

**CITY OF LONG BEACH**

OFFICE OF THE CITY MANAGER

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April 7, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize City Manager to execute a Citywide Project Labor Agreement (PLA) between the City of Long Beach and the Los Angeles/Orange Counties Building and Construction Trades Council, and the signatory Craft Councils and Local Unions signing the Agreement; for all covered projects over \$500,000 for a period of five years; and

Authorize City Manager, at his/her sole discretion, to execute any subsequent amendments to the PLA that are recommended by a majority vote of the Joint Administrative Committee, that do not change the \$500,000 coverage threshold or the five-year term of the PLA. (Citywide)

DISCUSSION

On November 11, 2014, the City Council directed the City Manager to negotiate a Citywide Project Labor Agreement (PLA) with the Los Angeles/Orange Counties Building and Construction Trades Council (Trades). In preparation, City staff collected and researched a number of existing PLAs from across the state. While the majority focused on large projects, staff did review some examples of Citywide PLAs (e.g., Los Angeles, Berkeley). The majority of information reviewed was consistent from one PLA to another. The typical differences related to project thresholds, local hiring goals, and the inclusion of a disadvantaged resident program.

Over the course of the last few months, representatives from the City and Trades met numerous times to negotiate a PLA for Long Beach. Several key elements were discussed and refined to meet the City Council's objectives. Those negotiations have concluded and a draft PLA is ready for City Council's consideration.

The fundamental provisions of the PLA include the following:

- The PLA will apply to all covered projects over the threshold amount of \$500,000 subject to State and Federal or other funding restrictions.
- The PLA will only apply to contracts entered into by the City, excluding Charter-Commissioned departments.

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- The PLA will include a local hiring provision with a goal of 40 percent, calculated based on total hours worked.
- Part of the local hiring provision will include a subset that will focus on hiring disadvantaged (following Federal guidelines for defining “disadvantaged” as being below 70 percent of the lower living standard income level) and veteran residents with a goal of 10 percent, calculated based on hours worked.
- The local hire provision requires the Trades Unions to exert their best efforts to refer, recruit and/or utilize “Local Residents,” which is defined as a qualified worker residing in first tier zip codes (which include all of the City of Long Beach), then in second tier zip codes (which reflect the Gateway Cities), and finally in Los Angeles and Orange Counties.
- The PLA would not apply to projects in the City right-of-way (gas pipeline work and traffic signal work performed by outside contractors will be included), nor would it apply to projects typically performed by City employees.
- For projects that are paid in full or in part from State Tidelands funds, “Local Resident” is modified to align with the Harbor Department’s definition in its PLAs to mean a qualified worker residing in Los Angeles and Orange Counties.
- Long Beach City College, in partnership with the Trades and the Pacific Gateway Workforce Investment Network (Pacific Gateway), will provide pre-apprentice training support for Long Beach residents.
- The PLA includes a prohibition on work stoppages and lock-out provisions to ensure covered projects are completed without disruption.
- No worker covered under the PLA is required to join any union.
- The City will utilize a contract PLA Administrator who will work with the contractors, residents, Long Beach City College, Pacific Gateway, and the Trades to oversee the provisions of the Agreement. Additionally, for large projects (over \$10 million), the general contractor will be required to hire a PLA Coordinator to provide additional outreach efforts connecting Long Beach residents to job opportunities.
- The PLA will contain a provision for a Joint Administrative Committee with representatives from the City and Trades to review the PLA’s progress, address grievances and make program modifications, as necessary.
- Subsequent amendments to the PLA may be executed at the discretion of the parties, upon a majority vote of the Joint Administrative Committee, except for changes to the \$500,000 coverage threshold or the five-year term of the PLA
- The term of the Agreement will be for five years and City staff will provide annual reports to the City Council detailing progress in meeting the stated goals.

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In addition to the PLA, staff is working to bring forward to the City Council a "First Source Hiring Program." This is a significant, but separate, effort to provide Long Beach residents with additional employment opportunities in all business sectors including construction. Pacific Gateway is taking the lead in developing this program, which is specifically aligned with its mission to connect job seekers to employment and businesses to skilled workers. This program will be brought forward for the City Council's consideration at a future date.

With City Council approval, staff and the Trades are ready to have the PLA executed and begin working on its successful implementation.

This matter was reviewed by Deputy City Attorney Linda T. Vu on April 3, 2015.

TIMING CONSIDERATIONS

City Council action is requested on April 7, 2015, to provide for timely execution and initiation of the PLA.

FISCAL IMPACT

Staff was unable to find a consistent result from research or consultation with experts that definitively indicated that bid prices would be either higher or lower for construction projects following adoption of a PLA. As a result, staff is unable to make a determination as to the impact of a PLA on the bid cost of construction or number of bids received. It is noted, however, that the City already requires prevailing wages on all public works projects and prevailing wage tracks closely to Union wages.

While there is no definitive evidence indicating how a PLA might impact construction costs, there will be costs to provide PLA administrative support. These costs can vary depending on the type of programs the PLA specifies. Staff took an approach to involve Pacific Gateway in the recruitment and referral of Long Beach residents in construction pre-apprentice and apprentice programs.

Generally, the industry standard cost for monitoring a PLA is between 0.70 percent and 1.33 percent, depending on the size of the project or the cost of construction; however, staff believes the actual administrative costs may be less. The City estimates about \$28 million annually in PLA-covered construction activity over the next five years (not including the new Civic Center or the Belmont Beach and Aquatics Center, which will be covered under separate PLAs). Therefore, using a midpoint of 1 percent, that would equate to \$280,000 of administrative support costs annually (\$28,000,000 x 1 percent). These costs will be allocated to the funding sources used for the various projects.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



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CITY MANAGER



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT