REGULAR BOARD OF DIRECTORS MEETING

DATE: Monday, July 28, 2014
TIME: 12:00 P.M. - CLOSED SESSION under Government Code section 54950, relating to the following items:

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to Government Code section 54956.9(d)(1), the Board of Directors will confer with legal counsel regarding pending litigation: Monterey County Water Resources Agency, et al. v. Boyle Engineering Corporation, et al. (Santa Clara County Superior Court case no. 113-CV-250447); and, Monterey County Water Resources Agency v. Greg L. Dietel, et al. (San Luis Obispo Superior Court case no. CV 070316).

2. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION
Pursuant to Government Code section 54956.9(d)(2), the Board of Directors will confer with legal counsel regarding three matters of significant exposure to litigation.

1:00 P.M. – REGULAR BOARD OF DIRECTORS MEETING

PLACE: Monterey County Water Resources Agency – Board Room
893 Blanco Circle
Salinas, CA 93901
(831) 755-4896
C. Personnel/Administration Committee: Mark Gonzalez, Chair

D. Planning Committee: Deidre Sullivan, Chair

E. Reservoir Operations Committee: David Hart, Chair

13. INFORMATION ITEMS ................................................................. 121

A. Development Review .............................................................. 123

B. Monterey County Water Recycling Projects & Salinas Valley Water Project/Salinas River Surface Diversion Update .............................................................. 125

C. Reservoir Release Update ....................................................... 129

D. Well Permit Application Activities Update ................................. 131

E. Update on CASGEM ................................................................. 135

F. Update on Floodplain Management Plan Update ......................... 139

14. CORRESPONDENCE ................................................................. 141

A. Email dated July 23, 2014 received from Ron Chesshire (This 91-page document can be accessed at:

http://www.mcwra.co.monterey.ca.us/BOD/BOD/agenda/SRB-ABC_Rebuttal.pdf

Re: Statement of Position in Support of Construction Project Labor Agreements and In Rebuttal to the Opposition of the Coalition for Fair Employment in Construction & The Associated Builders & Contractors .............................................................. 143

B. Letter dated July 17, 2014 from City of King City Council

Re: Salinas River Basin Clearing ..................................................... 145

C. Media Release dated July 15, 2014 from State Water Resources Control Board

Re: Approval of Emergency Regulation to Ensure Increased Water Conservation ...... 147

D. Letter dated June 30, 2014 from Paul Robins, Executive Director – Resource Conservation District of Monterey County

Re: Final EIR for the Salinas River Stream Maintenance Program .................. 149


Re: Public Records Act Request .................................................................. 151

F. Innovative Interlake Connection and Regional Water Conservation Project Application .......................................................................................................................... 153

15. BOARD OF DIRECTORS’ COMMENTS

16. ADJOURNMENT
Chambliss, Winifred S. x4896

From: Ida Chesshire <IdaChesshire@hotmail.com>
Sent: Wednesday, July 23, 2014 3:57 PM
To: Chambliss, Winifred S. x4896
Subject: Info Supporting PLA's and rebuttal to opposition to PLA's
Attachments: SRB - ABC Rebuttal.pdf

Winnie, please distribute the attached to all the Board members and appropriate staff for the upcoming Meetings July 28-29. Thank you, Ron Chesshire M/SC BCTC
STATEMENT OF POSITION IN SUPPORT OF CONSTRUCTION PROJECT LABOR AGREEMENTS

AND

IN REBUTTAL TO THE OPPOSITION OF THE COALITION FOR FAIR EMPLOYMENT IN CONSTRUCTION & THE ASSOCIATED BUILDERS & CONTRACTORS

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(7/25/2011- 1/614963)

¹ The author, Sandra Rae Benson, argued the seminal case in California before the Supreme Court, which established the legality of Project Labor Agreements in this State (Associated Builders & Contractors v. San Francisco Airport Commission). In addition, Ms. Benson also serves on the Blue Ribbon Committee for Apprenticeship Standards in the State of California, and currently serves on the Blue Ribbon Committee On Retention of Females in the Construction Industry and is an Advisory Board member to the Rules & Regulations Committee of the California Apprenticeship Council. Ms. Benson has negotiated scores of Project Labor Agreements, including the groundbreaking PLA for the Port of Oakland Maritime and Aviation Project and the PLA for the San Francisco PUC’s Hetch Hetchy Reconstruction Project, currently the largest public works water project in the United States.
INTRODUCTION

This paper is a comprehensive rebuttal to the numerous misrepresentations put forth by the Associated Builders & Contractors ("ABC") to various public bodies where the ABC opposes the use of Project Labor Agreements. The ABC is a consortium of non-union contractors which philosophically opposes the use of Project Labor Agreements ("PLAs"). It is significant that the public body considering these arguments should understand that while the ABC spends huge amounts of money on paid spokespeople to oppose the use of PLAs, the ABC actually represents a very small percentage of the construction industry in California. Thus, based on current records, in California the ABC has only 1,156 listed contractors (of which approximately 20 percent do not have current licenses) out of the 345,000 contractors that have active licenses in the State. That is less than four-tenths of 1 percent of the construction industry that professes to agree with the ABC's view points.

Before beginning the in depth rebuttal to arguments presented by the ABC, it is important to stress that in California, PLAs are absolutely legal. Our Supreme Court, in response to a legal challenge to the use of a PLA for the San Francisco Airport Expansion Project, unanimously upheld the legality of the PLA and held that where a public agency is required to award contracts pursuant to lowest responsible bidder laws, the public agency may adopt "any requirements reasonably relating to the 'quality, fitness and capacity of a bidder to satisfactorily perform the work.'"\(^2\) Likewise, where public agencies decide to undertake feasibility studies to determine whether or not to use a PLA, such studies have been upheld as reasonable business decisions on the part of the public entities.\(^3\) Significantly, in virtually all of the reported cases where feasibility studies have been conducted, those studies have demonstrated that use of a PLA

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\(^2\) Associated Builders and Contractors, Inc. v. San Francisco Airport Commission (1999) 21 Cal.4\(^{th}\) 352

would substantially further the interests of the public and the contracting agency by producing cost-savings and facilitating the timely, economical completion of the construction project. We submit that public agencies which adopt policies requiring the use of PLAs on their construction projects will experience the same positive results.

THE HISTORY OF THE USE OF PLAs

Project Labor Agreements are not a new phenomenon. PLAs have long been used by both private and public entities on large construction projects.4

The distinguishing feature of a PLA is its design for large and complex construction projects requiring the precise coordination of many crafts and tight time schedules. PLAs are designed to eliminate potential delays resulting from labor strife, to ensure a steady supply of skilled labor on the project, and to provide a contractually binding means of resolving worker grievances.5

Despite the long-standing history of using PLAs for major public works projects, the Associated Builders & Contractors, and other non-union employer groups, engaged in a protracted series of legal challenges throughout the country challenging the legality of public entity project labor agreements. Those challenges have now been soundly defeated in both the

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4 PLAs were used on large construction projects as early as the construction of the Grand Coulee Dam, the Hoover Dam, the Alaska Pipeline and the St. Lawrence Seaway. PLAs were first used in the 1930s on large government-funded projects such as flood control and hydroelectric dams. In the later 1940s, the agreements were a regular feature of projects at atomic energy facilities and are now a regular feature in both private and public construction projects. Henry H. Perritt, Jr., Keeping the Government Out of the Way: Project Labor Agreements under the Supreme Court’s Boston Harbor Decision.

5 Although non-union contractor associations which oppose PLAs often attempt to characterize "labor strife" as a "union problem" and an improper criterion for approving a PLA, the California Supreme Court has noted that "labor unrest is not illegal in this country," and that in fact non-union employees also have the right to engage in concerted activity, such as work stoppages, which can only be prevented by the use of a PLA. Associated Builders and Contractors, Inc. v. San Francisco Airport Commission.
Federal Courts, including the United States Supreme Court, and the State Courts, including the California Supreme Court.

Since there are really no further legal challenges to PLAs available to non-union contractors in California, they have now resorted to blatant misrepresentations of fact in an attempt to influence public agencies not to use PLAs where such agreements would clearly be beneficial to the public agency and the taxpayers.

**THERE ARE NUMEROUS BENEFITS A PROJECT LABOR AGREEMENT ALLOWS A PUBLIC AGENCY TO ACCESS**

Before beginning the rebuttal to the arguments against the use of a PLA, it is important for any public agency considering the use of a PLA to recognize the additional benefits which a public agency can access via the use of a PLA

1. **The Policy of the Federal Government Favors the Use of PLAs.**

   It is the “policy of the Federal Government to encourage executive agencies to consider requiring the use of project labor agreements in connection with large-scale construction projects in order to promote economy and efficiency in Federal procurement.” *Presidential Executive Order 13502 of February 6, 2009, Vol. 74 Fed. Register No. 27 (February 11, 2009)* This public

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7 In addition to California, project labor agreements have been upheld in Alaska, Connecticut, Massachusetts, Minnesota, Missouri, Nevada, New York, Ohio, Oregon, Pennsylvania and the Sixth Circuit Court of Appeal.

8 Not only do they misrepresent the facts so that the Board cannot make an informed decision, but, indeed, they use political scare tactics through misrepresentation to try to intimidate public decision makers. For instance, the Coalition routinely represents that a Santa Ana School Board member was recalled because of the member’s vote in favor of a project labor agreement. However, when one looks at the actual fact, it turns out that the school board member’s recall had nothing whatsoever to do with the project labor agreement but, rather, was based on a dispute over whether or not to continue bilingual education.
policy applies to any project in which Federal Government funds (including American Recovery Act funds) equals $25 million or more.

2. **PLA’s Provide a Mechanism for Achieving Local Public Benefits During the Construction Process.**

Public sector PLAs frequently include requirements designed to provide benefits not available without the use of a PLA, such as:

- Targets for employment of local residents in prescribed percentages on the project covered by the PLA,
- work opportunities for historically disadvantaged workers and contractors including pre-apprentice programs, in which disadvantaged workers are given the skills and experience necessary for successful participation in traditional apprenticeship programs;
- targets for the utilization of small, local, and disadvantaged businesses;
- hiring goals for minority and disadvantaged workers; and formation of social justice committees or task forces to oversee minority hiring such as that established by the Port of Oakland MAPLA; and
- employment of local apprentices in a prescribed ratio on the project;

During this time of extreme unemployment when California is suffering double digit unemployment rates, it is reasonable and understandable that taxpayers who are funding public works projects in their areas seek to insure that local residents obtain at least a percentage of the jobs and training opportunities created so that the taxpayer funds stay in the community as opposed to going to companies who employ their workers from outside the community, and indeed from outside the State. Project labor agreements make this goal possible. See, Local Jobs First, “PSAs in Action” found at [http://www.localjobsfirst.org/?page_id=15](http://www.localjobsfirst.org/?page_id=15) (accessed November 2, 2009) detailing local hire percentages and statistics on various California projects conducted under Project Stabilization Agreements.

The Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) is a perfect example of a public owner using a PLA to achieve performance, efficiency and social goals by creating more than 334,000 work hours for residents in the area of the public work. The Port of Oakland MAPLA has provided key opportunities for Local Impact Area (LIA) residents to
receive on-the-job training and start careers in the construction trades. See Port of Oakland MAPLA Progress Report July 1 to December 31, 2008 presented to the Board of Port Commissioners Administrative Committee on April 28, 2009 and available on the web at http://www.portofoakland.com/pdf/busimaplaReport_julyDec08.pdf (accessed November 3, 2009). In fact, as the Board of Port Commissioners Report indicates, the MAPLA was originally adopted for five years through 2004, however, because the MAPLA has proven to be so successful, the MAPLA has been extended four times by Board action and remains in effect today.

3. **Project Labor Agreements Can Provide A Mechanism For Increased Safety Training and Safety Programs.**

Project Labor Agreements also routinely allow for safety training through the Union training funds and often provide for joint labor-management safety committees and other ways to promote a safe workplace. Contractors using private PLAs maintain that the increased cooperation and communication between management and construction workers fostered by a project labor agreement enables using and testing innovative safety programs. For example, during the mid-1990s Bechtel tested and implemented a self-inspection safety program on the Shell Oil Clean Fuels Project performed under a PLA. After completing over two million man hours on the project, no worker had suffered any serious injury to warrant missing a day’s work, compared to the statewide average at the time of 6.46 lost-day injuries per every 200,000 hours of work. Bechtel now uses the safety program on projects all over the world. Kimberly Johnston-Dodds, “Constructing California: A Review of Project Labor Agreements,” California State Library, California Research Bureau Reports, CRB 01-010, 1. p. 38-39 Available at http://www.library.ca.gov/crb/01/10/01-010.pdf (accessed November 3, 2009).

One of the major expenses of construction is the cost of workers’ compensation insurance. Indeed, it has been universally accepted that California’s State Workers’ Compensation system is dysfunctional, unduly costly and the Legislature, each Governor for the last two decades, as well as the electorate have attempted to reform the State-run system. One successful method of reducing costs and increasing service to the employers and the injured workers is the ability for construction employers and unions to adopt “Alternative Dispute Resolution Systems” (ADRs) as alternatives to participation in the State Workers’ Compensation System.

