

Project Labor Agreement Policy Study Session

JULY 12, 2022

CITY COUNCIL

Assistant City Manager Jason Nutt & Economic Development Division Director Raissa de la Rosa

Problem Statement

To evaluate tools that may best and most effectively help accomplish the following related to the delivery of some or all City infrastructure projects:

- Enhance our highly skilled local workforce and increase access to apprenticeship programs to benefit diversity, equity, and broader inclusion in the workforce.
- Reduce carbon footprint by keeping local workforce local.
- Create positive economic impacts by re-investing capital improvement funds through the local workforce.



State Law & Contractual Requirements

COMMON ELEMENTS: PLAs & STANDARD CONSTRUCTION CONTRACTS

- Prohibits discrimination, including membership in a labor organization in hiring & dispatching workers for a project.
- Permits all qualified contractors & subcontractors to bid for & work on a project without regard to whether they are parties to a collective bargaining.
- Disputes resolved by a neutral arbitrator/mediator
- Requires use of apprentices in apprenticeable occupations
- Guarantees prevailing wages set by the Director of Industrial Relations

UNIQUE TO PROJECT LABOR AGREEMENTS

- Guarantees against work stoppages, strikes, lockouts and similar disruptions.



Definitions & Descriptions

Local Labor

1. Labor whose permanent home address is within the City's boundaries.
2. **Labor whose permanent home address is within Sonoma, Marin, Napa, Lake, and Mendocino counties.**
3. Labor whose permanent home address is within the jurisdictional boundaries of participating local trade organizations.

Contractor Type

- **Building Trades** – trades primarily concerned with the construction and finishing of buildings.
- **Union/Subscriber** – a hiring hall, usually under the auspices of a labor union, which has the responsibility of providing new recruits for employers who have a collective bargaining agreement with the union.
- **Non-Union/Merit** – any company or organization that does not necessarily employ workers who belong to a union.



Definitions & Descriptions, cont.

Project Type: limited to public infrastructure projects

- **Roadway** – concrete, asphalt, weatherproofing/wearing surface
- **Linear** – water, sewer, fiber, etc.
- **Vertical** – buildings (i.e. fire stations, offices)
- **Park, Landscape & Environmental** – including earth movement
- **Electrical** – traffic signals, building upgrade/retrofit
- **Mechanical** – HVAC, boilers, controls



