

Memorandum

TO: RULES AND OPEN GOVERNMENT
GOVERNMENT COMMITTEE

FROM: Councilmember Cohen
Councilmember Esparza

SUBJECT: PROJECT LABOR AGREEMENT AMENDMENTS **DATE:** 11/10/2021

Approved



Date 11/10/2021

RECOMMENDATION:

Direct Staff to negotiate with the Santa Clara Building & Construction Trades Council with the goal of expanding the scope of the City's Project Labor Agreement (PLA) to:

1. Decrease the project threshold covered under the PLA from \$3 million to \$1 million.
2. Remove the annual CPI adjustment to the threshold.
3. Remove exemptions to the PLA currently included in Addendum C for street maintenance, sewer maintenance, municipal water, airport pavement maintenance, on-call contracts, and building maintenance and rehabilitation.
4. Specify that contractors on covered projects will employ apprentices from a joint labor-management apprenticeship program approved by the California Division of Apprenticeship Standards.

BACKGROUND

Project Labor Agreements provide contracting agencies and labor with a crucial framework for construction projects, reducing labor conflicts and shortages of skilled workers, preventing wage and hour violations, and helping to ensure that projects are delivered quickly, efficiently, and safely. As we continue to navigate the challenges posed by the COVID-19 pandemic, our economic recovery is inextricably tied to the safety of our workers, our ability to deliver projects on time and on budget, and ability to provide well-paying, family supporting careers for local residents remain paramount concerns. The worker protections provided under Project Labor Agreements will provide for the continued recovery of our workers who have been severely impacted by the economic effects of the pandemic.

Our current Citywide Project Labor Agreement was adopted in March 2019, and has promoted labor harmony, safety, efficiency, and career pathways in the City projects it has covered.

However, the existing agreement covers only a very limited set of about a dozen City projects thus far, limiting its effectiveness in promoting a safe work environment and career opportunities. The \$3 million threshold, along with the lengthy list of exemptions provided in Addendum C, leave the significant majority of our City projects uncovered. Unfortunately, a number of recent City projects that were not subject to the PLA have been subject to wage theft, apprenticeship violations, and production delays. These challenges highlight the need for a more inclusive PLA.

We are proposing amendments to the PLA to expand its scope to cover City Public Works projects of \$1 million or more, and including categories of projects such as street resurfacing and building retrofits that are currently excluded under Addendum C. The \$1 million threshold matches with the threshold originally proposed by our labor organizations, and is in line with the thresholds of many other jurisdictions with PLAs, including the Sacramento, San Leandro, Alameda County, and Contra Costa County. This threshold would remain significantly higher than the thresholds for many other cities with PLAs, including Long Beach, Berkeley, Los Angeles, Martinez, San Fernando, and Watsonville. Our experience suggests that the current \$3 million threshold is simply not inclusive enough to provide the significant benefits of the PLA to many of our mid-sized City projects. We also propose eliminating the annual CPI adjustment to the threshold, which creates confusion and uncertainty among bidders as to whether a given project is covered.

Finally, requiring that apprentices will be employed as part of a joint labor-management apprenticeship program approved by the California Division of Apprenticeship Standards will ensure that all apprentices receive proper on-the-job-training and opportunity to advance, and that the “apprentice” classification is not abused. Joint labor-management programs, unlike other unilateral programs, have higher graduations rates and are consistently training-focused, ensuring that participants are receiving quality training that will lead to long-term career opportunities.

During our City Roadmap exercise in March 2021, the Administration assured Council that work on the top items on the Prioritized Backlog, which included Wage Theft Prevention (#2) and Local Hiring/Business/Apprentice Utilization Program (#4), would continue as it related to existing prioritized development and COVID-19 recovery work on the City Roadmap, and as staff and resources became available throughout the year. Our proposal dovetails with both of these existing priorities, which we have been assured will continue to move forward this year.

As we continue to confront the economic devastation of the pandemic, coupled with disturbing reports of wage theft and other labor violations in city-funded projects, we owe it to our workers, and our taxpayers, to ensure that a greater portion of our construction projects are subject to the protections and the community benefits that come with our Project Labor Agreement. This will be instrumental as we build back better and continue the hard work of uplifting our City and our communities as we recover from the impacts of COVID-19.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.