



SUMMARY REPORT

Agenda Date: 5/3/2022

To: Sonoma County Board of Supervisors

Department or Agency Name(s): County Administrator's Office

Staff Name and Phone Number: Christel Querijero 565-7071, Maggie Fleming 565-1796

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Project Labor Agreement Policy Update Review

Recommended Action:

- A) Accept the report of the Project Labor Agreement Policy Update Review Ad Hoc committee.
- B) Adopt recommendation to lower the cost threshold in the County's Project Labor Agreement Policy.
- C) Adopt recommendation to exempt emergency and disaster response work from the Project Labor threshold requirement.

Executive Summary:

At the February 1, 2022 Board of Supervisors meeting, the Chair formed a Project Labor Agreement (PLA) Ad Hoc Committee for the purpose of exploring updates to the County's PLA policies. The Ad Hoc considered potential policy updates based on the following goals: increasing local job creation, supporting training and internship opportunities in the building trades, avoiding costly labor disruptions or work stoppages, ensuring adequate health, welfare and retirement benefits for workers, ensuring that the use of a PLA does not significantly increase County project costs, and supporting the County's commitment to achieving racial equity.

The Ad Hoc Committee met three times, providing direction to staff on PLA stakeholder engagement and policy considerations. Through these meetings the committee researched actions taken in other jurisdictions, gathered input from stakeholders, and reviewed equity analysis data to inform the recommended policy updates.

Discussion:

The County adopted a Policy and Template Agreement in 2014 for the use of Project Labor Agreements (PLA) on future County construction projects budgeted at or above \$10 million. Project Labor Agreements are collective bargaining agreements negotiated for construction projects typically between the County as project owner and the local building trade unions. A PLA is a form of a pre-hire agreement that sets the terms of employment on an entire construction project, and becomes part of the bid specifications that all winning contractors must follow. A PLA remains effective for the duration of the project.

PLAs in Sonoma County

To date, the County has not completed Project Labor Agreements for any projects. There have been only two anticipated construction projects that exceeded the \$10 million threshold that would require a Project Labor Agreement under the current policy. In 2017, the Board approved a PLA for the Adult Detention Behavioral

Health Unit, but that project has not yet gone out for bid. Staff began initial conversations with the North Bay Building and Construction Trades for an anticipated Project Labor Agreement for the proposed County Government Center project. However, further Board action is required before moving forward with this project.

Staff prepared a report for the Ad Hoc committee to determine how many construction projects in the last 7 years would have met a lower threshold amount (Attachment A).

Research from other Jurisdictions:

An overview of PLA policy components from other local and neighboring jurisdictions is provided in Attachment B. The two local jurisdictions included in this research are Santa Rosa City Schools and Santa Rosa Junior College. The City of Santa Rosa is currently in the process of developing a PLA Policy, but does not currently have one in place. Of the jurisdictions included in Attachment B, three have PLA cost thresholds below \$10 million, including Alameda County, City of San Jose, and Santa Clara Valley Water District.

Stakeholder feedback:

The Ad Hoc members and staff requested feedback from stakeholders on the existing policy. Written comments submitted to the County are included in Attachment C, including comments from ABC NorCal/Pacific Advocacy Group, Behler Construction Company, Coalition for Fair Employment in Construction, North Bay Building and Construction Trades Council, North Bay Jobs with Justice, North Bay Trades Introduction Program, and Western Water. These comments provided the list of potential policy options presented to the Ad Hoc, which can be found in Attachment D.

Ad Hoc Recommendations:

Both Ad Hoc members recommend lowering the PLA cost threshold 20% below the current \$10 million level to \$8 million. Using the \$8 million threshold, three of the past County construction projects listed in Attachment A would have required a PLA. Lowering the threshold amount would increase the number of future projects required to use a Project Labor Agreement. Advocates for PLAs contend that increasing the number of projects with PLAs would expand the number of opportunities that can be offered to youth, historically disadvantaged portions of the community, women, and local area residents. Other arguments made by those in favor of PLAs include that use of union labor increases the quality of work, and the likelihood that projects will be completed on-time, and on-budget. Those in opposition to PLAs contend that they increase costs and exclude non-union labor. PLA opponents also have concerns that PLAs limit the bidding pool and decrease competition

Additionally, both Ad Hoc members recommend exempting emergency and disaster response construction projects from PLA requirements. This provision would allow the County to move quickly to protect life, public health or safety and property when a disaster strikes. Requiring a PLA may slow down the project that needs quick action.

