

R-20

February 2, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for the Second Amendment to Project Labor Agreement (PLA) No. 33859 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, to extend the terms of the PLA from its expiration date of December 31, 2020 to March 1, 2021, or the effective date of a new PLA, whichever occurs first; and,

Authorize the City Manager to execute a new citywide Project Labor Agreement 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, for all covered projects over \$750,000, and all street-related right-of-way projects over \$1,000,000, for a period of ten years, with an annual cost-escalation factor beginning after year five of the PLA. (Citywide)

DISCUSSION

On April 7, 2015, the City Council authorized the City Manager to execute a citywide Project Labor Agreement (PLA) between the City of Long Beach (City), the Los Angeles/Orange Counties Building and Construction Trades Council (Building Trades Council), and the signatory Craft Councils and Local Unions (Unions). The PLA covered all projects over \$500,000, for a period of five years (original PLA). The original PLA was fully executed on May 22, 2015 and expired on May 22, 2020.

On September 1, 2020, the City Council authorized an amendment to extend the original PLA retroactively from its termination on May 22, 2020 to December 31, 2020, or the effective date of a new Project Labor Agreement, whichever occurred first in time. This amendment extended the terms and conditions of the existing original PLA to cover all eligible projects until a study session could be conducted with the City Council and the new PLA could be negotiated between the City and the Building Trades Council.

On October 13, 2020, the City Council conducted a Special Meeting Study Session to review a report on the original PLA and to provide input and policy direction to staff regarding the negotiation and preparation of a new PLA as further detailed in this report.

Background

A summary of the original PLA is as follows:

- 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 Long Beach), then in second tier zip codes (which reflect the Gateway Cities), and finally in Los Angeles and Orange Counties.
- The original PLA does not apply to projects in the City right-of-way (gas pipeline work performed by outside contractors will be included in the Proposed PLA), nor does 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), provided pre-apprentice training support for Long Beach residents.
- The original PLA included a prohibition on work stoppages and lock-out provisions to ensure covered projects were completed without disruption.
- No worker covered under the original PLA was required to join any union.
- The City utilized a contract PLA Administrator who worked with the contractors, residents, Long Beach City College, Pacific Gateway, and the Trades to oversee the implementation of the provisions of the original PLA.
- The original PLA contained a provision for a Joint Administrative Committee with representatives from the City and Trades to review the original PLA's progress, address grievances, and make program modifications, as necessary.
- The term of the original PLA was for five years and City staff provided annual reports to the City Council detailing progress in meeting the stated goals of the original PLA.

Additional Programs and Outcomes

In addition to the original PLA terms described above, staff were directed to bring forward to the City Council a "First Source Hiring Program." This was a significant, but separate, effort to provide Long Beach residents with additional employment opportunities in all business sectors including construction. Pacific Gateway was appointed the lead agency in developing this program, which was specifically aligned with its mission to connect job seekers to employment and businesses to skilled workers. This program was brought forward for the City Council's consideration on September 15, 2015.

The original PLA has met or exceeded its goals to date and is meeting all requirements. This includes, but is not limited to:

- Contractors abiding by the original PLA, including submitting letters of assent, conducting pre-job conferences, requesting union workers, paying dues appropriately, and abiding by lock-out provisions;
- The unions have been referring local, disadvantaged, and veteran workers, and there have been no work stoppage activities;
- The City has established and maintained a workforce referral mechanism through Pacific Gateway;
- The overall cost of the original PLA administration averaged 0.8 percent of the contract amount based on early results, which is well within the original estimate (see Table 1: PLA Administrative Costs for Completed Projects);

