

# Project Labor Agreements

## Meeting 2

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MAY 10, 2022

ECONOMIC DEVELOPMENT SUBCOMMITTEE

City Manager's Office | Planning & Economic Development | Transportation & Public Works | Water | City Attorney's Office

# Key Policy Considerations

- To evaluate whether use of a Project Labor Agreement in connection with some or all City projects:
  - Is a unique tool for developing and maintaining a skilled local labor pool for public infrastructure projects;
  - Delivers capital projects in accordance with specifications, on-time and within adopted budget and contingency;
  - Expands opportunity across demographic barriers, is locally consistent with environmental goals.

**GOAL:** provide subcommittee with information on Santa Rosa workforce and project plans, solicit feedback in key policy areas and alternatives, and secure subcommittee direction to present PLAs and any alternative options to full Council via a Study Session.

# Overview

- Local specifics and level setting:
  - ED Subcommittee meeting summary
  - Local labor demographics staff fact gathering/meetings
  - City project types and costs
- PLA background
  - Contractor type
  - PLA types
  - Use of PLAs by other agencies
  - PLA pros and cons
- Key policy considerations for feedback
  - Definition of local labor
  - Definition of project type
  - Potential project scope – threshold; program structure; term
  - Alternatives – community work agreement; direct apprenticeship support

# March 8 ED Subcommittee Feedback

- Align contract assignment with Climate Action Plan
  - Reduce carbon footprint
  - Reduce travel requirements by keeping workforce local
- Enhance local workforce
  - Ensure quality apprenticeship opportunities
  - Support increasing diversity in trades workforce
- Enhance local preference
  - Increase local employee compensation
  - Encourage local spending
  - Expand high-quality local employment center

