

**From:** Nicole Goehring <nicole@abcnorcal.org>

**Sent:** Friday, September 22, 2017 12:39 PM

**To:** Agendadesk

**Subject:** Please include with 10/3 Agenda Item 3.7 17-098 CWA/PLA Recent PLA Failures in San Leandro, Stockton, Watsonville and Long Beach

1) PLA failure in San Leandro for WPCP Asphalt Replacement: 1 bid, more than twice estimate

Bid result: <https://sanleandro.legistar.com/View.ashx?M=F&ID=5413289&GUID=64529FE5-0D33-476D-90AA-DADF85D3BD4A>

Proof of PLA: <https://www.sanleandro.org/civicax/filebank/blobdload.aspx?BlobID=27138>

2) City of Stockton: Three projects have been bid out with PLAs since the policy was adopted July 26, 2016 and went into effect August 25, 2016.

Tenant Improvements at 400 East Main. One sole Bidder - Swinerton - 27% over engineer's estimate.

City Council voted on 9/19 on staff recommendation to reject

PLA: [http://stockton.granicus.com/MetaViewer.php?view\\_id=48&event\\_id=1068&meta\\_id=514367](http://stockton.granicus.com/MetaViewer.php?view_id=48&event_id=1068&meta_id=514367)

Proof of PLA: [http://www.stocktongov.com/bfDocs/PUR-16-020\\_1st%20and%207th%20floor%20REQUEST%20FOR%20SEALED%20BID%20PUR-B.pdf](http://www.stocktongov.com/bfDocs/PUR-16-020_1st%20and%207th%20floor%20REQUEST%20FOR%20SEALED%20BID%20PUR-B.pdf)

Police Dept. Under Freeway Parking Lot Improvements - rebid because the lowest responsible bid was way over the engineer's estimate at 44%.

Black Oak Public Utility Easement Sanitary Sewer Rehabilitation - awarded to the higher of two bidders from Missouri.

Legislation Text

[http://stockton.granicus.com/MetaViewer.php?view\\_id=48&event\\_id=1055&meta\\_id=511155](http://stockton.granicus.com/MetaViewer.php?view_id=48&event_id=1055&meta_id=511155)

3) PLA Failure in City of Watsonville: Digester Mixing and Fats, Oil and Grease (FOG) Receiving Station Improvement Project

Only one bid and the bid was 63% over the estimate.

See attached staff report and relevant bid specifications for proof.

4) The Continuing Dispute Over "Local" Hiring Under the City's Project Labor Agreement - Long Beach Post - just 17 percent of those hours were worked by residents of Long Beach. The figure for disadvantaged hires detailed in the reports stands at 4.7 percent, falling just shy of half of the 10 percent goal outlined in the PLA.

5) Case Study: City of Berkeley PLA concerns - See attached Santa Clara County Staff Report Excerpt dated 2-23-16.

Nicole Goehring

Community and Government Relations Director ABC NorCal

Thursday, July 6th, 2017

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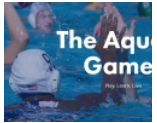
Heat Wave Expected Through Next Week; Health Officials Advise Residents to Take Precautions (/news/2000011150-heat-wave-expected-through-late-next-week-city-health-officials-advise-residents-to-take-precautions)



UPDATE: Schedule of Events for Pow! Wow! Long Beach Announced (/life/arts-culture/2000010989-pow-wow-long-beach-announces-official-dates-for-third-summer-street-art-festival)



UPDATE: Authorities Identify Motorcyclist Killed in Weekend Crash (/news/2000011142-long-beach-motorcyclist-killed-after-hitting-curb-crashing-into-cinder-block-wall)



Five-Time Olympian Tony Azevedo Unveils Plans to Launch Aquatic Games in Long Beach (/sports/2000011149-five-time-olympian-tony-azevedo-unveils-plans-to-launch-aquatic-games-in-long-beach)



New Japan Pro Wrestling Finds Success in First U.S. Venture, Organizers Promise More (/life/2000011146-new-japan-pro-wrestling)

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PROJECT LABOR AGREEMENT (/COMPONENT/TAGS/TAG/1805-PROJECT-LABOR-AGREEMENT)

# The Continuing Dispute Over "Local" Hiring Under the City's Project Labor Agreement

by JASON RUIZ (/JASON) [T](http://twitter.com/lbpost_jason) (HTTP://TWITTER.COM/LBPOST\_JASON) on JUNE 28 2017 15:24

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Thursday, July 20, 2018  
 Long Beach Community Action Partnership Executive Director Darick Simpson speaks at press conference urging the city council to create Long Beach local hire policy in its project labor agreements. Photo: Jason Ruiz

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Standing in front of Long Beach City Hall with the demolition of Lincoln Park at the background, a coalition of neighborhood groups pushing for more robust local hiring practices gathered Wednesday morning for a press conference in which they again pushed for a policy that would mandate hiring Long Beach residents over those from surrounding cities.

The Long Beach Local Hire Coalition, which includes groups like the Long Beach Community Action Partnership (LBCAP), Building Healthy Communities Long Beach and Women In Non-Traditional Employment Roles (WINTER), organized the conference to highlight what it characterized as a failure on the city's behalf to follow through on hiring Long Beach residents as outlined in a citywide project labor agreement (PLA) passed in 2015.

In April 2015, the city council approved a five-year PLA applying to all projects entered into by the city that exceeded \$500,000. Among other provisions, the PLA included stated goals for local hires (40 percent) and disadvantaged hires (10 percent), defined by federal guidelines of "below 70 percent of the lower living standard income" including veterans. The percentages were to be calculated based on total hours worked.

RELATED

**City Council Approves Five-Year Project Labor Agreement Aimed at Hiring Local, Building Careers (/news/city/200005843-city-council-approves-five-year-project-labor-agreement-aims-to-hire-local-build-careers)**

Prior to the passage of the PLA, the same groups fought for a policy that would have built in stronger requirements to hire people from within the city to satisfy the "hire local" provision of the PLA.

The agreement does not extend to projects like the ongoing Long Beach Civic Center replacement or the Belmont Plaza Pool projects or other city right of way projects.

The group alleges that of the 75,487 total work hours spread over 13 projects since the PLA was passed in 2015, the number of those hours worked by Long Beach residents represents a paltry portion of the city's local hire goals.

Based on figures from January-February of this year, Parsons Constructors Inc., the company tapped by the city to track the local hire initiative, just 17 percent of those hours were worked by residents of Long Beach. The figure for disadvantaged hires detailed in the reports stands at 4.7 percent, falling just shy of half of the 10 percent goal outlined in the PLA.

In the PLA's language, "local" was extended to encompass all of Los Angeles and Orange Counties. The PLA grouped workers into three tiers of zip codes with Tier 1 zip codes being those inside the city, Tier 2 representing gateway cities and Tier 3 representing county figures combined with Tiers 1 and 2.

"Anyone that lives in this region knows that that is not local when it comes to Long Beach," LBCAP Executive Director Darick Simpson said.

The core of the disagreement hinges on the definition of local, with the city's view of it spanning across two counties and the organizers feeling that local should translate to Long Beach residents.

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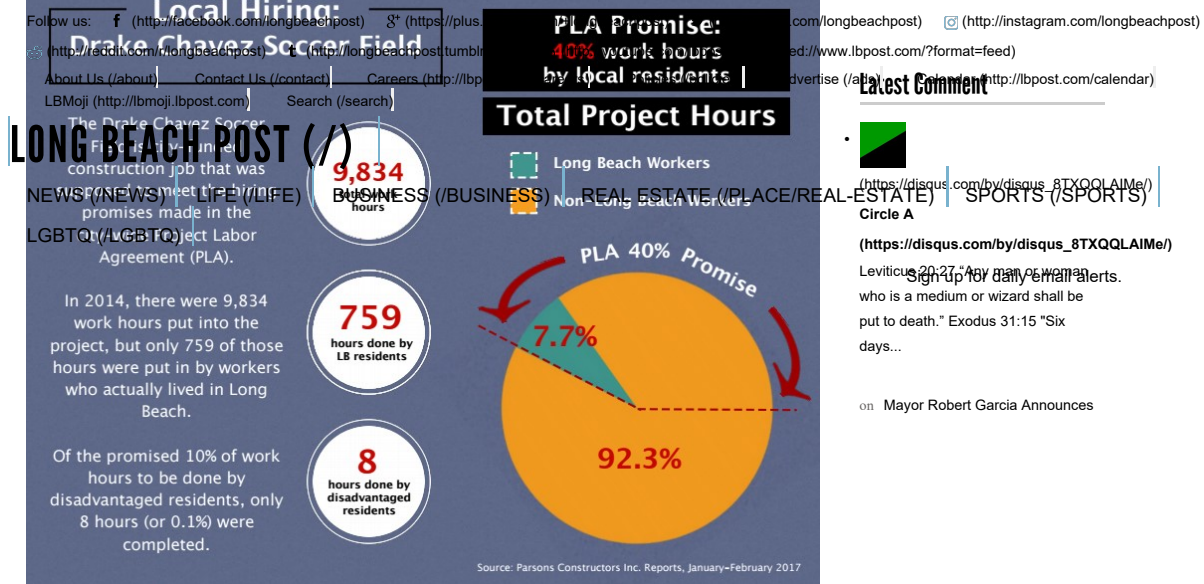
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An hourly breakdown of the Drake-Chavez Soccer Field project. Graphic: Long Beach Local Hire Coalition

For a project at Colorado Lagoon three companies (LA Engineering, Acme General Engineering, Savala Equipment) exceeded the local hire of 40 percent with 100 percent local hires being generated through Savala and LA Engineering and 80 percent local hires coming from Acme. However, hours attributed to Tier 1 zip codes were 17 percent (LA Engineering) 20 percent (Acme) and zero percent for Savala.

A project to install a soccer field at Drake Park, part of a plan to link it with Cesar Chavez Park, included 47 percent of hours worked by local hires, however, only 8 percent were from Tier 1 communities. All but two of the companies listed in the figures by Parsons showed 0 percent Tier 1 hires with the majority of hires for the project falling into the Tier 3 category.

The Seaside Way Pedestrian Bridge had seven companies exceed 45 percent for local hire rates but of those companies only three hired from Tier 1 zip codes with Powell Constructors led the way with 17 percent. The Seaside bridge project did include 8 percent of its hours worked by disadvantaged hires.

Alexandra Torres Galancid, executive director at WINTER, said she has about 20 women who have passed pre-apprenticeship programs and have national trades certificates who are ready to go to work but she has not been able to place them in a job in the city. She said that the problem is not a supply issue, as her group has workers, just no place in the city that has requested their skills.

"We have women who are cement masons, we have women who are operating engineers, we have women who are laborers, which is what is needed in the beginning and the end of each project," Galancid said.

Landing jobs provided by the PLA could have multiple impacts on the city. Although the city's recently released unemployment statistics (4.4 percent) show that the city as a whole is experiencing relative employment success, the number is an average that doesn't fully capture the disproportionate impacts of unemployment (http://www.longbeach.gov/ti/media-library/documents/gis/map-catalog/unemployment2014/) in the city.

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on Mayor Robert Garcia Announces

Thursday, July 24, 2014

According to 2014 unemployment figures from Pacific Gateways Workforce Development, one of the entities involved in helping place local hires in jobs and the PLA, the 90810 zip code, which includes much of Central Long Beach, had an unemployment rate of 9 percent.

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Like same year, the 90810 (West Long Beach) and the 90805 (North Long Beach) both had unemployment rates of 12 percent. The 90803, which includes Belmont Shore and Naples, had an unemployment rate of just 3

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## Unemployment Rate in Long Beach Declines to 4.4 Percent in May, an All-Time Low (/news/200011083-unemployment-rate-in-long-beach-declines-to-4-4-percent-in-may-an-all-time-low)

Erik Miller, associate director of PV Jobs, a non-profit that helps place at-risk and disadvantaged youth, adults and veterans into construction jobs, said that the money earned from those construction jobs can have a transformative effect on people in those groups.

"Everyday we're able to place someone at one of these jobs I can see the change, not just financially on that young man or young woman that we've placed, but on their families," Miller said. "And that's the thing that's probably the most rewarding when it comes to what we do at PV Jobs."

Miller, who challenged Sixth District Councilman Dee Andrews for his seat in last year's election, noted that the coalition is not out for an overhaul of the PLA, just an amendment to the language that would guarantee more inclusion for local and disadvantaged persons.

Part of the PLA passed in 2015 included language that stated that trades unions would "exert their best efforts to refer, recruit, and/or utilize 'local residents'" which it defined as qualified workers living in the tiered zip codes, listed in ascending order.

Long Beach Public Affairs Officer Kerry Gerot said that according to what the PLA outlined when passed, the city has met and will continue to meet the goals detailed in the PLA, and that it remains the city council's preference that local residents are hired first for these kinds of jobs.

"The city is making every effort," Gerot said. "Everyone wants to see Long Beach residents employed." A release put out by the city Wednesday afternoon shared updated employment information regarding the PLA. The release states that out of 15 city projects which have totaled over \$48 million all projects involved cumulatively "far exceeded" the 40 percent local hiring provision. The projects have accounted for 168,000 work hours with 78 percent of those being local hires. However, the number of Long Beach hires sits at about 20 percent.

"Long Beach residents performed approximately 1 out of every 5 hours on a PLA project," said Long Beach Public Works Director Craig Beck. "While there is always room for improvement, this is a great first step."

The current PLA is good for five years at which point it will be revisited by the city council. There will be an opportunity for the council to include a policy that requires local hire marks instead of stating goals, and that's something that the coalition appears ready to press forward on.

on Mayor Robert Garcia Announces

Thursday, July 27, 2017 Long Beach continues to become a hub of economic activity and our city

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LGBTQ (Editors note: The original version of this story stated that the project agreement was passed in November 2015; it was passed in April 2015. The story has been changed to correct the date.)