In 1993, the California Legislature enacted Labor Code Section 3205.1 to reform workers’ compensation in the construction industry. Section 3205.1 permits the establishment of ADRs or “carveouts” from the State Workers Compensation system that can include:

- An alternative dispute resolution system governing disputes between employees and employers that supplements or replaces the state workers’ compensation system;
- An agreed list of exclusive medical treatment providers;
- An agreed, limited list of qualified medical evaluators;
- Joint labor management safety committees;
- A light-duty, modified job or return-to-work program; and
- An agreed list of providers of vocational rehabilitation or retraining programs.

See, Kimberly Johnston-Dodds, “Constructing California: A Review of Project Labor Agreements,” California State Library, California Research Bureau Reports, CRB 01-010, 1 p. 24 Available at http://www.library.ca.gov/crb/01/10/01-010.pdf (accessed November 3, 2009). See also, “County Tries Comp Alternative,” Silicon Valley/San Jose Business Journal, Vol. 27, October 23, 2009 which details the ADR Program adopted for the $671 million wing being built at the county-run Santa Clara Valley Medical Center. According to the risk management consultant who has worked on the Valley Medical Center project, the ADR/OCIP purchase method can reduce insurance expenses on a construction project by as much as 70 percent. (Id.)

However, as a matter of law, such alternative dispute resolution systems may **only** be established pursuant to a collective bargaining agreement. (Cal. Labor Code Section 3205.1)
Without the use of a Project Labor Agreement, this vehicle for taxpayer cost savings will be completely eliminated.

5. **The Public Agency Can Assist Returning Veterans To Gain Training and Employment in the Construction Industry Through Use of the “Helmets To Hardhats” Program.**

Virtually every PLA now includes provisions to access the “Helmets to Hardhats Program” for employment of returning veterans on the construction project covered by the PLA.

Helmets to Hardhats is co-sponsored by all fifteen Building and Construction Trades organizations, as well as their employer associations, which together represent about 82,000 contractors. Labor leaders have embraced the program, eager to help military personnel transfer their experience into secure careers within the construction industry. See, “Helmets to Hardhats” web site, found at [http://helmetstohardhats.org/](http://helmetstohardhats.org/) (accessed November 3, 2009)

"Together, the military and the construction trades have built America over the past several hundred years with the same kind of sweat, equity, commitment and courage," Lieutenant General H. Steven Blum, Chief of the National Guard Bureau said. "No other industry in the history of the United States has ever made a total commitment to support the armed forces by providing access to the best jobs in construction." [Matching Today's Military With Tomorrow's Construction Industry](http://info.helmetstohardhats.org/content/press-center/press-releases/matching-the-military-with-the-construction-industry) (accessed November 3, 2009).

There is no non-union equivalent of the Helmets to Hardhats Program. Returning veterans, who have given so much to protect their country should be able to access via a PLA this worthwhile program during the project funded by the very taxpayers for whom they have sacrificed. The public agency should use every vehicle available to it during this time of extraordinary unemployment to assist its returning veterans to establish new construction careers rather than having them go onto the unemployment rolls (at taxpayers’ expense).
REBUTTAL TO SUBMISSION OF THE ABC AND THE COALITION FOR FAIR EMPLOYMENT IN CONSTRUCTION

The ABC and the Coalition For Fair Employment in Construction, a consortium of non-union or “merit shop” contractors, routinely submits either verbally or in writing a statement of position opposing the use of PLAs. That submission, while full of rhetoric, is devoid of truthful factual assertions as evidenced by their failure to cite to any authority to support their philosophical position. 9

This rebuttal will address those non-supported assertions to demonstrate the fallacy of the ABC’s and Coalition’s argument. Moreover, unlike the ABC’s and the Coalition’s unsupported assertions, this paper provides record support for all of our rebuttal statements, as well as testimonials from numerous public officials with actual experience using PLAs. We invite the reader to contact those individuals to verify the veracity of the statements contained herein.

ABC and COALITION CONTENTION: Non-Union or “Merit Shop” Contractors Can Routinely Under Bid Union Contractors, and Hence Save The Taxpayers Money, Because They Are Unfettered By Union Job Classifications.

While responsible Union contractors have always known that non-union contractors routinely use unskilled workers to lower their bids and enhance their profits (a fact actually lauded by Professor Northup), this fact was admitted by the Associated Builders & Contractors in the California Supreme Court litigation instituted by the ABC to challenge the PLA at the San Francisco Airport. The Supreme Court correctly pointed out the illegality of this practice, which

9 In addition, a supposed “analysis” by the Worcester Municipal Research Bureau has been submitted by non-union groups purporting to recommend against a PLA. That “analysis” repeats the Coalition’s arguments. It is significant to note that the “analysis” relies primarily upon writings by Maurice Baskin, the General Counsel for the Associated Builders & Contractors, and Herbert R. Northrup, a paid “expert” retained by the Associated Builders & Contractors in virtually every one of their unsuccessful legal challenges against PLAs. In fact, as will be seen later in this paper, many of Professor Northup’s suggestions have been rejected as “illegal” by the California Supreme Court.
the ABC astoundingly suggested, without even blushing, should serve as a reason for not permitting PLAs. The Court noted:

“The Associated Builders & Contractors suggests the PSA will raise the costs of the project because nonunion contractors would be able to use semiskilled or unskilled workers in place of some of the journeymen required to staff projects in union shops. [In addition] to being potentially [illegal under both State and Federal law] a bidder is not at liberty to lower its costs by substituting unskilled ‘helpers’ for any skilled workers demanded by the contract specifications.”

Associated Builders and Contractors, Inc. v. San Francisco Airport Commission

ABC and COALITION CONTENTION: PLAs Decrease Competition

With no citation to authority, the Coalition contends that the use of PLAs decreases competition on public works projects. In fact, the California Court of Appeal found just the opposite in a case involving a member of the Coalition, the West Coast Contractors Association.

In West Coast Contractors, Inc. v. City of Pinole Redevelopment Agency, Case No: A082935 (Oct. 7, 1999), the California Court of Appeal determined that the contention that PLAs decrease competition was not only speculative but, indeed, “chimerical.” (P. 12) Noting that all contractors would have to pay the same prevailing wages to their employees, regardless of whether a PLA was used, the Court noted:

“There was no showing that the successful union bidder submitted a lower bid as a result of the removal of the PLA restrictions; and there was no evidence whatsoever that any nonunion contractor actually bid on the project. In fact, there was no evidence that a single additional bid was received after removal of the PLA requirement; and there was no evidence of any reduction in the overall level of the bidding resulting from the removal of the PLA strictures. There was also no evidence suggesting any reduction of potential expenses as the result of the removal of the PLA restrictions. . . . This assumption that “more bids means lower bids” is a proposition for which we find no support in the record.” (P. 9-10)

In fact, we are fortunate to have a project that provides a unique opportunity for comparing work on similar projects, both with and without a PLA, from which empirical evidence demonstrates the fallacy of the proposition that the use of PLAs decreases competition.
Water Authority's Improvement Project (SNWA) was undertaken in two stages. The early phase, the "1997 Facilities Phase," was managed without a PLA. It was followed by a second phase, the "1999 Facilities Phase," which was managed under a PLA. The two phases were comparable in size, description and location. Testimony before the United States Senate demonstrated that the Water Authority actually received a 32% increase in bids per package for the second phase of the project that was conducted under a PLA as opposed to the non-PLA portion of the work. See also, Letter from Alan Garofalo, Assistant Superintendent of the East Side Union High School District (attached hereto), noting that his School District was "faced with similar if not identical arguments" against a PLA and, yet, they have found that by using the PLA, "we have seen no reduction in bidders as some had argued, we have seen less issues around performance and schedules, and we have seen competitive pricing on all projects." Assistant Superintendent Garofalo sums up his conclusions that "all in all, we are extremely pleased with this relationship and would not hesitate to do it again."

The ABC and Coalition use the scare tactic of stating that a non-union, low bidder (M.A. Davies) was removed from the Burckhalter Elementary School because of the PLA with the Oakland Unified School District. In fact, Davies was removed from the project because it had fraudulently submitted a false response to the District’s prequalification questionnaire stating that neither the contractor nor his sub-contractors had been found by an appropriate authority to be in violation of apprenticeship requirements under the State Business & Professions Code or the Labor Code within the two-year period immediately prior to the filing the response. Public records from the State of California Labor Commissioner’s Office demonstrated this response was false. (Attached hereto are the public records involving this matter.) All public works projects rely not on the lowest bid, but rather the lowest responsible bid. A contractor that fails

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10 See Testimony of Michael W. D’Antuono, President, Parsons Constructors, Inc., Before the Senate of the United States, Labor Subcommittee of the Senate Labor and Human Resources Committee in the hearings to consider S.606.
to factually respond truthfully to pre-qualification questions is not a responsive bidder and certainly should not be qualified to work on a public works project where the children of the community will reside and receive their education.

In the West Coast Contractors case, the Court of Appeal specifically noted that “[i]f there is evidence of savings of public funds on this project [by eliminating the PLA requirement], it has not been shown.” The Court went on to suggest that the Contractors’ Association’s motive for challenging the PLA was “ideological” in nature. (P. 9)

Likewise, the California Supreme Court, upholding the PLA at the S.F. Airport, noted that any reduction in competition is a result of choices made by non-union contractors, not by the requirement of working under a PLA:

“If ABC chooses not to bid, that is its right, the exercise of which is strictly within its control. ABC members’ election not to bid on the airport project, out of a desire to avoid dealing with unions or for whatever other reasons, does not make the PSA anticompetitive.”

Associated Builders and Contractors, Inc. v. San Francisco Airport Commission.

Therefore, the Coalition’s contention on this issue is wholly unsupported by any empirical evidence. Rather, it reflects only the Coalition’s members’ political and philosophical desires to work in a “union free” environment which is an inappropriate criterion on which public agencies should base their rational business decisions dealing with the expenditure of taxpayer dollars.

ABC and COALITION CONTENTION: Employees Working Under PLAs Are Required to Join Unions.

The Coalition’s contention that employees working under a PLA are required to join Unions is a blatant misstatement of law. Both the California and United States Supreme Courts have roundly rejected this contention.

The Coalition is well aware that under Federal law, no person can be required to join a Union. Moreover, “Federal law ... requires union hiring halls to refer both union members and

**ABC and COALITION CONTENTION: PLAs Are Negotiated By Public Agencies and Unions, With No Contractor Input, and Then Only “Unions” Can Bid on and Work on the Jobs.**

Construction Managers hired by the Public entity to manage the project negotiate PLAs. Those Construction Managers solicit and include input from contractors as to their needs for successful completion of the project.

Unions do not bid on the work; contractors bid on the work. Moreover, PLAs “exclude[] no contractor, union or nonunion, from bidding on the … project.” (*ABC v. S.F. Airport Comm.*, *supra*, p. 13) As the Supreme Court noted: “that some of ABC’s members may be disinclined to accept the terms of the PSA does not imply any favoritism on the Commission’s part toward those bidders that do not share that disinclination.” (*Id.*)

In fact, again, empirical evidence demonstrates the inaccuracy of the Coalition’s contention. On the 1999 Facilities Phase of the SNWA Project, which was conducted under a PLA, 37.5% of the contracts were awarded to non-union contractors, as opposed to 20% of the contracts on the earlier 1997 phase which was not conducted under a PLA.11 On the Boston Harbor Project which did use a PLA, 27.5% of the contracts were awarded to non-union contractors,12 and on the East Side (Domenigoni) Reservoir Project in California which did use a PLA, 75% of the prime and subcontracts were awarded to non-union contractors.13

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11 See Testimony of Michael D’Antuono, supra.

12 Letter from Douglas B. MacDonald, Executive Director of the Massachusetts Water Resources Authority, December 24, 1996, describing the progress of the Boston Harbor clean-up project through that date.

13 Testimony of Michael D’Antuono, supra.
ABC and COALITION CONTENTION: Union Hiring Halls Prefer to Dispatch Workers Based on the Degree of Union Membership and Seniority.

Again, there is no citation for this proposition. In fact, there is no “seniority” in the construction industry. Union Hiring Halls are strictly regulated by the National Labor Relations Board and, as noted above, must, in accordance with Federal law, dispatch in a non-discriminatory fashion without regard to Union membership. (Woelke & Romero, supra)

ABC and COALITION CONTENTION: Companies Would Be Forced to Lay Off a Proven, Productive Workforce to Hire Strangers From the Union Hiring Hall.

The Coalition cites to the S.F. Airport PSA for this proposition. In fact, the California Supreme Court specifically rejected this argument:

“As for the PSAs requirement that contractors engage new employees through the union hiring hall, ... Federal law, ... requires union hiring halls to refer both union members and nonmembers to available jobs. [citation] In this respect, as well, the asserted anticompetitive effect of the PSA is difficult to discern.”

ABC v. S.F. Airport Comm., supra.

ABC and COALITION CONTENTION: PLAs Are Unfair Because They Force Employers to Make Contributions Into Established Union Benefit Plans.