Table 1: Original PLA Administrative Costs for Completed Projects

Completed Project	Contract Costs (Actual)	PLA Admin Costs	% of Award
Courthouse Demolition	\$7,184,400	\$36,206	0.5%
Seaside Pedestrian Bridge	\$9,284,233	\$70,749	0.8%
Drake/Chavez Soccer Field	\$2,865,083	\$17,625	0.6%
Low Flow Diversion Systems	\$2,363,493	\$17,359	0.7%
AST at West PD Substation	\$779,142	\$7,973	1.0%
El Dorado Nature Center	\$759,938	\$11,146	1.5%
Deforest Wetlands Restoration	\$5,716,980	\$58,403	1.0%
55 th Way Landfill Cover	\$1,183,413	\$7,141	0.6%
Colorado Lagoon 2B	\$3,187,369	\$19,419	0.6%
CNG Fueling Station Tempe Willow Yard	\$3,284,010	\$11,018	0.3%
Improvements to Airport Garage (Lot A)	\$4,916,224	\$49,040	1.0%
Willow Springs Wetlands Restoration	\$1,577,715	\$10,825	0.7%
Seaside Park Artificial Turf	\$850,435	\$12,757	1.5%
Admiral Kidd Park Artificial Turf	\$1,559,949	\$15,564	1.0%
Rainbow Harbor Sewage Evac System	\$1,014,500	\$9,437	0.9%
Fire Station Workforce Privacy	\$2,760,575	\$40,083	1.5%
Leeway Sailing Pier Gondola Dock	\$2,519,831	\$25,519	1.0%
Total	\$49,050,890	\$409,036	0.8%

- Local hire goals are currently being met or exceeded, and local hiring is occurring within Long Beach (see Table 2: Local Hire Attainment); and,

Table 2: Local Hire Attainment

	Original PLA Project	Total Hours	Tier 1 Long Beach		Tier 2 Gateway Cities		Tier 3* LA/Orange Counties	
			Hours	%	Hours	%	Hours	%
1	Courthouse Demolition	47,159	8,207	17%	16,056	34%	44,180	94%
2	Fire Station Workforce Privacy	10,013	1,777	18%	3,020	30%	8,501	85%
3	Seaside Pedestrian Bridge	46,508	7,350	16%	9,109	20%	32,742	70%
4	Drake/Chaves Soccer Field	16,866	1,311	8%	2,446	15%	10,033	59%
5	Low Flow Diversion Systems	6,920	808	12%	481	7%	2,531	37%
6	AST at West PD Substation	2,400	1,003	42%	123	5%	2,020	84%
7	El Dorado Nature Center	2,843	200	7%	457	16%	1,572	55%
8	Deforest Wetlands Restoration	31,932	9,923	31%	5,894	18%	27,881	87%
9	55 th Way Landfill Cover	4,358	1,490	34%	1,684	39%	3,387	78%
10	Colorado Lagoon 2B	14,197	2,272	16%	647	5%	8,429	59%
11	CNG Fueling Station Temple Willow Yard	7,106	2,930	41%	1,019	14%	6,114	86%
12	Improvements to Airport Garage – Lot A	19,564	951	5%	3,283	17%	13,575	69%
13	Willow Springs Wetlands Restoration	5,907	1,556	26%	372	6%	4,353	74%
14	Seaside Park Artificial Turf Field	1,961	486	25%	64	3%	1,752	89%
15	Admiral Kidd Artificial Turf Field	4,708	1,106	23%	94	2%	4,332	92%
16	<i>Phase II Airport Terminal Improvements</i>							
17	Rainbow Harbor Evacuation System Repair and Upgrade	2,149	780	36%	926	43%	2,107	98%
18	Leeway Sailing Pier Gondola Deck	10,424	2,146	21%	1,480	14%	7,463	72%
19	<i>Houghton Park Community Center</i>							
20	<i>Re-roof at Stearns Park Community Center</i>							
Cumulative attainment to date:		235,015	44,296	19%	47,155	20%	180,972	77%

*Tier 3 is inclusive of Tier 1 and 2.

- Local disadvantaged/veteran hire goals are currently being met or exceeded, and local hiring is occurring within Long Beach (see Table 3: Disadvantaged Veteran/Hire Goal).

Table 3: Disadvantaged/Veteran Hire Goal

	Original PLA Project	Total Hours	Disadvantaged Veteran	
			Hours	%
1	Courthouse Demolition	47,159	16,814	36%
2	Fire Station Workforce Privacy	10,013	155	2%
3	Seaside Pedestrian Bridge	46,508	3125	7%
4	Drake/Chavez Soccer Field	16,866	8	1%
5	Low Flow Diversion Systems	6,920	341	5%
6	AST at West PD Substation	2,400	390	16%
7	El Dorado Nature Center	2,843	176	6%
8	Deforest Wetlands Restoration	31,932	2,421	8%
9	55 th Way Landfill Cover	4,358	94	2%
10	Colorado Lagoon 2B	14,197	660	5%
11	CNG Fueling Station Temple Willow Yard	7,106	249	4%