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**SPECIFICATIONS & CONTRACT**

Digester Mixing and Fats, Oil and Grease (FOG)  
Receiving Station Improvement Project

WW-17-01

**BID OPENING**

August 3, 2017

11:00am

**CITY OF WATSONVILLE  
CALIFORNIA**

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## NOTICE INVITING SEALED BIDS

For

### **Digester Mixing and Fats, Oil and Grease (FOG) Receiving Station Improvement Project WW-17-01**

Notice is hereby given that the Purchasing Officer of the City of Watsonville will receive sealed bids at City Hall, 250 Main Street, Watsonville, California 95076 for:

### **Digester Mixing and Fats, Oil and Grease (FOG) Receiving Station Improvement Project WW-17-01**

The project consists of performing the following, including, but not limited to:

The City's wastewater treatment facility operates two 1.5 million gallon anaerobic digesters, currently plumbed to operate in series to improve performance. In 2002, the first digester in the series was converted to an external pump mixing system, and moa Fat, Oil and Grease (FOG) receiving station, holding tank and feed pump were added to feed up to 6,000 gallons per day of FOG mixture. As part of this project, the gas mixing system for Digester No. 1 will be removed and replaced with an external pump mixing system with a series of piping and nozzles inside the digester. A 11,500 gallon holding tank, a mixing pump for recirculation of FOG in the holding tank and a FOG feed pump will be added to feed FOG to the second digester. In addition, the existing FOG receiving station will also be modified to add rock traps, inline grinders and automatic control valves to feed FOG to either holding tanks. The project will also include civil modifications including, but not limited to removing existing asphalt pavement and addition of concrete pavement, repainting of existing FOG feed components for Digester No. 2 and other electrical and instrumentation improvements. **The Engineer's estimate is One Million One Hundred Thousand Dollars Dollars (\$1,100,000).**

and notice to the CITY shall be mailed, certified mail, or delivered to:

City of Watsonville  
Public Works/Utilities Department  
250 Main Street  
Watsonville, CA 95076  
Attn.: Director of Public Works/Utilities

13. CONTRACTOR shall indemnify, defend, and hold harmless the CITY, its officers, agents, and employees from and against any and all claims, demands, liability, costs, and expenses of whatever nature, including court costs and counsel fees arising out of injury to or death of any person or persons or loss of or physical damage to any property resulting in any manner from the willful acts or negligence of CONTRACTOR, its subcontractors, agents, employees, licensees, or guests in the making or performance of this Agreement.
14. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Contractor's bid.
15. CONTRACTOR agrees that he will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. CONTRACTOR agrees to take affirmative action to assure that applicants are employed or retained, and that employees are treated without regard to their race, color, religion, sex or national origin. Such action shall include but not be limited to the following: recruitment or recruitment advertising; lay-off or termination; rates of pay or other forms of compensation and selection for training.
16. The CONTRACTOR shall, prior to the execution of the contract, furnish proof of liability insurance as required and two bonds by an insurance Company that is licensed to do business in the State of California and is acceptable to the City, one in the amount of one hundred percent (100%) of the contract price, to guarantee the faithful performance of the work, and one in the amount noted in the PAYMENT BOND to guarantee payment of all claims for labor and materials furnished. This contract shall not become effective until such liability insurance certificate and bonds are supplied to and approved by the CITY.
17. Notwithstanding any provision to the contrary in the Notice Inviting Sealed Bids or this Agreement, all disputes shall be resolved in the manner set forth in Section 9.10, "Resolution of Disputes" of the General Provisions and as modified by provisions of Special Provision Section 1.9, "Measurement and Payment".
18. Contractor shall guarantee to correct any deficient work product covered within one year after acceptance of completed work by the City. Contractor shall provide a guaranty bond as required.
19. **By accepting the award of this contract, the Contractor agrees to be bound by each and every provision of the Project Labor Agreement and agrees that it will evidence its acceptance prior to the commencement of work by executing the AGREEMENT TO BE BOUND form contained in the attached Project Labor Agreement.**

**MASTER PROJECT LABOR AGREEMENT  
FOR THE CITY OF WATSONVILLE**

INTRODUCTION / FINDINGS

This Agreement is entered into this 27<sup>th</sup> day of August, 2014, by and between the City of Watsonville (hereinafter, the "City"), together with contractors and/or subcontractors, who become signatory to this Agreement by signing the "AGREEMENT TO BE BOUND" (ATTACHMENT A) (all of whom are referred to herein as "Contractors/Employers"), and the Monterey/Santa Cruz Building and Construction Trades Council ("Council") and its affiliated local Unions that have executed this Agreement (all of whom are referred to collectively as "Union" or "Unions").

The purpose of this Agreement is to promote efficiency of construction operations on City Projects ("the Project") as defined herein, and to provide for peaceful settlement of labor disputes and grievances without strikes or lockouts, thereby promoting the public interest in assuring the timely and economical completion of the Project. The City and the Council may mutually agree in writing to add additional components to the Project's Scope of Work to be covered under this PLA.

WHEREAS, the timely and successful completion of the Project is of the utmost importance to the City to avoid increased costs resulting from delays in construction; and

WHEREAS, large numbers of workers of various skills will be required in the performance of the construction work, including those to be represented by the Unions signatory to this Agreement and employed by contractors and subcontractors who are also signatory to this Agreement; and

WHEREAS, it is recognized that on a Project of this magnitude with multiple contractors and bargaining units on the job site at the same time over an extended period of time, the potential for work disruption is substantial without an overriding commitment to maintain continuity of work; and

WHEREAS, the interests of the general public, the City, the Unions and Contractor/Employers would be best served if the construction work proceeded in an orderly manner without disruption because of strikes, sympathy strikes, work stoppages, picketing, lockouts, slowdowns or other interferences with work; and

WHEREAS, the Contractor/Employers and the Unions desire to mutually establish and stabilize wages, hours and working conditions for the workers employed on the Project by the Contractor/Employer(s) and the Union(s) to the end that a satisfactory, continuous and harmonious relationship will exist among the parties to this Agreement; and

WHEREAS, the parties agree that one of the primary purposes of this agreement is to avoid the tensions that might arise on the Project if Union and nonunion workers of different employers were to work side by side on the Project, thereby leading to labor disputes that could delay completion of the Project; and

WHEREAS, this Agreement is not intended to replace, interfere with, abrogate, diminish or modify existing local or national collective bargaining agreements in effect during the duration of the Project, insofar as a legally binding agreement exists between the Contractor/Employer(s) and the affected Union(s), except to the extent that the provisions of this Agreement are inconsistent with said collective bargaining agreements, in which event, the provisions of this Agreement shall prevail; and

WHEREAS, the contract(s) for construction work on the Project will be awarded in accordance with the applicable provisions of the Public Contract Code and other applicable California law; and

WHEREAS, the City has the absolute right to select the lowest responsive and responsible bidder for the award of construction contract(s) on the Project; and

WHEREAS, the parties signatory to this Agreement pledge their full good faith and trust to work towards mutually satisfactory completion of the Project;

NOW, THEREFORE, IT IS AGREED BETWEEN AND AMONG THE PARTIES HERETO, AS FOLLOWS:

#### ARTICLE I DEFINITIONS

1.1 “Agreement” means this Project Labor Agreement.

1.2 “City” means the City of Watsonville and its public employees, including managerial personnel.

1.3 “Contractor/Employer(s)” means any individual, firm, partnership or corporation, or combination thereof, including joint ventures, that is an independent business enterprise and has entered into a contract with the City, or with any contractor or subcontractor of any tier, with respect to the construction of any part of the Project, under contract terms and conditions approved by the City and which incorporate this Agreement.

1.4 “Construction Contract” means the public works or improvement contracts, executed by the City, and all contracts and subcontracts executed thereunder, that are necessary to complete the Project.

1.5 “Council” means the Monterey/Santa Cruz Building and Construction Trades Council.

1.6 “Master Agreement” or “Schedule A” means the Master Collective Bargaining Agreement of each craft Union signatory hereto, copies of which shall be provided to the City upon request.

1.7 “Project” means all public works or improvement projects paid for in whole or in part by City of Watsonville funds with a projected construction cost of \$600,000 or more and employing workers in three or more crafts. The City and the Council may mutually agree in writing to add additional components to the Project’s Scope of Work to be covered under this PLA.

1.8 “Project Manager” means the person(s) or business entity(ies) designated by the City to oversee all phases of construction on the Project and to oversee the implementation of this Agreement and who works under the guidance of the City’s Authorized Representative.

1.9 “Union’ or “Unions” means the Monterey/Santa Cruz Building and Construction Trades Council, AFL-CIO (“the Council”) and its affiliated local Unions signatory to this Agreement, acting in their own behalf and on behalf of their respective affiliates and member organizations whose names are subscribed hereto and who have through their officers executed this Agreement (“Signatory Unions”).

1.10 “PVWMA Residents” shall mean persons who have lived within the boundaries of the Pajaro Valley Water Management Agency for a period of not less than one year immediately preceding the date of the award of the contract to perform labor.

1.11 “Tri-County Residents” shall mean persons who maintain a permanent residence for not less than one year immediately preceding the date of the award of the contract to perform labor in Santa Cruz, Monterey, and/or San Benito counties.

## ARTICLE II SCOPE OF AGREEMENT

2.1 Parties: The Agreement shall apply and is limited to all Contractors/Employer(s) performing work on the Project (including subcontractors at any tier), the City, the Council and the Unions signatory to this Agreement, acting on their own behalf and on behalf of their respective affiliates and member organizations whose names are subscribed hereto and who have through their officers executed this Agreement (“Signatory Unions”).

2.2 Project Description: The Agreement shall govern the award of all Construction Contracts for public works, improvement or construction projects, paid for in whole or in part by City of Watsonville funds with a projected construction cost of \$600,000 (six hundred thousand dollars) or more and employing workers in three or more crafts. The City and the Council may mutually agree in writing to add additional components to the Project’s Scope of Work to be covered under this PLA.

2.3 Covered Work: This Agreement covers, without limitation, all on-site site preparation, surveying, construction, alteration, demolition, installation, painting or repair of buildings, structures and other works, and related activities for the Project, including

landscaping and temporary fencing that is within the craft jurisdiction of one of the Unions and which is directly or indirectly part of the Project, including, without limitation to the following examples, pipelines (including those in linear corridors built to serve the project), pumps, pump stations, temporary HVAC and modular furniture installation to be performed to complete the Project. On-site work includes work done for the Project in temporary yards or areas adjacent to the Project, and at any on-site or off-site batch plant constructed solely to supply materials to the Project. This scope of work includes all soils and materials testing and inspection where such testing and inspection is a classification in which a prevailing wage determination has been published.

2.4 This Agreement shall apply to any start-up, calibration, performance testing, repair, maintenance, operational revisions to systems and/or subsystems performed after Completion unless it is performed by City employees.

2.5 This Agreement covers all on-site fabrication work over which the City, Contractor(s) or subcontractor(s) possess the right of control (including work done for the Project in any temporary yard or area established for the Project.). Additionally, this Agreement covers any off-site work, including fabrication necessary for the Project defined herein that is covered by a current Schedule A Agreement or local addenda to a National Agreement of the applicable Union that is in effect as of the execution date of this Agreement.

2.6 The furnishing of supplies, equipment or materials which are stockpiled for later use shall in no case be considered subcontracting. Construction trucking work, such as the delivery of ready-mix, asphalt, aggregate, sand or other fill material which are directly incorporated into the construction process as well as the off-hauling of debris and excess fill material and/or mud, shall be covered by the terms and conditions of this Agreement, to the fullest extent provided by law and by prevailing wage determinations of the California Department of Industrial Relations. Contractor/Employer(s), including brokers, of persons providing construction trucking work shall provide certified payroll records to the City within ten (10) days of written request or as required by bid specifications.

2.7 Work covered by the Agreement within the following craft jurisdictions shall be performed under the terms of their National Agreements as follows: National Agreement of Elevator Constructors, National Transient Lodge (NTL) Articles of Agreement, the National Stack/Chimney Agreement, the National Cooling Tower Agreement, and all instrument calibration work and loop checking shall be performed under the terms of the UA/IBEW Joint National Agreement for Instrument and Control Systems Technicians, except that Articles IV, XII, and XIII of this Agreement shall prevail and be applied to such work.

#### 2.8 Exclusions

- (1) The Agreement shall be limited to construction work on the Project.

- (2) The Agreement is not intended to, and shall not affect or govern the award of public works contracts by the City which are not included in the Project.
- (3) The Agreement shall not apply to a Contractor/Employer's non construction craft employees, including but not limited to executives, managerial employees, engineering employees and supervisors above the level of General Foreman (except those covered by existing Master Agreements), staff engineers or other professional engineers, administrative and management.
- (4) This Agreement shall not apply to any work performed on or near or leading to the site of work covered by this Agreement that is undertaken by state, county, city or other governmental bodies or their contractors; or by public or private utilities or their contractors.
- (5) This Agreement shall not apply to off-site maintenance of leased equipment and on-site supervision of such work.

2.9 Award of Contracts: It is understood and agreed that the City has the absolute right to select any qualified bidder for the award of contracts under this Agreement. The bidder need only be willing, ready and able to execute and comply with this Agreement.

### ARTICLE III EFFECT OF AGREEMENT

3.1 By executing the Agreement, the Unions and the City agree to be bound by each and all of the provisions of the Agreement.

3.2 By accepting the award of a construction contract for the Project, whether as contractor or subcontractor, the Contractor/Employer agrees to be bound by each and every provision of the Agreement and agrees that it will evidence its acceptance prior to the commencement of work by executing the AGREEMENT TO BE BOUND in the form attached hereto as Attachment A.

3.3 At the time that any Contractor/Employer enters into a subcontract with any subcontractor providing for the performance of a construction contract, the Contractor/Employer shall provide a copy of this Agreement to said subcontractor and shall require the subcontractor as a precondition of accepting an award of a construction subcontract to agree in writing to be bound by each and every provision of this Agreement prior to the commencement of work. The obligations of a contractor may not be evaded by subcontracting.

3.4 This Agreement shall only be binding on the signatory parties hereto and shall not apply to the parents, affiliates, subsidiaries, or other ventures of any such party. Each Contractor shall alone be liable and responsible for its own individual acts and conduct and for any breach or alleged breach of this Agreement. Any dispute between

the Union(s) and the Contractor(s) respecting compliance with the terms of the Agreement, shall not affect the rights, liabilities, obligations and duties between the signatory Union(s) and other Contractor(s) party to this Agreement.

3.5 It is mutually agreed by the parties that any liability by a signatory Union to this Agreement shall be several and not joint. Any alleged breach of this Agreement by a signatory Union shall not affect the rights, liabilities, obligations and duties between the signatory Contractor(s) and the other Union(s) party to this Agreement.

3.6 The provisions of this Agreement, including Schedules A's, which are the local Master Agreements of the Signatory Unions having jurisdiction over the work on the Project, shall apply to the work covered by this Agreement, notwithstanding the provisions of any other local, area and/or national agreements which may conflict with or differ from the terms of this Agreement. Where a subject covered by the provisions of this Agreement is also covered by a Schedule A, the provisions of this Agreement shall prevail. Where a subject is covered by the provisions of a Schedule A and is not covered by this Agreement, the provisions of the Schedule A shall prevail.

#### ARTICLE IV WORK STOPPAGES, STRIKES, SYMPATHY STRIKES AND LOCKOUTS

4.1 The Unions, City and Contractor/Employers agree that for the duration of the Project:

- (1) There shall be no strikes, sympathy strikes, work stoppages, picketing, handbilling or otherwise advising the public that a labor dispute exists, or slowdowns of any kind, for any reason, by the Unions or employees employed on the Project, at the job site of the Project or at any other facility of the City because of a dispute on the Project. Nor shall the Unions or any employees employed on the Project participate in any strikes, sympathy strikes, work stoppages, picketing, handbilling, slowdowns, or otherwise advising the public that a labor dispute exists at the jobsite of the Project because of a dispute between Unions and Contractor/Employer on any other project. It shall not be considered a violation of this Article if labor is withheld by a Union due to lack of payments to a Trust Fund or failure to make payroll on the Project. Nothing stated in this Agreement shall prevent Unions from participating in the actions mentioned in this section on jobsites other than the Project jobsite because of disputes between the Unions and Contractor/Employers on projects other than the Project.
- (2) As to employees employed on the Project, there shall be no lockout of any kind by a Contactor/Employer covered by the Agreement.
- (3) If a Master Agreement between a Contractor/Employer and the Union expires before the Contractor/Employer completes the



performance of a construction contract for work covered under this Agreement and the Union or Contractor/Employer gives notice of demands for a new or modified Master Agreement, the Union agrees that it will not strike the Contractor/Employer on said contract for work covered under this Agreement and the Union and the Contractor/Employer agree that the expired Master Agreement shall continue in full force and effect for work covered under this Agreement until a new or modified Master Agreement is reached between the Union and Contractor/Employer. If the new or modified Master Agreement reached between the Union and Contractor/Employer provides that any terms of the Master Agreement shall be retroactive, the Contractor/Employer agrees to comply with any retroactive terms of the new or modified Master Agreement which is applicable to employees employed on the project within seven (7) days after the effective date of the new or modified Master Agreement.