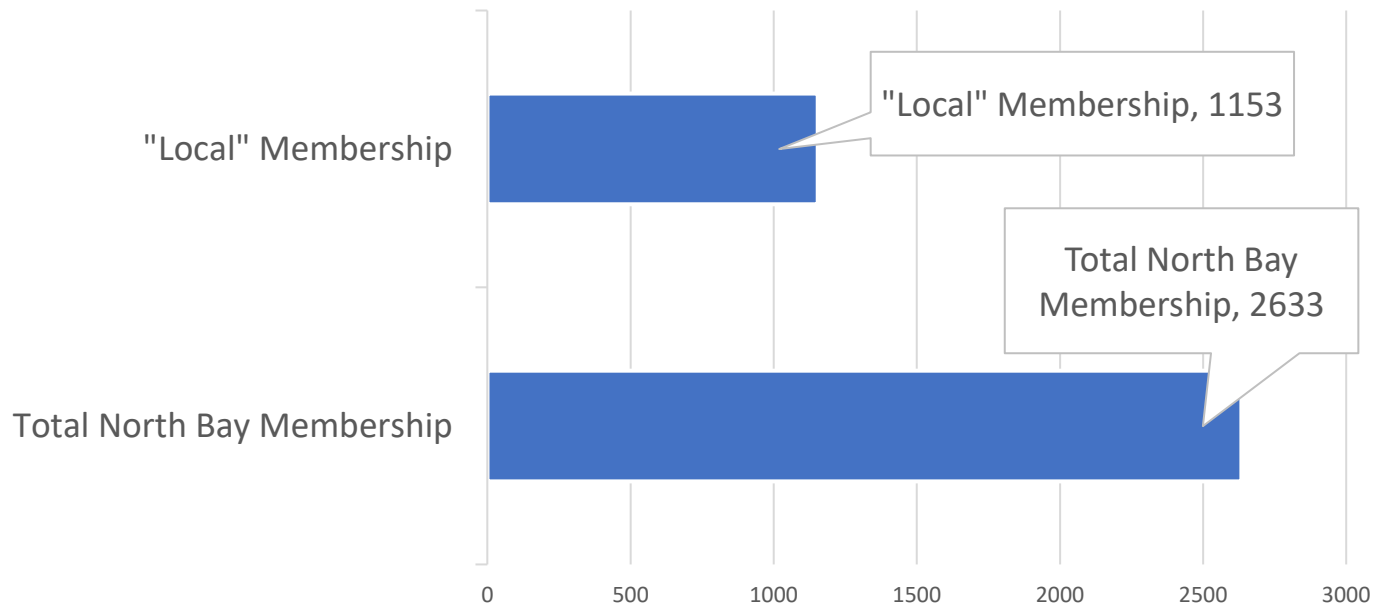
Union Labor Demographics

North Bay Trades Council

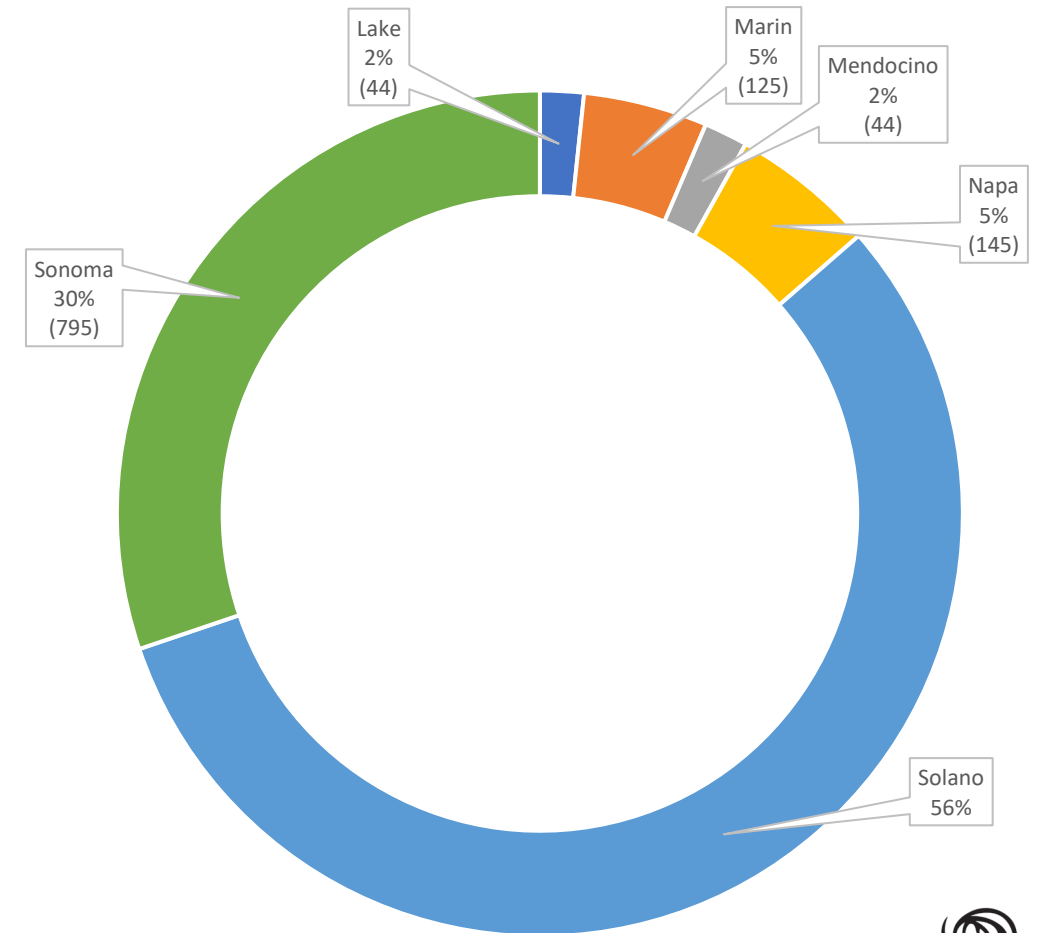
18 Northern California Organizations

- 4 in Sonoma County
- 1 in Marin County
- 3 in San Francisco
- 4 in Alameda County
- 5 in Contra Costa Cty
- 1 in Los Angeles

Union Apprenticeship Members



Membership By Location



Labor Demographics

Burbank Auditorium PLA

Employee Zip Codes Data

95401 – 17.9% (West Santa Rosa)

95403 – 13.4% (Coffey Park)

95404 – 6.0% (Central Santa Rosa)

95405 – 3.0% (Bennett Valley)

95407 – 10.4% (Roseland)

95409 – 1.5% (Rincon Valley/Oakmont)

95472 – 4.5% (Sebastopol/Forestville)

95492 – 6.0% (Windsor)

94928 – 11.9% (Rohnert Park)

