



Santa Clara Valley Water District
Capital Improvement Program Committee
5700 Almaden Expressway
San Jose, CA 95118

October 21, 2019

RE: Project Labor Agreements (PLAs)

Dear Chairwoman Hsueh:

The Business San Jose Chamber represents numerous small to medium size businesses in Silicon Valley. We are writing in opposition to the District's consideration of a pilot Project Labor Agreement on a capital project.

Before you make a decision to change the way the District has historically done contracting since its existence, we request you delay action until you conduct a survey of the contractors who perform work for the District to find out exactly how the adoption of a Project Labor Agreement (PLA) will impact them and the district and encourage participation by local labor, the development of pre-apprentice and apprenticeship programs, and cost control measures.

More than 80% of construction jobs in California are provided by contractors not signatory to a collective bargaining agreement. Because these contractors will be disadvantaged and discouraged from bidding on work covered by a Project Labor Agreement (PLA), the work opportunities for contractors at the Santa Clara Valley Water District will be significantly reduced.

Project Labor Agreements (PLAs) create barriers for local, minority and women-owned construction employers and their employees from participating in building their community because they contain provisions that do not allow for the full utilization of their own workforces. Furthermore, studies show these types of agreements **increase project costs – anywhere from 10-30%** above prevailing wage because they restrict competition. Open competition is healthy and increases quality.

And finally, project labor agreements exclude the men, women, and veterans who have chosen to enter into state approved, unilateral apprenticeship training programs in pursuit of a construction career from the opportunity to work and gain the invaluable on-the-job training experience that provides stability for them, their family and their community.

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Limiting work opportunities of 80% of construction workers based on their employers' union-signatory status will severely impact the minority construction community who rely on public work opportunities to build their businesses.

It's disappointing to see the spirit of entrepreneurship blatantly dismissed at Santa Clara Valley Water District leaving opportunities only for the small number of workers who have found their way into union construction programs and further eroding opportunities for smaller minority construction companies and their workers to expand their local businesses and gain invaluable work experience on taxpayer-funded projects in their community.

With the state facing a Craft Professional Demand through December 2022 of 533,136, what Santa Clara Valley Water District should be doing is working on policies that support the development of a diverse construction workforce and fulfilling career in the trades, not disparaging non-union construction workers.

For these reasons, we respectfully request your no vote on a pilot Project Labor Agreement. Please contact me at (831) 245-6446 with any questions.

Sincerely,

Victor Gomez
Executive Director

CC: Director Linda J. LeZotte, Vice Chair
Director Tony Estremera
Beth Redmond, Committee Liaison
Michael Barratz

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