4.2 Expedited Arbitration: Any party to this Agreement shall institute the following procedure, prior to initiating any other action at law or equity, when a breach of this Article is alleged to have occurred:

- (1) A party invoking this procedure shall notify Robert Hirsch as the permanent arbitrator, or Barry Winograd as the alternate under this procedure. In the event that the permanent arbitrator is unavailable at any time, the alternate will be contacted. If neither is available, then a selection shall be made from the list of arbitrators in Article 12.2. Notice to the arbitrator shall be by the most expeditious means available, with notices by facsimile or telephone to the party alleged to be in violation and to the Council and involved local Union if a Union is alleged to be in violation.
- (2) Upon receipt of said notice, the City will contact the designated arbitrator or his alternate who will attempt to convene a hearing within twenty-four (24) hours if it is contended that the violation still exists.
- (3) The arbitrator shall notify the parties by facsimile or telephone of the place and time for the hearing. Said hearing shall be completed in one session, which, with appropriate recesses at the arbitrator's discretion, shall not exceed twenty-four (24) hours unless otherwise agreed upon by all parties. A failure of any party to attend said hearings shall not delay the hearing of evidence or the issuance of any award by the arbitrator.
- (4) The sole issue at the hearing shall be whether or not a violation of Article IV, Section 4.1 of the Agreement has occurred. The arbitrator shall have no authority to consider any matter of

justification, explanation or mitigation of such violation or to award damages, which issue is reserved for court proceedings, if any. The award shall be issued in writing within three (3) hours after the close of the hearing, and may be issued without a written opinion. If any party desires a written opinion, one shall be issued within fifteen (15) days, but its issuance shall not delay compliance with or enforcement of the award. The arbitrator may order cessation of the violation of this Article and other appropriate relief and such award shall be served on all parties by hand or registered mail upon issuance.

- (5) Such award may be enforced by any Court of competent jurisdiction upon the filing of this Agreement and all other relevant documents referred to above in the following manner. Written notice of the filing of such enforcement proceedings shall be given to the other party. In the proceeding to obtain a temporary order enforcing the arbitrator's award as issued under Section 4.2(4) of this Article, all parties waive the right to a hearing and agree that such proceedings may be ex parte. Such agreement does not waive any party's right to participate in a hearing for a final order or enforcement. The Court's order or orders enforcing the arbitrator's award shall be served on all parties by hand or delivered by certified mail.
- (6) Any rights created by statute or law governing arbitration proceedings inconsistent with the above procedure, or which interfere with compliance, are waived by the parties.
- (7) The fees and expenses of the arbitrator shall be divided equally between the party instituting the arbitration proceedings provided in this Article and the party alleged to be in breach of its obligation under this Article.
- (8) Should either the permanent or the alternate arbitrator listed above in subsection (1) no longer work as a labor arbitrator, the City and the Council shall mutually agree to a replacement.

## ARTICLE V PRECONSTRUCTION CONFERENCE

5.1 A preconstruction conference shall be held prior to the commencement of each construction phase. Such conference shall be attended by a representative each from the participating Contractor/Employers and Union(s) and the Project Manager.

5.2 Review Meetings - In order to ensure the terms of the PLA are being fulfilled and all concerns pertaining to the City, the Unions, and the Contractors are addressed, the Project Manager, General Contractor and CEO of the Council or

designated representatives thereof shall meet on a periodic basis during the term of construction.

## ARTICLE VI NO DISCRIMINATION

6.1 The Contractor/Employers and Unions agree to comply with all anti-discrimination provisions of federal, state and local law, to protect employees and applicants for employment, on the Project.

## ARTICLE VII UNION SECURITY

7.1 The Contractor/Employers recognize the signatory Union(s) as the sole bargaining representative of all craft employees working within the scope of this Agreement.

7.2 All employees who are employed by Contractor/Employers to work on the Project will be required to become members and maintain membership in the appropriate Union on or before 8 days of consecutive or cumulative employment on the Project. Membership under this section shall be satisfied by the tendering of periodic dues and fees uniformly required to the extent allowed by the law.

7.3 Authorized representatives of the Unions shall have access to the Projects whenever work covered by this Agreement is being, has been, or will be performed on the Project.

## ARTICLE VIII REFERRAL

8.1 Contractor/Employers performing construction work on the Project described in the Agreement shall, in filling craft job requirements, utilize and be bound by the registration facilities and referral systems established or authorized by the Unions signatory hereto. The Contractor/Employer(s) shall have the right to reject any applicant referred by the Union(s), in accordance with the applicable Master Agreement.

8.2 The Contractor(s) shall have the unqualified right to select and hire directly all supervisors above general foreman it considers necessary and desirable, without such persons being referred by the Union(s).

8.3 In the event that referral facilities maintained by the Union(s) are unable to fill the requisition of a Contractor/Employer for employees within a forty-eight (48) hour period (Saturdays, Sundays and Holidays excluded) after such requisition is made by the Contractor/Employer(s), the Contractor/Employer(s) shall be free to obtain work persons from any source. A Contractor who hires any personnel to perform covered work on the Project pursuant to this Section shall immediately provide the appropriate Union with the name and address of such employee(s) and shall immediately refer such employee(s) to the appropriate Union to satisfy the requirements of Article VII of this Agreement.

8.4 Unions will exert their utmost efforts to recruit sufficient numbers of skilled craft persons to fulfill the requirements of the Contractor/Employer(s). Recognizing the potential shortage of skilled craftspeople, the Unions shall consider a Contractor's request to transfer key employees to work on this Project in a manner consistent with the Union's referral procedures.

8.5 Employment of City residents. Unless preempted by state or federal law, and in compliance with the hiring hall procedures of the applicable Union, the Contractors shall comply with City Code 7-15.03, Local Hiring Requirement. In recognition of the City's mission to serve the City and Tri-County residents, the Unions and Contractors agree that, to the extent allowed by law and the hiring hall procedures of the applicable Union, and as long as the Residents possess the requisite skills and qualifications, the Contractors shall make good faith efforts to hire qualified Tri-County and PVWMA Residents.

## ARTICLE IX BENEFITS

9.1 All Contractor/Employers agree to pay contributions to the established vacation, pension and other form of deferred compensation plan, apprenticeship, and health benefit funds established by the applicable Master Agreement for each hour worked on the Project in the amounts designated in the Master Agreements of the appropriate local Unions. The Contractor/Employers shall not be required to pay contributions to any other trust funds that are not contained in the published prevailing wage determination to satisfy their obligation under this Article, except that those Contractor/Employers who are signatory to the Master Agreements with the respective trades shall continue to pay all trust fund contributions as outlined in such Master Agreements.

9.2 By signing this Agreement, the Contractor/Employers adopt and agree to be bound by the written terms of the legally established Trust Agreements, as described in section 9.1, specifying the detailed basis on which payments are to be made into, and benefits paid out of, such Trust Funds.

9.3 Wages, Hours, Terms and Conditions of Employment: The wages, hours and other terms and conditions of employment on the Project shall be governed by the Master Agreement of the respective crafts, to the extent such Master Agreement is not inconsistent with this Agreement. Where a subject is covered by the Master Agreement and not covered by this Agreement, the Master Agreement will prevail. When a subject is covered by both the Master Agreement and this Agreement, to the extent there is any inconsistency, this Agreement will prevail.

9.4 Holidays: The only recognized holidays on the Project shall be New Year's Day, Presidents' Day, Martin Luther King Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, the Day After Thanksgiving and Christmas Day. If a holiday falls on a Saturday, it shall be recognized on the preceding Friday. If a holiday falls on a Sunday, it shall be recognized on the following Monday. Under no

circumstances shall work be performed on Labor Day, except in the case of an emergency that could result in physical harm or destruction of property.

ARTICLE X  
EMPLOYEE GRIEVANCE PROCEDURE

10.1 All disputes involving discipline and/or discharge of employees working on the Project shall be resolved through the grievance and arbitration provision contained in the Master Agreement for the craft of the affected employee. No employee working on the Project shall be disciplined or dismissed without just cause.

ARTICLE XI  
COMPLIANCE

11.1 It shall be the responsibility of the Contractor/Employers and Unions to investigate and monitor compliance with the provisions of the Agreement contained in Article IX. Nothing in this agreement shall be construed to interfere with or supersede the usual and customary legal remedies available to the Unions and/or employee benefit Trust Funds to collect delinquent Trust Fund contributions from Employers on the Project. The City shall monitor and enforce compliance with the prevailing wage requirements of the state and Contractors/Employers' compliance with this Agreement.

ARTICLE XII  
GRIEVANCE ARBITRATION PROCEDURE

12.1 The parties understand and agree that in the event any dispute arises out of the meaning, interpretation or application of the provisions of this Agreement, the same shall be settled by means of the procedures set out herein. No grievance shall be recognized unless the grieving party (Local Union or City Council on its own behalf, or on behalf of an employee whom it represents, or a contractor on its own behalf) provides notice in writing to the signatory party with whom it has a dispute within five (5) days after becoming aware of the dispute but in no event more than thirty (30) days after it reasonably should have become aware of the event giving rise to the dispute. The time limits in Section 12.1 may be extended by mutual written agreement of the parties.

12.2 Grievances shall be settled according to the following procedures:

**Step 1:** Within five (5) business days after the receipt of the written notice of the grievance, the Business Representative of the involved Local Union or District Council, or his/her designee, or the representative of the employee, and the representative of the involved Contractor/Employer shall confer and attempt to resolve the grievance.

**Step 2:** In the event that the representatives are unable to resolve the dispute within the five (5) business days after its referral to Step 1, within five (5) business days thereafter, the alleged grievance may be referred in writing by either involved party to the Business Manager(s) of the affected Union(s) involved and the Manager of Labor Relations of the Employer(s) or the Manager's designated representative, for discussion and resolution. Regardless of which party has initiated the grievance proceeding, prior to

a Step 2 meeting, the Union(s) shall notify its international union representative(s), which shall advise both parties if it intends on participating in a Step 2 meeting. The Project Manager and the Council shall have the right to participate in any efforts to resolve the dispute at Step 2.

**Step 3:** If the grievance is not settled in Step 2 within five (5) business days, either party may request the dispute be submitted to arbitration or the time may be extended by mutual consent of both parties. Within five (5) business days after referral of a dispute to Step 3, the representatives shall choose a mutually agreed upon arbitrator for final and binding arbitration. The parties agree that if the permanent arbitrator or his alternate is not available, an arbitrator shall be selected by the alternate striking method from the list of five (5) below. The order of striking names from the list of arbitrators shall be determined by a coin toss, the winner of which shall decide whether they wish to strike first or second.

1. William Riker
2. Barry Winogard
3. William Engler
4. Robert Hirsch
5. Morris Davis

The decision of the Arbitrator shall be binding on all parties. The Arbitrator shall have no authority to change, amend, add to or detract from any of the provisions of the Agreement. The expense of the Arbitrator shall be borne equally by both parties. The Arbitrator shall arrange for a hearing on the earliest available date from the date of his/her selection. A decision shall be given to the parties within five (5) calendar days after completion of the hearing unless such time is extended by mutual agreement. A written opinion may be requested by a party from the presiding arbitrator.

The time limits specified in any step of the Grievance Procedure set forth in Section 12.2 may be extended by mutual agreement of the parties initiated by the written request of one party to the other, at the appropriate step of the Grievance Procedure. However, failure to process a grievance, or failure to respond in writing within the time limits provided above, without an agreed upon extension of time, shall be deemed a waiver of such grievance without prejudice, or without precedent to the processing of and/or resolution of like or similar grievances or disputes.

In order to encourage the resolution of disputes and grievances at Steps 1 and 2 of this Grievance Procedure, the parties agree that such settlements shall not be precedent setting.

Should any of the arbitrators listed above no longer work as a labor arbitrator, the City and the Council shall mutually agree to a replacement.

ARTICLE XIII  
WORK ASSIGNMENTS AND JURISDICTIONAL DISPUTES

13.1 The assignment of Covered Work will be solely the responsibility of the Employer performing the work involved; and such work assignments will be in accordance with the Plan for the Settlement of the Jurisdictional Disputes in the Construction Industry (the "Plan") or any successor Plan.

13.2 All jurisdictional disputes on this Project between or among the building and construction trades Unions and the Employers parties to this Agreement, shall be settled and adjusted according to the present Plan established by the Building and Construction Trades Department or any other plan or method of procedure that may be adopted in the future by the Building and Construction Trades Department. Decisions rendered shall be final, binding and conclusive on the Employers and Unions parties to this Agreement.

13.3 If a dispute arising under this Article involves the Northern California Carpenters Regional Council or any of its subordinate bodies an Arbitrator shall be chosen by the procedures specified in Article V, Section 5, of the Plan from a list composed of John Kagel, Thomas Angelo, Robert Hirsch, and Thomas Pagan. The Arbitrator's hearing on the dispute shall be held at the offices of the California State Building and Construction Trades Council in Sacramento, California, within 14 days of the selection of the Arbitrator. All other procedures shall be as specified in the Plan.

13.4 All jurisdictional disputes shall be resolved without the occurrence of any strike, work stoppage, or slow-down of any nature, and the Employer's assignment shall be adhered to until the dispute is resolved. Individual employees violating this section shall be subject to immediate discharge. Each Employer will conduct a pre-job conference with the Council prior to commencing work. The Project Manager and City will be advised in advance of all such conferences and may participate if they wish. Pre-job conferences for different Employers may be held together.

ARTICLE XIV  
APPRENTICES

14.1 Recognizing the need to develop adequate numbers of competent workers in the construction industry, the Contractor/Employer(s) shall employ apprentices of a California State-approved Joint Apprenticeship Program in the respective crafts to perform such work as is within their capabilities and which is customarily performed by the craft in which they are indentured.

14.2 The apprentice ratios will be in compliance with the applicable provisions of the California Labor Code and Prevailing Wage Rate Determination.

14.3 There shall be no restrictions on the utilization of apprentices in performing the work of their craft provided they are properly supervised.

ARTICLE XV  
MANAGEMENT RIGHTS

15.1 The Contractor/Employer(s) shall retain full and, exclusive authority for the management of their operations, including the right to direct their work force in their sole discretion. No rules, customs or practices shall be permitted or observed which limit or restrict production, or limit or restrict the working efforts of employees except that lawful manning provisions in the Master Agreement shall be recognized.

ARTICLE XVI  
HELMETS TO HARDHATS

16.1 The Contractor/Employers and the Unions recognize a desire to facilitate the entry into the building and construction trades of veterans who are interested in careers in the building and construction industry. The Contractor/Employers and Unions agree to utilize the services of the Center for Military Recruitment, Assessment and Veterans Employment (hereinafter "Center) and the Center's "Helmets to Hardhats" program to serve as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs as identified by the parties.

16.2 The Unions and Contractor/Employers agree to coordinate with the Center to create and maintain an integrated database of veterans interested in working on the Project and of apprenticeship and employment opportunities for this Project. To the extent permitted by law, the Unions will give credit to such veterans for bona fide, provable past experience.

ARTICLE XVII  
DRUG & ALCOHOL TESTING

17.1 The use, sale, transfer, purchase and/or possession of a controlled substance, alcohol and/or firearms at any time during the work day is prohibited.

17.2 The Parties agree to recognize and use the Substance Abuse Prevention Programs and testing procedures contained in each applicable Union's Schedule A.

ARTICLE XVIII  
SAVINGS CLAUSE

18.1 The parties agree that in the event any article, provision, clause, sentence or word of the Agreement is determined to be illegal or void as being in contravention of any applicable law, by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect. The parties further agree that if any article, provision, clause, sentence or word of the Agreement is determined to be illegal or void, by a court of competent jurisdiction, the parties shall substitute, by mutual agreement, in its place and stead, an article, provision, clause, sentence or word which will meet the objections to its validity and which will be in accordance with the intent and purpose of the article, provision, clause, sentence or work in question.



18.2 The parties also agree that in the event that a decision of a court of competent jurisdiction materially alters the terms of the Agreement such that the intent of the parties is defeated, then the entire Agreement shall be null and void.

18.3 If a court of competent jurisdiction determines that all or part of the Agreement is invalid and/or enjoins the City from complying with all or part of its provisions and the City accordingly determines that the Agreement will not be required as part of an award to a Contractor/Employer, the Unions will no longer be bound by the provisions of Article IV.