Median Household Income

45,000 - 65,000

65,001 - 75,000

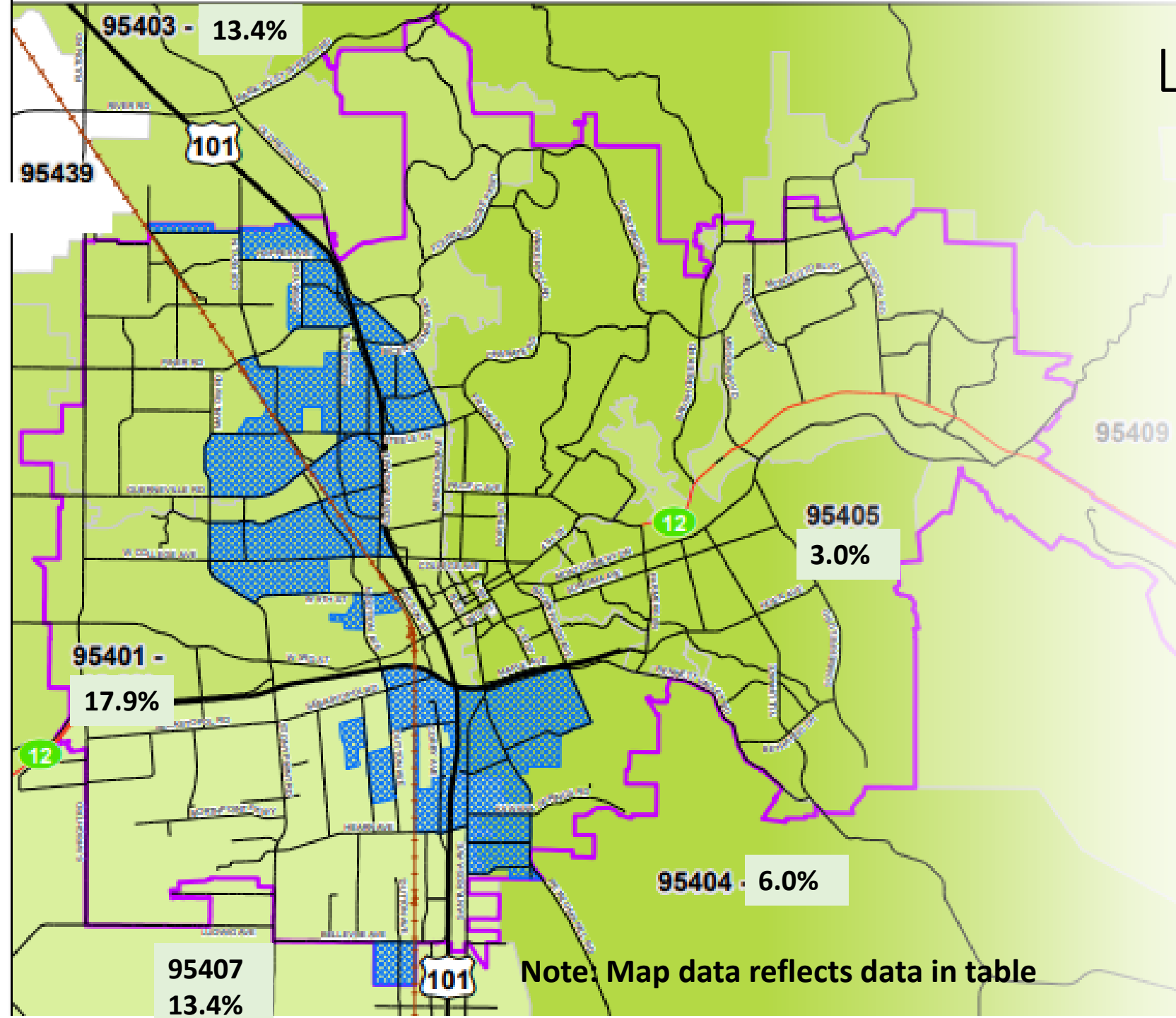
75,001 - 85,000

85,001 - 95,000

95,001 - 145,000

Santa Rosa

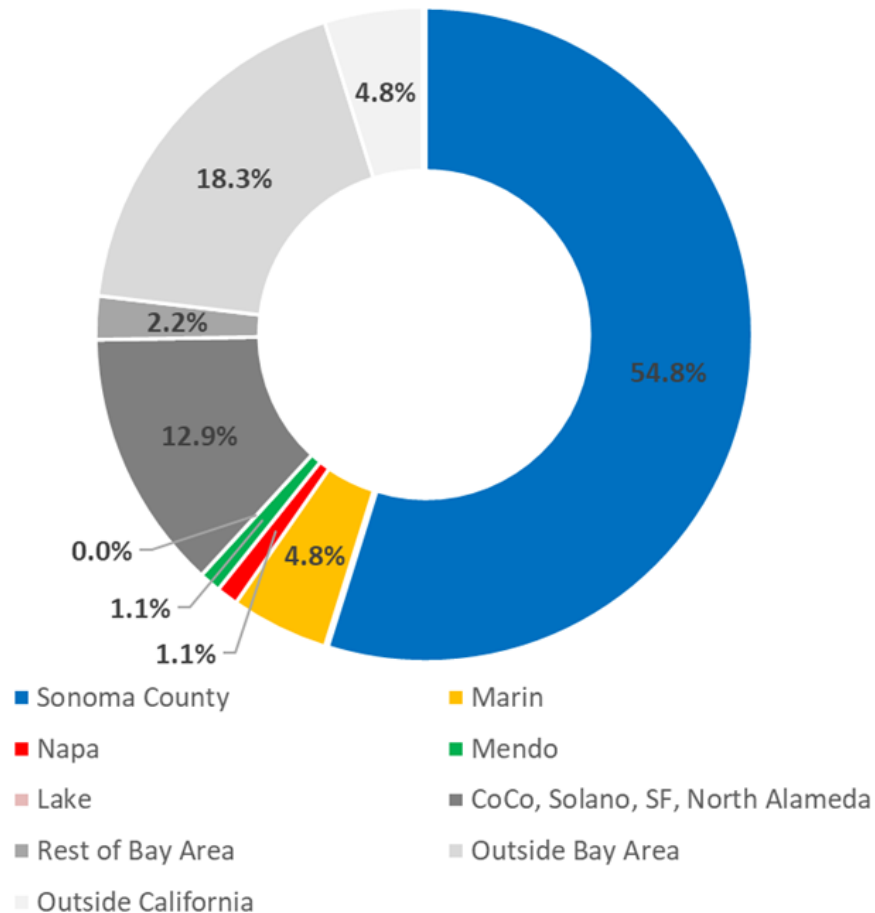
Equity Priority Areas



Note: Map data reflects data in table

CIP Contract Labor Demographics

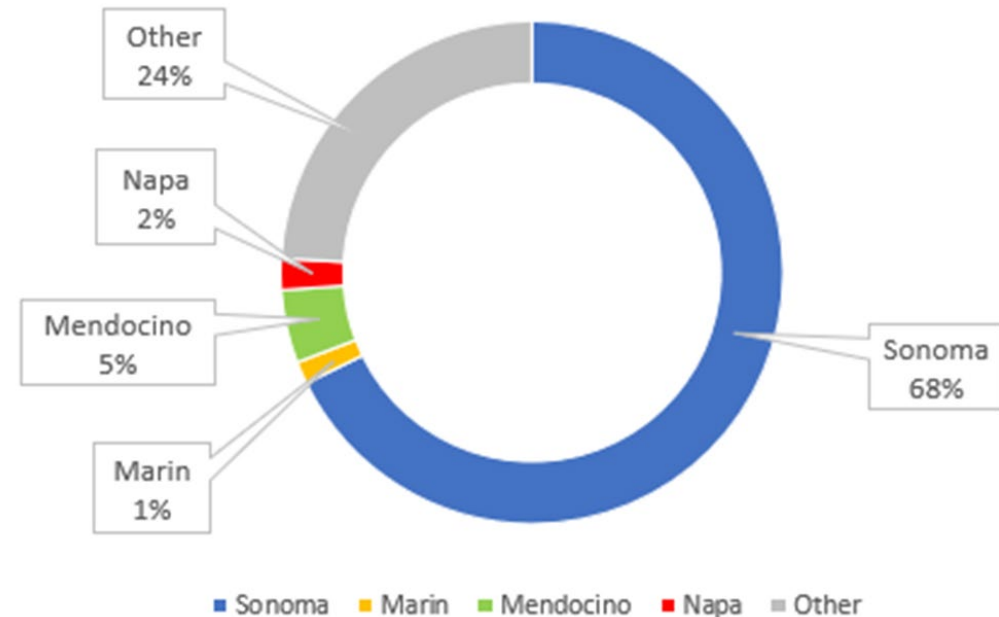
**Home Office Location -
Awarded Contractors 2012-2022**



