



CITY OF LONG BEACH

R-38

DEPARTMENT OF FINANCIAL MANAGEMENT

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August 3, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute a Project Labor Agreement (PLA) with the Los Angeles/Orange Counties Building and Construction Trades Council establishing the labor relations Policies and Procedures for the City, the contractor, and the craftspersons employed by the contractor awarded the Phase I Terminal Improvements at the Long Beach Airport for a period of three years with the option to renew for one additional one-year period at the discretion of the City Manager. (District 5)

DISCUSSION

City Council approval is being requested to authorize the City Manager to execute a PLA with the Los Angeles/Orange Counties Building and Construction Trades Council to provide a "pre-hire" collective bargaining agreement that provides labor requirements and compensation structures for a variety of the signatory trades among other requirements.

On June 15, 2010, the City Council received and filed a report by the Long Beach Airport regarding the status of the Phase I Terminal Improvements. The \$29 million dollar construction project will span a two-year period for construction and yield a state-of-the-art facility that captures Leadership in Energy and Environmental Design (LEED) standards. The Airport is scheduled to begin the competitive Invitation to Bid (ITB) process on September 1, 2010. This project specific PLA would become part of the ITB solicitation process, which would define the labor structure within the ITB for the Phase I Terminal Improvements. If approved, this PLA would only exist for the duration of the project.

The proposed PLA includes the following key contractual points:

- HUD Section 3 Compliance;
- Local Hiring Provisions;
- An Apprenticeship Program with a minimum of 15 percent of local hire participation in the program;
- A minimum of 30 percent of hours worked designated to apprentices;

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- Small Business Utilization with a 15 percent Small Business Enterprise participation goal;
- Work Stoppages and Lock-Outs, to ensure project completion without disruptions;
- Union membership, no employee covered under the PLA is required to join any union;
- Wages and Benefits, defines employee pay rates and benefits structure;
- Non-discrimination in Referral, Employment, and Contracting (Open Shop Participation); and,
- Helmets to Hardhats program for veterans.

One significant component of the proposed PLA is the City's requirement related to HUD Section 3 compliance. It is important to provide a brief history regarding the City's obligation to this program. In April 2006, the City agreed to binding arbitration with regards to alleged non-compliance with HUD Section 3 requirements on the Pike Development, a \$130 million project, completed in late 2003. As a result of this binding arbitration, the City is obligated to subject certain construction projects to Section 3 in an amount equal to the Pike Development, which is \$130 million. The City is requiring that the provisions of HUD Section 3 be placed on all applicable City construction projects until the City has fully satisfied its legal obligation. HUD Section 3 requires that 30 percent of new employment opportunities be given to low-income residents and that 10 percent of business contracts be awarded to businesses that provide opportunities to low-income residents on construction projects. By adding this requirement within the PLA, the City stands to gain further headway with this mandated restitution. The City currently has achieved \$80 million in completed and in-progress projects; by the inclusion of this requirement in the PLA, the City will further increase its compliance to an amount of \$109 million.

The overlying purpose of this PLA is to make a cooperative effort to achieve these goals including timely, safe and economical construction of the Phase I Terminal Improvements, and to enforce compliance with the established prevailing wages, benefits and working conditions affecting the craft workers employed on this project.

As required by most PLA's, it will be necessary for the City to designate and hire a PLA Administrator. The role of a PLA Administrator is to provide an independent contract monitoring aspect to ensure effective contract administration, ensure local outreach efforts, implement the PLA, and be considered a "negotiating party" of the PLA. The Business Relations Bureau has solicited proposals from the City's currently contracted labor compliance consultants, and has received proposals and related costs.

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Local Business Outreach

The Department of Financial Management, Business Relations Bureau, will oversee and work alongside the PLA Administrator to ensure all local outreach efforts are maximized to enhance local participation. The City has extensive opportunities and relations for local participation, including Long Beach-based organizations such as the Career Transition Center (CTC), Long Beach Unified School District's Architecture, Construction and Engineering Academy (ACE) and the City's Construction Apprenticeship Program (CAP), to name a few. The goal throughout this process is to provide all Long Beach citizens and businesses an opportunity to participate in this PLA.

This matter was reviewed by Deputy City Attorney Linda Trang on July 13, 2010 and Budget Management Officer Victoria Bell on July 14, 2010.

TIMING CONSIDERATIONS

City Council action to authorize this agreement is requested on August 3, 2010 to ensure the execution of the PLA before September 1, 2010 for inclusion in the Invitation to Bid process. This project schedule is driven by the American Recovery and Reinvestment Act of 2009 (ARRA) temporary waiver of the Alternative Minimum Tax (AMT) penalty for Private Activity Bonds. This temporary waiver expires December 31, 2010. Failure to execute the contract for the Phase I Terminal Improvement Project within the granted waiver period will increase the total projected debt service costs by \$10 million dollars. The PLA must be executed prior to the Invitation to Bid (September 1, 2010) in order to avoid penalties and maintain project timelines.

FISCAL IMPACT

The anticipated cost for the City's PLA Administrator is estimated at \$88,000. Funding for this item will be included in the financing plan for the Phase I Terminal Improvements that will be presented to the City Council in October 2010.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:



PATRICK H. WEST
CITY MANAGER