

Date: July 8, 2022

To: Thomas B. Modica, City Manager



From: Johnny M. Vallejo, Acting Director of Economic Development



For: Mayor and Members of the City Council

Subject: Update on Project Labor Agreement (PLA) Report

In a [memorandum](#) to the Mayor and City Council on May 22, 2019, in accordance with the goals and objectives of the [Blueprint for Economic Development](#), the City Manager directed the transfer of administration for the Citywide Project Labor Agreement (PLA) from the Financial Management Department (FM) to Pacific Gateway in the Economic Development Department (Pacific Gateway). Pacific Gateway's administration of the PLA began in December 2019.

The Citywide PLA includes hiring goal provisions that 40 percent of the total work hours shall be from local workers. There is an additional hiring goal provision that 10 percent of the total work hours shall be conducted by Transitional (e.g. individuals in non-permanent employment) and/or Veteran workers. The current report (Attachment A) reflects a cumulative attainment of 75 percent local hires and 6.2 percent Transitional/Veteran hires. However, during the reporting period, the following factors may have contributed to why the 10 percent Transitional/Veteran attainment was not met:

- Major projects have no data to report due to not having started construction;
- Community outreach and events halted due to COVID-19 impacts; and,
- Apprenticeship and pre-apprenticeship programs stopped recruitments and classes due to the COVID-19 pandemic.

To improve the community participation on PLA projects, particularly in regard to Transitional/Veteran workers, Pacific Gateway is strengthening partnerships with local resources, reconnecting with local pre-apprenticeship programs, re-establishing efforts in community outreach and local events, and launching the Long Beach Local Hire program through the Long Beach Recovery Act program fund. We are confident with these efforts, and a reduction in COVID-19 related impacts, we can meet the Transitional/Veteran hire goal.

If you have any questions, please contact me at (562) 570-5282.

ATTACHMENT: PLA ANNUAL REPORT WITH LCP TRACKER REPORT – JANUARY 2020 – MAY 2022

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Citywide Project Labor Agreement Cumulative Report through May 2022

On December 2019, management of the PLA began transitioning to the Economic Development Department (ED) from the Financial Management Department (FM).

On September 1, 2020, the City Council authorized the City Manager, or designee, to execute all documents necessary for the First Amendment to Project Labor Agreement (PLA) No. 33859 between the City of Long Beach and the Los Angeles/Orange Counties Building and Construction Trades Council, and the signatory Craft Councils and Local Unions, and on February 2, 2021 additionally authorizing a Second Amendment, resulting in signing the new PLA No. 35891 for all covered projects that exceed seven hundred and fifty thousand dollars (\$750,000) for non-street/right of way projects and one million dollars (\$1,000,000) for street/right of way projects, effective May 6, 2021.

This constitutes the first PLA Report under the new administration and reflects progress and data through May 31, 2022. The following sections include an executive summary, PLA provisions with a description of the provisions of the new PLA covered projects for the new and previous PLA managed by Pacific Gateway, the PLA administrative process and associated costs to the City, and compliance with PLA requirements and goals.

EXECUTIVE SUMMARY

Since the administration transition and approval and implementation of the new PLA, there have been eight projects subject to the old PLA and four projects subject to the new PLA, totaling 12 projects under the administration of Pacific Gateway. Two of the projects under the new PLA have no construction activity to report, four are in active construction, and five are complete as of the end of this reporting period (May 31, 2022).

The PLA has exceeded its local hiring goal, but is currently below the Transitional/Veteran goal requirements:

- Contractors are abiding by the PLA, including submitting letters of assent, conducting pre-job conferences, requesting union workers, paying dues appropriately, and abiding by lock-out provisions;
- The unions have been referring local, transitional, and veteran workers to the best of their abilities, and there has been no work stoppage activities;
- The City has established and maintained a workforce referral mechanism through Pacific Gateway and continuously seeks on improving its outreach efforts to bring awareness to the community and attempt to raise the participation of transitional workers and veterans;

- Local hire goals are currently being met or exceeded, but transitional/veteran hire goals have been challenging to meet, and;
- The overall cost of PLA administration is averaging below one percent of the contract amount, which is within the initial cost estimate.

The PLA is a partnership between the Trades Council and the City with an objective to increase opportunities for local residents to work on City projects and participate in apprenticeship programs, thus supporting local residents' ability to have a career in the trades should they so choose. The PLA requires that the unions prioritize recruitment and referral of local residents, with the utilization of workers from Long Beach zip codes first, followed by Gateway Cities and then by the rest of Los Angeles and Orange Counties.