ARTICLE XIX  
TERM

19.1 The Agreement shall be included as a condition of the award of construction contracts for the Project.

19.2 The Agreement shall become effective upon execution by the City and the Council.

19.3 The term of any individual Project is from date of award of construction contract to recording of Notice of Completion (inclusive).

  
WATSONVILLE CITY ATTORNEY

DATED: 9-4-14

CITY OF WATSONVILLE

By 

Date 9-4-14

MONTEREY/SANTA CRUZ BUILDING AND  
CONSTRUCTION TRADES COUNCIL, AFL-CIO (COUNCIL)


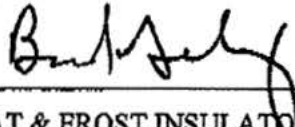

By 

Date Sept. 4, 2014

ATTEST:

  
CITY CLERK

UNIONS

BRICKLAYERS, TILESETTERS AND ALLIED CRAFTWORKERS LOCAL 3	
By: 	Title: <u>Field Rep</u>
DISTRICT COUNCIL 16 INTERNATIONAL UNION OF PAINTERS & ALLIED TRADES	
On behalf of: CARPET, LINOLEUM AND SOFT TILE WORKERS, LOCAL 12; GLAZIERS, ARCHITECTURAL METAL, AND GLASSWORKERS LOCAL 1621; PAINTERS & TAPERS LOCAL 272	
By:	Title:
GENERAL TEAMSTERS UNION LOCAL 912	
By: 	Title: <u>Secretary-Treasurer</u>
HEAT & FROST INSULATORS & ALLIED WORKERS LOCAL 16	
By:	Title:
INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, LOCAL LODGE 549	
By:	Title:
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 234	
By: 	Title: <u>BUSINESS MANAGER</u>
INTERNATIONAL UNION OF ELEVATOR CONSTRUCTORS LOCAL 8	
By:	Title:
IRONWORKERS LOCAL 377	
By:	Title:
LABORERS LOCAL 270	
By:	Title:

UNIONS

BRICKLAYERS, TILESETTERS AND ALLIED CRAFTWORKERS LOCAL 3	
By:	Title:
DISTRICT COUNCIL 16 INTERNATIONAL UNION OF PAINTERS & ALLIED TRADES On behalf of: CARPET, LINOLEUM AND SOFT TILE WORKERS, LOCAL 12; GLAZIERS, ARCHITECTURAL METAL, AND GLASSWORKERS LOCAL 1621; PAINTERS & TAPERS LOCAL 272	
By: <i>[Signature]</i>	Title: <i>Business Manager</i>
GENERAL TEAMSTERS UNION LOCAL 912	
By:	Title:
HEAT & FROST INSULATORS & ALLIED WORKERS LOCAL 16	
By:	Title:
INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, LOCAL LODGE 549	
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On behalf of:

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PAINTERS & TAPERS LOCAL 272

By: Title:

GENERAL TEAMSTERS UNION LOCAL 912

By: Title:

HEAT & FROST INSULATORS & ALLIED WORKERS LOCAL 16

By: *Paul B...* Title: *Business Manager*

INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, LOCAL LODGE 549

By: Title:

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 234

By: Title:

INTERNATIONAL UNION OF ELEVATOR CONSTRUCTORS LOCAL 8

By: Title:

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By:	Title:
HEAT & FROST INSULATORS & ALLIED WORKERS LOCAL 16	
By:	Title:
INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, LOCAL LODGE 549	
By: <i>Mark [Signature]</i>	Title: <i>Business Manager / Sec. Treas.</i>
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 234	
By:	Title:
INTERNATIONAL UNION OF ELEVATOR CONSTRUCTORS LOCAL 8	
By:	Title:
IRONWORKERS LOCAL 377	
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LABORERS LOCAL 270	
By:	Title:

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By:	Title:
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 234	
By:	Title:
INTERNATIONAL UNION OF ELEVATOR CONSTRUCTORS LOCAL 8	
By: <i>Eric W. McClaskey</i>	Title: <i>ERIC W. McCLASKEY BUSINESS MANAGER</i>
IRONWORKERS LOCAL 377	
By:	Title:
LABORERS LOCAL 270	
By:	Title:

UNIONS

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By: Title:

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On behalf of:

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PAINTERS & TAPERS LOCAL 272

By: Title:

GENERAL TEAMSTERS UNION LOCAL 912

By: Title:

HEAT & FROST INSULATORS & ALLIED WORKERS LOCAL 16

By: Title:

INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, LOCAL LODGE 549

By: Title:

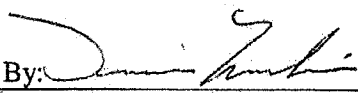
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL 234

By: Title:

INTERNATIONAL UNION OF ELEVATOR CONSTRUCTORS LOCAL 8

By: Title:

IRONWORKERS LOCAL 377

By:  Title: *BUSINESS MANAGER LOCAL 377*

LABORERS LOCAL 270

By: Title:

UNIONS

BRICKLAYERS, TILESETTERS AND ALLIED CRAFTWORKERS LOCAL 3

By: Title:

DISTRICT COUNCIL 16 INTERNATIONAL UNION OF PAINTERS & ALLIED TRADES

On behalf of:

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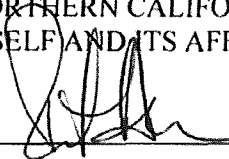
LABORERS LOCAL 270

BUSINESS MANAGER

By: *Emilio G. Arguena* Title: *BUSINESS MANAGER*



NORTHERN CALIFORNIA CARPENTERS REGIONAL COUNCIL ON BEHALF OF  
ITSELF AND ITS AFFILIATED LOCAL CRAFTS

By:  Title: *Executive Officer*

OPERATING ENGINEERS LOCAL 3

By: Title:

OPERATIVE PLASTERERS' AND CEMENT MASONS'  
LOCAL 300 OF NORTHERN CALIFORNIA

By: Title:

PLUMBERS AND STEAMFITTERS LOCAL 62

By: Title:

ROAD SPRINKLER FITTERS LOCAL 669

By: Title:

ROOFERS AND WATERPROOFERS UNION LOCAL 95

By: Title:

SHEET METAL WORKERS LOCAL 104

By: Title:

NORTHERN CALIFORNIA CARPENTERS REGIONAL COUNCIL ON BEHALF OF  
ITSELF AND ITS AFFILIATED LOCAL CRAFTS

By: Title:

OPERATING ENGINEERS LOCAL 3

By: *James E. Sum* Title: *Business manager*

OPERATIVE PLASTERERS' AND CEMENT MASONS'  
LOCAL 300 OF NORTHERN CALIFORNIA

By: Title:

PLUMBERS AND STEAMFITTERS LOCAL 62

By: Title:

ROAD SPRINKLER FITTERS LOCAL 669

By: Title:

ROOFERS AND WATERPROOFERS UNION LOCAL 95

By: Title:

SHEET METAL WORKERS LOCAL 104

By: Title:

NORTHERN CALIFORNIA CARPENTERS REGIONAL COUNCIL ON BEHALF OF ITSELF AND ITS AFFILIATED LOCAL CRAFTS	
By:	Title:
OPERATING ENGINEERS LOCAL 3	
By:	Title:
OPERATIVE PLASTERERS' AND CEMENT MASONS' LOCAL 300 OF NORTHERN CALIFORNIA	
By: <i>Keith Shab</i>	Title: <i>Business Manager</i>
PLUMBERS AND STEAMFITTERS LOCAL 62	
By:	Title:
ROAD SPRINKLER FITTERS LOCAL 669	
By:	Title:
ROOFERS AND WATERPROOFERS UNION LOCAL 95	
By:	Title:
SHEET METAL WORKERS LOCAL 104	
By:	Title:

NORTHERN CALIFORNIA CARPENTERS REGIONAL COUNCIL ON BEHALF OF ITSELF AND ITS AFFILIATED LOCAL CRAFTS	
By:	Title:
OPERATING ENGINEERS LOCAL 3	
By:	Title:
OPERATIVE PLASTERERS' AND CEMENT MASONS' LOCAL 300 OF NORTHERN CALIFORNIA	
By:	Title:
PLUMBERS AND STEAMFITTERS LOCAL 62 <i>Scott MacArthur</i>	
By: <i>Scott MacArthur</i>	Title: <i>Business Manager</i>
ROAD SPRINKLER FITTERS LOCAL 669 <i>Mail Water ON BEHALF OF SHAWN BROADRICK</i>	
By: <i>SHAWN BROADRICK</i>	Title: <i>BUSINESS MANAGER</i>
ROOFERS AND WATERPROOFERS UNION LOCAL 95	
By:	Title:
SHEET METAL WORKERS LOCAL 104	
By:	Title:

NORTHERN CALIFORNIA CARPENTERS REGIONAL COUNCIL ON BEHALF OF ITSELF AND ITS AFFILIATED LOCAL CRAFTS	
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PLUMBERS AND STEAMFITTERS LOCAL 62	
By:	Title:
ROAD SPRINKLER FITTERS LOCAL 669	
By:	Title:
ROOFERS AND WATERPROOFERS UNION LOCAL 95	
By: <i>Robbie Brown</i>	Title: <i>Business Manager</i>
SHEET METAL WORKERS LOCAL 104	
By:	Title:

NORTHERN CALIFORNIA CARPENTERS REGIONAL COUNCIL ON BEHALF OF  
ITSELF AND ITS AFFILIATED LOCAL CRAFTS

By: \_\_\_\_\_ Title: \_\_\_\_\_

OPERATING ENGINEERS LOCAL 3

By: \_\_\_\_\_ Title: \_\_\_\_\_

OPERATIVE PLASTERERS' AND CEMENT MASONS'  
LOCAL 300 OF NORTHERN CALIFORNIA

By: \_\_\_\_\_ Title: \_\_\_\_\_

PLUMBERS AND STEAMFITTERS LOCAL 62

By: \_\_\_\_\_ Title: \_\_\_\_\_

ROAD SPRINKLER FITTERS LOCAL 669

By: \_\_\_\_\_ Title: \_\_\_\_\_

ROOFERS AND WATERPROOFERS UNION LOCAL 95

By: \_\_\_\_\_ Title: \_\_\_\_\_

SHEET METAL WORKERS LOCAL 104

By: *[Signature]* Title: *Pres/Bus Agr.*

**ATTACHMENT A**  
**AGREEMENT TO BE BOUND**

[Date]

[Addressee]

[Address]

Re: City of Watsonville Project Labor Agreement -- Agreement To Be Bound

Dear Mr./Ms. \_\_\_\_\_:

The undersigned party confirms that it agrees to be a party to and bound by the City of Watsonville Project Labor Agreement as such Agreement may, from time to time, be amended by the parties or interpreted pursuant to its terms.

By executing this Agreement To Be Bound, the undersigned party subscribes to, adopts and agrees to be bound by the written terms of the legally established trust agreements as set forth in Section 9.1 specifying the detailed basis upon which contributions are to be made into, and benefits made out of, such trust funds, ratifies and accepts the trustees appointed by the parties to such trust funds, and agrees to execute a Subscription Agreement(s) for Trust Funds when such Trust Fund(s) require(s) such document(s).

Such obligation to be a party to and bound by this Agreement shall extend to all work covered by said Agreement undertaken by the undersigned party on the City of Watsonville Project. The undersigned party shall require all of its subcontractors, of whatever tier, to become similarly bound for all their work within the scope of this Agreement by signing an identical Agreement To Be Bound.

This letter shall constitute a subscription agreement, to the extent of the terms of the letter.

CONTRACTOR/SUBCONTRACTOR: \_\_\_\_\_

Contractor State License No. or Motor Carrier (CA) Permit No.: \_\_\_\_\_

Name of Authorized Person: (print) \_\_\_\_\_

Signature of Authorized Person \_\_\_\_\_

Title of Authorized Person \_\_\_\_\_

Telephone # of Authorized Person: \_\_\_\_\_

Address of Authorized Person: \_\_\_\_\_

**City of Watsonville**  
**Department of Public Works and Utilities**



**M E M O R A N D U M**

**DATE:** August 24, 2017

**TO:** Charles A. Montoya, City Manager

**FROM:** Steve Palmisano, Director of Public Works and Utilities  
Kevin Silviera, Wastewater Division Manager

**SUBJECT:** Resolution Rejecting the Bid for Construction of the Digester  
Mixing and Fats, Oil and Grease (FOG) Receiving Station  
Improvement Project, WW-17-01

**AGENDA ITEM:** August 29, 2017 **City Council**

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**RECOMMENDATION:**

It is recommended that the City Council adopt a resolution rejecting the bid for construction of the Digester Mixing and Fats, Oil and Grease (FOG) Receiving Station Improvement Project WW-17-01

**BACKGROUND:**

The City's wastewater treatment facility operates two 1.5 million gallon anaerobic digesters, currently plumbed to operate in series to improve performance. In 2002, the first digester in the series was converted to an external pump mixing system, and modifications were made to greatly increase methane gas production. This methane gas fuels a generator, which produces the majority of the power needed to operate the wastewater treatment facility.

In addition to the benefits of additional methane gas production, the Wastewater Division also collects tipping fee revenue for the Fats, Oil and Grease (FOG) waste of approximately \$245,000 per year. By converting the second digester to a similar pump mix system, additional FOG waste and/or potentially food waste can be added to increase methane gas production and increase the revenue associated with tipping fees for outside haulers. It would also move the City's wastewater treatment facility closer to, if not achieving, becoming a net zero energy purchaser from PG&E.

The City of Watsonville holds the distinction of pioneering FOG receiving and digestion in California, and to this day is recognized for our leading efforts of diverting unwanted waste streams from the landfill, and using these waste streams to make electricity and generate revenue.



**DISCUSSION:**

On June 27, 2017, City Council adopted resolution 81-17 (CM) approving specifications and calling for bids for the construction of the Digester Mixing and Fats, Oil and Grease (FOG) Receiving Station Improvement Project WW-17-01

On August 3, 2017, the bid opening occurred, and produced only one bid in the amount of \$1,788,000. The engineers estimate for this project was \$1.1 Million. Additional costs related to this project such as design, pre-purchasing of critical equipment, and construction management services puts the overall cost of the project at approximately \$2.4 million.

Staff recommends rebidding this project at a later time when the bidding environment is more conducive to higher levels of competition and better pricing.

**STRATEGIC PLAN:**

This action is consistent with the strategic plan goal of improving infrastructure.

**FINANCIAL IMPACT:**

There is currently \$1.1 million budgeted in the Sewer Enterprise Fund for the completion of this project.

**ALTERNATIVES:**

The Council could choose not to proceed with this project.

**ATTACHMENTS:**

None

cc: City Attorney



*Project Labor Agreements  
and the Cost of School  
Construction in Ohio*

**Paul Bachman, MSIE  
David G. Tuerck, PhD**

**THE BEACON HILL INSTITUTE FOR PUBLIC  
POLICY RESEARCH**

**MAY 2017**

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## Executive Summary

A project labor agreement (PLA) is an agreement between construction unions and contractors employed on a building project under which the firms adhere to specified work rules and hiring procedures. Typically, PLAs require that all workers be hired through union halls, that nonunion workers join a union and/or pay dues for the length of the project and that union rules apply to work conditions and dispute resolution. Seeking to gain a competitive advantage for signatory contractors during the procurement of contracts for construction services, labor unions actively lobby governments to require PLAs in order to secure work for their members represented by approximately 20 different construction trade unions on a typical school project funded by taxpayer dollars.

The Beacon Hill Institute has completed an extensive statistical analysis of the effects on school construction bids and costs of PLAs in Massachusetts, Connecticut and the state of New York. In both the Massachusetts and Connecticut studies, our analysis found final construction costs to be significantly higher when a school construction project was executed under a PLA. In the New York study, we found that final bids for construction projects were higher under a PLA.<sup>1</sup>

This report applies a similar analysis to school construction projects in the state of Ohio. We have applied the methodology and procedures used in our earlier studies to school construction projects undertaken in Ohio since 2000. We based our findings on a sample of 88 schools.

