

# Project Labor Agreement

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BOARD OF PUBLIC UTILITIES

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# 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