



# Valley Water

Clean Water • Healthy Environment • Flood Protection

# Capital Improvement Program Committee Meeting

## July 29, 2019

# Project Labor Agreement (PLA)

Presented by: Emily Meeks, Labor Relations Unit



---

# REQUEST FOR STAFF PERSPECTIVE

- At the June 10, 2019 CIP Committee meeting, Valley Water staff was asked to provide further input on the use of PLAs for public works construction projects for our agency

# ANTICIPATED BENEFITS FOR USE OF PLAs

- Valley Water may receive a number of benefits in consideration for the additional costs
- The use of PLAs may guard against the possibility of work stoppages or labor actions

# ANTICIPATED BENEFITS FOR USE OF PLAs (continued)

- Protection of Small and Local Businesses
  - Use of a PLA may encourage and promote Valley Water's interest in the use of small and local businesses in the contracting and procurement of goods and services (Ordinance No. 04-01)
    - A PLA requirement that non-union contractors derive a portion of their project workforce from a union hiring hall may have a greater impact on smaller contractors
      - So that these smaller contractors are not dissuaded from participating, craft and consider PLA terms which will be inclusive in encouraging small contractor participation

## ANTICIPATED BENEFITS FOR USE OF PLAs (continued)

- PLAs encourage unions to find available subcontractors, which may help key Valley Water projects get delivered on time
  - This is consistent with Governance Policy EL-1.5 (recognize that Valley Water services are critical to the economic vitality of Silicon Valley)
- A Community Workforce Agreement may be incorporated into a PLA to identify provisions involving local hiring and/or targeted hiring

# CONCERNS OVER USE OF PLAs

- **Potential Project Delays**
  - Input from various jurisdictions indicate it may take six to twelve months to negotiate a PLA for an individual project
  - Valley Water staff will need to factor in additional time in the project timeline to negotiate and secure a PLA
- **Possible Conflict with Projects Utilizing External Funding**
  - Specific external funding sources may prohibit use of PLAs such as requirements in state, federal grants or U.S. Army Corps of Engineers funded projects which may negatively impact Valley Water's ability to obtain funding on projects with PLAs

## CONCERNS OVER USE OF PLAs (continued)

- Contractors May Lose Staffing Control of Projects
  - Many PLAs and hiring agreements limit and sometimes prohibit non-union contractors from using their core workers
  - Other PLAs require non-union contractors to require 1:1 hiring from the union hiring hall (bringing one union hiring-hall worker on board for every non-union contractor employee used)
  - Non-union contractors would have to use (either in full or in part) union hiring hall employees that may be unfamiliar to them, but who have completed a skilled apprenticeship program



## CONCERNS OVER USE OF PLAs (continued)

- May Reduce the Number of Contractors who Submit Bids for a Project
- May Increase Administrative Costs
  - The use of PLAs in Valley Water projects may add to Valley Water's administrative costs given the related monitoring and compliance functions to be performed
    - So that the size of the administrative costs remains proportional to the value of the project, it is recommended that PLAs are used for larger, more substantial Valley Water projects

# RECOMMENDATION TO CIP COMMITTEE

- Recommend to full Board of Directors:
  - Select a pilot project that does not include any external funding sources that restrict the use of PLAs
  - Inclusion of a Community Workforce Agreement as part of the PLA
    - Preference for disadvantaged or local workers at hiring halls
    - Selection of apprentices from pre-apprenticeship programs

# QUESTIONS



**THIS PAGE INTENTIONALLY LEFT BLANK**