

# Project developers fall short on hiring locals

**By Suzanne Zalev**  
STAFF WRITER

EAST PALO ALTO — The developers of the University Circle project have not met the city's goals for hiring local residents and local contractors, a report found.

However, the developer, the contractor and the subcontractor have made good-faith efforts to comply with the First Source program, said Karen Tiedemann, an attorney for the city's Redevelopment Agency, in her report.

The First Source policy aims to have

30 percent of jobs from the project, which consists of office buildings and a Four Seasons hotel, going to local residents and 25 percent of the dollar amount of contracts being awarded going to local businesses. If developers and contractors can't meet the goals, they must show they have made a good-faith effort. They face fines of \$100 a day if they don't comply.

The goal for contracts was met in the final quarter of 2000, with 26 percent going to East Palo Alto businesses, but goals have not been met in any other quarter since.

The limited number of qualified contractors in East Palo Alto has been a barrier to meeting the goals, the report found, as has the limited number of residents who are in the unions that contractors must hire from to comply with union hiring rules. The contractors must comply with the city's prevailing-wage policy, which usually means the jobs are union, Tiedemann said in her report.

The developers contacted everyone on a list of local contractors, Tiedemann told the City Council on Tuesday. However, contact information on some contractors was out-of-date,

and there was only a small number of contractors available for a large job. In one case, she said, two local businesses bid on a job, but the bids were not cost-competitive.

With a couple of blips, the percentage of local businesses getting contracts and local residents getting jobs has steadily declined between the end of 2000 and the first quarter of this year. Just 3 percent of the value of contracts went to East Palo Alto businesses in the first three months of 2002, and eight percent of jobs went to local residents. That number peaked at 17 percent in the first quarter of 2001.

Officials are aiming to have more success with the construction of the hotel, Tiedemann said, and they hope to work on the union issue in the next month. The hotel contracts have not yet been awarded.

Mayor Duane Bay requested a study session in September to discuss what can be done to increase those numbers. The council did not discuss the report at Tuesday's meeting due to time constraints.

You can reach staff writer Suzanne Zalev at 306-2427 or by e-mail at [szalev@angnewspapers.com](mailto:szalev@angnewspapers.com).