The California Supreme Court in the S.F. Airport case rejected this same argument:

“ABC fails to explain persuasively how the wage and benefit requirements in the PSA place ABC or its members at a competitive disadvantage. It suggests its workers prefer to receive the value of benefits directly, and thus to obtain a larger paycheck, rather than participate in union benefit plans; this circumstance, ABC urges, means it will be unable to attract its preferred workers. ABC fails entirely to establish, however, that union contractors will thereby enjoy an advantage over ABC in attracting these or any other available workers, or in the bidding process generally. . . . Hence, the PSA is not anticompetitive merely because certain bidders would see some of its features as less attractive.”

ABC v. S.F. Airport Comm.

In addition, the Coalition’s argument that PLAs require non-union employers to pay “double” contributions is erroneous and not supported by any evidence. First, most (if not all) non-union contractors do not provide any health and welfare benefits to their employees, preferring to “put the money on the check” of the worker and requiring the employee to purchase...
his/her own health insurance. The ABC admitted this to the California Supreme Court as evidenced by the Court’s description of the practice above. Of course, it is prohibitively expensive for an individual to purchase health insurance and, thus, the worker goes without coverage. In that situation, the public agency pays twice for health insurance, once in the prevailing wage component and again when the uninsured worker or family member is forced to use emergency medical services paid for by taxpayer dollars.

Second, even in those rare cases where the non-union contractor provides health coverage for the worker (but usually not for the spouse or dependents), that coverage is paid for on a monthly basis with health plans such as Blue Cross or Health Net. Under those plans, the employer can and does remove an employee from the premium payment schedule for months during which the employee is not working or when the employee is working on a PLA job. Since the worker’s coverage extends at least one month into the future, the worker has health coverage when he/she first comes onto the PLA job and the employer is NOT paying a “double” premium for that month. And, if the worker remains on the PLA job long enough to acquire an “hours bank” for coverage, that worker can continue with Union health coverage for the entire family up to three months after leaving the job. Thus, in that situation, the non-union contractor makes up on the back end anything they may have spent on the front end and can, in many cases, actually save money on health coverage.

ABC and COALITION CONTENTION: PLAs Require Payment of Wages Above the Prevailing Wage.

There is, of course, no citation for this contention. And, again, the California Supreme Court rejected this assertion:

“ABC acknowledges the prevailing wage law, not the PSA, is the source of the applicable wage rates. [citation] . . . We have observed that prevailing wage laws are designed in part to permit union and nonunion contractors to compete on an even footing for public contracts. [citation] ABC fails to explain persuasively how the wage and benefit requirements in the PSA place ABC or its members at a competitive disadvantage.”
ABC v. S.F. Airport Comm. Certainly, with or without a PLA, all contractors on a public works project must pay the appropriate prevailing wage rate to its employees.

**ABC and COALITION CONTENTION: PLAs Require Employment of Union Apprentices Only, and Exclude Apprentices From Non-Union Programs.**

There is no citation of authority for this proposition. Even if it were true, the Ninth Circuit Court of Appeals has held that a public entity may lawfully required in a PLA that all apprentices on the project come from Union-sponsored joint apprenticeship programs. *Johnson v. Rancho Santiago Community College District*, Case No. 08-56963 (C.A. 9, Oct. 8, 2010); see also, *Associated General Contractors v. San Diego Unified School District*, (California Court of Appeal, Fourth Appellate District (May 18, 1911), Docket No: D056530) in which the Court approved the requirement that all apprentices on a project governed by a Project Stabilization Agreement come from joint labor-management apprenticeship programs (i.e., Union programs) because of the higher superiority of the those Programs.

Since it is a mandatory requirement of State law that certified apprentices be employed on public works projects (Labor Code Section 1777.5), a public entity has a right to demand that such apprentices come from proven apprenticeship programs in order to ensure quality of performance. In that regard, the history of the ABC Golden Gate Chapter Training Program is significant.

U.S. Department of Labor records indicate that the ABC Golden Gate Chapter Training Program was in existence for 10 years, after which the Department of Labor placed it on restriction. When a program is placed on “restriction,” the program may no longer recruit or indenture new trainees. The program was placed on restriction for, among other things, (1) failing to maintain appropriate EEO records, (2) failing to maintain appropriate training records, (3) failing to adhere to its selection procedure, and (4) failing to graduate any trainees. Thus,
after 10 years in existence, the ABC Golden Gate Chapter Training Program had a “zero” completion rate.

The shortage of skilled construction craftspeople is a critical problem which owners must keep in mind in planning their construction projects. The dimensions of the problem, and the need to address it, were underscored in a white paper from the Business Roundtable. *Confronting the Skilled Construction Work Force Shortage: A Blueprint for the Future* (October 1997) In that report, the Roundtable noted that “[t]he union sector has always excelled in craft training through the joint labor/management apprenticeship programs,” id. at 5, with union contractors expecting and guaranteeing a trained work force. *Id.* at 8. In the non-union sector, by contrast, while the larger contractors have begun to develop their own training programs, “the open shop sector, as a whole, has not supported formal craft training to the extent necessary.” *Id.* at 6. Noting that the Business Roundtable has been speaking out “on the training problems in open shop construction” for fourteen years, the White Paper exhorts contractors to “recognize the need for and benefits of training their employees.” *Id.* at 8.

In a report to Congress, the Government Accounting Office, after having investigated apprenticeship programs regulated by both the Federal Department of Labor and the State Apprenticeship Council, reported that Union apprenticeship programs graduate significantly higher numbers of apprentices than do non-union apprenticeship programs, that apprentices in Union programs had pay rates 24 percent higher than the pay rates for non-union apprentices, and that graduates from Union apprenticeship programs will earn 36 percent more than non-union journeyworkers after graduation. See, *Report to Congressional Requesters, Registered Apprenticeship Programs*, Government Accounting Office, GAO-05-886, August 2005.

In another study produced by the Labor Resource Center University of Massachusetts in Boston, the University compared union and non-union apprenticeship programs over a ten year period (1997-2007). The Report concluded:
“When looked at together, these findings question the claim that non-union programs are as effective as joint labor-management programs…. Indeed, we believe these findings suggest that non-union businesses may be registering apprenticeship programs that are never intended to provide the education and work experience sufficient to develop journeylevel building trades workers.”

Finally, the ABC and Coalition laud the fact that there are numerous non-union apprenticeship programs in the State of California. However, the California Legislature has specifically noted in its findings concerning apprenticeship legislation that there has been a proliferation of sham apprenticeship programs. The Assembly Bill Analysis of AB-921 which amended Labor Code Section 1777.5 states that “[t]his bill makes legislative intent and declarations that this bill seeks to ensure apprenticeship programs meet the high standards and to prevent exploitation of apprentices.” The Bill Analysis cites to the argument in support of the legislation that “over the last decade there has been a progressive weakening of standards regulating the apprenticeship programs that train over 49,000 apprentices. This situation has resulted in a proliferation of programs that fail to adequately train apprentices in the skills needed to master a trade and, in some cases, only provide employers with means to cheap labor.”

Union apprenticeship programs have not only recognized the need for skilled, highly trained craftspeople but, indeed, have been providing first rate, quality training for more than a century. The ABC and Coalition cannot say the same for non-union programs.

**ABC and COALITION CONTENTION: PLAs Discriminate Against Minorities.**

This contention is patently nonsense. Virtually every PLA in use includes specific goals for minority owned and female owned companies, union or non-union. Moreover, numerous minority owned and female owned companies are signatory to collective bargaining agreements. It is insulting to minorities to suggest that minority owned and female owned construction companies prefer to pay their employees less, or to provide their employees with no fringe benefits. Indeed, on a public works project, minority owned and female owned companies would still be required to pay the prevailing wage, whether or not they are “union” companies.
In addition, statistics show that more minority employees are participating in Union Apprenticeship Programs than in non-union programs. The Division of Apprenticeship Standards of the State Department of Industrial Relations provided the following numbers for the years 1992, 1993 and 1994 – the last years for which statistics are available:

50.1% of the apprentices enrolled in jointly operated labor/management (Union) construction apprenticeship programs were minorities. That figure is more than 10% higher than the 39.5% minorities the ABC said it enrolled in its non-union employer only programs.

See also, GCA Strategies, Community and Government Relations, May 28, 2002 Report to the Board of Trustees of City College of San Francisco Re: Project Labor Agreement, copy attached hereto.

**AbC and COALITION CONTENTION: PLAs Cost Taxpayers Extra Money.**

The ABC routinely argues that PLAs increase the costs of construction projects. In fact, they have recently published a report they purchased from the National University System purporting to reach such a finding. That report, prepared by two individuals who are not Ph.d.s and a Dr. Dale Glaser who has a Ph.d. in Clinical Psychology has been comprehensively discredited and demonstrated to be based on faulty data and methodology by Dr. Dale Belman, Ph.d, Michigan State University. (A copy of Dr. Belman’s critique is attached hereto.) Dr. Belman has called for a peer review study of this most recent article because of its flawed data and methodology.

The ABC and Coalition also routinely purport to cite statistics that PLAs result in increased costs to public projects. In fact, the Bureau of National Affairs, *Construction Labor Report*, Vol. 48, Oct. 13, 1999, reports that there is “little data available” to support the contention that PLAs cost the taxpayers extra money. BNA notes that an exception to this dirth of data can be seen in the Boston Harbor project, which has been carried out for over a decade under the terms of a PLA upheld by the United States Supreme Court. According to BNA, the “empirical data” which has been compiled on this project “provides a unique view [of] a major
PLA project." BNA reports that with the Boston Harbor project being 97 percent complete, and encompassing over 25 million man-hours of craft labor, there has not been even one day lost as a result of labor disagreements and that the plant work is on time and under budget.

The Coalition routinely contends that the West Contra Costa Unified School District, using a PLA on all of its construction projects over $1 Million, has had negative results from the PLA. In fact, the exact contrary is true. Gloria Johnson, Superintendent of the West Contra Costa Unified School District has written that because of the positive results of the PLA, the School District has voted to expand the PLA to numerous other construction projects. Superintendent Johnson stated that “We are very pleased with how smoothly the middle school project progressed. The project was on time and on budget with no labor problems. . . . The subcontractors performed at a very high level, and the general contractor was outstanding.” A copy of Superintendent Johnson’s letter is attached.

The Coalition’s assertion that the San Francisco International Airport Expansion Project was $400 million over budget and a year behind schedule is simply false. At the time the Supreme Court case was argued, the Airport informed the Supreme Court that while the project had been 30 days behind schedule as a result of weather-related delays, that time had been made up by the extraordinary ability to coordinate work schedules provided by the PLA, and that the project is on budget. (See also Attachment 2 to report of Marilyn L. Miller, Director of Engineering and Construction EBMUD, reporting that S.F. Airport reported the project is “on time and on budget.”) Moreover, at the conclusion of the project, Airport Director John Martin wrote a letter absolutely refuting the ABC’s contention stating: “The cooperation of the various labor unions was instrumental in producing a world class terminal facility, which was completed on time and on/under budget. The existence of the Project Stabilization Agreement was a major component in the success of the airport expansion project.” A copy of Director Martin’s letter is attached.
Similarly, while the Coalition reports that the Metropolitan Water District project in Southern California is $300 to $400 “over budget,” the Metropolitan Water District gave a “positive review” to Marilyn Miller of how the PLA has worked on that project and reported “labor savings” as a result of the PLA. According to the owner of the Metropolitan Water District project, the virtually completed project came in within 5% of budget, which is considered within normal allowable limits of an “on budget” result. Moreover, the labor cost on the project came in under budget, and the small increase over the initial cost estimate was attributable to a variety of other non-labor-related factors, such as engineering design costs, extra equipment costs, additional payment to the family that had owned the land, etc.

In addition, the Coalition routinely asserts that the Contra Costa Family Law Center came in late and over budget as a result of the PLA. However, Mark DeSaulnier, then Chairman of the Contra Costa County Board of Supervisors, in a letter to the Superintendent of the West Contra Costa School District rebutting the Coalition’s assertions wrote “This project was completed on time and on budget without any labor construction delays. Furthermore, there have been no cost increases nor shortage of general contractors or subcontractors bidding this or any other project the Contra Costa Board of Supervisors has undertaken using Project Labor Agreements.” A copy of Supervisor DeSaulnier’s letter is attached.

The Coalition likewise routinely asserts that the Project Labor Agreement used by the Vallejo Unified School District resulted in delays and cost over-runs. However, Bill Pendergast, Chairperson of the Governing Board of the Vallejo Unified School District, reported in an open meeting that under the School District’s prior “low bid method” of contracting without a PLA, the School District was $12 Million in the red. Three years later using a PLA, Chairperson Pendergast reported that the School District anticipates having a $5 Million surplus at the end of its Measure A construction projects as a result of the PLA. A copy of Board Member Pendergast’s letter is attached.
The Coalition's assertions concerning cost overruns in the Santa Ana School District are similarly false. The Coalition again routinely asserts that the Santa Ana School District's construction projects using a PLA were $200 Million over budget. However, Jerry Hills, the Chief Construction Manager for the Santa Ana School District, was surprised to hear this since their entire construction bond was for only $145 Million Dollars. Moreover, the cost overruns on their construction were attributable to increases in the costs of the land, which had increased from $18 Million to $42 Million Dollars.