Additional policy items that were considered by the Ad Hoc include:

1. Including Water Agency, Fairgrounds, and Airport in PLA requirements
2. Requiring certified payroll in PLA projects
3. Changing core workforce requirements

4. Allowing PLAs to be optional in project bids

See Attachment D for more details on these policy items, including potential benefits and potential concerns identified by staff.

Equity Analysis:

Pursuant to the Board's direction in November of 2021, departments are requested to apply the Racial Equity Toolkit to assess significant policy items before bringing them to the Board for consideration. The Toolkit was applied to this agenda item and the results are summarized in this section.

A PLA policy that would require PLAs for more County projects and includes apprenticeship/training requirements may result in increased racial equity by increasing opportunities for people of color to access construction jobs.

Research conducted by the County Administrator's Office and the Office of Equity for the Racial Equity Toolkit (see Attachment E) provides examples of PLAs that increased career opportunities for people of color. This research highlighted the need to develop a diverse pipeline of construction sector workers as a key strategy for increasing opportunities for people of color to work on County construction projects. The County's current PLA policy template (attachment F) currently includes provisions that support apprentices and workforce training programs. The North Bay Trades Introduction Program, a union-sponsored program that provides education and skills training to workers interested in pursuing an apprenticeship in one of 14 building trade unions, has a significantly higher percentage of people of color participating in their program compared to the overall County and construction sector demographics.

| | Hispanic or Latino | White | Black | American Indian or Alaska Native | Asian | Native Hawaiian or Other Pacific Islander | Two or more races |
|----------------------------------|-------------------------------|--------------|--------------|---|--------------|--|----------------------------------|
| Countywide | 30% | 53% | 4% | 1% | 9% | 0% | 3% |
| Construction Industry | 35% | 55% | 2% | 1% | 4% | 0% | 2% |
| Apprentice program | 51% | 20% | 17% | 2% | 8% | 2% | |

Opponents to PLAs have concerns that PLAs may result in decreased participation from minority and women-owned small businesses who may be disincentivized from bidding on projects. Staff was not able to find data supporting this position, but notes that there may be decreased racial equity outcomes if PLAs result in a decrease in minority owned business participation in County construction projects.

The Equity Analysis considered the following potential complementary strategies that could be considered beyond the PLA Policy to advance the racial equity in the construction industry: living wage ordinance;

business mentorship programs; Economic Development Board programs (Ex. establish a small business boot-camp for small, minority- and women-owned businesses); identifying best practices/recommendations on strategies for the County to remove bias and encourage equity in future procurement processes; and legislative advocacy. These strategies may help address the root causes and factors contribute to inequitable access to jobs in the construction industry include. These root causes include lack of access to education/training required to do this work, language access, immigration status, and bias in hiring.

Strategic Plan:

NA

Prior Board Actions:

January 28, 2014 Adopted a Policy and Template Agreement for the use of PLA on future significant County construction projects

FISCAL SUMMARY**Narrative Explanation of Fiscal Impacts:**

The potential fiscal impacts of project labor agreements on the County's construction costs are unclear. There is the potential that the County would have to increase staffing to administer and monitor future project labor agreements. Other potential costs that could result from PLAs include costs associated with enhancing or procuring systems to facilitate data collection and reporting.

Narrative Explanation of Staffing Impacts (If Required):

None

Attachments:

Attachment A: List of County & SCWA Capital Projects

Attachment B: PLA Comparison Matrix

Attachment C: Written Comments

Attachment D: PLA Policy Option Summary Table

Attachment E: Equity Analysis

Attachment F: Current County PLA Template

Attachment G: PLA Policy presentation

Related Items "On File" with the Clerk of the Board:

None