

R-19 Correspondence – Laurie Angel

From: lcangel2012@gmail.com [<mailto:lcangel2012@gmail.com>] **On Behalf Of** Laurie C. Angel
Sent: Tuesday, April 07, 2015 3:08 PM
To: cityclerk; Larry Herrera
Cc: Council District 4; Council District 8; Council District 6; Council District 1; Council District 9; Council District 7; Council District 5; Council District 2; Council District 3; Mayor
Subject: City Council Meeting of 4/7 PLAs Agenda Item R-19

April 7, 2015

City Clerk's Office:

Please add this to the record for item R-19 for today's city council meeting

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.

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 *more* 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.

Many of the voters and the broader range of your constituency may likely consider your timing and motivation in bringing this proposal forward at this particular time, given that the Long Range Property Management Plan has just been approved by the state and the city has hundreds of properties available for development. The development and construction contracts for these properties will likely be in excess of \$100 million dollars. Further, there may be some question as to whether the 4th council district representative will be another representative for unionization, as opposed to broader and necessary representation of the community at large.

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 for 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 get done, 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 many of 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.

Your due diligence is expected before sweeping, mandated changes are considered. At the very minimum a test for a mandated concept for city construction contracts should be considered before the every contract of \$500K or greater is constrained. A much smaller universe of contracts will help to give the elected officials, your city administration, and particularly the taxpayers, a test of what to expect. It would be an appreciated and prudent move to limit the universe of construction contracts to say \$10 million and 25 million dollars to see if conceptually this is even a reasonable consideration until you see what you are placing the city into.

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 dues nor have an employer pay into a union retirement fund if they do not belong to it. It is simply wrong.

The matter of mandated PLAs requires a much higher level of due diligence from you as our elected representatives regarding the economic future and condition of this city. You have been given the fiscal responsibility to ensure a strong economic and financial future for the city while ensuring balanced representation of all of its constituencies. PLAs will likely adversely influence and constrain the ability of the city to really accomplish the work and provide necessary services for its residents. If you must seriously consider any mandated PLAs at all, please be prudent, move slowly, deliberately and with great care, in small steps. 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 C. Angel, 25 year resident of North Long Beach