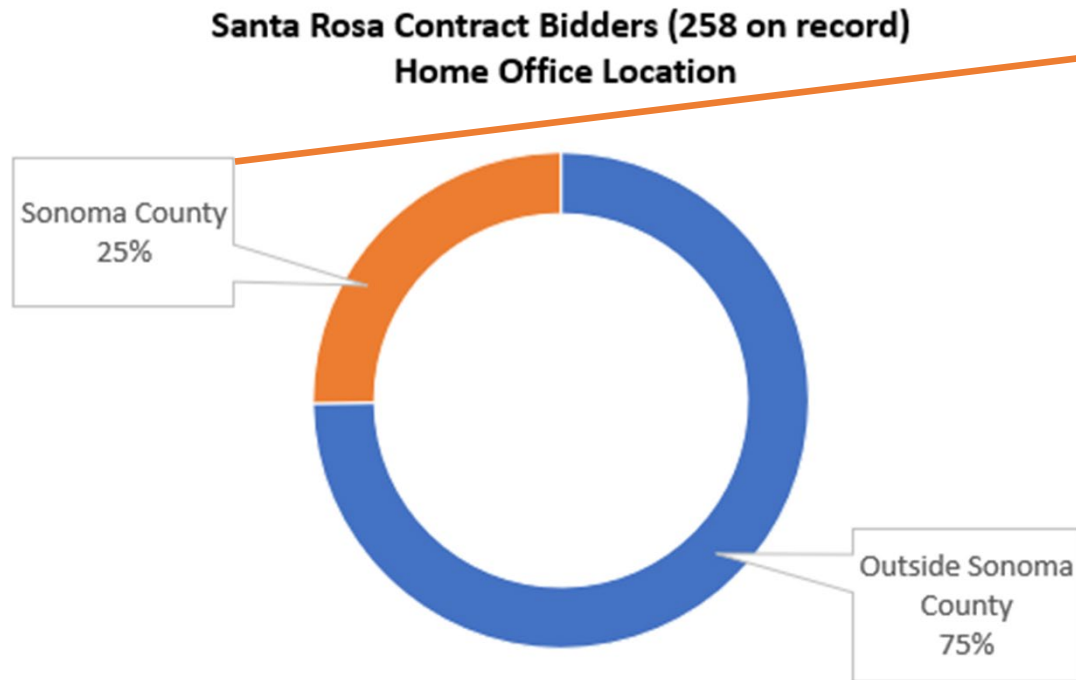
# Labor Demographics

## North Bay Trades Council

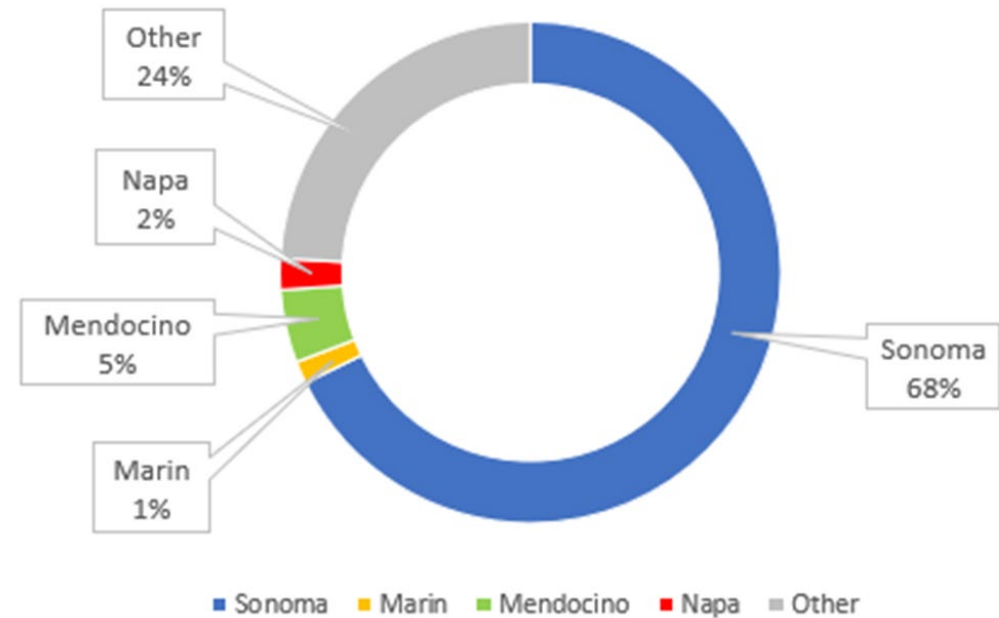
- 18 Northern California Organizations  
Office Locations:
  - 4 in Sonoma County
  - 1 in Marin County
  - 3 in San Francisco
  - 4 in Alameda County
  - 5 in Contra Costa Cty
  - 1 in Los Angeles
- Sonoma County Membership = 725
- “Local” Membership = 983  
(Sonoma, Marin, Napa, Mendocino)
- North Bay Membership = 2441
  - 40% living in Sonoma, Marin, Napa, Mendocino, and Lake Counties
  - 60% living in Solano County



# Labor Demographics



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



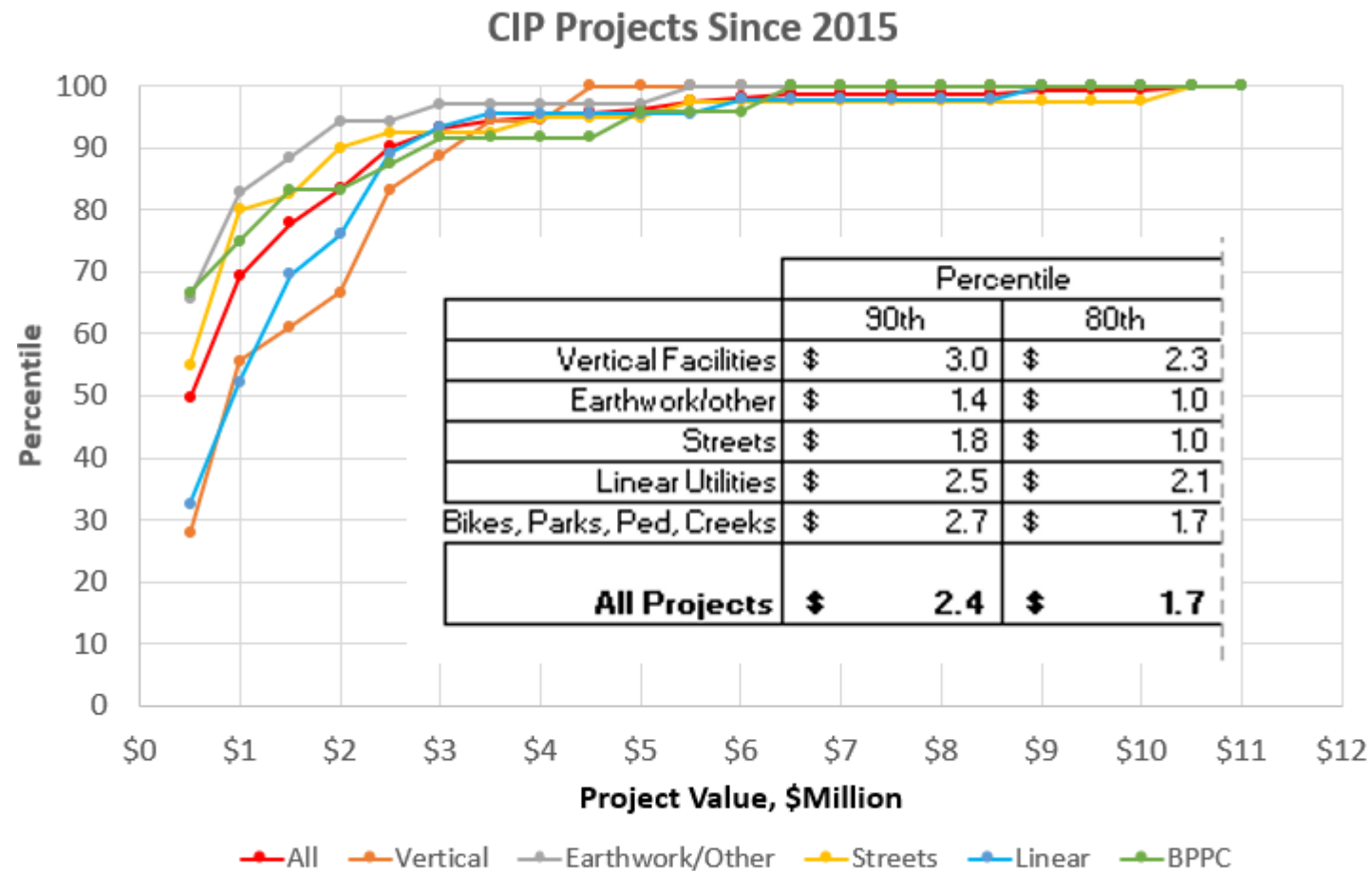
Staff polled 65 Local bidders over the past ~10 years requesting employee demographic data:

