San Luis Obispo County Sanitation District voted to authorize a project labor agreement, also termed a community workforce agreement throughout negotiations, that ensured a significant portion of workers on a wastewater treatment plant upgrade would be union workers. The complex, \$28 million, “redundancy project” allowed the wastewater treatment plant to continue operating while specific units at the plant were removed from service for maintenance or repairs.

One reason for this labor agreement was to ensure local contractors were in a favorable position to bid on the work and support local workers. As Mayor Caren Ray Russom noted, out-of-town contractors, who mostly employ non-residents on projects, are likely to win these types of large construction projects if there is not some type of project labor agreement, meaning that infrastructure investment will largely flow outside of the county. Requiring contractors to operate under terms of this workforce agreement increases the odds that local companies will win the bid, which will ensure many local, unionized, craft employees. To further support local hiring opportunities, this workforce agreement includes a 30% local hire goal.

The labor agreement also created space for customization in key sections. In one area, it allowed for construction management positions to be negotiated separately, while in another, certain professional services were exempted from the agreement to ensure expertise on critical project elements. This type of targeted approach can maximize workforce and project gains, while ensuring critical expertise is not lost or projects delayed.

The wastewater treatment plant upgrade reached 59% local hiring and came in on budget and on time. The success of this effort encouraged a contagion of local cities and counties to begin exploring new workforce agreements, including in the City of San Luis Obispo.

While workforce agreements incorporating local hire targets have been successfully implemented in the county, several challenges must be overcome before additional CWAs and diversity initiatives are adopted, as summarized in the “Key Learnings and Insights” section of this report.

*“The political dynamics are tougher in individual communities and cities. City councils, supervisors, city managers keep hearing pushback that most of the companies in town are already local, and hire local and, are unionized. I’m hopeful we will start seeing some change.”*

# Economic and Fiscal Benefits of Local Hire to SLO County

There are many benefits that local hiring provisions, in any specified-workforce initiative, can bring to SLO County. This section quantifies these potential benefits for SLO County residents.

Increasing local Construction hiring for infrastructure projects can have a significant economic and fiscal impact on SLO County. For example, for every additional 100 road and water infrastructure construction worker that lives in SLO County, nearly 16 additional jobs are created through indirect effects as local suppliers provide the input goods and raw materials necessary for the construction labor. An additional 33 jobs are created through induced effects<sup>28</sup>, which is the economic gain generated when the 100 additional construction workers and the 16 supply-chain workers through “indirect” effects then spend their money on local goods and services by visiting restaurants, movie theaters, hardware stores, and more (Error! Reference source not found.).<sup>29</sup>

**The addition of 100 local Construction workers drives the creation of 49 additional local jobs along the supply chain through increased demand for consumer goods and services.**

## Best Practices and Key Considerations

This section summarizes best practices and key considerations for implementing local hire initiatives. As described below, published results from local hire initiatives show a wide range of positive and neutral impacts, with equal measures of successes and challenges in reaching goals. Most have required modification from their initial design, sometimes with less ambitious targets than initially conceived. It is difficult to draw direct conclusions from any one initiative and apply it to San Luis Obispo County, but a broad review of these reports is included below to provide initial best practices and design considerations.

<sup>28</sup> IMPLAN Economic Impact Modeling. San Luis Obispo County. 2021 model year data.

<sup>29</sup> For more information about economic impact models and definitions of terms, please see Appendix A.

A number of these best practices are important for driving greater access to, and equity of, employment opportunities in San Luis Obispo County, and are expanded on in further detail below. Local hire agreements, especially connected to specific projects, can significantly expand demand for workers in communities where this demand is an infrequent occurrence. The communities also tend to have fewer numbers of immediate workforce-ready residents for these occupations. Targeted hire provisions are likely to face these challenges as well.

The best practices below can apply across all specific-workforce hiring provisions, although some are more focused on one or another (such as project labor agreements or other complementary specified-hiring efforts):

**Local hiring programs should be established in the context of both local market conditions and a broader economic development strategy.** Local hiring, and other specified-hiring provisions, are highly context-dependent and locally driven. Key factors to consider include political will, public support, size of projects/investments, size and availability of relevant workforce categories, and capacity of key stakeholders (e.g., unions, community groups, educational institutions, training providers). Local context should inform the criteria chosen to set contractor participation thresholds, such as minimum or maximum project size, square footage of development, or other factors.

1. **Pursue broad stakeholder engagement and communicate roles and responsibilities at the start of a project.** Ensure that all parties understand each other’s roles and responsibilities from the very beginning. Establish working, trusting relationships with the myriad stakeholders involved (community groups and other support service providers, local trades unions and councils, policymakers, workforce board, training providers, educators, etc.). Upfront education and commitment to a strategy for stakeholder engagement will increase the likelihood of project success.
2. **Provide clear local hiring targets.** This makes it easier to measure and communicate and can contribute to maintaining effective partnerships. Targets define the geographic area where workers will be drawn from to meet the local hire requirements. In the case of targeted hiring initiatives, identify beneficiaries based on needs and context of the community, or those who face additional barriers to employment. Hiring goals can be aspirational, binding, or something in between. Most experts support “percent of total hours worked” being the appropriate starting target for specified-hiring goals, although other options include percent of total employees hired or percent of jobs set aside. Other approaches use incentives to support the hiring goals, rather than providing a specific target number.
 

*“At a high level – what would be valuable would be a certain percentage of work hours for local, disadvantaged groups and dedicating resources to one-stop job centers and workforce development programs that will be an entry point into the good jobs.”*

—Lucas Zucker, CAUSE
3. **Consider local worker supply and demand when setting hiring targets.** Ensure that targets reflect changes in workforce composition over time. Ensure that targets are geographically appropriate, as setting too narrow of a geographic area can hamper the likelihood of success. Ensure that targets are set to achieve specific priorities, such as reaching low-income zip codes, but also specific communities of color or other under-utilized populations facing barriers to employment.
4. **Ramp up targets over time, with milestone check-ins for progress and offramps as needed to match local labor supply and demand.** Ramping up targets can strengthen relationships with

contractors, create more effective workforce pipelines that feature different targeted community members, and allow for community capacity-building that provides wraparound and other support services.

5. **Develop a strong program to conduct outreach, recruitment, screening, tracking, support, and retention for future workers.** A dedicated strategy is needed to reach underrepresented workers to increase the likelihood of employment and retention. This includes intentionally funding and developing programming to provide job readiness and preparation support for new entrants.
  - a. *First source referral efforts are an important strategy integrated into many local hire provisions and can include processes and capacities that ensure community members get a first look at available roles.* Partnerships with groups can identify and recruit targeted workers. Community organizations, in particular, can address outreach, wraparound support, and social services. Dedicated “workforce intermediaries” can identify future hiring needs through local hiring programs or project labor agreements for specific projects and can work with existing training and other service providers to ensure that residents have the necessary skills and preparation.
  - b. *Partnering with and engaging future employers from the start is critical, to design workforce readiness and training curriculums directly tied to available occupations, as well as commit to hiring future workers.*
6. **Establish pre-apprenticeship programs with dedicated funding that offer a comprehensive set of training and support systems.** Many future workforce candidates, especially those from underserved communities and underrepresented populations may need additional support to overcome specific barriers to workforce entry. A targeted pre-apprenticeship program can offer foundational skill-building, screen candidates for their interest and viability for occupations, and provide comprehensive support systems.
7. **Connect pre-apprentice programs to union apprenticeship opportunities** through preferred or direct entry agreements. This will further increase pre-apprentice participants’ likelihood of long-term career success. Union apprentice programs are the best, most comprehensive form of workforce development, and forging strong connections to these apprentice programs will maximize the value of these pre-apprenticeship programs.
8. **Establish apprenticeship programs with support services and set specific utilization targets.** An apprenticeship requirement can specify the percent of apprentices from specific targeted categories, such as county residents, women, veterans, youth, people of color, among many others. Like pre-apprenticeships, support services and other fiscal support for apprenticeship participants increases completion and retention rates.

9. **Provide sufficient apprenticeship work opportunities through a targeted hiring percentage over a protracted period.** Completion of an apprenticeship can transition workers into journeyman status, providing a long-term career pathway. Expanding high-quality post-apprenticeship work opportunities and developing a healthy referral system reduces the amount of time to complete the program and makes the concept of a long-term apprenticeship more appealing to under-engaged populations.
- “These PLAs and CWAs are a pathway to apprenticeships and highly skilled trades, through these CWAs. Without them, this pathway doesn’t exist. Apprenticeship needs to stay at the front of these agreements, otherwise they just won’t happen as easily.”*

—Dave Baldwin, Plumbers and Steamfitters
10. **Establish high-quality, on-the-job training programs, in partnership with employers and local training providers.** This will better ensure a pipeline of diverse workers. This direct investment in workforce training that meets the needs of contractors and other employers is key to creating a supply of diverse workers.
11. **Work closely with contractors to understand their needs.** This will support them in meeting local apprentice and journeyman hiring targets. Specified hiring agreements can have a significant impact on pre-established agreements between unions, contractors, and developers. Developing strong contractor engagement can illuminate challenges and opportunities in promoting local hiring and apprenticeship opportunities, support many of the other best practices established in this section and promote SMWBE participation with programmatic support such as technical assistance and mentorship opportunities.
12. **Develop compliance systems with specific enforcement mechanisms, clear penalties, commitments, and dedicated staff.** Compliance provisions define the strictness of the target (mandate to goal), remedy to redress and penalties in the event of failure to comply. These have varied widely across local hire programs from aspirational goals with alternate means of compliance to hard requirements with financial penalties for non-compliance. Incentives can be a valuable tool, alongside penalties, in increasing support and expanding interest to participants of workforce-specific hiring provisions. Creating, staffing, and funding a robust and active compliance system supports the likelihood of meeting local and/or targeted hire requirements. Strong compliance systems, with oversight and review, ensure accountability to the community and help build trust in the approach.
13. **Create a clear and transparent process with regular reporting, data collection and oversight by a shared multi-stakeholder body.** Formal mechanisms are important, that include community stakeholders as well as developers and elected officials. Additionally, public reporting of results and other transparency measures keep the community and relevant stakeholders informed of progress and create the foundation to hold relevant players accountable if warranted.
14. **Collect data to track measurable outcomes.** A recurring theme amongst interviewees for this study was the desire for “hard” data substantiating the benefits of local hire agreements.
15. **Actively monitor compliance with specific enforcement mechanisms.** Active monitoring and enforcement are necessary to ensure compliance.
16. **Provide incentives along with penalties to increase compliance.** Both incentives and penalties provide different mechanisms to promote compliance.

