



Date: December 16, 2014

To: Honorable Mayor Garcia and Members of the City Council

From: Suzie Price, Councilwoman, Third District *SP*
Stacy Mungo, Councilwoman, Fifth District *SM*

Subject: **AGENDA ITEM: Construction Costs Associated with Project Labor Agreements**

INTRODUCTION:

On November 11, 2014 the City Council instructed the City Attorney to start negotiations for a Project Labor Agreement (PLA) for all construction projects over \$500,000. While PLA agreements provide benefits local hire and apprenticeship programs, the costs of implementing such a contract in the City of Long Beach remains unknown. Specifically, it is unknown whether (1) the City will have to hire additional staff to oversee/administer these projects, (2) the cost of projects will be higher because of the PLA, and (3) whether such contracts would discourage non-union contractors to bid on City projects. Obviously, the City should enter into agreements that are fiscally prudent and encourage healthy competition from prospective bidders. While the author of this item is supportive of PLAs in concept, the fiscal impact of this PLA is unknown at this time. ¹

RECOMMENDATION

The City of Long Beach and other neighboring municipalities have used PLAs for specific projects therefore, I am requesting the City Manager provide a report to the City Council within 20 days identifying the fiscal impacts associated with PLA construction contracts. Further, I am recommending that staff consider the fiscal impacts associated with a construction threshold of \$500,000 as well as \$1 million dollars, as they had previously recommended. This is necessary in order to determine if there is any financial significance between the two in terms of fiscal impact to the City.

Further, in the considering fiscal impact of this proposed agreement, the City should carefully consider what alternatives are available to the City in regards to the project coordinator/officer that has been included as a component of the proposed agreement.

FISCAL IMPACT

There is no significant fiscal impact for the delivery of the report. The report from the City Manager is required to determine the fiscal impact associated with Project Labor Agreements.

¹ On November 11, 2014 Staff responded to Councilwoman Price's question regarding fiscal impact by stating that they had not had sufficient time to research the fiscal impact of such an agreement.