Sonoma County Contractor Survey

- 21 of 65 contractors responded
- 701 employees represented

**Sonoma County Based Bidders of Santa Rosa Contracts
Employees' County of Residence**



Labor Demographics

City Contractors

Employee Zip Codes Data

95401 – 10.9% (West Santa Rosa)

95403 – 11.8% (Coffey Park)

95404 – 6.9% (Central Santa Rosa)

95405 – 3.2% (Bennett Valley)

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Median Household Income

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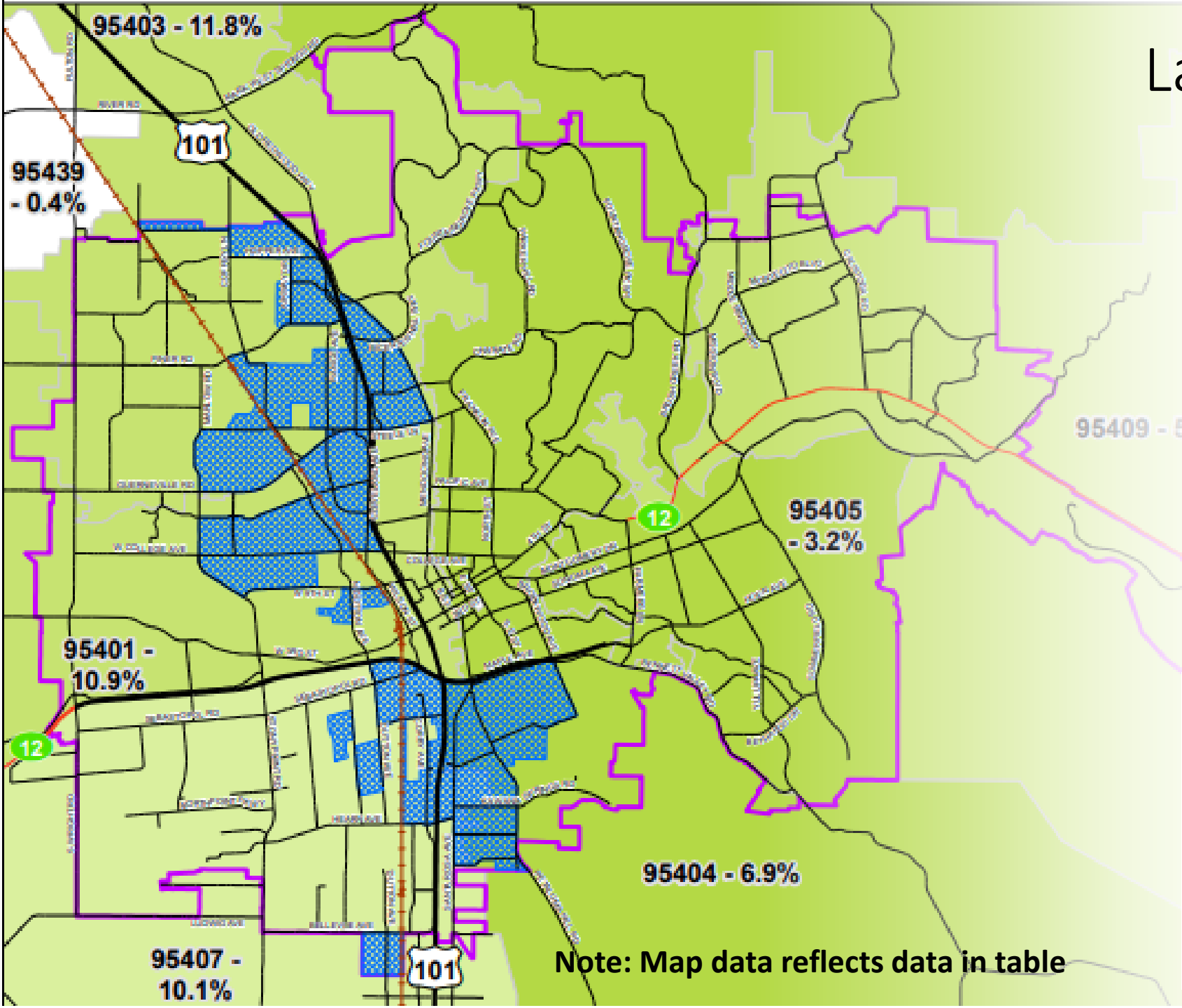
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Santa Rosa

Equity Priority Areas



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Union Labor – Priority Assignment Process

1. Local Members – Contracting agency defines local, which could include jurisdictional boundaries, specific zip codes, census tracts, etc.
(i.e. City of Santa Rosa; zip codes 95401, 95403, 95407; Census Tracts 1531 & 1532, etc.)
2. Regional Members – Contracting agency may further define second tier conditions to meet the local requirements, which may expand jurisdictional boundaries.
(i.e. Sonoma, Marin, Napa and Mendocino counties)
3. Statewide Members – If local membership is not available, members are pulled from other areas throughout the state beginning with those jurisdictions covered by the North Bay Building Trades Council.



