

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JASON NUTT, ASSISTANT CITY MANAGER
CITY MANAGER'S OFFICE
SUE GALLAGHER, CITY ATTORNEY
CITY ATTORNEY'S OFFICE
SUBJECT: PROJECT LABOR AGREEMENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the City Manager's Office and the City Attorney's Office that the Council, by resolution: 1) adopt a Council Policy on Project Labor Agreements; 2) delegate authority to the City Manager or designee to negotiate, execute and amend a Project Labor Agreement and any related documents necessary for implementation to be used for City projects, in a form consistent with Council-approved Project Labor Agreement Policy; and 3) delegate authority to the City Manager or designee to adopt further policies and procedures, consistent with the such Council-approved Project Labor Agreement Policy, that supplements or otherwise facilitates Project Labor Agreement implementation and ensures efficient operational integration with the City's capital improvement program.

EXECUTIVE SUMMARY

In July 2022, Council considered key terms associated with a Project Labor Agreements and how a Project Labor Agreement could be integrated into the City's Capital Improvement Program. In connection with the July 2022 discussion, Council identified three primary objectives for a Project Labor Agreement program:

- (1) Enhance the City's highly skilled local workforce and increase access to apprenticeship programs to benefit diversity, equity, and broader inclusion in the workforce;
- (2) Reduce carbon footprint by keeping local workforce local; and
- (3) Create positive economic impacts by re-investing capital improvement funds through the local workforce.

Consistent with those three primary objectives and other key business terms, there was a consensus among Council to move forward with the development and implementation of a Project Labor Agreement program for certain City Capital Improvement Projects.

The City Manager's Office and the City Attorney's Office recommend that the Council: 1) adopt a Council Policy on Project Labor Agreements (Exhibit A); 2) delegate authority to the City Manager or designee to negotiate, execute and amend a Project Labor Agreement and any related documents necessary for implementation to be used for City projects, in a form consistent with Council-approved policy; and 3) delegate authority to the City Manager or designee to adopt further policies and procedures, consistent with the such Council-approved Project Labor Agreement Policy, that supplements or otherwise facilitates Project Labor Agreement implementation and ensures efficient operational integration with the City's capital improvement program. In terms of negotiation and execution of the Project Labor Agreement itself, Staff recommends use of the Santa Rosa City Schools Agreement as its base for negotiation, which is included for Council reference here as Exhibit B to the Staff Report.

BACKGROUND

On July 12, 2022, Council was introduced to Project Labor Agreements ("PLA") and alternative local labor policies, including community workforce agreements, as well as information relating to local labor demographics and the City's capital improvement program. The purpose of the study session was to evaluate Council interest in moving forward with PLAs or not, and also to discuss and solicit feedback from Council concerning key elements of a PLA program, should there be an interest at the Council level in proceeding. Council considered whether the City would benefit from exploring PLAs, community workforce agreements, requirement-fortified changes to existing contracts and/or other policy options for some or all capital projects undertaken by the City. In addition to overall support for moving forward with a PLA program at the City, Council provided input concerning key policy considerations, including those related to local workforce requirements, what projects the policy should apply to, what type of services should be included and whether the policy should include a re-evaluation date.

In addition to the three key objectives for a PLA Program, Council was asked to consider the following key policy issues during the July 12, 2022 Study Session:

1. Scope of PLA policy. The Council could decide to apply PLAs to projects on a project-by-project basis or as a blanket policy.
2. Project threshold for PLA. Staff initially proposed a \$5 million Project threshold.
3. Project Type. Staff suggested that Council consider whether any specific categories or types of works should be included and/or excluded from a PLA Program. For instance, the hiring of inspectors and testers, and/or

construction management firms by the City could be exempt from the PLA requirements.

4. Local Labor Definition. Staff recommended a local labor definition that includes workers within Sonoma, Marin, Napa, Lake, and Mendocino counties.
5. Local hire incentives and percentages. Staff recommended that Council consider a local hire requirement at a certain percentage that was tailored to the current composition of the local workforce.
6. Inflation or escalation factor for threshold amount. Staff recommended that Council consider whether to account for increases in construction costs and the impact that may have on the Project Threshold in advance.
7. Identify options for the City to proceed with Project in the event that good faith PLA negotiations are not successful. Staff asked Council to consider how it might be possible to proceed and keep projects on track where PLA negotiations stall.
8. Set term and revisit date. Staff recommended that Council consider an effective date and “re-visit” date for a PLA Program.

