



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

"FOR INFORMATION ONLY"

DATE: JULY 12, 2017

TO: BOARD OF HARBOR COMMISSIONERS

SUBJECT: CITY OF LOS ANGELES HARBOR DEPARTMENT
PORT-WIDE PROJECT LABOR AGREEMENT BETWEEN THE CITY
OF LOS ANGELES HARBOR DEPARTMENT AND THE BUILDING
TRADES, AND THE CONSTRUCTION CAREERS POLICY

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) has negotiated a ten year Port-wide Project Labor Agreement (POLA-PLA) with the building trade unions affiliated with the Los Angeles/Orange Counties Building and Construction Trade Council (Building Trades). The POLA- PLA will serve as a blanket agreement between the Harbor Department and the Building Trades hired to work on selected Capital Improvement Program (CIP) projects for a term of ten years. The POLA- PLA seeks to address unemployment and underemployment in concentrated poverty neighborhoods, particularly near the Port of Los Angeles (POLA), and seeks to advance the skills of the local labor pool. To this end, the POLA- PLA requires a hiring minimum of local resident workers and transitional workers.

The Harbor Department has previously authorized Project Labor Agreements (PLAs) for selected large and complex construction projects as well as a five year Port-wide agreement that was implemented on May 16, 2011. A PLA is a single pre-hire labor contract between a construction owner, contractor, and the Building Trades which sets wages and work rules. The implementation of a ten year POLA-PLA allows the Harbor Department to take advantage of the benefits of a PLA while saving valuable negotiation time by increasing the term of the agreement to 10 years. The POLA-PLA will apply to a predetermined list of construction projects.

To ensure the POLA-PLA is properly implemented, staff will be recommending the approval of the revised Harbor Department Construction Careers Policy (Policy). A Policy was approved by the Board of Harbor Commissioners (Board) along with the previous 5-year PLA, but was modified to meet the current requirements reflected in the new 10-Year PLA. The Policy determines stakeholder roles and responsibilities. It also includes an enforcement section that assesses Liquidated Damage for non-compliance with the POLA- PLA requirements.

DISCUSSION:

Background / Context – The purpose of a POLA-PLA is to promote efficiency of construction operations and provide for orderly settlement of labor disputes and grievance without strikes or lockouts, thereby promoting the public interest in assuring the timely and economical completion of the project, and elimination of construction labor-related disruptions to Port operations.

In recent years the Los Angeles City Council (Council) has made several efforts to reinvest the City's dollars back into its own neighborhoods, either through direct hiring of its residents, or the direct contracting and/or procurement through local businesses. It is the Harbor Department's desire to similarly provide local residents with employment and apprenticeship opportunities on our construction projects.

Historically, the Harbor Department would authorize PLAs for selected large and complex construction projects. On March 4, 2011, the Board approved the previous five year POLA-PLA agreement, and on May 11, 2011 the Council adopted the actions under Project Labor Agreement No. 11-2955. The creation of the five year POLA-PLA increased efficiency by eliminating the need to negotiate and approve separate project labor agreements at the onset of each applicable project. The proposed ten year POLA-PLA will perform the same function but will further increase efficiency by increasing the duration to ten years.

The Harbor Department has been working with staff from the Department of Public Works (Public Works) and the City Attorney to negotiate the POLA-PLA and associated Construction Careers Policy. The negotiating team reached a tentative agreement with the Building Trades on May 11, 2017 resulting in the POLA-PLA being presented herein (Transmittal 1).

POLA-PLA Provisions – A PLA is a single pre-hire labor contract between a construction owner, contractor, and the Building Trades, which sets wages and work rules for all Building Trades in a specific project. Utilizing the POLA- PLA will allow the Harbor Department to take advantage of all the benefits of a PLA while saving valuable negotiation time by having the agreement apply to a predetermined list of construction projects. Provisions of the POLA-PLA include a no-strike/no-lockout clause, standardized work rules for all covered trades, a uniform dispute resolution mechanism, a training and apprenticeship program, and a requirement for all contractors working on the project to pay prevailing wages and benefits and hire most labor through local union hiring halls. Though the project list for the POLA-PLA is predetermined, the Board will have opportunities to add projects to the list, if desired. Provisions of the POLA-PLA include the following:

Project Delivery

- Parties to the POLA-PLA are required to constantly maintain a safe and productive work site, free from discrimination and any form of labor action that may delay the project and/or further impact the public right of way.

- The agreement contains comprehensive no strike, no work slowdown, and standardized dispute resolution language prior to impacting either the construction project or ongoing Port operations.
- The agreement addresses maintaining a referral system which ensures a continuous source of skilled workers.
- The agreement preserves the opportunity for contractors to utilize key members of their staff through a Core Work Force provision.