Non-Union Trade Associations

Associated Builders and Contractors (ABC NorCal)

- Represent +/-500 large and small Northern California companies.
- Train 300+ apprentices per year.
- Serve contractors, subcontractors, suppliers, and associates of all trades doing business in unrestricted markets regardless of labor affiliation.

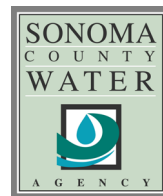
Western Electrical Contractors Association (WECA)

- Serves merit shop electrical contractors, their employees and the industry suppliers that support them.
- Offer federal and state-approved commercial, residential and low voltage electrical apprenticeship programs, an electrician trainee program, certification exam preparation classes and continuing education classes for journeyperson electricians and low voltage techs.



Engagement & Research

North Bay
Building Trades
 MARIN ■ SONOMA ■ LAKE ■ MENDOCINO COUNTIES



ECONOMIC DEVELOPMENT SUBCOMMITTEE MEETINGS

Feb. 8, 2022

Consideration criteria

- Enhance skilled local workforce; increase access to apprenticeship programs
- Reduce carbon footprint
- Increase economic impacts

May 10, 2022

Purpose: to develop skilled labor pool to support public infrastructure projects; improve on-time delivery within budget; ensure state & federal law consistency; provides for the greatest public interest.

Definitions & Discussion: local labor; project types; community workforce agreements; threshold.



Recent Agency Inquiries

Agency	Population	PLAs Used	Threshold	Comments
Salinas	163,542	No	-	Staff review and determination. Numerous non-union, labor compliant contractors performing well.
Hayward	162,954	Yes	\$1M	Some increase in bid pricing noted. Asking for 30% Hayward employees, getting 19%.
Roseville	147,773	No	-	No curiosity noted from staff, public, or council.
Santa Clara (City)	127,647	No	-	Prevailing wage language similar to Santa Rosa's current contract language
Berkeley	124,321	Yes	\$500K	90% of contractors are already union. Some non-union contractors stopped bidding. FFC monitors any non-union contractors. Notable increase in administrative efforts.
Sonoma County	-	Yes	\$10M	Vertical projects only, \$8M threshold recently proposed
Santa Clara (County)	-	Yes	\$2M	Started in 2001 with a \$10M threshold. Exemptions related to staff time versus benefit on small projects, emergency response, dissuasion of small business on certain projects.
Imperial Irrigation District	-	No	\$750k	Not correctly established, lawsuit filed
Napa Sanitation	-	No	-	-
Contra Costa Sanitation	-	No	-	Historically used, but stopped in the 1990's
Marin Municipal Water District	-	No	-	-
Valley of the Moon Water Dist.	-	No	-	-

No Response :	Population
Modesto	218,464
Oceanside	174,068
Sunnyvale	155,805
Vallejo	126,090
Richmond	116,448

Regional Models



Local Models: What works/doesn't work; feedback; suggestions; data, etc.



Other Sample Cities: What works/doesn't work; feedback; suggestions; data, etc.



Project Labor Agreements

PLAs are a type of **pre-hire collective bargaining agreement** between a project owner and building trade unions that may be tailored to fit the employment terms and conditions for a particular construction project.

They are designed to **govern the employer–employee relations** of the general contractor and all subcontractors in connection with a particular construction project.

- Membership in certain trade unions is typically required
- PLAs specify establishment of:
 - Uniform work conditions
 - Hiring procedures
 - Wages & benefits
 - Management rights
 - Labor dispute resolution procedures
 - Procedures to prevent work stoppages
 - Agreement to adhere to existing Master Labor Agreements for the trades



Common Pro & Con Statements

Potential Advantages

- Long-term project labor stability: existing qualified labor pool, high wages, full benefits, improved working conditions & defined work rules.
- Project delivery & quality assurances: on-time, on-budget, highly qualified labor and no labor strife.
- Local workforce focus: develops strong, diverse & sustainable local workforce; local economic reinvestment; and increases access to trades.
- Other: Increases worker and public safety.

Potential Disadvantages

- Long-term project labor stability: limits apprenticeship options due to availability and cost of union programs, state requires prevailing wage and benefits.
- Project delivery & quality assurances: increases total project costs, reduces contractor competition, no city history of labor disputes.
- Local workforce focus: lack of validation that PLAs are superior in developing local workforce, economic reinvestment, limits access to trades, may be negative for small and minority owned businesses.
- Other: non-union labor required to join applicable union during the project duration.



Community Work Agreements (CWA)