The table on the following page synthesizes and aggregates how many times the 15 best practices appeared across nearly a dozen reports reviewed for this exercise.

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TABLE 2. BEST PRACTICES AND THEIR SOURCES

REPORT	1	2	3	4	5	6	7	8	9
1. Establish broad strategy for stakeholder engagement ensuring all parties understand each other's roles and responsibilities			X					X	
2. Establish clear local hiring targets as a percent of total hours worked	X	X				X	X	X	
3. Clearly understand local hiring needs and local supply in setting targets				X	X	X			
4. Include ramp-up periods for local hiring target that increase over time				X	X				
5. Establish a strong program to find, screen, track and support workers with dedicated partnerships and funding							X	X	
6. Establish pre-apprenticeship programs with dedicated funding that offer a comprehensive set of training and support systems	X		X					X	
7. Link pre-apprentice program to union apprenticeship opportunities through preferred or direct entry agreements	X		X					X	
8. Establish apprentice program with support services, specific population targets, and percent requirement of apprenticeship utilization	X					X		X	X
9. Provide sufficient apprenticeship work opportunities through a targeted hiring percentage over a protracted period	X		X			X		X	X
10. Establish high-quality, on-the-job training programs				X		X	X		
11. Work closely with contractors and understand their needs					X			X	X
12. Create a clear and transparent process with regular reporting and oversight by a shared multi-stakeholder body	X			X		X		X	
13. Collect data to track measurable outcomes	X	X			X				
14. Actively monitor compliance with specific enforcement mechanisms, clear penalties, commitment, and dedicated staff	X	X	X	X	X	X	X	X	X
15. Provide incentives along with penalties to increase compliance				X				X	X

## Conclusion

SLO County is a vibrant economy that will face both significant challenges and opportunities in the years to come. The county has a higher proportion of low-paying jobs as compared to the state, indicating that the county has had trouble attracting and retaining local talent, particularly for high-wage jobs. Additionally, the county has a U-shaped age distribution, with a larger share of older residents (65 years and older) than the statewide average, and a growing Millennial cohort, including the student population of Cal Poly.

However, SLO County can increase its job quality and facilitate economic growth by implementing moderate local hiring requirements for upcoming infrastructure projects planned within the county. These investments are expected to be significant, with hundreds of millions of dollars at stake.

Implementing a moderate local hiring requirement can help ensure that developers of future large scale and specialized projects—ranging from water treatment to offshore wind development—can support local workforces. These assurances can have significant economic and fiscal, job quality, and even project development benefits throughout the county.

**For every 100 additional Construction workers that live within SLO County, an additional 49 jobs are created and sustained through supply chain demand and induced effects. This economic activity also generates an incremental \$525,000 in local taxes and an incremental \$903,000 in state taxes.**

Within SLO County, Construction jobs pay a higher-than-average wage and have relatively low barriers to entry as compared to other high-paying jobs. Thus, increasing local hiring in Construction will both increase the county's share of high-wage jobs, and increase the quality of life within the county as new local workers contribute to the local economy.

Local hiring requirements are also seen as crucial to creating demand for apprenticeships and pre-apprenticeships, advancing workers along pathways to higher-paying jobs within the region, further supporting job quality. However, unions are perceived to be reluctant to take the first step in implementing local hiring requirements. Union representatives prefer that project owners and developers take responsibility for such measures. However, union representatives do not appear to actively oppose implementation of such measures.

In contrast, other community stakeholders are likely to voice concerns regarding such measures, given SLO County's current political climate. Education will be crucial to garnering both public and political support for new local hiring requirements within the county.

Confidentiality and lack of reporting of measurable outcomes from past workforce agreements may be significant barriers to achieving this goal. Thus, adopting best practices such as clear and transparent reporting mechanisms and pursuing active stakeholder engagement at the beginning of projects that include workforce agreements incorporating local hire will be critical to ensuring future adoption of such measures.

Recent projects involving workforce agreements with local hire provisions have been highly successful. Providing concrete evidence on the benefits of local hiring – such as these project-specific successes – may help garner both public and political support for such measures. Reassuring project owners and developers that procedural requirements will not be burdensome may also help quell opposition to local hiring measures.

**In 2019, the City of San Luis Obispo negotiated a workforce agreement with the Tri-Counties Building and Construction Trades Council for a \$114 million project upgrading the city's Water Resource Recovery Facility. The workforce agreement included a 30% local hire goal, which was significantly eclipsed in 2022, with 6% of hours worked by city residents and 46% worked by SLO County residents.**

**Also, in 2019, the South San Luis Obispo County Sanitation District authorized a \$28 million CWA for a wastewater treatment plant upgrade project, which included a 30% local hire goal. The project ultimately reached 59% local hiring and came in on-budget and on-time.**

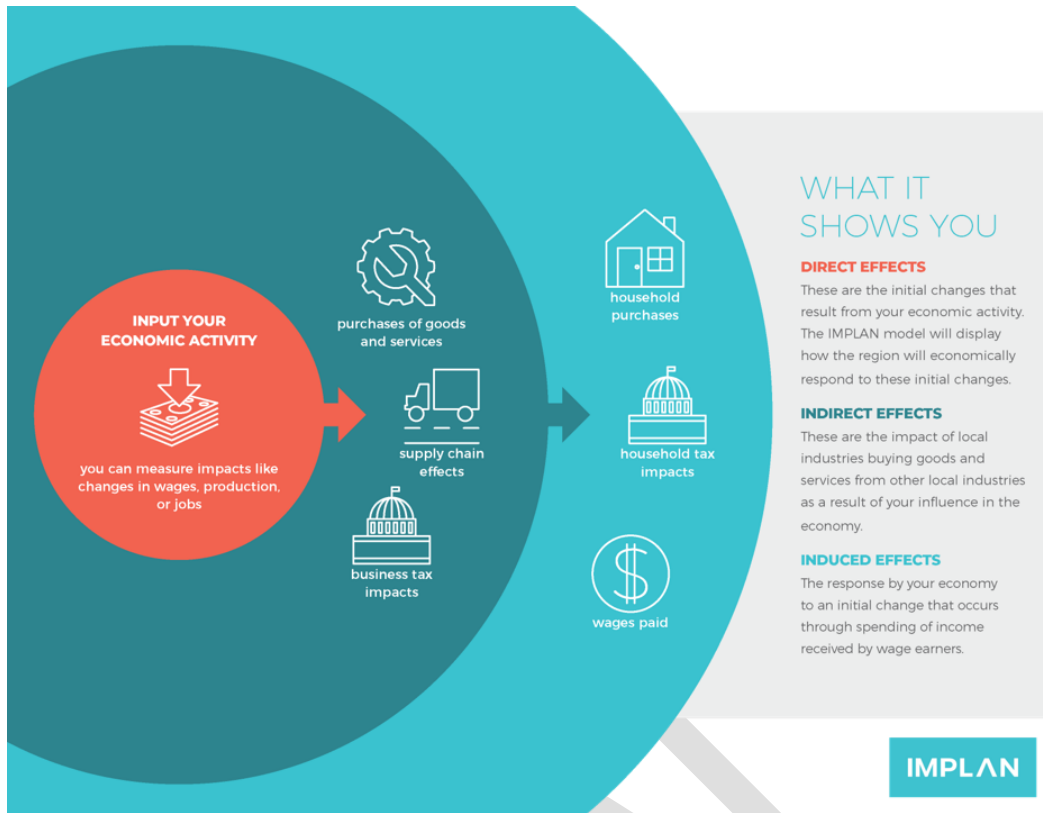
# Appendix A: Economic Impact Modeling Methodology and Terminology

Employment and economic impacts for both phases are divided into direct, indirect, and induced effects across the local economy. This section provides an overview of the types of economic impacts discussed in the findings.

- **Direct effects** show the change in the economy associated with the initial job creation and/or initial economic activity. For the purposes of this research, direct jobs range from construction workers involved in building and improving the manufacturing facility to sales, administrative and production employees in the operations and maintenance (O&M) phase.
- **Indirect effects** include all the backward linkages or the supply chain responses resulting from the initial direct economic activity. An example of an indirect job added to the local economy would be a new worker at a lumber mill hired to handle the increased demand for construction lumber that results from the initial investment.
- **Induced effects** refer to the effects of increased household spending and are the result of direct and indirect workers spending their wages within the local economy. An example of an induced job would be a local restaurant hiring more staff because construction workers during the construction phase and salespeople during the operations phase have new disposable income and eat at this local restaurant resulting in an increase in demand for food and waitstaff.

Other terms used in this economic impact analysis include:

- **Labor Income** includes all forms of employment income, such as employee compensation (wages and benefits) and proprietor income (i.e., payments received by self-employed individuals and unincorporated business owners).
- **Value Added** is gross output less intermediate inputs. This is equivalent to Gross Domestic Product (GDP) for national outputs and Gross State Product (GSP) for state-level outputs. This is the net economic activity generated by the construction or operations of developments, less the cost of input materials to avoid double-counting economic activity.



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## Appendix B: Works Cited

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**WORKFORCE DEVELOPMENT BOARD  
of San Luis Obispo County**

**WORKFORCE DEVELOPMENT BOARD MEETING MINUTES**

**Date:** Thursday, May 4, 2023  
**Time:** 8:00 a.m.  
**Location:** County Office of Education, 3350 Education Drive, San Luis Obispo

**Present:** Isiah Gomer, William Hills, Dr. James Brescia, Josh Cross, Veronica Orozco, Tricia Robertson, Angela Toomey, Verena Latona-Tahlman, Ronald Reilly, Mark Simonin, Patrick Woolpert, Michael Sloan, Justin McIntire  
**Absent:** Melissa James, David Baldwin, Dr. Jill Stearns, Ryan Stanley, Angela Rayfield  
**Guests:** Daniel Tatick, Christina Kuhn, Jennifer Campos, Michael Specchierla, Jennifer Clayton, Cheryl Ruck, Lucia Pohlman, Chris Read, Andiry Moskalyk, Gloria Balderas, Jessica Blanco  
**Staff:** Dawn Boulanger, Diana Marin, Eddie Hernandez, Tony Girolo

**1. Call to Order and Introductions:**

**Chairperson Isiah Gomer** called the meeting to order at 8:03 a.m. **Quorum reached.**

**2. Approve for WDB member to participate remotely due to circumstances allowed under AB249:**

Item 2 was placed on the 5/4 WDB meeting agenda at request of member Rayfield who asked to participate remotely under AB2449. This request was approved by County Counsel as an allowable circumstance under the AB2449 legislation. Following public posting of the agenda, member Rayfield notified the WDB she was unable to attend the 5/4 meeting remotely. On the morning of the meeting, member Stearns requested to join the meeting remotely under AB2449, however, County Counsel determined there were not circumstances stated by member Stearns at the meeting that warranted an accommodation as allowed under AB2449.

