PROJECT LABOR AGREEMENT
INFORMATION BRIEF

Board of Trustees Study Session
March 8, 2005
Presenters

• José Nuñez, Measure C Executive Director, College of Marin

• Jeff Gee, Program Executive, Swinerton Management & Consulting

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Intent

- To present background information on Project Labor Agreements
- Provide components of some recent Project Labor Agreements
- Present comments from Owners and Contractors regarding their opinions of Project Labor Agreements
- Provide a framework for Board discussion of Project Labor Agreements and their potential application for the Bond Program.
PROJECT LABOR AGREEMENT (PLA)

- Unique to the construction industry
- Initially established as an agreement between contractors and groups of building trade unions for specific projects
- Developed to supersede local trade agreements and local trade practices when larger contractors had nationwide agreements with building trades
- Has been expanded to agreements between Owners and groups of building trades to cover multi-project building programs
Common Elements

These are some of the common elements in a PLA:

• CBA’s cover a specific geographic area
  – CBA’s usually take into account local market trends
  – CBA’s usually last three to five years
  – CBA’s are negotiated between a contractor and a specific trade
  – CBA’s are superceded by Project Labor Agreements
Common Elements (cont’d)

- Require recognition of the signatory union(s) as the exclusive bargaining representatives for covered workers
- Prohibit organized work stoppages (strikes) & lock-outs
- Requires hiring through union referral systems (hiring hall)
- Requires all contractors and subcontractors become signatory to the PLA
- Requires that all union employees be in good standing with dues
Common Elements (cont’d)

- Establish standard work rules, hours, holidays, overtime pay and dispute resolution procedures
- Establish wages/benefits & drug testing
- Establish management rights regarding hiring, promotion, transfer, discipline, discharge, and rejection of any applicant referred by a union
- Establish pre-job conference prior to commencing construction to clarify the scope of work between trades
- Establish a labor management committee to meet on a regular basis
Common Elements (cont’d)

- Other PLA elements:
  - Social Justice Program
    - Local Business Preference
    - Local Workforce Hiring
  - Supplemental Trust Contributions
  - Worker’s Comp “Carve-outs”
  - Underutilized Business Enterprise
History of PLA’s

- Contractors and unions have used PLA’s for major projects of extended duration that require many different trades
- Nationally the use of PLAs has declined as union enrollment has declined
- Examples of California projects with PLA’s:
  - Shasta Dam
  - SF Yerba Buena Center
  - National Ignition Facility, Lawrence Livermore Labs
  - San Francisco International Airport
  - BART
  - LA Blue Line
  - Diamond Valley Reservoir
  - San Joaquin Hills Corridor
<table>
<thead>
<tr>
<th>Project</th>
<th>Owner</th>
<th>Date</th>
<th>Completion</th>
<th>Cost (Unadjusted to Current Real Dollars)</th>
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</thead>
<tbody>
<tr>
<td>Los Angeles Convention Center</td>
<td>City of Los Angeles</td>
<td>1990</td>
<td>1993</td>
<td>$390 million</td>
</tr>
<tr>
<td>San Joaquin Hills Corridor</td>
<td>CalTrans and San Joaquin Hills Transportation</td>
<td>1993</td>
<td>1996</td>
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<td>Merrithew Memorial Hospital</td>
<td>Contra Costa County</td>
<td>1995</td>
<td>1998</td>
<td>$82 million</td>
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<td>Concord Police Facility</td>
<td>City of Concord</td>
<td>1995</td>
<td>1996</td>
<td>$12 million</td>
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<td>Los Vaqueros Dam</td>
<td>Contra Costa Water District</td>
<td>1995</td>
<td>1997</td>
<td>$450 million</td>
</tr>
<tr>
<td>Bollman Water Treatment</td>
<td>Contra Costa Water District</td>
<td>1995</td>
<td>1999</td>
<td>$35 million</td>
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<tr>
<td>Golden Gate Bridge Seismic Retrofit</td>
<td>GG Bridge, Highway &amp; Transportation District</td>
<td>1999</td>
<td></td>
<td>$120 million</td>
</tr>
<tr>
<td>San Francisco International Airport</td>
<td>City/ County of San Francisco</td>
<td>1996</td>
<td>2001</td>
<td>$2.4 billion</td>
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<tr>
<td>National Ignition Facility</td>
<td>Lawrence Livermore Labs</td>
<td>1997</td>
<td>2005</td>
<td>$1.2 billion</td>
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## History of PLA’s (cont’d)

