



City of Long Beach

Working Together to Serve

Memorandum

Date: March 9, 2015

To: Patrick H. West, City Manager *T.H.W.*

From: PLA Implementation Team

For: Mayor and Members of the City Council

Subject: **Third Progress Update on Possible Project Labor Agreement with LA/OC Building Trades Council**

The City Council adopted Item No. 33 on November 11, 2014, directing the City Manager to negotiate a Citywide Project Labor Agreement (PLA) with the Los Angeles/Orange Counties Building and Construction Trades Council (Building Trades Council).

A significant amount of work has been done to develop a Citywide PLA that meets the goals set forth by the City Council and works within the Building Trades Council operational parameters. Negotiations between the two entities are almost complete and a final draft document is being prepared. Once finalized, it will be placed on the agenda for City Council's deliberation, which staff anticipates will be in April.

Review of Costs

Staff was tasked with reviewing the costs to implement a PLA. Staff was unable to find a consistent result from research or consultation with experts that definitively indicated that bid prices would be either higher or lower for construction projects following adoption of a PLA. As a result, the City is unable to make a determination as to the impact of a PLA on the bid cost of construction or number of bids received. It is noted, however, that the City is already required to pay prevailing wages for its construction activity and prevailing wage tracks closely to Union wages.

While there is no definitive evidence indicating how a PLA might impact construction costs, there will be costs to provide PLA administrative support. These costs can vary depending on the type of programs the PLA specifies. Staff is developing an approach to involve Pacific Gateway in the recruitment and referral of Long Beach residents in construction pre-apprentice and apprentice programs. Generally, the industry standard cost for monitoring a PLA is about 1 percent of the cost of construction. The City anticipates about \$23 million annually in PLA covered construction activity over the next five years (not including the new Civic Center or the Belmont Beach & Aquatics Center, which will be covered under separate PLAs). Therefore, the 1 percent would equate to \$230,000 of administrative support costs annually ($\$23,000,000 \times 1\%$). Staff believes the actual administrative costs for the

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proposed PLA may be less, but staff has not had the opportunity to determine how much less as the PLA is still under negotiation. While the administrative costs could be less, there is not sufficient capacity within the current staffing levels to absorb the additional workload; therefore, it is anticipated the PLA administrative support work will be handled through an external contract.

Should you have any questions, please contact Tom Modica at 8-5091.

JG JM
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