**3. Public Comment:**

**Chair Gomer:** No public comment

**4. Presentations**

**4.1 Andiry Moskalyk presented on EDD Labor Market Information**

**4.2 Chris Read and Lucia Pohlman from the SLO City Sustainability and Natural Resources Office presented to the Board about their work**

**5. Consent Items:**

**5.1 Approved the February 2, 2023, Minutes:**

The Board approves consent item 5.1 in a single motion

Motion: Justin McIntire

Second: Dr. James Brescia

**Motion Passed Unanimously**

**6. Action Items:**

**6.1 Review and Approve Draft Scope of Work and Budget for Program Year 2023-24 WIOA Youth Services Contract with Eckerd Youth Alternatives, Inc.**

Dawn Boulanger (staff) and Christina Kuhn presented the item which is available as part of the agenda.

Motion: Dr. James Brescia

Second: Justin McIntire

Abstentions: Josh Cross

**Motion Passed**

**6.2 Review and Approve Draft Scope of Work and Budget for Program Year 2023-24 SLO Cal Career Center Services Contract with Eckerd Youth Alternatives, Inc.**

Diana Marin (staff) and Christina Kuhn presented the item which is available as part of the agenda.

Motion: William Hills

Second: Veronica Latona-Tahlman

Abstentions: Josh Cross

**Motion Passed**

**6.3 Review and Approve Local Area Subsequent Designation and Local Board Recertification for 2023-25**

Dawn Boulanger (staff) presented the item which is available as part of the agenda.

Motion: Justin McIntire

Second: Josh Cross

**Motion Passed Unanimously**

**7. Discussion Items:**

**7.1 Receive Quarter 3 Eckerd AJCC WIOA Contract Performance Report**



Diana Marin (Staff) discussed and updated the Board on the positive increase in foot traffic at the SLO Cal Careers Job Center with over 150 more visitors in Quarter 3 and 19 new enrollments. Mrs. Marin also mentioned the AJCC is slightly under the projected goal for this time of the year in spending and leveraged resources. Diana also clarified how training expenditures and leveraged resources fluctuate in reporting due to the way invoicing and payments are processed.

Diana Marin also reported that Eckerd staff have been very engaged in Quarter 3 with community partners, attending chamber events and networking with local employers. This level of outreach has led to an increase in the Job Center foot traffic and increased OJTs. Eckerd has continued to provide a monthly Employer Spotlight where they showcase a local employer who is hiring. Diana also mentioned that some of the Covid-19 waivers at the Department of Social Services have lifted which will most likely contribute to increased traffic at the Job Center as well. Lastly, Diana directed members of the board to several success stories highlighted in the agenda that show the benefits of both the WIOA programs and the Job Center.

## **7.2 Receive Quarter 3 SLOCOE Youth Contract Performance Report**

Diana Marin (Staff) reported that in Quarter 3 there were ten successful enrollments into the youth program and quite a few more referrals. The referrals were coming in from the Echo Homeless Shelter, various school districts, the Probation Department, and The Team Academic Parenting Program. This data shows that the Youth Program staff have been engaging well with partners and the community at large. There were also examples of business outreach during Quarter 3, specifically with People's Self Help Housing, whom is also the employer for the first Work Experience (WEX) for the Quarter. A youth has been placed as a paraeducator with People's Self Help Housing and is making nineteen dollars hourly which is well above minimum wage. Diana also stated she was thrilled to see twenty-five barriers to employment identified for the participating youth versus three from the previous quarter. She is not thrilled to see that these barriers are present, but the identification of them shows the effectiveness of the Youth Program in reaching our most vulnerable population of young people. Dr. James Brescia added that he is happy to see the goal of forty enrollments projected versus seventy-five, which he believes to be far more realistic in scope. Lastly, Diana passed out a handout detailing a success story from the Youth Program.

## **8. Reports:**

### **a.) Executive Committee and Chairperson Report**

Chairperson Gomer reported that the Executive Committee met on March 29, 2023, and on April 26, 2023. Isiah summarized the various action items that were

approved during the two meetings. Chairperson Gomer stated that the next Executive Committee meeting is scheduled for June 14, 2023, at 8:00 AM

### **b.) Services Addressing Barriers to Employment**

Dawn Boulanger (staff) expressed the desire of the WDB staff to start giving a better idea of how they are addressing barriers to employment in both their Adult and Youth Programs. Dawn referred to a diagram displayed on the screen for members to see where barriers were broken down into percentages showing the number of participants dealing with those respective barriers. The entirety of the participants can be classified as low-income. Dawn made the point that the dislocated workers tend to have less barriers than other categories of clients and they often tend to exhaust their EDD benefits before reaching out for services. Chairperson Gomer asked if the numbers reported related specifically to this program year and Dawn confirmed that was correct.

### **c.) Board Member Workforce Development Updates**

Dr. Brescia reported that the SLOCOE has secured a cohort of 25 individuals pursuing an Early Childhood Education specialization and that SLOCOE will be meeting with Derek Johnson from the City of San Luis Obispo and Erik Prater from San Luis Obispo Coastal Unified School District regarding the ongoing construction of an Early Childhood Education Center on an adjacent property to SLOCOE. This expansion will make childcare more accessible to public sector employees of San Luis Obispo County. SLOCOE also has secured internal grant funding to host seventy-five youths in a summer program that will prepare them for their professional lives beyond high school. Dr. Brescia also iterated that SLOCOE still offers half a million for upskilling of public sector employees in the local workforce. Tricia Robertson from the Lucia Mar School District reported that Lucia Mar authorized Adult Education to start working with CTE Pathways towards effective credential programs but that this project is still in its infancy. Josh Cross from the Atascadero Chamber reported that the Atascadero Chamber's Junior CEO Program sponsored by Eckerd Connects had a successful event on 04/01/2023 where twenty-four of the junior CEO's unveiled their businesses to the public in Atascadero. The kids were able to make money and get experience with leadership. Josh also introduced new North County Chamber staff member Gloria Balderas to the group and Jessica Blanco from the South County Chamber. Both Gloria and Jessica are new Chamber Business Services staff who have been tasked with working on layoff aversion and increasing business engagement in our communities. This concluded updates by the board members.

## **9. Administrative Entity Update:**

### **9.1 Receive and Review Fiscal Budget Update**

Dawn Boulanger (staff) presented the item, which is available as an addendum to the agenda.

**9.2 Receive and Review Rapid Response Update**

Tony Girolo (staff) presented the item, which is available as part of the agenda.

**10. Next Meeting:**

August 3, 2023

8:00 – 10:00 AM

Location: County Office of Education, 3350 Education Drive, San Luis Obispo

**11. Adjournment:**

**Chair Gomer:** adjourned the meeting at 09:55 A.M.

I, Tony Girolo, Clerk of the Workforce Development Board of San Luis Obispo, do hereby certify that the foregoing is a fair statement of the proceedings of the meeting held on Thursday, May 4, 2023, by the Workforce Development Board of San Luis Obispo County.

Tony Girolo, WDB Program Review Specialist

Dated: May 11, 2023

DRAFT

**Workforce Development Board  
CONSENT ITEM  
August 17, 2023**

**AGENDA ITEM NUMBER: 4.2**

**ITEM: Approve the appointment of Matthew Green to the Workforce Development Board Local Educational & Training Seat and the reappointments of David Baldwin and Ryan Stanley. Workforce Development Board (WDB) member appointment and reappointments to be submitted to the San Luis Obispo County Board of Supervisors**

**ACTION REQUIRED:** It is requested that the WDB approve and authorize staff to submit a WDB member application for Matthew Green, and WDB member reappointments for David Baldwin and Ryan Stanley to the San Luis Obispo County Board Supervisors for approval.

**SUMMARY NARRATIVE:**

The composition of the WDB is dictated by section 107 of the Workforce Innovation and Opportunity Act (WIOA) (2014) which specifies business (must comprise the majority of members), local education, local labor, economic development, and other mandated partner membership categories. Members holding more than one seat on the WDB is expressly allowed by WIOA Section 107. The WDB currently has 3 seat vacancies which are detailed below:

WDB Member <b>Seat</b> Representation	Current #'s	Required #'s	Vacancies
Business Members <i>(minimum 51% majority)</i>	<b>9</b>	<b>11</b>	<b>2</b>
Local Educational & Training Entities	<b>1</b>	<b>2</b>	<b>1*</b>
Labor/Workforce Representatives <i>(minimum 15% Labor &amp; 20% Combined)</i>	<b>3-Labor 2-W.R.</b>	<b>3-Labor 2-W.R.</b>	<b>0-Labor 0-W.R.</b>
DOR Mandated Partner - Vocational Rehabilitation	<b>1</b>	<b>1</b>	<b>0</b>
EDD Mandated Partner	<b>1</b>	<b>1</b>	<b>0</b>
Economic Development	<b>1</b>	<b>1</b>	<b>0</b>
<b>Total # of WDB Seats</b> <i>(Members May Hold 2 Seats)</i>	<b>18</b>	<b>21</b>	<b>3</b>
<b>Total # of WDB Members</b> <i>(19 Minimum Requirement)</i>	<b>17</b>	<b>20</b>	<b>3</b>

\*Vacancies addressed via action today: 1 Local Educational & Training Seat.

Efforts to retain full membership for the WDB are ongoing and this item recommends one applicant for appointment to the vacant Local Educational & Training Seat.

The WIOA requires each Local Board to include representatives of local education & training in the WDB membership. As the Director of Community Engagement with more than 20 years at Cuesta College, Matthew Green will be a valuable member of the WDB representing the local community college. Matthew oversees Career Connections, Community Programs and Contract Education, Dual Enrollment, and Prison Education at Cuesta College. His workforce development experience and involvement include career services to justice-involved youth and adults and workforce training for Cuesta College students. Through his membership in the WDB, Matthew hopes to further his commitment to workforce development in SLO County.

The reappointments of David Baldwin and Ryan Stanley to Labor/Workforce Seats, for an additional 4-year term, will ensure that the WDB membership remains intact.