The Coalition asserted in an open meeting that the Los Angeles Unified School District "is the worst school district in the state. They are a billion dollars over budget and looking for a way to get out of their PLA." However, Dan Kreinbring, Chief Facilities Director/Special Assistant for the Los Angeles U.S.D., wrote a letter to the Superintendent of the Fairfield-Suisun School District refuting that statement and offering a supportive and positive review of their successful use of a PLA. A copy of Director Kreinbring's letter is attached.

The ABC criticized the Los Vaqueros Reservoir Project which used a PLA as being "over budget and late." In fact, according to Joseph L. Campbell, President of the Contra Costa Water District Board of Directors, the project was a "huge undertaking" and the construction was completed "just three years after receiving the permits" in comparison to other comparable projects that have taken 15 to 20 years to complete. Moreover, the project came in "for less than the $450 million budget." Significantly, the American Society of Civil Engineers awarded Los Vaqueros its 1998 Award for the Best Public Works Project in the Country," previous recipients of which award have been the Golden Gate Bridge, Hoover Dam and Verrazano Bridge construction projects. See Contra Costa Times, The Facts About Los Vaqueros, Feb. 3, 2007.

In a recent report from the County Administrator of Contra Costa County reporting on the use of PLAs in Contra Costa County, the Administrator reported that "Bids for five of the eight
projects subject to the PLA policy were lower than the architect/engineer cost estimates.” (A copy of the County Administrator’s Report is attached hereto).

Similarly, the new $100 million Solano County Government Center, built using a PLA, was recently completed on time, within budget and with no cost overruns. (See news article attached, *The Daily Republic*, “County (Office Hits Deadline, On Budget.”) In stark contrast, the County of Solano’s Juvenile Detention Facility suffered numerous delays and disputes between the County and construction contractors. County Superintendent Duane Kromm attributed the starkly opposing progress of the two projects to the fact that the Juvenile Detention Facility, unlike the County Government Center, was not built using a PLA. (See news article attached, *The Daily Republic*, “Cutting It close – County Will Open Juvenile Hall In time.”)

Furthermore, David L. Alexander of the Port of Oakland, in discussing the Port’s positive experiences with its MAPLA (Maritime and Aviation Project Labor Agreement), noted that a Port tenant put out to bid a project both with the PLA and without the PLA. In Mr. Alexander’s words, “The tenant reported that difference between the bids with MAPLA and without MAPLA was less than 2%, thus, debunking the myth that a PLA significantly increases bid prices.” (See Letter dated July 25, 2005 from David L. Alexander, Port Attorney, Port of Oakland.)

The John Swett Unified School District suffered the devastating experience of major construction of its Rodeo Hills Elementary School District by a non-union contractor whose construction was so shoddy that improperly installed windows caused flooding, major mold issues resulting in entire walls having to be removed, improper roof installation with improper access points for future wire pulling, water damage to the gymnasium, etc. The School District’s damages from this shoddy construction was at least $1.5 million and resulted in more than $200,000 in litigation costs to the School District to sue the contractor. The public outcry from the community concerning the construction issues at the Rodeo Hills School forced new leadership at the Board level, the School District attorney and administration. Now the School
District uses a PLA for its construction and, as noted by Jerrold Parsons, Governing Board Member/Trustee of the School District, “it is clear that the workmanship and professionalism that we see with our union laborers is far and above what we witnessed at Rodeo Hills.”

Finally, the San Mateo High School District negotiated a PLA for construction of its new San Mateo High School. Originally, the School District, unfamiliar with PLAs, wanted the PLA restricted to only Phase I of the construction. The bids for the project using the PLA came in 8% under the engineer’s estimates and, because the PLA proved so successful, the School District then requested that the PLA be extended to Phase 2 of the project. And at its most recent Board meeting, the San Mateo High School District added approximately $200 million in projects to the coverage of this PLA. Similar experiences have been achieved by the West Contra Costa School District which now performs all of its construction work under PLAs.

It is significant that Marilyn L. Miller, Director of Engineering and Construction EBMUD, reporting on Public Agency PLA Experience, reports all positive experiences with PLAs by other agencies utilizing such agreements.

Because we are confident in the accuracy of our statements, unlike the ABC’s reliance upon newspaper editorials they carefully placed, we urge the decision-makers here to check with the individuals we have quoted.

CONCLUSION

Project labor agreements are a tried and true method of obtaining the best value and quality construction for public agencies and their taxpayers. Moreover, during the negotiation stage of such agreements, the parties are free to negotiate pre-qualification procedures to ensure that only qualified contractors are considered for the project. See Public Contract Code Sec. 20101(a).
In sum, if the public agency determines it is in the best interest of the projects under consideration to negotiate PLAs for such projects, there is no legal or factual impediment to carrying out that decision. Public agencies should not allow the ideological motivation of non-union contractor associations, and their members' desire to work in a "union-free environment," to stand in the way of serving the public needs of the citizens and taxpayers responsible for financing public works projects.

1/614963
Response to Matier & Ross Story

Enclosed, you will find important facts that were not mentioned within the Matier & Ross story on the increased bid at Burckhalter Elementary School in Oakland. The story suggested that the Project Labor Agreement increased the costs of the bidding. They cited the low bidder, M.A. Davies in the first bid, as their proof.

In fact, all public works projects rely not on the lowest bid, but rather the lowest responsible bid. A contractor that fails to factually respond to pre-qualification questions is not a responsive bidder and certainly should not be qualified for work on a public works project where the children of the community will reside. In short, the M.A. Davies bid would not be acceptable unless all aspects of the bid were reviewed and found to meet the school standards. M.A. Davies lied on their pre-qualification form and that is more than sufficient grounds for throwing out their bid.

We have enclosed those pages from the pre-qualification form that address this allegation, along with public records that clearly show that a sub-contractor to M.A. Davies was found in violation of State Prevailing Wage requirements within the two year period immediately preceding the Burckhalter bid.

In short, this is exactly why public works projects need pre-qualification and Project Labor Agreements. Reputable contractors do not shy away from the truth, nor do they fear open competition on a level playing field.

Please review the documents for yourself to decide whether Matier & Ross had all the facts when they wrote their story.
BIDS MUST BE SEALED
THIS SHEET MUST BE ATTACHED TO THE ENVELOPE

Bid for: MODERNIZATION/SEISMIC RECONSTRUCTION BURCKHALTER ELEMENTARY SCHOOL
3994 Burckhalter Ave.
Oakland, CA 94605

Job No.: 1012

Bidder:

Bids are due at 2:00 P.M., Tuesday, March 2, 2004. Bid will not be considered if submitted after this date and time.
OAKLAND UNIFIED SCHOOL DISTRICT
LONG FORM
CONTRACTOR QUALIFICATION
QUESTIONNAIRE FOR SUBMISSION WITH
SEALED BIDS FOR CONTRACTS
ESTIMATED AT $250,000 OR MORE
CONTACT INFORMATION

Firm Name: M.A. Davies Builders, Inc. (as it appears on license)

Contact Person: Michael Davies

Address: 767 Lincoln Ave Suite 3 San Rafael, CA 94901

Phone: 415/459-2236 Fax: 415/459-6027

If Contractor is a sole proprietor or partnership:

Owner(s) of Company: n/a

Contractor's License Number(s) and expiration date:

Expiration date

If Contractor is a joint venture

Owner(s) of Companies comprising the Joint Venture: n/a

Contractor's Joint Venture License Number and expiration date:

Expiration date

Note: It is unlawful for any two or more licensees, each of whom has been issued a license to act separately in the capacity of a contractor within this state, to be awarded a contract jointly or otherwise act as a contractor without first having secured a joint venture license.

Name of Firm with Primary Bonding and Insurance responsibility for Joint Venture:

Contact Person for firm that is the Primarily Responsible Joint Venture Partner:

Address:

Phone: Fax:

Oakland Unified School District
Burckhalter Elementary School Modernization
Project No. 1012
1. "Responsible" and "Responsive" Bids. The following definitions of "responsible" and "responsive" apply to construction projects to be awarded by the Oakland Unified School District (District).

**Responsible** - A bidding party possessing the skill, judgment, integrity and financial ability necessary to timely perform and complete the contract being bid.

**Responsive** - A bid which meets all of the specifications set forth in the request for bids.

2. The District retains the right to consider the following factors in determining whether a bidder can be expected to perform satisfactorily on a particular project:

   a. Whether the Contractor or his subcontractors are duly licensed to undertake the work involved.
   b. Whether the Contractor or his subcontractors has defaulted on a contract within the two-year period immediately prior to filing of the STATEMENT or update thereof.
   c. Whether the Contractor or his subcontractors has been found to be in violation of Apprenticeship requirements under a State Business and Professions Code or Labor Code within the two-year period immediately prior to filing of the STATEMENT or update thereof.
   d. Whether the Contractor or his subcontractors has been found guilty of failure to pay required prevailing wages on a public contract within the two-year period immediately prior to filing of the STATEMENT or update thereof.
   e. Whether the Contractor or his subcontractors has been found to be in violation of affirmative action requirements by the City of Oakland and/or the Oakland Unified School District Contract Compliance Programs within the two-year period immediately prior to filing of the STATEMENT or update thereof.
   f. Whether the Contractor or his subcontractors has been formally found to be a non-responsible bidder by a public agency within the two-year period immediately prior to filing of the STATEMENT or update thereof, and the reasons for such finding.
   g. Representative projects constructed by the Contractor within the five-year period immediately prior to filing of the STATEMENT or update thereof. (Note: This information may include experience by the contractor or principal who will be responsible for the work. A new contractor will not be penalized if the list of projects is a brief one.)

THE ABOVE HAS BEEN READ BY THE PARTICIPANT AND HAS BEEN CONSIDERED IN THE COMPLETION OF THE CONTRACTOR'S QUALIFICATION STATEMENT DOCUMENTS, SIGNATURE ACKNOWLEDGING THE ABOVE HAS BEEN READ AND UNDERSTOOD:

[Signature]

Name of Company/Corporation President

Signature of Authorized Official who will prepare certified payroll, apprenticeship and affirmative action documents.
The following information is provided in response to points 2a. through 2f. Where there is no information applicable, "None" or "No" should be entered. In each case where there is more than one reason to a "Yes" response, detail each such basis or case.

2a. Contractor's License Number(s) 721 455
Class(es) of License(s) B
Valid Through 4-30-04

2b. Has the contractor defaulted on a construction contract within the two-year period immediately prior to filing of the STATEMENT? No If the answer is "Yes", attach a sheet giving the following information: Name of owner, title of project, contract amount, location of project, date of contract, date of default, name of bonding company.

2c. Has the contractor or his sub-contractor been found by an appropriate authority to be in violation of Apprenticeship requirements under a State Business and Professions Code or Labor Code within the two-year period immediately prior to filing of the STATEMENT? No If the answer is "Yes", attach a sheet giving the following information: Date(s) of the findings(s), name(s) of the authority(ies), name(s) and location(s) of project(s) involved, name(s) of owner(s), sanction(s) imposed.

2d. Has the contractor or his sub-contractor been found guilty of failure to pay required prevailing wages on a public contract within the two-year period immediately prior to filing of this STATEMENT? No If the answer is "Yes", attach a sheet giving the following information: Name of Project(s), name of owner(s), name(s) of authority(ies) making the finding(s), date(s) of the finding(s), sanction(s) imposed.

2e. Has the contractor or his sub-contractor been found by the City of Oakland and/or the Oakland Unified School District Contract Compliance Programs to be in violation of affirmative action requirements within the two-year period immediately prior to filing this STATEMENT? No If the answer is "Yes", attach a sheet giving the following information: Date(s) of finding(s), name(s) of the project(s), project owner(s), and sanctions(s) imposed.

2f. Has the contractor been formally found to be a non-responsible bidder by a public agency within the two-year period immediately prior to the filing of this STATEMENT? No If the answer is "Yes", attach a sheet giving the following information: Name of body(ies) making the finding(s), name(s) of the project(s) involved, reasons stated for making the finding(s), date of finding.

**CONTRACTOR'S EXPERIENCE AND FINANCIAL STATEMENT**

The following statements as to experience and financial qualifications of the bidder are submitted with the proposal, as a part thereof, and the truthfulness and accuracy of the information are guaranteed by the bidder.

3. Bidder's organization has been in business as a contractor under its present business name for 15 years, from 1989

4. Bidder's organization has had experience in work comparable with that required under the proposed contract, as a general contractor, for 15 years; as a sub-contractor, for 0 years.
February 18, 2004

Sharon C. Tucker
Superintendent of Schools
Fairfield - Suisun School District
1975 Pennsylvania Avenue
Fairfield, CA 94533-3692

Dear Ms. Tucker:

I have been informed that certain information has been conveyed to your District's governing board regarding the Project Stabilization Agreement negotiated by and between the San Francisco Airport Commission and the Building & Construction Trades Council of San Mateo County. This Agreement was designed to ensure labor peace during the construction of the Airport's new International Terminal.

Specifically, I am informed that claims were made to your governing board that the Airport expansion project was some $400M over budget and was completed a year behind schedule, that there was strike activity engaged in by various unions and a lawsuit claiming discrimination against minority business enterprises. The constitutionality of the Agreement was also challenged.

At the outset, please be advised that the Airport's Project Stabilization Agreement was upheld by the California Supreme Court without a dissenting vote.

