



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember
Raul Peralez

SUBJECT: ACTIONS RELATED TO THE
CWA/PLA TASK FORCE REPORT

DATE: October 23, 2017

Approved

Date

10/23/17

RECOMMENDATION

Accept the Community Workforce Agreement/Project Labor Agreement (CWA/PLA) Task Force Report with the following direction to city staff:

1. Set the minimum monetary threshold for projects subject to CWAs at \$2 million and above.
2. Require all contractors/employers to ensure that all mandated fringe benefits contributions are directed through a legally established local labor management benefit fund.
3. Maintain a Contractor's Core Workforce Requirement at a 1:1 ratio with a maximum limit of five workers from the employer.

BACKGROUND

I applaud the CWA/PLA task force for conducting productive discussions in which consensus on certain parts of this issue have been achieved. I hope that my council colleagues will embrace the same spirit on the remaining key elements.

The Valley Transportation Authority (VTA) and Santa Clara County have set a threshold on a \$2 million minimum. This is far better than a higher alternative as it opens more job opportunities. As stated by a CWA/PLA Task Force member in the September 22 staff memorandum, "*Out of 396 projects awarded in the last 5 years, 72 projects were above \$2 million, but only 18 projects were above \$6 million - an average of 3.6 projects per year*". In fact, it would be more ideal to consider a threshold lower than \$2 million since there are substantially more projects available than above combined. It would also be in alignment with cities like Hayward, San Leandro, and Stockton where the minimum

monetary threshold is at \$1 million or even cities such as Los Angeles where theirs is set at \$0.00. However, I respect that these discussions have already taken place at VTA and the County with compromises achieved. Rather than reinventing the wheel, it would be more prudent for our city to align our minimum monetary threshold with our neighboring jurisdictions.

The CWA/PLA policy will also provide workers fringe benefits which is competitively offered in most employment opportunities in San José, including here in the City government. As City employees, we are fortunate that our benefits are managed with strong oversight and with a dedicated staff. This should equally be applicable to the same workers who are improving our city's infrastructure whether they are renovating our sewer systems or building our parks. The County has guaranteed this through Article 9 of its PLA requiring employers to provide fringe benefits into local and legally established trust agreements¹. Our policy should be similarly aligned to ensure that our local workers are given their due benefits and are placed into plans that have proper oversight, allowing workers to enjoy the security of knowing their benefits are less likely to be misappropriated.

Finally, the purpose of establishing a CWA/PLA policy for our city's projects is not only to procure more prevailing wage jobs but to also get the best quality product with well trained and skilled workers on these projects. By maintaining the recommended Contractors' Core Workforce ratio, we are given the certainty that we have highly skilled workers on the job, including workers who have been through robust apprenticeship programs. As seen in the adjacent chart, between 2011 to 2017, there have been over 2,919 union apprentices versus the 122 non-union apprentices among the top 25 building trades. I also often hear from downtown developers that many complex projects often require highly-trained workers in these uniquely, skilled trades. From my perspective, we as a city will benefit greatly knowing that our capital projects are in the capable hands of local, well-trained, professionals.

	Joint		Unilateral		Total
	Apprentices	%	Apprentices	%	
Grand Total	2,919	96.0%	122	4.0%	3,041
Top 25 Crafts					
CARPENTER	367	99%	3	1%	370
CONSTRUCTION CRAFT LABORER	351	99%	1	1%	351
INSIDE WIREMAN (ELECTRICIAN)	257	92%	21	8%	278
ROOFERS AND WATERPROOFERS	224	74%	78	26%	302
Drywall-Lather	223	100%		0%	223
SHEET METAL WORKER	139	100%		0%	139
STRUCTURAL IRONWORKER	110	100%		0%	110
SOUND AND COMMUNICATION INSTALLER	106	100%		0%	106
CEMENT MASON	106	100%		0%	106
PLUMBER	96	99%	1	1%	91
Reinforcing Ironworker	80	100%		0%	80
GLAZIER	73	100%		0%	73
DRYWALL FINISHER	60	100%		0%	60
PAINTER	60	100%		0%	60
TILE FINISHER	58	100%		0%	58
STEAMFITTER - PIPEFITTER	57	100%		0%	57
REFRIGERATION & AIR CONDITIONING					
MECHANIC	52	100%		0%	52
CARPET LINOLEUM & SOFT TILE LAYER	47	100%		0%	47
CONSTRUCTION EQUIPMENT OPERATOR	45	100%		0%	45
RESIDENTIAL WIREMAN	45	100%		0%	45
SPRINKLER FITTER	34	77%	10	23%	44
TILE LAYER	30	100%		0%	30
SCAFFOLD & SHORING ERECTOR	28	100%		0%	28
ELEVATOR CONSTRUCTOR	24	100%		0%	24
Communications Technician	22	100%		0%	22

In the past two years, both the VTA and the County have implemented CWA/PLA policies following intensive discussions and compromises between all stakeholders. They have paved the way for us as a city to join in on this effort and we should not deter. After all, it is about time that we make our local capital projects truly local.

¹ County of Santa Clara (2017, January 24) Santa Clara County Project Labor Agreement. Retrieved from <http://sccgov.iqm2.com/Citizens/FileOpen.aspx?Type=4&ID=157245>