ANALYSIS

In response to Council feedback, staff has developed a PLA Program Policy (Exhibit A) for Council consideration and adoption by Resolution.

With respect to the key Council considerations on a PLA Program, staff proposes the following approach:

1. Scope of PLA policy. The proposed Council Policy on PLAs applies as a blanket policy, not on a case-by-case basis.
2. Project threshold for PLA. Staff proposes a \$3 million Project threshold in the PLA Policy, which is lower than the \$5 million Project threshold previously discussed.
3. Project Type. Staff recommends that the PLA Policy cover construction craft work, with an emphasis on capturing that construction craft work that is already covered work under existing collective bargaining agreements already negotiated between local unions and contractors. In addition, staff recommends that Council exclude certain categories of workers (e.g. inspectors and testers, and/or construction management firms) and certain categories of work (e.g. trucking and hauling) and limited categories of

projects (e.g. slurry seal projects) where union density and/or local presence presents a challenge for the operation of a PLA program in that space.

4. Local Labor Definition. Staff recommends a local labor definition that includes workers within Sonoma, Marin, Napa, Lake, and Mendocino counties, as previously discussed with Council.
5. Local hire incentives and percentages. Staff recommends a local hire target at 30%, which staff considers reasonable and sufficiently tailored to the current composition of the local workforce in Santa Rosa.
6. Inflation or escalation factor for threshold amount. Staff did not incorporate an inflation or escalation factor for the Project Threshold amount; however, should Council wish to recommended that Council consider whether to account for increases in construction costs and the impact that may have on the Project Threshold in advance.
7. Identify options for the City to proceed with Project in the event that good faith PLA negotiations are not successful. Rather than create a blanket exemption where PLA negotiations stall, Staff has looked to surgically incorporate targeted flexibility into the PLA Policy to ensure staff can, for instance act quickly when needed and/or defer use of the PLA where federal, state or other public funding might preclude it.
8. Set term and revisit date. Staff has incorporated an effective date of January 1, 2024 as an effective date and a term of three years in the proposed PLA Policy.

In addition to Council adoption of a PLA Policy to give staff clear guidance related to the program, Staff also recommends that Council delegate authority to the City Manager or designee to negotiate, execute and amend a Project Labor Agreement and any related documents necessary for implementation to be used for City projects, in a form consistent with Council-approved policy. Staff recommends use of the Santa Rosa City Schools Agreement as its base for negotiation, which is included for Council reference here as Exhibit B to the Staff Report.

Finally, staff recommends that Council delegate authority to the City Manager or designee to adopt further policies and procedures, consistent with the such Council-approved Project Labor Agreement Policy, that supplements or otherwise facilitates Project Labor Agreement implementation and ensures operational integration with the City's capital improvement program. The City has a robust Capital Improvement Project schedule in the near term, and authorization for staff to develop operational policies that supplement and do not otherwise conflict with Council-adopted policy is a good method to ensure that staff has the flexibility it needs to harmonize the City's PLA Program and CIP Program to achieve Council objectives in both realms.

PRIOR CITY COUNCIL REVIEW

July 12, 2022 – City Council study session introducing Project Labor Agreements and alternative local labor policies, including community workforce agreements, as well as information relating to local labor demographics and the City's capital improvement program.

FISCAL IMPACT

The adoption of a PLA Policy and delegation of authority to the City Manager or designee to negotiate a PLA and the delegation of authority to the City Manager to adopt additional policies and procedures for PLA implementation does not have an immediate fiscal impact itself; however, there are potential fiscal impacts associated with PLAs more generally, which staff will continue to discuss with Council in connection with this item.

ENVIRONMENTAL IMPACT

The proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

March 8, 2022 – Staff provided an initial informational presentation to the Economic Development Subcommittee. No action taken.

May 10, 2022 – Economic Development Subcommittee recommended that staff present to the full council as a Study Session in July 2022.

NOTIFICATION

No public notice is required.

ATTACHMENTS

- Resolution/Exhibit A – Council Policy: Project Labor Agreements
- Exhibit B – Form of Project Labor Agreement (Draft)

CONTACT

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