The delays and additional costs involved in building the new terminal were not occasioned by labor disputes or the costs of labor but, rather, were the inevitable consequences of an airport expansion project of this size. Indeed, the potential for labor disputes, work stoppages and other related activities was significantly minimized by the terms and conditions of the Agreement. The cooperation of the various labor unions was instrumental in producing a world class terminal facility, which was completed on time and on budget. The existence of the Project Stabilization Agreement was a major component in the success of the Airport expansion project.

Please distribute copies of this letter to the members of your governing board. If you have any questions or if I can be of further assistance, please feel free to contact me.

Very truly yours,

John L. Martin
Airport Director
February 20, 2004

Sharon C. Tucker
Superintendent of Schools
1975 Pennsylvania Ave.
Fairfield, CA 94533-3692

Dear Ms. Tucker,

It has come to my attention that at the Solano Community College Board meeting in October 2004 the Coalition for Fair Employment in Construction made some misleading statements in regards to the Contra Costa County Family Law Center during their power point presentation. It is my understanding that CFEC will be making a presentation before the Fairfield-Suisun School District Governing Board at your February 26th meeting regarding the "Failure of Project Labor Agreements". In this presentation they cite the Contra Costa County Family Law Center as one such failure. This project was completed on time and on budget without any labor/construction delays. Furthermore, there have been no cost increases nor shortage of general contractors or subcontractors bidding this or any other project the Contra Costa County Board of Supervisors has undertaken using Project Labor Agreements.

Please feel free to distribute this letter to all of the board members. Should you or any board member have any questions regarding this letter don't hesitate to contact me.

Sincerely,

Mark DeSaulnier

MD:ls
Cc: Tom Mattis
August 28, 2003

Solano Community College Board
4000 Suisun Valley Road
Fairfield, CA 94534

Dear Board Members,

As the current President of the Vallejo City Unified School District (VCUSD), and Board Member for many years, my focus has been, and will continue to be on what is best for the District and in particular the students.

About a year ago I was approached by the Napa-Solano Building Trades Council about implementing a PLA for the VCUSD. As a Board Member I felt compelled to investigate its usefulness for our District. After many Board Meetings and numerous discussions we decided to implement a PLA on our Measure “A” Bond Projects. However, I did have some reservations due to a certain amount of negative input from others.

A year later I wholeheartedly endorse the use of Project Labor Agreements for this School District and any others who are interested in positive projects. PLA’s and pre-qualifications of contractors have proven to be very beneficial. Four years ago the Measure “A” Bond spending for school modernization was $12M over budget, today we are $7M in the black. PLA’s and pre-qualifications of contractors have kept our projects on time and on budget while assuring the highest quality of workmanship.

To date, we have experienced a very competitive bid environment. Projects are coming in, sometimes under budget, and are being completed on time. Problems are few and easily solved. All in all, this has been a very good thing for VCUSD. In short, I am very supportive of the use of PLA’s.

Sincerely,

Bill Fendergaat, President
Vallejo City Unified School District
February 24, 2004

Dear Superintendent Tucker,

The Los Angeles Unified School District (LAUSD) is facing the formidable challenge and opportunity to bring 120 new schools to the students of Los Angeles. To date, we have completed eight new schools, fifteen classroom additions and have another 30 projects underway. This is in addition to 9,600 modernization projects on existing facilities which are either completed or under construction. Through our program, we are actively addressing overcrowding in our District and continue to work toward the goal of returning all students to their neighborhood schools on a traditional 180-day calendar.

One component contributing to the success of this program is the Project Stabilization Agreement (PSA), a collective bargaining agreement between the Board of Education of the City of Los Angeles, the Los Angeles/Orange Counties Building and Construction Trades Council, and the signatory Craft Unions. This agreement ensures construction work covered by the PSA will be performed safely, efficiently, economically, and without interruption. The PSA also benefits the District by:

- Assuring a sufficient supply of skilled craft persons;
- Eliminating disruptions or interference with construction work;
- Enhancing cooperation among parties who engage in project execution;
- Providing for the peaceful resolution of all disputes;
- Including local residents and businesses in the construction effort; and
- Encouraging the use of local small business.

Since the PSA is clearly an enhancement to the new construction program, the District was surprised to learn about statements made at the February 12, 2004 Fairfield-Suisun Unified School District board meeting. In this meeting, the Coalition for Fair Employment in Construction characterized the District's PSA as the cause of a $1 billion budget shortfall in the District's construction program. Not only is this characterization incorrect, but the District continues to utilize the PSA on a construction program that remains on time and on budget.

Through the continued collaboration with the trades councils and craft unions, the District will continue to make progress on its construction goals, which will improve the educational environment in the greater Los Angeles area. If you have any further questions on the PSA, or our construction program in general, please do not hesitate to contact me at (213) 633-7465.

Sincerely,

[Signature]

Dan Kromberg
Director, Facilities Information Office
Los Angeles Unified School District
DATE: August 11, 2004

To: Mike Lango, General Services
    Maurice Shiu, Public Works
    Greg Feere, Contra Costa Building & Construction Trades Council

FROM: Kate Sibley, Secretary
      CAO/Capital Facilities and Debt Management

SUBJECT: UPDATE ON PROJECT LABOR AGREEMENT POLICY

Please find enclosed a memo from John Sweeten, County Administrator, to the Internal Operations Committee of the Board of Supervisors regarding the above-named topic.

This will be addressed at a meeting of this committee on this coming Monday (August 16) at 9:00 a.m. The meeting will be held in Room 105 at 651 Pine Street. We will email an agenda as soon as we receive it.

If you have any questions, please contact me at 335-1032.

Thank you.

cc: Laura Lockwood
DATE: August 9, 2004

TO: Internal Operations Committee

FROM: John Sweeten, County Administrator
Laura W. Lockwood, Director, Capital Facilities and Debt Management

SUBJECT: UPDATE ON PROJECT LABOR AGREEMENT POLICY

In January 2002, the Board of Supervisors adopted a policy requiring the use of Project Labor Agreements (PLAs) on all County construction projects in excess of $1 million. This policy was later modified to incorporate a standardized PLA format and to clarify that the $1M threshold applies to the actual construction cost of a project, not simply the estimated cost. The Board also directed the CAO to report back in one year to the Internal Operations Committee regarding the County’s experience implementing and administering the revised PLA policy.

Please find attached reports from the Directors of Public Works and General Services regarding their departments’ experiences with PLAs on County construction projects. From May 2002 through December 2003, there were six County construction projects awarded to bidders that included PLAs, collectively totaling $11.6 million in value. Thus far, the County has not seen a diminishment in the number of bids submitted for PLA projects versus non-PLA projects, although the length of time from bid opening to bid award did increase for a Public Works project subject to the PLA policy as compared to the department’s non-PLA projects.

To date, there has been one reported wage violation/dispute under the standardized PLA format. The Electricians’ Union (IBEW) is using the arbitration provisions of the Agreement to resolve a dispute with an electrical subcontractor regarding hiring through the IBEW hall and payment of union wages and benefits on the Iron Horse Greenway project. The County is not a party to the arbitration and the dispute has not affected the daily operations of this project.
DATE: July 7, 2004

TO: John Sweeten, County Administrator

FROM: Bart Gilbert, Director of General Services


BACKGROUND

This report summarizes our experience with implementing and administering the County’s Project Labor Agreement (PLA) policy. The policy was initially adopted by the Board of Supervisors in January 2002 and later revised in August 2003. At the time of adoption, the Board directed that an annual report of the PLA program be prepared and presented to the Internal Operations Committee. This report is provided to you for that purpose.

SUMMARY OF PLA PROJECTS

During the reporting period, there were 8 projects advertised for bid subject to the PLA policy totaling $22,969,036. Due to objections to the core workforce provision of the original policy by the Contra Costa Building and Construction Trades Council, the Board of Supervisors waived the PLA requirement for the first 3 projects totaling $13,317,200. The policy was subsequently amended in August 2003 to address the Trade Councils’ concerns. Therefore, since the PLA policy was adopted, there have been 5 projects awarded with an executed PLA totaling $9,651,836.

A summary listing of the PLA projects that have been advertised and awarded is included in the attachment to this report. This information includes the architect’s estimate of probable cost, the amount of the low bid, the amount of the contract award, the number of bids received and how many of the bids were submitted by union and non-union contractors.
SUMMARY OF PLA PROJECT BID AND CONTRACT AWARDS

All 8 projects advertised for bid subject to the provisions of the PLA policy were awarded to union contractors. The number of bids received per project averaged 7.75 with a low of 4 and a high of eleven. Of the 62 bids received, union contractors submitted 44, 15 were submitted by non-union contractors, and three bids were non-responsive.

ARCHITECT/ENGINEER COST ESTIMATES AND PLA CONTRACT AWARDS

PLA bid amounts deviated from architect/engineer base bid cost estimates by an average of $194,890 with a percentage variation between 2.11% and 12.96%. Architect/engineer cost estimates were $328,000 lower to $324,000 higher than base bid amounts. Bids for five of the eight projects subject to the PLA policy were lower than the architect/engineer cost estimate.

REPORTED WAGE VIOLATIONS AND DISPUTES

There has been one reported wage violation/dispute relative to the five Project Labor Agreements. The dispute involves a request by the electrical union (IBEW) to arbitrate a disagreement between the union and a subcontractor in relation to payment of union wages and benefits and the hiring of electricians for the Ironhorse Greenway Project. The County is not a party to the arbitration as stipulated in the PLA.

c: Mike Lango, Deputy General Services Director
Rob Lim, P.E., Capital Projects Division Manager
Laura Lockwood, Director of Capital Facilities and Debt Management
## PROJECT LABOR AGREEMENT CONTRACT AWARDS

<table>
<thead>
<tr>
<th>PROJECT</th>
<th># OF BIDS</th>
<th>CONTRACTOR</th>
<th>UNION NON UNION</th>
<th>ARCHITECT ESTIMATE (Base Bid)</th>
<th>DATE AWARDED</th>
<th>AMOUNT OF BASE BID</th>
<th>AMOUNT OF CONTRACT</th>
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<tbody>
<tr>
<td>New Powers Childcare Center, 27th Street at</td>
<td>8</td>
<td>W. A. Thomas Co., Inc. PLA waived</td>
<td>Union 6 other bidders union, 1</td>
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<td>West Contra Costa County Animal Shelter, Pinole</td>
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<td>Robert L. Brown Construction, Inc. PLA waived</td>
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<td>7/9/02</td>
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<td>non-responsive</td>
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<td>Contra Costa County Animal Services Facility,</td>
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<td>Dennis J. Amoroso Construction Co., Inc. PLA</td>
<td>Union 7 other bidders union, 1</td>
<td>$7,284,200</td>
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<td>4800 Imhoff Place, Martinez</td>
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<td>waived</td>
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<td>First and Second Floor Remodel and Parking Lot</td>
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<td>Tinney Construction Corporation</td>
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<td>Remodel and Office Landscape Modifications</td>
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<td>Taber Construction</td>
<td>Union 7 other bidders union, 3</td>
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<td>5/20/03</td>
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<td>New Discovery House Facility at 4639 and 4642</td>
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<td>Vila Construction Company</td>
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P:\07060401bPLAbids.doc
<table>
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<tr>
<th>PROJECT</th>
<th># OF BIDS</th>
<th>CONTRACTOR</th>
<th>UNION NON UNION</th>
<th>ARCHITECT ESTIMATE (Base Bid)</th>
<th>DATE AWARDED</th>
<th>AMOUNT OF BASE BID</th>
<th>AMOUNT OF CONTRACT</th>
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<tr>
<td>Ironhorse Greenspace/Respite Area Park, Pleasant Hill</td>
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<td>ValleyCrest Landscape</td>
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<td>Tenant Improvements at Pittsburg Health Center, 2311 Loveridge Road</td>
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<td>Cal-Custom Construction</td>
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<td>$715,974</td>
<td>$1,281,765 (plus Add. Alt. No 1 &amp; 2 and Ded. Alt. No. 1)</td>
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</tbody>
</table>
Date: July 28, 2004

To: John Sweeten, County Administrator

From: Maurice Shiu, Director of Public Works


Background

This report summarizes our experience with implementing and administering the County’s Project Labor Agreement (PLA) policy. The policy was initially adopted by the Board of Supervisors in January 2002 and later revised in August 2003. At the time of adoption, the Board directed that an annual report of the PLA program be prepared and presented to the Internal Operations Committee. This is provided to you for that purpose.

Summary of PLA Projects

During the report period, there was one project, Parker Avenue Utility Undergrounding, advertised by Public Works for bid subject to the PLA policy totaling $1,964,533. The County received five bids for this project. The bids ranged from a low of $1,964,533 to a high of $2,421,386. The engineers estimate for the project was $2,265,795 or 15% higher than the lowest bidder. The low bidder is a union contractor.

Summary of PLA Project Bid and Contract Awards

The one project advertised for bid subject to the provisions of the PLA policy was awarded to a union contractor. The award of the contract occurred 100 days after the bid opening. For projects without a PLA requirement (less than $1,000,000) the average turn around time from bid opening to award is 37 days.