We find that the presence of a PLA increases the final base construction costs of a school in our sample by \$23.12 per square foot (in 2016 prices) relative to non-PLA projects. Because the average cost per square foot of construction is \$176.23, PLAs raise the base construction cost of building schools by 13.12 percent.

We adjust for inflation by using the U.S. Department of Labor's Bureau of Labor Statistics index for "New School Building Construction."<sup>2</sup> In order to separate the effects of PLAs on

construction costs from other factors affecting construction costs, we use several control variables to obtain our results. In this study, our control variables are: the size of the project (in square feet), the number of stories above grade and variables that indicate whether the school includes a gym, theater, auditorium or multiple cafeterias, whether the school is an elementary school or not and whether the school was built new or renovated.<sup>3</sup>

Our findings show that the potential savings from not utilizing a PLA on a school project range from \$2.31 million for a 100,000-square-foot structure to \$6.94 million for a 300,000-square-foot structure. Given ongoing budget constraints and the uncertainties of revenue forecasts, Ohio policymakers and taxpayers should carefully consider these substantial additional costs when determining whether PLAs are best for school construction projects in their towns or school districts.

## Introduction

PLAs are a form of a “pre-hire” collective bargaining agreement between contractors and labor unions pertaining to a specific project, contract or work location. They are unique to the construction industry. The terms of a PLA generally recognize the participating unions as the sole bargaining representatives for the workers covered by the agreements, regardless of their current union membership status. They require all workers to be hired by general contractors and subcontractors through the union hall referral system. Nonunion workers must join the signatory union of their respective craft and/or pay dues for the length of the project. The workers’ wages, working hours, dispute resolution process and other work rules are also prescribed in the agreement. PLAs supersede all other collective bargaining agreements and prohibit strikes, slowdowns and lockouts for the duration of the project.<sup>4</sup>

PLAs can be mandatory, that is, required by a government entity such as a school board, as a condition of bidding and winning a contract to perform construction services on a project, or agreed to voluntarily by contractors participating in an open and competitive bidding process. Mandatory PLAs are anti-competitive insofar as they discourage open shop contractors from bidding on projects to which the PLAs are attached. Voluntary PLAs are less likely to raise costs insofar as winning bidders would not agree to follow union rules and hiring procedures unless it was cost effective to do so and unless it therefore made bidders more efficient by negotiating the terms and conditions of the PLA directly with unions.

Three studies by the Beacon Hill Institute (BHI), found that the presence of PLAs increased construction bid costs over non-PLA projects in Massachusetts, Connecticut and New York.<sup>5</sup> Of the three, the studies of Massachusetts and Connecticut showed that they increased final construction costs as well. Other researchers have found similar results.

A study conducted by the New Jersey Department of Labor found that the “cost per square foot for all PLA projects was \$260.00, or 30.5 percent higher than for non-PLA projects, which

averaged \$199.19 per square foot” on school construction projects in New Jersey.<sup>6</sup> A study by National University on school construction projects in California found that costs were “13 to 15 percent higher when school districts construct a school under a PLA.”<sup>7</sup>

The current study extends our research of PLAs to school construction projects that took place in the state of Ohio since 2000. Our methodology is similar to that used in our earlier studies.

### **Historical Background on PLAs**

PLAs in the United States originated in the public works projects of the Great Depression, which included the Grand Coulee Dam in Washington State in 1938 and the Shasta Dam in California in 1940. Since World War II, PLAs have continued to be used on a limited basis for some large construction projects procured by government entities, from the construction of the Cape Canaveral Space Center in Florida to the Central Artery project (the “Big Dig”) in Boston. PLAs used on prominent private sector projects include the Alaskan Pipeline and Disney World in Florida.

### **The Arguments Against and For PLAs**

Government-mandated PLAs on publicly-financed construction projects are typically issued after lobbying campaigns from labor unions to help them regain lost market share. The logic of mandating PLAs is, however, increasingly dubious in view of the decline of union membership across the workforce and particularly in the construction sector. Only 13.9 percent of the U.S. private construction workforce currently belongs to unions.<sup>8</sup>

PLAs typically require that general contractors and subcontractors must hire all construction trade labor via union halls and union apprenticeship programs, pay union dues, contribute to union-sponsored retirement plans and follow union work rules. PLAs force contractors to hire union workers in place of most, if not all, of their own workforce. The contractors and any

existing employees are required to contribute to union benefit plans even if they cover their own workers under their own plans. The work rules restrict the contractors from using their own, often more flexible, operating rules and multiskilling procedures across multiple trades with their own nonunion employees. These restrictive conditions cause costs to rise for a project subject to a government-mandated PLA.

Merit shop (nonunion or open shop) contractors contend that their competitive advantages are nullified by a PLA even as they comply with other mandates such as prevailing wage laws. The result is that in practice, if not in principle, they are unable to bid competitively on jobs that have a PLA requirement. In turn, the absence of open shop bidders for PLA projects results in fewer bidders for the project, and with fewer bidders, the lowest bids come in higher than if open shop contractors had participated. Therefore, the cost of the project will be higher, with fewer bidders attempting to under-bid each other for the contract. Some opponents also argue that requiring a PLA violates state competitive bidding laws that require a free and open bidding process.

Proponents of PLAs counter with the argument that PLAs keep projects on time and on budget and that they help assure the use of qualified, skilled workers on a project. They argue that the agreements provide for work conditions that are harmonious by eliminating inefficiencies in existing union collective bargaining agreements and that they guarantee predictable wage costs for the life of the contract. They contend that the combination of work rules and provisions that prohibit strikes, slowdowns and lockouts keeps the project on time and prevents cost overruns due to delays. They argue, furthermore, that the wage stipulations allow firms to accurately estimate labor costs for the life of the project and to thus keep the project on budget.<sup>9</sup>

Proponents also argue that the work rules, such as overtime and vacation pay under PLAs are often less generous than the collective bargaining agreements for some trades. Thus, if a PLA stipulates that overtime pay begins only after 40 hours per week, and not after eight hours per



day, as in some collective bargaining agreements, then the PLA will produce savings on overtime costs.

Advocates insist that the union rules allow for a safer work environment, thereby reducing accidents and thus lowering the number of workers' compensation claims. In addition, they claim workers' union certifications and apprenticeship training programs ensure the quality of the work and save money by avoiding costly mistakes. These features, they argue, save money in the long run by keeping projects on budget by reducing cost overruns. In addition, proponents assert that through union apprenticeship programs PLAs help assure local workers are hired and trained.

Such claims, against and for PLAs, are, however, merely anecdotal. It is the owner's responsibility, in awarding and soliciting bids for a project, to specify the terms of the contract, including completion time and the expected quality of the work to be performed. When the owner is a public entity that is responsible for several or many construction projects over a long-time horizon, that entity should turn to the data to determine whether the practice of mandating a PLA does, in fact, reduce costs as the unions claim. This study provides data aimed at answering that question.

## **Legal Background**

The controversy over the use of PLAs in public construction projects has become more intense over the past three decades, with the filing of a myriad of court challenges from both sides of the argument.

In 1993, the United States Supreme Court's *Boston Harbor* decision raised the stakes over the use of government-mandated PLAs on public projects. In 1988, a federal court ordered the Massachusetts Water Resources Authority to fund the cleanup of Boston Harbor. The Authority's project management firm, IFC Kaiser, negotiated a PLA with the local construction

unions for the multibillion-dollar cleanup effort funded by taxpayer dollars. In a move that set precedent, IFC Kaiser mandated a PLA as part of the project's bid specifications.<sup>10</sup> As a result, a nonunion trade group filed a lawsuit contending that the PLA requirement in the bid specification violated the National Labor Relations Act (NLRA). However, the United States Supreme Court held that a state authority, acting as the owner of a construction project and as a market participant purchasing construction services, was legally permitted to enforce a pre-hire collective bargaining agreement negotiated by private parties.<sup>11</sup> Since the *Boston Harbor* decision, most PLA litigation has centered on the competitive bidding requirements of state and local law.

*New York State Chapter ABC, Inc. v. New York State Thruway Authority* provided another significant ruling that affected the use of PLAs. The court ruled that PLAs are "neither absolutely prohibited nor absolutely permitted" on public construction projects in New York and that they should be considered on a case-by-case basis. The court ruled that the public owner of a construction project in New York must demonstrate that a PLA upholds the principles of the state's competitive bidding statutes and protects the public's interest by obtaining the lowest price for the highest quality work, and prevents "favoritism, improvidence, fraud and corruption in the awarding of public contracts."<sup>12</sup>

### **PLAs at the Federal Level**

President George H.W. Bush's October 23, 1992, Executive Order 12818, "Open Bidding on Federally Funded Construction Projects" was the first serve in a ping pong match that ensued after the *Boston Harbor* court case. The executive order prohibited federal agencies from requiring PLAs on federal construction projects.<sup>13</sup>

Then, on February 1, 1993, President Clinton issued Executive Order 12836, "Revocation of Certain Executive Orders Concerning Federal Contracting," rescinding President H.W. Bush's Executive Order 12818.<sup>14</sup>

After his reelection, President Clinton attempted to implement a pro-PLA executive order that ordered federal agencies to determine if a PLA would “advance the government’s procurement interest[s]” on federal construction projects and then implement them on a project-by-project basis. However, that executive order was never signed.<sup>15</sup> After extensive political pressure from the Republican controlled U.S. Senate, President Clinton instead issued a June 5, 1997 memorandum that merely encouraged the use of PLAs on contracts over \$5 million for construction projects, including renovation and repair work, for federally owned facilities.<sup>16</sup>

Subsequently, few projects were conducted under government mandated PLAs because the regulatory process that established the rules in which the federal government could require and use PLAs delayed implementation of the Clinton memo. In addition, few federal agencies opted to mandate PLAs on federal construction projects, as documented in a May 5, 1998, U.S. Government Accounting Office (GAO) report: *Project Labor Agreements: The Extent of Their Use and Related Information*. The GAO report found that it is nearly impossible to show any savings or increased quality derived from the use of government-mandated PLAs.<sup>17</sup>

In a February 17, 2001, under Executive Order 13202, President George W. Bush canceled the Clinton order by effectively prohibiting government-mandated PLAs on federal and federally assisted construction projects. The executive order declared that neither the federal government, nor any agency acting with federal assistance should require or prohibit construction contractors to sign union agreements as a condition of performing work on government contraction project.<sup>18</sup>

On April 6, 2001, the Bush Administration amended Executive Order No. 13202 with Executive Order No. 13208, which exempts any project that has had at least one contract awarded with a PLA from Executive Order 13202.<sup>19</sup>

Some of largest unions in the country, including the AFL-CIO, insisted that the order illegally interfered with their collective bargaining rights under the NLRA. They filed suit in federal court (*Building & Construction Trades v. Allbaugh*), and on November 7, 2001, a United States

District Court Judge issued an injunction blocking the President's order. The Justice Department appealed and, the U. S. Court of Appeals for the District of Columbia overturned the lower court decision and ordered the judge to lift the injunction on July 12, 2002. In handing down its decision, the appeals court found that the NLRA did not preempt the executive order as the AFL-CIO argued.<sup>20</sup> The unions disagreed and filed to have the case reviewed by the United States Supreme Court. In April 2003, the Supreme Court declined to review the case, and the President's 2001 executive order remained in place.<sup>21</sup>

On February 6, 2009, shortly after entering office, President Obama issued Executive Order 13502, which changed federal government's policy to one that encouraged executive agencies to consider requiring, on a case-by-case basis, the use of PLAs related to large-scale construction projects (projects where the federal cost exceeded \$25 million).<sup>22</sup> The executive order claimed that, without a PLA, large-scale construction projects are likely to experience (1) labor "disputes," (2) difficulties in predicting labor costs and in avoiding interruptions in labor supply, (3) a lack of coordination on construction projects and (4) uncertainty about the terms and conditions of employment of workers – all of which ostensibly lead to delays and cost overruns.<sup>23</sup> If this were true, then federal construction projects initiated during the George W. Bush Administration's ban on PLAs should have been rife with labor disputes leading to cost overruns and delays.

That was not the case, however. A 2009 study by the Beacon Hill Institute found no evidence of any labor disputes or delays on the \$57 billion of federal construction projects with a price over \$25 million during George W. Bush's presidency.<sup>24</sup>

The U.S. Department of Labor selected Manchester, New Hampshire to build a new Jobs Corps Center in 2009, with a PLA mandate. However, nonunion contractors complained that many New Hampshire construction contractors were nonunion and that the PLA would favor contractors from out of state. A nonunion contractor filed a bid protest with the GAO against the PLA mandate, and in the face of political pressure and an unfavorable ruling against the

Labor Department, the PLA was eventually dropped and the project rebid without a PLA. This produced three times as many bidders and bid prices that were 16 percent lower, ultimately saving taxpayers \$6.2 million and allowing a local company to deliver the award-winning project on-time and on budget.<sup>25</sup>

Similar successful protests against proposed PLA mandates on federal projects resulted in relatively few PLAs being mandated on large-scale federal projects during the Obama administration. Roughly 12 large-scale federal contracts (totaling \$1.256 billion) were subject to PLA mandates or preferences compared to 1,173 contracts (totaling \$64.99 billion) without government-mandated PLAs. However, an unknown number of PLA mandates have proliferated on federally assisted projects procured by state and local governments. For example, according to a February 2017 report by the U.S. Department of Transportation's Federal Highway Administration (FHWA), over the last seven years, state and local government authorities mandated PLAs on 382 similar state and local contracts (totaling \$8.7 billion) receiving federal assistance from the FHWA.<sup>26</sup> To date, the Trump administration has not taken any action on PLAs.

State governments also have enacted legislation on the use of PLAs. A total of 23 states have enacted measures restricting the use of government-mandated PLAs on state, state-assisted and local construction projects to some degree. Since 2011, 21 states enacted measures following the Obama administration's pro-PLA policy. Roughly eight states have enacted measures encouraging the use of PLAs on a case-by-case basis.

