

**DATE: MARCH 11, 2011**

**FROM: EXECUTIVE OFFICE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVAL OF THE CITY OF LOS ANGELES HARBOR DEPARTMENT CONSTRUCTION CAREERS POLICY AND THE PORT-WIDE PROJECT LABOR AGREEMENT BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE BUILDING TRADES**

**SUMMARY:**

The City of Los Angeles Harbor Department (Harbor Department) has negotiated a five year Port-wide Project Labor Agreement (Port-wide PLA) with the building trade unions affiliated with the Los Angeles/Orange Counties Building and Construction Trade Council (Building Trades). The Port-wide 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 five years. The Port-wide PLA seeks to address unemployment and underemployment in concentrated poverty neighborhoods, particularly near to Port of Los Angeles (Port), and seeks to advance the skills of the local labor pool. To this end, the Port-wide PLA requires a hiring minimum of local resident workers and disadvantaged workers.

Historically the Harbor Department has authorized Project Labor Agreements (PLAs) for selected large and complex construction projects. A PLA is a single pre-hire labor contract between a construction owner, contractor, and the Building Trades which sets wages and work rules on a specific project. The implementation of a five year Port-wide PLA allows the Harbor Department to take advantage the benefits of a PLA while saving valuable negotiation time by having the Port-wide agreement apply to a predetermined list of construction projects.

To ensure the Port-wide PLA is properly implemented, the staff also recommends the approval of a Harbor Department Construction Careers Policy (Policy). The Policy determines stakeholder roles and responsibilities. It also includes an enforcement section that assesses Liquidated Damages for non-compliance with the Port-wide PLA.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners:

1. Approve Resolution No. \_\_\_\_\_ adopting the Harbor Department Construction Careers Policy;
2. Approve the Harbor Department Port-wide Project Labor Agreement substantially, as to form;

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3. Direct the Board Secretary to transmit to the Los Angeles City Council for approval the Port-wide Project Labor Agreement pursuant to Section 373 of the City Charter.
4. Authorize the Executive Director to execute the Port-wide Project Labor Agreement upon approval by City Council; and
5. Adopt Resolution No. \_\_\_\_\_;

**DISCUSSION:**

Background – The purpose of a Port-wide PLA is to promote efficiency of construction operations and provide for orderly 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 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.

On July 29, 2009, the Council adopted the actions under CF 09-0963 directing the City of Los Angeles Department of Public Works (Public Works) to develop a Public Infrastructure Stabilization Ordinance. The core of this motion was to address unemployment and underemployment in concentrated poverty neighborhoods and to advance the skills of the local labor pool, especially in the youth.

In a public meeting conducted on April 14, 2010, the Board of Public Works authorized the Bureau of Contract Administration (BCA) to finalize negotiations related to a Department of Public Works Project Labor Agreement. The Board of Public Works approved the Department of Public Works' PLA and Public Works Infrastructure Stabilization Policy on November 29, 2010, and the City Council approved the item on December 17, 2010.

The Harbor Department has been working with staff from the Department of Public Works (Public Works) and the City Attorney to negotiate a Harbor Department PLA and associated Construction Careers Policy (Policy), both patterned after Public Works' PLA and Policy. This negotiating team reached tentative agreement with the Building Trades on February 4, 2011, resulting in the Port-wide PLA being presented herein for approval (Transmittal 1).

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Port-wide 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 on a specific project. Utilizing the Port-wide 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 Port-wide 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 Port-wide PLA is predetermined, the Board will have opportunities to add projects to the list if desired. Provisions of the Port-wide PLA include the following:

Project Delivery

- Parties to the Port-wide 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 slow down, and standardized dispute resolution language to resolve worker or contractor disputes 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 Disadvantaged 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 No. 3).
- At least 10% of total work hours shall be performed by Disadvantaged Workers residing within Tier 1 or Tier 2 zip codes. The hours may be applied towards the 30% Local Residents targeted hiring percentage.

Apprenticeship Participation

- At least 20% of total work hours will be performed by apprentices.
- Residents in the targeted areas of the City will perform 50% of all apprenticeship hours worked on the Project.
- An apprentice who begins his/her period of apprenticeship as a Local Resident will retain that status for the entire apprenticeship, regardless of any changes in the apprentice's residence, provided the affected union submits the necessary identifying information to enable the tracking of such apprentices.

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Workforce Referral and Development

- The Building Trades will exert their best efforts to recruit and identify Local Residents and/or Disadvantaged 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 reports to the BCA on the retention and graduation of the participants.
- The Parties agree to support the development and graduation of local and/or disadvantaged workers and apprentices that reside within the targeted areas.

Term

- The Port-wide 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 five years.
- Upon request by either Party, or by mutual consent, the Parties will meet to discuss the application of and their experience with the Port-wide PLA. As a result of such meeting(s), the Parties may, but shall not be obligated to, mutually agree to amendments or modification of the Port-wide PLA.

Parameters

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

Harbor Department Construction Careers Policy - The Harbor Department Construction Careers Policy (Transmittal 2) determines stakeholder roles and responsibilities as they apply to the Port-wide PLA. The Policy requires that the Harbor Department actively monitor and report on the targeted hire progress for each Project. This reporting process will include providing to the Board, on a quarterly basis, the number of Local Residents, Disadvantaged Workers, and apprentices hired for each Project under the Port-wide PLA.

In line with the Policy, the Port-wide 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 Port-wide PLA. The Harbor Department intends to enlist the assistance of the

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Department of Public Works Bureau of Contract Administration (BCA) for PLA administration as deemed necessary by Harbor Department staff.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of the Port-wide PLA. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

One Senior Management Analyst position will be required at the Harbor Department to administer the PLA and the Policy; the salary, including benefits, for this position is approximately \$141,000 per year. Because existing staff will be used to administer the PLA and Policy no additional funding for this position is needed.

Should administration of the PLA and Policy require more support than can be provided by one Senior Management Analyst, there is a possibility that additional support services through Consultants and/or the BCA will be needed. Should BCA and/or Consultant services be needed it is estimated that these services will cost approximately \$400,000 in fiscal year 2011/12 and \$650,000 in each subsequent fiscal year. If these services are required, a request authorizing these additional services through its Capital Improvement Program will be brought before the Board through the annual budgetary process or separate Board action.

The Harbor Department is presently paying BCA approximately \$250,000 for the administration of the Harbor Department's current PLA's; however, because of the local hire and apprenticeship requirements associated with the number of projects that will qualify under the proposed 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 disadvantaged workers. Should the Harbor Department require BCA and/or Consultant services discussed above, combined with the Senior Management Analyst position, the potential annual costs to support the proposed PLA will range between \$540,000 to \$800,000 per fiscal year. In comparison to the Department of Public Works, they have estimated their administrative costs for their PLA to be \$909,742 per fiscal year, which includes five new staff positions.

**ECONOMIC BENEFITS:**

This board action will support approximately up to five direct jobs in the five-county region for each fiscal year. In addition, the hire requirements under the proposed Port-wide PLA will generate positive local employment impacts, although it is premature to estimate economic benefits without knowledge of the associated construction projects.

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**CITY ATTORNEY:**

The Office of the City Attorney has prepared the agreement and approves it as to form and legality.

**TRANSMITTAL:**

1. Port-wide Project Labor Agreement
2. Construction Careers Policy
3. Tier 1 and Tier 2 Zip Code Map

**FIS Approval: \_\_\_\_\_**

MICHAEL R. CHRISTENSEN  
Deputy Executive Director

APPROVED:

GERALDINE KNATZ, Ph.D.  
Executive Director