

R-14 CORRESPONDENCE – Laurie Angel

From: **Laurie C. Angel** <lcangel2012@gmail.com>

Date: Tue, Dec 16, 2014 at 8:29 AM

Subject: Tonight's Council Agenda Item R-14: Construction Costs Associated Project Labor Agreements

To: Councilmember Dee Andrews <district6@longbeach.gov>, Councilmember Lena Gonzalez <district1@longbeach.gov>, Councilmember Rex Richardson <district9@longbeach.gov>, Councilmember Roberto Uranga <district7@longbeach.gov>, Councilmember Suja Lowenthal <district2@longbeach.gov>, Councilmember Suzie Price <district3@longbeach.gov>, Larry Herrera <larry.herrera@longbeach.gov>, Mayor Robert Garcia <mayor@longbeach.gov>, Councilmember Stacy Mungo <district5@longbeach.gov>, Councilmember Al Austin <al.austin@longbeach.gov>

Cc: Jonathan Kraus <jonathan.kraus@longbeach.gov>, Pat West <Patrick.West@longbeach.gov>, Amy Bodek <amy.bodek@longbeach.gov>, Charles Parkin <cityattorney@longbeach.gov>, Olivia.Maiser@longbeach.gov

Dear Mayor and Councilmembers,

As a financial professional I am very concerned with the recommendation to mandate Project Labor Agreements (PLAs). I am looking at this proposal from every angle I can think of but this is what I want to share with you today.

Doubtless there is not a public works contractor in the state that has not felt the effects of the elimination of redevelopment in California. Redevelopment was a significant economic engine to this state and to the city of Long Beach. It created jobs, and took care of a good percentage of infrastructure and development.

As we know redevelopment is gone and the reverse conditions are now in place. Work is greatly diminished and jobs in this sector of construction have been impacted. It is reasonable that the city council may want to address this issue.

However well-meaning PLAs may appear, the consequences of implementing a mandated model will have long lasting adverse financial and economic development impacts on this city, the current infrastructure back log, and the cost for any construction contract that will fall under this mandate.

It is important that the lenses by which many of you view your union brothers and sisters must be removed because you have been elected to represent the entire city, all of its citizens, all of its businesses, all working families – unionized or not, and importantly the taxpayers.

Your fiduciary duty to the taxpayers is paramount. After years of cuts, reductions in critical services, and more looming budget constraints in this city, it is your obligation to ensure that the city spends its limited funds in the most cost effective manner.

Arrangements that benefit a nominal segment of the population at the expense of the larger industry and workforce is problematic. This is discrimination for no good reason except for membership in a work model on which several of you are both supported and have built your

careers. This begs the question as to a conflict of interest – if not directly then indirectly for your careers. Your responsibility lies with the larger population, the bigger picture, and the longer term sustainability of the city.

1) PLAs by their nature restrict, if not eliminate, competition in the bid process. The laws of economics dictate that a reduction in competition will increase price. There is no other outcome. Costs to the city will go up, period. Lack of competition is the basis for many courts and jurisdictions banning PLAs.

2) When costs increase, the amount of work that may be accomplished in the larger picture and per contract will decline. As a result, fewer projects will be accomplished, and as a result the massive infrastructure backlog (likely in excess of \$1 billion) will increase.

3) Mandated PLAs may solve the decline in work issue for a nominal percentage of this workforce and business, but it will adversely impact the larger business segment and workforce. Sadly, the city would lose numerous, good contractors that may have built their business on reasonable cost models with quality service on which the city currently relies.

Before this freshman council votes moving forward with an item that benefits the narrow constituency you appear to be representing, the unintended and longer term consequences of your proposed mandated actions must be studied, particularly considering the absurdly low \$500K threshold.

PLA's have been banned by numerous jurisdictions, courts, and entire states because of the adverse conditions they impose and lack of competition they instill. No one should have to pay union dues nor have an employer pay into a union retirement fund if they do not belong to it, and have no interest in doing so. It is simply wrong.

The matter of mandated PLAs must be tabled until a broader, unbiased discussion and understanding is acknowledged and undertaken by this council. This would be the better alternative than jumping into an arrangement that will likely adversely influence and constrain the ability of the city to really accomplish the work they were elected to do for the taxpayers and all of the citizens of this city. The city is still plagued by bad decisions made by a freshman council back in early 2000. Those decisions cost the city \$100's of millions of dollars, as this one may as well.

Respectfully submitted,

Laurie Angel, 25 year resident of North Long Beach