- # of employees
- Employee zip codes
- 21 contractors responded (31%)
- 701 employees represented

# Anticipated 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

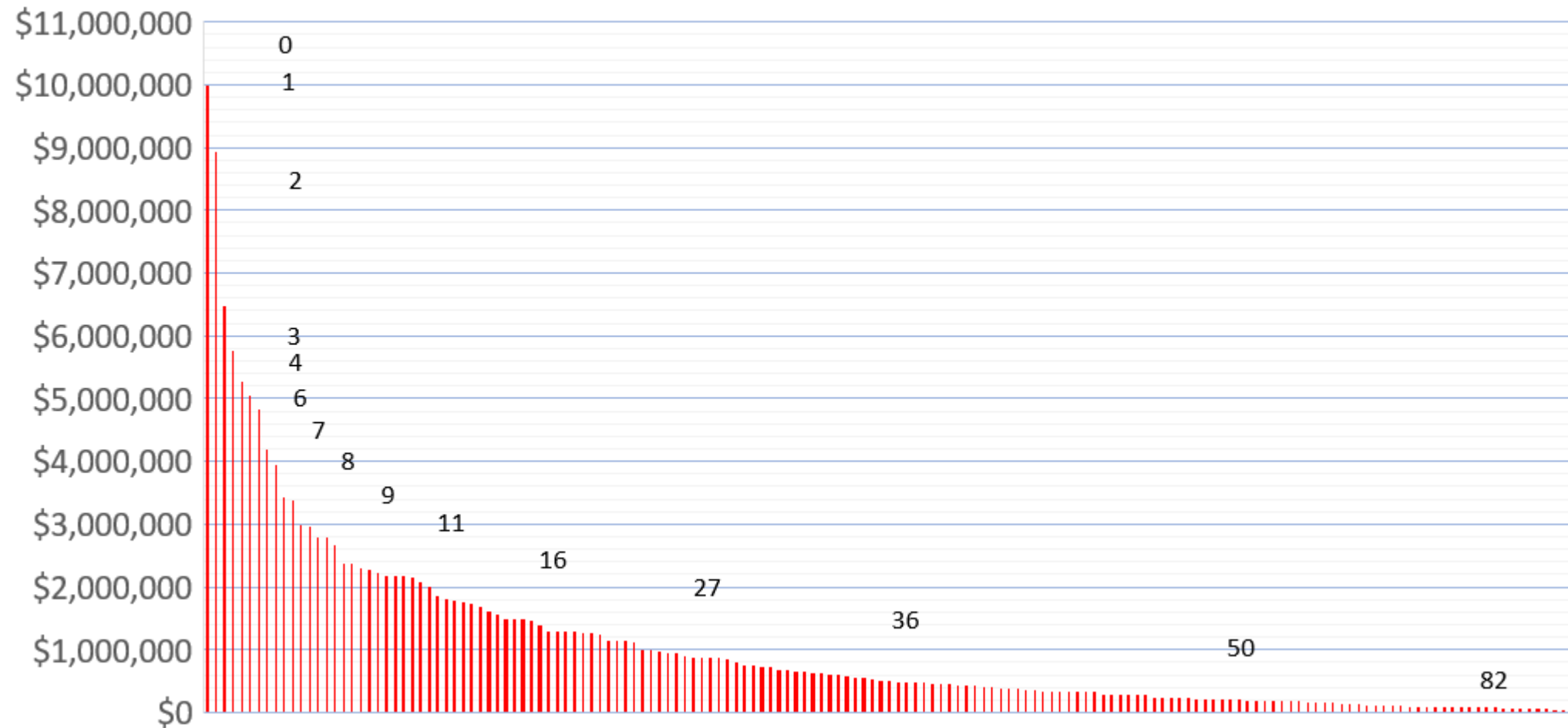
# 80th and 90th Percentile Values, City Projects