### **PLAs in Ohio**

The *Boston Harbor* decision opened the door for PLAs on public construction projects throughout the country, including the state of Ohio. PLAs were implemented on public construction projects in Ohio cities and towns, including City of Steubenville Joint Jail Facilities (1996), first responder facilities in Parma Heights (2003), North Olmstead (2005), Maple Heights

(2005), Parma (2006) and Madison (2012) and several courthouses, libraries, schools and the Cleveland Hopkins Airport in 2011. Private sector construction owners have also utilized PLAs on projects, such as MBNA, Keycorp, University Hospitals Research Institute, Cleveland Museum of Art and the Cleveland Clinic.<sup>27</sup>

The debate over PLAs has gone on for decades in Ohio. As the percentage of private construction workers covered by a union contract fell from 35 percent in 1983 to 23.2 percent in 2016, PLAs have become less and less easy to justify.<sup>28</sup>

In 1999, Ohio House Bill (H.B.) 101, which included provisions that banned PLA requirements on public construction projects in Ohio, passed both branches of the Ohio Legislature and was set to become law. The Cuyahoga County Board of Commissioners and local union affiliates sued to block the law. The Ohio Supreme Court struck the law as unconstitutional.<sup>29</sup>

The use of PLAs in Ohio became more controversial with the appointment of Richard Murray, a member of Local 423 of the Laborers' International Union of North America, as Executive Director of the Ohio School Facilities Commission (OSFC), by Governor Strickland. Murray advocated for PLAs and approved one for the Ohio State School for the Blind and the Ohio School for the Deaf. However, initial construction bids for the project came in 40 percent over budget. Murray subsequently removed the PLA requirement, and construction bids fell by 22 percent below the previous bids. Murray's promotion of PLAs raised much more controversy.<sup>30</sup>

Murray used his position to pressure school districts into requiring PLAs on school projects. However, towns, such as Clay, complained about strong-arm tactics by local union organizers. In addition, the school superintendent of the town of New Boston accused the OSFC of stalling on "a school construction project after the board ignored the former director's (Murray) urging it to adopt a PLA."<sup>31</sup>

As a result, the Ohio Inspector General's Office (IGO) investigated and issued a report in 2010. The IGO report stated that Murray's behavior included "repeated displays of misfeasance in carrying out his duties." Under the current Kasich administration, the OSFC has banned local officials from mandating a PLA on school construction projects that use commission funding.<sup>32</sup>

The town of Lorain held a public hearing on whether it would utilize PLAs on construction projects. The city council approved a measure requiring PLAs in 2011. However, in 2013, the City Council met again and adopted a measure scrapping the PLAs, as they found that the PLAs weren't honoring the promises of local labor leaders. After the vote, Safety-Service Director Robert Fowler said a rule mandating PLAs was "bad public policy and needed to be repealed." Councilman Brian Gates, who supported the PLAs and voted against the measure, registered his "disappointment."<sup>33</sup>

Members of the Ohio Legislature attempted to ban government mandated PLAs on public construction projects in both 2015 and 2016. In 2015, House Bill 64 initially contained amendments that prohibited state and local governments PLAs, but the final version did not contain that provision.<sup>34</sup>

In 2016, Senate Bill 152 would have prohibited cities from establishing residency requirements for local construction projects and included an amendment that banned government mandated PLAs. House Minority Leader Fred Strahorn (D-Dayton) said Senate Bill 152 would likely be unconstitutional and violate cities' home rule authority. The measure passed the Ohio House of Representatives in May but failed in the Senate.<sup>35</sup>

The Ohio Prevailing Wage Statute affects the use of PLAs on Ohio public school construction projects because these projects have been exempt from paying the state prevailing wage since 1997.

The Ohio Prevailing Wage Statute sets the “rate of wages to be paid for a legal day's work to employees upon public works as not less than the collective bargaining rates in the applicable locality under collective bargaining agreements.”<sup>36</sup> However, a PLA essentially supersedes the prevailing wage law exemption for school construction by setting the wage schedule to that of rates contained in the collective bargaining agreements of trade unions signatory to the PLA.

Under a 1997 law, the Legislative Service Commission (LSC) of Ohio issued a report in 2002 that found the prevailing wage exemption for public school construction reduced construction costs by 10.7 percent without compromising construction quality or construction wages. Subsequent researchers and union officials dispute the report findings.<sup>37</sup>

### **Evidence on PLAs**

The evidence on whether PLAs drive up construction costs has, until recently, been largely anecdotal. The claims outlined above, fall into two categories: one, those that depend on the estimates by consultants that were made in the pre-bid stage of a project, with no attempt made to verify their cost saving claims after the fact; or, two, those for which the cost analysis was restricted to only one project as in the New Hampshire Jobs Center case. No “analysis” of that kind provides any quantitative evidence that PLAs increase or reduce construction costs.

However, it is possible statistically to test whether PLAs raise construction costs by using the approach taken in our previous studies. In this study, we present data that relates to Ohio public school building projects. In the next section, we review our variables, data sources and the methodology. We then report the results of our regression analysis and the cumulative effect of these results on the construction costs.



## **Data Sources**

The central database of the Ohio Facilities Construction Commission (OFCC) lists public school construction projects receiving reimbursement from the state. Unfortunately, this database does not contain all the information necessary for estimating the effects of PLAs on construction costs.<sup>38</sup> It does provide information on district-wide school construction projects, including estimated cost, the size of the projects and contact information for town and school district officials, construction companies and architectural firms. Still, it does not break out the data by individual school projects, but rather includes data for multi-school projects broken out by municipality or school district.

Using the OFCC and other information, we began our own data collection and assembled our own database. We limited our search to construction projects over \$1 million. To obtain data on these projects, we contacted municipal officials, architects and contractors and requested data for each school construction project, including the base construction bid, final actual base construction cost (if the project was completed), the size of the project measured in square feet, whether there was a PLA requirement for the project (and whether the requirement was mandatory or not), the nature of the construction work (new versus addition or renovation), the type of school (elementary, middle or high school, Pk-12), the number of stories above grade and the year construction was completed. We also asked if the school project contained features that might make the school more expensive, such as the presence of a gym, theater, auditorium, swimming pool, multiple cafeterias or other high-cost features.<sup>39</sup> Virtually all the information arrived as written responses (letters, e-mails, faxes, etc.). All the sources and dates have been recorded. (A copy of our letter is included in the Appendix.)

## **Adjusting for Inflation**

Our sample covers the period 2000 to the present. To compare the construction costs of PLA with non-PLA schools, it was necessary to correct for the fact that construction costs rose during

this period. We used the U.S. Department of Labor’s Bureau of Labor Statistics index for “New School Building Construction” to make the needed correction. Because the index begins in 2005, we used the compound annual growth rate (CAGR) of 3.8 percent for all years from 2005 to present as the growth rate for the years 2000-2004.

### Comparing PLA to Non-PLA Projects

Table 1 compares the characteristics of the school construction projects in towns with a PLA (“PLA projects”) with those where there was no such agreement (“non-PLA projects”).

**Table 1: Summary Statistics for Construction Projects by PLA Status**

Variable	Final construction cost (2016 \$ millions)	Size of project (square feet)	Construction final cost/square foot (2016 \$) *	Number of stories
<b>Mean</b>				
PLA	\$16.39	83,103	\$199.49	1.93
Non-PLA	\$16.60	98,226	\$171.45	2.04
<b>Standard Deviation</b>				
PLA	\$9.72	33,289	\$47.55	0.26
Non-PLA	\$9.79	54,520	\$43.33	0.82
<b>Minimum</b>				
PLA	\$2.51	11,000	\$127.52	1
Non-PLA	\$6.46	51,000	\$89.67	1
<b>Maximum</b>				
PLA	\$26.90	129,823	\$267.11	2
Non-PLA	\$46.91	253,931	\$250.03	6

Total sample size is 88, with 15 PLA projects and 73 non-PLA projects. Costs are measured in 2016 dollars; see text for details.

A notable pattern in the data is that PLA projects, on average, cost \$28.04 (\$199.49 minus \$171.45) more per square foot (in 2016 prices) than non-PLA projects.

However, this is not conclusive, because it is possible that PLA projects are systematically different – for instance larger, or concentrated on new buildings rather than renovations. A formal regression analysis allows us to determine whether the difference in PLA versus non-

PLA projects is robust to differences in project size and type. To capture the effect of economies of scale, we include a variable consisting of the square footage of construction, which ensures that the effect of additional size diminishes as the project becomes bigger. In addition, we include a measure of the number of stories, the presence of a gym, theater, auditorium, and multiple cafeterias. We also accounted for other features such as whether the project involved the construction of a new school or the renovation of an existing school and whether the project is an elementary school. In our regressions, the dependent variable is the final cost per square foot of construction (in 2016 prices). The most critical independent variable is a dummy variable that is set equal to 1 for PLA projects and to 0 otherwise. The ordinary least squares regression results are presented in Table 2.

Our results show that the PLA projects added \$23.12 per square foot (in 2016 prices) to the final construction cost. The important point here is that this amount represents the effect of PLA projects after controlling for other measurable influences on costs; these other influences are important for explaining why construction costs differ from project to project. The estimates in Table 2 show that it matters whether the project is built under PLA arrangements.

**Table 2: Ordinary Least Squares Estimation of Real Construction Costs Per Square Foot**

Variable	Coefficient	Standard error	p-value (one-tailed test)
Constant	97.08	35.89	0.000
PLA	23.12	13.01	0.039
Gym	34.39	8.85	0.000
Theatre	38.10	43.05	0.118
Multiple cafeterias	-101.18	41.63	0.001
Square-feet squared	-1.02	1.04	0.241
Elementary	-0.557	10.63	0.479
Stories	8.54	7.21	0.120
Square-feet	0.0001	0.0002	0.382
Auditorium	6.22	16.07	0.350

New	8.02	22.97	0.364
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Adjusted R<sup>2</sup> is .207. Sample size is 88.

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A formal (one-tailed) test of the statistical significance of the PLA coefficient gives a p-value of .039, which means that there is less than a 4 percent chance that we have accidentally found that PLA projects are more expensive than non-PLA projects. Put another way, there is at least a 96.1 percent probability that PLA projects are more expensive than non-PLA projects, holding other measurable aspects of a project constant.

The equation also shows that projects with a gym are more expensive, as are schools with a theater. The negative coefficient for square feet squared captures the effect of economies of scale on cost. The one surprising result is that the inclusion of more than one cafeteria reduces cost per square foot. One explanation is that schools large enough to have more than one cafeteria are exhibiting the same economies-of-scale effect that is shown by the square-foot-squared variable.

With an adjusted R<sup>2</sup> = 0.207, the equation “explains” 20.7 percent of the variation in construction bid costs across projects. Clearly, other factors also influence the cost of construction – the exact nature of the site, the materials used for flooring and roofing, the outside finish and the like. But as a practical matter, it is impossible to collect data on every factor that increases or decreases cost. Our specification is no different from any other specification in recognizing this fact.

For the PLA effect shown here to be overstated, it would have to be the case that PLA projects systematically use more expensive materials, or add more enhancements and “bells and whistles,” than non-PLA projects. Our conversations with builders, town officials and architects suggest that PLA projects are not systematically more upscale. This gives us confidence that the PLA effect shown here is real. Furthermore, we attempted to ascertain the prevalence of elements that might make a project more expensive in our data collection process.

## Robustness

It is helpful to explore the robustness of our results. In other words, is there still a PLA effect if we look only at elementary school construction projects or at small, medium or large projects?

The results of this exercise are summarized in Table 3.

**Table 3: Regression Estimates of the “PLA Effect” For Different Sub-Samples and Model Specifications**

Sub-sample	PLA effect (\$/sq ft)	p-value	Other variables included	Sample size (# of PLA projects)	Adjusted R <sup>2</sup>	Mean cost/sq ft Non-PLA projects	Mean cost/sq ft PLA projects
Final costs (baseline)	23.12	0.039	Gym*, theater*, stories, sqft, elementary, new, auditorium, multiple cafes*, sqft squared	88(15)	.21	171.456	199.50
Project bid costs	25.058	.026	Gym*, theater*, stories*, sqft*, elementary*, new, auditorium*, multiple cafes*, sqft squared	84(15)	.55	160.56	172.10
Small projects only	33.58	.011	Gym*, theater*, stories*, sqft*, elementary*, new, auditorium*, multiple cafes*, sqft squared	56(9)	.41	177.32	202.21
Medium projects only	27.05	.022	Gym*, theater*, stories*, sqft*, elementary, new*, auditorium, multiple cafes*, sqft squared*	78(14)	.23	172.81	199.50
Large projects only	13.82	.336	Gym, theater*, stories, sqft, elementary, new, auditorium, multiple cafes*, sqft squared	33(6)	-.025	160.84	195.43
Elementary schools only	24.57	.046	Gym, theater*, stories, sqft, elementary, new, auditorium, multiple cafes*, sqft squared	53(15)	.49	176.34	198.62
Middle & HS only	13.91	.353	Gym, theater*, stories, sqft, new, auditorium, multiple cafes* sqft squared	35(7)	.06	163.19	208.62
Weighted by Sqrft	14.42	.000	Gym, theater, stories, sqft, elementary, new, auditorium, multiple cafes, sqft squared	88(15)	.19	168.54	197.21

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Notes: sqft = square footage for each project; stories is the number of stories above ground; elementary = 1 if elementary school, 0 if junior high or high school; gym =1 if school has a gym, 0 if not; theatre =1 if school has a theatre, 0 if not; auditorium = 1 if the school has an auditorium, 0 if not; multiple cafes = 1 if school has multiple cafeterias, 0 if not; new=1, if school is new construction, 0 if school is a renovation; sqft squared is square footage for each project squared. \* denotes statistical significance.

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The first column indicates the sample, or sub-sample, used in estimating the regression equation. We performed this analysis by running separate regressions for the following samples:

1. the “baseline” sample, which consists of all the cases for which information was available on final construction costs; this was also used to give results weighted by project size (“weighted by sqft”);
2. small projects, medium size projects and large projects;
3. elementary and non-elementary schools; and
4. a sample consisting of the cases for which information was available on bid costs.<sup>40</sup>

The “PLA effect” column shows the estimate of the effect of having a PLA on the cost of construction (in dollars per square foot, in 2016 prices), and the corresponding “p-value” column measures the statistical significance of these coefficients. The PLA effect is statistically significant at the 5 percent level or better, except for large schools and middle schools and high schools. The size of the PLA effect differs, depending on the sample examined. The results of the “baseline” regression analysis presented in Table 2 are reproduced here in the first row of Table 3.

Following standard practice, our regressions use ordinary least squares (OLS), which means that each observation (here, a school building project) carries equal weight in the regression. However, we also estimated our preferred equation using weights, where each project is given a weight that is in proportion to the square footage that it represents. This means that a project of 150,000 square feet, for instance, would have twice as much weight in the equation as a

project of 75,000 square feet. The weighted regression shows a PLA effect of \$14.42/sqrft, again statistically significant.

## Conclusion

Based on data on construction costs and related variables for school projects in Ohio since 2000, we find the following:

- (i) PLA projects added \$23.12 per square foot (in 2016 prices) relative to non-PLA projects. Because the average cost per square foot of construction is \$176.23, PLAs raised the base construction costs of building schools by 13.12 percent.
- (ii) PLA projects have higher bid costs; again, we are more than 96.1 percent confident of this finding, based on the available data.
- (iii) The finding that PLA projects have higher construction costs is robust, in that:
  - a. The effect persists even when the data are subdivided, so that the effect is evident separately for mid-size projects, small projects, and elementary schools.
  - b. A regression that weights observations by project size also shows the effect.

In sum, the evidence that PLAs have increased the cost of school construction in Ohio since 2000 is strong. Taken together, the 15 PLA projects in our sample accounted for 1.70 million square feet of construction with a combined cost of \$240.8 million, based on the projects that we were able to include in our study. Our estimates show that taxpayers would have saved \$39.3 million, or over \$2.6 million per project, if PLAs had not been used.<sup>41</sup>



## Appendix

### Data Gathering Methodology

BHI utilized a multi-step data collection process. In the first step, we contacted the Ohio Facilities Construction Commission (OFCC) to obtain the most recent list all projects for public schools in Ohio since the year 2000. Specifically, we requested:

- Winning base construction bid (excluding insurance, bonds and other soft costs)
- Type of school, (elementary, middle or high school)
- Number of stories above grade
- Final base construction cost
- Whether the base construction bid include demolition/site work costs? If so how much?
- Whether there was a PLA (Project Labor Agreement) requirement on the project
- Whether the project was a new school or an addition/renovation?
- Number of square feet of new and/or renovated building space.
- Whether the project includes any of the following: auditorium, swimming pool, library, cafeteria, gymnasium, HVAC, kitchen, science labs, and other features that would add to the project cost.

The OFCC returned information on school projects, such as the name of the school district or municipality, the contact information, and estimated total project cost and square footage for all projects in the district. However, the data did not include a breakdown of individual school construction project data. BHI requested and received contact information for all the districts in Ohio. OFCC supplied contact information that included superintendent, treasurer, project manager and general contractor.

From August 2016 through March 2017, BHI contacted each district by telephone and email explaining the type of information we were requesting. BHI followed up by mailing Freedom of Information Acts (FOIA) letters to the superintendents of each public-school district in Ohio (see example letter below). We made follow-up phone calls to every school district starting one

week after the letters were mailed. We made subsequent follow-up attempts with each district using telephone calls and emails at least three times.