The PLA establishes a local hire goal that 40 percent of total work hours be from local workers residing within Los Angeles and Orange Counties and does not establish local hire goals at a lower level of detail. The PLA process is greatly exceeding this goal with a cumulative attainment of **75 percent** of total PLA work hours performed by local hires. Through the end of this reporting period, Long Beach residents have received over **18 percent** of the total work hours performed on PLA projects. The PLA also establishes an overall goal that 10 percent of work hours be performed by transitional workers and veterans. Currently, the PLA is below this goal with **6.2 percent** of total hours having been worked by transitional or veteran workers on covered projects to date.

The overall PLA local hiring goals are being met; however, staff and contractors are experiencing some challenges with respect to attaining transitional and veteran workers on covered projects. We believe the reduction of outreach events and job fairs post the pandemic have been a factor for these challenges. Moving forward, plans of networking with local resources and community outreach events are being incorporated to bring awareness and education of the City's PLA and the opportunities it provides for residents.

PLA PROVISIONS

The new PLA applies to all covered projects that exceed seven hundred and fifty thousand dollars (\$750,000) for non-street/right of way projects and one million dollars (\$1,000,000) for street/right of way projects, effective May 6, 2021.

Key differences of the new PLA:

- 10 Year term
- After five years from the effective date of the PLA, the Parties shall meet and discuss potential changes to the covered project thresholds
- Includes Right-of-Way projects
- Adds proprietary interest projects
- Disadvantage Workers was changed to Transitional Workers broadening the definition
- Mandates a Jobs Coordinator on all PLA covered projects

PLA COVERED PROJECTS

Active and Completed Projects

Since the administration transition and approval and implementation of the new PLA, there have been a total of 12 projects under the administration of Pacific Gateway subject to the PLA:

- 5 projects have a status of "COMPLETE". All construction is completed and final attainment towards PLA goals has been calculated.
- 7 projects have a status of "Active." These are in active construction or have not filed a Notice of Completion.
- 2 of the 7 "Active" projects have no labor hours reporting due to construction work just starting or has not started.

Proposed Projects

Additional projects are in development that are expected to fall within the PLA requirements. There are seven projects anticipated for PLA implementation in the coming year.

For PLA covered project details, please see EXHIBIT A.

PLA ADMINISTRATION

Administration of the PLA is a collaborative effort involving management and project staff from the City's operating departments, staff from the Purchasing and Labor Compliance Divisions in Financial Management, Pacific Gateway staff and management, assigned Jobs Coordinators, local area pre-apprenticeship programs, and local unions.

Administrative Process

The following outlines some of the major components of PLA administration:

- Project Managers in operating departments collaborate with Pacific Gateway to confirm which projects are subject to the PLA.
- Covered projects are bid with PLA requirements. City staff from Pacific Gateway present the requirements at a mandatory pre-bid meeting to inform and educate prospective contractors.

- Once the contract is awarded, a pre-construction meeting is held, during which the City's PLA Administrator presents the requirements and paperwork requiring signatures and assists the contractor with completing the project work assignments in preparation for the pre-job conference.
- The PLA Administrator ensures that a pre-job conference is held, and the appropriate unions are invited to assist the prime contractor in presenting the project work assignments to the unions at the pre-job conference.
- The PLA Administrator assists the contractors and subcontractors to complete required one-time submittals (including the union letter of assent and the core employee form) before work can begin.
- The contractors send Craft Request Forms to the unions, Pacific Gateway, and the PLA Administrator requesting workers to fulfill the hiring requirements for the project.
- The local unions recruit and refer skilled craft workers to fulfill the labor requirements of the contract, prioritizing first any workers residing in Long Beach, then those in Gateway Cities, and finally those in Los Angeles/Orange Counties.
- The PLA Administrator also reaches out to Pacific Gateway on behalf of the contractor to request and attain workers to meet the local and transitional/veteran hire goal. The PLA Administrator calculates goal attainment and provides monthly reports to contractors to monitor their progress.
- Pacific Gateway administers the Workforce Pipeline, including determining whether local pre-apprenticeship program graduates, and other local residents are qualified as transitional or veteran, referring eligible workers to support attainment of hiring goals, and working with other organizations to ensure that workers have the tools for their trade that they need to begin work on a construction project.
- The PLA Administrator reviews all certified payroll records and PLA monthly submittals to ensure that workers are being requested to meet the hiring goals, payments are made to the unions and workers, the correct fringe benefits are paid in accordance with the prevailing wage, and the workers meet the core employee requirements. PLA Administrator representatives also visit the job sites to talk to the contractors or workers on a random basis.
- Should a contractor fall behind on PLA contractor requirements or hiring goals, the PLA Administrator sends emails and will meet with contractors in person or over the phone to follow-up on concerns and/or provide suggestions to help the contractors get back on track.
- The PLA Administrator prepares the annual reports.