# Number of City Projects

CPE Projects Values Since January 1, 2015



# Key PLA Terms

**Building Trades** - those trades, as carpentry, masonry, and plastering, that are primarily concerned with the construction and finishing of buildings.

**Union Hall Labor** - a hiring hall is an organization, usually under the auspices of a labor union, which has the responsibility of furnishing new recruits for employers who have a collective bargaining agreement with the union.

**Non-Union Contractor** - used to refer to a company or organization that does not necessarily employ workers who belong to a union

# Definition of Project Labor Agreement

- Project Labor Agreements (PLA) are a type of agreement between a project owner or developer and building trade unions, designed to govern the employer–employee relations of the general contractor and all subcontractors in connection with a particular construction project.
- PLAs are pre-hire collective bargaining agreements that may be tailored to fit the employment terms and conditions for a particular construction project.
  - They typically implemented to address challenges commonly associated with large complex construction projects, to ensure that they are completed on time and on schedule.
  - Other described benefits include avoiding labor disruptions, while providing specific benefits by setting participation goals for residents and local businesses.

# 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

# Potential Benefits of a PLA

Benefits of PLAs are believed to include the following:

1. Long-term project stability – PLAs address labor issues, establish cost standards and help projects stay on schedule by preventing costly shutdowns caused by labor disputes.
2. Union conflict resolution – PLAs provide the same agreements for all worker and prohibit discrimination by unions against non-union job applicants.
3. Inclusion, diversity and safety – PLAs often establish goals or requirements for inclusion of small businesses, minority contractors and businesses that meet disability requirements, and sometimes encourage the hiring of targeted segments of the community such as veterans and minorities.
4. Training and advancement – PLAs sometimes include provisions for training and apprenticeships that increase career opportunities for low-income communities and provides a structure of collaboration with local workforce entities.

# Potential Negatives of a PLA

Negatives of PLAs are believed to include the following:

1. Limited number of accepted apprentices, apprenticeships include a cost similar to college and many require testing to complete a multi-year program.
2. Results in increased costs by mandating union wages and work rules and inhibiting competition.
3. Are anti-competitive because their members would be required to join a union if the contractor wins the bid, or the contractor would not be able to use its own workers if the PLA required hiring through the union hiring hall.
4. Hinder the use of nonunion contractor training programs that may operate more efficiently and are job specific, instead of union apprenticeship programs of a fixed duration.
5. Are unnecessary because of existing prequalification procedures that screen contractors that bid on public projects.

# Definition of Local Labor

**Definition 1** – Labor whose permanent home address is within the City's boundaries.

**Definition 2** – Labor whose permanent home address is within Sonoma, Marin, Napa and Mendocino counties.

**Definition 3** – Labor whose permanent home address is within the jurisdictional boundaries of participating local trade organizations

Considering Subcommittee feedback, the small labor market in the area, and the size and complexity of the city's typical public infrastructure projects, staff has chosen to focus the discussion on **Definition 2**.

# North Bay Building Trades Council: PLA Labor Assignments

Member assignment priorities in compliance with PLA contract conditions relating to local labor:

1. Defined local members

Contracting agency will define 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. Defined regional members

Contracting agency can 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 membership

If local membership is not available for the project, members will be pulled from other areas throughout the state beginning with those jurisdictions covered by the North Bay Building Trades Council.



# Definition of Project

For this evaluation, “Project” includes the following public infrastructure project types:

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

# Community Workforce Agreements (CWA)

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

- **City of Los Angeles (2001)** - The agreements vary slightly but tend to require 30-40% of new construction jobs created be filled by residents of neighborhoods or zip codes adjacent to the project. The agreements establish further requirements that 10–15% of construction work hours be performed by at-risk workers, including workers from poor households and workers with a history of incarceration or receipt of public assistance, among other things.
- **Port of Oakland (2001-08)** - A requirement that 50% of all construction hours be worked by residents of the Port's local impact area, which includes the neighboring communities of Alameda, Emeryville, Oakland and San Leandro. Additionally, a requirement that 20% of all hours worked be performed by apprentices from the local impact area, providing an entry-point into construction careers for new and aspiring construction workers.

# Goal

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