



November 6, 2019

Board of Directors
Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, CA 95118-3686

Dear Directors:

On behalf of the South Bay Labor Council and the Santa Clara and San Benito Building and Construction Trades Council, collectively representing over 100,000 working families, we are writing to provide an overview of Project Labor Agreements and to offer our strong support for the Valley Water Board of Directors' goal of developing a mutually beneficial Project Labor Agreement policy, as well as any Community Workforce / Targeted Hiring policies the Board may wish to consider.

Project Labor Agreements (PLAs) are collective bargaining agreements that govern terms and conditions of employment for all craft workers—union and nonunion—on a construction project. They protect taxpayers by eliminating costly delays due to labor conflicts or shortages of skilled workers.

The benefits provided by a standard PLA to a public entity such as Valley Water will:

- Reduce risk to the public entity by providing long-term project stability.
- Establish uniform working conditions.
- Eliminate labor disputes.
- Provide enhanced tools to ensure compliance with prevailing wage laws.
- Help ensure a skilled labor pool for current and future projects.

On public works projects such as those performed by the Water District, a PLA has no impact on labor rates, since those projects are already subject to prevailing wage standards which set thresholds for wages, benefits and training contributions. Rather, the role of the PLA is to provide tools for enhanced monitoring and enforcement of the existing wage rates, health and safety requirements, and other worker protections through strict project-level oversight, making it more difficult for unscrupulous contractors to employ such illegal practices as misclassifying employees, bypassing safety regulations, or requiring employees to work off the books.

By creating a more level playing field, the PLA structure helps support responsible contractors, since they are less likely to be bidding against a competitor who is willing to violate the law in order to underbid a project. In addition, a PLA allows both union and non-union contractors to bid, and gives small non-union contractors access to a larger pool of skilled workers by allowing them to request workers from the local union hiring halls for the duration of the project.

Consistent use of PLAs can thus help to expand the pool of responsible and reliable bidders. The most comprehensive academic study to date of the impact of PLAs on bidding outcomes, published by UC Berkeley in 2017, included a statistical analysis of 263 community college projects in California (88 with a PLA and 175 without a PLA). Controlling for project size, location and timing, the study found that projects with PLAs had more bidders than projects without PLAs.¹ **Their findings reject the hypothesis that PLAs reduce the number of bidders compared to non-PLA projects**

One of the largest and longest-running PLAs in the region is at the San Francisco PUC. Through that PLA, contractors on SFPUC projects have hired 5,829 local residents, earning wages of over \$130 million that circulate in the local economy and help to retain and grow the local skilled construction workforce.²

Targeted Hiring / Community Workforce policies are an innovative type of Project Labor Agreement which, in addition to standard PLA requirements, incorporates provisions to encourage community hiring and access to construction career pathways for local residents from historically under-represented groups such as veterans, at-risk youth, low-income households, residents lacking table housing, and others who face barriers to family-sustaining employment.

A Targeted Hiring policy for major public construction projects could enable the Water District to expand the regional construction workforce pipeline opening up high-quality construction careers to low-income residents, youth, veterans, immigrant and communities of color, all while building the skilled local construction workforce that is needed in order to be able to meet demand. The County of Santa Clara and the City of San Jose have recently adopted Community Workforce policies.

We are happy to provide further information concerning Project Labor Agreements, and look forward to collaborating with the Water District to ensure both efficient project delivery and fairness and equity for all workers and contractors engaged in building Water District projects.

Sincerely,



Ben Field
Executive Officer
South Bay Labor Council



David Bini
Executive Director
Santa Clara & San Benito
Counties Building &
Construction Trades Council

¹ Waitzman, Emma, and Peter Phillips, "Project Labor Agreements and Bidding Outcomes" (2017). UC Berkeley.
<http://laborcenter.berkeley.edu/pdf/2017/Project-Labor-Agreements-and-Bidding-Outcomes.pdf>

² Water System Improvement Program Project Labor Agreement Quarterly Report, Quarter Ended June 30, 2019 (Fourth Quarter FY 2018-2019), <https://sfwater.org/index.aspx?page=559>