In addition, under the new administration, Pacific Gateway activities will be enhanced to focus on the jobs the PLA provides and create workforce development goals, strengthen

our partnerships between the Building Trades Council, Long Beach City College, and Long Beach Unified, to raise the participation of Tier One residents, Veterans, and Transitional worker recruitment.

Activities include Prioritizing Job Opportunities to Local Residents by:

- Connecting Area Residents to pre-apprenticeship programs that utilize the Building Trades multi-craft core curriculum (MC3), including Long Beach City College's MC3 Pre-Apprenticeship Program and the Apprenticeship Training Committees.
- Having the Unions agree to place on their referral roles or in their apprenticeship training programs, qualified persons sent to them by the PLA Administrator, the Building Trades non-profit Apprenticeship Readiness Fund's: Apprenticeship Readiness Coordinator, and Apprenticeship Coordinator for the Long Beach Unified School District.

Additional Pacific Gateway Services will include a network resource to:

- Local Training Programs:
 - Pre-apprenticeship programs
 - Trade schools and community colleges
 - Local Resource Centers
 - Community-based organizations
- Referrals:
 - Getting referred to a union apprenticeship training program in one of the building and construction trades
- Sponsorships:
 - Help seek contractor sponsorship – Utilizing Local Small Business Participation & Bonding
 - Union Connections
 - Direct contacts to a union to inform yourself about their trade and the construction industry

PLA Administrative Costs

The PLA administrative costs vary depending on the size of the project. However, cost will never exceed 1 percent of the contract award. When projecting costs for PLA administration, the City typically estimates a cost of one percent of the contract award for the PLA Administrator to provide instruction and technical assistance to the contractor prior to construction, monitor the contractors' adherence to the PLA requirements, assist the contractors in connecting to the entities that provide the local hires and transitional/veteran workers, and report to the City.

The "hard costs" of PLA administration incurred by the City and discussed in this report consist of billing for work performed by the PLA Administrator. Additional "soft costs" of PLA administration are not tracked. The "soft costs" consist of staff time in the operating departments.

Based on 12 total assigned projects, the cost of PLA administration is running below 1 percent of the actual contract costs incurred.

PLA COMPLIANCE

Goals of the PLA include ensuring that the contractors meet union requirements, make union payments, hire union labor, and avoid work disruption through work stoppages and lock-outs. The PLA also establishes a local hire goal and a transitional/veteran hire goal.

The following sections describe the PLA goals and progress to date.

Contractor Requirements

The PLA specifies that all covered projects shall be contracted exclusively to contractors who agree to execute and be bound by the terms of the PLA. Key terms that apply to contractors include the requirement to request and utilize labor from the union groups, either by being signatory to the building trades or by requiring their non-union workers to pay monthly and working dues to the union to perform work on the project while they are on the job; that if a contractor on a project wants to use their own non-union employees on a PLA project, they must abide by the core employee and the one-to-one core/union employee hiring ratio requirements; and, that contractors must not be in any way involved in lock-out of employees to ensure PLA projects are completed without disruption.

For all PLA projects, the following compliance actions are consistently implemented and enforced to ensure contractor requirements are met:

- Contractors and all subcontractors awarded a contract on PLA projects are required to sign a letter of assent stating their agreement to execute and be bound to the terms of the PLA before any construction work can begin.
- The prime contractor is required to conduct a pre-job conference with the appropriate affected unions prior to commencing work to make public work assignments of the work that is to be performed on the PLA project.
- The PLA Administrator reviews the certified payroll records and monthly trustee reports to track and verify that union employees are appropriately utilized, and the proper union dues are being paid. Upon union request, the PLA Administrator obtains proof of core employee qualification from the contractor.

