



## Legislation Text

File #: 2019-764, Version: 1

### Report to Mayor and City Council

Tuesday, September 03, 2019

Discussion

#### **SUBJECT:**

**CONSIDER APPROVAL AND PROVIDE DIRECTION ON A PROJECT LABOR AGREEMENT WITH THE LOS ANGELES/ORANGE COUNTIES BUILDING AND CONSTRUCTION TRADES COUNCIL AND THE SIGNATORY CRAFT COUNCILS AND UNIONS (CITY COUNCIL)**

#### **I. SUMMARY**

Section 915 of the City of Carson's City Charter states that the City shall make best efforts to negotiate a City-wide project labor agreement (PLA) with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions (Unions) where the costs is \$500,000 or more. The Unions have proposed a PLA for City Council consideration. Public Works Department staff, who would largely administer the PLA, has a number of concerns for Council to consider regarding the practical impact of adopting the proposed PLA. Staff is asking Council to consider the proposed PLA, and then either adopt it as proposed, adopt it with amendment(s) per Council direction, direct City staff to engage in further negotiations with the Unions, or deny approval of the proposed PLA.

#### **II. RECOMMENDATION**

1. APPROVE the Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions attached to the staff report, but with an amendment that it cover construction projects where the costs to the City is five hundred thousand dollars (\$500,000) or more as described in Section 915 of the City Charter, instead of it applying to "all construction and rehabilitation work pursuant to prime multi-trade contracts that exceed \$125,000 and all subcontracts arising from these prime contracts" as well as "all prime specialty contracts that exceed \$25,000, and AUTHORIZE the Mayor to execute the same upon approval as to form by the City Attorney; or
2. APPROVE WITH AMENDMENTS, as directed by Council, the Project Labor

Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions, and AUTHORIZE the Mayor to execute the same upon approval as to form by the City Attorney; or

3. DIRECT STAFF TO NEGOTIATE FURTHER CHANGES, as directed by Council, to the Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions.

### **III. ALTERNATIVES**

1. APPROVE the Union-proposed Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions which covers “all construction and rehabilitation work pursuant to prime multi-trade contracts that exceed \$125,000 and all subcontracts arising from these prime contracts” as well as “all prime specialty contracts that exceed \$25,000, and all subcontracts arising from these specialty contracts, and AUTHORIZE the Mayor to execute the same upon approval as to form by the City Attorney; or
2. APPROVE WITH AMENDMENTS, as directed by Council, the Union proposed Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions, and AUTHORIZE the Mayor to execute the same upon approval as to form by the City Attorney; or
3. DIRECT STAFF TO NEGOTIATE FURTHER CHANGES, as directed by Council, to the proposed Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions; or
4. DENY approval of the Union proposed Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions; or
5. TAKE another action the City Council deems appropriate and consistent with the requirements of the law.

### **IV. BACKGROUND**

The City of Carson Charter states that the City shall make “all best efforts to negotiate a City-wide project labor agreement with the Los Angeles/Orange County Building and Construction Trades Council.” Section 915 of the City of Carson Charter provides in part that...”in order to promote the efficient administration and completion of City construction projects, the City shall make all best efforts to negotiate a City-wide project labor agreement with the Los Angeles/Orange County Building and Construction Trades Council to cover all City construction projects where the cost to the City is five hundred thousand dollars (\$500,000) or more. The project labor agreement shall, in addition to complying with Public Contract Codes Section 2500 et seq.:

- (1) bind all City contractors and subcontractors on the construction project through the inclusion of specifications in all relevant solicitation provisions and contract

documents;

- (2) not allow contractors and subcontractors to compete for or perform City contracts and subcontracts without otherwise assenting to the project labor agreement for covered projects;
- (3) contain guarantees against strikes, lockouts, and similar job disruptions;
- (4) provide for a preference in the hiring of a local work force;
- (5) set forth effective, prompt, and mutually binding procedures for resolving labor disputes arising during the term of the project labor agreement;
- (6) provide other mechanisms for labor-management cooperation on matters of mutual interest and concern, including productivity, quality of work, safety, and health; and
- (7) ensure compliance with applicable State, Federal, and local laws and regulations governing safety and health, equal employment opportunity, local labor preferences, labor and employment standards, and other matters.”

