

**July 27, 2010**

**TO: MAYOR AND COUNCIL MEMBERS**

**FROM: CITY MANAGER**

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A PROJECT LABOR AGREEMENT WITH THE LOS ANGELES/ORANGE COUNTIES BUILDING & CONSTRUCTION TRADE COUNCIL**

### **SUMMARY**

The City Council has requested that the City Manager implement measures that would increase employment of City residents and increase City sales tax revenues. The City has issued millions of dollars in capital improvement bonds providing a means of directly benefiting City residents through the implementation of Project Labor Agreements (PLAs) which require the hiring of local labor and provision of apprenticeship programs.

### **BACKGROUND**

In March 2008, the Board of Directors of the Compton Public Finance Authority authorized the refinancing of all of the City's outstanding 1997 Refunding Certificates of Participation and the financing of additional capital projects. In November 2009, the City Council authorized the issuance of the City of Compton Water Revenue Bonds Series 2008 and Sewer Revenue Bonds Series 2008. In June 2010, the City Council and the Compton Community Redevelopment Agency issued bonds for housing and development projects.

The cumulative funding available to fund capital programs totals over \$180 million which will be spent over the next five years for various capital projects. This amount also excludes specific grant funding for capital improvements, such as street improvements and additional park improvements.

The national economy has exhibited continued problems with sustained growth and has heavily impacted business and employment. The recent unemployment data indicates that the local unemployment in the City of Compton is significantly higher than both the state and national averages at 21 percent. The higher unemployment rate has negatively impacted local spending, thereby reducing sales tax revenues, jeopardizing home owners who can no longer make mortgage payments, reducing property tax revenues and increasing the volume of local bank foreclosures.

# #17.

A review of methodologies which would allow the City to better control capital project expenditures and more efficiently redistribute local tax and bond revenues to city residents who have paid for these improvements indicates that great potential for providing that city residents will be guaranteed more employment in local projects can be found in Project Labor Agreements (PLAs).

A Project Labor Agreement (PLA) is a labor contract between a construction owner, contractor, and the building trade's labor unions, which sets wages and work rules on specific projects. PLAs can include a no-strike/no-lockout clause, standardized work rules, a uniform dispute resolution mechanism, a training and apprenticeship program, and requirements to hire labor through local union hiring halls.

The implementation of PLAs requiring apprenticeship programs will reduce the number of contractors who have no commitments to the community, taking profits from the community without re-investment of locally collected revenues into the community. For many years apprenticeship programs have provided a mechanism to local youth to become journey level professionals in the construction industry. PLAs provide a mechanism to assure that workers on the construction site are from the community, thereby re-investing public works improvement dollars to be spent in the community. This re-investment of funds provides a “stimulus” of funds directly spent in local businesses, keeping these funds in the community.

By authorizing the City Manager to negotiate Project Labor Agreements for city capital projects, local residents can expect to have 30% to 50% participation in local project labor, depending on specialty and local availability. Further, the inclusion of local youth in the apprenticeship training also provides opportunities for employment in projects outside the community as well.

Project Labor Agreements currently exist in several southern California jurisdictions including the City of Los Angeles, the Metropolitan Water District, Orange County, San Diego Water Authority and the Los Angeles Unified School District, among others.

In conclusion, Project Labor Agreements offer a unique opportunity for the city to focus and re-invest its resources in the community.

## **FINANCIAL IMPACT**

There is no financial impact. Apprenticeship programs will be paid for by the unions.

## **RECOMMENDATION**

Staff recommends adoption of the attached Resolution.

**CHARLES EVANS,  
CITY MANAGER**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A PROJECT LABOR AGREEMENT WITH THE LOS ANGELES/ORANGE COUNTIES BUILDING & CONSTRUCTION TRADE COUNCIL**

**WHEREAS**, the City Council has directed actions necessary to reduce City of Compton’s unemployment rate, which is twenty-one (21) percent; and

**WHEREAS**, a Project Labor Agreement (PLA) is a labor contract between a construction owner, contractor, and the building trade's labor unions, which sets wages and work rules on specific projects; and

**WHEREAS**, the PLA also promotes employment opportunities for local residents and will provide apprenticeship training and hire labor through local union hiring halls; and

**WHEREAS**, Project Labor Agreements similarly allow for the full utilization of state apprenticeship labor requirements and will provide enhanced career advancement opportunities by creating new entry level jobs in apprenticeship; and

**WHEREAS**, Project Labor Agreements have been shown to benefit local business communities because purchases of materials, equipment, and the hiring of local citizens and contractors are all more prevalent when PLAs are utilized; and

**WHEREAS**, the City of Compton and its Community Redevelopment Agency has raised millions of dollars in bond revenues for the construction of capital projects in the City and seeks to re-circulate these dollars through increased local sales taxes generated from increased employment of its residents; and

**WHEREAS**, construction projects that are funded and built by the City of Compton should include provisions that provide employment opportunities for its residents which includes the active involvement of our labor community.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMPTON DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** That all of the recitals set forth above are true and correct, and that this City Council hereby so finds and determines.

**SECTION 2.** That when using local funds, the City of Compton should require, when possible, Project Labor Agreements that provide emphasis on greater employment participation and stable middle class career opportunities for its residents.

**SECTION 3.** That certified copies of this Resolution shall be sent to and copies filed with the Offices of the City Clerk, City Manager, City Attorney and Community Redevelopment Agency.

**SECTION 4.** That the Mayor shall sign and the City Clerk shall attest to the adoption of this Resolution.

**ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
**MAYOR OF THE CITY OF COMPTON**

**#17.**

**RESOLUTION NO.  
PAGE TWO**

**ATTEST:**

\_\_\_\_\_  
**CITY CLERK OF CITY OF COMPTON**

**STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES  
CITY OF COMPTON**

I, Alita Godwin, City Clerk of the City of Compton, hereby certify that the foregoing resolution was adopted by the City Council, signed by the Mayor and attested by the City Clerk at a regular meeting thereof held on the \_\_\_\_\_ day of \_\_\_\_\_, 2010.

That said resolution was adopted by the following vote, to wit:

**AYES:            COUNCIL MEMBERS-  
NOES:            COUNCIL MEMBERS-  
ABSENT:        COUNCIL MEMBERS-  
ABSTAIN:       COUNCIL MEMBERS-**

\_\_\_\_\_  
**CITY CLERK OF THE CITY OF COMPTON**

**RESOLUTION SIGN-OFF FORM**

**DEPARTMENT:** City Management

**RESOLUTION TITLE:** A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMPTON AUTHORIZING THE CITY MANAGER TO ENTER INTO A PROJECT LABOR AGREEMENT WITH THE LOS ANGELES/ORANGE COUNTIES BUILDING & CONSTRUCTION TRADE COUNCIL

*Dave Hewitt*  
DEPARTMENT MANAGER'S SIGNATURE

7/15/2010 11:26:16 AM  
DATE

**REVIEW / APPROVAL**

*Ruth Rugley*  
CITY ATTORNEY

7/22/2010 3:00:38 PM  
DATE

*Willie Norfleet*  
CITY CONTROLLER

7/22/2010 3:05:11 PM  
DATE

*Charles Evans*  
CITY MANAGER

7/22/2010 1:19:13 PM  
DATE

Use when:	
Public Works:	When contracting for Engineering Services.
City Attorney:	When contracting for legal services; contracts that require City Attorney's review.
Controller/Budget Officer:	Amending Budget; appropriating and/or transferring funds; adding and/or deleting positions; any resolution having account numbers.
Asst. City Manager/OAS:	All personnel actions.