Local and Transitional Worker Participation

- At least 30% of total work hours shall be performed by Local Residents residing within the targeted areas of the City using a two-tier approach. The first tier includes residents within approximately 10 miles of the Port, and the second tier includes residents of high-unemployment zip codes throughout the remainder of the City of Los Angeles (Transmittal 3).
- At least 10% of total work hours shall be performed by Transitional Workers residing within Tier 1 or Tier 2 zip codes. The hours may be applied towards the 30% Local Residents targeted hiring percentage.

Transitional Workers include those local residents who have been certified as satisfying at least one of the following criteria:

- 1) having Veteran status; having a documented history of involvement with the criminal justice system; being homeless; or,
- 2) is an individual facing two or more of the following barriers to employment: having a household income less than 50% of the Los Angeles County median annual household income, receiving public assistance, lacking a GED or high school diploma, being a custodial single parent, suffering from long term unemployment, being emancipated from the foster care system, or being an apprentice, in a state approved program, with less than 15% of the apprenticeship hours required to graduate to journey level.

Apprenticeship Participation

- At least 20% of total work hours will be performed by apprentices.
- Residents in the targeted areas of the City (Tier 1 and Tier 2) will perform 50% of all apprenticeship hours worked on the Project.

Workforce Referral and Development

- The Building Trades will exert their best efforts to recruit and identify Local Residents and/or Transitional Workers of the City and assist individuals in qualifying and becoming eligible for joint labor/management apprenticeship programs.
- The Building Trades will work cooperatively with the City, the contractor's Jobs Coordinator, Work Source Centers, and other non-profit entities, to identify or establish and maintain effective programs and procedures for persons interested in entering the construction industry.

- The Building Trades shall track retention of apprentices hired through this program so long as those Apprentices participate in a joint labor/management apprenticeship program.
- The Building Trades will submit quarterly report to the BCA on the retention and graduation of the participants.
- The Parties agree to support the development and graduation of local and/or transitional workers and apprentices that reside within the targeted areas.

Term

- The POLA-PLA will commence upon execution by all Parties and continue in full force and effect from the date of execution for a period not to exceed ten years.
- Upon request by either Party, or by mutual consent, the Parties will meet to discuss the application of and their experience with the POLA-PLA. As a result of such meeting(s), the Parties may, but shall not be obligated to, mutually agree to such amendments or modification of the POLA-PLA.

Parameters

- Covered Projects come from the Harbor Department's ten-year Capital Improvement Program (CIP) and are identified in Attachment E of the POLA-PLA (Transmittal 1).
- Any covered Project awarded during the term of this POLA-PLA shall continue to be covered until completion of the Project, notwithstanding the expiration date of the POLA-PLA.

Harbor Department Construction Careers Policy- The Harbor Department Construction Careers Policy (Transmittal 2) determines stakeholder roles and responsibilities as they apply to the POLA-PLA. The Policy requires that the Harbor Department actively monitor and report on the targeted hiring progress for each Project. This monthly report includes the number of Local Residents, Transitional Workers, and apprentices hired for each Project under the POLA-PLA.

In line with the Policy, the POLA-PLA requires Building Trades to actively recruit, develop and hire local workers that reside within the Tier 1 and Tier 2 zip codes. As a measure of enforcement, Liquidated Damages may be assessed for non-compliance with the POLA-PLA. Currently the Harbor Department utilizes the assistance of the Department of Public Works Bureau of Contract Administration (BCA) for PLA administration as deemed necessary by Harbor Department staff.

FINANCIAL IMPACT:

Currently, Harbor Department Construction Division staff (Staff) works with the BCA to administer the POLA-PLA and the Policy. The salary including benefits, for the Staff is approximately \$212,000 per year. Because existing Staff will be used to administer the POLA-PLA and Policy no additional funding for this position is needed.

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The Harbor Department is presently paying BCA approximately \$250,000 for the administration of the Harbor Department's current POLA-PLA. However, because of the local hire and apprenticeship requirements associated with the number of projects that will qualify under the proposed POLA-PLA, additional support from the BCA and/or consultant services may be necessary to properly and effectively implement, monitor, and report on the targeted hiring percentages for local residents, apprentices, and transitional workers. Should the Harbor Department require additional staffing thru BCA and/or consultant services discussed above combined with the current staff positions, the potential annual costs to support the POLA-PLA will range from \$350,000 to \$500,000 per fiscal year.

TRANSMITTALS:

1. POLA Project Labor Agreement
2. Construction Careers Policy
3. Tier 1 and Tier 2 Zip Code Map

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