<table>
<thead>
<tr>
<th>Project</th>
<th>Owner</th>
<th>Date</th>
<th>Completion</th>
<th>Cost (Unadjusted to Current Real Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vista College</td>
<td>Peralta Community College District</td>
<td>2004</td>
<td>2006</td>
<td>$67 million</td>
</tr>
<tr>
<td>San Mateo Community College District</td>
<td>San Mateo Community College District</td>
<td>2003</td>
<td>2007</td>
<td>$90 million</td>
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<tr>
<td>Oakland USD Bond Program</td>
<td>Oakland USD School Board</td>
<td>2000</td>
<td>-</td>
<td>$200 million</td>
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<tr>
<td>Los Angeles Unified School District – New School and Rehabilitation</td>
<td>Los Angeles Unified School District School Board</td>
<td>1999</td>
<td>-</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td>Santa Ana Unified School District</td>
<td>Santa Ana Unified School District Board</td>
<td>2000</td>
<td>2005</td>
<td>Projects greater than $250,000</td>
</tr>
<tr>
<td>West Contra Costa Unified School District</td>
<td>West Contra Costa USD School Board</td>
<td>2000</td>
<td>-</td>
<td>$120 million</td>
</tr>
<tr>
<td>Eastside Unified School District</td>
<td>Eastside USD School Board</td>
<td>2002</td>
<td>-</td>
<td>$298 million</td>
</tr>
</tbody>
</table>
Facts

- Private construction in California much more likely to use PLA’s (82 Calif. PLA’s surveyed, 72% were private projects)
- PLA’s are “valued by contractors on huge construction projects where a myriad of trades will be brought in to do one particular task.”
- Bureau of Labor Statistics: Union enrollment has declined over the last century. Less than 20% of all construction workers nationally are unionized.
- All contractors must pay workers at least the established prevailing wage, independent of the application of a PLA
Recent Political Changes

- June 1999 President Clinton issued Executive Memorandum giving federal departments the option to use PLA’s on large and significant construction projects “where a [PLA] will advance the Government’s procurement interest in cost, efficiency and quality…”

- February 2001 President Bush issued Executive Order prohibiting the use of PLA’s on federally financed construction projects

- April 2001 President Bush amended his directive to exempt projects with a PLA established before 2/17/01 from his executive order
Argument for PLA

• Reduces the risk of construction delays from worker shortages or labor disputes
• Fosters cooperation between the construction workforce and management
• Established divisions of labor provide benefits:
  - Formal apprenticeship training programs
  - Network referral systems (hiring halls)
  - Labor discipline
  - Higher skill levels developed by specialization
Argument Against PLA

- Possibility for strikes & lockouts still exists (wildcat)
- Anti-competitive by excluding non-union contractors
- Organizing tool to require construction workers on a PLA project to pay for union membership
- Increased construction costs to taxpayers
Argument Against PLA (cont’d)

- Rigid divisions of labor and work rules slow down productivity. Non-union workforce rules allow:
  - Assignment of work across trade lines
  - Use of laborers to move materials
  - Employment of generalized helpers
  - Setting hourly wages based upon specific market requirements

- Project-only union members may lose benefit of payments to union controlled benefit programs at end of the project
“Most important and most clearly set out in the President’s Memorandum [Clinton] is that PLA’s should be employed where they will advance the Government’s procurement interest in cost, efficiency and quality and in promoting labor-management stability as well as compliance with applicable legal requirements. Accordingly, PLA’s should be used where they address broad public and policy interests, not the narrower interests of builders, unions or employees.”

- Nancy McFadden, General Counsel United States Department of Transportation

“...union referral systems are positive, well-proven systems, especially on large complex projects.”

- Bechtel
Refuting a claim that PLA’s are anti-competitive, “We have seen no reduction in competition...and [the presence of PLA’s] has consistently produced bids at or below the engineer’s estimate.”