During this reporting period, all contractors have submitted letters of assent and conducted pre-job conferences. Contractors have consistently requested union workers and have

paid dues appropriately, and there have been no employee lock-outs or filed grievances against a contractor.

Union Requirements

The PLA prohibits any union involvement in work stoppages, ensuring covered projects are completed without disruption.

The Building Trades Council is required by the PLA to exert its best efforts to refer, recruit and/or utilize local residents to fulfill the requirements of the contractors. The PLA also requires unions to use their best efforts to integrate with referral mechanisms of transitional and veteran workers for acceptance and entry into their apprenticeship programs. Additionally, the unions must refer local, transitional, and veteran workers regardless of their place in the unions' hiring list and traditional referral procedures.

During this reporting period, there have been no work stoppages on covered projects.

The results of union efforts related to referral, recruitment, and/or utilization of local, transitional, and veteran workers are demonstrated and discussed in the following section in the context of attaining PLA hiring goals.

Local Hire Goal

Section 3.5(b) of the PLA establishes a local hire goal that 40 percent of total work hours be from local workers residing within Los Angeles and Orange Counties. The PLA process is greatly exceeding this overall goal with cumulative attainment of **75 percent** of total PLA work hours performed by local hires.

The 40 percent local hire goal is not for any individual project, but rather is for the overall PLA. Nine out of the Ten currently measurable projects are exceeding this 40 percent goal. Individual characteristics of a project, such as requiring specialists or not, can cause great variations in project-specific attainment depending on the union's availability and provision of appropriate local workers.

Two of the newly assigned projects have no data to report, they are Colorado Lagoon Open Channel Phase 2A, and Davenport Park Landfill Gas Control System as they have recently become active projects and initial numbers have not been submitted as of the date of this report.

Although the PLA negotiated with the unions specifically did not include a goal for Tier 1 (Long Beach) or Tier 2 (Gateway Cities) workers, the PLA specifies that the unions must prioritize recruitment and referral of local residents to support the hiring achievement goals and fulfill contractor requirements on projects covered under this PLA. The unions are required to exert their best efforts to encourage and provide referrals and utilization of workers first from Long Beach (Tier 1 Zip codes), then from Gateway Cities (Tier 2 Zip codes; excludes Long Beach), and finally from all of Los Angeles and Orange Counties

(Tier 3 Zip codes). In the near future, a joint administrative review between City management and representatives from the Trades Council will be arranged to discuss encompassing Pacific Gateway services and outreach efforts for the unions' recruitment and referral of Long Beach workers for Long Beach projects. Through the end of this reporting period, Long Beach residents have received over 18 percent of the total work hours performed on PLA projects.

For project-specific performance by Tier, please see EXHIBIT A.

Transitional/Veteran Hire Goal

The PLA establishes an overall goal that 10 percent of work hours be performed by Transitional/veteran workers. As with local hire, this is an overall PLA goal and not a project-specific goal. As of this reporting period, the PLA has not met this goal with only having 6.2 percent of total hours worked by transitional or veteran workers on covered projects.

Challenges in attainment of this goal have been encountered on an individual project basis. The PLA calls for the unions and contractors to exert their best efforts in working with Pacific Gateway to establish referral mechanisms to projects often involve high demands for experienced workers and specialized trades who typically will not qualify under our transitional/veteran criteria. Larger projects such as the Long Beach MUST Facility Phase 1 create more opportunities, but even in those cases, there are typically only a few spots for new apprenticeships. To qualify as a disadvantaged worker, an individual's household income must be below the applicable 70 percent LLSIL (Lower Living Standard Income Level) as published by the Secretary of Labor. However, with the new PLA the definition of a disadvantage worker has been revised to Transitional worker with a broader definition; an individual who, prior to commencing work on the project, faces one of the following barriers to employment:

- (1) being homeless;
- (2) being a custodial single parent;
- (3) receiving public assistance;
- (4) lacking a GED or high school diploma;
- (5) having a criminal record or other involvement with the criminal justice system; (6) suffering from chronic unemployment;
- (7) emancipated from the foster care system;
- (8) being a veteran of the Iraq/Afghanistan war.

This revision opens up the category to qualify a wider pool of residents.

For project-specific performance, please see EXHIBIT A.

