

Project Labor Agreement

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BOARD OF PUBLIC UTILITIES

Jason Nutt, Assistant City Manager

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.



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.





Approved Policy Criteria Oct 25, 2022

Scope of the PLA Program

- Both Horizontal and Vertical City projects

PLA Project Threshold

- \$500,000

Project Type

- Construction craft work consistent with existing collective bargaining agreements

Local Labor Definition

- Sonoma, Marin, Napa, Lake, Mendocino

Local Hire Incentives and Definitions

- 30%



Approved Policy Criteria Oct 25, 2022

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Inflation or Escalation Factor

- Given the low threshold, not necessary

PLA Program Term and Revisit Date

- July 1, 2023 start date, revisit in 5 years

Options to Proceed where PLA agreement cannot be reached:

No Blanket Approach, Instead Propose Targeted Policy Exceptions:

- Federal, State, Other Funding Prohibits PLA
- Grant funding deadlines
- Emergency/exigent circumstances
- Negative Impact on Project Delivery

Questions