- Michael D’Antuono, President of Parsons Construction Company

“...many in our workforce are multi-trade...I was unable to utilize this benefit due to the union’s involvement. Laborers are only allowed to perform labor that fits within their trade.”

- Rosario Ramirez Girard, Owner Phoenix Construction Services
“Public owners have a duty to the public to be fiscally responsible... These interests are not served when the agency requires a union-only PLA, which discourages the vast majority of the industry (over 80%) from bidding, particularly small and minority- or women-owned businesses.”

- Barbara Hoberock, Owner hth Companies

“In its May 1998 report on project labor agreements on federal construction contracts, the General Accounting Office was unable to document any cost-efficiencies achieved by [PLA’s].”

- Mike La Pointe, Vice President JL Steel Inc

The previous statements were taken from testimony given at the August 6, 1998 Hearing for the House Small Business Committee
• The Beacon Hill Institute at Suffolk University, 2003 Study on PLA’s and School Construction Costs in Massachusetts
  - Analyzed 126 school construction projects in the Boston and Massachusetts area
  - Findings:
    - Construction costs are 8% - 15% higher on PLA projects when compared to non-PLA projects

“..contracts for construction should be awarded solely on the basis of merit rather than union affiliation.”

- Associated Building Contractors
# Marin County Master Labor Agreements

## 2005 Contract Expirations

<table>
<thead>
<tr>
<th>Trade Agreement</th>
<th>Expiration</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBEW (Electricians)</td>
<td>5/31/05</td>
</tr>
<tr>
<td>Cement Masons</td>
<td>6/15/05</td>
</tr>
<tr>
<td>BAC - Bricklayers</td>
<td>6/30/05</td>
</tr>
<tr>
<td>BAC – Terrazzo &amp; Mosaic</td>
<td>6/30/05</td>
</tr>
<tr>
<td>Glaziers</td>
<td>6/30/05</td>
</tr>
<tr>
<td>Hod Carriers – Mason Tender</td>
<td>6/30/05</td>
</tr>
<tr>
<td>Roofers</td>
<td>7/31/05</td>
</tr>
<tr>
<td>Sprinkler Fitters</td>
<td>7/31/05</td>
</tr>
<tr>
<td>Laborers – Asbestos Renewal</td>
<td>11/30/05</td>
</tr>
<tr>
<td>Laborers – Lead Paint Removal</td>
<td>11/30/05</td>
</tr>
</tbody>
</table>
## Recent Industry Work Stoppages

<table>
<thead>
<tr>
<th>Year</th>
<th>Union</th>
<th>Dates</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>BAC - Bricklayers</td>
<td>7/20 - 25</td>
<td>Greater Bay Area</td>
</tr>
<tr>
<td>2000</td>
<td>Tapers</td>
<td>8/1 - 16</td>
<td>Greater Bay Area</td>
</tr>
<tr>
<td>2001</td>
<td>Painters</td>
<td>7/1 - 20</td>
<td>Greater Bay Area</td>
</tr>
<tr>
<td>2001</td>
<td>Painters (SF)</td>
<td>7/1 - 30</td>
<td>San Francisco</td>
</tr>
<tr>
<td>2001</td>
<td>Plasterers</td>
<td>7/1 - 20</td>
<td>Greater Bay Area</td>
</tr>
<tr>
<td>2002</td>
<td>Carpet Layers</td>
<td>7/1 - 20</td>
<td>Greater Bay Area</td>
</tr>
<tr>
<td>2002</td>
<td>Glaziers</td>
<td>7/1 - 27</td>
<td>Greater Bay Area</td>
</tr>
</tbody>
</table>
Conclusion

• PLAs have evolved from large single projects to multi-project or program agreements
• Several Bay Area Programs have PLAs
• PLAs are negotiated independently for each project or program, can contain many elements, and can apply to:
  – An entire Capital Improvement Program, or
  – Be project-specific, based on:
    • Project complexity, and/or
    • Project construction cost
Conclusion

• A PLA may also satisfy the Labor Compliance requirements in Ed Code 81700 of a Community College Design-Build project

• PLAs are not about wages paid workers

• There are many political, economic and social issues surrounding Project Labor Agreements
Q & A