The Unions have proposed a City-wide PLA for consideration by the City Council (the City Council asked for a draft City-wide PLA and the Charter also seeks one). A PLA is a form of pre-hire agreement, negotiated before any employees are hired by a contractor, and becomes part of the bid specification that all winning contractors for a public works project must follow. If the PLA is adopted by the City, “it will become the policy of the City for the [construction work to be performed on City property or within easements secured by the City consisting of the construction of public projects] to be contracted exclusively to Contractors who agree to be bound by the terms of the [PLA]... and to require each of its subcontractors, of whatever tier, to be become bound.” (Preamble, PLA.)

The proposed PLA is for a term of “five (5) years with three one-year renewals upon mutual written agreement of the Parties, unless either Party provides written notice of its intent to terminate, sent no later than sixty (60) days prior to the termination date or successor termination date; provided, however, that this Agreement may be extended by mutual written agreement of the Parties. Any covered project awarded during the term of this Agreement shall continue to be covered hereunder, until completion of the Project, notwithstanding the expiration date of this Agreement.” (Section 18.1, PLA.)

The Charter suggests a PLA cover all City construction projects where the cost to the City is five hundred thousand dollars (\$500,000) or more. The Unions are proposing a PLA which covers “all construction and rehabilitation work pursuant to prime multi-trade contracts that exceed \$125,000 and all subcontracts arising from these prime contracts” as well as “all prime specialty contracts that exceed \$25,000, and all subcontracts arising from these specialty contracts.” (Section 2.2, PLA.)

Public Works staff has a number of concerns with the PLA as currently proposed by the Unions. These primary concerns include:

### **Additional resources required to ensure compliance**

There are a number of monitoring requirements associated with a PLA, and given the limited internal staffing, would be an extremely daunting task to add to the current workload. It is likely that the City would need to secure the services of an external consultant as was done previously, and this will translate into an additional expense as well as additional contract to manage.

### **Additional project cost**

When project bids are solicited from potential contractors, the City often requests both the PLA and non-PLA cost estimates, and there is typically a 10% to 30% variance, depending on the magnitude of the project, between the estimates with PLA being higher. Two examples are provided in Exhibit Nos. 2 & 3.

### **Local hire direct impact on Carson residents**

Council has expressed a desire for a PLA that provides for local hiring. In the proposed PLA, the term local hire is somewhat misleading, as it does not necessarily translate to a direct benefit to Carson residents. Section 3.5 of the proposed PLA provides for certain mechanisms to promote local hiring, however staff recommends further consideration of the number of Carson residents that are eligible. Details on the historical data have been requested and the Union is working to provide this.

### **Managing Union Hall workers**

It has been common concern from contractors that managing union hall employees is difficult, given that contractors do not have full control of them, which in most cases resulted in disagreement and inefficient use of time.

Per the Unions, the proposed PLA essentially mirrors the prior agreement, with a few edits. A meeting was held on July 15<sup>th</sup> between the Unions and City staff to discuss the first draft, and subsequently a second draft was provided (Exhibit No. 1). The City and the Unions were continuing to work through the items of concern in hopes of amending the proposed PLA in advance of any Council action.

Staff encourages the Council to consider recommending the adoption of a PLA similar to that of the City of Long Beach (Exhibit No. 4), which covers construction projects where the costs to the City are five hundred thousand dollars (\$500,000) or more, as opposed to the PLA currently being proposed by the Unions which covers “all construction and rehabilitation work pursuant to prime multi-trade contracts that exceed \$125,000 and all subcontracts arising from these prime contracts” as well as “all prime specialty contracts that exceed \$25,000, and all subcontracts arising from these specialty contracts.”

## **V. FISCAL IMPACT**

Adoption of a PLA will increase costs to the City. The construction cost for each PLA project will be approximate 10% to 30% higher, and an external consultant will need to be hired in order to monitor compliance for the City. These additional costs will require budget amendments. Two sample sets of bids for City work, one with Micon for Dolphin Park and one with CWS Systems for the Carson Park Master Plan, are included for reference as

Exhibit 2 and Exhibit 3. Each set of bids includes one PLA bid and one non-PLA bid.

## **VI. EXHIBITS**

1. Proposed Project Labor Agreement with the Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions (pgs. 6-45)
2. Example of PLA and non-PLA estimates - Micon Bids (pgs. 46-48)
3. Example of PLA and non-PLA Estimates - CWS Systems, Inc. Bids (pgs. 49-82)
4. City of Long Beach PLA (pgs. 83-124)

Prepared by: Public Works Department