

TO: EAST ST. LOUIS CITY COUNCIL

FROM: ELEVATE ESTL CAMPAIGN

DATE: SEPTEMBER 11, 2020

**RE: ACHIEVING GOOD JOBS FOR EAST
ST. LOUIS RESIDENTS THROUGH COMMUNITY
BENEFITS AGREEMENTS**

THE CHALLENGE

The Elevate ESTL Campaign reached out to over 100 East St. Louisans about the challenges that they perceive as barriers to economic justice. The most pressing and consistent challenge community members reported was that East St. Louis has too few quality jobs and businesses that create jobs that are accessible to the residents of East St. Louis.

- ◆ More than half of East St. Louis **households live on \$25,000 a year or less.**¹
- ◆ East St. Louis jobs are predominantly in the **service industry.**²
- ◆ **The poverty rate of East St. Louis is 37.8%**—this number is more than three times higher than the national poverty rate.

East St. Louis residents are burdened by the lack of quality jobs. The Elevate ESTL campaign defines quality jobs as jobs that are full-time, pay a living wage, are safe, and are accessible. Safe jobs are jobs that don't lead to long-term health problems for people from exposure to unsafe working conditions. In both the past and present, the City of East St. Louis has been home to industries and companies that worsen health and environmental disparities. As a result, the residents of East St. Louis disproportionately bear the burden of toxic exposure, oftentimes because of unsafe jobs.

Accessible jobs are not only jobs that are located in the city. Currently, members of the Elevate ESTL Campaign

report struggling to find a job nearby and have to travel outside the city for work. The Elevate ESTL Campaign believes accessibility also means fair and inclusionary hiring practices, where employers do not practice nepotism or discrimination against workers with felony records. Lastly, good jobs are with employers who provide opportunities for upward mobility through career training.

Even as East St. Louis doesn't have enough high quality jobs, there are barriers to entry for East St. Louisans to compete for these already scarcely available jobs in the city. East St. Louis is a region that has borne the burden of severe underinvestment. As a result, the city of East St. Louis is home to high unemployment rates, low levels of educational achievement, relatively high proportions of the population with criminal records, and low levels of car ownership in a place without sufficient public transportation. These barriers can be clearly linked to historic underinvestment and systemic racism. Workers with these types of disadvantages

¹ U.S. Census Bureau. (2020). 2014–2018 American Community Survey 5-Year Estimates. Retrieved from: <https://data.census.gov/cedsci/table?q=east%20st.%20louis%20socioeconomic&tid=ACSSST5Y2018.S1901>

² U.S. Census Bureau. (2020). 2014–2018 American Community Survey 5-Year Estimates. Retrieved from: <https://data.census.gov/cedsci/table?q=east%20st.%20louis%20socioeconomic&tid=ACSDT5Y2018.C24050>

often require additional and intentional support to be successful.

- ◆ East St. Louisians have an unemployment rate (17.4%) **five times the national rate** (5.9%).³
- ◆ 64% of East St. Louis adults have only a high school degree, while **18% have no educational credentials at all.**⁴
- ◆ 31% of East St. Louis households **do not have access to a car.**

East St. Louisians need holistic workforce development programs that take into account the complicated lives of people who face many systemic barriers, from unaffordable childcare to unreliable transportation.

THE STATUS QUO

Existing capacity at the City to support holistic workforce development for adults is limited. The City of East St. Louis' community and economic development department does not provide workforce development. Existing workforce development programs offered by local educational institutions have had to scale back due to lack of state-level and local funding. These circumstances have created a significant gap in the skills and employer relationships residents need to acquire good jobs.

The City of East St. Louis has already implemented one of the few economic development tools available to it that is commonly used by municipalities to attract companies with good jobs and to create dedicated funding for workforce development and job training: Tax Increment Financing (TIF) Districts. TIF Districts cover almost the entirety of the City, which routes millions of property tax dollars away from the local school district and city taxpayers to municipal government, which has near total discretion over its use.

However, the City has failed to comply with state law requiring them to submit TIF Annual Financial

Reports, ignoring its basic responsibility to provide accountability to taxpayers and to taxing bodies like the local school district to the tune of \$6,744,274.40 last year alone, according to the most recently available St. Clair County Tax Computation Report. There is a total lack of transparency in how East St. Louis spends its TIF funds or the status of projects within these redevelopment project areas

The City of East St. Louis has also experimented with Opportunity Zones. The City of East St. Louis currently partners with the National Development Council to support small businesses through placing five Opportunity Zones in the region. However, this policy choice, similar to TIF Districts, hasn't significantly improved job prospects in the region.