**BUDGET/FINANCIAL IMPACT:**

*No current fiscal impact*

**STAFF COMMENTS:**

Dawn Boulanger, Director of the Workforce Development Board of San Luis Obispo County, recommends the approval of the appointment of Matthew Green and the reappointments of David Baldwin and Ryan Stanley to the Workforce Development Board. Upon approval, staff will submit a recommendation for appointment and reappointments to the Board of Supervisors at an upcoming meeting.



## Workforce Development Board (WDB) of San Luis Obispo County Member Application

Name: Matthew Green Date Submitted: 06.06.23  
Title: Director, Community Engagement  
Business/Organization Name: Cuesta College

### Representation

Please indicate the category that you represent *(Please Select One)*:

- |  |  |
|--|--|
| <input type="checkbox"/> Business                                      | <input checked="" type="checkbox"/> Education & Training |
| <input type="checkbox"/> Economic and Community Development            | <input type="checkbox"/> Community Based Organization    |
| <input type="checkbox"/> Labor Organization / Workforce Representative | <input type="checkbox"/> Wagner-Peyser                   |
| <input type="checkbox"/> Rehabilitation                                |  |

Please indicate the industry cluster(s) that you represent *(Please Select All That Apply)*:

- |   |   |
|---|---|
| <input type="checkbox"/> Building & Design                                  | <input type="checkbox"/> Healthcare                         |
| <input type="checkbox"/> Energy   | <input type="checkbox"/> Biotechnology & Biomedical Devices |
| <input type="checkbox"/> Information & Communication Technologies           |   |
| <input type="checkbox"/> Defense, Aerospace, & Transportation Manufacturing |   |

### Contact Information

Business/Organization Address: [REDACTED]  
 City: San Luis Obispo State: CA Zip Code: 93403  
 Phone: [REDACTED] Fax: \_\_\_\_\_  
 Mobile: [REDACTED] City of Residence: San Luis Obispo  
 Email Address: [REDACTED]  
 Website Address: [REDACTED]  
 Business License Number: \_\_\_\_\_  
 Assistant: [REDACTED] Phone: [REDACTED]  
 Email Address: [REDACTED]

### Business Related Questions

Please answer the following questions and attach any additional pages if necessary:

- Number of current employees: 534 (permanent employees and part-time faculty)
- Number of years with current business/organization: 20 years



3. Number of years in business in San Luis Obispo County: 50+ years!
4. Please describe the nature of your business and your position:  
Cuesta is the community College that serves San Luis Obispo County. My position oversees career services (Care Connections), which covers three pillars: Job Search skills, Employability skills, and Work-based Learning (internsh
5. Please list your current chamber and association memberships, the duration of each membership and the positions you currently hold:  
Cuesta College has memberships with local Chambers of Commerce.
6. Please list any professional award(s) or recognition you have received within the last 5 years:  


---



---
7. As a member of your business with optimum policy authority, please describe your responsibilities within your organization:  
I oversee Career Connections (career services-5 FT staff and ), Community Programs and Contract Education (4 Dual Enrollment (3 FT staff) and Prison Education (1 FT staff).

## References

### Business Reference:

Name: Ryan Carnal Title: Executive Director, Research  
 Company: Cuesta College Phone: [REDACTED]

### Personal Reference:

Name: Kristina Vastine Phone: [REDACTED]  
 Relationship: (Assoc. Director-Dual Enrollment)

### Other Reference:

Name: Jenny Anderson Phone: [REDACTED]  
 Relationship: Colleague (Job Developer)

Please provide a letter of recommendation (if applicable):

- If you are a business member, please include a letter of recommendation for appointment to the San Luis Obispo WDB from your Chamber of Commerce or other organization, such as the Human Resources Association of the Central Coast (HRCC).
- If you are representing a labor organization, please include a letter of recommendation from the Central Labor Council affirming that you have been recommended, by popular vote, for a labor position on the San Luis Obispo County WDB.

## San Luis Obispo WDB Related Questions

Please answer the following questions and attach any additional pages if necessary:

1. Please list any areas in which you are currently involved in workforce development:  
My current involvement in workforce development includes in Career Services, Justice-impacted youth and adults and workforce training.



2. What experience in the areas of fundraising, budget analysis, workforce policy development, youth services, knowledge of the labor market, and community involvement or linkages with educational agencies do you bring to the San Luis Obispo County WDB, as applicable?

As Director of Community Engagement I am involved in all these activities: program development and management grants, labor market considerations, and partnership building.

3. Does your business/organization utilize the America’s Job Center of California (AJCC)? \_\_\_\_\_

If so, which services? (i.e. recruitment, job posting, labor market information)  
Cuesta's Career Services collaborates with the AJCC.

4. What do you think are the critical workforce issues in our region?

Clarifying the workforce/skills needs of local employers/industry sectors and coordinating more closely with education training institutions (including on K-12 and college career pathways development).

5. Why do you wish to serve on the San Luis Obispo County WDB?

I am honored to have been referred by the President/Superintendent of Cuesta College, Dr. Jill Stearns. I have a strong interest in and commitment to workforce development in San Luis Obispo County.

### Signature and Acknowledgement

I formally request that consideration be given to my nomination for appointment to the Workforce Development Board of San Luis Obispo County. I, the undersigned, certify that the information on this application is true and correct to the best of my knowledge and that, if appointed to serve, I will do so to the best of my ability and in the best interest of San Luis Obispo County and its citizens.

Signature: Matthew Green

Digitally signed by Matthew Green  
Date: 2023.08.09 15:34:27 -07'00'

Date: \_\_\_\_\_





San Luis Obispo County Workforce Development  
PO Box 8119 • San Luis Obispo, CA 93403 8119  
Phone (805) 781-1908 • Fax (805) 781 1944  
www.SLOworkforce.com

## San Luis Obispo County Workforce Development Board (WDB) Member Application

Name: David Baldwin Date Submitted: 5/25/23

Title: Busines Manager & Financial Secretary

Business/Organization Name: Pipe Trades Local 403

### Representation

Please indicate the category that you represent (Please Select One):

- Business
- Economic and Community Development
- Labor Organization / Workforce Representative
- Rehabilitation
- Education & Training
- Community Based Organization
- Wagner-Peyser

Please indicate the industry cluster(s) that you represent (Please Select All That Apply):

- Building, Design & Construction
- Energy
- Uniquely SLO (Agriculture, Recreation & Accommodation, Wine)
- Knowledge & Innovation (information, communication & technology, professional & technical services, education & training)
- Specialized Manufacturing
- Health Services

### Contact Information

Business/Organization Address: [REDACTED]

City: San Luis Obispo State: CA Zip Code: 93401

Phone: [REDACTED] Fax: [REDACTED]

Mobile: [REDACTED] City of Residence: Atascadero

Email Address: [REDACTED]

Website Address: ua403.org

Business License Number: \_\_\_\_\_

Assistant: [REDACTED] Phone: [REDACTED]

Email Address: [REDACTED]

### Questions

Please answer the following questions and attach any additional pages if necessary:

1. Number of current employees: 350 members

2. Number of years with current business/organization: 1



2. What experience in the areas of fundraising, budget analysis, workforce policy development, youth services, knowledge of the labor market, and community involvement or linkages with educational agencies do you bring to the San Luis Obispo County WDB, as applicable?

Former Member of SLO Co WDB early 2000's.

3. Does your business/organization utilize the America's Job Center of California (AJCC)? yes

If so, which services? (i.e. recruitment, job posting, labor market information)  
recruitment

4. What do you think are the critical workforce issues in our region?

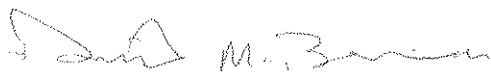
Workforce Housing, Livable wage, area standards

5. Why do you wish to serve on the San Luis Obispo County WDB?

As a lifelong resident of SLO County I hope to engage the conversation on strengthening our Local construction trades and businesses.

*Signature and Acknowledgement*

I formally request that consideration be given to my nomination for appointment to the Workforce Development Board of San Luis Obispo County. I, the undersigned, certify that the information on this application is true and correct to the best of my knowledge and that, if appointed to serve, I will do so to the best of my ability and in the best interest of San Luis Obispo County and its citizens.

Signature:  Date: 5/25/23



San Luis Obispo County Workforce Development  
PO Box 8119 • San Luis Obispo, CA 93403-8119  
Phone (805) 781-1908 • Fax (805) 781-1944  
www.SLOWorkforce.com

### San Luis Obispo County Workforce Development Board (WDB) Member Application

Name: RYAN STANLEY Date Submitted: \_\_\_\_\_

Title: BUSINESS REPRESENTATIVE

Business/Organization Name: OPERATING ENGINEERS LOCAL 12

#### Representation

Please indicate the category that you represent (Please Select One):

- Business
- Economic and Community Development
- Labor Organization / Workforce Representative
- Rehabilitation
- Education & Training
- Community Based Organization
- Wagner-Peyser

Please indicate the industry cluster(s) that you represent (Please Select All That Apply):

- Building, Design & Construction
- Energy
- Uniquely SLO (Agriculture, Recreation & Accommodation, Wine)
- Knowledge & Innovation (information, communication & technology, professional & technical services, education & training)
- Specialized Manufacturing
- Health Services

#### Contact Information

Business/Organization Address: \_\_\_\_\_

City: \_\_\_\_\_ State: CA Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Mobile: \_\_\_\_\_ City of Residence: \_\_\_\_\_

Email Address: \_\_\_\_\_

Website Address: \_\_\_\_\_

Business License Number: \_\_\_\_\_

Assistant: \_\_\_\_\_ Phone: \_\_\_\_\_

Email Address: \_\_\_\_\_

#### Business Related Questions

Please answer the following questions and attach any additional pages if necessary:

1. Number of current employees: \_\_\_\_\_

2. Number of years with current business/organization: \_\_\_\_\_





- 3. Number of years in business in San Luis Obispo County: \_\_\_\_\_
- 4. Please describe the nature of your business and your position:  
\_\_\_\_\_  
\_\_\_\_\_
- 5. Please list your current chamber and association memberships, the duration of each membership and the positions you currently hold:  
\_\_\_\_\_  
\_\_\_\_\_
- 6. Please list any professional award(s) or recognition you have received within the last 5 years:  
\_\_\_\_\_  
\_\_\_\_\_
- 7. As a member of your business with optimum policy authority, please describe your responsibilities within your organization:  
\_\_\_\_\_  
\_\_\_\_\_

**References**

**Business Reference:**

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Company: \_\_\_\_\_ Phone: \_\_\_\_\_

**Personal Reference:**

Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Relationship: \_\_\_\_\_

**Other Reference:**

Name: \_\_\_\_\_ Phone: \_\_\_\_\_  
Relationship: \_\_\_\_\_

Please provide a letter of recommendation (if applicable):

- If you are a business member, please include a letter of recommendation for appointment to the San Luis Obispo WDB from your Chamber of Commerce or other organization, such as the Human Resources Association of the Central Coast (HRCC).
- If you are representing a labor organization, please include a letter of recommendation from the Central Labor Council affirming that you have been recommended, by popular vote, for a labor position on the San Luis Obispo County WDB.