Original PLA Project		Total Hours	Disadvantaged Veteran	
			Hours	%
12	Improvements to Airport Garage – Lot A	19,564	700	4%
13	Willow Springs Wetlands Restoration	5,907	831	14%
14	Seaside Park Artificial Turf Field	1,961	93	5%
15	Admiral Kidd Artificial Turf Field	4,708	160	3%
16	Phase II Airport Terminal Improvements			
17	Rainbow Harbor Evacuation System Repair and Upgrade	2,149	352	16%
18	Leeway Sailing Pier Gondola Deck	10,424	1,996	19%
19	Houghton Park Community Center			
20	Re-roof at Stearns Park Community Center			
Cumulative attainment to date:		235,015	28,565	12%

Terms for Proposed PLA

Over the past five years, staff met regularly with representatives of the Building and Trades Council in a collaborative effort to monitor the performance of the original PLA and make adjustments to improve program outcomes. Additionally, staff continued to meet with a coalition of local community members to discuss program results and recommend ideas for strengthening the Proposed PLA to exceed its targets for local hire. In particular, the coalition for local hire recommended the adoption of components of the Metro PLA such as the definition for disadvantaged workers, requiring an independent jobs coordinator on all projects, reporting disadvantaged worker hours by city or tier, and utilizing the Metro process for holding contractors liable for local and disadvantaged worker hiring goals. The following recommendations have been discussed and verbally approved by the Building and Trades Council for inclusion in a new Proposed PLA between the City and the Unions:

- The work covered by the Proposed PLA must be limited to any and all demolition, construction, and rehabilitation work pursuant to prime multi-trade and specialty contracts and all subcontracts, of whatever tier, that flow from these contracts entered into by the City (excluding City Charter-commissioned departments, except for the Public Works Department, which must be covered) for all covered projects over \$750,000, and all street-related right-of-way projects over \$1,000,000 for a period of ten years, with an annual cost-escalation factor beginning after year five of the PLA, effective January 1, 2021. City staff recommend a minimum threshold of \$750,000 per project for all covered projects and a minimum threshold of \$1,000,000 for all street-related right-of-way projects to expand the number of projects covered, provide sufficient project scale to attract competitive bidding, provide sufficient budget to cover Proposed PLA program project costs, and to provide meaningful job opportunities for local workers. While most comparable regional PLAs maintain a minimum threshold of \$2,000,000 to \$2,500,000 for covered projects, City staff’s recommendation for a lower minimum threshold is based on the size, scope, and number of projects anticipated in the City during the term of the Proposed PLA.

- Work covered by the Proposed PLA must also include projects built by, with, or for the City where the City has a “Proprietary Interest” in the project. For the purposes of this recommendation, “Proprietary Interest” means: Where the City provides a cash payment, tax credit, loan or where the City transfers an asset of value for less than fair market price for the project site or project to be developed that exceeds the \$1,000,000 minimum threshold.
- All work performed by Long Beach Energy Resources including, but not limited to gas pipeline work, pending review by City staff to establish the viability of extending the Proposed PLA to Long Beach Energy Resources projects that exceed the \$750,000 minimum threshold.
- Unions agree to place on their referral roles or in their apprenticeship training programs, as appropriate and needed, qualified persons sent to them by the PLA Administrator, the Building Trades nonprofit Apprenticeship Readiness Funds: Apprenticeship Readiness Coordinator and Apprenticeship Coordinator for Long Beach Unified School District.
- To facilitate the dispatch of local residents, transitional workers, and veterans, all Contractors will be required to utilize the Craft Employee Request Form. This form must also be sent to the PLA Administrator at Pacific Gateway at the time of request. When local residents, transitional workers, and veterans are requested by the Contractors, the Unions will refer such workers regardless of their place on the Unions’ hiring halls’ list and normal referral procedures.
- The Unions must assist local residents who are seeking: (1) Union jobs on a Project; and/or (2) Union membership in assessing their work experience and giving them credit for provable past experience in their relevant craft or trade, including experience gained working for non-union Contractors. The Unions must put on their rolls qualified bona fide local residents for work on a Project.
- The Proposed PLA will incorporate the Metro PLA definition of a “Disadvantaged Worker.” As defined by the Metro PLA, a “Disadvantaged Worker” means an individual who, prior to commencing work on the project, resides in an Economically Disadvantaged Area or Extremely Economically Disadvantaged Area, and faces at least two of the following barriers to employment: (1) being homeless; (2) being a custodial single parent; (3) receiving public assistance; (4) lacking a GED or high school diploma; (5) having a criminal record or other involvement with the criminal justice system; (6) suffering from chronic unemployment; (7) emancipated from the foster care system; (8) being a veteran of the Iraq/Afghanistan war; or (9) being an apprentice with less than 15 percent of the apprenticeship hours required to graduate to journey level.
- All Projects will include the support of an independent jobs coordinator to promote local outreach to disadvantaged workers as described above. The Proposed PLA will incorporate the Metro PLA definition of “Jobs Coordinator.” As defined by the Metro PLA, a “Jobs Coordinator” means an independent third-party individual, entity or employee with whom the prime contractor or the City enters into a contract or employs to facilitate implementation of the targeted hiring requirements of the PLA. The Jobs Coordinator must be able to demonstrate or document to the City the requisite qualifications and/or experience to fulfill the duties and responsibilities as outlined in PLA.