We augmented the data collection process by conducting internet searches that included websites of the school districts, construction firms, construction management firms, architectural firms and other construction related websites. We obtained some information from these searches on the number of number of square feet, stories above grade and features, such as gymnasium. Independent internet searches also provided information as to the PLA status of some projects, but these projects were only added to the data base if the information was confirmed by the school district or other local officials.

We also asked whether the PLA was mandated by the government agency or not. We confirmed that local governments mandated the PLAs on 14 of the 15 PLA project and unable to confirm the status of the other project.

## Sample FOIA Letter

Dear [custodian of records]:

Under the **Ohio Open Records Law, §149.43 et seq.**, I am requesting an opportunity to obtain copies of public records that pertain to the school construction projects in [Ohio Municipality].

More specifically, we need the following data for the following school projects:

- Winning base construction bid;
- Number of stories above grade;
- Final base construction cost (if available);
- Does the base construction bid include demolition/site-work costs? If so how much?
- Whether there was a PLA (Project Labor Agreement) \* requirement on the project;
- Number of square feet of new building space; and

Does the school have any enhancements that would make the school more expensive than a comparable school: Auditorium, Swimming pool, Gymnasium, Theatre, T.V. studio, Multiple cafeterias, and Other features that would increase construction costs.

If there are any fees for searching or copying these records, please inform me if the cost will exceed \$10. However, I would also like to request a waiver of all fees in that the disclosure of the requested information is in the public interest and will contribute significantly to the public's understanding of the cost of school construction projects. This information is not being sought for commercial purposes.

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## Endnotes

<sup>1</sup>See <http://www.beaconhill.org/PLAStudiesHomePage.htm> for links to our prior work on PLAs. A bid cost is a project's base construction bid that includes site work and, for many projects, both Project Labor Agreements and non-Project Labor Agreements. The figure does not include the demolition costs.

<sup>2</sup> The Department of Labor, Bureau of Labor Statistics, Producer Price Index Industry Data, "New School Building Construction," Series ID #236222, <https://www.bls.gov/ppi/>.

<sup>3</sup>Public school construction projects in Ohio have been exempt from paying the state prevailing wage since 1997. The Legislative Service Commission (LSC) of Ohio issued a report in 2002 as required by the 1997 legislation that found the prevailing wage exemption for public school construction reduced construction costs by 10.7 percent. Subsequent researchers and union officials dispute the report findings. The Ohio Prevailing Wage Statute sets the "rate of wages to be paid for a legal day's work to employees upon public works as not less than the collective bargaining rates in the applicable locality under collective bargaining agreements." However, a PLA essentially supersedes the Ohio Prevailing Wage law by setting the wage schedule to that of the signatory trade unions. If we use the Ohio LSC findings to isolate the PLA effect from the prevailing wage effect, our results would be reduced by 10.7 percent, or \$2.31 to \$20.81, or 11.81 percent.

<sup>4</sup>U.S. General Accounting Office, *Project Labor Agreements: The Extent of Their Use and Related Information*, Publication No. GAO/GGD-98-82, (Washington D.C.: 1998), <http://www.gao.gov/achives/1998/gg98082.pdf>.

<sup>5</sup> Paul Bachman, Darlene C. Chisholm, Jonathan Haughton, and David G. Tuerck, *Project Labor Agreements and the Cost of School Construction in Massachusetts*, The Beacon Hill Institute at Suffolk University, (September 2003). <http://www.beaconhill.org/BHISTudies/PLAPolicyStudy12903.pdf>. See also Paul Bachman, Jonathan Haughton and David G. Tuerck, *Project Labor Agreements and the Cost of School Construction in Connecticut*, The Beacon Hill Institute at Suffolk University, September 2004. <http://www.beaconhill.org/BHISTudies/PLA2004/PLAinCT23Nov2004.pdf>.

<sup>6</sup> "Annual Report to the Governor and Legislature: Use of Project Labor Agreements in Public Works Building Projects in Fiscal Year 2008", New Jersey Department of Labor and Workforce Development, October, 2010, [http://lwd.dol.state.nj.us/labor/forms\\_pdfs/legal/2010/PLAReportOct2010.pdf](http://lwd.dol.state.nj.us/labor/forms_pdfs/legal/2010/PLAReportOct2010.pdf), 3.

<sup>7</sup> Vince Vasquez, Dr. Dale Glaser, and W. Erik Bruvold, "Measuring the Cost of Project Labor Agreements on School Construction in California," National University System Institute for Policy Research, 2010, <http://www.nusinstitute.org/assets/resources/pageResources/Measuring-the-Cost-of-Project-Labor-Agreements-on-School-Construction-in-California.pdf>, 1.

<sup>8</sup> U.S. Bureau of Labor Statistics, "Economic News Release," January 26, 2017, <https://www.bls.gov/news.release/union2.nr0.htm>.

<sup>9</sup> Gerald Mayer, "Project Labor Agreements." Congressional Research Service, R41310, July 1, 2010, <https://www.cga.ct.gov/2011/rpt/2011-R-0360.htm>.

<sup>10</sup> Herbert R. Northrup and Linda E. Alario, "Government-Mandated Project Labor Agreements in Construction, The Institutional Facts and Issues and Key Litigation: Moving Toward Union Monopoly on Federal and State Financed Projects," *Government Union Review* 19, no. 3, (2000): 60.

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<sup>11</sup> Ibid., 60.

<sup>12</sup> New York State Chapter ABC, Inc. v. New York State Thruway Auth., 88 N.Y. 2d 56,643 NYS 2d 480,666 NE 2d 185 (1996).

<sup>13</sup> Northrup, 3.

<sup>14</sup> Exec. Order No. 12836, 3 C.F.R. (1993).

<sup>15</sup> Draft Executive Order on the Use of Project Labor Agreements, April 1997, <http://thetruthaboutplas.com/wp-content/uploads/2009/06/draft-of-pro-pla-clinton-executive-order-never-happened-040197.pdf>.

<sup>16</sup> Ibid.,3.

<sup>17</sup> U.S. Government Accountability Office, Project Labor Agreements: The Extent of Their Use and Related Information, GGD-98-82, (May 29, 1998), <http://www.gao.gov/products/GGD-98-82>.

<sup>18</sup> Worcester Municipal Research Bureau, "Project Labor Agreements on Public Construction Projects: The Case for and Against," Report No. 01-4 (May 21, 2001): 7, <http://www.wrrb.org/reports/public-administration/2001/05/the-use-of-project-labor-agreements-on-public-construction-projects/>.

<sup>19</sup> Exec. Order No. 13208, 3 C.F.R. 187 (2001)

<sup>20</sup> "Bush Administration, Construction Unions in Fight Over Project Labor Agreements," *Bulletin Broadfaxing Network*, December 5, 2002.

<sup>21</sup> Halloran & Sage LLP, "Union Activity Across the Country," *Connecticut Employment Law Letter* 11, M. Lee Smith Publishers & Printers, (April 2003).

<sup>22</sup> U.S. Department of Labor, "Implementation of Project Labor Agreements in Federal Construction Projects: An Evaluation, Interactive Elements Corporation & Hill International," (February 25, 2011) <https://www.dol.gov/asp/evaluation/reports/20110225.pdf>.

<sup>23</sup> David G. Tuerck, Paul Bachman and Sarah Glassman, Project Labor Agreements: A Costly Solution in Search of a Problem, The Beacon Hill Institute, (August, 2009), <http://www.beaconhill.org/BHISTudies/PLA2009/PLAFinal090923.pdf>, 4.

<sup>24</sup> Ibid, 6.

<sup>25</sup> Ted Siefer, "NH firm wins contract to build \$35M job center in Manchester after years-long fight," *The New Hampshire Union Leader*, (April 21, 2013), <http://www.unionleader.com/apps/pbcs.dll/article?AID=2013130429519&NL=1&template=printart#sthash.Ewo1ltG4.dpuf>.

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<sup>26</sup> U.S. Department of Transportation, Federal Highway Administration, Interim Guidance on the use of Project Labor Agreements, (May 7, 2010), <https://www.fhwa.dot.gov/construction/contracts/100507.cfm>.

<sup>27</sup> Cleveland Building and Construction Trades Council, Project Labor Agreements, <http://www.cbctc.org/construction-issues/project-labor-agreements-pla/>.

<sup>28</sup> Barry T. Hirsch and David A. Macpherson, "[Union Membership and Coverage Database from the Current Population Survey: Note](#)," *Industrial and Labor Relations Review*, 56 no. 2 (January 2003):349-54.

<sup>29</sup> Ohio State Bldg. & Constr. Trades Council v. Cuyahoga Cty. Bd. of Commrs., 98 Ohio St.3d 214, 2002-Ohio-7213, <http://www.supremecourt.ohio.gov/rod/docs/pdf/0/2002/2002-Ohio-7213.pdf>.

<sup>30</sup> Associated Builders and Contractors, "More Evidence That Project Labor Agreements Reduce Competition and Increase Cost," (November 16, 2010), <http://thetruthaboutplas.com/2010/11/16/more-evidence-that-project-labor-agreements-reduce-competition-and-increase-costs/>.

<sup>31</sup> *AIA Ohio News*, "Chairman Foresees Vote on Bill to Limit Project Labor Agreements," (April 15, 2011), <http://www.aiaohio.org/the-news/38-legislative-issues/378-chairman-foresees-vote-on-bill-to-limit-project-labor-agreements?tmpl=component&print=1&layout=default&page=>.

<sup>32</sup> Ibid.

<sup>33</sup> Richard Payerchin, "Lorain council scraps PLAs; Turns down project labor agreements for public construction jobs," *The Morning Journal News*, (March 8, 2013), <http://www.morningjournal.com/article/MJ/20130308/NEWS/303089983>.

<sup>34</sup> Ohio General Assembly 131, House Bill 64: Creates Main Operating Budget for FY2016 and FY2017, <https://www.legislature.ohio.gov/legislation/legislation-status?id=GA131-HB-64>.

<sup>35</sup> Ohio General Assembly 131, Senate Bill 152: Prohibits local hiring restrictions in public contracts, <https://www.legislature.ohio.gov/legislation/legislation-status?id=GA131-sb-152>.

<sup>36</sup> Ohio Laws and Rules, Chapter 4101:9-4 Prevailing Wage Regulations, <http://codes.ohio.gov/oac/4101%3A9-4>.

<sup>37</sup> Connecticut Office of Legislative Research, "Ohio Prevailing Wage Exemption for School Construction," Judith Lohman, (August 30, 2006), <https://www.cga.ct.gov/2006/rpt/2006-R-0545.htm>.

<sup>38</sup> Missing data includes the square-footage of the area of construction, stories above grade, whether there is a PLA requirement or not. More recent construction projects are often missing from the database.

<sup>39</sup> Municipalities with PLA projects include Akron, Berea, Cedar Cliff, Circleville City, Clay, Euclid, Parma City, Switzerland (bid cost only).

<sup>40</sup> Small projects are defined as those below the mean of 98,078 square feet, while large projects are those above the mean. Medium size projects are those falling between 48,078 and 148,078 square feet.

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<sup>41</sup> \$39.3 million = 1.7 million square ft. multiplied by \$23.12 per square ft.

The Beacon Hill Institute focuses on federal, state and local economic policies as they affect citizens and businesses. The Institute conducts research and educational programs to provide timely, concise and readable analyses that help voters, policymakers and opinion leaders understand today's leading public policy issues.

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Stockton Bids Since PLA Policy Established

Project	Bid Deadline	PLA Mandate	Engineers Estimate	Bidders and Bid Amounts (with alternate bids or local preference adjustments)	Date of Action by City Council	Result
<b>Construction of Tenant Improvements at 400 East Main Street (PUR16-020)</b>	January 12, 2017	YES	\$3,900,000	Swinerton Builders \$4,963,686	September 19, 2017	The City Council approved a motion: 1. Rejecting the single bid received for construction of tenant improvements to the first and seventh floors of 400 East Main Street (PUR16-030) pursuant to Stockton Municipal Code section 3.68.160(B); and 2. Authorizing the City Manager to take appropriate and necessary actions to carry out the purpose and intent of this motion
<b>Black Oak Public Utility Easement Sanitary Sewer Rehabilitation (M15002)</b>	April 6, 2017	YES  On July 26, 2016, Council adopted a Community Workforce and Training Agreement (CWTA). The CWTA became effective August 25, 2016, and applies to all Public Works projects over \$1 million.	\$1,767,507	SAK Construction, LLC (O'Fallon, Missouri) \$1,674,574  Insituform Technologies, LLC (Chesterfield, Missouri) \$1,702,029	August 8, 2017	The City Council adopted a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$1,702,029 to Insituform Technologies, LLC of Chesterfield, Missouri for the Black Oak Public Utility Easement Sanitary Sewer Rehabilitation (Project No. M15002).  SAK, the apparent low bidder, submitted a bid that failed to provide a subcontractor's dollar amount on the List of Subcontractors bid form. The second low bidder, Insituform, submitted two Letters of Protest claiming that SAK's bid was nonresponsive because their List of Subcontractors bid form omitted this required information. In response, SAK submitted a letter providing reasons for the missing information and provided a revised List of Subcontractors, which included the missing information. The City Attorney's Office reviewed the letters and determined that SAK made a technical bid error and that allowing a revision after the bidding was closed would give SAK an unfair advantage. The bid from the low bidder, SAK, was deemed non-responsive.

<b>Harding Way and El Dorado Street/Center Street Traffic Signal Modifications (PW1210)</b>	March 9, 2017	NO  On July 26, 2016, Council adopted a Community Workforce and Training	\$601,440	Tim Paxin's Pacific Excavation, Inc. (Elk Grove, CA) \$533,722  St. Francis Electric, LLC (San Leandro, CA) \$579,727  Tennyson Electric, Inc. (Livermore, CA) \$833,523	July 25, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$533,722 to Tim Paxin's Pacific Excavation, Inc. of Elk Grove, CA, for the Harding Way and El Dorado Street/Center Street Traffic Signal Modifications (Project No. PW1210/Federal Project No. HSIPL-5008(128)).
<b>Police Department Under Freeway Parking Lot Improvements (Rebid)</b>	April 20, 2017	YES  On July 26, 2016, Council adopted a Community Workforce and Training Agreement	\$1,061,996	Robert Burns Construction, Inc. (San Joaquin County) \$1,043,727 or \$1,022,853  B&M Builders, Inc. (Rancho Cordova) \$1,044,717 or \$1,044,717  T&S Intermodal Maintenance, Inc. dba T&S West (Linden) \$1,112,383 or \$1,090,135  George Reed Construction, Inc. (San	July 25, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$1,097,141.80 to Robert Burns Construction, Inc. of Stockton, CA, for the PD Under Freeway Parking Lot Improvements (Project No. PW1621).
<b>Calaveras River Bicycle and Pedestrian Path (PW1437)</b>	September 29, 2016	NO  On July 26, 2016, Council adopted a Community Workforce and Training	\$657,700	Robert Burns Construction, Inc. (Stockton, CA) \$733,722	June 6, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$733,722 to Robert Burns Construction, Inc. of Stockton, CA, for the Calaveras River Bicycle and Pedestrian Path (Project No. PW1437/Project No. ATPL-5008(143)).
<b>Rapid Flashing Beacons Cycle 5 (Install Flashing Beacons; Upgrade Crosswalks and Signs), Project (PW1313)<sup>SEP</sup></b>	October 13, 2016	NO  On July 26, 2016, Council adopted a Community Workforce and Training	\$289,655	Tennyson Electric, Inc. (Livermore, CA) \$498,385  Pacific Infrastructure Construction, LLC (Vacaville, CA) \$473,563	May 23, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$473,563 to Pacific Infrastructure Construction, LLC of Vacaville, CA, for the Rapid Flashing Beacons Cycle 5 (Install Flashing Beacons; Upgrade Crosswalks and Signs), Project No. PW1313/Federal Project No. HSIPL-5008(124).