**San Luis Obispo WDB Related Questions**

Please answer the following questions and attach any additional pages if necessary:

- 1. Please list any areas in which you are currently involved in workforce development:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

San Luis Obispo County  
**WORKFORCE**  
DEVELOPMENT BOARD

2. What experience in the areas of fundraising, budget analysis, workforce policy development, youth services, knowledge of the labor market, and community involvement or linkages with educational agencies do you bring to the San Luis Obispo County WDB, as applicable?

\_\_\_\_\_  
\_\_\_\_\_

3. Does your business/organization utilize the America's Job Center of California (AJCC)? \_\_\_\_\_

If so, which services? (i.e. recruitment, job posting, labor market information)

\_\_\_\_\_  
\_\_\_\_\_

4. What do you think are the critical workforce issues in our region?

THE RISING COST OF LIVING IN THE AREA. CREATING A CONDITION  
WHERE LABOR CANNOT AFFORD TO LIVE IN THE COMMUNITY THEY WORK.

5. Why do you wish to serve on the San Luis Obispo County WDB?

TO LEARN ABOUT LABOR ISSUES AND THE POSITIVES.

\_\_\_\_\_

**Signature and Acknowledgement**

I formally request that consideration be given to my nomination for appointment to the Workforce Development Board of San Luis Obispo County. I, the undersigned, certify that the information on this application is true and correct to the best of my knowledge and that, if appointed to serve, I will do so to the best of my ability and in the best interest of San Luis Obispo County and its citizens.

Signature: Page 4. Stanley Date: 10 AUGUST 2023

\_\_\_\_\_

**Workforce Development Board  
Action Item  
August 17, 2023**

**AGENDA ITEM NO: 5.1**

**SUBJECT: Nomination and Election of Officers (Chair and Vice-Chair)**

**ACTION REQUIRED:** Call for Nominations and Election of Workforce Development Board (WDB) Officers

**SUMMARY NARRATIVE:**

The presiding officers of the WDB, a Chairperson and Vice-Chairperson, have two-year terms. WDB bylaws require the election of officers to be in accordance with Robert's Rules of Order and the Workforce Innovation and Opportunity Act (WIOA) requires that Officers be business seat representatives.

**Method for Nominating Candidates:**

Nominations are made from the floor and any member may call out to nominate someone and may do so without being recognized by the Chair. Seconds are not necessary. The Chair then announces that the person is nominated. When it appears that everyone who wishes to has made a nomination, the Chair will close the nominations. It is not necessary to make a motion to close the nominations. Nomination for Chair is done separately from Vice-Chair.

**Voting:**

Voting will be done by polling, when multiple nominations are made, or by "acclamation", when only one candidate has been nominated. It is not necessary for persons nominated to abstain from voting. If no candidate receives a majority, polling continues, retaining on the poll all candidates who do not voluntarily withdraw. The election is final when the Chair announces the result and if the candidate is present and does not decline or is absent but has previously consented to serve.

**Workforce Development Board  
ACTION ITEM  
August 17, 2023**

**AGENDA ITEM NUMBER: 5.2**

**ITEM: Review and Approve Revisions to Local Policy 12-19 Youth Incentives Policy**

**ACTION REQUIRED:** Approve revisions to Local Policy 12-19 Youth Incentives Policy.

**SUMMARY NARRATIVE:**

WIOA allows for the provision of incentives for enrolled youth in connection with the achievement of milestones tied to work experience, education, or training. An incentive policy must be established prior to distribution of any funds, must be tied to services and goals as identified in the Individual Service Strategy for the youth, and must comply with the Cost Principles in 2 CFR (Code of Federal Regulations) Part 200.

On October 9, 2019, this board approved an incentive policy that allowed the following categories:

- Attainment of High School Diploma/GED or equivalent – \$100
- Attainment of postsecondary credential – \$50
- Successful completion of 40 hours or more of Work Readiness curriculum – \$100

The revised categories and payments are as follows:

- Attainment of Work Readiness Training Certificate – \$100
- Attainment of High School Diploma, GED or Equivalent, or Post-Secondary Credential – \$200
- Measurable Skills Gain – \$50 per program year
- Placement in Employment or Post-Secondary Education at time of Follow-Up Quarter 1 – \$300

The revisions allow for greater flexibility in ensuring youth receive incentives for achievement during their participation in the program. The addition of the category for Placement in Employment/Post-Secondary Education will incentivize youth for continuing to engage with staff throughout their follow-up period. This will lead to increased intervention opportunities should a youth participant lose their job or drop out of their education program during the performance outcome period.

**BUDGET OR FINANCIAL IMPACT:**

Youth incentives are included in the service provider contract and budget as an allowable expense. Service provider is responsible for managing the funds within that budget.

**STAFF COMMENTS:**

The Administrative Entity recommends the WDB approve the attached Local Policy 12-19.



**COUNTY OF SAN LUIS OBISPO**  
**DEPARTMENT OF SOCIAL SERVICES**  
**WORKFORCE DEVELOPMENT BOARD**

3433 South Higuera Street, P.O. Box 8119, San Luis Obispo, CA 93403-8119  
(P) 1-805-781-1908

---

**POLICY NO:** 12-19  
**TO:** Service Providers  
**FROM:** Department of Social Services  
**EFFECTIVE:** January 01, 2020  
**SUBJECT:** Youth Incentives Policy

**REFERENCES:**

- Title 20 Code of Federal Regulations (CFR) Part 681.640
- 2 CFR Part 200 (Uniform Guidance)
- TEGL 21-16
- EDD Directive 17-07, WIOA Youth Program Requirements

**PURPOSE:**

The purpose of this policy is to provide guidance regarding the provision of incentive payments for enrolled youth under the Workforce Innovation and Opportunity Act (WIOA) Youth program. Incentives may be provided as recognition for achievement of milestones in the program related to work experience, education, or training.

**POLICY:**

The San Luis Obispo County Workforce Development Board will make incentives available to qualified WIOA Youth participants, as funding allows, to a maximum of \$650 per participant. Incentives must be linked to an achievement and must be tied to training and education, work readiness skills, and/or an occupational skills goal attainment. Achievements must be documented in the participant file and must include the basis for incentive payment.

Award of incentives shall be:

1. Tied to services and goals identified in the Individual Service Strategy (ISS);
2. Outlined in writing before the commencement of the program providing the payment;
3. Aligned with the program's organizational policies; and



4. In compliance with 2 CFR part 200 (Uniform Guidance).

### **PROCEDURES:**

Youth participants may be eligible to receive incentive payments for achievement of milestones in work experience, education, or training. Each goal and potential incentive amount must be documented in the youth's Individual Service Strategy (ISS). Case managers must secure adequate documentation to support payment of incentives when earned. All incentive payments must be within the limits as identified in this policy.

Service Providers must ensure they have established protocols for the payment, documentation, and awarding of incentive payments to eligible WIOA Youth.

The approved incentive categories are:

- Successful completion of Work Readiness training
- Attainment of High School Diploma, General Education Diploma (GED) or equivalent, or Post-Secondary Credential
- Measurable Skills Gain
- Placement in Employment or Post-Secondary Education

The incentive caps, relative definitions, and documentation examples for each category are:

1. Attainment of Work Readiness Training certificate - \$100

This incentive is available for WIOA youth participants who complete work readiness training, as evidenced by completion of a Personal Employment Portfolio, all assigned workshops and training modules, and have received a certificate of achievement/completion. Although specific timeframes are not defined, youth should be allowed sufficient time to gain the knowledge needed to demonstrate proficiency in work readiness skills.

Service Provider must submit their proposed curriculum for work readiness training to the Administrative Entity for approval prior to authorizing any payment for this category.

- a. Amount – not to exceed \$100
- b. Acceptable documentation, as needed to verify completion of each assignment, may include:
  - Personal Employment Portfolio, to include resume, cover letter, thank you letter, mock interview evaluation, sample job application, references, and a

- resignation letter
- Attendance and/or timesheets
- Verification of completion of assigned online modules
- Other documentation sufficient to provide proof of required assignments; and
- Certificate of Achievement/Completion

2. Attainment of High School Diploma, GED or equivalent or Post-Secondary Credential - \$200

WIOA Youth program participants enrolled in a secondary education program that obtain a diploma or recognized equivalent or obtain a Post-Secondary credential are eligible to receive this incentive. Youth may only receive one award, either for HSD/GED/Equivalent or Post-Secondary credential.

- a. Amount – not to exceed \$200
- b. Acceptable documentation may include:
  - Secondary School diploma or recognized equivalent
  - Associate or Bachelor's degree
  - Occupational licensure (e.g., Certified Nursing Assistant license)
  - Occupational certificate, including Registered Apprenticeship and Career and Technical Education certificates
  - Occupational Certification (e.g., Automotive Service Excellence certification)
  - Other recognized certificates of industry/occupational skills completion sufficient to qualify for entry-level or advancement in employment

The Post-Secondary Credential incentive is intended to recognize the attainment of measurable technical or industry occupational skills, not work readiness or general safety/hygiene skills.

3. Measurable Skills Gain

This incentive is available for WIOA youth participating in education and/or training program that leads to a high school diploma/equivalent or Post-Secondary credential.

- a. Amount – not to exceed \$50, one (1) incentive for MSG attainment per program year.
- b. Acceptable documentation may include:
  - Attainment of diploma/certificate
  - Secondary or Post-Secondary transcript or report card for a sufficient number of credit hours that shows the participant is meeting the State academic standards.
  - Satisfactory or better progress report towards milestones such as

- completion of one year of an apprenticeship program
- Successful passage of an exam that is required for a particular occupation or progress in attaining technical/occupational skills as evidenced by benchmarks such as knowledge-based exams.

#### 4. Placement in Employment or Post-Secondary Education

This incentive is available for WIOA Youth participants who secure unsubsidized employment and are employed in Follow Up Quarter 1 or enter Post-Secondary Education and are successfully attending school in Follow Up Quarter 1. Employment incentive shall be attained upon receipt and verification of participant paycheck and/or employer verification. Post-Secondary education incentive shall be attained upon verification that the participant is attending school, not based on enrollment into classes.