- Report disadvantaged work hours by city or tier to identify if local workers are benefiting from the program.
- As part of City standard project specifications, implementing a process similar to that set forth in the Metro PLA for holding contractors liable for local and disadvantaged hiring goals.

EQUITY LENS

The City has incorporated the Equity Toolkit into this recommendation as requested by the City Council on April 21, 2020. Exploring and enhancing the role of the independent jobs coordinator in the Proposed PLA to improve access to local jobs for Black communities and communities of color was explicitly called for as an action item in the strategy for advancing economic equity in the City's Racial Equity and Reconciliation Initiative Report. To advance this strategy, the PLA Administrator in the Economic Development Department will develop an implementation plan, utilizing strategies from the Equity Toolkit, to enhance the role of the independent jobs coordinator in the recruitment, training, and ongoing support of Black workers and local communities of color for work on PLA projects. Resources to cover the successful expansion of the independent jobs coordinator as recommended by the Racial Equity and Reconciliation Initiative Report will be built into PLA project costs.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley and by Finance Director John Gross on January 20, 2021.

TIMING CONSIDERATIONS

The PLA terminated on May 22, 2020. On September 1, 2020, the City Council authorized an amendment to extend the PLA retroactively from its termination on May 22, 2020 to December 31, 2020 or the effective date of a New Project Labor Agreement, whichever occurs first in time. City Council action is requested on February 2, 2021, so staff may conclude negotiations with the Building Trades and execute a new PLA.

FISCAL IMPACT

Staff anticipate the new Proposed PLA will have the same general fiscal impact on Capital Improvement Projects (CIP) costs under the existing original PLA with a small anticipated increase due to new priorities identified by the City Council. As previously reported, the administrative costs associated with the 17 eligible projects were \$409,000, or 0.8 percent, of the \$49.05 million total CIP program covered by the current PLA; however, given City Council direction to include the services of an independent jobs coordinator and to strive for more community engagement, the new independent jobs coordinator will add an additional cost to the City for eligible projects over the next 10 years of the new Proposed PLA. The additional cost may be 0.2 percent to 1 percent of total project costs depending on the size of individual projects and the overall size of the CIP program. When added to the current historical 0.8 percent general administrative cost, the total PLA administrative costs are estimated by Economic Development Department to be at 1 to 2 percent annually. Currently, there are 40-50 eligible projects anticipated over the next five years with a total estimated project budget of

\$266 million (not including potential new projects from any COVID-related funding or projects). Given the list of estimated eligible projects over the next five years, the total administrative costs to implement the enhanced Proposed PLA program are estimated to be between \$2.6 and \$5.3 million over the five-year period of the PLA depending on when the projects are completed. In the event that the City Council approves additional CIP projects or takes a proprietary interest in a project that would qualify under the terms of the PLA, staff will disclose those requirements and projected costs for the administration of the PLA program in the recommendation presented to the City Council.

It should be 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.

These costs will be allocated to the funding sources used for the various projects. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT



ERIC LOPEZ
DIRECTOR OF PUBLIC WORKS

APPROVED:



THOMAS B. MODICA
CITY MANAGER