PLA Collaboration with LBRA Fund Related Program

The Economic Development Department will be implementing, The Long Beach Local Hire Program (LBLH) through LBRA funding which consist of a Mandatory Local Hiring Program on all contracts applicable to the City-wide Project Labor Agreement (PLA) and Best-Efforts Local Hiring on non-PLA projects applicable to prevailing wages and coordinate hiring percentages on all new construction and construction related contracts awarded by the City.

The LBLH Recovery Program will augment the Citywide Project Labor Agreement (PLA) to ensure businesses comply with mandatory hiring percentages of residents in Tier 1 (Long Beach) or Tier 2 (Gateway Cities' Residents), as well as veterans, including women in construction, individuals with barriers to employment, transitional workers, and Youthbuild® participants, raising the participation of Local and Transitional/Veterans.

The LBLH and the City-wide PLA demonstrate the City's commitment to leverage public dollars to promote local wealth and job creation by:

- Creating jobs in communities that need them most
- Stimulating local economy and increase community pride
- Providing opportunities for life-long skills leading to real careers
- Providing a second chance of hope to those facing barriers to employment
- Promoting small business participation

EXHIBIT A

OLD PLA PROJECTS:

Project Name	Construction Cost	Tier 1 Long Beach		Tier 2 Gateway Cities		Tier 3* LA/Orange Counties		Disadvantaged/Veteran		Total Project Hours**	Project Status: Active/Complete
		Hours	%	Hours	%	Hours	%	Hours	%		
Long Beach MUST Facility Phase 1	\$ 18,859,680	506	8%	1,053	17%	4,340	71%	1,895	31%	6,128	A
On-Call Gas Pipeline Construction and Miscellaneous Services	\$ 10,000,000	8,271	28%	4,761	16%	25,579	86%	1,372	5%	29,813	A
El Dorado Park West Artificial Soccer Field Turf	\$ 1,455,426	1,295	21%	213	4%	2,814	47%	16	0.3%	6,026	C
El Dorado Park West-Field Turf Installation	\$ 583,388	104	18%	0	0%	279	47%	0	0%	593	C
North Health Facility Tenant Improvements	\$ 2,330,605	219	2%	3,979	34%	9,323	79%	592	5%	11,779	C
Atlantic Ave Bridge Community Center - Modular Building-Year Round Shelter - Phase 1	\$ 2,099,000	257	16%	215	14%	584	37%	0	0%	1,562	C
Long Beach MUST Facility Ground Improvements	\$ 1,449,000	64	4%	134	8%	1,116	63%	0	0%	1,763	C
Fuel Tank replacement at Water Department Maintenance Yard	\$ 1,200,215	737	21%	217	6%	2,085	60%	279	8%	3,474	A
CUMULATIVE TOTALS TO DATE:	\$ 37,977,314	11,451	19%	10,571	17%	46,119	75%	4,154	7%	61,138	

NEW PLA PROJECTS:

Project Name	Construction Cost	Tier 1 Long Beach		Tier 2 Gateway Cities		Tier 3* LA/Orange Counties		Transitional/Veteran		Total Project Hours**	Project Status: Active/Complete
		Hours	%	Hours	%	Hours	%	Hours	%		
Colorado Lagoon Open Channel Phase 2A***	\$ 24,564,768	0	0%	0	0%	0	0%	0	0%	0	A
Long Beach MUST Wetlands (Facility Phase 1C)	\$ 3,227,052	40	9%	70	16%	336	77%	0	0%	437	A
Davenport Park Landfill Gas Control System***	\$ 1,795,544	0	0%	0	0%	0	0%	0	0%	0	A
Santa Fe Ave Traffic Signal Synchronization	\$ 3,193,628	298	6%	528	11%	3,716	75%	0	0%	4,932	A
CUMULATIVE TOTALS TO DATE:	\$ 32,780,992	338	6%	598	11%	4,052	75%	0	0%	5,369	

*Tier 3 is inclusive of Tiers 1 and 2

** Total Project Hours include non-LA/Orange County worker hours

***Projects have not or recently started construction

PROPOSED PLA PROJECTS:

Project Name	Department	Estimated Construction Value
51st Street Park, Phase 1	LBPRM/PW	\$3,000,000
605 Soundwall	PW	\$2,250,000
Artesia Great Blvd	PW	\$33,610,000
Belmont Aquatic Center	PW	\$70,000,000
Davenport Park Expansion	LBPRM/PW	\$7,330,000
Davies Boat Launch Ramp	PW	\$750,000
Major and Secondary Street Improvements	PW	\$30,000,000