- a. Amount – not to exceed \$300. Payable one-time per enrollment cycle.
- b. Acceptable documentation may include:
  - Paycheck/payroll records
  - Employer verification
  - School attendance records
  - Report cards

#### **A. Service Provider Responsibilities**

Service Providers shall accept unconditional fiduciary responsibility for issuing federal funds on behalf of the WDB as specified in this policy. Service providers shall establish and utilize appropriate checks and balances necessary to guarantee the integrity of the disbursement of incentive funding. Service Providers shall ensure systems are in place for the review, approval, and payment of incentives pursuant to current WIOA, State regulations, and local WDB directives, policies, and procedures.

1. All incentive payments and collection of back-up documentation (i.e., credentials, certificates, timesheets) will be the sole responsibility of the Service Provider. Service Provider must ensure:
  - a. Payment records will be maintained, completed and readily available for monitoring or audit reviews.
  - b. Participant records and financial records will meet the standards for financial management and participant data systems.
  - c. Records will be maintained in accordance with records retention requirements.

2. Service Provider shall ensure that a case note regarding the type of incentive received and the corresponding activity for the incentive are entered in CalJOBS within five (5) working days from the service date.
3. Service Provider shall ensure that the total incentive expenditures for each participant do not exceed category limits and is within the approved budget.
4. To the extent possible, Service Provider shall ensure similarly situated participants will receive similar incentives.
5. Should gift cards be offered as an option for payment of incentives, Service Provider must ensure the use and purchase of gift cards complies with restrictions identified in 2 CFR Part 200, Uniform Guidance.

**B. Availability of Funding**

Service providers will take necessary steps to manage the incentives budget so as to provide services throughout the program year to customers who meet the criteria for planned incentives.

**ACTION:**

All WIOA Youth Service Providers shall comply with this policy. This policy will remain in effect from the date of issue until such time that a revision is required.

**INQUIRIES:**

Any questions regarding this policy may be directed to the DSS WIOA Program Manager at 805-781-1838.

Workforce Development Board (WDB) Approval Required? Yes X No

Initial approval date: 10/09/2019

WDB revision approval date: \_\_\_\_\_



COUNTY OF SAN LUIS OBISPO  
DEPARTMENT OF SOCIAL SERVICES  
WORKFORCE DEVELOPMENT BOARD

Devin Drake *Department of Social Services Director*

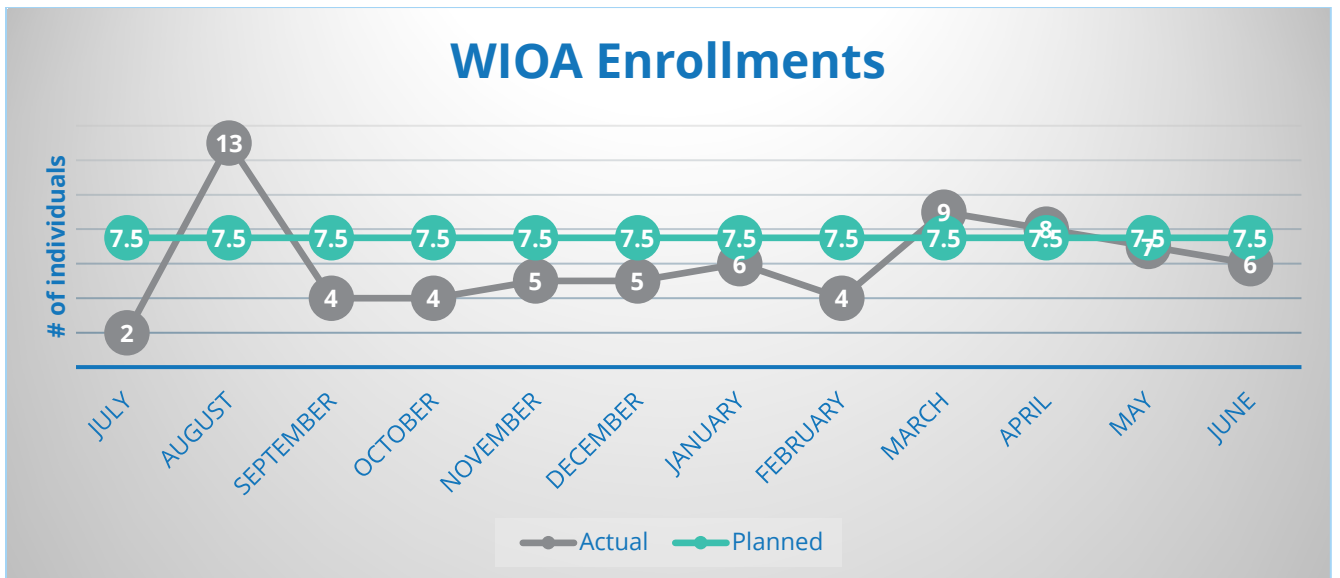
Dawn Boulanger *Workforce Development Board Director*

Program Year 2022-2023, Fourth Quarter  
Adult Services/Career Center Contract Performance Report

In-person customer visits to AJCC



WIOA Enrollments



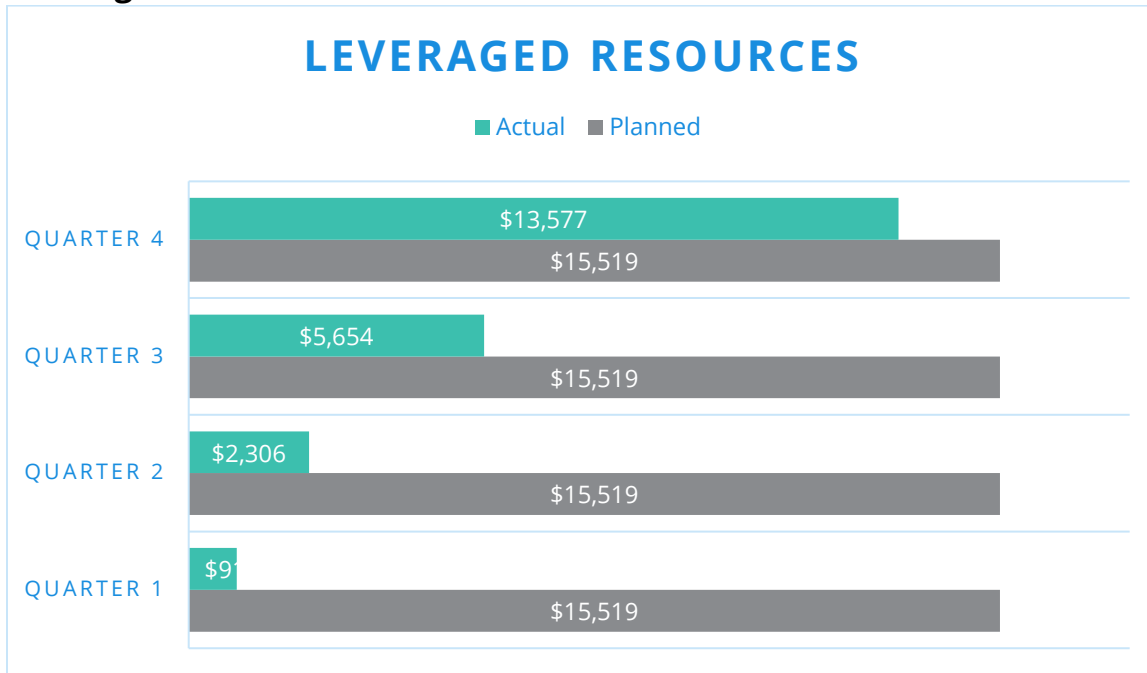
A total contract goal of 90 new career service enrollments was planned for PY 2022-23.

County of San Luis Obispo Workforce Development Board

3433 South Higuera Street | San Luis Obispo, CA 93403 | (P) 805-781-1908 | (F) 805-781-1846

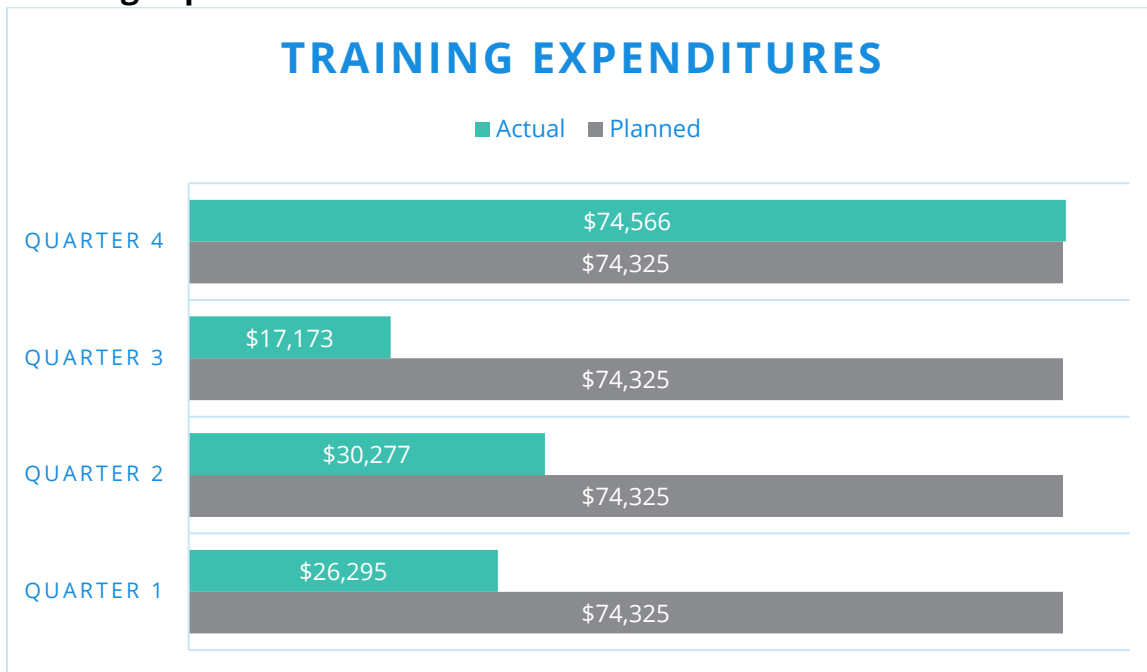
wibadmin@co.slo.ca.us | www.SLOworkforce.com