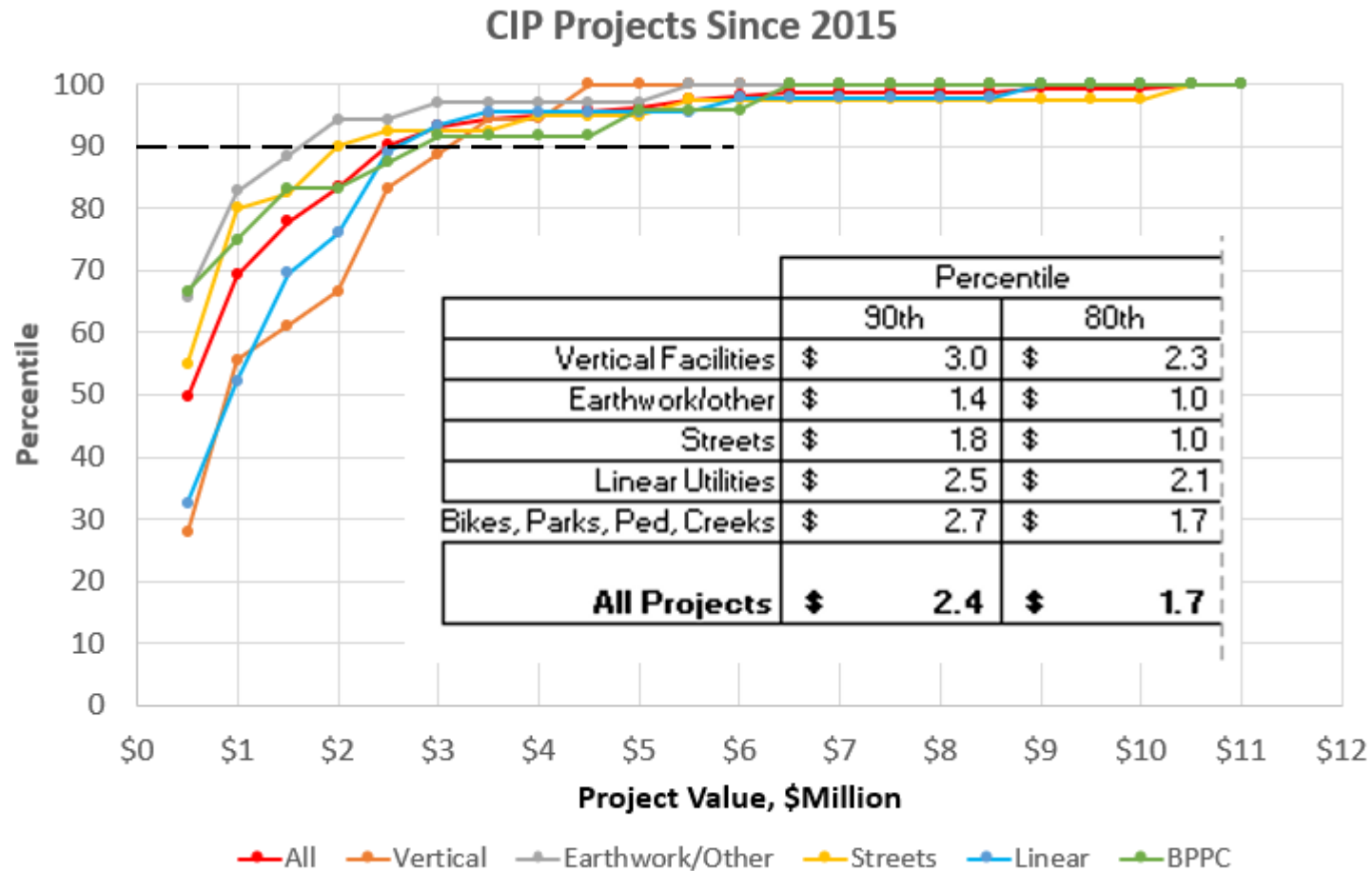
CWAs are **provisions that include targeted building trade hiring requirements** to create employment and career paths for low-income or under-represented people.

CWA Examples:

- City of Los Angeles – generally requires 30-40% of new construction jobs created be filled by residents of neighborhoods or zip codes adjacent to the project, and 10-15% of construction work hours be performed by at risk workers.
- Port of Oakland – requires 50% of construction hours be worked by residents of the Port's local impact area (Alameda, Emeryville, Oakland, San Leandro), and 20% of hours worked be performed by apprentices from the local impact area.