<b>Neighborhood Traffic Calming Program (2017 Speed Hump, Speed Cushion, and Speed Table) (PW1608)</b>	December 22, 2016	NO  On July 26, 2016, Council adopted a Community Workforce and Training Agreement	\$405,225	Robert Burns Construction, Inc. (Stockton, CA) \$361,608 or \$354,375  McFadden Construction, Inc. (Stockton, CA) \$382,206.75 or \$363,096.41  Teichert Construction (Stockton, CA) \$670,725 or \$637,189  B & M Builders, Inc. (Rancho Cordova, CA)	April 11, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract to Robert Burns Construction, Inc. of Stockton, CA, in the amount of \$361,607.50 with two optional one-year extensions, for the Neighborhood Traffic Calming Program (2017 Speed Hump, Speed Cushion, and Speed Table), Project No. PW1608.
<b>Tam O'Shanter Drive and Castle Oaks Drive Roundabout Installation (PW1443)</b>	January 26, 2017	NO  On July 26, 2016, Council adopted a Community Workforce	\$467,912	A.M. Stephens Construction Co., Inc. (Lodi, CA) \$547,842.10  T&S West (Linden, CA) \$547,900.00  George Reed, Inc. (Modesto, CA) \$716,782.00	April 11, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$547,842.10 to A.M. Stephens Construction Co., Inc. of Lodi, CA, for the Tam O'Shanter Drive and Castle Oaks Drive Roundabout Installation (Project No. PW1443/Federal Project No. CML-5008(146)).
<b>Police Department Under Freeway Parking Lot Improvements (PW1621)</b>	January 5, 2017	YES  Pursuant to the implementation of the Community Workforce and Training Agreement (CWTA) adopted by the City Council on July 26, 2016	\$805,969 + \$288,918	B & M Builders, Inc.(Rancho Cordova, CA) \$1,072,962 + 445,819 Bid was non-responsive. The contractor proposed to do less than 30 percent of the work directly. The 30 percent minimum prime contractor participation requirement was stipulated in the Instructions to Bidders for the project.  George Reed, Inc.(Modesto, CA) \$1,163,394 + \$437,013  Asta Construction Co., Inc. (Rio Vista, CA) \$1,289,255 + \$520,436	March 28, 2017	It is recommended that the City Council approve a motion rejecting all bids received for construction of the Police Department Under Freeway Parking Lot Improvements (Project No. PW1621).  On January 5, 2017, the City received three bids for this project. B & M Builders, Inc. submitted the apparent low bid of \$1,072,962. This bid is non-responsive, as it subcontracts more than 70 percent of the work, which is prohibited by the bid specifications. The next apparent low bidder for the project was George Reed, Inc., with a base bid in the amount of \$1,163,394. This bid is 44 percent over the engineer's estimate. Staff recommends Council approve a motion to reject all the bids received. The project will then be rebid with a revised specification and improved marketing to obtain more competitive bids.

<b>Fire Station No. 2 Burn Room Restoration (PW1503)</b>	December 1, 2016	NO  On July 26, 2016, Council adopted a Community Workforce and Training Agreement (CWTA). The CWTA became effective August	\$124,650	Haggerty Construction, Inc. (Stockton, CA) \$99,987 or \$94,988  Greentech Industry, Inc. (Concord, CA) \$106,140 or \$106,140  Top Estate Construction, Inc. (Stockton, CA) \$122,520 or \$116,394  Swierstok Enterprise, Inc. dba Pro Builders (Orangevale, CA) \$139,400 or \$139,400  Patriot Construction, Inc. (Stockton, CA) \$156,724 or \$148,888	February 21, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$106,140 to the second lowest bidder, Greentech Industry, Inc. of Concord, CA, for the Fire Station No. 2 Burn Room Restoration (Project No. PW1503).
<b>Swenson Park North Pump Station Access Road Rehabilitation Project (M16015)</b>	November 3, 2016	NO  Not referenced.	\$237,500	Robert Burns Construction, Inc. (Stockton, CA) \$179,955  Grade Tec, Inc. (Stockton, CA) \$179,999  George Reed, Inc. (Modesto, CA) \$250,245  Knife River Construction (Stockton, CA)	February 7, 2017	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$179,954.56 to Robert Burns Construction, Inc. of Stockton, CA for the Swenson Park North Pump Station Access Road Rehabilitation, Project No. M16015).
<b>Hammer Lane Widening Phase 3B (PW1427)</b>	June 30, 2016	NO.  Staff report emphasizes a union general contractor won the contract.  On July 26, 2016, Council	\$6,009,400	DSS Company dba Knife River Construction (Stockton, CA) \$5,645,462 or \$5,363,189  George Reed, Inc. (Clements, CA) \$5,901,168 or \$5,783,144  Goodfellow Top Grade Construction, LLC (Lodi, CA) \$6,423,965.00 or \$6,295,485.70  Bay Cities Paving & Grading, Inc. (Concord, CA) \$6,595,516 or \$6,595,516	December 12, 2016	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$5,645,461.65 to DSS Company dba Knife River Construction

<b>San Joaquin Trail (PW1442)</b>	September 22, 2016	NO  On July 26, 2016, Council adopted a Community Workforce and	\$915,000	Awarded to McFadden Construction, Inc. (Stockton) \$878,433  Knife River Construction (Stockton, CA) \$1,102,427	December 6, 2016	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$878,433 to McFadden Construction, Inc. of Stockton, CA, for the San Joaquin Trail (Project No. PW1442/ATPL 5008(139)).
<b>Harrison Elementary Safety Improvements (PW7065)</b>	July 7, 2016	NO  Not referenced. (Project is less than \$1 ...)	\$586,021	McFadden Construction, Inc. (Stockton) \$498,884  Pacific Infrastructure Construction, LLC (Vacaville) \$942,608	September 27, 2016	It is recommended that the City Council adopt a resolution authorizing the City Manager to...Award a Construction Contract in the amount of \$498,884 to McFadden Construction, Inc. of Stockton, CA, for the Harrison Elementary Safety Improvements (Project No. PW7065/Federal Project No. SRTSL-5008(119)).

dependent youth (AB-12 youth - emancipated foster youth), homeless, and other County assistance recipients who desire to seek training and employment in all industries.

These lists will be furnished to the Building Trade Councils and the Contractors for consideration.

### Bay Area Landscape

Within the Bay Area region, a few counties have explicit policies regarding project labor agreements and/or community workforce agreements. Both Alameda and Contra Costa counties have PLA policies that are applicable towards construction projects valued at \$1 million and above. Specifically, Alameda has recently adopted a policy that includes both PLA and CWA components. Under its agreements, each contract has a local hire provision in which county residents must perform 40% of all hours worked and an apprenticeship program that must be comprised of individuals from disadvantaged populations. In addition, there are requirements for a Joint Administrative Committee (JAC) and a Joint Administrative Subcommittee (JAS) that is comprised of several targeted stakeholders.

Like Santa Clara County, Solano County also has a PLA policy in place for construction projects over \$10 million. However, Solano County differs in that its policy allows for a needs based analysis for projects valued between \$1 million and \$10 million to determine if a PLA is needed. Other jurisdictions such as the City of San Leandro, have recently enacted a CWA policy as well. Although a policy may be established in writing by a government entity, the effectiveness and implementation of a given PLA and CWA has not been determined.

### Case study: City of Berkeley<sup>[1]</sup>

In 2011, the City of Berkeley adopted a resolution authorizing the City Manager to execute a CWA with the Alameda County Building and Construction Trades Council, AFL-CIO and 22 labor organizations for City construction projects in excess of \$1 million. Built into the resolution was the option to lower the construction cost threshold to \$250,000 after a one year review and analysis. After the analysis was completed, Berkeley decided to maintain the \$1 million threshold. Most recently, in June 2015, the City adopted a resolution amending the construction cost threshold to \$750,000 and changing the local hire requirement. After 4 years of CWA implementation data, Berkeley administration identified additional costs associated with the CWA which include; an increase of 5-10% for labor costs for CWA projects and union initiation fees and payment into the union trust fund for non-Union contractors with the possibility of these costs passed to the City. Furthermore, City staff costs to administer the agreement ranged from \$500-\$1,000 per project.

Lastly, the Berkeley report expressed concern that there will be fewer interested bidders for CWA projects causing an increase in overall construction costs. One example provided in the staff report is the FY 2015 Measure M Street Surface Seal Project. The engineer estimate for this project was \$1,900,000 and the City received one bid for \$2,715,147. Due to the high bid for the project and time constraints, staff re-bid the project in two bid packages with estimates of \$753,392 and \$770,999. The City received two bids for each project and the

lowest bids were \$1,024,500 and \$1,017 estimates. In comparison, Contra Costa bid a similar project under their labor agreement and Fremont bid a similar project at the same time as the City of Berkeley without a labor agreement requirement and received four bids at prices approximately 32% lower than those received by the City of Berkeley.

provision. Previously, the requirements stated that Berkeley residents perform a minimum of 30% of hours worked on each project. If no Berkeley residents are available then the next tier of residents must come from the East Bay Green Corridor<sup>[2]</sup>, and lastly residents of Alameda County can be utilized. Of the CWA projects to date, only 22 of the total 1,791 workers on CWA-eligible projects were Berkeley residents. Despite only using 1% Berkeley labor force, the local hire requirement was met by the workforces from the East Bay Green Corridor and Alameda County. Since the goal is to utilize local Berkeley residents, the new CWA agreements eliminate the use of counting Green Corridor and Alameda County residents towards the hire goal and lowers the hire goal to 15%. Upon analyzing the union census, it was discovered that there were only 269 journey level Berkeley residents (less than 2% of total Berkeley residents) in the building and construction trades. Therefore, the focus of the local hire goal will be on new apprenticeships. Specifically, contractors will be required to hire one new Berkeley apprentice resident for every project estimated over \$750,000.

Overall, with the lowered construction cost threshold from \$1 million to \$750,000, Berkeley staff is co construction and administration costs, schedule impacts, and receiving fewer bids for CWA projects.

#### Next Steps:

According to feedback from the Board, administration will prepare amendments to the PLA Board policy for the March 22, 2016 Board meeting.

### **CHILD IMPACT**

Receiving this report will have no/neutral impact on children and youth.

### **SENIOR IMPACT**

Receiving this report will have no/neutral impact on seniors.

### **SUSTAINABILITY IMPLICATIONS**

Receiving this report will have no/neutral sustainability implications.

### **BACKGROUND**

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<sup>[2]</sup> East Bay Green Corridor cities include Albany, Alameda, Berkeley, El Cerrito, Emeryville, Richmond, Oakland and San Leandro.  
Board of Supervisors: Mike Wasserman, Cindy Chavez, Dave Cortese, Ken Yeager, S. Joseph Simitian  
County Executive: Jeffrey V. Smith  
Agenda Date: February 23, 2016

# What Is A PLA?



Project Labor Agreements (PLAs) are a special interest kickback scheme that ends open, fair and competitive bidding on public work projects discouraging the vast majority of local contractors and small business owners from bidding on work. PLAs impose discriminatory mandates on small business ensuring that projects are awarded to only vendors preferred by big labor unions.

## PLAs: Bad for Workers. Bad for Taxpayers.

PLAs discourage nearly 82% of California's construction workforce from competing for and winning construction project contracts. Construction contracts with PLAs are almost always awarded exclusively to unionized contractors and their all-union workforces. Less competition and inefficient union work rules increase the cost of construction projects with PLAs.

A Project Labor Agreement for the City of San Jose means more taxpayer dollars will be spent on higher construction costs. Under this scenario, only 4 taxpayer funded projects will be built for the price of 5.

- Workers must pay costly union dues, even if the employee is not a union member. These dues can cost \$1100!
- All workers must be hired through a union hiring hall. This discriminates against non-union workers. Companies are often forced to lay off proven, productive workers to hire strangers picked by the union bosses.
- All employees must contribute to union health, welfare and pension plans, regardless of whether or not the workers already have their own plans. Union plans also require long vesting periods making it unlikely that the non-union worker will see the benefit of their contributions.
- All apprentices must come from state approved union programs, discriminating against thousands of apprentices in state approved merit shop programs.

### Contractor Mandates

- Contractors are not allowed to negotiate the PLA. Only union representatives are allowed at the negotiating table with the owner.
- Proven, innovative, flexible and effective work rules are junked for a new set of mandates imposed by the PLA.
- PLAs use only union job classifications.
- PLAs force union arbitration and grievance procedures on all contractors.

*Few contractors will alter their operations or impose union requirements on their employees in order to be awarded a bid. Many union contractors will not expose their employees to work rules and new jurisdictions they had no hand in negotiating. Because of these provisions, PLAs reduce competition and drive up costs for taxpayers and contractors.*



# PLA Facts

- In September 2009, nationally known pollster Frank Luntz surveyed Americans about taxpayer funded bidding procedures. 88.5% said they preferred a “fair, open, and competitive bidding process.” 12% felt that unions should have the exclusive right to the work.

## Americans overwhelmingly reject PLAs

- San Jose taxpayers want their projects built by the best contractors at the best price and want their elected officials to choose the construction firm that offers the best value. The record clearly shows PLAs harm all of these goals.

*“Project Labor Agreements unnecessarily inflate the costs of taxpayer-funded construction and discourage the economic growth and job creation so desperately needed in California at this time. All governments in California could help ensure the best quality construction at the best price for taxpayers by prohibiting Project Labor Agreements on their taxpayer-funded construction.”* *Jon Coupal, President, Howard Jarvis Taxpayers Association*

*“From Boston's Big Dig to the San Francisco airport, if it's a project with egregious cost overruns, a project labor agreement is probably involved.”* *Wall Street Journal – June 14, 2010*

*“PLAs are a form of political bid-rigging that robs taxpayers even in good economic times. They deserve to be outlawed.”* *Wall Street Journal – July 19, 2011*

*“California school construction costs taxpayers 13-15% more when built under Project Labor Agreements.”* *Measuring the Costs of Project Labor Agreements on School Construction in California – National University July, 2011*

- Recently, there was a 30% reduction in bidders on the City of Brentwood Civic Center bid under a PLA and only one local contractor on the winning bid list. 25 general contractors went through the pre-qualification process. 20 prequalified. On the day of the actual bid, the total number of contractors bidding the work suddenly dropped almost 50% to 11! Less competition + less bids = higher costs to taxpayers.
- In the Oakland Unified School District a construction bond was passed for \$300 million in order to rehab and modernized old schools. Bids went out for a rehab project which received EIGHT bids. The lowest responsible bidder came in at \$1.8 million – which happened to be from a merit shop contractor. After the bids came in, the district decided to re-bid the contracts for the rehab project, as a PLA had been placed on all work. The result was another bid and this time there were only THREE bids with the lowest coming in at \$2.2 million dollars. The project's cost skyrocketed 24%, which is typical. IRONY - the district had to close down 13 schools due to budget cuts. The savings to the district for each closure was about \$437,000 or the cost of ending competitive bidding.
- An audit conducted by Contractor and Compliance Monitoring Inc., found violations by 16 contractors working on a \$150 million Los Angeles Unified School District high school under construction in San Fernando. The school was built under a PLA. The alleged violations include failure to pay prevailing wages and inadequate supervision. Several of the contractors had expired or suspended licenses.
- The San Diego Unified School District placed a PLA on its construction bond July 2009, and the first project to go out to bid under the PLA had 66% less bids than a similar project without a PLA attached to it. Worse yet, the bid was 35% over budget. The job was awarded to a bidder from Los Angeles despite big labor claims that a PLA would result in more “local hires.”
- Two contractors recently bid the 2010 Discovery Bay Asphalt Rubber Cape Seal job in Contra Costa County, one with a PLA and one without a PLA – PLA bid was from Southern California contractor and 17% over engineer's estimate.