### Leveraged Resources



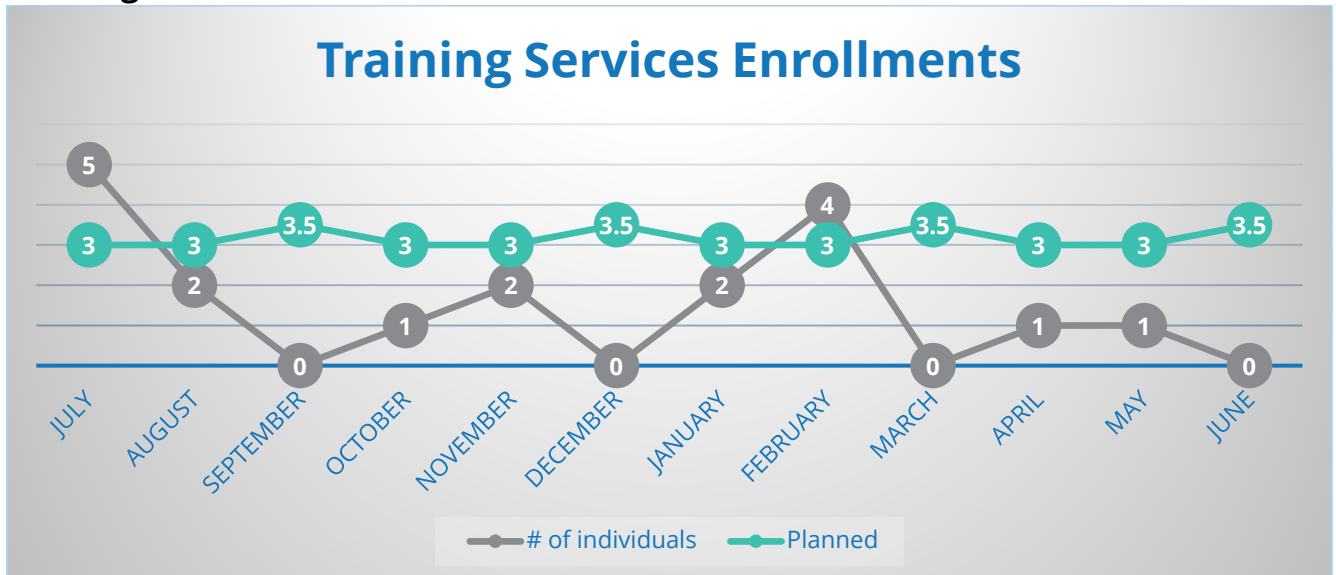
PY 2022-23 leveraged resources contract goal is \$62,076.

### Training Expenditures



Training Expenditures reflect actual invoiced participant training costs. PY 2022-23 Training Expenditures contract goal is \$297,298.

### Training Services Enrollments



The numbers in *Planned* and *Actual* represent totals from both Adult and Dislocated Worker programs. PY 2022-23 Training enrollment goal of 38 job seekers in On-the-Job Training (OJT) and Individual Training Account (ITA) enrollments.

### Fourth Quarter On-the-Job Training (OJT) Contracts

Employer	Occupation	Hourly Rate

### Fourth Quarter Individual Training Agreements (ITA's)

Training Provider	Program	Cost
Designs School of Cosmetology	Cosmetology	\$7,661
Truck Driver Institute	Truck Driver Class A	\$7,475

### SCCC Outreach -

#### SCCC Outreach - Participant and Business

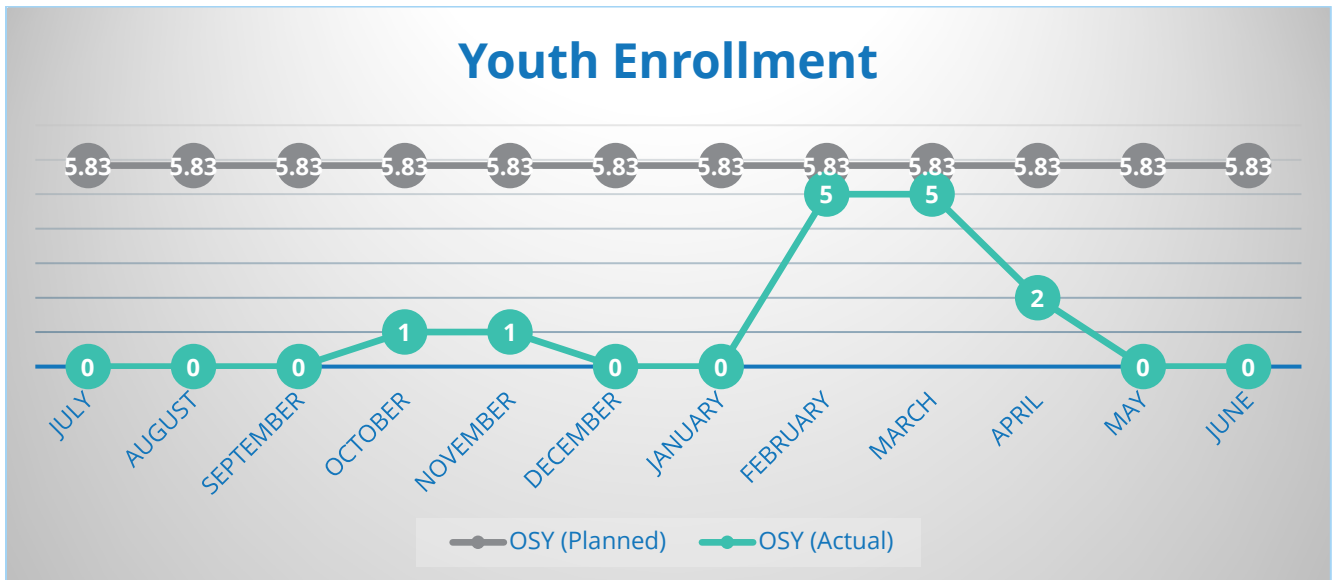
In Q4 Eckerd staff continued to participate in various SLO County community events, partner meetings, and planning committees to connect with participants and the community. Active engagement in these meetings, events, and networking groups continues to increase the community's awareness of the SLO Cal Careers system and its connection to WIOA services. SLO County employers continue to communicate their challenges with hiring and retaining staff. Eckerd Business Services staff and leadership continued to actively participate in SLO County Chamber events, Job Developer meetings, EAC meetings, HRCC meetings & various SLO County events. Also, in Q4, Eckerd hosted Employer Hiring Events at the SLO Cal Careers Center which resulted in positive feedback from local employers and on-the-spot hiring of career center customers and WIOA participants.



COUNTY OF SAN LUIS OBISPO  
 DEPARTMENT OF SOCIAL SERVICES  
 WORKFORCE DEVELOPMENT BOARD  
**Devin Drake** *Department of Social Services Director*  
**Dawn Boulanger** *Workforce Development Board Director*

Program Year 2022-2023, Fourth Quarter  
 SLOCOE Youth Contract Performance Report

**Youth Enrollment**



A total contract goal of 70 new youth enrollments was planned for PY 2022-23.

**Youth Outreach**

**Youth Outreach - Participant**

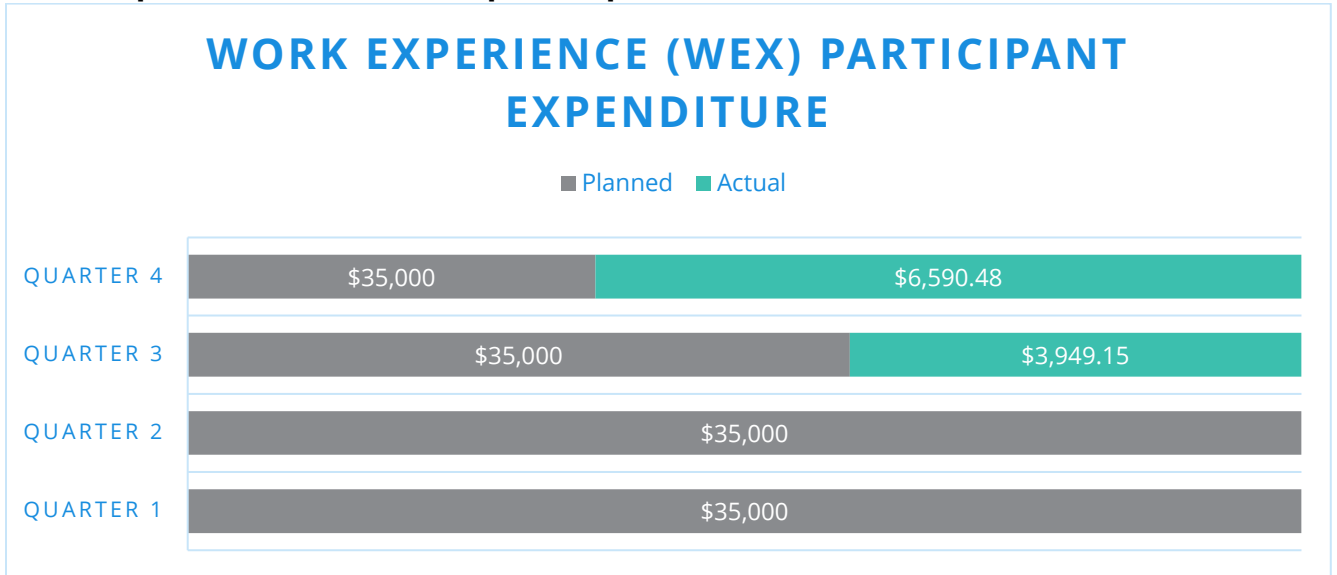
In the fourth quarter, it was announced that SLOCOE would no longer be the WIOA Youth services contractor for program year 2023-24. Active outreach and recruitment ceased during the fourth quarter.