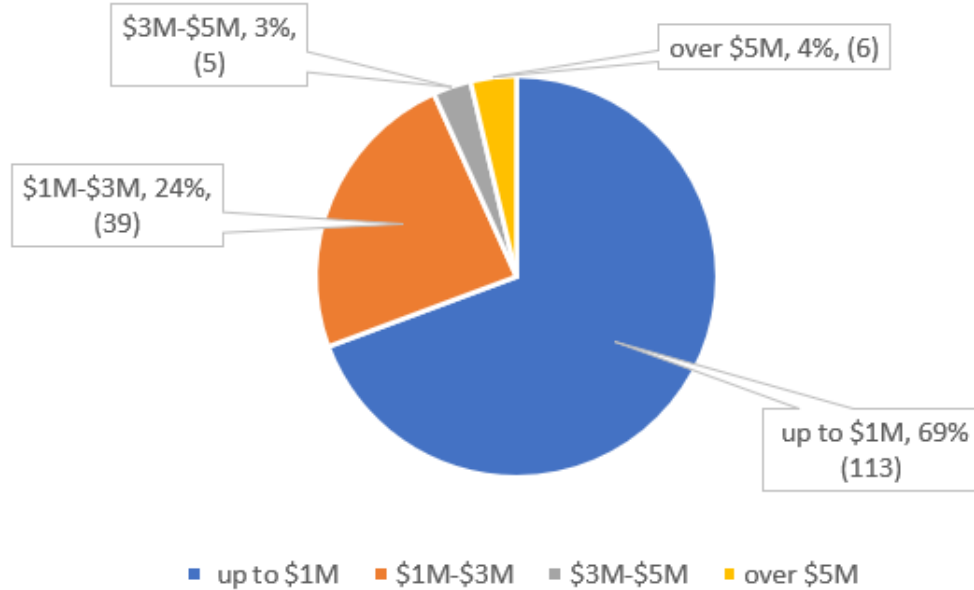


80th and 90th Percentile Values, City Projects

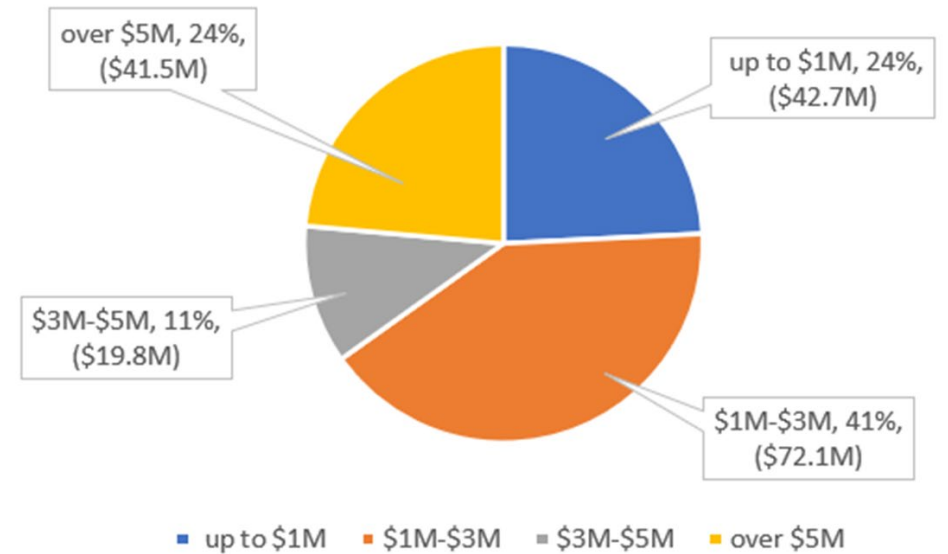


City Projects

Project Count, 2015-2020 (163)

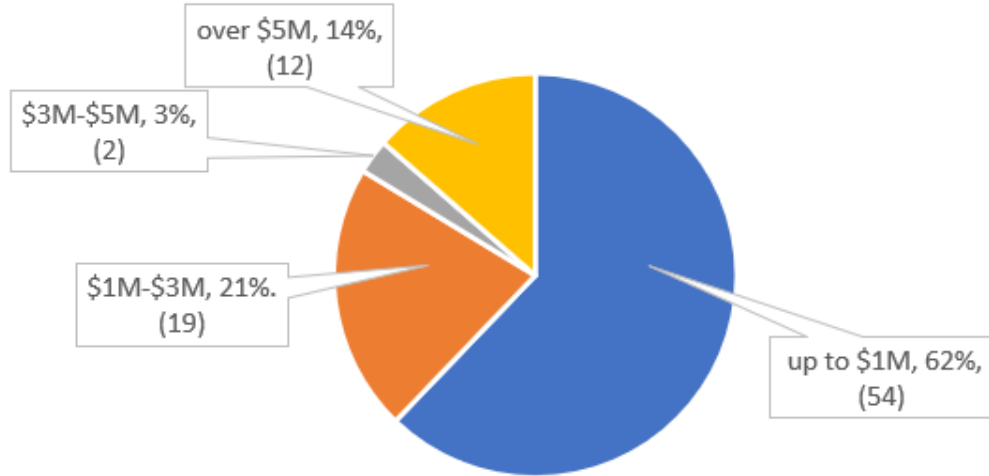


Project Value, 2015-2020 (\$176M)



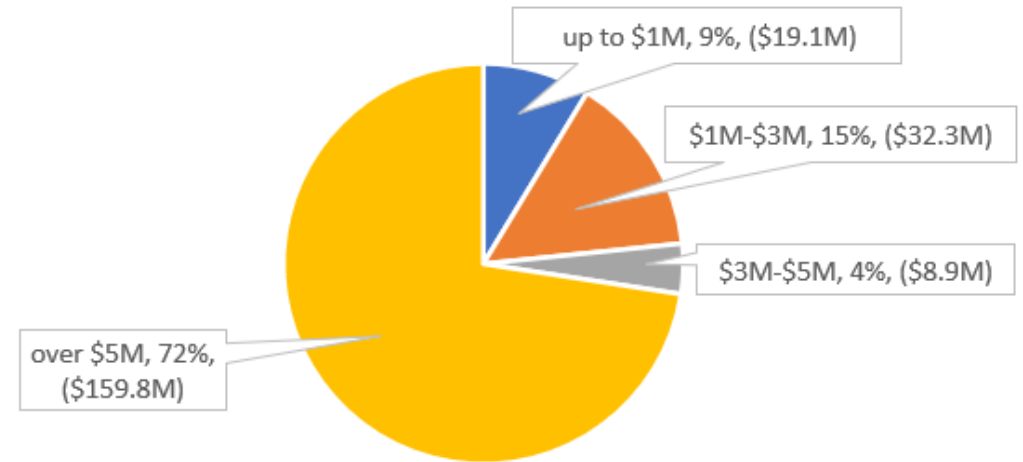
PROJECTED City Projects

Projected Project Count, FY 2023-2026 (88)