THE OPPORTUNITY

East St. Louis can anticipate at least one transformational development project in the coming years. In 2018, developer Urban Strategies and the East St. Louis Housing Authority were awarded a \$350,000 planning grant to create a plan to revitalize Samuel Gompers Homes and the surrounding downtown community in East St. Louis. This planning grant was funded by the U.S. Department of Housing and Urban Development (HUD) as part of their Choice Neighborhoods program. Following the completion of the planning phase, HUD is expected to further fund the implementation of the plan with approximately \$30–35M in grants. Based on a review of similar Choice Neighborhood projects in recent years, this project can expect to raise at least \$100M–200M in financing.

As companies and developers plan to invest in East St. Louis real estate, there are currently no existing mechanisms to guarantee that the city tax dollars they create can be invested in workforce development.

Community residents need a more direct route to negotiate community benefits with developers that seek incentives and support from East St. Louis taxpayers.

³ Timothy Staples. Personal communication. August 18, 2020.

⁴ Urban Strategies. (2020). St. Louis-based Urban Strategies, Inc. and Housing Authority of the City of East St. Louis receive HUD Choice Neighborhoods Planning Grant [Press release] Retrieved from: <https://urbanstrategiesinc.org/wp-content/uploads/ESTL-Planning-Grant-Press-Release-with-ESTL-edits-ENW09172018.pdf>

Community benefit agreements (CBAs) are legally binding contracts between developers and community-based organizations, and are used to secure commitments from private developers around:

- ◆ Living wage ordinances
- ◆ Local workforce development
- ◆ Local hiring
- ◆ Community investment such as affordable housing

Elevate ESTL commits to organizing a robust community coalition to negotiate on behalf of the community, to include community, environmental, faith-based and labor organizations.

POLICY SOLUTIONS

The City of East St. Louis can build a more equitable economic development ecosystem that improves resident access to good jobs by committing to the following changes:

1. Pass the Community Benefits Agreements Ordinance. Pass an ordinance that requires development agreements to include community benefits negotiated by a Community Committee.
2. Monitor First Source Hiring Program. Monitor developer compliance with local hiring requirements negotiated by the Community Committee. Clawback incentives developers receive if not in compliance with Community Benefit Agreement.

3. Launch a Workforce Development Fund. Establish fund for developers to pay into in the event they are not able to meet local hiring requirements.

These changes will realign the existing resources of East St. Louis towards its most pressing economic development needs and create the process by which residents can negotiate jobs, fair wages, job training and pipeline programs for individual employers on an ongoing basis.

CONCLUSION

Holistic workforce development programs are one of the most suitable economic development tools to help more East St. Louis workers compete for good jobs. Cities who understand the labor needs of their employers and who support expanding the skills of workers in their communities to meet those labor needs can create powerful, positive change.

The Council can create new employment and training opportunities for residents of East St. Louis by partnering with Elevate ESTL to provide a direct and transparent mechanism for residents to support workforce development via community benefit agreements. Given the lack of capacity at the City of East St. Louis to negotiate and monitor benefits on behalf of the community via the Tax Increment Financing program, the City Council should create a new process for community-based coalitions to negotiate benefits on behalf of the city and its residents.

DOWNLOAD A SAMPLE ORDINANCE

<http://bit.ly/PBACBA>



WHO TOOK THE SURVEY?

AGE

83%

under age 60

EDUCATION

59%

high school degree
alone

EARNINGS

48%

making less than
\$25,000/yr

JOBS

11.5%

not employed and
looking

11%

retired

12.5%

disabled, not able to
work

13%

working part-time

48%

working full-time

East St. Louis
Power Builders



ELEVATE ESTL COMMUNITY BENEFITS AGREEMENTS

POLICY SOLUTIONS

KEY CRITERIA OF POLICY

CBAs are contracts between coalitions of community organizations and a developer that provides public support for a project in exchange for guaranteed benefits to the community. Strong CBAs include the following:

- ◆ Members of the community should lead the effort
- ◆ City officials should support and encourage negotiations between the community and the developer
- ◆ Benefits should be applicable to the community, city, and developer
- ◆ The contract should be legally binding and enforceable

The CBA ordinance will set the standard so developers are expected to participate in a First Source Hiring Program and/or contribute to a Community Benefits Fund.

RECOMMENDED NEXT STEPS

ELEVATE ESTL: Organize and train a coalition of community members who can negotiate CBAs

CITY COUNCIL: Pass an ordinance adopting key criteria for CBAs

CITY COUNCIL: Ensure local elected and government officials encourage, but not participate in negotiations

ELEVATE ESTL: Identify stakeholder groups who can provide guidance and expertise to coalition members when asked to participate.