**Youth Outreach - Business**

N/A



### Work Experience (WEX) Participant Expenditure



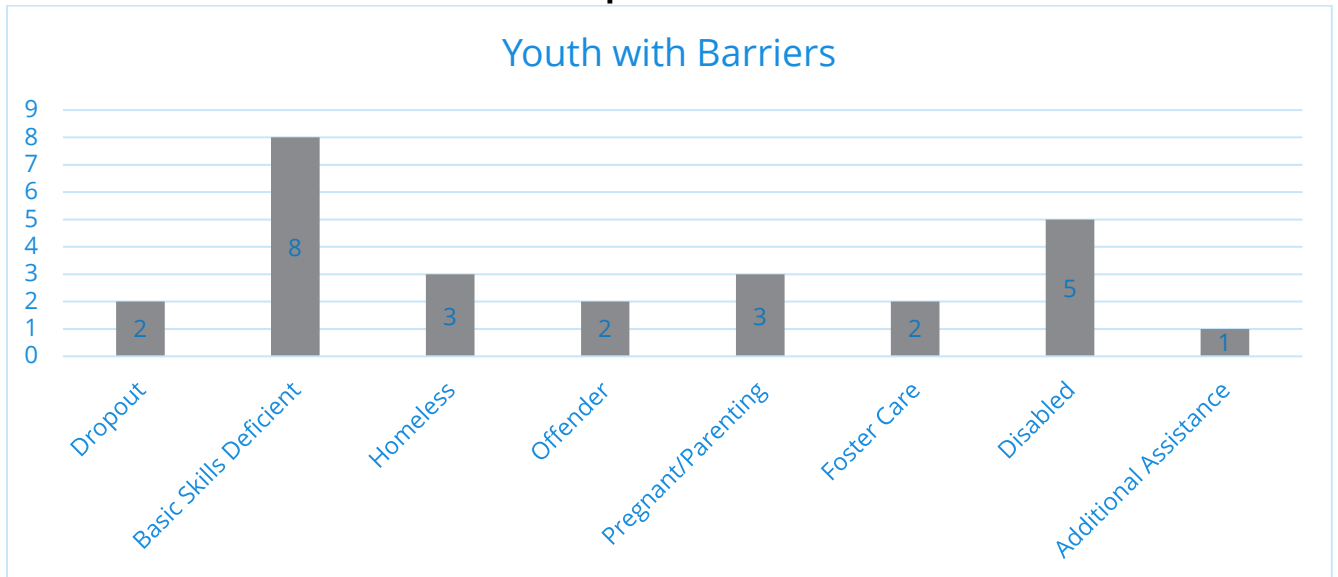
Total WEX includes staff and participant costs. The WEX expenditure goal was to meet a minimum of \$140,000 for PY 2022-23.

### Fourth Quarter Work Experience Placements

Employers	Occupation	Hourly Rate

Although no new WEX placements occurred during the fourth quarter, the one youth placed into a WEX activity by SLOCOE was successfully transitioned to the new WIOA Youth service provider to continue participation in the paid work experience with no gap in services.

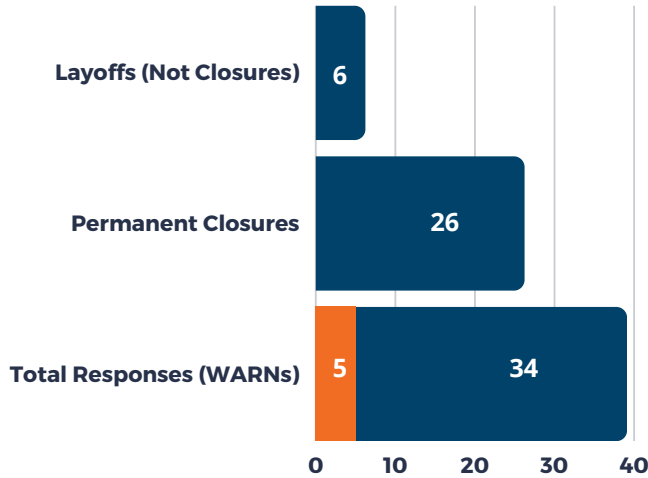
**PY 2022-23 Enrolled Youth Barriers Report**



As of the close of quarter four during PY 2022-23, 26 barriers were reported for youth enrolled in the program. The majority fall under Basic Skills Deficient, followed by Individual with a Disability, Pregnant/Parenting, Homeless, Dropout, Offender, Foster/Former Foster Youth, and lastly requires Additional Assistance to enter or complete an educational program or to secure or hold employment.

# Rapid Response

PROGRAM YEAR 2022-2023



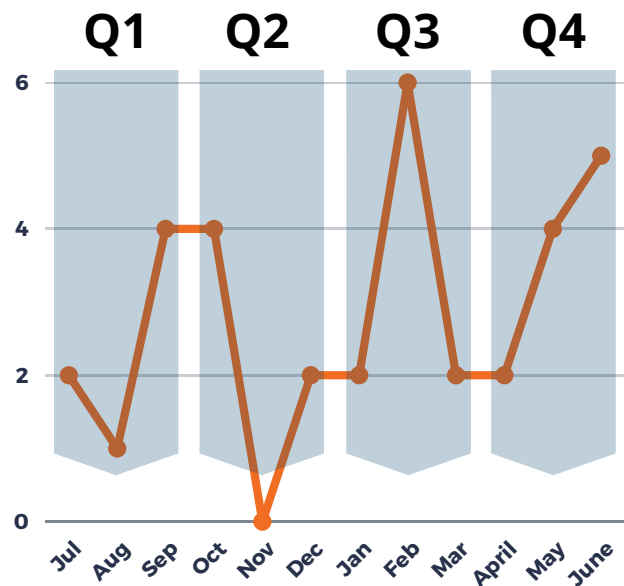
## PROGRAM YEAR 2022-23 RAPID RESPONSE SUMMARY

In the current program year of 2022-23 there were a total of thirty-four Rapid Responses conducted throughout San Luis Obispo County. Thirty-three of the Rapid Responses conducted resulted in layoffs or closures. Seventeen were received via media sources and twelve were reported by staff. Five of the responses were received via WARN notices.

### RAPID RESPONSES BY QUARTER

There were a total of thirty-four Rapid Responses conducted during the 2022-23 program year throughout San Luis Obispo County. Seven responses occurred in the 1st Quarter (Jul-Sep) of the current 2022-23 program year. In Q2 (Oct-Dec), there were six responses. In the 3rd Quarter (Jan-Mar) there were ten responses. In the 4th Quarter (Apr-Jun), there were eleven responses.

Of the thirty-four rapid responses conducted during 2022-23, thirty-three resulted in employee layoffs or business closures. One business had been reported as closing but only shut down temporarily and has re-opened under new ownership and kept all staff.



# 5K

Unemployed civilians in San Luis Obispo County in June 2023

# 3.5%

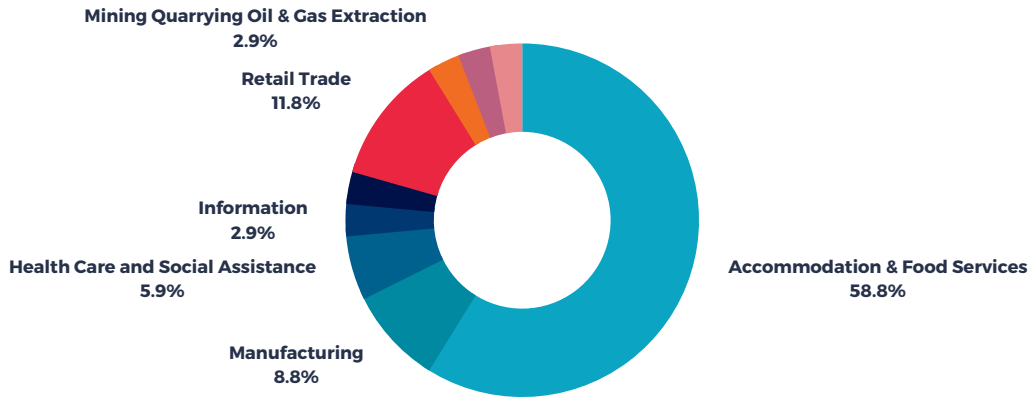
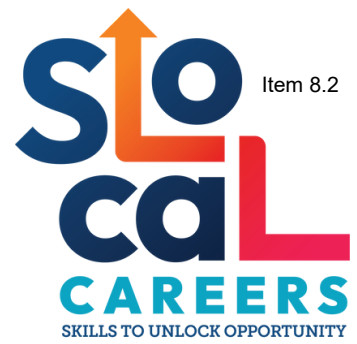
Latest Unemployment Rate in San Luis Obispo County

# #4

San Luis Obispo County current rank for lowest unemployment rate in CA

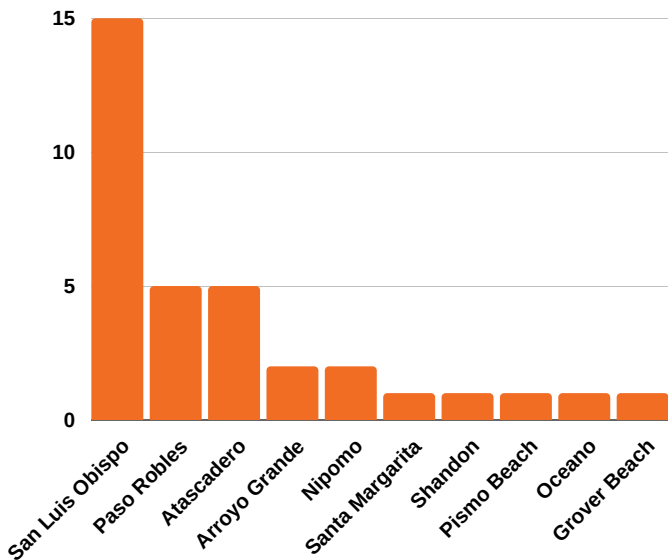
# Rapid Response

PROGRAM YEAR 2022-2023



## RAPID RESPONSE DATA BY INDUSTRY

The Rapid Response data recorded shows that the *Accommodation & Food Services* industry was the most affected industry during the course of the 2022-23 program year. This sector accounted for 58.8% or 20 of the 34 Rapid Responses conducted in San Luis Obispo County. The *Retail Trade* industry accounted for 11.8% of the Rapid Responses, with four responses conducted. The *Manufacturing* industry accounted for 8.8% of the total percentage, with three responses. *Healthcare & Social Assistance* tallied 5.9% of the total percentage, with two Rapid Responses. The *Public Administration*, *Mining Quarrying Oil & Gas Extraction*, *Information*, *Educational Services*, and the *Finance and Insurance* industries each comprised another 2.9% of the total percentage as there was one response conducted for businesses in each sector.



## RAPID RESPONSE DATA BY LOCATION

Most of the Rapid Responses conducted during the 2022-23 program year were for businesses located in the city of SLO. There were a total of fifteen responses that took place in SLO. Five responses were for businesses located in Paso Robles. There were also five responses conducted in the neighboring town of Atascadero. Two responses occurred in the city of Arroyo Grande and two responses also occurred in Nipomo. Finally one response took place in each of the following locations: Pismo Beach, Oceano, Grover Beach, Santa Margarita, and Shandon.

Please notify our team about any business closures or layoffs at (805) 781-1934 or [SLOworkforce@co.slo.ca.us](mailto:SLOworkforce@co.slo.ca.us)