■ up to \$1M ■ \$1M-\$3M ■ \$3M-\$5M ■ over \$5M

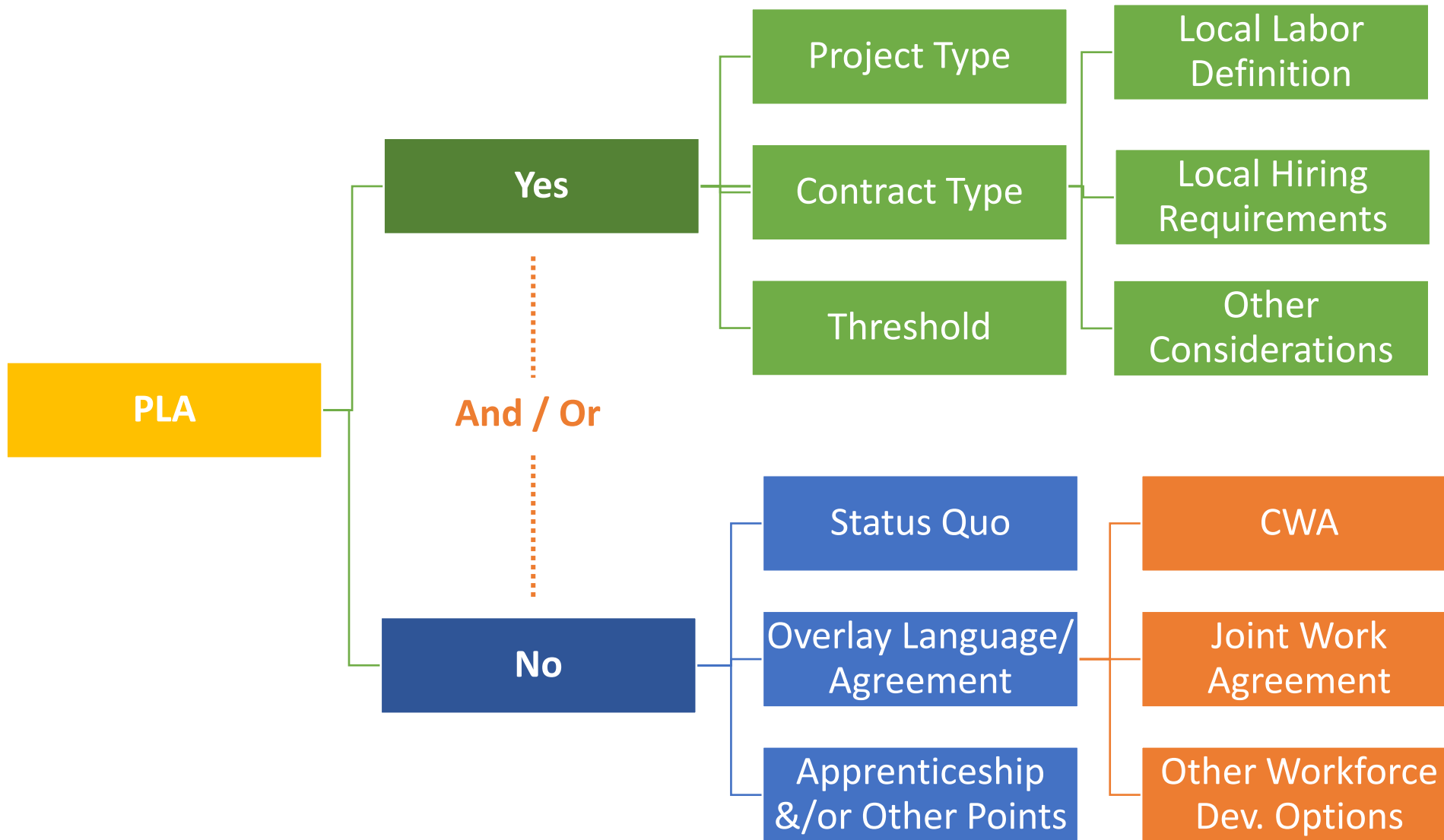
Projected Project Value, FY 2023-2026 (\$220M)



■ up to \$1M ■ \$1M-\$3M ■ \$3M-\$5M ■ over \$5M

Example Projects over \$5M July 2023-July 2026

Alderbrook/Denton/Sherwood Sewer and Water Replacement	\$5M
Llano Trunk Rehabilitation Phase 1	\$10M
Fulton Rd Lift Station	\$7M
LTP Electrical Infrastructure	\$15M
Hearn Avenue Interchange	\$28M
Highway 101 Bike and Pedestrian Overcrossing	\$21M
Roseland Community Center	\$30M
Calistoga Road Reconstruction	\$5M
Los Alamos Trunk Sewer Phase 2	\$15M



Council Feedback Requested Proceed With PLA Policy Development

Local Labor

- Local Labor Definition
 - Recommendation: Sonoma, Marin, Napa, Mendocino & Lake counties
 - Recommendation: Local craft trade workers only. Professional consultants and other administrative staff are excluded.
- Community Workforce Agreement
 - Recommendation: Test 30% local workforce requirement
- Sanctioned or Merit Labor
 - Recommendation: none
- Pre-Apprentice & Apprenticeship Requirements
 - Recommendation: Consider requiring percentage of Pre-Apprentices

Project Criteria

- Project Eligibility/Applicability
 - Recommendation: All public infrastructure project types or project-by-project
 - Recommendation: Exemptions for project types and those with specialized funding
- Project Value Threshold
 - Recommendation: \$5 million and above (indexed to CPI)

Other Key Considerations

- Policy term
 - Recommendation: 3 years to return to council with report

Council Feedback Requested

Amend Existing Contract Requirements

Local Labor

- Local Labor Definition
 - Recommendation: Sonoma, Marin, Napa, Mendocino & Lake counties
- Community Workforce Agreement
 - Recommendation: Test 30% local workforce requirement
- Sanctioned or Merit Labor
 - Recommendation: Allow for both without prejudice
- Pre-Apprentice & Apprenticeship Requirements
 - Recommendation: Require percentage of Pre-Apprentices from either NB TIP and ABC programs

Project Criteria

- All public infrastructure projects
- Project Value Threshold - none

Other Key Considerations

- Policy term
 - Recommendation: 3 years to return to council with report

Goal

Implement and/or overlay tools that best and most effectively help accomplish the following related to the delivery of some or all City infrastructure projects:

- Enhance our highly skilled local workforce and increase access to apprenticeship programs to benefit diversity, equity, and broader inclusion in the workforce.
- Reduce carbon footprint by keeping local workforce local.
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