SUPPORT COMMUNITY BENEFITS AGREEMENTS (CBAS)

Pass an ordinance that requires development agreements to include community benefits negotiated by a Community Committee



KEY CRITERIA OF POLICY

The Local Source Hiring Program established through the CBA describes the policies and resources that will be used to promote the hiring, training, and employability of residents in the City of East St. Louis. Local residents are to be employed both during construction of the Development and after completion in connection with the Development.

The developer will provide monthly reports that will track progress toward hiring goals that will be shared with City Council and the Community Committee. The developer will require all subcontractors to provide monthly reports that will track progress towards hiring goals.

Monthly reports will require sufficient employee data to assess residency of employees of all contractors and subcontractors.

MONITOR LOCAL SOURCE HIRING PROGRAM ESTABLISHED BY COMMUNITY BENEFIT AGREEMENTS

Additionally, developers will meet with the Community Committee quarterly to review these monthly reports and to consider ways to increase participation.

Community benefit agreements may consider direct funding of an auditor role to be hired by the City or a community-based organization.

Failure to comply with the provisions of monitoring may result in denial, suspension, termination, and revocation, or withdrawal of Public Support for Development.

RECOMMENDED NEXT STEPS

CITY COUNCIL: Review current capacity to monitor community benefits promised in development agreements with City Council.

CITY COUNCIL: Identify research partners to conduct independent auditing.

ELEVATE ESTL: Identify stakeholder groups who can provide ongoing guidance and expertise to the City Council on assessment, auditing, and compliance.



KEY CRITERIA OF POLICY

In the event a developer is unable to comply with the Local Source Hiring Program, City Council to require a development agreement to include a contribution to a Workforce Development Fund, established by the City.

Workforce development programs should be administered through a public-private partnership and/or by a third party organization or coalition of organizations at a location accessible to East St. Louis residents, such as the East St. Louis Center.

Current workforce development programs offered by a coalition of higher education institutions at the East St. Louis Center include:

- ◆ CNA
- ◆ Building Trades
- ◆ Welding
- ◆ Warehousing

Additional workforce development programs that could be offered with additional funding, pending confirmation of industry demand, include:

- ◆ Automotive
- ◆ Auto Body Repair
- ◆ Child Development
- ◆ Criminal Justice
- ◆ Culinary Arts & Nutrition
- ◆ Early Childhood Education
- ◆ Electronics
- ◆ Engineering
- ◆ Precision Machining
- ◆ Shipping & Transportation
- ◆ Web & Graphic Design

For workforce development to be accessible to all, additional social services and community supports can be provided, such as transportation, food security, drug treatment programs, and childcare.

Create a Workforce Development Fund Advisory Committee to advise the City Council on Workforce

LAUNCH A WORKFORCE DEVELOPMENT FUND

Developers pay into the Workforce Development Fund in the event they are not able to meet the local hiring requirement.

Development Fund matters. Committee members, appointed by the City Council, should be persons who by occupation, training or experience have knowledge of economic development or of the social and economic needs of East St. Louis.

RECOMMENDED NEXT STEPS

CITY COUNCIL: Collaborate with local higher educational institutions to complete a badging analysis that identifies the priority skills needed by industry that are tied to current in-demand jobs.

CITY COUNCIL: Enter into an intergovernmental agreement with area institutions to offer job training and advanced vocation and career education.

CITY OF EAST ST. LOUIS: Partner with small business development center to encourage cultivation of entrepreneurial activities among East St. Louis residents.

CITY OF EAST ST.. LOUIS: Set aside TIF funds to help local entrepreneurs start or expand their business ideas.

CITY COUNCIL: Pass ordinance to create Workforce Development Fund Advisory Committee.

ELEVATE ESTL: Recommends qualified Workforce Development Fund Advisory Committee members to City Council

In order to assist the City of East St. Louis improve outcomes for workers in the community, the Elevate ESTL Coalition has assembled four case studies illustrating best practices from across the country where successful programming is being implemented surrounding workforce development.

**SOLUTION 1 – SUPPORT COMMUNITY
BENEFITS AGREEMENTS**

**SOLUTION 2 – MONITOR LOCAL SOURCE
HIRING PROGRAM**

**SOLUTION 3 – LAUNCH A WORKFORCE
DEVELOPMENT FUND AGREEMENTS**

**DOWNLOAD A
SAMPLE ORDINANCE**
<http://bit.ly/PBACBA>

CASE STUDY #1:

COMMUNITY BENEFITS AGREEMENTS: KINGSBRIDGE ARMORY REDEVELOPMENT ALLIANCE

OVERVIEW:

Best practice focused Community Benefits Agreements (CBAs) are instruments cities can put in place to ensure new developments serve the needs of local residents, not just developers. CBAs require the development process includes community voices and the project delivers meaningful benefits like good paying, safe, career track jobs, among other things. In 2013, the Kingsbridge Armory Redevelopment Alliance in New York was formed in partnership with the developer for the Kingsbridge National Ice Center. The CBA created is cited in research as being one of the most successful models for CBAs due to the benefits negotiated such as guaranteed living wages, 51% of non-construction jobs went to local workers and a technical assistance fund for local small businesses.