Reported Wage Violations and Disputes

There has been no reported wage violation/dispute relative to the one Project Labor Agreement.
## Public Works Department Projects 1/2002 to 4/2004

<table>
<thead>
<tr>
<th>Project #</th>
<th>Project Name</th>
<th>Bid Date</th>
<th>$ Amount of Low Bidder</th>
<th># of Bidders</th>
<th>Awarded Amount</th>
<th>Award Date</th>
<th># of Days between Bid &amp; Award</th>
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<td>Kister Cir. Reconstruction &amp; Overlay</td>
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<td>$352,851.75</td>
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<td>Thompson Lane Reconstruction</td>
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<td>October 14, 2003</td>
<td>$1,964,533.00</td>
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<td>0662-6R4126-03</td>
<td>Oak Rd Right Turn Lane &amp; Signal Modifications</td>
<td>March 16, 2004</td>
<td>$122,826.20</td>
<td></td>
<td>April 20, 2004</td>
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D = DBE (Federally Funded)
E = Emergency Project
I = Informal Project
O = Other Agency (i.e. SR-4 Bypass)
R = Bids Rejected, Readvertised

G:\GrpData\ConSt\Tony's\ProjectsInfofor1-2002to4-2004.doc
Officials say labor pacts don't curtail competition

The effect of the agreements the workers at the Grafted Fruit Co. have been considering is a matter of some concern to officials of the Civic Center Corporation, officials disclosed.

By Peter Johnson

There has been a growing concern in the community about the potential impact of such agreements on the competitive landscape of the city. The Civic Center Corporation, a group of prominent business and community leaders, has been at the forefront of these discussions.

The corporation has been examining the potential effects of such agreements on the local economy. They have been working with labor representatives to ensure that the agreements do not unduly restrict competition.

The corporation's efforts are part of a broader trend across the country as labor and business groups seek to find a balance between fair working conditions and the need for competitive markets. As the economy continues to evolve, it is likely that these discussions will become even more critical.
Team deserves project credit

I appreciate the kind words in your Nov. 21 editorial. However, the remarkable project record on a complex project as the Solano County Government Center is due to having a well-qualified team that has worked closely together to build a quality, landmark building within an extremely short schedule, within the project budget.

The county was able to assemble outstanding partners on the project team, including Johnson Pain Architects (master architect), URS Corporation (project/construction manager), Chevron/Texaco (cogeneration plant expansion) and Clark Design Build of California (design builder).

Both Clark and URS worked beyond expectations. In addition, staff from the county (General Services, Resources Management and County Administrator), the city of Fairfield and the Napa Solano Building Trades Council all made major contributions to the project.

I hope that Solano County citizens will appreciate being able to conduct most county-related business in a single location and will truly enjoy visiting the new facilities.

Darby Hayes
Assistant county administrator
In this day of government waste and inefficiency, when state and federal lawmakers can't solve budget deficit problems, it's big news when a government agency accomplishes something special when it comes to spending money.

Front and center is the new $100 million Solano County government center that welcomed its first occupants this week, a month before the county predicted the six-story building would be ready for occupancy.

Granted, only a portion of the building is open. County supervisors, administrators and attorneys moved into the sixth floor with little fanfare. During the next couple of months, others will move in under a phased plan that should minimize confusion and congestion.

The remarkable achievement is that the government center was built within a strict timeline and, perhaps the most amazing thing, the project stayed within its budget. No delays. No cost overruns.

The county "campus," as county employees like to call it, will include the 300,000-square-foot main administration center, an outdoor plaza, a five-level parking garage with 1,000 stalls and a two-
story, 43,000-square-foot probation building. Altogether, it will house 15 county departments.

An official dedication is planned for Dec. 16 in the lobby of the center, followed that evening with dinner.

On March 12, 2005, the county plans to host a day-long celebration when the outdoor plaza will be finished and landscaped.

The center is expected to be a catalyst for the revitalization of downtown Fairfield.

County officials, and especially Assistant County Administrator Darby Hayes, who oversaw the project, deserve a much earned congratulations from county residents for a job well done.
Cutting it close--County will open juvenile hall in time

By Warren Lutz

FAIRFIELD - Except for a few small adjustments, Solano County's new juvenile detention facility will be ready on time, county officials said Monday.

Nearly half a year after the original deadline, however, the project came down to the wire.

The county needed to have the building built by today as part of an agreement to receive nearly $9 million in state and federal funding.

The project's progress is starkly opposite the new county government center in Fairfield, which is being completed on time and, county officials have said, within budget.

"I think all the board has been concerned for a while," said District 3 Supervisor Duane Kromm, who added that the lack of both design build team and a project labor agreement for the juvenile building may have proved the difference.

The project's $17 million price tag didn't meet state requirements for a public design-and-build project, however.

Earlier delays were blamed on site conditions and weather and helped push back the project's most recent deadline from September to November.

More problems arose earlier this month between the contractor, Allen Bender of Sacramento, and the county involving ventilation for the building. It is unclear whether those problems have been resolved.

The county needed to have the building near Texas and Beck streets "substantially complete" before Nov. 30, according to a Board of Corrections spokesperson. County officials say that already happened.

On Monday, Chief Probation Officer Gemma Grossi said the county received "conditional permission" to occupy the building from the California Board of Corrections and is just waiting for a county inspector to approve the building for use.

The county has already received the $8.9 million grant for the project and needs to occupy the building within 90 days, according to Board of Corrections field representative Barbara Fenton.
County Architect Kànon Artiche predicted the county would receive a final occupancy permit today and would be able to move juvenile wards into the facility by next month.

"It's in all of our best interests to close this project out, because time is money," Artiche said.

The new 90-bed juvenile detention center includes three 30-bed housing units and will replace the current 40-year-old, 60-bed juvenile hall.

The new center uses a centralized, pod structure that lets staff see what is going on at all times. School rooms are built into the living area, so wards can be kept in the same area.

Reach Warren Lutz at 427-5555 or at wlutz@dailyrepublic.net
July 25, 2005

Barry Luboviski
Secretary-Treasurer
BCTC of Alameda County
8400 Enterprise Way, Room 205
Oakland, CA 94621

RE: Port of Oakland Maritime and Aviation Project Labor Agreement

Dear Mr. Luboviski:

This confirms our earlier telephone conversation.

In 1999, the Port entered into its Maritime and Aviation Project Labor Agreement ("MAPLA"). The Port has found the MAPLA to be very effective in support of its development and social justice programs. The MAPLA has succeeded both in quelling labor disputes and preventing them, leading to the completion of time-sensitive projects on time and without disruption. In addition, it has standardized many of the aspects of construction labor-management relations: shifts, breaks, hours, holidays and others that have lead to increased project efficiencies. Of course it has the standard no-strike and dispute resolution procedures, as well as provisions to ensure that non-union contractors can work effectively on Port project work. Finally, it's innovative local-hire and business utilization goals have enhanced our ability to see that the local community benefits with jobs and economic activity from the capital investment we are making.

The Port has consistently bid out its eligible projects subject to the terms of the MAPLA. However, Port staff is aware of a project undertaken by a Port tenant in 2003, in which the tenant bid the project with and without the MAPLA requirements. The tenant reported that difference between the bids with MAPLA and without MAPLA was less than the 2%, thus, debunking the myth that a PLA significantly increases bid prices.
I very much look forward to discussing this matter with you further and would invite you and your staff to come over to discuss the issues, questions and concerns that you might have. I look forward to hearing from you soon.

Very truly yours,

[Signature]

DAVID L. ALEXANDER
Port Attorney

cc: C. Alonzi
    D. Peixotto
28 May 2002

Honorable Rodel E. Rodis
President, Board of Trustees
City College of San Francisco
50 Phelan Avenue
San Francisco, California 94112

Re: Project Labor Agreement

Dear President Rodis:

This office represents The San Francisco Construction and Building Trades Council and we respectfully urge you to direct staff to negotiate the terms of a Project Labor Agreement (PLA) for future construction projects of the City College of San Francisco (CCSF). This letter is intended to outline the major issues associated with a PLA that could ultimately be developed for CCSF. To highlight some issues discussed herein:

- While 60% of union construction members in San Francisco are people of color, just 47% of non-union apprentices are members of ethnic minorities, and non-union employment of minorities in more advanced construction positions is even lower.

- 93% of minority apprenticeship training in San Francisco is being provided by unions. In the largest crafts, non-union apprenticeship training is being offered to only 216 people of color, while 2,673 minority apprentices are currently participating in union training programs. Statewide, minority construction workers can gain
apprenticeship training in twice as many crafts from union programs (20 crafts) than from non-union programs (10 crafts).

- San Francisco unions are projected to graduate 25 times more minority apprentices than non-union programs. The average completion rate for union apprenticeship programs in San Francisco is twice as high (80%) as the completion rate for non-union apprenticeship programs (40%) in San Francisco.

- Research indicates that union workers are between 29 and 38 percent more productive than their non-union counterparts, which can translate into significant cost savings on public projects.

- Non-union contractors who sign a PLA are not required to become union contractors; may continue to work on non-union jobs not subject to the PLA; may continue to hire non-union workers for non-PLA projects; may retain their existing workers to do work under the PLA; may hire new workers outside the union hall if the hiring hall cannot refer qualified workers to them; and are not required to "double pay" any benefits.

A Project Labor Agreement is a negotiated agreement used primarily for complex projects involving the coordination of multiple contractors and tight time schedules. PLAs are designed to eliminate potential delays resulting from labor unrest among union or non-union workers, to ensure a steady supply of skilled labor, and to ensure that all contractors are providing decent wages and working conditions to their workers. Due to their widely recognized benefits, PLAs have been called "the most important change in labor-management relations in the construction
industry in recent years" and are used extensively in both the public and private sector.¹

PLAs have been successfully used on many public work projects for the last 70 years, beginning with the construction of the Grand Coulee Dam in 1938 and, here in California, with the construction of the Shasta Dam in 1940.² More recently, PLAs have been used on school construction projects in California for a broad range of education agencies, including the Los Angeles Community College System, the Vallejo Unified School District, the Los Angeles Unified School District, the Santa Ana Unified School District, and the Monterey County Alisal Union School District. Other significant Bay Area public work projects being constructed using PLAs are the Port of Oakland and the San Francisco International Airport expansion, and 26 new co-generation power plants currently being built in California are using PLAs.

1. PLAs PROMOTE EMPLOYMENT DIVERSITY.

The District’s PLA can be used as a tool to actively promote CCSF’s goals of minority employment on construction projects:

a. 60% of Union Construction Workers in San Francisco are People of Color: According to a statistical analysis prepared for San Francisco’s Human Rights Commission by the non-profit San Francisco Urban Institute in May 2000, an average of 60% of construction union members in San Francisco are people of color, and 70% of local union apprentices are members of ethnic minorities.³

¹ See Appendix A for a partial listing of PLAs in California.

² Please see Appendix B for Project Labor Agreements: An Exploratory Study, Daniel Round, UCLA, October 2001 and Key Findings from the UCLA Study on the Use of PLAs, undated.

³ Please see Appendix C for Employment Assessment of the Construction Workforce, San Francisco Urban Institute, May 2000, and an executive summary. Please note that 2002
San Francisco unions are able to maintain such high minority employment rates because of the extraordinary outreach process the Building and Construction Trades Council has established with community-based economic development organizations such as Young Community Developers, Chinese for Affirmative Action, Ella Hill Hutch Community Center, and Mission Hiring Hall. For years, union officers have served on the boards of each of these organizations, helping these groups develop programs to guide young people into well-paying construction careers. These organizations provide apprenticeship preparation skills and conduct the outreach and recruitment for the Council's apprenticeship programs, as well as coordinating outreach with other community-based job training and referral agencies such as Arriba Juntos, Glide Training and Employment Services, Jewish Vocational Services, Mission Language and Vocational Services, and San Francisco Renaissance.

b. Data About Non-Union Minority Employment Is Revealing: By comparison to the very high rates of union minority participation, available data about non-union minority employment is highly revealing. While 60% of union construction workers in San Francisco are members of ethnic minorities, when non-union construction workers are factored in, the minority employment rate in San Francisco among major construction trades drops to just 44%.

The state Division of Apprenticeship Standards reports that non-union programs in San Francisco provide just 7% of the training opportunities for people of color (216 minority participants in the major crafts) compared to the 2,673 minority participants in union apprenticeship.

data from the Division of Apprenticeship Standards, discussed later herein, indicates that 62% of apprentices in San Francisco's 8 largest unions are members of ethnic minorities.

4 Please see Appendix D for detailed 1990 US Census data on major construction trades, and executive summary.
Those 216 individuals represent a non-union minority participation rate of just 47%, compared to the union minority apprenticeship rate of 62-70%. Interestingly, the ABC previously indicated to the Airport Commission that only 39.5% of its non-union apprentices were minority.

c. **PLAs Protect Workers from Exploitation:** In addition to ensuring that all contractors working for the District provide their workers decent wages and working conditions, PLAs protect workers with multiple jobs skills by ensuring that they are paid the prevailing rate for each specialty, and not merely the lowest rates for all type of work.

PLAs further protect non-union workers from exploitation by giving them a choice about future employment. After completing work on a PLA job, an employee may choose to go back to work for the non-union employer or can use hiring hall resources to move onto another construction job at the same decent wages and working conditions.

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5 Please see Appendix E for *Building Trade Ethnic Participation by Committee*, January 23, 2002, Division of Apprenticeship Standards, California Department of Industrial Relations, and executive summary.

