



Project Labor Agreement

**Capital Improvement Program
Committee Meeting**
February 11, 2019

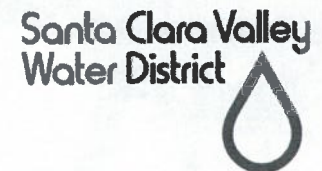
**Santa Clara Valley
Water District**



Project Labor Agreement - Overview

What is a Project Labor Agreement (PLA)?

- A pre-hire labor agreement with the local labor trades council, which establishes the terms and conditions of employment for a construction project.
- Permitted for use in the construction industry by the National Labor Relations Act (NLRA).
- Parties typically include local building trades councils and local building trades unions.



PLA – Overview (continued)

- Typically negotiated between the project owner and the local labor trades council, prior to awarding a construction contract.
- May cover a single project, or a set of similar projects.
- **Designed to:**
 - Eliminate potential project delays resulting from labor conflict;
 - Ensure steady supply of skilled labor on projects;
 - Provide contractually binding means of resolving worker grievances.



PLA - Key Provisions

- **Nearly all PLA agreements contain:**
 - **Union Agreement -**
 - Not to strike, or take other collective action against the projects or contractors working on the projects.
 - **Contractor Agreement -**
 - To abide by the terms of the trade's collective bargaining agreement in performance of all project work.
 - **Dispute Resolution Process -**
 - To resolve jurisdictional disputes between unions;
 - To resolve disputes between contractors and workers.

PLA - Key Provisions (continued)

- **Many PLA agreements also contain:**
 - **Provisions for facilitating participation by non-union contractors** (e.g. core workers; carve-outs).
 - **Provisions streamlining practices across different construction trades to improve project efficiency** (e.g. unified holiday schedule).
 - **Provisions for facilitating contractor compliance with targeted hiring goals imposed by the public entity** (e.g. Community Workforce Agreement).

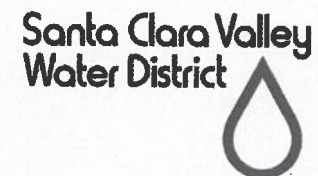
Community Workforce Agreement (CWA)

– Overview

- **Sometimes incorporated into a PLA to identify provisions involving local hiring and/or targeted hiring.**
 - Also referred to as a Targeted Hiring Agreement or Policy;
 - Generally only covers construction work;
 - Two Types: Single-Project CWA and Multiple-Project CWA.
- **Imposed by many public entities on public construction projects, to:**
 - Advance policy goals;
 - Comply with federal funding requirements, if applicable.

CWA – Key Provisions

- **A CWA may include:**
 - **Hiring policies adopted by local agencies or jurisdictions** (e.g. policies adopted by ordinance or resolution in Oakland, Los Angeles, and San Francisco; prohibited on projects funded by US-DOT).
 - **Disadvantaged-hiring policies adopted by local agencies or jurisdictions** (i.e. targeting employment of low-income individuals, veterans, residents of low-income neighborhoods, etc.).
 - If required, a Disparate Impact Study must be conducted.

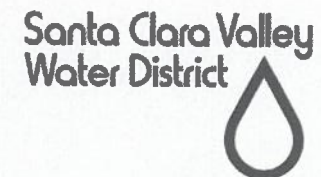


CWA – Key Provisions (continued)

- **Federally-mandated requirements:**
 - To hire a specific percentage of minorities/veterans/women.
- **Such policies generally require:**
 - Construction contractors attempt to employ specified percentages of the targeted worker categories, or show effort was made to do so and targeted worker categories were unavailable.

CWA – Potential Difficulties

- **Conflict between terms of targeted hiring policies and requirements of applicable collective bargaining agreements:**
 - Targeted hiring policies require contractors to make an effort to employ specified percentages of targeted worker categories, but collective bargaining agreements typically require utilization of current workers, or workers referred from a union in a specified order.
- **Compliance:**
 - Contractors may have difficulty complying with a targeted hiring policy and applicable collective bargaining agreement due to limited control over hired individuals.



PLA – Conflict Resolution

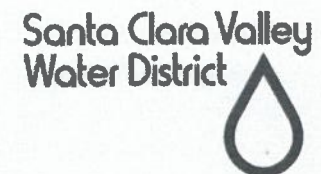
- **PLAs typically include an alternate dispute resolution process (e.g. arbitration), which:**
 - Overrides bargaining agreement terms.

PLA – Potential Benefits

- **Parties establish agreed upon single hiring procedure in advance.**
- **Benefits to the public agency may include:**
 - Delivery of high-quality employment and training opportunities for local workers;
 - Avoidance of project delays due to labor strife;
 - Use of established training and labor quality standards.

PLA – Opposition

- **Non-union construction trade organizations cite the following concerns:**
 - Dues requirements cause reduction in paychecks;
 - Forced to lay off productive, non-union workers;
 - Requires open shop contractors to pay benefits twice (union + company plan):
 - Payment of health and retirement benefits to union and pension funds;
 - Non-union workers only receive benefits from contributions sent to union if workers join union, and remain members until vested.



PLA – Opposition (continued)

- Increased Costs:
 - Limits number of general contractors and subcontractors interested in a project, and therefore reduces competition.
- Barriers:
 - Creates barriers for local, minority/veteran/women-owned construction employers due to provisions disallowing use of own workforce.

Santa Clara Valley Water District

➤ **No history of:**

- District utilizing PLAs;
- Labor disputes on District projects.

➤ **District pays prevailing wages:**

- State law requires public agencies pay prevailing wages at the rates established by the California Department of Industrial Relations or per the federal Davis-Bacon Act, if applicable.