PRACTICES TO LEARN FROM:

- ◆ **Strong, community driven process:** The Kingsbridge Armory Redevelopment Alliance was created and mobilized residents, along with 25 community based organizations, to negotiate the CBA.
- ◆ **Legal authority:** The CBA established a Community Advisory Council as the legal oversight mechanism to ensure the agreed upon terms are implemented and enforced.
- ◆ **Workforce development:** A developer funded scholarship was established for residents to learn to install and maintain the geothermal and solar power systems that are part of the stadium.

CASE STUDY #2:

COMMUNITY BENEFITS AGREEMENTS: OAKLAND ARMY BASE

OVERVIEW:

Publicly funded development projects can create widespread economic opportunity and empowerment of communities. The Oakland Army Base project in California is one of the most thoughtful examples of how CBAs can create jobs for those in the community who need them the most with a focus on addressing barriers preventing people from accessing well-paid employment. This \$800 million dollar project set out goals to generate 2,800 construction jobs and 2,000 ongoing operations positions. Half of the jobs were required to go to local workers, including 20 percent to apprenticeship programs to train individuals in the construction trades. Those workers included veterans, those who have been in the criminal justice system, and people unemployed for over 6 months.

PRACTICES TO LEARN FROM:

- ◆ **Collaboration** - stakeholder groups from the community, city, and developer were represented and worked together to create goals and ensure compliance with the agreement.
- ◆ **A legally binding agreement** - a document was signed, so all parties understood the expectations and requirements. Those goals were monitored and also exceeded.
- ◆ **Continued improvement** - the original agreement was modified as additional opportunities presented themselves within an expanded footprint of the original development area.

CASE STUDY #3:

WORKFORCE DEVELOPMENT FUND: BAYVIEW-HUNTERS POINT CBA

OVERVIEW:

In 2008, a mixed use residential and commercial development was proposed at an abandoned naval shipyard in San Francisco. The labor council and community groups worked with the developer to negotiate a number of community benefits, including an 8.5 million dollar fund to be used for workforce development programs designed to create career development for local residents. A provision was included to require an increase in the contribution if more than the anticipated permits for construction were approved.

PRACTICES TO LEARN FROM:

- ◆ The workforce development fund established under the CBA is required to be housed under one of three local foundations. The CBA also sets up a process and purposes for distributing funds. This is helpful to ensure fiscal responsibility, trust and transparency on how the money will be used.
- ◆ This fund begins to address the needs of this traditionally highly unemployed neighborhood of San Francisco.



CASE STUDY #4:

MONITORING LOCAL SOURCE HIRING: PORT COVINGTON, BALTIMORE

OVERVIEW:

In 2016, the City of Baltimore and SB6, a coalition of six South Baltimore neighborhoods, negotiated a total of \$139 million of community benefits on a \$1.6 billion dollar project led by Sagamore Development in Baltimore's Port Covington neighborhood, anchored by Under Armour. These community benefits included committing Sagamore to affordable housing and local hiring goals, as well as direct funding for parks, workforce development, and education. Sagamore was required to report on the percentage of contracts awarded to minority- and women-owned businesses, as well as percentage of on-site employees.

PRACTICES TO LEARN FROM:

- ◆ The data that the developer is required to provide to monitor compliance must be negotiated in the community benefit agreement.
- ◆ One of the groups that negotiated the community benefits, Baltimoreans United in Leadership Development, continues to provide ongoing pressure on the City of Baltimore to independently verify the claims of contract and employment compliance.
- ◆ SB6 negotiated that the developer funds a dedicated auditor employed by the City Comptroller's Office solely dedicated to Port Covington-related compliance. However, as of September 2020 the City had not yet filled the role, so it is important to include the option to hire an independent auditor.



ENDNOTES

Lanahan, Lawrence. "Port Covington Community Investment Poised to Launch. Promises to be fulfilled?" Baltimore Fishbowl. September 24, 2020. Accessed September 2020: <https://baltimorefishbowl.com/stories/port-covington-community-investment-poised-to-launch-promises-to-be-fulfilled/>

Partnership for Working Families and Community Benefits Law Center. "Common Challenges in Negotiating Community Benefits Agreements and How to Avoid Them." January 2016. Accessed August 2020: <https://www.forworkingfamilies.org/sites/default/files/publications/Effective%20CBAs.pdf>

EST. 2018

WEPOWER