6 Statewide, just 51% of participants in non-union apprenticeship programs are members of ethnic minorities.

7 Cited in *Statement ... in Rebuttal of the Opposition of the Coalition for Fair Employment in Construction*, page 15, attached hereto as Appendix F. Please note that non-union contractors have not provided any actual data to the District about overall non-union minority employment rates in San Francisco.
2. THE PLA CAN BE USED TO PROMOTE AND ENFORCE THE DISTRICT'S SLBE GOALS.

The District's PLA can be used as a tool to implement, monitor and enforce the goals of the District's SLBE program.

a. The Airport PLA Has Resulted in Overwhelming Participation by MBE and WBE Contractors and Sub-Contractors: Claims by PLA critics that PLAs discriminate against MBE and WBE prime contractors or subcontractors are not supported by fact. According to the San Francisco Airport Commission, 51 percent of all construction contracting dollars awarded FY 2000-2001 under the PLA went to minority- or women-owned contractors. More than 23% of construction work went to W/MBE prime contractors, and more than 27% was awarded to minority- and women-owned subcontractors. Of these 53 contracts, 26 contracts (49%) were awarded to Asian American contractors, 18 contracts (34%) went to Latino contractors, and 9 contracts (17%) were awarded to African American contractors.

b. PLAs Promote the Use of Both Union and Non-Union Contractors: Public-sector PLAs allow the active economic involvement of both union and non-union contractors. In a recent decision, the California Supreme Court confirmed that a PLA "excludes no contractor, union or non-union, from bidding" on the project. Under the $2.5 billion Eastside Reservoir PLA in Riverside County, for example, non-union contractors performed two-thirds of the work.

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8 Please see Appendix G for Director's Report to the San Francisco Airport Commission, October 16, 2001.


10 Please see Appendix I for Constructing California: A Review of Project Labor Agreements, Kimberly Johnston-Dodds, California Research Bureau, October 2001.
There are several misperceptions about the impact of PLAs on non-union construction contractors:

- Non-union contractors working under a PLA are not required to become "union" contractors (i.e. they are not required to sign to a collective bargaining agreement with any union).

- Non-union contractors working for the District under a PLA may continue to work on non-union jobs not subject to the District’s PLA.

- Non-union contractors may continue to hire non-union workers, pay substandard wages, and engage in non-standard working conditions for non-District construction projects.

- Non-union contractors may retain their existing workers for any District construction project, and those workers may take advantage of union job training programs if they wish to expand job skills. Non-union contractors also gain instant access to a large pool of highly qualified workers through a centralized union referral system.

- Hiring halls will refer both union and non-union members to the contractor.\(^\text{11}\) In accordance with federal law, union hiring halls must dispatch workers in a non-discriminatory fashion without regard for union membership.\(^\text{12}\) If the hiring hall can't provide a worker that meets the contractor's needs within a reasonable time

\(^{11}\) "Federal law ... requires union hiring halls to refer both union members and nonmembers to available jobs." ABC v. SF Airport Commission, citing Woelke & Romero Framing, Inc. v. NLRB 456 US 645 (1982).

\(^{12}\) Woelke & Romero, supra.
period (generally within 24 or 48 hours), the contractor is free to hire an employee from outside the hiring hall.

- The management rights of non-union employers are protected under a PLA, including management rights such as hiring, promoting, disciplining and discharging workers, as well as the right to reject any applicant referred by the union hall.

- Non-union contractors are not required to "double-pay" into both union and non-union pension funds for employees working on District projects.

c. A PLA Can Provide the District Access to a Broad Range of SLBEs: The PLA can provide CCSF with access to a larger pool of responsible MBE/WBEs than otherwise available. For example, there are 22 minority- or women-owned plumbing contractors registered with the city’s Human Rights Commission. By comparison, 45 union plumbing contractors are owned by women or minorities. Outreach through the unions, therefore, would provide the District access to twice the number of MBE/WBE plumbing contractors than would be reached merely through outreach through the Human Rights Commission.

13 Please see Appendix J for a list of women and minority plumbing contractors from Plumbers Local 38 (33 contractors) and list from Plumbers 483 (12 contractors).
3. A PLA ENSURES THE DISTRICT ACCESS TO A LEGITIMATELY TRAINED WORKFORCE.

At times when skilled labor is in short supply, PLAs help ensure that the District will have access to a significant pool of reliable, trained construction workers:

a. 89% of Construction Training Opportunities are Through Union Programs: According to the Division of Apprenticeship Standards, union programs offer training to 8 times as many workers in California (43,700 apprentices) as non-union programs (5,350 non-union trainees). In San Francisco, 93% of minority apprenticeship training is being provided by unions. In the largest crafts, non-union training is being offered to only 216 people of color, while 2,673 minority apprentices are currently participating in union training programs.

b. Unions Offer Training in All Major Crafts: While unions offer certified training in all construction crafts -- especially those major trades that make up the core of the construction industry -- non-union training is only available in half the number of crafts. According to the state's Division of Apprenticeship Standards, construction unions in California offer certified apprenticeship training in 20 different crafts; by comparison, non-union apprenticeship training is available in only 10 different trades. No non-union apprenticeship training is available in Northern California in major crafts such as Cement Masons, Glaziers, Ironworkers or Laborers.

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14 Telephone conversation 13 May 2002, Diane Ravnick of Division of Apprenticeship Standards to Debra Stein, Esq.

15 Building Trade Ethnic Participation by Committee, found hereto as Appendix E.

16 Please see Appendix K for Completion Rates of Apprenticeship Committees in the Building Trades, Division of Apprenticeship Standards, May 13, 2002, and an executive summary.
c. **Union Apprenticeship Training Actually Results in Construction Employment:** Union apprenticeship programs have overwhelmingly higher completion rates than non-union apprenticeship programs. According to the Division of Apprenticeship Standards, 80% of apprentices in union apprentice programs in San Francisco complete the program, while just 40% of participants in non-union apprenticeship programs complete their training.\(^{17}\)

4. **PLAs HELP ENSURE PROJECTS DON'T GO OVERBUDGET.**

a. **PLAs Avoid Unforeseen Delays and Overruns:** Hidden costs, unforeseen delays due to contractor disputes, labor disputes, and labor shortages are problems that often plague large complex projects, causing delays and eventually leading to projects going over budget. PLAs not only stabilize labor costs over the life of a project, but also make labor shortages less likely, avoid costly work stoppages, guarantee access to a labor pool of highly productive skilled workers, and have a proven safety track record. Because of the many ways that they can reduce costs, PLAs are recognized as an excellent way to complete public and private projects on budget.

Studies and data from individual projects further support that PLAs save public agencies money:

- The PLA for the Eastside Reservoir, a $2.5 billion project that nearly doubled Southern California's water storage capacity, established a workers' compensation cost reduction program that saved taxpayers $30 million. Because a PLA was in place,

\(^{17}\) *Ibid.* 216 non-union minority trainees $\times$ 40% = 86 employees; 2,673 union minority trainees $\times$ 80% = 2,138 employees (25 times).
the massive project was completed without any work stoppages, which would have cost $300,000 a day.\(^\text{18}\)

- The PLA for the Boston Harbor project, which required more than 20 million hours of work over a 12-year period, helped to bring the project to completion on-schedule without any strikes or lockouts at $2.7 billion under its projected cost.\(^\text{19}\)

- A report on workers' compensation claims on PLAs with provisions for worker compensation carve-outs found that workers' compensation losses at these sites were 72.3% lower than the statewide construction industry average.\(^\text{20}\)

- The superior training and skills of workers under PLAs are widely recognized by private companies, public officials, and even by environmental groups like the Sierra Club, which supports PLAs as a way “to hold down the costs of environmental cleanups as well as ensuring that this work will be done with the highest possible quality standards.”

b. **Unions Workers are 29-38% More Efficient Than Non-Union Workers.** Where PLAs promote the use of union contractors, they result in additional cost-savings for public agencies like CCSF. Studies have shown that union workers are between 29 and 38 percent more


\(^{19}\) Please see Appendix M for *Memorandum of Amici Sierra Club and National Economic Development and Law Center ...*.

productive than their non-union counterparts ... and higher levels of worker productivity translate directly into cost savings.\footnote{Unionized Construction Workers Are More Productive, Steven G. Allen, North Carolina University, November 1979, cited in Economic Benefits Derived from Project Agreements, attached hereto as Appendix O.}

c. Non-Union Claims About Cost Savings From Using Under-Skilled Workers are Unsupported: Arguments by the Associated Builders and Contractors that non-union contractors can save San Francisco agencies money by using lower-paid "helpers" instead of skilled construction professionals have been rejected by the California Supreme Court. In \textit{ABC vs. San Francisco Airport Commission}, the Supreme Court noted:

"The Associated Builders and Contactors suggests the PSA will raise the cost of the project because nonunion contractors would be able to use semiskilled or unskilled workers in place of some of the journeymen required to staff projects in unions shops. [In addition] to being potentially [illegal under both state and federal law] a bidder is not at liberty to lower its cost by substituting unskilled 'helpers' for any skilled workers demanded by the contract specifications."\footnote{ABC v. SF Airport Commission, found in Appendix H herein.}

In \textit{West Coast Contractors, Inc. v. City of Pinole Redevelopment Agency}, the California Court of Appeals vigorously rejected the claim of the PLA opponents that PLAs decrease bidding competition or that cost savings result from the absence of PLAs. Noting that all contractors pay the same prevailing wage to their employees, regardless of whether a PLA was used, the Court stated:

"There was no showing that the successful union bidder submitted a lower bid as a result of the removal of the PLA restrictions; and there was no evidence whatsoever that any nonunion contractor actually bid on the project. In fact, there was no evidence that a single additional bid was received after removal of the PLA requirement; and there was no evidence of any reduction of in the
overall level of bidding resulting from the removal of the PLA strictures. There was also no evidence suggesting any reduction of potential expenses as a result of the removal of the PLA restrictions ... This assumption that 'more bids mean lower bids' is a proposition for which we find no support in the record." 23

The Court of Appeals clearly stated, “If there is evidence of savings of public funds [by eliminating a PLA requirement], it has not been shown.”

d. PLAs Reduce Worksite Injuries and Agency Liability: Large construction projects are high-risk environments with the potential for serious employee accidents and injuries, and resulting construction delay and agency liability. With a PLA in place, highly skilled workers trained in proper safety procedures reduce the risk of jobsite accidents and injuries. 24 As well, PLAs allow for innovative workers’ compensation “carve-outs” that allow the resolution of injury claims through PLA-mandated alternative dispute resolution mechanisms. In 1999, worker-comp carve-outs on 12 PLA projects successfully reduced workers compensation losses by 72.3 percent. 25 A reduced risk of expensive lawsuits and workmen’s compensation claims would clearly benefit CCSF.

5. PLAs HELP ENSURE PROJECTS ARE COMPLETED ON TIME.

Too often, disputes between project sponsors, contractors, and their union or non-union workers can lead to delays that significantly increase costs. A PLA is a valuable tool for public agencies to ensure that major

23 West Coast Contractors, Inc. v. City of Pinole Redevelopment Agency, 153 LLRM 2312 (California Superior Court, Contra Costa County, 1996).

24 Safety Performance Among Union and Nonunion Workers in the Construction Industry, Drs. Nicole Dedobbleder and Pearl German, American College of Occupational Medicine, found in Appendix O herein.

25 Sierra Club amici brief, found in Appendix M herein.
projects are completed on time, without the costly delays that often drag out the construction period for non-PLA projects.

PLAs can establish expedited procedures for dispute resolution and prohibit workers from going on strike. In fact, of more than 30 recent public works projects in California that have used PLAs, not one has had a strike.26 PLAs often prohibit contractors and subcontractors from stopping work or locking out employees. With a PLA, projects can avoid delays and keep moving along during contractor disputes or when an industry-wide strike is in effect.27

CONCLUSION

In conclusion:

- PLAs promote employment diversity;
- A PLA can be used to promote and enforce the Districts SLBE goals;
- A PLA ensures the District access to a legitimately trained workforce;
- PLAs help ensure projects don’t go overbudget;
- PLAs help ensure projects are completed on time.

PLAs have a long and successful history of completing projects both in the public and private sector safely, as well as on time and on budget.28 PLAs have a proven track record when it comes to treating workers fairly and leveling the playing field for those workers who have been historically underrepresented. PLAs offer ongoing training and real career opportunities for women, minorities and small businesses. Adopting a PLA

26 Letter from Mr. Richard Slawson, found in Appendix L herein.

27 Constructing California: A Review of Project Labor Agreements, found in Appendix I herein.

28 Additional information about PLAs may be found in Appendix P.
for future CCSF projects would not only have positive fiscal implications for CCSF but it would also have many positive social impacts on San Francisco as a whole.

Based on the foregoing, I urge you to adopt a PLA policy for the City College of San Francisco.

Sincerely,

DEBRA STEIN, ESQ.

cc: All members of the Board of Trustees City College of San Francisco
Dr. Phillip R. Day, Chancellor
Mr. Stan Warren, San Francisco Building and Construction Trades Council
Mr. Larry Mazzola, Plumbers Local 38
Mr. Ed Manning, Parsons Constructors, Inc.
Mr. E. Carl Uehlein, Jr., Morgan Lewis & Bockius, LLP
New Study Shows Success of Union-Construction Apprenticeship Programs

Key findings include:

- Increased skill levels among apprentices
- Higher completion rates for union programs
- Greater job security for union apprentices
- Improved economic outcomes for participants

These findings support the efficacy of union-construction apprenticeship programs in preparing workers for skilled trades and enhancing labor market outcomes.
**Teamsters Local 853 on Strike at Graniterock**

Teamsters Local 853 is conducting ambulatory picketing at various job sites where Graniterock is performing work and/or delivering Asphalt, Ready Mix, and Construction Materials.

To avoid any unnecessary inconvenience to signatory Contractors and Union supporters, please forward this information to all interested parties.

This strike is sanctioned and supported by Teamsters Joint Council 7, the Alameda, Santa Clara, San Mateo and San Francisco Construction and Building Trades and Central Labor Councils.

Graniterock has refused to recognize the Teamsters as the bargaining representative since the contract expired over two years ago. Teamsters Local's 287 and 853 have filed Unfair Labor Practices Charges with the National Labor Relations Board against Graniterock who is aggressively trying to operate Non-Union.

Central Concrete, Cemex, Bode, Hanson, Sugar City Building Materials, Pleasanton Ready Mix, and Right Away Redi Mix are all signatory to a Teamsters agreement and are available to supply the jobs.

You can help by choosing not to do business with Graniterock until the strike is over.

For questions please contact Teamsters Local 853 at 510-895-8853.

Teamsters Local 853

**Valley Power Strikers Mark One Year on the Picket Lines**

Operating Engineers Local 3 held a massive rally in support of Valley Power strikers for the one-year Strike Anniversary July 11, in San Leandro.

Since the strike began July 10, 2007, hundreds of union members and public officials have participated in this struggle for workplace justice at Valley Power by walking the picket line, writing letters to the company and contributing to the Valley Power Strike Fund, which is being used to provide health-care coverage for strikers and their families.

The Valley Power strike continues with strong support, as demonstrated by the large crowd July 11. Hundreds of labor leaders, activists, politicians and community supporters joined the Valley Power strikers on the picket line to mark the one-year anniversary, including Business Manager Russ Burns and the Local 3 officers, California Assemblyman Sandra Swanson, California Labor Federation Executive Secretary-Treasurer Art Pulaski, Alameda County Central Labor Council Executive Secretary-Treasurer Sharon Cornu, and San Mateo County Central Labor Council Political Director Trish Suzuki.

San Leandro Councilmembers Jim Proia and Joyce Starosciak, Alameda Councilman Frank Matarrese, Alameda County Supervisor Alice Lai-Bitker and Superintendent of Schools Sheila Jordan, were among the local elected officials, along with Operating Engineers Local 302 Business Manager and International Vice President Allan Darr, Operating Engineers Local 612 Business Manager Ernie Evans, and Teamsters Local 709's Chuck Mack.

Strikers also traveled to Southern California last month to picket Valley Power's corporate headquarters in the City of Industry. This was the strikers' third trip to the company's Southern California office since the strike began in San Leandro more than a year ago.

For more information, check www.oe3.org.

**Congress Passes Unemployment Benefits Extension**

After much foot dragging, President Bush has finally signed a bill to grant extended unemployment benefits for long term laid off workers. With California's unemployment rate now third highest in the nation, these benefits will help maintain the needed safety net for the 1.6 million laid off workers who have exhausted their unemployment claims.

To be eligible for up to 13 weeks of extended benefits, workers must:
- Have had a valid Unemployment Insurance (UI) claim that began on or after May 7, 2006;
- Be fully or partially unemployed on or after July 6, 2008;
- Have exhausted their regular UI claim;
- Not be qualified to file a new UI claim;
- Meet all other regular eligibility criteria.

To find out if you are eligible for an extended unemployment insurance claim, you may apply online at the Employment Development Department's Internet site www.edd.ca.gov, or call the telephone numbers listed below.

Extended benefits will be available for workers who exhaust their claims up to May 2009. The EDD anticipates high call volumes so you are encouraged to apply online.

**EDD Telephone Numbers:**

**ENGLISH:** 1-800-300-5616  
**SPANISH:** 1-800-326-8937  
**CANTONESE:** 1-800-547-3506  
**MANDARIN:** 1-866-393-0706  
**VIETNAMESE:** 1-800-547-2058  
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For other resources for displaced workers see the Federation's Workforce and Economic Development Department.
Honorable Mayor & Councilmembers
City of Milpitas
City Hall
455 East Calaveras Boulevard
Milpitas, California 95035

April 17th, 2006

Re: Public Entities and Project Labor Agreements

Honorable Elected members of the City of Milpitas;

I understand that you are in the midst of discussing the use of a Project Labor Agreement (PLA) for the City of Milpitas, and are receiving considerable information from various interests in the Construction Industry, most of it in conflict. We too at East Side Union High School District (ESUHSD) went through a similar decision more than two years ago and were faced with similar if not identical arguments over the values of a PLA.

ESUHSD ultimately made the decision to enter into a PLA with the Santa Clara & San Benito Counties Building & Construction Trades Council. We have not regretted that decision in the least. We have seen no reduction in bidders as some had argued, we have seen less issues around performance and schedules, and we have seen competitive pricing on all projects. The Trades Council has been extremely helpful in solving any issues that have come up related or not related to the PLA, all in all we are extremely pleased with this relationship and would not hesitate to do it again.

Sincerely,

Alan Garofalo
Assistant Superintendent
ESUHSD
July 18, 2011

Mr. Vince Vasquez, Mr. W. Erik Bruvold and Dr. Dale Glaser
National University System, Institute for Policy Studies
11355 North Torrey Pines Road
La Jolla, California 92037

Dear Mr. Vasquez, Mr. Bruvold and Dr. Glaser:

I have read your study, *Measuring the Cost of Project Labor Agreements on School Construction in California*, with great interest. As you know, I have researched and published studies on project labor agreements (PLAs) and school construction costs including *Project Labor Agreements' Effect on School Construction Costs in Massachusetts*, Industrial Relations 49, no. 1 (2010) and remain interested in all new research in this area.

I have reviewed your work closely to assure that I understood your data, model and methods. I find that your study's conclusion is not supported by your research; that you have overlooked important factors that affect costs, and that you have misinterpreted and drawn erroneous conclusions from my work; mistakes that I hope you will want to correct. Correctly interpreted, your results are basically consistent with those presented in my article on PLAs and Massachusetts school construction costs. The take-away from your results can be summarized as follows: *When appropriate controls are included for differences in the characteristics of schools built including school type and location, building specifications, materials used etc., there is no statistical evidence that PLA schools are more costly compared to non-PLA schools.*

Since you may not realize that this is what your research results mean, let me provide some detail:

- As I have shown in the past, it is challenging to separate out the effect of PLAs on school construction costs from the effect of the specific characteristics of particular projects. Because different schools can have very different construction specifications and can differ in other ways, it is critical to separate out any PLA effect from the effect of building characteristics. If the effect of school characteristics is not distinguished from any possible PLA effect, there will be omitted variable bias which potentially completely invalidate the research results.
  - Because of the set of factors used to explain school construction costs is so limited (you have only six explanatory factors other than PLA) there is considerable risk of omitted variable bias. For example, although all workers on school construction projects are paid prevailing wage, the prevailing wage varies systematically by region. If high prevailing wage regions, such as the Los Angeles area, are more likely to use PLAs, your PLA variable will be biased upward by the omission of a control for differences in prevailing wages between regions. A control, such as the prevailing wage for a benchmark trade such as carpenter, at the time the school was constructed, would likely have been sufficient to remove the bias. Similarly, if PLAs are used for schools built to higher seismic
standards, and controls for differences in construction are not incorporated into the model, the measure of the cost effect of PLAs will be biased upward.¹

- There is considerable evidence in your study of omitted variable bias in the estimates provided in chart 6. The estimates with a sample of PLA and non-PLA schools which are matched on their characteristics better control for the characteristics of schools and of the construction environment than other estimates in the report. On page 15, you write:
  - “In our second phase, we analyzed the matched set of 130 projects (incorporating a propensity weight covariate) using the ordinary least squares method. We found that PLAs were not statistically significant. Similar results were found when the propensity score was omitted from the model.”
- The implications from this are clear, but downplayed in the report: when the model better controls for differences in characteristics between PLA and non-PLA schools, PLAs do not affect school construction costs.
- This section also indicates that, parallel to my work, there are statistically meaningful differences between PLA and non-PLA schools and that the majority of schools built without PLAs are unlike schools built with PLAs. These differences suggest that PLAs are, as they should be, used on challenging projects rather than “plain vanilla” schools.

- The estimates in Chart 7 also indicate that your study suffers from omitted variable bias. Similar to my work, you find that, when controls for construction in a large urban district are included in the model, the PLA variable is no longer statistically significant. The district in question, LAUSD, builds to higher seismic standards than other school districts and is more likely to build multi-story steel structures which differ considerably from typical schools. When a control for construction by the LAUSD school district is included in your model (Chart 7), the PLA variable becomes small in magnitude and is far from statistical significance. Again, this is consistent with omitted variable bias.

- I am concerned that your results do not provide apples-to-apples comparisons. For example, when you estimate a model which excludes LAUSD schools, you change the explanatory variables in the specification without explanation. As a result, the reader doesn’t know whether the seeming positive

¹ The problem of confusing the effect of PLAs on costs with the higher costs of project on which PLAs are used can be illustrated with a hypothetical example. A mile of above-ground light-rail track in Los Angeles costs about $80 million. A mile of below ground track, with tunneling and other challenges, costs about $400 million. The end result of both projects is a mile of track. If, because of the challenges of the below ground project, a PLA is used on the below ground segments, and if we don’t allow for the differences between above and below ground construction, we will erroneously conclude that PLAs raise the cost of construction by several orders of magnitude. Our PLA measure is capturing not only any effects PLAs may have on construction costs, but also the higher costs of building below ground. If we include measures of factors related to the added costs of below ground construction to our model, it may be possible to get an accurate measure of the effect of PLAs on cost. Given that architects and engineers use more than 100 characteristics in developing cost estimates for schools, it is doubtful that the six which are used in the Chart 6 and 7 models are sufficient to guard against omitted variable bias.
effect of the PLA variable in this sample is indeed a positive effect, or the result of changing the specification when you switch your data sample. To avoid concern about manipulating your results, you need to use the same model when testing for PLA cost effects on data using LAUSD data and when excluding that data.

- Another apples-to-oranges comparison in your research of the mixing of rehab, renovation and remodeling data in with new construction. This is a bad idea simply because the specific needs of individual renovation projects can vary so widely. One school might just need a roof while another might require a rebuild to meet earthquake seismic standards. The two schools could have exactly the same square foot size and greatly different square foot renovation costs. These kinds of projects should not be lumped together, much less thrown in with new construction. A cleaner data set would have used new construction only to avoid apples-to-oranges comparison mistakes. But at the very least, you should have had a control variable in your model indicating whether the project was a renovation project and what type of renovation was done.

Some of the results reported in Chart 6 are not sensible. An implication of your model is that a very large school will cost nothing. While this might be viewed as good news for financially stressed school boards, it is obviously the result of a misspecified variable. Similarly, your model indicates that school costs rise without limit by $7.50 per square foot each year. It is not credible that school construction costs will rise by $75 per square foot between now and 2021, or by $300 per square foot by 2051 simply because of the passage of time. This is obviously wrong and again, suggests serious misspecification.

Another apples-to-oranges mistake in your work is failing to use clustered errors to allow for common factors affecting school costs among schools in a single school system. School district construction policies can be very different across school districts. As noted previously, the LAUSD builds to different seismic standards than many other school districts and this certainly affects both costs and the error term of schools built in the LAUSD. This is a technical point but an important one: errors in your estimates will not be independent across observations and your estimates of statistical significance will be wrong. The large effect of controlling for the LAUSD on the estimates strongly suggests that observations are not independent.

There are also some errors with respect to my work. The 2005 paper is an early version of the article which, having gone through peer review, appeared in the January 2010 issue of Industrial Relations. The 2010 work builds on the prior working paper and extends that work, it would be most appropriate to use only the 2010 version. Also, your chart 4 took the estimate of the PLA effect from a model which I was using to demonstrate the effects of under specification on estimates of PLA effects. My final conclusion, based on the whole of my work, was that there was considerable evidence that PLAs did not affect school costs, but that it was difficult to separate out the effects of PLAs from the effects of characteristics which cause PLAs to be used in school construction.

All said, I was pleased to review your report and find that, similar to my work, it supports the view that PLAs do not affect the cost of construction of schools. I doubt that is the conclusion which you intended, but it is clearly there in your results. To the degree you disagree with this, the appropriate forum for deciding the merit of your work would be a peer reviewed journal. This is the accepted avenue for the evaluation of research as it provides review by disinterested experts on the subject and methodology. I would suggest you try Industrial Relations, The Industrial and Labor Relations Review or Economic Inquiry as these are journals which are well respected and are likely to be interested in this issue.
I am interested in taking a closer look at the data and would be most grateful if you would share your data with me; I would be happy to provide you with the data my colleagues and I collected from Massachusetts.

Yours,

**Dale Belman**

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